



POWER TO BE  
**A TOMORROW  
MADE OF CEMENT**

Annual Report 2022

# ABOUT THE REPORT

A SUSTAINABLE FUTURE...  
**IT ALL BEGINS  
HERE AND NOW!**

At Power Cement, we mean more than just business.  
We believe in ambitions, passions and processes that go beyond.  
As producers of a commodity that faces sustainability challenges,  
we are today doing our best to ensure a tomorrow that is stronger than ever.  
This is to another year of making tomorrow stronger by ensuring that our  
contributions to the environment and the society at large are sustainable.



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Producing the Good Future  
**ORGANIZATIONAL  
OVERVIEW AND  
EXTERNAL  
ENVIRONMENT**

# Planting Great Practices

From collection of raw materials to delivering the ready sacks, each of our operations are thought through and executed keeping sustainability as the highest priority.

# COMPANY PROFILE

Power Cement Limited ("the Company") was founded in 1981. The factory site of the Company is located at Motorway M-9, Nooriabad, Sindh. The Company was previously known as Al-Abbas Cement Limited until its acquisition in 2010 by the Arif Habib Group, a prominent financial and industrial conglomerate.

The Company's principal activity is manufacturing, selling and marketing of cement with market presence in the Southern Region of Pakistan.

Presently, the Company has three manufacturing lines, with a cumulative nameplate clinker production capacity of 10,700 TPD with total annual capacity of 3.53 million tons. The Company has a total annual cement production capacity of 3.7 million tons, 11,235 TPD. It also has a modern state of the art latest European production line. We have export certifications from South African Bureau of Standards (SABS), Bureau of Indian Standards (BIS), Sri Lanka Standards Institute (SLSI), European Union (CE Marking) & Bureau of Philippines Standards.

The Company's management believes in the use of latest technology for producing the best quality cement and equally preserving the environment through green energy initiatives. The Company has already successfully commissioned a Waste Heat Recovery System (WHRS) around 10 MW of electricity through channelizing heat emission from the plant.



## PRODUCTS

### ORDINARY PORTLAND CEMENT

Power Ordinary Portland Cement is recommended for projects especially where strength and matchless 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/re-tarders etc.

#### SPECIFICATION

- PS-232-2015(R)
- ASTM C 150 Type I & II
- EN-197-1-2011 (CEM 1)
- Strength Class 52.5 N

### SULPHATE RESISTANT CEMENT

Power Sulphate Resistant 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 areas.

#### SPECIFICATION

- PS-612-2014(R)
- ASTM C 150 Type V
- EN-197-1-2011 (CEM 1) SR V
- Strength Class 52.5 N

### POWER BLOCK CEMENT

Power Block Cement is a specially designed OPC Brand, catering to the needs of local Block and precast segment. This brand has been introduced exclusively for block & precast slab makers after years of research.

#### SPECIFICATION

- PS-232-2015(R)
- ASTM C 150 Type I & II
- EN-197-1-2011 (CEM 1)
- Strength Class 52.5 N



## GEOGRAPHICAL LOCATION

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



## Mission, Vision & Values

# Prudence is in the Air

The production facility at Power Cement follows European standards of allowed emissions. Our plant processes gas-wastage and minimizes environmental damage.



## 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 resource in a safe environment, as an equal opportunity employer and use advanced technology for efficient and cost effective operation.

# COMPANY INFORMATION

## Board of Directors

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

## Chairman, Non-Executive Director

Chief Executive Officer  
Non-Executive Director  
Non-Executive Director  
Independent Director  
Independent Director

## Audit Committee

Ms. Saira Nasir  
Mr. Samad A. Habib  
Mr. Salman Rashid

## Chairperson

Member  
Member

## Human Resource & Remuneration Committee

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

## Chairperson

Member  
Member

## Chief Financial Officer

Mr. Irfan Sikander Bawa

## Company Secretary

Mr. Salman Gogan

## External Auditors

A.F. Ferguson & Co. Chartered Accountants

## Legal Advisor

Mr. Asad Iftikhar

## Corporate Advisor

HaiderMota & Co. Advocates

## Share Registrar

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

## Registered Office

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

## Factory

Nooriabad Industrial Area, Kalo Kohar, District  
Jamshoro, Sindh

## Website

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

## Contact Number

021-32468231-2  
021-32468350-1

## Fax Number

021-32463209

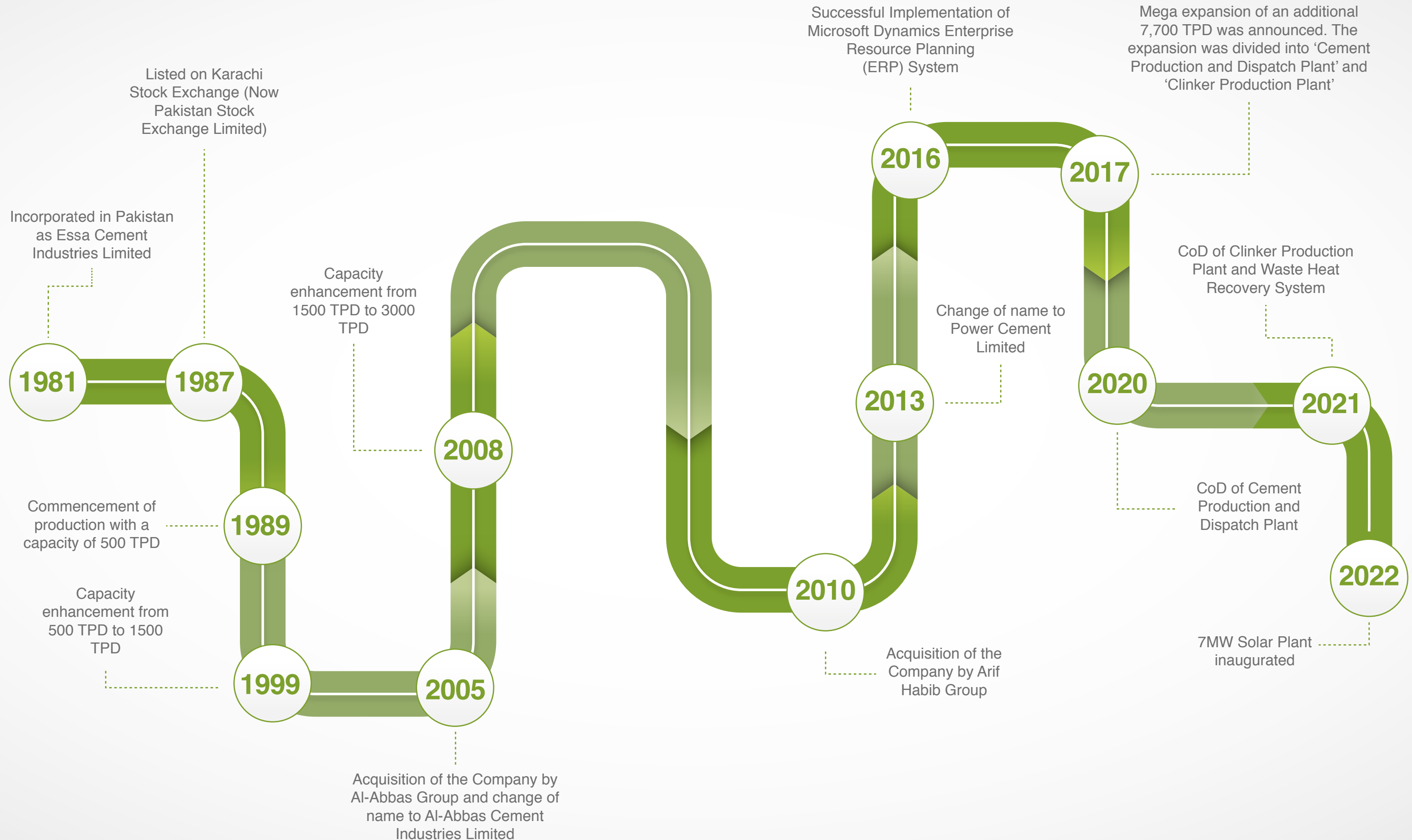
## Bankers / Lenders of the Company

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 Limited  
Pak Oman Investment Company Limited  
The Bank of Punjab  
The Bank of Khyber  
Summit Bank Limited  
Samba Bank Limited

## Foreign Banks / DFIs

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

# CORPORATE HISTORY



# 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. The code emphasizes the need for a high standard of honesty and integrity.

## ETHICAL PRINCIPLES

### 1. CONFLICTS OF INTEREST

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

### 2. THIRD PARTIES ENGAGEMENTS

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

### 3. CONFIDENTIALITY

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

### 4. FAIR & ETHICAL CONDUCT

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

### 5. HEALTH AND SAFETY

The Company has strong commitment to the health and safety of its employees and preservation of environment. The Company strives to achieve 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.

### 6. COMMITMENT AND TEAM WORK

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



# CORE VALUES

At Power Cement Limited, we seek uncompromising integrity through each individual's effort towards quality products for our customers and maximizing returns to the shareholders and making sizable contributions to the National Exchequer.

Our business success is dependent on trusting relationships. Our reputation is founded on the integrity of the Company's personnel and our commitment to the principles of:

**Team  
Work**

**Ethics and  
Integrity**

**Customer  
Focus**

**Consistency**

**CSR**

**Excellence**



# 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.

Name of Shareholder	Shareholding %
Mr. Arif Habib	29.74
Arif Habib Equity (Pvt.) Ltd	21.27
Syed Salman Rashid	5.35

## Associated Companies:

	Name of Shareholder		Basis 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	Habib Consultancy (Pvt.) Limited	Common Directorship	Mr. Nasim Beg
5	Arif Habib Corporation Limited	Common Directorship	Mr. Nasim Beg, Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
6	Arif Habib Dolmen REIT Management Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
7	Arif Habib Equity (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
8	Arif Habib Foundation	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
9	Black Gold Power Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
10	Dolmen Arif Habib Real Estate Services (Pvt.) Limited	Common Directorship	Mr. Muhammad Kashif Habib
11	EFU Life Assurance Limited	Common Directorship	Mr. Salman Rashid
12	Essa Textile and Commodities (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
13	Fatima Fertilizer Company Limited	Common Directorship	Mr. Muhammad Kashif Habib
14	Fatima Packaging Limited	Common Directorship	Mr. Muhammad Kashif Habib
15	Fatima Fertilizer Bin Qasim Limited	Common Directorship	Ms. Saira Nasir
16	Fauji Foods Limited	Common Directorship	Mr. Javed Kureishi

	Name of Shareholder		Basis of Relationship
17	FLSmith A/S	Nominee Director	Mr. Anders Paludan-Muller
18	IFU Investment Partners K/S	Nominee Director	Mr. Anders Paludan-Muller
19	The Investment Fund for Developing Countries	Nominee Director	Mr. Anders Paludan-Muller
20	Javedan Corporation Limited	Common Directorship	Mr. Samad A. Habib and Mr. Muhammad Kashif Habib
21	MCB-Arif Habib Savings & Investments Limited	Common Directorship	Mr. Nasim Beg and Mr. Muhammad Kashif Habib
22	Fatima Cement Limited	Common Directorship	Mr. Muhammad Kashif Habib
23	Fatimafert Limited	Common Directorship	Mr. Muhammad Kashif Habib
24	Memon Health and Education Foundation	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
25	Naymat Collateral Management Company Limited	Common Directorship	Mr. Nasim Beg
26	NN Maintenance Company (Pvt.) Limited	Common Directorship	Mr. Samad A. Habib
27	Nooriabad Spinning Mills (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
28	Pakarab Fertilizers Limited	Common Directorship	Mr. Nasim Beg and Mr. Samad A. Habib
29	Pakistan Corporate Restructuring Company Limited	Common Directorship	Mr. Javed Kureishi
30	Pakistan Cricket Board	Common Directorship	Mr. Javed Kureishi
31	Pakistan Cricket Veterans Cricket Association	Common Directorship	Mr. Javed Kureishi
32	Pakistan Opportunities Limited	Common Directorship	Mr. Samad A. Habib and Mr. Muhammad Kashif Habib
33	Parkview Corporation (Private Limited)	Common Directorship	Mr. Samad A. Habib
34	Rotocast Engineering Company (Pvt.) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
35	Safemix Concrete Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
36	Siddqsons Energy Limited	Common Directorship	Mr. Muhammad Kashif Habib
37	Sindh Infrastructure Development Company Limited	Common Directorship	Mr. Javed Kureishi
38	Sukh Chayn Gardens (Private) Limited	Common Directorship	Mr. Samad A. Habib

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

# ORGANOGRAM



**Legends**  
 — Functional Reporting  
 - - - - - Administrative Reporting

# 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
- MCB-Arif Habib Savings & Investments Limited (Vice Chairman)
- Naymat Collateral Management Company Limited
- Pakarab Fertilizers Limited (Nominee Director)
- Naymet Collateral Management Company Limited

## Mr. Muhammad Kashif Habib

Chief Executive Officer

Mr. 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

- Arif Habib Corporation Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- MCB-Arif Habib Savings & Investments Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Real Estate Services (Pvt.) Limited
- Alternates (Private) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited ( Formerly : Arif Habib Real Estate Development Company (Private) Limited )
- Black Gold Power Limited
- Essa Textile And Commodities (Private) Limited
- Fatimafert Limited
- Fatima Cement Limited
- Fatima Packaging Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Rotocast Engineering Company (Pvt.) Limited
- Safemix Concrete Limited
- Siddqsons Energy Limited

## Mr. Samad A. Habib

### Non-Executive Director

Mr. Samad A. Habib is the Chief Executive of Javedan Corporation Limited and Safemix Concrete 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)  
NN Maintenance Company (Private) Limited (Chairman)

### As Director

- Arif Habib Corporation Limited Arif Habib Dolmen REIT Management Limited / (Dolmen City REIT)
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited
- Black Gold Power Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Memon Health and Education Foundation
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Power Cement Limited
- Rotocast Engineering Company (Pvt.) Limited
- Sapphire Bay Development Company Limited
- Sukh Chayn Gardens (Pvt.) Ltd.

## Mr. Javed Kureishi

### Independent Director

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

### As Director

- Fauji Foods Limited
- Pakistan Stock Exchange
- Pakistan Corporate Restructuring Company Limited
- Power Cement Limited
- Pakistan Cricket Veterans Cricket Association
- Pakistan Cricket Board
- Sindh Infrastructure Development Company Limited

## Ms. Saira Nasir

### Independent Director

Ms. 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

## 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. 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

## SIGNIFICANT CHANGES FROM PRIOR YEARS

In comparison to the prior years, there is no significant change in organizational and group structure. However, the external environment is constantly changing and the rise in coal prices globally, followed by devaluation of Pak Rupee in comparison to US Dollar, higher input material cost and sharp increase in energy prices has affected profitability of the Company.

Power Cement has collaborated with Burj Solar Energy for a seven MegaWatt solar power project. The project completed successfully during the year and generating renewable clean energy from solar.

Further, the Waste Heat Recovery System (WHRS) also continued operations during the year, reducing the production costs by 25%.

## COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL

Description	FY-2022 Rs. in '000	%	FY-2021 Rs. in '000	%
Local Components:				
Raw materials consumed	1,417,879	11.06	970,745	10.14
Packing materials consumed	880,290	6.86	864,442	9.03
Fuel - coal and others	3,344,796	26.08	356,079	3.72
Power	2,868,291	22.37	2,387,951	24.94
Stores, spare parts and loose tools consumed	146,516	1.14	168,332	1.76
Imported Components:				
Fuel - coal	3,824,693	29.82	4,434,560	46.31
Stores, spare parts and loose tools consumed	341,871	2.67	392,774	4.10
Total	12,824,336	100	9,574,884	100

## SENSITIVITY ANALYSIS

	Rs. in '000	
Average USD Rate	179.74	161.80
Increase of 1% in exchange rate	41,666	48,273
Decrease of 1% in exchange rate	(41,666)	(48,273)

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

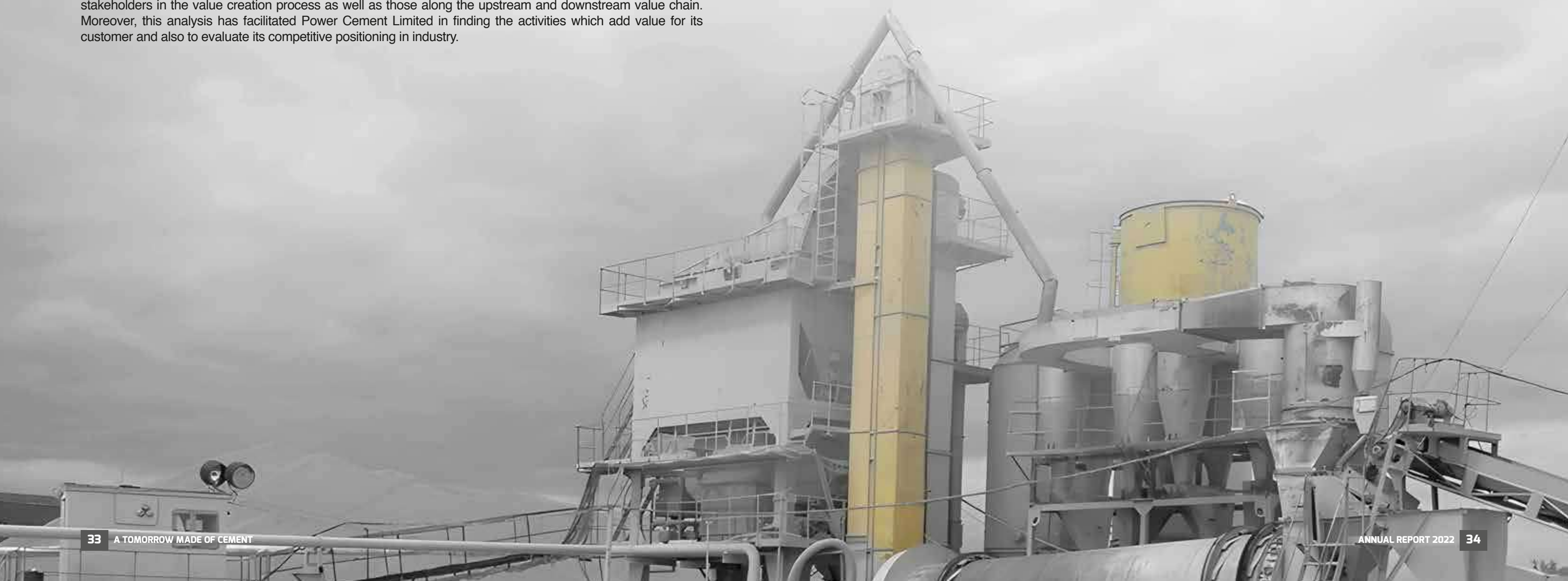
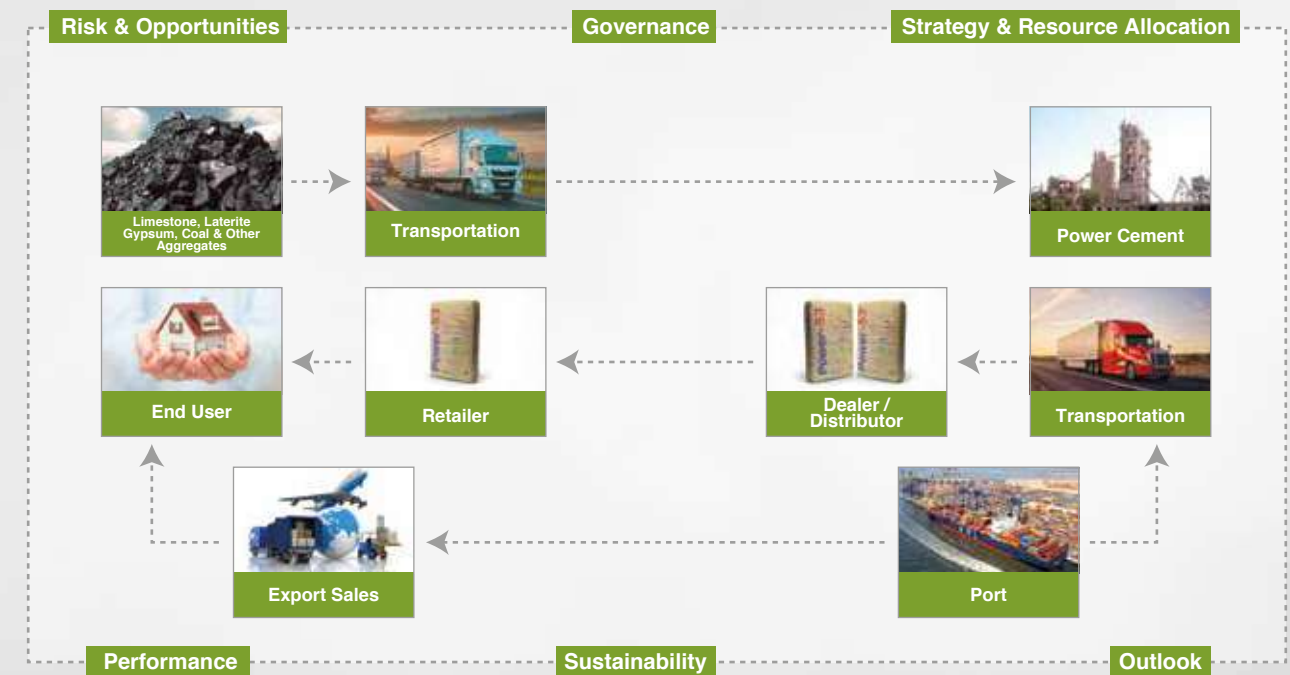
# VALUE CHAIN ANALYSIS

Power Cement Limited's principal business activity is to produce and sell cement products. Manufacturing of cement involves blending a mixture of limestone and other minerals at a high temperature in kilns. Diesel is being used to initially fire the kiln whereas coal is fired 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 recognize its core competencies and to identify key stakeholders in the value creation process as well as those along the upstream and downstream value chain. Moreover, this analysis has facilitated Power Cement Limited in finding 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

Power Cement Limited operates in an ever-changing business environment, where in its operations and performance are impacted by many macroeconomic factors. These include Political, Economic, Social, Technological, Environmental and Legal fronts of an organization. Significant factors along with the Organization's response are discussed below:

## PESTEL Analysis

Factors	Description	Organizational Response
Political	Socio Political environment in the country has had its influence on the macroeconomic factors that had their reach on the organization's sphere of activities.	The management devises and adapts dynamic strategies to counter regulatory and political changes effectively to meet its stakeholders expectations.
Economic	Challenges to pass on sharp hike in cost of doing business in the backdrop of unprecedented rise in interest rates, devaluation of PKR and unbridled inflationary forces put pressure on the operating margins.	Effective inventory management, rationalizing inventory holding period and hedging foreign currency exposure Further, the management also develops alternative sourcing channels for its input material and develops new markets for its products, both at local and International horizons; Cost reduction initiatives have taken by the management by installation of WHRS and Solar Power Plant, future plans include further self-generation of electricity through renewable Solar and Wind Initiatives.
Social	Social impacts resulting from the downturn of economic activity due to the pandemic, the Russia-Ukraine conflict and disaster of Flood in Pakistan created serious economic challenges including rehabilitation of flood affectees, which are anticipated to maintain an upward pressure on inflation. Purchasing power of consumers are going down against disposable income.	As a socially responsible corporate entity, Power Cement strives hard to develop the communities in which it operates. The Company is continuously investing in green energy projects to eliminate the carbon footprint and to reduce the reliance on the national grid. The Company is also ready and willing to help the community in rehabilitation after devastating flood.
Technological	<ul style="list-style-type: none"> <li>• Technical obsolescence of production facilities;</li> <li>• Continuous development of information technology infrastructures and Management Information Systems (MIS) software.</li> </ul>	<p>The Company has always given priority to latest technological developments and in this regard remained at the forefront and has installed the most technologically advanced European plant from FLSmidth to avoid any risk of technical obsolescence;</p> <p>The Company continuously invests in the upgradation of hardware infrastructure and software applications;</p>

Factors	Description	Organizational Response
		The Company has successfully managed the MS Dynamics ERP modules.
Environmental	<p>Attitude towards and support for renewable energy;</p> <p>Climatic conditions global warming and natural disasters e.g. recent flood;</p> <p>Growing attention towards "green" attitudes.</p>	<p>The Company's plant exceeds the environmental standards of IFC/World Bank/EU and SEPA;</p> <p>The Company has achieved the standards of ISO 9001:2015, ISO 14001:2015, ISO 50001 Energy Management Systems and ISO 45001:2018 for complying with an Environmental management system, Quality Management System and Occupational Health and Safety (OH&amp;S);</p> <p>Waste Heat Recovery System and Solar Power project have been successfully commissioned to minimize Company's impact on the environment;</p> <p>The Company plans to further extend its self-electricity generation by Wind project;</p>
Legal	Compliance with the applicable legal and regulatory requirements	The Company has engaged an efficient team of professionals to ensure compliance with all enacted and or substantially enacted statutes, Acts, Ordinances, Regulations and other applicable laws. It further equips the Company with an up to date knowledge of all prevailing legal requirements.

### EFFECT OF SEASONALITY ON BUSINESS:

There is a seasonal decline in Cement sales in the monsoon and winter season due to slow-down in construction activities.

A photograph of a dam with water flowing through its arches. The dam is made of concrete and has a series of arches. The water is white and turbulent as it flows. The sky is overcast and grey. In the top left corner, there is a green triangle. In the bottom right corner, there is a white diamond shape with a green diamond inside it.

A Performance Powered by Passion  
**STRATEGY AND  
RESOURCE ALLOCATION**

# Strengthening Structures For Tomorrow

With a quality grade above the rest, we take great pride in giving a concrete shape to projects of social good and national importance.

# STRATEGIC OBJECTIVES, STRATEGIES IN PLACE AND KEY PERFORMANCE INDICATORS (KPIs)

## STRATEGIC OBJECTIVES

The Company strives to achieve its objectives with collective wisdom and empathy and is committed to enhance stakeholder's value by constantly striving to improve efficiency through continuous innovations, process modernization, optimizing its capacity utilization and better use of available resources.

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

OBJECTIVE	STRATEGIES IN PLACE	RELEVANT KPIs
<b>Human Capital Development</b> Technical and non-technical training programs for employees at all levels both internally and externally	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 believe in adding value to our human resource by extensive trainings and development programs.	Training and education programs for employees  <b>PLANS</b> Long Term
<b>Environmental Sustainability</b> 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.	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. Further, periodic environmental testing is carried out at factory to ensure compliance of applicable standards.	<ul style="list-style-type: none"> <li>• Training activities conducted</li> <li>• Number of health and safety incidents.</li> <li>• Periodic environmental testing reports</li> </ul> <b>PLANS</b> Long Term
<b>Production Efficiencies</b> Potential to reduce COGS by exploring captive power generation & alternate fuels	The Company has experimented use of pet coke as an alternate fuel, and is also exploring further alternative fuel solutions.  07 MW of Solar Power Project has been commenced and generating clean green energy for the Company. The Management further, to reduce reliance on national grid working on Wind Power Project.	Energy cost reduction  <b>PLANS</b> Medium Term

OBJECTIVE	STRATEGIES IN PLACE	RELEVANT KPIs
<b>Cost optimization</b> To pass on sharp increase in cost of doing business to the consumers (especially coal & electricity costs) due to the competitive pricing by market players	<ul style="list-style-type: none"> <li>• strengthening of its brand image and re-positioning on the back of its 53 Grade cement quality</li> <li>• better packaging to enhance brand loyalty</li> <li>• widening of sales network</li> <li>• timely delivery</li> <li>• extensive advertisement campaigns</li> </ul>	Increase in retention price  <b>PLANS</b> Short Term
<b>Maintaining Supplier Relationships</b>	Monitoring of cash flow requirements and projections to ensure that liabilities are settled when due	Payable Days Liquidity Ratios  <b>PLANS</b> Short Term
<b>Maintaining Relationships with Dealers/ Distributors / Networking</b>	Planned and integrated marketing campaigns and increasing access to customers through a region wide dealer network	<ul style="list-style-type: none"> <li>• Distributor / Dealer Network in Profitable Segments</li> <li>• Maintaining / increasing Market Penetration</li> </ul> <b>PLANS</b> Short Term
<b>Monitoring of Operational Inflows</b>	Monitoring of customer aging analysis reports , credit limit / periodic reviews and cash flow requirements to ensure that recoveries are made within due time	Receivable Days Liquidity Ratios  <b>PLANS</b> Long Term

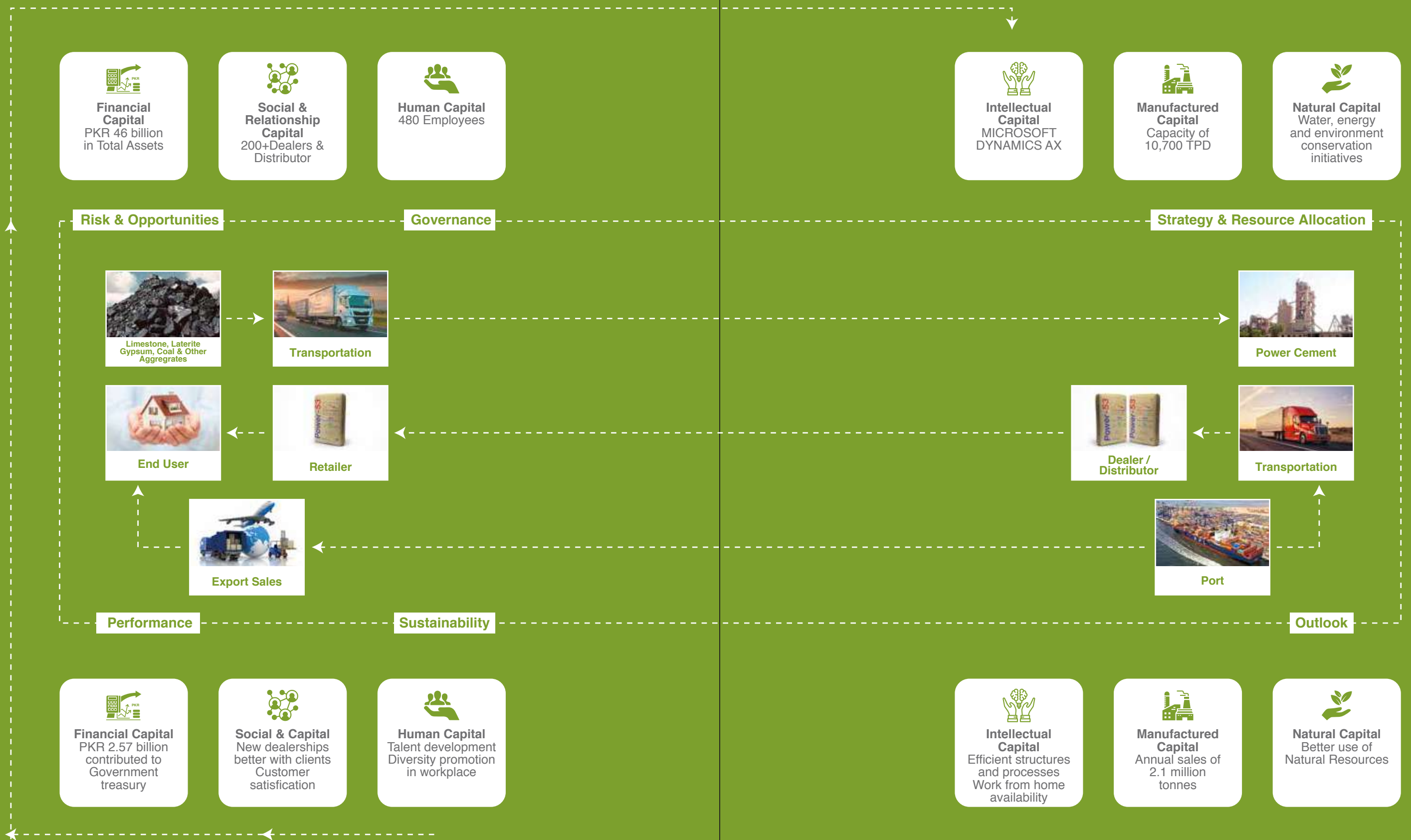
### SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PRIOR YEARS

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.

# BUSINESS MODEL



## RESOURCE ALLOCATION PLAN TO IMPLEMENT THE STRATEGY

Significant resources of the Company comprise of, but not limited to, human, financial and technological resources. We employ professional associates and technical experts who continuously strive to ensure that all 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 employed a team of professionals with extensive knowledge and experience 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 purposeful trainings and progressive development program.

### Manufactured Capital

The Company's newly installed state of the art cement plant has enabled it to be one of the finest quality cement producer in the region at the lowest cost. 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.13,201 million representing 1,320,113,765 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 jobs for local skilled and unskilled manpower.

## SIGNIFICANT PLANS AND DECISIONS

Electricity is one of the major components of cost of production in cement manufacturing process, accounting for around 23%.

Our company's management has always been mindful on this core area and consequently the Waste Heat Recovery System (WHRS) has been installed which is now generating around 10MW indigenously.

To further augment profitability, company has taken new initiatives by embarking upon Equipment Rental Agreements (ERA) for Solar and Wind Power Projects. Our ongoing project is on Renewable Energies (RE) which is a hybrid power system with 7MW solar commissioned this year and 9MW wind (In progress).

This will not only bolster cash flow position of the Company but will also help achieve self-sustainability in energy generation through partial switching on green energy, reducing carbon foot print and contributing to the ecological environment as well.

## STRATEGY TO OVERCOME LIQUIDITY RISK

The Company has in place a robust liquidity management system with a dedicated and experienced team to manage its liquidity position and debt profile. The treasury team actively monitors the funding appetite both in short and long run, plans and accurately projects the cash flow needs of the Company and arrange adequate matching funding providing a defense against any liquidity risk.

The working capital requirements of the Company are primarily met through the internal generation of funds which includes sales receipts from customers, and through the external short term financing. Special controls are placed on customer receipt through vigorous follow-ups of receivables, ageing analysis, revisiting the credit limits, capitalizing on securing advance and cash sales. The Company has also developed a dedicated credit administration and monitoring department to secure its trade debts primarily from the commercial segment. Also, to avoid any unusual cash blockages there is a robust communication and coordination mechanism in place between treasury, sale, inventory management and production department to maintain an optimum level of inventories at all times.

## EFFECT OF TECHNOLOGICAL CHANGES, SOCIETAL ISSUES AND ENVIRONMENTAL CHALLENGES

Effect of technological changes, societal issues and environmental challenges

### TECHNOLOGICAL CHANGES

The Company believes in adopting the latest production techniques to produce best quality cement and has strategically taken multiple initiatives in this regard. The new state of the art Line of 7,700 TPD (procured from FLSmidth Denmark) is equipped with latest technology, including online sampling system first time in Pakistan. The new plant is also environment friendly and has enabled the Company to produce highest quality grade 53 cement. The Company has installed Waste Heat Recovery System (WHRS) and recently 07 MW of Solar Power Project went live and generating clean and green energy. Work on Wind Power Project is also in process.

### SOCIETAL ISSUES

The Company acts in a socially responsible manner and contributes to the local community around its factory site. The company has setup an adequately staffed Health, Safety and Environment (HSE) Department at factory site to rigorously follow best practices. The company also has formulated HSE related policies and procedures for the employees and contractors. Further, the company also implemented a comprehensive Pandemic Recovery Plan to fight with COVID19.

### ENVIRONMENTAL CHALLENGES

The Company considers it a cornerstone of its strategic direction to be environmentally responsible. The Company had successfully installed bag filters. Besides, the carbon emissions by the Company's new Plant comply with the European and the IFC limits. Further, the company is embarking on renewable energy projects to reduce its carbon footprint and counter the environmental challenges.

Welcoming Innovations Warmly  
**RISKS AND  
OPPORTUNITIES**

## **Achieving Higher Levels of Efficiency**

Our Waste Heat Recovery System ensures that the heat produced during the cement creation process is utilized as an input to power generation of upto 57mwh. It also reduces CO2 Emissions by 31k ton annually.



# KEY RISK AND OPPORTUNITIES

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.

Following are the major risks, which may affect our business operations along with mitigating strategies for controlling these risks. Sources of risks, assessment of likelihood and magnitude of their impact are also mentioned against each risk.

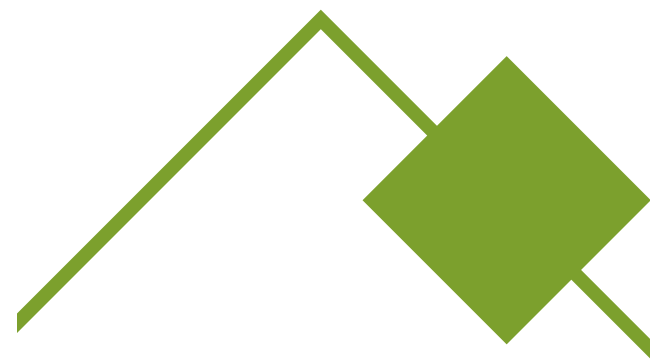
STRATEGIC RISKS				
Risk	Area of Impact	Source of Risk	Mitigation Strategy	Assessment
Change in Competitive scenario  Threat of new entrants in the market	Financial Capital	External	As cement is a capital intensive industry, the number of new entrants remain very limited. While healthy growth in construction industry is expected to continue, quality and pricing will play major part in success. PCL has one of the most technologically advanced European make cement plant which is capable of producing high quality cement at lowest per ton cost. This will give PCL an edge over existing players as well as new entrants. Close proximity to sea ports (with potential exports) is also an added advantage of PCL.	Likelihood: Low Magnitude: High

OPERATIONAL RISKS				
Risk	Area of Impact	Source of Risk	Mitigation Strategy	Assessment
Rising Cost of Coal/Fuel/Packing Material  Increase in imported coal & and electricity costs resulting in higher cost of production	Financial Capital	External	The current spike in coal prices is more of a transitional effect post opening of trade after COVID lockdowns. As mining and supply chain issues will be ironed out in near to medium term, the coal prices will be reverting back to normal level. At PCL, close monitoring of coal prices is done to fetch the best possible prices from the market. The Company's management is also considering viability of other fuel mix to reduce the average coal costs.  The Company is also considering various technological options to cut down its fuel costs – the Waste Heat Recovery System (WHRS) and Solar Plant are operational that have significantly reduced the energy costs and further reduction has also been planned through Wind initiatives. The Company obtains bulk supplies of Packing Materials and has taken onboard multiple vendors to ensure procurement at competitive rates.	Likelihood: Medium Magnitude: High

OPERATIONAL RISKS				
Risk	Area of Impact	Source of Risk	Mitigation Strategy	Assessment
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.	Human Capital	Internal	The Company has planned to follow the Board HR Committee's guidance to benchmark the existing employee compensation and benefits in line with the best industry practices. This will ensure retention of quality human resource by offering attractive packages.  The Company also plans training programs for its key management personnel to enhance their management and decision making skills. Job rotation has also been a regular practice in the Company at key positions to ensure no disruption in business operations.	Likelihood: High Magnitude: Medium
Information System Risk Loss of confidential information due to data theft	Financial Capital	Internal/ External	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 weaknesses / non compliances, areas for further improvement and remedial measures are taken accordingly, if required.	Likelihood: Medium Magnitude: Medium
Law and Order uncertainty  Loss may occur due to terrorism activities and sabotage	Financial Capital	External	Company's Assets are adequately safeguarded through sound insurance coverage against such risks. Further, the Company has also taken Business Interruption policy to avoid loss of revenue.	Likelihood: Medium Magnitude: High
Maintenance Risk  Possibility of production loss due to breakdowns	Manufactured Capital	Internal	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 brand new plant has recently been installed with state of the art European technology procured from M/s. FLSmidth, Denmark	Likelihood: Low Magnitude: High

FINANCIAL RISKS				
Risk	Area of Impact	Source of Risk	Mitigation Strategy	Assessment
Financial reporting and compliance  Risk of reporting issues with regulators and authorities	Financial Capital	Internal	The Company has a team of qualified management personnel's who ensure compliance with the Code of Corporate Governance as applicable in Pakistan and maintains its books of accounts in line with the guidelines of the Companies Act, 2017 and applicable International Financial Reporting Standards.  Further, the Company's Financial Statements are audited by one of the most reputed big three audit firms, following thorough audit procedures with stringent quality control mechanism ensuring accuracy of financial reporting.	Likelihood: Low Magnitude: Medium
Interest Rate  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.	Financial Capital	Internal	The Company has a dedicated treasury function to oversee that transactions are executed and negotiated at the best possible markup rates in the given scenarios. The Company also takes advantage of subsidized markup schemes (including IERF) which reduces the financial burden. During the last year, additional capital of around PKR 7 Billion was also injected by the sponsors, in the form of equity, to further strengthen the equity base of the Company.	Likelihood: Low Magnitude: High
Exchange Rate  Exchange rate risk impacting transactions in foreign currency	Financial Capital	External	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. Further, the strategic location of the Company with close proximity to the sea ports allows the Company to capitalize on exports which partially neutralizes exchange rate fluctuations.  The Company also has foreign currency borrowings which have been fully hedged through cross currency swaps, effectively transferring the exchange rate risk related to foreign borrowings to the hedging banks.	Likelihood: Medium Magnitude: High

FINANCIAL RISKS				
Risk	Area of Impact	Source of Risk	Mitigation Strategy	Assessment
Credit Risk  Risk of default in payments by credit customers	Financial Capital	External	Credits are selectively given considering the business potential and risk appetite of the Company.  Furthermore, internal controls like periodic aging analysis of debtors are also in place to help management in taking timely corrective actions.	Likelihood: Low Magnitude: Medium
Legislative and Legal  Environment Continuous changes in the regulatory framework and statutory obligations may result in non-compliance.	Social/Human Capital	External	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.	Likelihood: Low Magnitude: High
Environmental Risk  Actual or potential threat of adverse effects on environment arising out of the Company's activities.	Natural Capital	Internal	The Company in the past has made significant investments to remain environmentally compliant. Presently, the emission level of the Company is even better than the European and the IFC standards.  Further, regular periodic testing is carried out to ensure that the Company remains compliant.	Likelihood: Low Magnitude: High



### Opportunities

Technological advancement resulting in production efficiencies and lower costs

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.

The latest technology cost efficient plant has enabled the Company to move ahead towards cost leadership in the domestic market and provided more cushion for the Company to penetrate in the highly competitive export market.

### Growth of Cement Industry

The construction package announced by the Government, construction of special economic zones, Government's announced incentives for the cement industry, 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 capitalize on the potential growth.

## BOARD'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 continues to identify and mitigate actual, potential and perceived risks. The Board 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;
- ii. to provide an adequate return to shareholders. The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. Capital structure mainly consists ordinary share capital and long term/ short term debts. Management believes that there is no inadequacy in capital structure.

# SWOT ANALYSIS

# S



## STRENGTHS

- One of the largest producer of cement in the South Zone.
- Only cement certified for 53 Grade in the South Zone from PSQCA, Government of Pakistan.
- The Company has successfully surpassed the environmental standards of IFC/World Bank/EU and SEPA.
- Proximity to the seaports.
- Extensive network of distributors, dealers and suppliers of more than 250.
- Part of the reputed Arif Habib Group.
- Limestone reserves sufficient for the Company's next hundred years production.
- Energy generation through eco-friendly projects such as Waste Heat Recovery System and renewable energy e.g. Solar / Wind.

# W



## WEAKNESSES

- Absence of in-house fleet resulting in full dependency on external transporters.
- High gearing levels and consequential high financial cost.
- Subdued EPS due to low PAT, high interest rates and higher energy cost.

# O



## OPPORTUNITIES

- Increasing domestic demand due to the flood and rehabilitation activities.
- Economic stimulus by SBP to support businesses.
- Mega infrastructure projects including dams.
- Potential to reduce COGS by exploring captive power generation & alternate fuels.
- Potential to sell in the North Zone on account of exhausting of installed capacity against incremental demand.
- The positive demographic trends like growing population and increasing urbanization are the key demand drivers.

# T



## THREATS

- Sharp increase in cost of doing business to the consumers (especially coal & electricity costs).
- Competitive pricing by market players.
- Exposure to interest rate and exchange rate risks.
- Supply glut due to capacity expansions/new plants.
- At current prices, the increase coal and other fuel prices coupled with increased freight costs will make exports unviable.



Moving from Strength to Strength  
**GOVERNANCE  
PERFORMANCE  
AND POSITION**

## **Bridging the Gaps**

With Grade 53 Cement, Power Cement is the preferred choice in propositions where strength cannot be compromised. We become the reliable pillars of infrastructural and developmental works that make the Pakistani economy stronger.

# CHAIRMAN'S REVIEW REPORT

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

Dear Shareholders,

I take pleasure in presenting you the audited financial statements for the year ended June 30, 2022 and my review.

Power Cement Limited (the "Company") stands at the forefront of the industry, bringing benefits to our all stakeholders, including our valuable shareholders. We have consistently prioritized investing back into the business despite the changing external environment. We offer an impressive industry-leader brand portfolio and are actively investing in state-of-the-art technology and product innovation to ensure that the Company stands on a strong footing that delivers long-term value creation for its customers. We foresee significant opportunities for growth in Pakistan's cement industry and in the region and will continue to prioritize investing in technology and innovation.

The Board of Directors (the "Board") of the Company has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as set out in the Companies Act, 2017 ("the Act") and the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code") with respect to the composition, procedures and meetings of the Board of Directors and its Committees. As required under the Code, an annual evaluation of the Board is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured 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.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended June 30, 2022 and I report that: The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. **Composition, Diversity and Mix:** The Board members effectively bring the diversity to the Board and constitute a mix of executive, non-executive and independent directors who have the appropriate level of skills, experience and capabilities and who add real value to the Board through their expertise, experience and strong value systems. The non-executive and independent directors were equally involved in all key matters and decisions of the Board.
2. **Oversight of Vision, Mission and Goals:** The Board has a strategic vision of how the organization should be evolving over the next years. The Board by a thorough review of interim and annual financial results and extended guidance to the management and remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through quarterly and annual presentations by the management, internal and external auditors. Proactive monitoring of financial and operational performance by focusing on key risk areas enabled the Board to provide appropriate directions and oversight on a timely basis.
3. **Relationship and Leadership:** The Board ensures that information adequately flows between the Board and the management on a continuous basis. The Board ensures the information provided to the Board is appropriate, accurate, timely and unbiased.
4. **Engagement in Strategic Planning:** The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. Further, the Board has spent sufficient time on strategy formulation and it has set annual goals and targets for the management in all major performance areas.

5. **Due Diligence:** The Board members diligently performed 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 Committee meetings. The Board met frequently enough to adequately discharge its responsibilities. Due consideration have been given to the recommendations and advices from the external and internal auditors.
6. **Governance:** The Board has adequate and effective internal controls and appropriate measures for safeguarding assets of the Company. Audit Committee and HR&R Committee have been formed in an effective manner in pursuit of the approved terms of references, applicable corporate laws, norms and best practices. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the Company.



**Nasim Beg**  
Chairman

October 05, 2022

# DIRECTORS' REPORT

The Board of Directors of Power Cement Limited are pleased to present the annual report and the annual audited financial results of your Company for the year ended June 30, 2022.

## ECONOMIC OVERVIEW

The world economy has been witnessing a commodity super cycle post opening of trade after pandemic. Further volatility in the system was brought in by the ongoing Russia-Ukraine conflict. The sharp raising of rates by Federal Reserve System has also left the currencies vacillating and the central banks in several countries had to jump in to control the exchange rate damage. All of these developments have, consequently, resulted in economic shakeup across the globe, with dipping growth rates, sharp increase in commodity prices, including food and fuel. This has adversely affected purchasing power of people, especially in countries with weaker exchange rates and all the economies had to embrace this, with extent of impact at varying degrees.

Like rest of the world, volatility in the global markets has also hit Pakistan's economy very hard. At the start of current financial year, there was much optimism with an estimated GDP growth rate of almost 6 percent for FY 2021-22. However, as the above mentioned global factors started to price in, the economic landscape changed sharply. An uncertain political environment along with above mentioned global catastrophes exerted immense pressure on the Pakistan economy, with dwindling foreign exchange reserves and soaring prices. FED rates hike, widening current account deficit, IMF over stringent conditions coupled with political uncertainty resulted in a significant depreciation of the Pakistani Rupee against the US dollar. This, in turn, adversely affected the GDP growth rate and further fueled inflation which was initially kicked off due to international commodity prices.

During the outgoing financial year, the annual inflation rate in Pakistan increased to its highest level in several decades, spiking to 27.3% in August 2022, the highest since May of 1975, mainly due to higher food and energy costs. The spiraling increase in SBP policy rate to fight with the exchange rate crisis and inflation added fuel to the fire, aggravating the already set in economic meltdown. It is now likely that inflation rate will not have rest very soon and there will be further drag on GDP growth in coming months since intense rains and deadly floods have recently hit a vast area of the country while currency has been facing a free fall, placing it among the worst performing currency in Asia. Political juggling and toppling of previous political regime further weakened the investor confidence and governance failure added uncertainty to the future direction of macroeconomic policy.

## CEMENT SECTOR

Cement Industry in Pakistan declined by 7.9% to reach 52.9 million tons during the year ended June 2022 in comparison to 57.5 million tons last year. The local sales' volume remained flat with minor decline of 1% to reach 47.6 million tons during the year under review versus 48.1 million tons during last year. Export sales' volume declined substantially by 43.6% to 5.3 million tons during the year under review compared to 9.3 million tons during the last year, which continues to the ongoing financial year - 2023.

Local sales and export of cement has declined massively during the ongoing financial year due to the high cost of production. Electricity prices increased by 44%, interest rate increased by 114% and coal prices increased by 86%.

The domestic demand in South Zone, where your Company is situated, depicted a rise in annual consumption which stood at 8.20 million tons with growth of 8.75%. Simultaneously, the export demand stood at 6.75 million tons with a negative growth of 35.6% over the prior year. As a result, the South Zone closed at a total dispatch of 12.51 million tons.

## FINANCIAL PERFORMANCE

A comparison of the key financial indicators of the Company for the year ended 30 June 2022 with the corresponding year is as under:

Particulars	FY 2022	FY 2021
	PKR in '000'	
Sales Revenue	23,633,083	19,702,055
Less: Sales Taxes/ Federal Excise Duty / Commission / Freight	6,138,205	5,481,442
Sales Revenue – Net	17,494,878	14,220,613
Gross Profit	2,482,131	3,089,637
Operating Profit	1,304,202	1,928,231
Loss Before Tax	(1,330,626)	(671,208)
(Loss) / Profit After Tax	(443,946)	358,359
(Loss) / Earnings per share basic and diluted (in Rupee)	(0.62)	0.17

Despite of numerous challenges faced due to pandemic related uncertainties and highly volatile international coal markets and local energy prices, the company performed well with gross revenue of Rs.23.63 billion showing a growth of 20% from preceding year.

Post expansion, company has become one of the most cost efficient cement plant of Pakistan. However, during the financial year under review, gains in the cost of production were weighed down by increase in cost of sales driven by skyrocketing coal prices and sharp surge in electricity tariffs and transportation costs.

Gross Margin of Company declined to 14% as compared to 22% last year. The Loss Per Share (LPS) for the year was Re.0.62 as compared to EPS of Re.0.17 per share reported last year.

## PRODUCTION

Production	FY 2022	FY 2021	Variance %
	Tons		
Cement	1,593,324	1,809,737	(12%)
Clinker	1,863,323	2,333,980	(20%)

Dispatches	FY 2022	FY 2021	Variance %
	Tons		
Cement/Clinker (Local)	1,627,272	1,633,074	(0.36%)
Cement (Export)	75,848	196,798	(61.45%)
Clinker (Export)	419,830	553,621	(24.16%)
<b>Total Dispatches</b>	<b>2,122,950</b>	<b>2,383,493</b>	

## CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Rs.2.57 billion (2021: Rs.2.92 billion) into the Government Treasury on account of income tax, excise duty, sales tax and other Government levies.

## DIVIDEND AND BONUS SHARES

Considering the highly volatile economic situation and Company's obligations in terms of existing long-term loans, the Board has decided not to declare any cash dividend or issue bonus shares for the year ended June 30, 2022.

## RENEWABLE GREEN ENERGY PROJECTS

Electricity is one of the major components of cost of production in cement manufacturing process, accounting for around 20%. The Waste Heat Recovery System (WHRS) was installed in 2021, which has a generating capacity of 10MW of green electricity. During the current year, your Company has taken new initiatives by embarking Solar and Wind Power Projects. Solar Power Project of 7MW went live in August 2022, generating clean and green energy while work on 9MW Wind project is in process. This will not only strengthen cash flow position of the Company but will also help achieve self-sustainability in energy generation through partial switching on green energy, reducing carbon foot print and contributing to the ecological environment as well. With these sustainable initiatives the management eyes to reduce 21K ton carbon emissions in a year.

## OUTLOOK

We expect fiscal year 2023 to be challenging for Pakistan's economy, especially due to the high Current Account Deficit, which stood at \$17.4 Billion for FY 2022 versus \$2.8 Billion for FY 2021. The highest inflation rate combine with high cost of borrowing, uncertainties in the domestic business environment, coupled with the ongoing monetary tightening measures and significant depreciation of the Pakistani Rupee against the US dollar, pose a threat to business demand, as well as profitability.

The nation witnessed an unprecedented spell of monsoon rains and floods which caused an economic loss of \$28 billion approx. with over a third of Pakistan came underwater, over 3.6 million acres of crops destroyed, over 750,000 livestock killed on top of loss of the precious human lives and more than 2 million houses have been impacted (partially and/or fully damaged), along with that over 410 bridges and 13,074km of road predicting a drop in manufacturing output in the first quarter of FY-23, which may well extend beyond second and third quarter of FY-23.

The Sindh government in collaboration with World Bank would introduce a housing project of Rs.110 billion of worth for the flood affectees. Along with the organic parameters, we also foresee strong demand & growth for the industry in coming quarters and years. This will be mostly fueled by the redevelopment of damaged infrastructure by the Federal & Provincial governments along with the partnered local and international relief agencies.

In order to boost liquidity and profitability, Company's management is focused on cost control measures and has devised strategies accordingly. Your company is working in all relevant areas including use of alternative fuels and optimized operations of the plant to reduce fixed costs. 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.

## 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 November 30, 2021.

## CODE OF CORPORATE GOVERNANCE

The Directors' of your Company review the Company's strategic direction and business plans on a regular basis. The Audit Committee is empowered for effective compliance of 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.
- 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 who require certification under the directors' training program.
- The statement of holding 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 Board of Directors of the Company as of 30 June 2022 consists of:

Total Number of Directors	7
i) Men	6
ii) Women	1

The names and composition of the Board of Directors as of 30 June 2022 are as follows:

Composition of Directors	Name of Directors
a. Non-Executive Director	1) Mr. Nasim Beg 2) Mr. Syed Salman Rashid 3) Mr. Samad Habib 4) Mr. Andres Paludan-Muller
b. Independent Directors	5) Mr. Javed Kureishi 6) Ms. Saira Nasir
c. Executive Director	7) Mr. Muhammad Kashif Habib

## 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 Directors	Designation	Meetings attended by the Member
Mr. Nasim Beg	Chairman	5/5
Mr. Muhammad Kashif Habib	Chief Executive Officer	5/5
Mr. Syed Salman Rashid	Non-Executive Director	3/5
Mr. Mr. Samad Habib	Non-Executive Director	3/5
Mr. Javed Kureishi	Independent Director	4/5
Ms. Saira Nasir	Independent Director	5/5
Mr. Andres Paludan-Muller	Non-Executive Director	5/5

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

## EVALUATION CRITERIA FOR THE BOARD

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

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

- Oversight and Effectiveness of the Board
- Composition and Committees of the Board
- Board Meetings and Proceedings
- Board and Management Relations
- Managing Relationship and Leadership
- Directors' Acquaintance with Corporate Laws and Regulations
- Corporate Governance

## 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 Members	Designation	Meetings attended
Ms. Saira Nasir	Chairperson	4/3
Mr. Nasim Beg *	Member	1/1
Mr. Syed Salman Rashid	Member	4/3
Mr. Samad Habib *	Member	3/3

\*Mr. Samad Habib was appointed as a member of Audit Committee in replacement of Mr. Nasim Beg.

## HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board of Directors has established a Human Resource & Remuneration Committee (HR&R) which comprises of three members; of whom two are non-executive directors. The composition of the HR&R 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&R Committee meeting was held and attendance of each member was as under:

Name of Members	Designation	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 notes to the Financial Statements for the year ended June 30, 2022.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly 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.

The Board Audit Committee meets quarterly to consider your Company's financial performance, operational and capital expenditure budgets, strategic plans and other key performance indicators. The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

## PATTERN OF SHAREHOLDING

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 1,111,870,488 (2020: 1,063,414,434) ordinary shareholders and 208,243,277 (2020: 244,585,320) preference shareholders of the Company as of June 30, 2021. The detailed pattern of shareholding are annexed to the Report.

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

A statement showing the Company's shares bought and sold by its Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed to the Report.

Furthermore, 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.

## RISK MANAGEMENT & STRATEGY FOR MITIGATING RISKS

The Board of Directors have identified potential risks, assessed their impact on your Company and formulated strategies to mitigate foreseeable risks to the business. These strategies have been enforced throughout the hierarchy of your Company under to ensure that no gaps remained in risk mitigation.

The major risks and challenges faced by the Company are as follows:

- i) High level of leverage weighing downward pressure on profitability
- ii) Inability to pass on sharp increase in cost of doing business to the consumers (especially coal & electricity costs) due to the competitive pricing by market players
- iii) Exposure to exchange rate and interest rate risks
- iv) Supply glut due to capacity expansions/new plants
- v) Loss of quality human resource due to surge in employee turnover

These are explained further in the relevant sections of the Annual Report.

## IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

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

Further, the Waste Heat Recovery System (WHRS) has already been installed for producing electricity and the Company is further moving towards environment friendly green energy through its Solar & Wind Energy initiatives. The Company has dedicated and qualified HSE Team to meet the statutory and regulatory compliances of SEPA and SEQS standards. Being proactive on the impact of company's business on the environment, the Company had installed de-dusting equipment such as dust cyclones, bag houses, dust suppression by damping down method, electrostatic precipitators, personal protective equipment, air pollution control system and speed limit controls in Company's premises to overcome RSPM (respirable suspended particulate matter) and FRD (fugitive road dust).

The Company is now the cleanest air discharging plant in the South Zone having a complete pollution control bag house system. The emission levels of the plant are now even better than the discharge limits allowed by the World Bank/IFC Guidelines. The 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.

## CERTIFICATIONS

The Company always has always been committed to provide a safe working environment for all of its employees and stakeholders at large, and the award of the ISO 45001:2015, ISO 14001:2015 and ISO 9001:2015 certifications is a testimony of its continuous implementation of practices that offer development of health, safety and environment at the work place.

## APPOINTMENT OF EXTERNAL AUDITORS

The auditors, M/s. A.F Fergusons and Co. Chartered Accountants, retire and, being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year 2022-23 in the Annual General Meeting.

## RELATED PARTY TRANSACTIONS

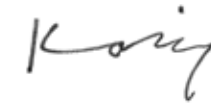
In order to comply with the requirements of listing regulations, the Company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board in their respective meetings. The details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

## 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 in the successful completion of expansion project, fruits of which are now evident in operational performance of the Company. We also appreciate the valuable contribution and active role of the members of the Board's 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 05, 2022

# REPORT OF THE AUDIT COMMITTEE

## COMPOSITION OF THE AUDIT COMMITTEE

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.

## FINANCIAL STATEMENTS

The Committee has concluded its annual review of the conduct and operations of the Company during financial year 2022, and reports that:

- The annual financial statements for the year ended June 30, 2022 have been prepared on a going concern basis under requirements of Companies Act, 2017 (“the Act”), incorporating the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Code”) International Financial Reporting Standards (“IFRS”) and other applicable regulations.
- There were no issues in the application of the Act 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 Act. The financial statements comply with the requirements of the Fourth Schedule to the Act 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.
- 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.
- All direct or indirect 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 management section 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 terms of reference defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board’s attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company’s objectives, including a reliable financial reporting system and compliance with laws and regulations.

## EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. A.F. Fergusons & 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, 2022.
- 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 for 31st Annual General Meeting scheduled on October 28, 2022.
- The Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company any except that of External Auditors.
- Being eligible for reappointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s. A.F. Fergusons & Co., Chartered Accountants as external auditors of the Company for the year ending June 30, 2023.

## ANNUAL REPORT 2022

- 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 exceeding 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 stakeholders of the Company.

## 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.



## 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 for the year ended June 30, 2022 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 of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 June 30, 2022.

**Chartered Accountants**  
**Place: Karachi**

**Date: October 7, 2022**

**UDIN: CR202210073YOy5SMWc3**

## STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
FOR THE YEAR ENDED 30 JUNE 2022

Power Cement Limited ("the Company") has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner.

1. The total number of Directors of the Company are 7 as per the following:

Male	6
Female	1

2. The composition of Board 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 Mr. Anders Paludan - Müller
Executive Director	Mr. Muhammad Kashif Habib

\*For the purpose of rounding up of fraction, the Company has not rounded up the fraction as the Company's shareholders had determined the Board composition adequate;

- The Directors have confirmed that none of them is serving as a Director on more than seven (7) listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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.
- 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.
- 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 ("the Act") and these Regulations.
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
- Majority of the Directors have complied with the requirements of Directors' Training program.
- The Board has approved the 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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formulated the following committees comprising of the given below:

	Name of Committee Members	Category
a. Audit Committee	Ms. Saira Nasir - Chairperson	Independent Director
	Mr. Salman Rashid	Non-Executive Director
	Mr. Samad A. Habib	Non-Executive Director
	Name of Committee Members	Category
b. Human Resource and Remuneration Committee	Mr. Javed Kureishi - Chairperson	Independent Director
	Mr. Muhammad Kashif Habib	Executive Director
	Mr. Salman Rashid	Non-Executive Director

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

14. The number of meetings of the committees held during the year are as under –

- Audit Committee – Four meetings
- Human Resource and Remuneration Committee – One meeting

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.

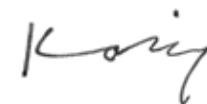
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S.No	Non-Mandatory Requirement	Explanation	Reg.no.
1	The Code encourages the companies that all the Directors have obtained DTP certification by June 30, 2022.	The Company has seven directors whereof one director is exempt from this requirement by virtue of his qualification and experience and four out of the remaining six directors have	19
2	The Board may constitute a separate Committee, designated as the nomination Committee, of such number and class of directors, as it may deem appropriate in its circumstances.	obtained DTP certification. The responsibilities as prescribed for the Nomination Committee are being taken care at Board level.	29(l)
3	The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The responsibility as prescribed for the Risk Management Committee are being taken care at Board level	30(l)
4	No person shall be appointed as the Company secretary unless he holds the qualification as specified under the relevant Regulations by the Commission: the same person shall not simultaneously hold office of chief financial officer and the Company secretary of a listed Company.	The Company continued to vest both responsibilities of CFO & Company Secretary in the same individual till 27 February 2022 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. Subsequently, the Company Secretary was appointed separately by the Company with effect from 28 February 2022.	24

For & on behalf of Board of Directors



**Muhammad Kashif Habib**  
Chief Executive Officer

October 05, 2022  
Karachi



**Nasim Beg**  
Chairman

# NOTICE OF THE 31<sup>ST</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting (AGM) of the shareholders of Power Cement Limited (“the Company”) will be held on Friday, October 28, 2022 at 11:30 am at PSX Auditorium, 3rd Floor, Admin Block, Stock Exchange Building, Exchange Road, Karachi to transact the following businesses. The shareholders can also attend the AGM via a video link facility.

## ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting of the Company held October 28, 2022.
2. To receive, consider and adopt the annual audited financial statements of the Company for the year ended 30 June 2022, together with the Directors’ and Auditors’ reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2023. The present Auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
4. To elect seven (07) Directors of the Company as fixed by the Board of Directors of the Company in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three years, commencing from October 28, 2022.

The names of retiring Directors are listed as under –

1. Mr. Nasim Beg
2. Mr. Muhammad Kashif Habib
3. Mr. Samad A. Habib
4. Syed Salman Rashid
5. Mr. Javed Kureishi
6. Mr. Anders Paludan - Müller
7. Ms. Saira Nasir

**The retiring Directors are eligible for re-election.**

## ANY OTHER BUSINESS:

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

A Statement under Section 166(3) of the Companies Act 2017 pertaining to the material facts is given along with this notice.

By Order of the Board



**Salman Gogan**  
Company Secretary

October 7, 2022  
Karachi

## 1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share transfer books of the Company shall remain closed from October 21, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at the office of Company’s Share Registrar, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block -B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi up to the close of business on October 20, 2022 shall be treated in time for the purpose of Annual General Meeting.

## 2. PARTICIPATION IN THE AGM PROCEEDING VIA VIDEO LINK FACILITY:

The Company also facilitate participation of its shareholders through a video link facility in pursuance to Circulars notified by the Securities and Exchange Commission of Pakistan (SECP). The members/proxies interested to participate in the AGM through this facility are requested to share below information at corporate@powercement.com.pk with subject “Registration for 31st AGM of Power Cement Limited” alongwith valid copy of CNIC (both sides) or passport –

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 least 48 hours before the time of AGM.

The members can also provide their comments and questions for the agenda items of the AGM on email: 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. CIRCULATION OF AUDITED FINANCIAL STATEMENTS THROUGH E-MAIL:

The shareholders in their 25th AGM on October 15, 2016 have already granted approval to transmit annual reports in the form of soft copies in CD/DVD/USB/email instead of transmitting the annual audited accounts in printed copy pursuant to SRO 787(1)/2014 dated September 08, 2014 and SRO 470(1)/2016 dated May 31, 2016.

Therefore, the Company has circulated the annual reports to the shareholders through email at their registered emails as also allowed under Section 223(6) of the Companies Act. However, the shareholders who wish to receive the hardcopy of the financial statements are requested to send a request using the “Standard Request Form” (also available on the Company’s website <http://www.powercement.com.pk>) at the Company address.

#### 6. SUBMISSION 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.

#### 7. AVAILABILITY OF FINANCIAL STATEMENTS AND REPORTS ON 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, 2022, are available on the Company's website: <https://powercement.com.pk/financial-reports/>

#### 8. CONVERSION OF PHYSICAL SHARES INTO THE BOOK ENTRY FORM:

As per Section 72(2) of the Companies Act, 2017, every existing 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 SECP, within a period not exceeding four (4) years from the commencement of the Act, i.e., May 30, 2017. Those Shareholders having physical shareholding are encouraged to open a CDC Sub - Account with any Broker or Investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate 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 Limited.

#### 9. CONTESTING ELECTION OF DIRECTORS:

Any person (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office, Arif Habib Centre, 23 M. T. Khan Road, Karachi, not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with:

- i. Notice of his / her intention to stand for election, along with duly completed and signed Form 28 giving his / her consent to act as Director of the Company if elected (under Section 167(1) of the Companies Act, 2017), and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations.
- ii. (Detailed profile along with office address to be placed on the Company’s website seven days prior to the date of election in term of SECP’s SRO 634(1)/2014 of 10th July 2014.
- iii. Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed company.
- iv. Attested copy of valid CNIC and NTN. (v) Declaration by Independent Director(s) under Clause 6(2) of the Listed Companies (Code of Corporate Governance) Regulation 2017. (vi) Undertaking on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

#### 10. POSTAL BALLOT:

Pursuant to the Companies (Postal Ballot) Regulations, 2018 for the purpose of election of directors subject to Section 159 of the Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159(1) of the Companies Act, 2017.

#### 11. CONSENT FOR VIDEO CONFERENCE FACILITY:

In compliance with Section 134(1)(b) of the Companies Act, 2017 members of the Company may attend and participate in the AGM through video conference facility if member(s) residing in a city other than Karachi, collectively holding 10% or more shareholding, demand in writing, to participate in the AGM through video conference at least ten (10) days prior to the date of the AGM.

To avail such facility, please submit the following form with the requisite information at the Registered Office of the Company –

I/We _____ of _____ being member(s) of Amreli	
Steels limited, holder of _____ ordinary shares(s) as per Registered Folio/CDC	
Account No. _____ hereby opt for video conference facility at _____.	
_____ Name and Signature(s)	_____ Date

The Company will intimate members regarding venue of video conference facility at least five (05) days before the date of the AGM along with complete information necessary to enable them to access such facility.

For any query/problem/information, members may contact our Share Registrar at the following address:

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

#### STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT 2017

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017.

After the contestants file their notice / intention to stand for elections, the Company shall apply following criteria for choosing the appointee for appointment as independent director:

- Inclusion of name of independent directors in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP.
- Respective competencies, diversity, skill, knowledge and experience of the election contestants shall be assessed.
- The Company shall exercise due diligence before selecting a person from the data bank that the contestant meets the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017.

## ROLE OF 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.

## ROLE OF CHIEF EXECUTIVE OFFICER

- 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 (HR&R) COMMITTEE

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

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

- i. Recommending Human Resource Management Policies to the Board.
- ii. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer, Director Coordination, Chief Financial Officer, Company Secretary and Head of Internal Audit.
- iii. Consideration and approval of the recommendations of the CEO about selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO's direct reports.
- iv. Consideration of any other issue or matter as may be assigned by the Board of Directors.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

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

- a) determination of appropriate measures to safeguard the Company's assets;
- b) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with listing regulations and other statutory and regulatory requirements; and
  - related party transactions.
- c) review of preliminary announcements of results prior to publication;
- d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review of management letter issued by external auditors and management's response thereto;
- f) ensuring coordination between the internal and external auditors of the Company;
- g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- l) determination of compliance with relevant statutory requirements;
- m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- n) consideration of any other issue or matter as may be assigned by the Board of Directors.

## 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 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 any entitlement. The Board has devised formal policies for conducting business and ensures their monitoring through an independent Internal Audit Department that reports to the Audit Committee which continuously monitors adherence to Company Policies.

### Matters Delegated to the Management

The management is responsible for implementing the strategies as approved by the Board of Directors. 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.

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, 2017.

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

- Oversight and Effectiveness of the Board
- Composition and Committees of the Board
- Board Meetings and Proceedings
- Board and Management Relations
- Managing Relationship and Leadership
- Directors' Acquaintance with Corporate Laws and Regulations
- Corporate Governance

### Annual Evaluation of Board's Performance

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 encourages Board members to require certification, the following Directors are certified from Pakistan Institute of Corporate Governance namely:

Mr. Muhammad Kashif Habib	Chief Executive Officer
Ms. Saira Nasir	Independent Director
Mr. Samad A. Habib	Non-Executive Director
Syed Salman Rashid	Non-Executive Director

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

Mr. Nasim Beg	Chairman / Non-Executive Director
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Ms. Saira Nasir and Mr. Javed Kureishi - being the Independent Directors meet the criteria for independence as per Section 166 of Companies Act, 2017.

### External Oversight of Functions

The Company obtains external assurance from:

- Statutory Audit of Financial Accounts from Big 4 Audit firm M/s. A.F. Fergusons & Co. Chartered Accountants
- QMS Audit to ensure compliance with ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management Systems are audited by AFNOR France & ISO 50001 Energy Management System is audited by SGS.

### Policy of Remuneration to Non-Executive Directors

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

- The Company shall not pay remuneration of its Non-Executive Directors including Independent Directors except for meeting fee for attending Board and its Committee meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings.
- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.
- Remuneration of Directors & other Executives are detailed in financial statements.

Detail of the remuneration paid to Executive and Non-Executive Directors during the year is given in notes to the financial statements.

### 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:

- Best Corporate Reporting practices recommended jointly by ICAP / ICMAP by disbursement of additional corporate and financial information to stakeholders to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies.
- Implementation of aggressive Health, Safety and Environment Strategies to ensure safety of employees and equipment.

## 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.

## Presence of Executive Director on Board of other Companies

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
- Alternates (Private) Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Pvt.) Limited
- Black Gold Power Limited
- Fatima Fertilizer Company Limited
- Fatima Packaging Limited
- Fatimafert Limited
- Fatima Cement Limited
- Memon Health and Education Foundation
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers 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 CCG 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 notes to 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 during the year.

## Board Meetings held outside Pakistan

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.

## 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.

## Policy for Safeguarding of Records

Power Cement Limited effectively ensures the safety of its records. Physical records of documents are maintained in designated storerooms at our Head office and Site locations. Access to these rooms is only granted to authorize individuals who are responsible for the safekeeping and maintenance of records. Further, an independent archiving company has been properly maintaining the Company's records at a secure location for the last three years. All records are retained as long as they are required to meet legal, administrative, operational, and other requirements of the Company.

## 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 Policy

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 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.
- 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.

## Disclosure of Beneficial Ownership

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

Ultimate Beneficial Shareholder	Shareholding %
Mr. Arif Habib	29.74%

## 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.

Powering Outstanding Pursuits  
**PERFORMANCE  
AND POSITION**

## **Strengthening Social Goodness**

Belonging to a group that is always a step ahead in serving the community it belongs to, Power Cement takes pride in literally strengthening structures of goodness including hospitals, schools and community centers across Pakistan.

## FINANCIAL RATIOS

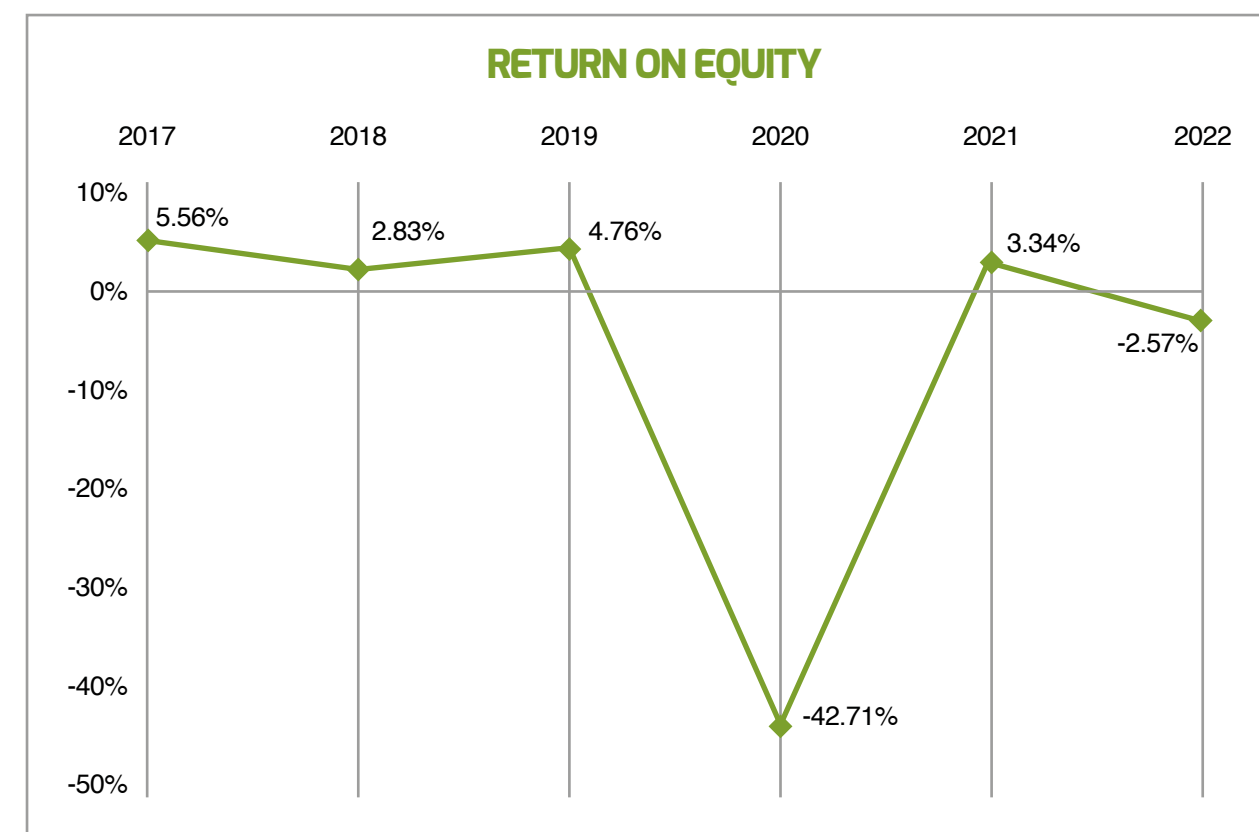
PARTICULARS	UOM	FY 2022	FY2021	FY 2020	FY 2019	FY 2018	FY 2017
<b>PROFITABILITY RATIOS</b>							
Gross Profit/ (Loss) to Sales	%	14%	22%	-3%	5%	16%	22%
Operating Profit/ (Loss) to Sales	%	7%	14%	-24%	-7%	8%	18%
Profit/ (Loss) Before Tax to Sales	%	-8%	-5%	-96%	-11%	8%	13%
Net Profit/ (Loss) After Tax to Sales	%	-3%	3%	-88%	15%	7%	10%
EBITDA to Sales	%	12%	21%	-21%	-3%	12%	21%
Return on Equity (ROE) Before Tax	%	-8%	-6%	-47%	-3%	3%	7%
Return on Equity (ROE) After Tax	%	-3%	3%	-43%	5%	3%	6%
Return on Assets (ROA) Before Tax	%	-3%	-2%	-10%	-1%	2%	11%
Return on Assets (ROA) After Tax	%	-1%	1%	-9%	2%	2%	9%
Return on Capital Employed	%	-1%	1%	-14%	2%	2%	5%
<b>LIQUIDITY RATIOS</b>							
Current Ratio	Times	0.69	0.43	0.36	0.68	1.43	2.56
Quick/Acid Test Ratio	Times	0.39	0.25	0.25	0.52	1.01	2.05
Cash Ratio	Times	0.04	0.03	0.04	0.10	0.49	1.65
Quick Ratio (Excl. Receivables)	Times	0.36	0.24	0.23	0.48	0.84	1.81
Cash Flow From Operation to Sales	Times	0.12	0.11	0.53	(0.20)	0.09	0.09
Illiquid Assets / Total Assets	Times	0.84	0.85	0.84	0.83	0.81	0.46
<b>INVESTMENT VALUATION RATIOS</b>							
Earning/(Loss) Per Share - After Tax	Rs.	(0.62)	0.17	(3.41)	0.55	0.32	1.14
Price /Earnings Ratio - After Tax	Times	(8.63)	55.76	(1.82)	11.69	26.09	11.74
Price to Book Ratio	Times	0.41	1.17	0.78	0.56	0.79	0.58
Market Price Per Share as on 30 June	Rs.	5.32	9.61	6.20	6.43	8.35	13.38
Year High Close	Rs.	9.93	11.80	7.22	9.77	10.85	23.44
Year Low Close	Rs.	5.17	6.26	4.63	5.74	7.11	7.40
Breakup Value Per Share	Rs.	13.09	8.21	7.97	11.49	10.63	22.95
<b>ACTIVITY / TURNOVER RATIOS</b>							
Inventory Turnover	Times	4.60	4.03	2.23	2.45	2.71	3.25
Inventory Held	Days	79	91	163	149	135	112
Debtor Turnover	Times	53.71	35.23	8.05	9.38	14.39	19.94
No. of Days in Receivables	Days	7	10	45	39	25	18
Creditor Turnover	Times	5.33	4.83	2.41	8.53	9.23	11.25
No. of Days in Payable	Days	68	76	151	43	40	32
Operating Cycle	Days	18	25	57	145	120	98
Total Assets Turnover	Times	0.38	0.31	0.09	0.10	0.18	0.39
Fixed Assets Turnover	Times	0.49	0.39	0.11	0.12	0.22	0.85
<b>CAPITAL STRUCTURE RATIOS</b>							
Long Term Debt to Capital	%	115%	183%	226%	148%	85%	4%
Long Term Debt to Equity	%	98%	151%	180%	171%	90%	10%
Long Term Debt to Assets	%	43%	43%	42%	45%	39%	3%
Gearing Ratio	%	57%	72%	77%	65%	48%	15%
Debt to Equity Ratio	Times	1.12	2.15	2.58	2.17	1.00	0.40
Interest Coverage Ratio	Times	0.81	1.12	0.28	0.60	4.18	3.73
Financial Leverage	Times	1.69	3.23	4.37	2.27	1.17	0.36
Short Term Debt Payback	Years	1.20	4.25	3.75	7.22	1.88	1.93
Total Debt Payback	Years	9.77	15.16	13.01	33.92	19.29	2.56
Employee Turnover	%	9	10	37	9	4	10

## DUPONT ANALYSIS

Year	Profit/ (loss) 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
2022	-2.54%	0.38	-1%	2.69	-2.57%
2021	2.52%	0.31	1%	4.23	3.34%
2020	-88.05%	0.09	-8%	5.37	-42.71%
2019	15.09%	0.10	1%	3.27	4.76%
2018	7.37%	0.18	1%	2.17	2.83%
2017	10.42%	0.39	4%	1.36	5.56%

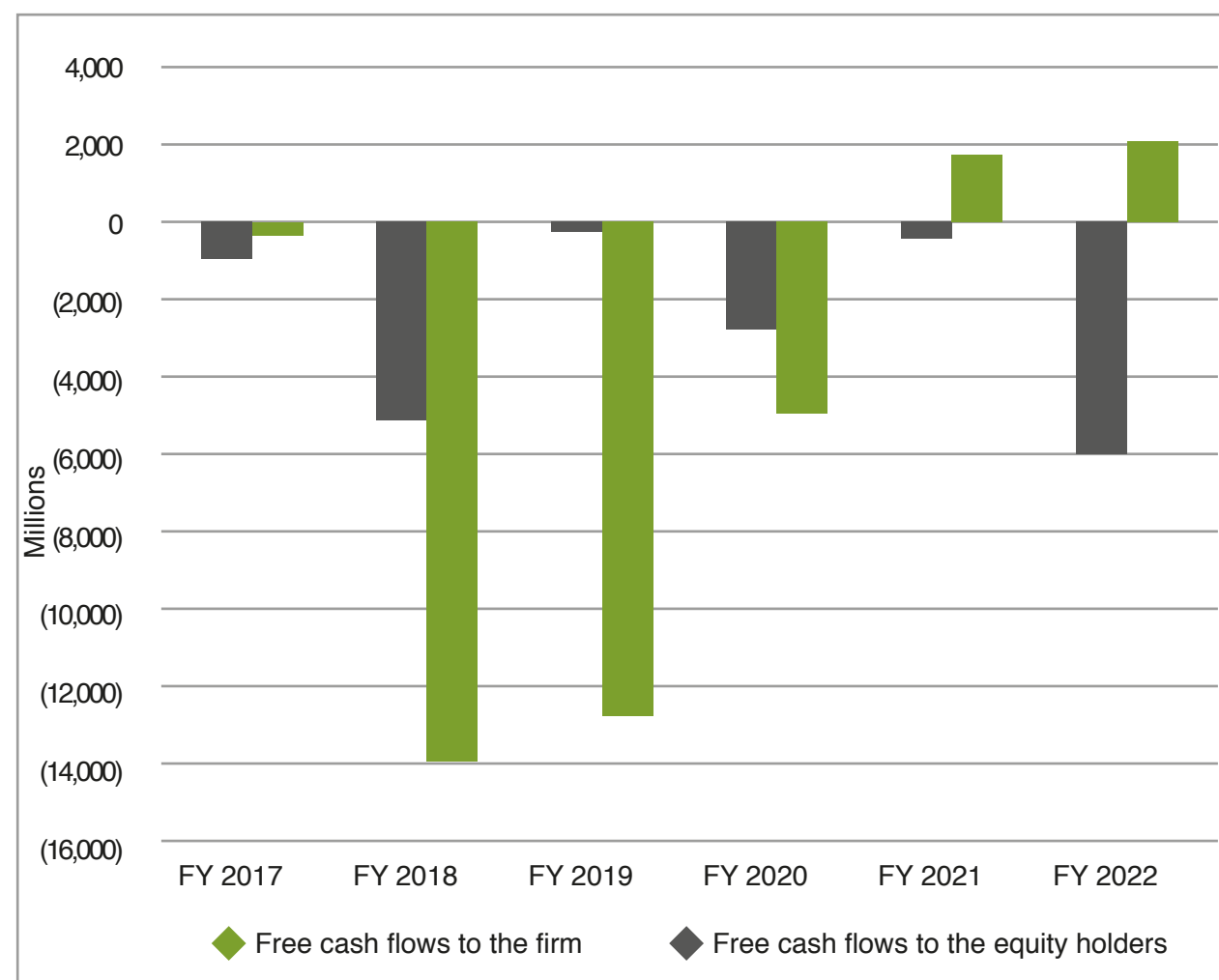
The main highlights of DuPont analysis are as follows:

1. The profit margins for the Company declined in FY 2022 from positive 2.52% to negative 2.54% owing mainly to lower sales volume and increase in prices of coal, electricity and packing material costs coupled with depreciation in rupee against dollar.
2. Assets turnover has improved mainly due to increase in sales prices of local market.
3. Based on the above two factors, the Return on Assets which is dependent on the above two, has also declined.
4. Due to lower capital expenditures in the current year, the equity multiplier decreased by 37%.
5. The Return on Equity has negative growth by 177% due to injection of fresh equity from its sponsor's by Rs. 7 Bln and loss after tax by Rs. 444 Mln.



## FREE CASH FLOWS

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
	(Rupees in '000)					
(Loss) / Profit before taxation	(1,330,626)	(671,207)	(3,966,776)	(412,396)	348,778	565,175
Adjustment non-cash items	3,413,705	3,298,174	3,416,935	462,543	241,179	387,518
Changes in working capital	236,905	(820,611)	2,616,892	(729,371)	(40,341)	(379,810)
<b>Net cash generated from operating activities</b>	<b>2,319,983</b>	<b>1,806,356</b>	<b>2,067,051</b>	<b>(679,224)</b>	<b>549,616</b>	<b>572,883</b>
Capital expenditure	(189,773)	(34,559)	(7,034,177)	(12,116,969)	(14,495,131)	(918,196)
<b>Free cash flows to the firm</b>	<b>2,130,210</b>	<b>1,771,797</b>	<b>(4,967,126)</b>	<b>(12,796,193)</b>	<b>(13,945,515)</b>	<b>(345,313)</b>
Net borrowing (repaid) / raised	(5,532,581)	964,388	2,933,831	12,673,089	9,210,000	-
Interest payments	(2,612,170)	(3,144,326)	(753,458)	(72,721)	(358,115)	(596,691)
<b>Free cash flows to the equity holders</b>	<b>(6,014,540)</b>	<b>(408,141)</b>	<b>(2,786,753)</b>	<b>(195,825)</b>	<b>(5,093,630)</b>	<b>(942,004)</b>



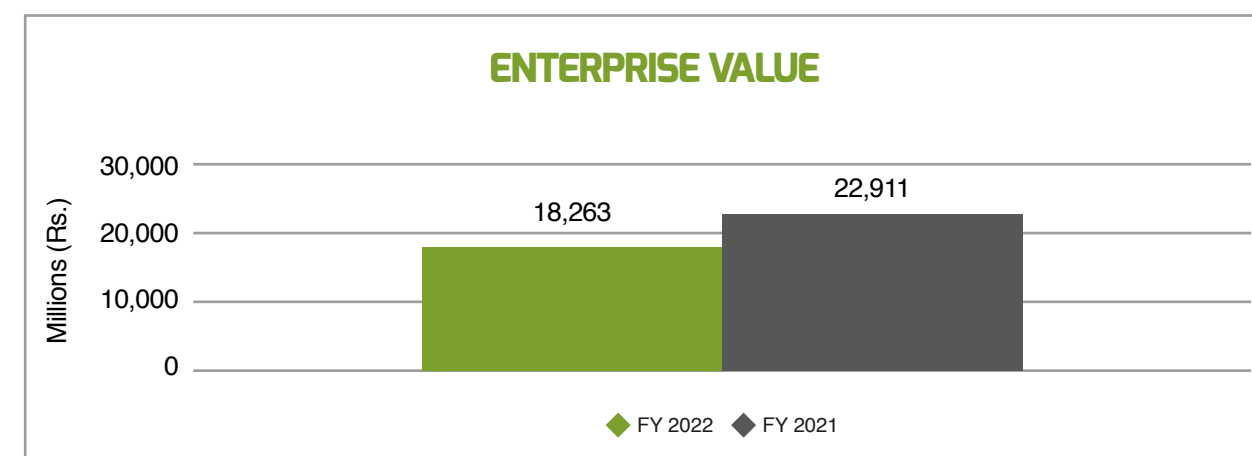
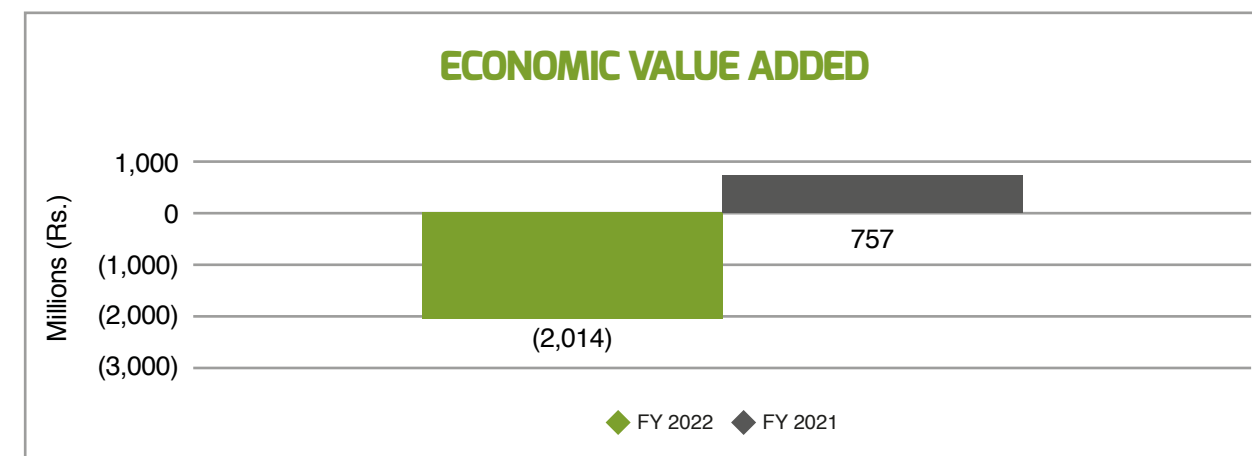
Analysis on Free Cash Flows:

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 2022 due to increase in capital by way of injection of fresh equity by associated undertakings.

## ECONOMIC VALUE ADDED

		FY 2022	FY 2021
		(Rupees in '000)	
Cost of Capital			
Cost of Equity	%	20.90%	9.00%
Cost of Debt	%	13.70%	9.56%
Market Value of Equity		5,915,151	10,219,412
Market Value of Debt		19,886,142	19,700,920
Weighted Average Cost of Capital (WACC)		12.29%	7.54%
Average Capital Employed		34,217,247	29,173,535
NOPAT		2,190,882	2,957,799
Less: Cost of Capital		(4,204,786)	(2,200,634)
<b>Economic Value Added</b>		<b>(2,013,904)</b>	<b>757,165</b>
Enterprise Value			
Market Value of Equity		5,915,151	10,219,412
Add: Debt		19,886,142	19,700,920
Less: Cash & Bank balance		(7,538,288)	(7,009,055)
<b>Enterprise Value</b>		<b>18,263,005</b>	<b>22,911,277</b>
Return Ratios			
NOPAT / Average Capital Employed	%	6.40%	10.14%
EVA / Average Capital Employed	%	-5.89%	2.60%
Enterprise value / Average Capital Employed	times	0.53	0.79



# FINANCIAL HIGHLIGHTS

Six Years at a Glance

Financial Position (Rupees in '000)	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
<b>Assets Employed</b>						
Property, plant and equipment	35,647,052	36,270,530	37,222,552	32,942,295	19,843,344	5,248,476
Intangible assets	24,725	37,086	48,194	-	1,077	8,977
Right of use assets	423	2,958	5,493	-	-	-
Investments	25,578	24,873	23,751	14,100	13,124	13,220
Long term deposits	74,359	42,338	24,159	19,635	19,635	19,635
Deferred tax assets	3,138,307	2,104,838	1,059,665	413,291	-	-
Current Assets	7,538,288	7,009,055	7,117,391	6,619,082	4,640,126	6,096,806
<b>Total Assets</b>	<b>46,448,732</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,402</b>	<b>24,517,306</b>	<b>11,387,114</b>
<b>Financed By</b>						
Shareholders' Equity	17,283,455	10,744,916	8,478,635	12,221,540	11,299,062	8,394,241
<b>Long-term liabilities</b>						
Long term financing	17,510,223	18,403,048	17,357,208	17,959,094	9,460,000	110,000
Long term trade payables	522,828	-	-	-	-	-
Loan from related parties	-	-	-	-	-	-
Lease liabilities	17,327	31,675	45,032	-	-	-
Deferred Grant Income	-	1,997	7,079	-	-	-
Deferred liabilities	136,270	108,965	94,931	57,923	520,185	501,650
<b>Current liabilities</b>	<b>10,978,629</b>	<b>16,201,077</b>	<b>19,518,320</b>	<b>9,769,846</b>	<b>3,238,059</b>	<b>2,381,223</b>
<b>Total Funds Invested</b>	<b>46,448,732</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,403</b>	<b>24,517,306</b>	<b>11,387,114</b>
<b>Turnover &amp; Profit (Rupees in '000)</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>
Sales revenue	17,494,878	14,220,613	4,113,353	3,858,456	4,343,240	4,480,623
Gross profit/ (loss)	2,482,131	3,089,637	(116,167)	178,228	691,778	990,177
Operating profit	1,304,202	1,928,232	(988,226)	(256,348)	358,020	808,103
Profit before taxation	(1,330,626)	(671,207)	(3,966,776)	(412,395)	348,778	565,175
Profit after taxation	(443,946)	358,360	(3,621,629)	582,107	319,907	466,793
Total comprehensive income	(461,460)	353,752	(3,617,069)	931,269	311,695	460,744
Earning Per Share (Rupees)	(0.62)	0.17	(3.41)	0.55	0.32	1.14
<b>Cash Flow Summary (Rupees in '000)</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>
Net Cash from Operating Activities	2,108,265	1,605,669	2,177,471	(771,720)	407,259	395,892
Net Cash used in Investing Activities	(170,846)	(19,322)	(6,942,544)	(12,096,326)	(14,244,219)	(1,150,841)
Net Cash outflow from Financing Activities	(1,824,751)	(1,513,417)	4,626,226	12,600,368	11,445,011	3,936,866
<b>Increase / (Decrease) in Cash and Bank Balance</b>	<b>112,669</b>	<b>72,930</b>	<b>(138,847)</b>	<b>(267,678)</b>	<b>(2,391,949)</b>	<b>3,181,917</b>
Cash and Bank Balance at beginning of the Year	(244,894)	(317,824)	(178,977)	88,701	2,480,650	(701,267)
<b>Cash and Bank Balance at end of the Year</b>	<b>(132,225)</b>	<b>(244,894)</b>	<b>(317,824)</b>	<b>(178,977)</b>	<b>88,701</b>	<b>2,480,650</b>

## COMMENTS ON STATEMENT OF CASH FLOWS

The Company's cash generation from operating activities (before working capital changes) has declined to less margin because of significant increase in fuel and power cost during the year. However, cash generation from operating activities (after working capital changes) has improved mainly due to recovery in lieu sales tax.

During the year, the associated undertakings have contributed PKR 7 Bln to improve Company's gearing ratio by settling its short term borrowing lines.

The Company had been settling its long term liabilities accrued as a result of the major capacity expansions initiated in FY 2017. Further, the finance cost was also a major factor for the significant Cash utilized in financing activities.

Analysis of Statement of Financial Position (Rupees in '000)	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Share Capital & Reserves	17,283,455	10,744,916	8,478,635	12,221,540	11,299,062	8,394,241
Non Current Liabilities	18,186,648	18,545,685	17,504,250	18,017,017	9,980,185	611,650
Current Liabilities	10,978,629	16,201,077	19,518,320	9,769,846	3,238,059	2,381,223
<b>Total Equity &amp; Liabilities</b>	<b>46,448,732</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,403</b>	<b>24,517,306</b>	<b>11,387,114</b>
Non Current Assets	38,910,444	38,482,623	38,383,814	33,389,321	19,877,180	5,290,308
Current Assets	7,538,288	7,009,055	7,117,391	6,619,082	4,640,126	6,096,806
<b>Total Assets</b>	<b>46,448,732</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,403</b>	<b>24,517,306</b>	<b>11,387,114</b>
<b>Vertical Analysis - %</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>
Share Capital & Reserves	37	24	19	31	46	74
Non Current Liabilities	39	41	38	45	41	5
Current Liabilities	24	36	43	24	13	21
<b>Total Equity &amp; Liabilities</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Non Current Assets	84	85	84	83	81	46
Current Assets	16	15	16	17	19	54
<b>Total Assets</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Horizontal Analysis (i) Cumulative - %</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>
Share Capital & Reserves	106	28	1	46	35	100
Non Current Liabilities	2,873	2,932	2,762	2,846	1,532	100
Current Liabilities	361	580	720	310	36	100
<b>Total Equity &amp; Liabilities</b>	<b>308</b>	<b>300</b>	<b>300</b>	<b>251</b>	<b>115</b>	<b>100</b>
Non Current Assets	636	627	626	531	276	100
Current Assets	24	15	17	9	(24)	100
<b>Total Assets</b>	<b>676</b>	<b>660</b>	<b>660</b>	<b>568</b>	<b>309</b>	<b>100</b>
<b>Horizontal Analysis (ii) Year on Year - %</b>	<b>FY 22 vs FY21</b>	<b>FY 21 vs FY 20</b>	<b>FY 20 vs FY 19</b>	<b>FY 19 vs FY 18</b>	<b>FY 18 vs FY 17</b>	<b>FY 17 vs FY 16</b>
Share Capital & Reserves	61	27	(31)	8	35	100
Non Current Liabilities	(2)	6	(3)	81	1,532	100
Current Liabilities	(32)	(17)	100	202	36	100
<b>Total Equity &amp; Liabilities</b>	<b>2</b>	<b>(0)</b>	<b>14</b>	<b>63</b>	<b>115</b>	<b>100</b>
Non Current Assets	1	0	15	68	276	100
Current Assets	8	(2)	8	43	(24)	100
<b>Total Assets</b>	<b>2</b>	<b>(0)</b>	<b>14</b>	<b>63</b>	<b>115</b>	<b>100</b>
<b>Analysis of Profit And Loss Accounts (Rupees in '000)</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>
Sales Revenue	17,494,878	14,220,613	4,113,353	3,858,456	4,343,240	4,480,623
Cost of Sales	(15,012,747)	(11,130,976)	(4,229,520)	(3,680,228)	(3,651,462)	(3,490,446)
<b>Gross Profit/ (Loss)</b>	<b>2,482,131</b>	<b>3,089,637</b>	<b>(116,167)</b>	<b>178,228</b>	<b>691,778</b>	<b>990,177</b>
Distribution Cost	(965,724)	(1,195,573)	(426,535)	(126,560)	(119,570)	(108,563)
Administrative Cost	(286,584)	(254,536)	(190,279)	(165,572)	(144,654)	(83,603)
<b>Operating Profit</b>	<b>1,229,823</b>	<b>1,639,528</b>	<b>(732,981)</b>	<b>(113,904)</b>	<b>427,554</b>	<b>798,011</b>
Finance Cost	(2,634,828)	(2,599,439)	(2,978,550)	(156,047)	(9,242)	(242,928)
Other Charges / (Income)	74,379	288,704	(255,245)	(142,444)	(69,534)	10,092
<b>(Loss) / Profit Before Taxation</b>	<b>(1,330,626)</b>	<b>(671,207)</b>	<b>(3,966,776)</b>	<b>(412,395)</b>	<b>348,778</b>	<b>565,175</b>
Taxation	886,680	1,029,567	345,147	994,502	(28,871)	(98,382)
<b>(Loss) / Profit After Taxation</b>	<b>(443,946)</b>	<b>358,360</b>	<b>(3,621,629)</b>	<b>582,107</b>	<b>319,907</b>	<b>466,793</b>
Other Comprehensive (Income) / Loss	(17,514)	(4,608)	4,560	349,162	(8,212)	(6,049)
<b>Total Comprehensive (Loss) / Income</b>	<b>(461,460)</b>	<b>353,752</b>	<b>(3,617,069)</b>	<b>931,269</b>	<b>311,695</b>	<b>460,744</b>

# NOTES ON ANALYSIS

Vertical Analysis - %	FY 2022	FY 2021	FY 2020	FY 2019	FY 018	FY 2017
Sales Revenue	100	100	100	100	100	100
Cost of Sales	(86)	(78)	(103)	(95)	(84)	(78)
<b>Gross Profit/ (Loss)</b>	<b>14</b>	22	(3)	5	16	22
Distribution Cost	(6)	(8)	(10)	(3)	(3)	(2)
Administrative Cost	(2)	(2)	(5)	(4)	(3)	(2)
<b>Operating Profit</b>	<b>7</b>	12	(18)	(3)	10	18
Finance Cost	(15)	(18)	(72)	(4)	(0)	(5)
Other Charges / (Income)	0	2	(6)	(4)	(2)	0
<b>(Loss) / Profit Before Taxation</b>	<b>(8)</b>	(5)	(96)	(11)	8	13
Taxation	5	7	8	26	(1)	(2)
<b>(Loss) / Profit After Taxation</b>	<b>(3)</b>	3	(88)	15	7	10
Other Comprehensive (Income) / Loss	(0)	(0)	0	9	(0)	(0)
<b>Total Comprehensive (Loss) / Income</b>	<b>(3)</b>	2	(88)	24	7	
Horizontal Analysis (i) Cumulative - %	FY 2022	FY 2021	FY 2020	FY 2019	FY 018	FY 2017
Sales Revenue	290	217	(8)	(14)	(3)	0
Cost of Sales	330	219	21	5	5	0
<b>Gross Profit/ (Loss)</b>	<b>151</b>	212	(112)	(82)	(30)	0
Distribution Cost	790	1,001	293	17	10	0
Administrative Cost	243	204	128	98	73	0
<b>Operating Profit</b>	<b>54</b>	105	(192)	(114)	(46)	0
Finance Cost	985	970	1,126	(36)	(96)	0
Other Charges / (Income)	637	2,761	(2,629)	(1,511)	(789)	0
<b>(Loss) / Profit Before Taxation</b>	<b>(335)</b>	(219)	(802)	(173)	(38)	0
Taxation	(1,001)	(1,146)	(451)	(1,111)	(71)	0
<b>(Loss) / Profit After Taxation</b>	<b>(195)</b>	(23)	(876)	25	(31)	0
Other Comprehensive Loss / (Income)	190	(24)	(175)	(5,872)	36	0
<b>Total Comprehensive (Loss) / Income</b>	<b>(200)</b>	(23)	(885)	102	(32)	0
Horizontal Analysis (Year on Year % )	FY 2022	FY 2021	FY 2020	FY 2019	FY 018	FY 2017
Sales Revenue	23	246	7	(11)	(3)	100
Cost of Sales	35	163	15	1	5	100
<b>Gross (Loss) / Profit</b>	<b>(20)</b>	(2,760)	(165)	(74)	(30)	100
Distribution Cost	(19)	180	237	6	10	100
Administrative Cost	13	34	15	14	73	100
<b>Operating (Loss) / Profit</b>	<b>(25)</b>	(324)	544	(127)	(46)	100
Finance Cost	1	(13)	1,809	1,588	(96)	100
Other (Income) / Charges	(74)	(213)	79	105	(789)	100
<b>Profit / (Loss) Before Taxation</b>	<b>98</b>	(83)	862	(218)	(38)	100
Taxation	(14)	198	(65)	(3,545)	(71)	100
<b>(Loss) / Profit After Taxation</b>	<b>(224)</b>	(110)	(722)	82	(31)	100
Other Comprehensive Loss / (Income)	280	(201)	(99)	(4,352)	36	100
<b>Total Comprehensive (Loss) / Income</b>	<b>(230)</b>	(110)	(488)	199	(32)	100

## COMMENTS ON SIX YEAR STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

### TURNOVER

Revenues increased from PKR 4,480 million in 2017 to PKR 17,495 million in 2022 with a significant increase of 290% in line with increase in sales prices and sales volume. The Company always underwent major capacity expansion from 3,000 TPD to 10,700 TPD Clinker production.

### COST OF SALES

Cost increased from PKR 3,490 million in 2017 to PKR 15,012 million in 2022 with an increase of 330%. This is mainly due to increase in input transportation costs, prices of coal, electricity and packing material.

### GROSS PROFIT

GP increased from PKR 990 million in 2017 to PKR 2,482 million in 2022 with an increase of 150% in line with the revenue and cost fluctuations over the years.

### NET PROFIT

Net Profit decreased from PKR 468 million in 2017 to a loss of PKR 444 million in 2022 with a decline of 195% due to huge finance cost on debts.

## COMMENTS ON SIX YEAR STATEMENT OF FINANCIAL POSITION ANALYSIS

### SHARE CAPITAL & RESERVES

The share capital increased by 106% mainly due to issuance of preference shares in FY 2021 and fresh equity contribution from associated undertakings in FY 2022.

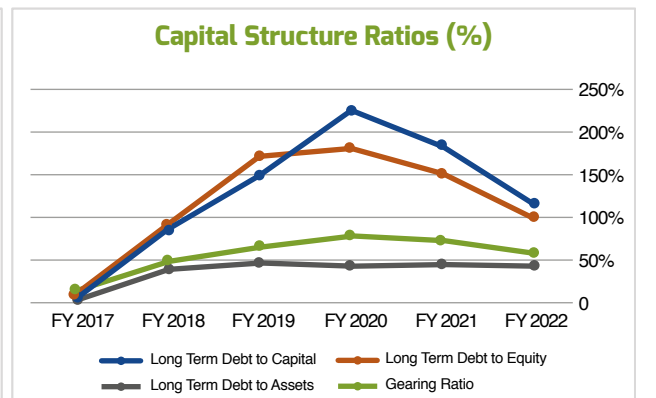
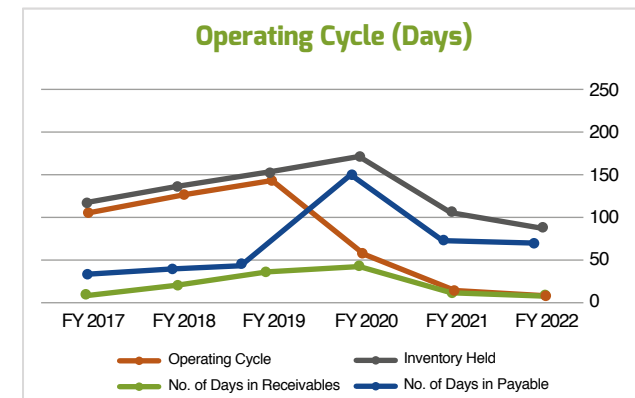
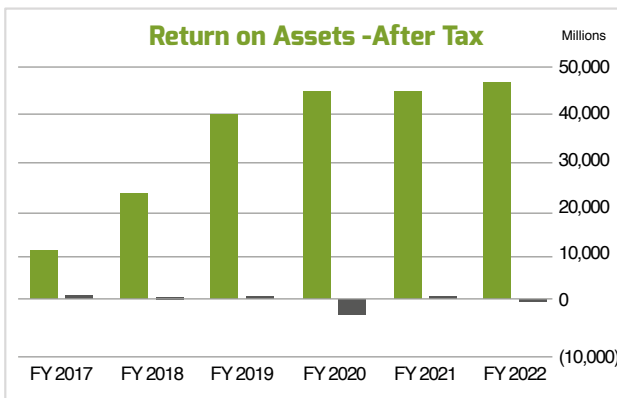
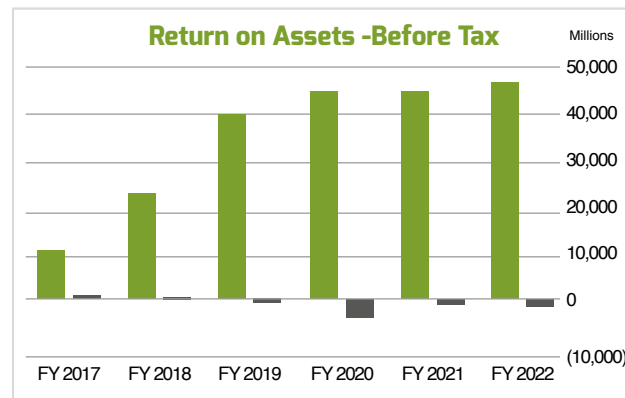
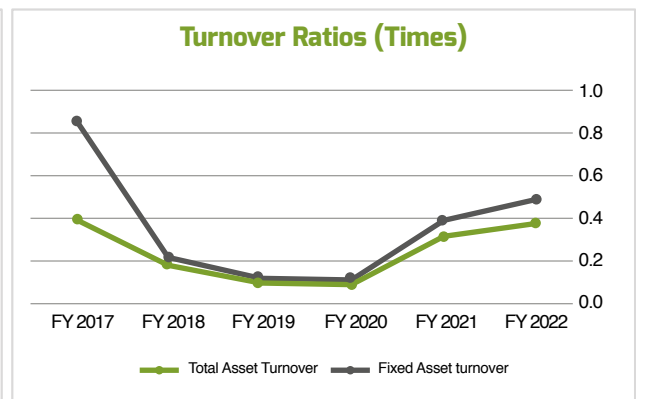
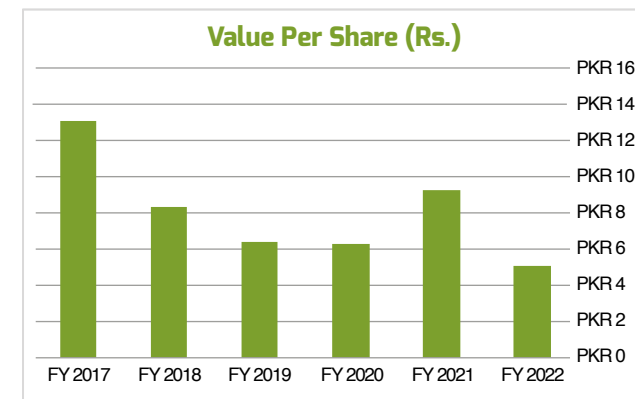
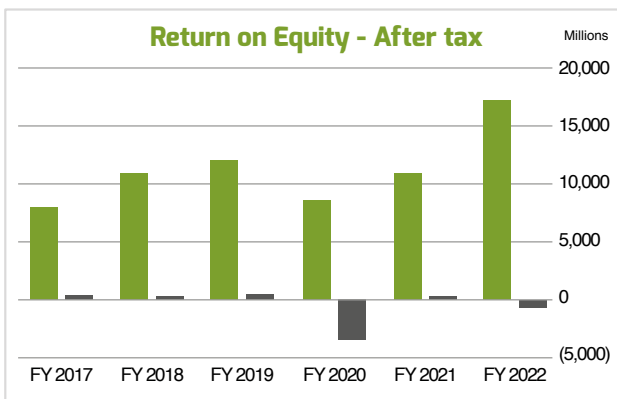
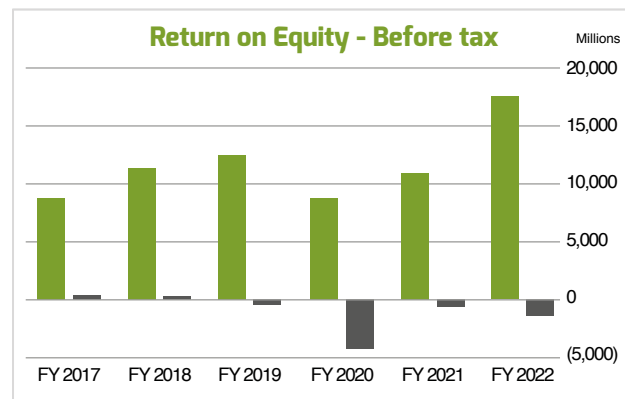
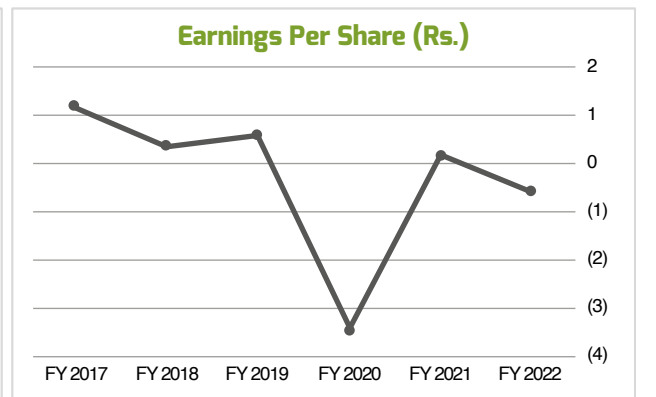
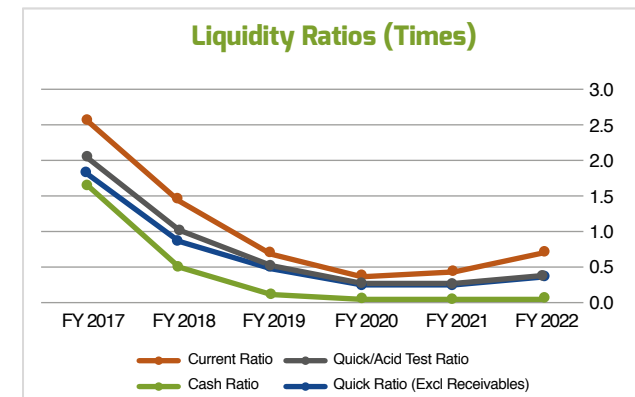
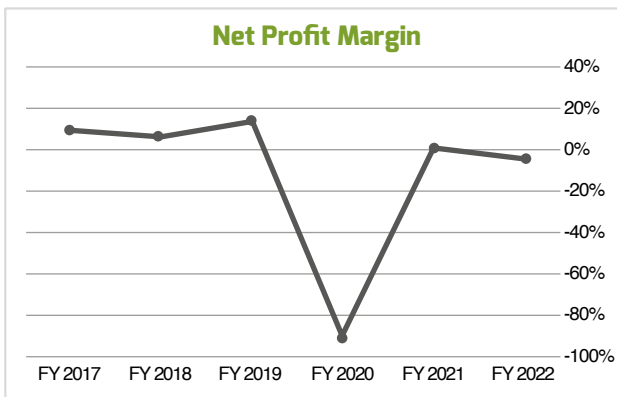
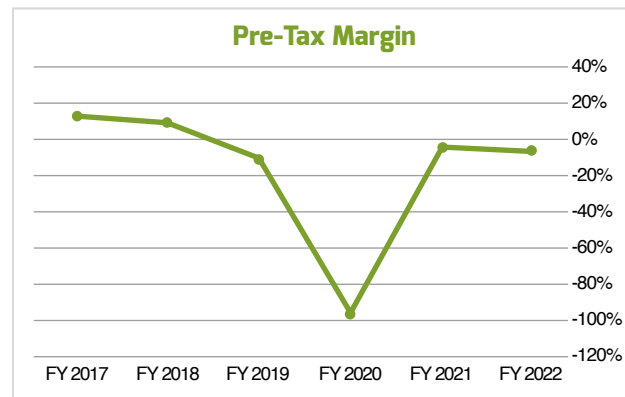
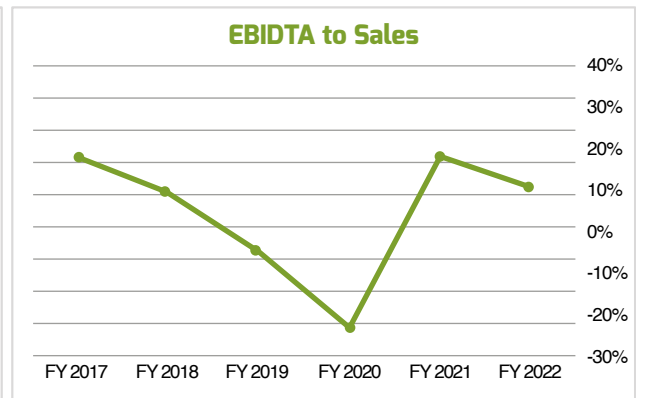
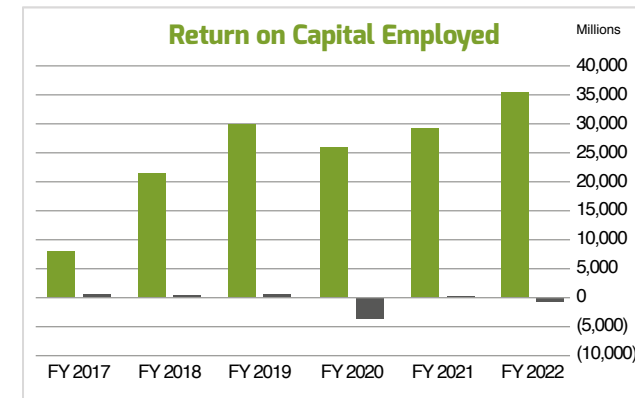
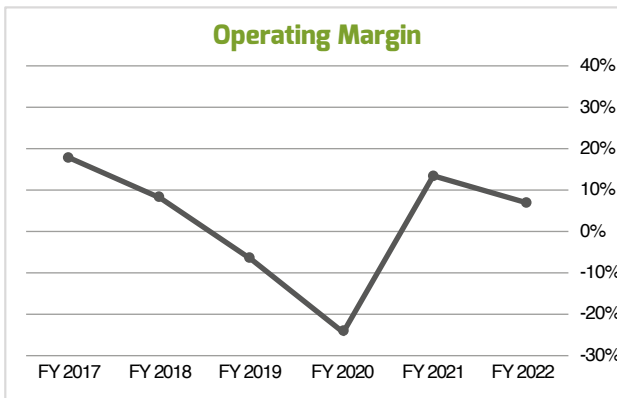
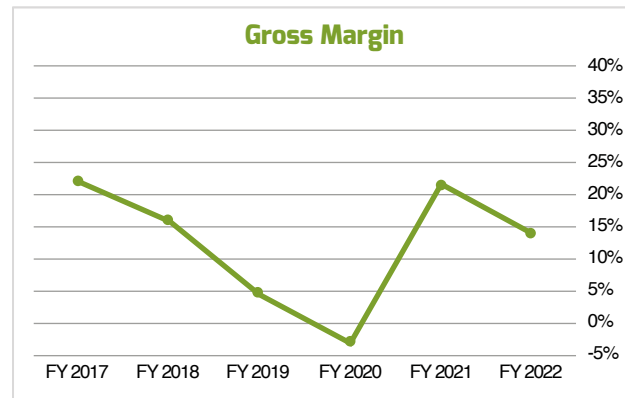
### NON CURRENT LIABILITIES

There is a significant increase in Non Current Liabilities from 2017 to 2022 mainly due to financing arrangements for capacity expansion.

### NON CURRENT ASSETS

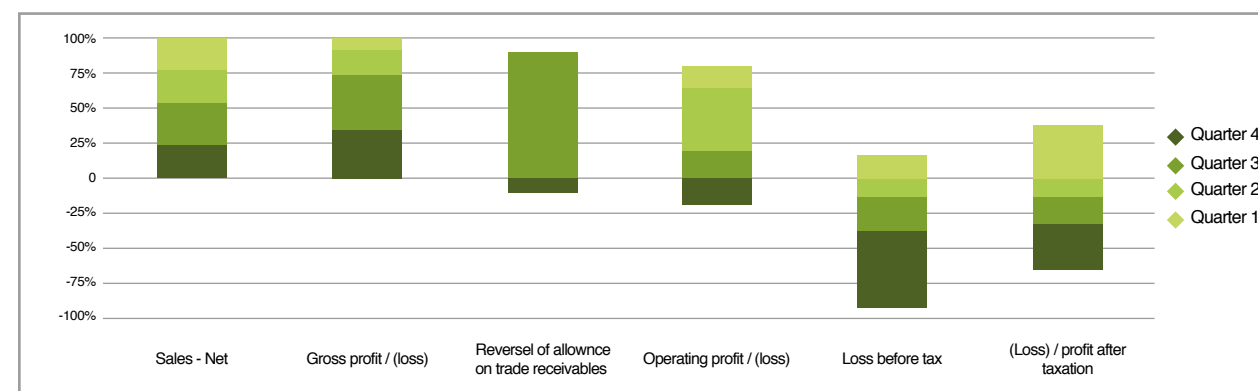
There is an increase of 659% in Non Current Assets from 2017 to 2022 mainly due to capital expenditure on capacity expansion.

# GRAPHICAL PRESENTATION - STAKEHOLDERS' INFORMATION



## QUARTERLY PERFORMANCE

Particulars	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	Rupees in '000				
Clinker Production	605,843	657,828	172,209	427,443	1,863,323
Capacity Utilization (%)	75%	82%	21%	53%	58%
Cement Production	344,433	476,332	368,553	404,006	1,593,324
Cement Dispatches	614,733	650,119	494,270	363,828	2,122,950
<b>Sales - Net</b>	<b>4,113,790</b>	<b>5,162,217</b>	<b>4,072,919</b>	<b>4,145,952</b>	<b>17,494,878</b>
Cost of Sales	(3,277,126)	(4,180,946)	(3,654,065)	(3,900,610)	(15,012,747)
<b>Gross Profit</b>	<b>836,664</b>	<b>981,271</b>	<b>418,854</b>	<b>245,342</b>	<b>2,482,131</b>
Selling and Distribution Expenses	(234,708)	(370,172)	(54,442)	(306,402)	(965,724)
Administrative Expenses	(61,140)	(81,531)	(73,288)	(70,625)	(286,584)
Reversal / (Loss) of Allowance on Trade Receivables	-	40,321	-	(4,041)	36,280
Other Operating (Expenses) / Income	(124,949)	391,184	53,905	(282,041)	38,099
<b>Operating Profit / (Loss)</b>	<b>415,867</b>	<b>961,073</b>	<b>345,029</b>	<b>(417,767)</b>	<b>1,304,202</b>
Finance Income	1,332	1,500	2,484	2,791	8,107
Finance Costs	(639,096)	(679,089)	(781,100)	(543,650)	(2,642,935)
Finance Costs - Net	(637,764)	(677,589)	(778,616)	(540,859)	(2,634,828)
<b>(Loss) / Profit Before Tax</b>	<b>(221,897)</b>	<b>283,484</b>	<b>(433,587)</b>	<b>(958,626)</b>	<b>(1,330,626)</b>
Taxation	31,490	187,362	159,937	507,891	886,680
<b>(Loss) / Profit After Taxation</b>	<b>(190,407)</b>	<b>470,846</b>	<b>(273,650)</b>	<b>(450,735)</b>	<b>(443,946)</b>



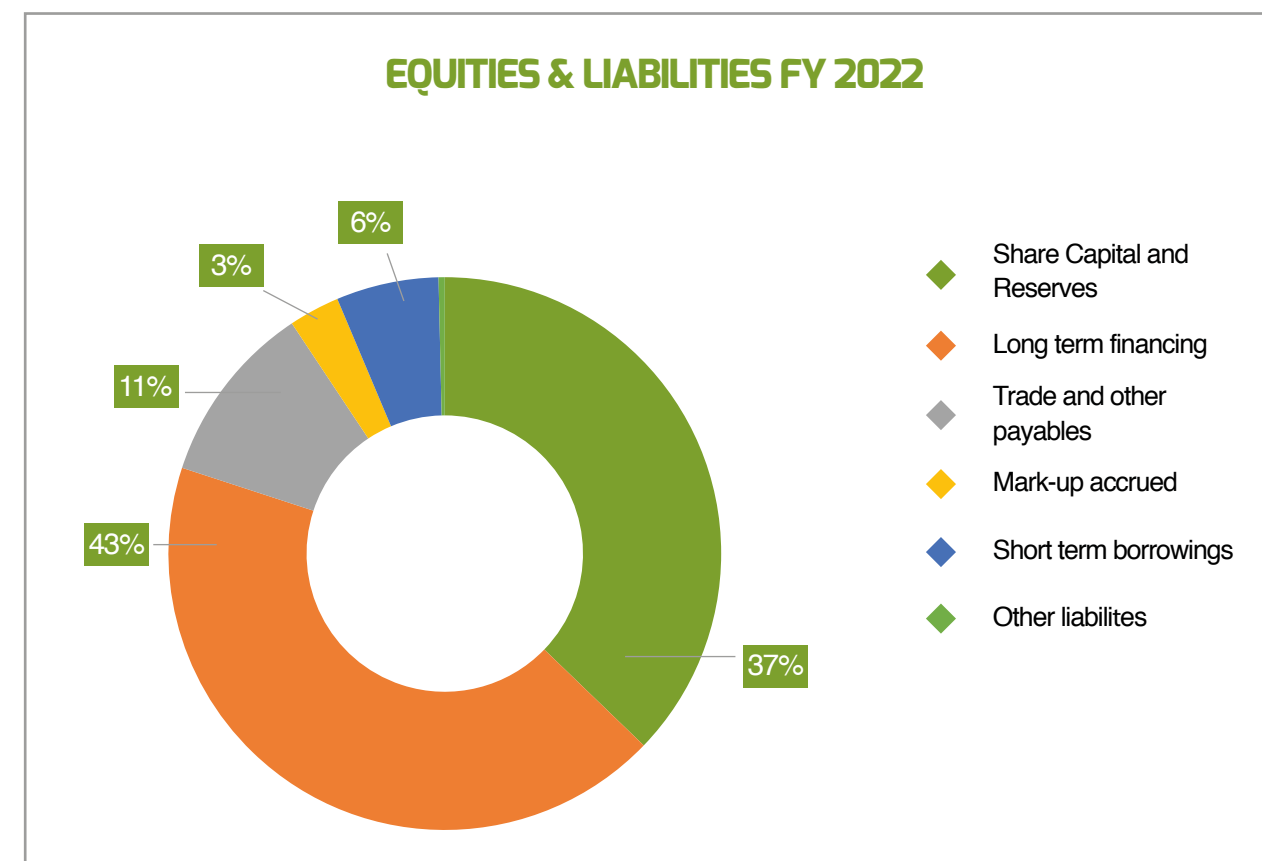
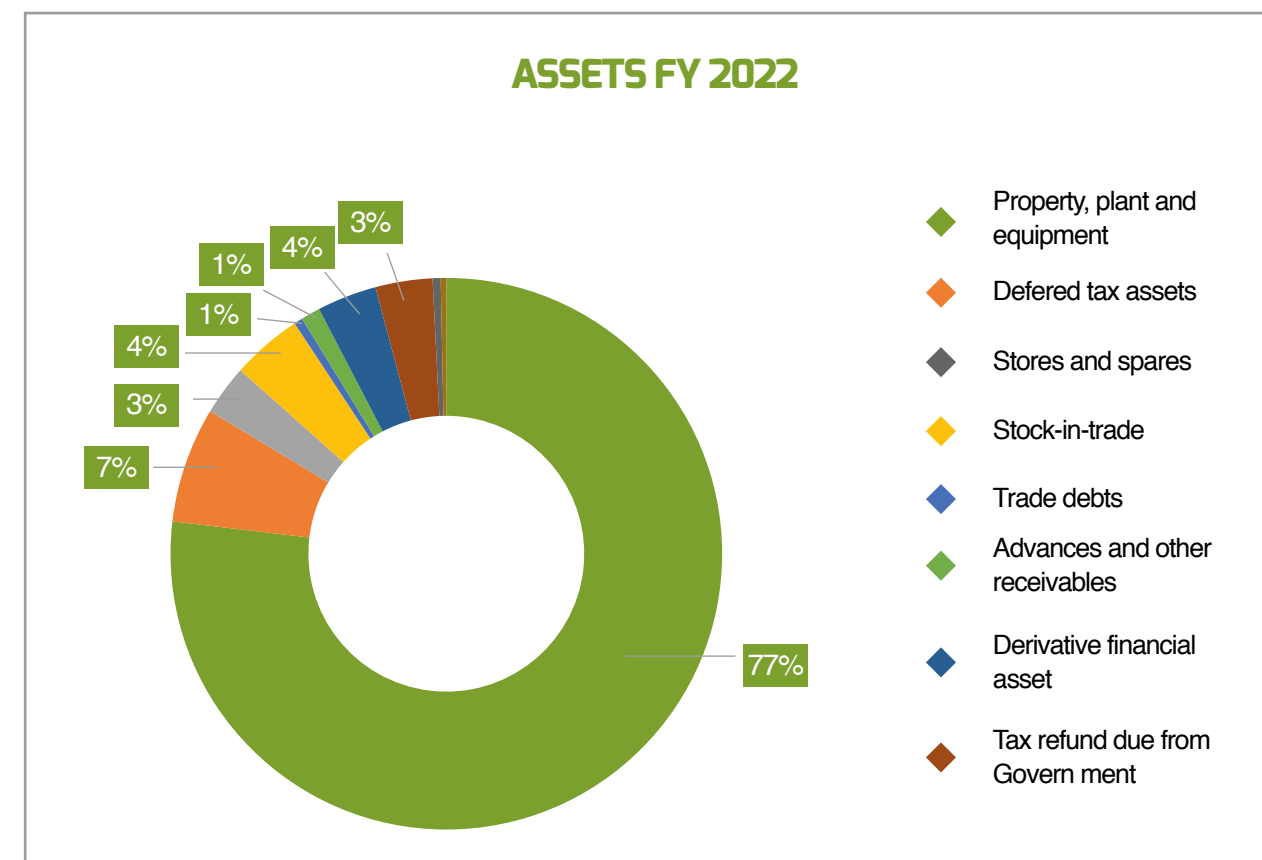
## RESULTS REPORTED IN INTERIM AND ANNUAL FINANCIAL STATEMENTS

Particulars	Interim Results						Annual Results	
	3 months period		6 months period		9 months period		Year ended June 30, 2022	
	Rs in '000	%	Rs in '000	%	Rs in '000	%	Rs in '000	%
Sales - Net	4,113,790		9,276,007		13,348,926		17,494,878	
Gross Profit	836,664	20.34%	1,817,935	19.60%	2,236,789	16.76%	2,482,131	14.19%
Operating Profit / (loss)	415,867	10.11%	1,376,940	14.84%	1,721,969	12.90%	1,304,202	7.45%
(Loss) / Profit Before Tax	(221,897)	-5.39%	61,587	0.66%	(372,000)	-2.79%	(1,330,626)	-7.61%
(Loss) / Profit After Tax	(190,407)	-4.63%	280,439	3.02%	6,789	0.05%	(443,946)	-2.54%

## CASH FLOW STATEMENT - DIRECT METHOD

	2022	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	18,154,831	14,628,100
Cash paid to suppliers and employees	(16,071,753)	(12,001,133)
Net Cash generated from operations	2,083,078	2,626,967
Decrease in stores and spares	(175,764)	(334,683)
Decrease in stock-in-trade	(214,461)	(412,359)
Increase/(decrease) in trade debts	77,914	107,102
Increase in loans & other receivable	885,018	690,153
Decrease in trade deposits and prepayments	(14,033)	(16,371)
(Decrease)/increase trade & other payables	(321,770)	(854,453)
Income tax (paid) / recovered	(138,987)	(150,296)
Gratuity paid	(40,710)	(32,212)
Deposits paid	(32,021)	(18,179)
Financial charges paid	(2,612,170)	(3,144,326)
Net cash (used in)/generated from Operating Activities	(503,905)	(1,538,657)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure - Operations	(189,773)	(34,559)
Capital expenditure - Project Line III	-	-
Interest received	7,402	10,892
Proceeds from disposal of fixed assets	11,525	4,345
Net cash used in generated from Investing Activities	(170,846)	(19,322)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Acquisition of long term finance	(771,494)	898,182
Proceeds from issuance of ordinary shares other than rights issue	-	79,924
Proceeds from issue of preference shares	-	1,648,894
Expense incurred on issuance of preference shares	-	(13,479)
Repayment of short-term financing - net	(4,745,997)	-
Contribution from associated undertakings	7,000,000	-
Repayment of loan from related party	(680,000)	(968,894)
Lease rentals paid	(15,090)	(13,718)
Net cash generated from/(used in) Financing Activities	787,419	1,630,909
Net increase in cash and cash equivalents	112,668	72,930
Cash and cash equivalents at the beginning	(244,894)	(317,824)
<b>Cash and cash equivalents at end</b>	<b>(132,226)</b>	<b>(244,894)</b>

## COMPOSITION OF BALANCE SHEET



## SHARE PRICE SENSITIVITY ANALYSIS

The Ordinary (POWER) and Preference Shares (POWERPS) of Power Cement Limited are traded on Pakistan Exchange.

Market price of the Company's Ordinary share experienced fluctuations between the highest of Rs. 9.93 to the lowest of Rs.5.17 per share with an average market price of Rs.6.62 per share. It's free float is 37% and market capitalization at of financial year stood at Rs. 5.655 billion as against Rs.10.215 billion last year, depicting a decline of 45%, whereas the PSX-100 index dropped from 47,356 points to 41,541 points at the end of the year, registering a decrease of 12.28% as compared to last year.

Market price of the Company's Preference share experienced fluctuations between the highest of Rs. 12 to the lowest of Rs.7.5 per share with an average market price of Rs.9.98 per share.

Share prices can be affected by variety of factors internal and external to the Company. However, performance of the Company and the economic environment in which it operates, are the two principal factors, affecting the share price.

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

An increase in the costs affects the margins and resultantly will impact the profits and EPS. Therefore, variation in cost may affect the share price.

### 3) CURRENCY RISK

The currency exchange rate fluctuations can have an adverse or favorable effect on 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.

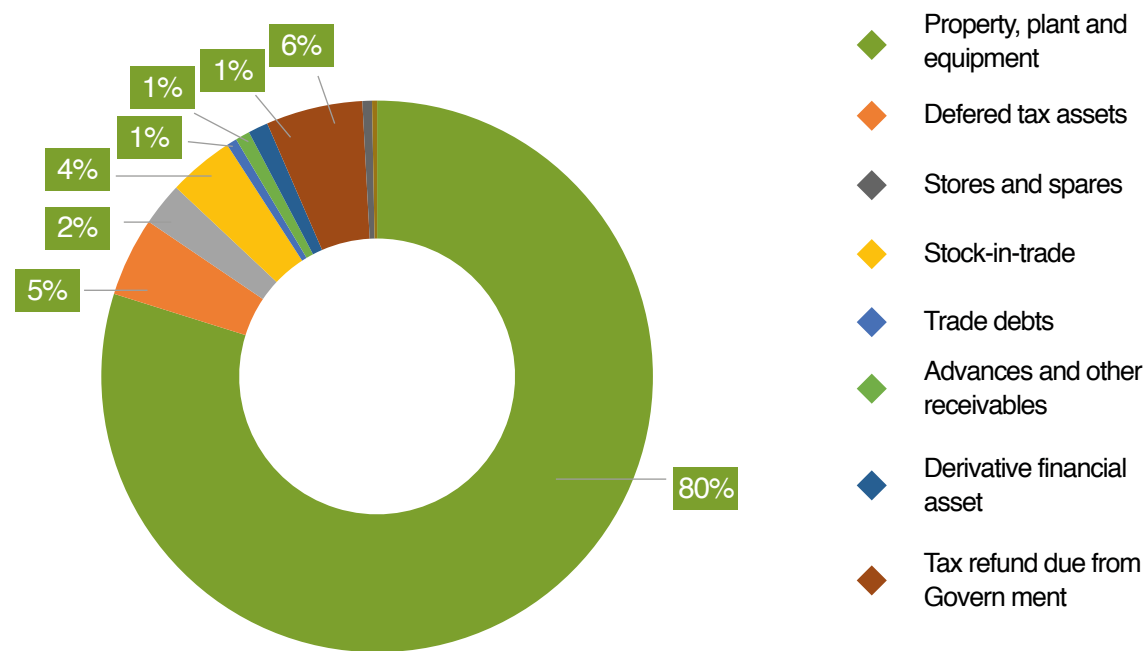
### 5) LAW AND ORDER SITUATION

Unstable law and order situation often result in disruption of business activities and hinder supply chain that negatively that impacts the Company's performance and also the confidence of stock market investors, impacting the share price of the Company.

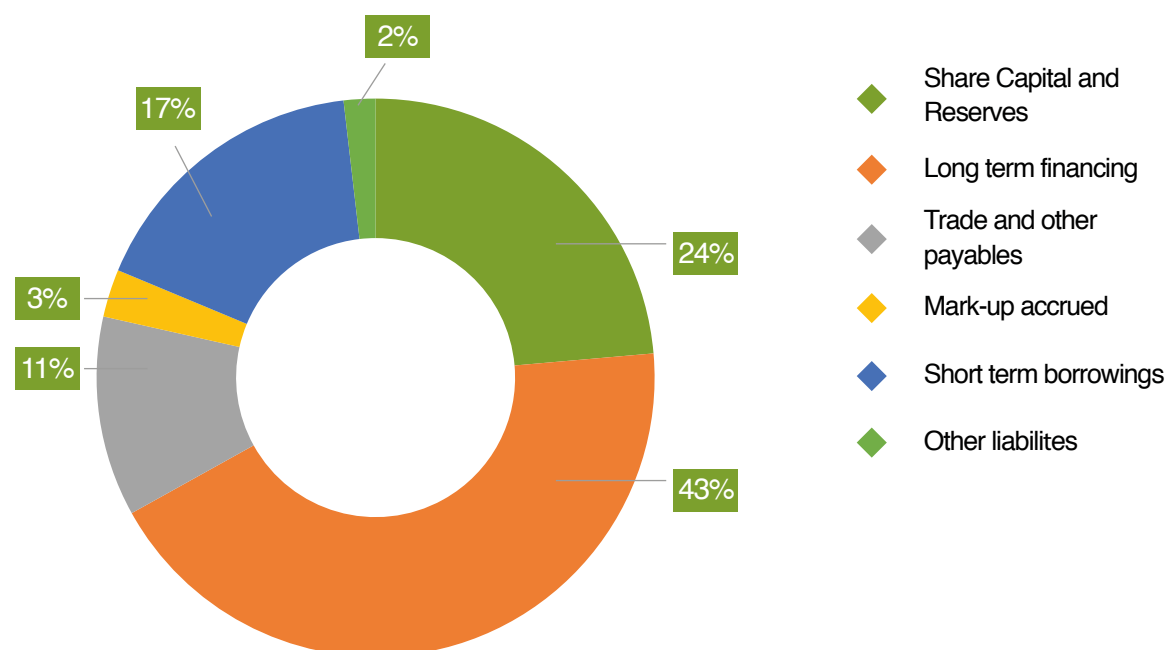
Factors like devaluation of PKR, change in Government policies, uncertain law and order situation is evident from the Company's share price, and volume of trading as reflected in the table below:

Year	Ordinary Shares (POWER)			Preference Shares (POWERPS)		
	High	Low	Volume	High	Low	Volume
2021	11.8	6.3	2,568,662	13	9.25	15,601
2022	9.9	5.2	330,685	12	7.5	890,500

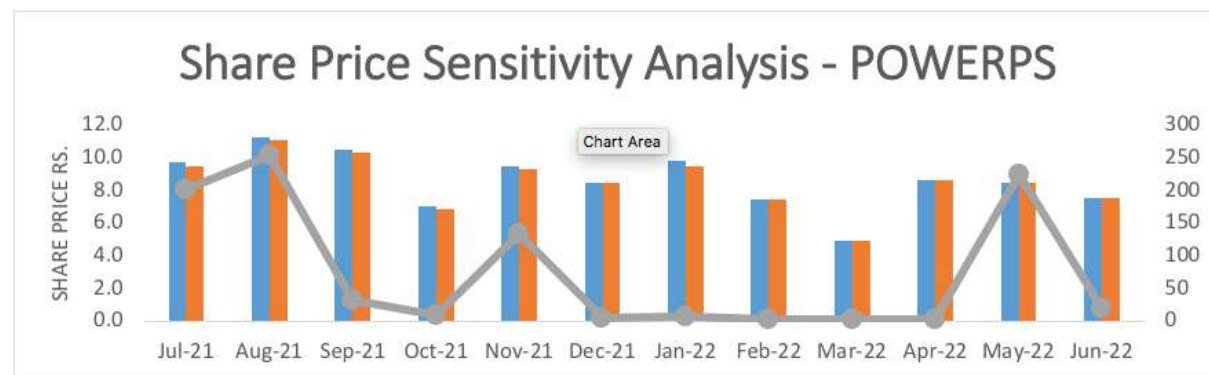
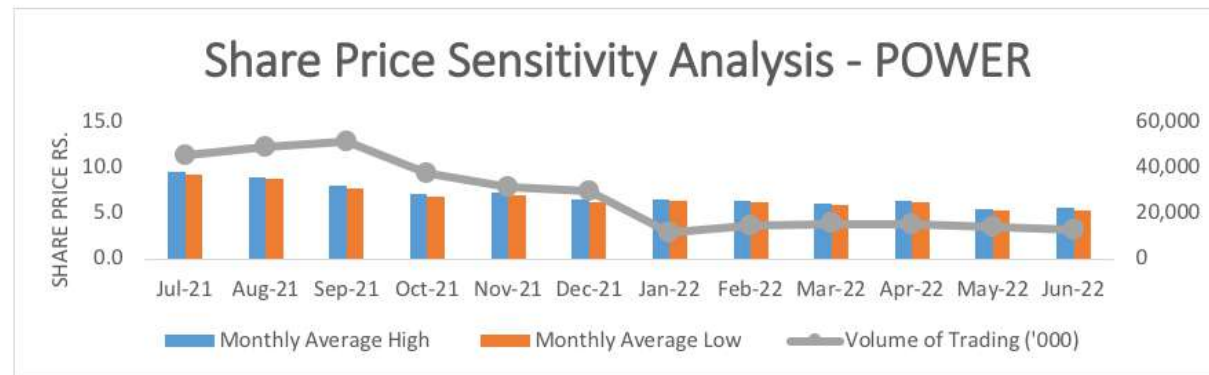
### ASSETS FY 2021



### EQUITIES & LIABILITIES FY 2021



## MAJOR EVENTS DURING THE FINANCIAL YEAR 2021-22



An analysis of changes in key factors (fluctuation of 10%) affecting share price and their impact is depicted in the below table.

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

Capitalization:

Share price Sensitivity - POWER	Impact on Market Capitalization (Rs. Million)
+10%	+1,048
-10%	-1,048

Share price Sensitivity - POWERPS	Impact on Market Capitalization (Rs. Million)
+10%	+266
-10%	-266

SEPTEMBER  
2021

Board of Directors' Meeting was held on September 29, 2021. The Board approved the annual audited financial statements of the Company for the year ended June 30, 2020 and the Directors' Report thereon.

OCTOBER  
2021

30th Annual General Meeting (AGM) of the Company was held on October 28, 2021 via video conference facility for approval of annual audited accounts for the year ended June 30, 2021.

Board of Directors' Meeting was held on October 29, 2021. The Board approved the condensed interim financial statements for the first quarter ended September 30, 2021 along with the Directors' Report thereon.

FEBRUARY  
2022

Board of Directors' Meeting was held on February 28, 2022. The Board approved the condensed interim financial statements for the half year ended December 31, 2021 along with the Directors' Report thereon.

APRIL  
2022

Board of Directors' Meeting was held on April 28, 2022. The Board approved the condensed interim financial statements for the third quarter ended March 31, 2022 along with the Directors' Report thereon.

JUNE  
2022

The mandatory Corporate Briefing Session (CBS) was held on June 23, 2022.

Board of Directors' Meeting was held on June 25, 2022. The Board approved the Annual Budget for the financial year 2022-23.

A Looking Upwards,  
Forward Approach  
**OUTLOOK**

**Energized by  
Alternate Ambitions**

Our manufacturing systems are powered by sustainable means. A comprehensive 7MW solar powered generator supplements the plants power needs sustainably.

## FORWARD LOOKING STATEMENT

We expect fiscal year 2023 to be challenging for Pakistan's economy, especially due to the high Current Account Deficit, which stood at \$17.4 Billion for FY 2022 versus \$2.8 Billion for FY 2021. The highest inflation rate combine with high cost of borrowing, uncertainties in the domestic business environment, coupled with the ongoing monetary tightening measures and significant depreciation of the Pakistani Rupee against the US dollar, pose a threat to business demand, as well as profitability.

The nation witnessed an unprecedented spell of monsoon rains and floods which caused an economic loss of \$28 billion approx. with over a third of Pakistan came underwater, over 3.6 million acres of crops destroyed, over 750,000 livestock killed on top of loss of the precious human lives and more than 2 million houses have been impacted (partially and/or fully damaged), along with that over 410 bridges and 13,074km of road predicting a drop in manufacturing output in the first quarter of FY-23, which may well extend beyond second and third quarter of FY-23.

The Sindh government in collaboration with World Bank would introduce a housing project of Rs.110 billion of worth for the flood affectees. Along with the organic parameters, we also foresee strong demand & growth for the industry in coming quarters and years. This will be mostly fueled by the redevelopment of damaged infrastructure by the Federal & Provincial governments along with the partnered local and international relief agencies.

In order to boost liquidity and profitability, Company's management is focused on cost control measures and has devised strategies accordingly. Your company is working in all relevant areas including use of alternative fuels and optimized operations of the plant to reduce fixed costs. 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.

### SOURCES OF INFORMATION USED FOR PROJECTIONS OF FUTURE REVENUE

For the preparation of budget/projections of future revenue, internal meetings amongst Head Office, Site and Sales teams have been carried out for sharing/gathering of information and for determination of assumptions to be used for budget/projections.

Based on the information and assumptions used by the management for the preparation of budget/forecast, detailed budget exercise has been carried out and approved by the Board of Directors.

The Company is expecting increase in turnover due to increase in dispatches in upcoming years because of the aforesaid factors.

### BASED ON MANAGEMENT'S BEST ESTIMATES, FUTURE FINANCIAL FORECASTS ARE AS FOLLOWS:

Financial Year	2022-23 (Rs. In million)
Sales-Net	31,772
Profit after tax	103

### FINANCIAL PROJECTIONS

The Company's budget for the year 2023 sets production, sales and retention targets to bolster profitability and cash flows. The Company has taken a conservative approach by forecasting domestic sales at 1.70 million tons for FY 2023. The average retention prices are also expected to increase which would result in strengthening the cash flow position as well as profitability.

### COMPANY PERFORMANCE AGAINST LAST YEAR PROJECTIONS

The total sales revenue of the Company witnessed a growth of around 20%. The Company has actively strived to minimize its cost by using a mix of local and imported coal, optimum usage of energy resources using WHRS, Solar Power and National Grid. The Company on an annual basis sets marketing, production and other targets in the form of a budget exercise which is duly approved by the Board of Directors. For liquidity and gearing, cash flows are monitored on a daily basis to achieve the targets.



Going Greener, Going Stronger  
**STAKEHOLDERS  
RELATIONSHIP  
AND ENGAGEMENT**

# Turning Over a New Leaf

Our plantation initiatives around our manufacturing facilities and other areas of operations keep the natural ecosystem balanced and help save the planet.

# STAKEHOLDER RELATIONSHIP & ENGAGEMENT

## STAKEHOLDER ENGAGEMENT BRIDGING THE GAP

The management of the Company takes pleasure in identifying and assessing the needs of all the stakeholders of the Company. Our stakeholders are all the people and corporations impacted by our business processes.

## STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

At Power Cement Limited, we believe in maintaining sound collaborative relationships with our stakeholders. In line with its vision, mission and values, the Company remains dedicated to understanding the concerns and expectations of its stakeholders and developing opportunities to create sustainable value. The frequency of engagements is based on business needs and corporate requirements as specified by the Listed Companies (CCG) Regulations, 2019 or as contracted, under defined procedures. Information regarding the types of stakeholders, modes of engagement and their effect and value are presented below:

## STAKEHOLDERS ENGAGEMENT PROCESS:

Stakeholders	Power Cement's Commitment	Effect and Value
Shareholders/Investors Analysts	<p>Power Cement acknowledges and honors the trust of our investors have put in us by providing a steady return on their investment.</p> <p>We try to keep ourselves transparent through open and honest communication during our Annual General Meetings, Analysts/Corporate briefings, and ongoing dialogue with analysts and investors.</p> <p>We kept our shareholders informed on a timely basis of all the ongoing activities of the Company.</p>	<p>The providers of capital allow the Company to achieve its:</p> <ul style="list-style-type: none"> <li>• Vision</li> <li>• Mission</li> <li>• Business Targets</li> </ul>
Customers & Suppliers	<p>Company's primary customers include dealers, distributors and institutions. Customer relationship management is beyond extending credit facilities and trade discounts. Our continuous and sustainable growth is also attributable to engaging reputed suppliers as business partners for supply of industrial inputs, equipment and machinery.</p> <p>Maintaining close relationship with our customers, through collecting consumer insights, in order to understand their needs.</p> <p>Various informal meetings are held with customers and suppliers to maintain effective Supply Chain System.</p>	<p>Customer's loyalty and effective supply chain is the key to the Company's sustainable business growth.</p>
Banks and Lenders	<p>Banks and other financial institutions are encouraged by the Company on regular basis in relation to negotiate of short term financing arrangements, deposits and investments.</p> <p>Banks are also consulted on issues linked with letter of credit and payments to suppliers, along with disbursements of operational nature.</p>	<p>Bank dealings are central to the Company's performance in terms of:</p> <ul style="list-style-type: none"> <li>• Access to better interest rates and financing terms;</li> <li>• Efficient customer services.</li> </ul>

Stakeholders	Power Cement's Commitment	Effect and Value
Media	<p>Statutory notices and other public announcements required by law are generally circulated through print media. Multiple mediums are also used for advertisements and marketing purposes. Retail prices of Cement are notified through an official notice to press.</p> <p>Furthermore, the website of the Company is also used for as a medium to communicate information to stakeholders from time to time.</p>	<p>Media communications of Company's achievements helps strengthen and brand image. It also helps the Company to attract potential and customers and investors.</p>
Regulators	<p>The Company abides by the laws and regulations of the Country and make sure that all requirements of the applicable and regulators are met in a timely manner. Various statutory forms and returns submitted as per the requirement of the laws.</p> <p>In addition, Company constantly liaisons with the Government authorities and Regulators in terms of matters related to energy.</p>	<p>Country's laws, regulations and other factors controlled by the Regulators set operating guidelines for the Company.</p>
Employees	<p>Company values its human resource as they are the most important and valued stakeholder. Company provides a nurturing and employee friendly environment while investing considerably on in-house and external trainings for employee. Besides monetary compensations, Company has also invested in health and fitness activities for its employees.</p>	<p>The employees are the backbone of the Company. Strategic, operational and tactical decisions of the Company taken by the management are effectively implemented by the employees to achieve the targeted results.</p>
Community	<p>In order to support the community, PCL promotes green energy and takes steps towards ecofriendly power generation, at Power Cement electricity is one of the major components of cost of production in cement manufacturing process. Company's management has always been mindful on this core area and the Waste Heat Recovery System (WHRS) was installed which is generating around 10MW. During the year, Company has taken new initiatives by embarking 16 Megawatt of Solar and Wind Power Projects. The 07 Megawatt Solar Power Plant successfully completed and commenced. Now working on 09 Megawatt Wind project is under process, which will be commenced on defined timelines. This will also help achieve self-sustainability in energy generation through partial switching on green energy, reducing carbon foot print and contributing to the ecological environment as well-being of the Community and Government by reducing reliance on national grid.</p>	<p>The Company is committed to save the community from carbon footprint and be generating clean green energy other CSR activities.</p>

## ENCOURAGEMENT OF MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

The Company disseminates annual report along with notice of annual and extraordinary general meetings to encourage all its shareholders including minority shareholders to attend general meetings and complies with all the regulatory requirements necessary to facilitate them to do so. This includes the introduction of a facility to attend meetings via video-conferencing as per SECP directives. Further, the notices are also published on the PSX portal, Company's website and printed in English and Urdu newspapers with nationwide circulation, simultaneously.

The Company always facilitates and ensures shareholders presence while entertaining their requests if feasible and viable. It values and honors their inputs, record their concerns, prepositions and suggestions in minutes and keep them abreast on the progress and subsequent actions. Company make sure that open platform available to all shareholders who wish to participate during general meetings in discussion on operations, objectives and future strategy of the Company. Shareholders can also participate in general meetings through proxies, proxy forms are also provided to shareholders.

## INVESTOR RELATIONS SECTION ON WEBSITE

The corporate section is maintained and updated on regular and timely basis under applicable regulatory requirements to disseminate comprehensive and up to date information regarding financial highlights, investor information, pattern of shareholding, other requisite information and link to SECP's Service Desk Management System. The "Investors Relations" section is also maintained on the website of the Company for grievances and other queries registration.

## ISSUES RAISED IN LAST AGM

30th Annual General Meeting was held virtually which was concluded successfully with passing of the following resolution –

- Approval of the Minutes of previous general meeting;
- Approval of annual audited financial statements together with Directors' and Auditors' reports thereon; and
- Appointment of M/s. A.F. Fergusons & Co. Chartered Accountants as external auditors for the financial year 2021-22.

Other than routine enquiries, no issues were raised by the shareholders, which require decision or implementation thereof.

## STAKEHOLDERS ENGAGEMENT POLICY

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 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 Reports and website for all stakeholders.

## CORPORATE BRIEFING SESSION

In pursuance of the requirement laid down by the PSX, The Company conducted a Corporate Briefing Session via video-link on June 23, 2022. The session was attended by various analysts and shareholders. The Chief Operating Officer of the Company gave a detailed presentation on the financial performance followed by Q&A session to answer the queries of the attendees.



Farming Futuristic Ideas  
**SUSTAINABILITY  
AND CORPORATE  
SOCIAL RESPONSIBILITY**

# Standing for Sustainability

With the vision of making cement an environmental friendlier business, and our commitment to sustainable practices... Power Cement is also planning creation of wind energy farms for powering its operations in the future.

# HEALTH, SAFETY AND ENVIRONMENT



## CORPORATE POLICY

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

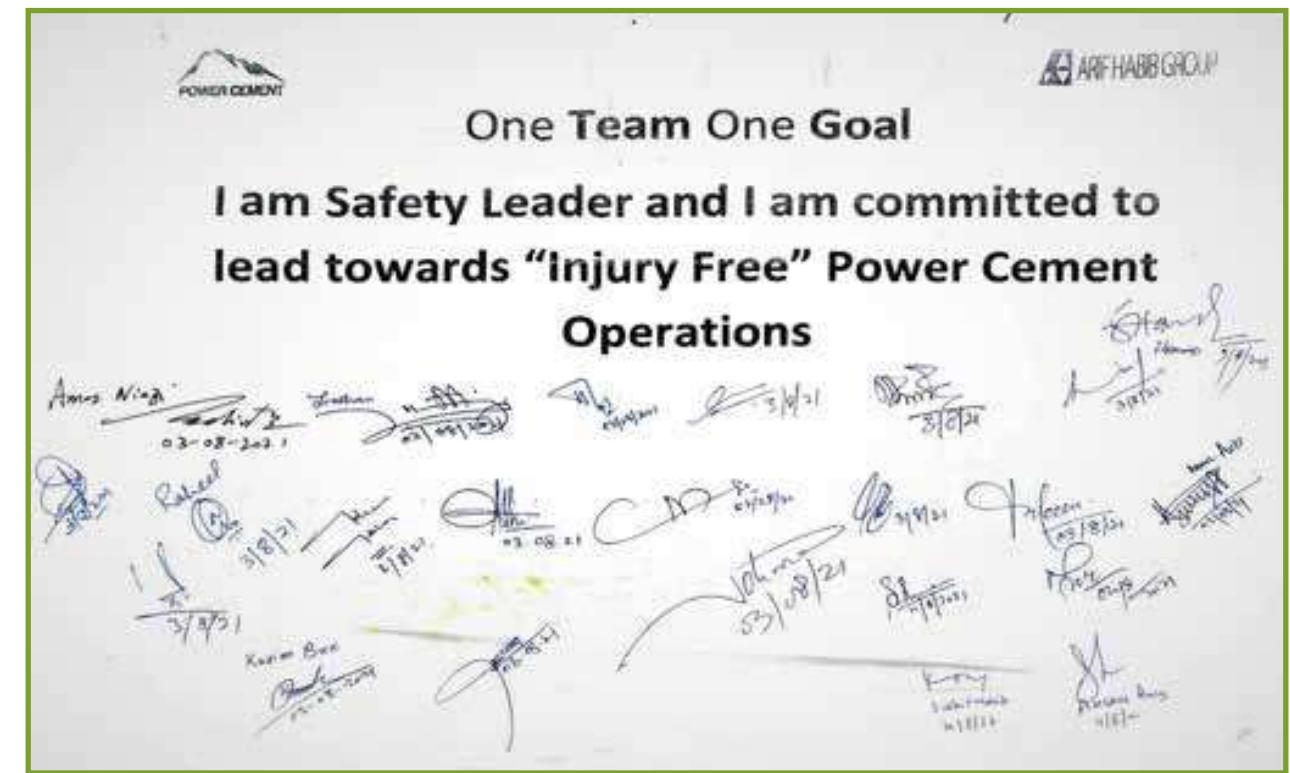
We believe that our long term success, and also that of the global cement industry, depends on sustainability in operations and supply chains.

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
- Certification of compliance with ISO 14001 and ISO 45001.
- 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 through our Director (Operations & Projects) who shall oversee the implementation of the policy and an integrated Environmental, Social, and Occupational Health and Safety Management System.

## EFFECTIVE SAFETY LEADERSHIP



**One Team –One Goal**  
Management commitment along with safety Leadership is prime indicator of a good safety culture.



## HOW WE REPORT

The HSE management system, data collection process and timely transparent reporting are important Elements of social, moral, legal and corporate responsibility of PCL.

PCL reports its HSE performance following International Finance Corporation (IFC) guidelines. We publish a stand-alone Annual Performance report for the Financial year 2020.

HSE performance data is collected validated with the PCL HSE management system. This system provides all management levels throughout the company with necessary Information to take early action if deviations from targets or any non-compliance occur. Systems and processes are reviewed by third parties – international HSE audits for system implementation of ES-OHS-MS to ensure compliance with legal and PCL HSE standards.



## 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.



## HSE AWARENESS CAMPAIGN

At PCL We have reinitiated "Toolbox Talk (TBT) Program" which will be part of HSE awareness campaign.

HSE team members are visiting area by area along with Area In-charge and delivering general HSE information and specific safety instruction related to their jobs.



Main aim of this practice is to "Speak" about "Safety" in regular manner and improves the level of HSE awareness at our site.



## 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.

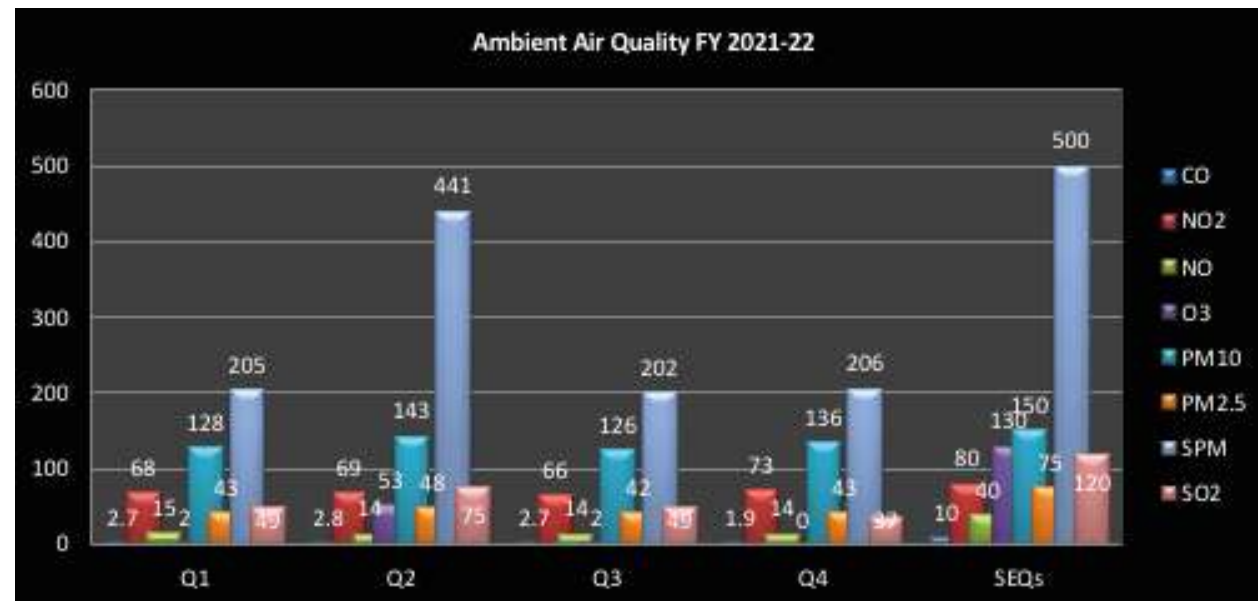
PCL HSE Has its own internal audit plan and internal audits being conducted by HSE along with Mechanical, Production and electrical area in charges the internal audit also include a complete walkthrough of the side and observed risk or hazards as noted by team is being shared with concerned departments for timely rectification.

## 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.

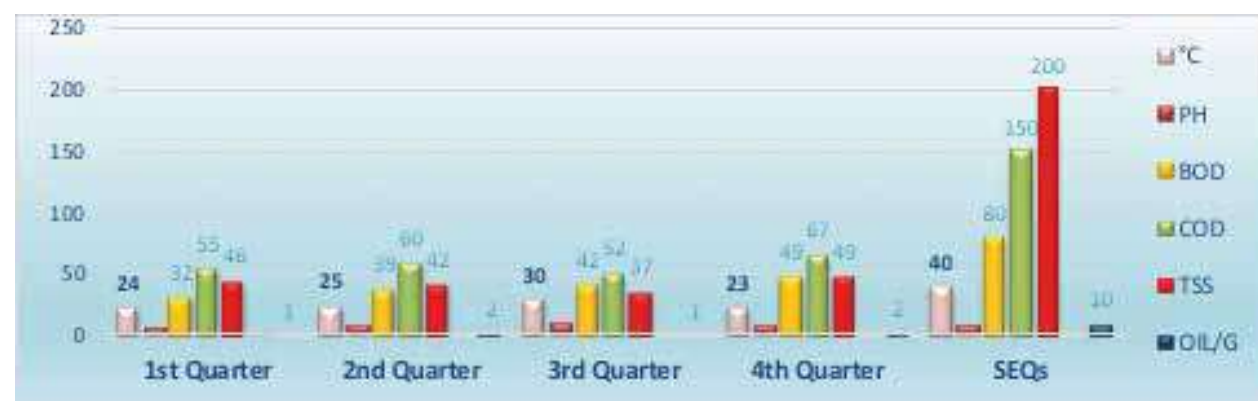
### A) AMBIENT AIR QUALITY

Ambient air monitoring for each month was carried out in the 2022 at new line 3. Results of the ambient air monitoring in each month revealed the Air quality parameters levels are within the SEQS limits.



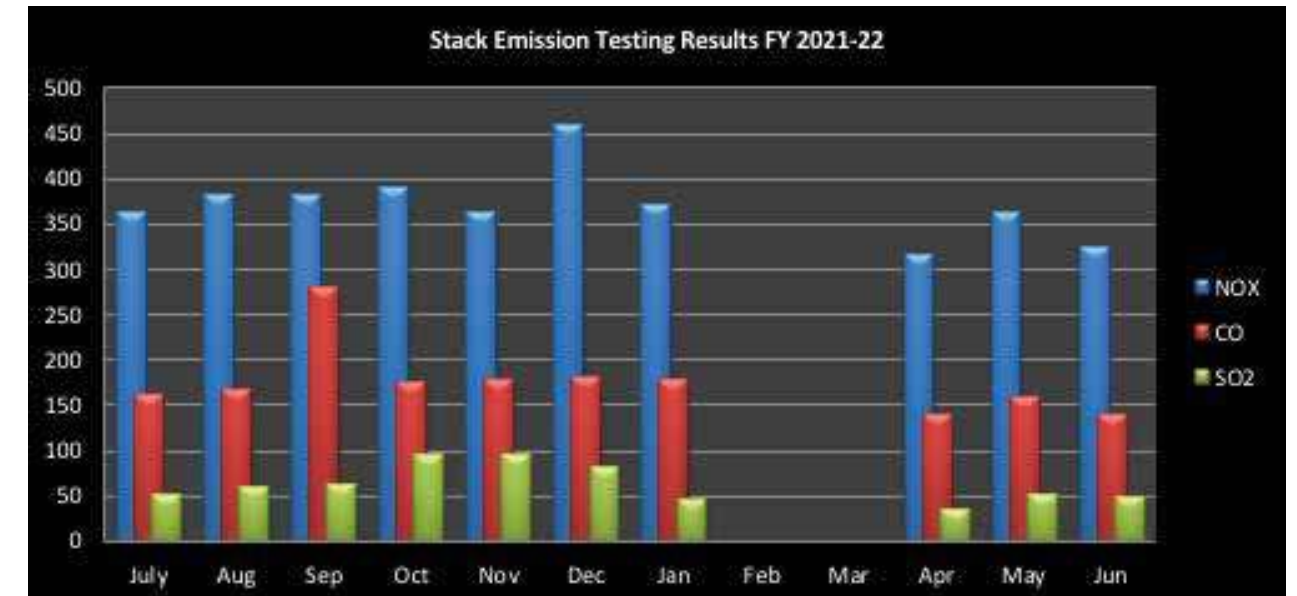
### B) WASTEWATER MONITORING

Wastewater samples were taken from the septic tank every month throughout the year 2022 and analyzed by EPA approved laboratory (EHS-Services) results presented in graph below (Quarter wise) showed that wastewater parameters were in compliance with SEQS.



### c) Stack Emission Monitoring

Stack emissions monitoring carried out in each month 2021-22, which showed that Stack emissions are in compliance with SEQS limits. Results of Stack emission monitoring are shown 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.

### 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.

### FIREFIGHTING ARRANGEMENTS

PCL has its own state of the art firefighting system in place and is being maintained on regular basis in order to avoid or to extinguished any fire on time as per NFPA 1 fire code 2015, IFC Standards in line with Building Code of Pakistan-Fire Safety Provisions-2016.

Considering the above mentioned moral and legal requirements PCL has also developed and implemented a complete Emergency preparedness and response plan and an Emergency Fire Response plan in order to respond to emergency resulting from fire. Identify the roles, responsibilities and authorities to effectively facilitate the plant site's emergency preparedness and response. This procedure applies to all activities and process of at PCL.

### ARRANGEMENTS INCLUDE

1. Different type of fire extinguishers readily available at all locations
2. State of the art Fire Tender Vehicle
3. Fire hydrant system, two pumps (1000 GPM) and Hydrant pillars at more than 80 locations
4. Water Sprinkler System installed inside Sack store
5. Automatic Clean agent fire suppression system installed in Server room
6. Foam system for Diesel Tank., Fire Alarm system in all key buildings.



### VEHICLE INSPECTIONS

#### Emergency Vehicle Inspections

PCL has its own Emergency vehicles readily available at plant for 24/7 days use these includes

1. Fire tender
2. Three Ambulances



The Ambulance and fire tender are the emergency vehicles and required to be inspected every week. The inspection procedure and checklist are provided to check ambulance services with guidance to ensure that all Emergency vehicles and services are properly inspected and ready to use as required in case of any emergency

#### SHIFT VEHICLE INSPECTIONS

Monthly inspections of PCL shift vehicles is being carried out by PCL HSE Team in order to check and rectify if there is any fault, damage or hazard that may create difficulty while travelling to and from the company. The contract services is provided by SWVL.

#### EMERGENCY DRILLS AND RESPONSE

Drills are important and are mandatory to be conducted It gives you tools to prevent the situation from becoming worse. In some situations, if a patient doesn't receive basic first aid care immediately their situation will deteriorate – often rapidly. By being able to provide basic care you can stabilize a patient until emergency medical services arrives.



# CERTIFICATES



# Certificat

Certificate

N° 2020/88495.1

AFNOR Certification certifies that the management system implemented by:  
*AFNOR Certification certifie que le système de management mis en place par :*

## POWER CEMENT LIMITED

for the following activities:  
*pour les activités suivantes :*

**MANUFACTURING OF CEMENT PRODUCTS.**

has been assessed and found to meet the requirements of:  
*a été évalué et jugé conforme aux exigences requises par :*

**ISO 14001: 2015**

and is developed on the following locations:  
*et est déployé sur les sites suivants :*

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

This certificate is valid from (year/month/day)  
*Ce certificat est valable à compter du (année/mois/jour)*

**2020-10-16**

until  
*jusqu'au*

**2023-10-15**



SignatureFournisseur

**Julien NIZRI**  
**Managing Director of AFNOR Certification**  
*Directeur Général d'AFNOR Certification*



The electronic certificate only, available at [www.afnor.org](http://www.afnor.org), attests in real-time that the company is certified. Seul le certificat électronique, consultable sur [www.afnor.org](http://www.afnor.org), fait foi en temps réel de la certification de l'organisme. COFRAC accreditation: 4-0001, Management Systems Certification. Scope available on [www.cofrac.fr](http://www.cofrac.fr). Accreditation COFRAC: 4-0001, Certification de Systèmes de management. Portée disponible sur [www.cofrac.fr](http://www.cofrac.fr). AFAQ is a registered trademark. AFAQ est une marque déposée. CERTIF 0006-3 - EN 01/2020

*Scan this QR code to check the validity of the certificate*

11 rue Francis de Pressensé - 93571 La Plaine Saint-Denis Cedex - France - T. +33 (0)1 41 62 80 00 - F. +33 (0)1 49 17 90 00  
SAS au capital de 18 187 000 € - 479 076 002 RCS Bobigny - [www.afnor.org](http://www.afnor.org)





# Certificat

Certificate

N° 2020/88496.1

AFNOR Certification certifies that the management system implemented by:  
AFNOR Certification certifie que le système de management mis en place par :

## POWER CEMENT LIMITED

for the following activities:  
pour les activités suivantes :

MANUFACTURING OF CEMENT PRODUCTS.

has been assessed and found to meet the requirements of:  
a été évalué et jugé conforme aux exigences requises par :

## ISO 45001:2018

and is developed on the following locations:  
et est déployé sur les sites suivants :

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

This certificate is valid from (year/month/day)  
Ce certificat est valable à compter du (année/mois/jour)

2020-10-16

until  
jusqu'au

2023-10-15

SignatureFournisseur

**Julien NIZRI**  
Managing Director of AFNOR Certification  
Directeur Général d'AFNOR Certification

The electronic certificate only, available at [www.afnor.org](http://www.afnor.org), attests in real-time that the company is certified.  
Seul le certificat électronique, consultable sur [www.afnor.org](http://www.afnor.org), fait foi en temps réel de la certification de l'organisme.  
AFNOR is a registered trademark. AFAQ est une marque déposée. CERTIF 0956.9 - EN 07/2020



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# Certificat

Certificate

N° 2020/88494.1

AFNOR Certification certifies that the management system implemented by:  
AFNOR Certification certifie que le système de management mis en place par :

## POWER CEMENT LIMITED

for the following activities:  
pour les activités suivantes :

MANUFACTURING OF CEMENT PRODUCTS.

has been assessed and found to meet the requirements of:  
a été évalué et jugé conforme aux exigences requises par :

## ISO 9001 : 2015

and is developed on the following locations:  
et est déployé sur les sites suivants :

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

This certificate is valid from (year/month/day)  
Ce certificat est valable à compter du (année/mois/jour)

2020-10-16

until  
jusqu'au

2023-10-15

SignatureFournisseur

**Julien NIZRI**  
Managing Director of AFNOR Certification  
Directeur Général d'AFNOR Certification

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SAS au capital de 18 187 000 € - 479 076 002 RCS Bobigny - [www.afnor.org](http://www.afnor.org)



Certificate PK22/00000011

The Energy management system of  
**POWER CEMENT LIMITED**

Kalokohar, Noori Abed, M-9, Distt. Jamshoro Sindh, Pakistan

has been assessed and certified as meeting the requirements of  
**ISO 50001:2018**

For the following activities  
Manufacturing of Cement and using Compressor, WHRB, Powerhouse as sources of energy conversion.

**EA Sector: 16**

This certificate is valid from 14 January 2022 until 13 January 2025 and remains valid subject to satisfactory surveillance audits.  
Issue 1. Certified since 14 January 2022.

Authorised by

SGS Italia S.p.A.

Via Caldera, 21 20153 MILANO - Italy  
t + 39 02 73 93 1 - www.sgs.com



This document is issued by the Company subject to its General Conditions of Certification Services accessible at [www.sgs.com/terms\\_and\\_conditions.html](http://www.sgs.com/terms_and_conditions.html). Attention is drawn to the limitations of liability, indemnification and jurisdictional issues established therein. The authenticity of this document may be verified at <http://www.sgs.com/en/certified-clients-and-products/certified-client-directory>. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.



**SGS**



**SABS**

*Permit to Apply Certification Mark*

Subject to the provisions of the Standards Act, 2008 (Act 8 of 2008), the relevant regulators made thereunder and the permit conditions contained in the under mentioned schedules, this permit authorizes

**POWER CEMENT LTD**  
Co Reg. SECP 0009067  
**SINDH, PAKISTAN**

to apply the certification mark



in respect of the mark specification

**SANS 50197-1:2013**  
**TO: CEMENT**  
**PART 1: COMPOSITION, SPECIFICATIONS AND CONFORMITY CRITERIA FOR COMMON CEMENTS**

- This permit, including the schedules 1 to 3 which form an integral part thereof:
- is issued without alteration;
  - is identified by the applicable permit number;
  - is subject to any condition or limitation contained therein;
  - is valid subject to ongoing compliance with permit conditions;
  - bears the embossed SABS Commercial seal. In the absence of the seal, the permit and the schedules shall be invalid; and
  - the permit may be authenticated by referring to the register of "Certified Clients" on the SABS Commercial website ([www.sabs.co.za](http://www.sabs.co.za))
  - Scheme Type 5 permit applies to products that have been tested.

Permit Number **11475/17969**

Effective Date **12 April 2022**

Expiry Date **11 April 2025**

Date of Original Registration **12 April 2022**

Chief Executive Officer





## COUNCIL FOR QUALITY AND ENVIRONMENT

Ankara Teknoloji Geliştirme Bölgesi Cyberpark Dilek Binası 1605. Cadde 06800 Bilkent / ANKARA TURKEY

### CERTIFICATE OF CONSTANCY OF PERFORMANCE

Certificate No:

1784 - CPR - 0624

In compliance with Regulation (EU) 305/2011 of the European Parliament and of the Council of 9 March 2011 (the Construction Products Regulation or CPR), this certificate applies to the construction product

**CEM I 42,5 N**

**Portland Cement**

placed on the market under the name or trade mark of

**POWER CEMENT LIMITED**

**Arif Habib Center 23, M. T. Khan Road, Karachi 74000 PAKISTAN**

and produced in the manufacturing plant(s)

**POWER CEMENT LIMITED**

**Nooriabad Industrial Area, Kalo Kohar Distt. Jamshoroo, Sindh PAKISTAN**

This certificate attests that all provisions concerning the assessment and verification of constancy of performance described in Annex ZA of the standard(s)

**EN 197-1: 2011**

under system 1+ for the performance set out in this certificate are applied and that the factory production control conducted by the manufacturer is assessed to ensure the

**constancy of performance of the construction product.**

This certificate was first issued on 10.03.2020 and will remain valid as long as neither the harmonised standard, the construction product, the AVCP methods nor the manufacturing conditions in the plant are modified significantly, unless suspended or withdrawn by the Council for Quality and Environment.

ANKARA / 10.03.2020

Revision Date and Number/10.03.2020-0

  
Prof. Dr. F. Dilek SANIN  
Chairman of Council for Quality and Environment

  
Aipay E. İGREG  
Quality and Environment Director

BKY F01-A/08.02.2016-3



भारतीय मानक ब्यूरो  
BUREAU OF INDIAN STANDARDS

Address : Manak Bhavan, 9 Bahadur Shah Zafar  
Marg  
New Delhi  
110002

Phones : 91-11-23239382

Fax : 91-11-23239382

E-mail : fmcs@bis.org.in

Web : http://www.bis.org.in

FMCD

ATTACHMENT TO LICENCE NO. CM/L- 4008945

CML NO	NAME OF THE LICENSEE WITH ADDRESS	PRODUCT	IS NO
4008945	M/s Power Cement Ltd Nooriabad Industrial Area Kalo Kohar, Distt: Dadu Sindh, Nooriabad Pakistan.	Ordinary Portland Cement.	IS 269: 2015

ENDORSEMENT NO. 13

Dated 07<sup>th</sup> September 2021

Whereas, the licence was valid upto, **Thirtieth September Two Thousand Twentyone**

Now, consequent upon renewal, the validity of the licence given in schedule of the endorsement No 12 has been extended from **First October Two Thousand Twentyone to Thirtieth September Two Thousand Twentythree.**

Other conditions of the licence remain the same

  
(Shouvik Chanda)  
Sc. D (FMCD)



भारतीय मानक ब्यूरो  
उपभोक्ता भागले, खाद्य एवं सार्वजनिक वितरण मंत्रालय  
भारत सरकार  
**BUREAU OF INDIAN STANDARDS**  
Ministry of Consumer Affairs, Food & Public Distribution  
Government of India

**AIRMAIL/SPEED POST**

Our Ref: FMCD/L- 4008945

Date 07-09-2021

Subject: Renewal of certification marks licence no. CM/L- 4008945 as per IS 269: 2015

M/s Power Cement Ltd  
Nooriabad Industrial Area  
Kalo Kohar, Distt: Dadu  
Sindh, Nooriabad  
Pakistan.

Dear Sir,

With reference to your application for renewal of the above mentioned Certification Marks Licence, we are pleased to inform you that it has been renewed from **01-10-2021 to 30-09-2023**.

It may please be noted that your licence shall expire at the end of the above mentioned period. You are, therefore, requested to send your application along with fee for its renewal at least one month before the expiry of the licence.

It may also be noted that the Performance Bank Guarantee of US\$ 10,000.00 submitted by you is valid upto **31-03-2022**. Since as per the revised guidelines the Bank Guarantee should have a validity of six months more than the validity of the licence therefore, you are advised to get the validity of the Bank Guarantee extended accordingly. You are directed to submit revised Performance Bank Guarantee before its validity date, failing which we may be constrained to take action such as stop marking/cancellation of the BIS licence as enshrined in the BIS (Conformity Assessment) Regulation, 2018. Please ensure extension of PBG as early as possible.

Please ensure that consignment details are regularly sent by the licensee through BIS Consignment module.

The endorsement sheet regarding renewal of licence is enclosed. This may be annexed to the original licence document available with you.

Thanking you.

Yours faithfully,  
*Shouvik Chanda*  
07/09/2021  
(Shouvik Chanda)  
Sc. D (FMCD)

Encl: As above  
Copy to: Mr. Deepak Talwar  
Managing Director  
M/s CEE EM Exports Pvt Ltd  
512, Deepshika, 8, Rajendra Place  
New Delhi - 110008.

मानक भवन, 9, बहादुरशाह ज़फर मार्ग, नई दिल्ली 110002  
दूरभाष : 23230131, 23233375, 23239402  
ई-मेल : info@bis.gov.in वेबसाइट : www.bis.gov.in

Manak Bhavan, 9, Bahadur Shah Zafar Marg, New Delhi-110002  
Tel : 23230131, 23233375, 23239402  
e-mail : info@bis.gov.in Website : www.bis.gov.in

\*For detailed information on BIS, consult the e-BIS Portal (www.manakonline.in) / Please use BIS CARE APP for verification of ISI-marked goods and hallmarked gold jewellery\*

**SABS**

Permit number  
11475/17969

**SCHEDULE TO PERMIT TO APPLY CERTIFICATION MARK**

This permit is only applicable in respect of the permit holder, the factory, the mark specification, the commodity and the trade name or trade mark referred to in this schedule

Schedule 1  
Page 1 of 2

<b>1. Permit holder</b>	
1.1 Name	Power Cement Ltd
1.2 Name under which the business is conducted	Power Cement Ltd
1.3 Registration or the identity number	SECP 0009067
<b>2. Street address of factory at which the commodity is manufactured</b>	Nooriabad Industrial Area Kalo Kohar District Jamshoroo SINDH
<b>3. Mark Specification with which the commodity is required to comply</b>	SANS 50197-1 / SABS EN 197-1 Cement Part 1: Composition, specifications and conformity criteria for common cements
<b>4. Description of commodity to which the certification mark may be applied, and Brand name or Trade mark which may be used in conjunction with the certification mark</b>	Cement - composition, specifications and conformity criteria for common cements CEM I 52,5N CEM I 42,5N
<b>5. Quality management system with which consistent compliance is required</b>	The quality management system relating to the production of the commodities identified in section 3 and 4 of this schedule must consistently meet the requirements of the nominated product specification, the requirements for a product certification system 5 certification scheme as per ISO 17067 and requirements of the general and specific permit conditions as detailed in schedules 2 and 3 of the permit

**Record of amendments to permit**

Original date of issue : 2022-04-12  
Amendments

PHILIPPINE STANDARD CERTIFICATE

CONTROL NO.  
2-083092



Manufacturer : **POWER CEMENT LIMITED**  
 Plant Address : **Nooriabad Industrial Area, Kalo Kohar District, Jamshoro, Sindh, Pakistan**  
 Importer : **AMIA TRADING**  
 Importer's Address : **Rm. 202, 2<sup>nd</sup> Fl. No. 8016 Km., 14 West Service Rd., Edison Ave., Parañaque City**  
 License No. : **Q-4031**  
 Certificate No. : **4031** Revision No. **00**

SCOPE OF CERTIFICATION

Product : **PORTLAND CEMENT**  
 Brandname : **POWER**  
 Types/Model : **Type 1**  
 Date Approved : **07 April 2021**

Nothing follows

Digitally signed by  
Neil P. Catajay  
Date: 2021.04.20  
16:08:13 +08'00'  
NEIL P. CATAJAY  
Director

BUREAU OF PHILIPPINE STANDARDS  
3<sup>rd</sup> Trade and Industry Building  
361 Sen. Gil Puyat Avenue, Makati City  
Tel. No. 532 731 4724 Fax No. 532 731 4720  
Email Address: [info@bps.gov.ph](mailto:info@bps.gov.ph)  
Website: [www.bps.gov.ph](http://www.bps.gov.ph)



This license is not valid unless signed by the BPS Bureau Director or his authorized representative and appended to a valid PS Quality and/or Safety Certification Mark License. Likewise, All information stated herein shall be published through the BPS and/or DTI website and in any other portal as necessary for the guidance and information of the consumers and the public in general.

CONTROL NO.  
1-083091



Pursuant to the provisions of Executive Order No. 101, Series of 1967, and in conjunction with the provisions of Republic Act No. 4109, Executive Order No. 913, Series of 1953 and Executive Order No. 133, Series of 1987 and their implementing rules and regulations, The Bureau of Philippine Standards hereby grants the license to use the

Philippine Standard  
Quality Certification Mark



CERTIFIED  
Product Quality

(SYSTEM No. 5 as per ISO/IEC 17067:2013)

In favor of

**POWER CEMENT LIMITED**  
Nooriabad Industrial Area, Kalo Kohar District, Jamshoro, Sindh, Pakistan

And its Local Agent/Office:

**AMIA TRADING**  
Rm. 202, 2<sup>nd</sup> Fl. No. 8016 Km. 14 West Service Rd., Edison Ave., Parañaque City

Having been assessed and found conforming to the requirements of Department Administrative Order No. 4 series of 2008 and Department Administrative Order No. 17-06 series of 2017, their future amendments and revisions, PNS 07:2018 Amd. 1:2019 and their implementing guidelines, for its **PORTLAND CEMENT** covered in the scope of certification as described in the attached Certificate No. 4031.

Issued on 07 April 2021 at Makati City, Philippines

License No. **Q-4031**

This license is valid until 06 April 2024 subject to the continuing conformity with the PS certification criteria and the Terms and Conditions of this PS License.

Digitally signed by  
Neil P. Catajay  
Date: 2021.04.20  
16:08:13 +08'00'  
NEIL P. CATAJAY  
Director

BUREAU OF PHILIPPINE STANDARDS  
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This certificate is not valid unless signed by the BPS Bureau Director or his authorized representative and appended to a valid PS Certificate. Likewise, All information stated herein shall be published through the BPS and/or DTI website and in any other portal as necessary for the guidance and information of the consumers and the public in general.

## MAJOR DEVELOPMENTS DURING THE YEAR

### ACCA APPROVED EMPLOYER

- PCL have officially been registered as an ACCA Approved Employer – Gold Category.
- Announced a three-years comprehensive trainee program for students and affiliates of ACCA with the aim to develop strategic and progressive thinking leaders for the nation.
- Conducted a recruitment drive at Al Hamd Academy in Hyderabad. In the session we interacted with the students by briefing on Cement industry and giving career advice to students.
- 7 ACCA Trainees have been inducted in first batch of our ACCA Trainee Program.



## INTERNSHIP PROGRAM

- Internship Initiated with the title of Powership Program 2022.
- Close liaison with different Institutes/Universities (LUMS, IBA, SZABIST, CBM & Iqra) and finalized students after assessment interviews.
- On boarded 10 interns initially in different departments.
- Interns were taken for on-field visit at the plant where they were given a rundown of the operations and processes that take place at the plant.



## TRANSPORT & COMMUTE UPGRADATION

### Careem:

- Signed an agreement with Careem to provide its employees with an economical and safer option for transportation.
- Flexibility & availability of pool vehicles without additional investment.

### SESSIONS WITH UNIVERSITY STUDENTS

- Conducted sessions & recruitment drives in different universities like (NED, Mehran & DUET).
- Sessions began by outlining the function and significance of higher education in Pakistan. Universities are an institution that greatly contributes to economic growth and development by stimulating innovation and raising higher skills, since they may be considered as a focal point of knowledge and its application.
- Total 10 Trainee Engineers inducted in our Graduate Trainee Program and total 6 in our Trainee Chemist Program.



## CREATING CULTURE FOR SUCCESS

A business is only as successful as its employees – created a culture to achieve and celebrate.

Initiated scheme for employees by the name of JUSTUJU REWARD.

An incentive scheme has been developed by the management to motivate and reward employees towards achieving the Key Performance Indicators (KPIs).



## SPORTS MINDSET IN SHAPING THE CULTURE

- Inauguration ceremony for PCL Sports Gala.
- Sports Gala created chance to break down the corporate barriers and let your personality shine through.
- Culture that enables your staff to become more used to one another, improves concentration and productivity and contributes to making your workplace more enjoyable.



## RENEWABLE ENERGY INITIATIVES

Electricity is one of the major components of cost of production in cement manufacturing process, accounting for around 20%. The Waste Heat Recovery System (WHRS) was installed in 2021 which is generating around 9-10MW of green electricity.

During the current year, your Company has taken new initiatives by embarking Solar and Wind Power Projects. Solar Power Project of 7MW went live in August 2022, generating clean and green energy while work on 9MW Wind project is in process.



This will not only strengthen cash flow position of the Company but will also help achieve self-sustainability in energy generation through partial switching on green energy, reducing carbon foot print and contributing to the ecological environment as well. With these sustainable initiatives the management eyes to reduce 21K ton carbon emissions in a year.

### CO<sub>2</sub> Reduction from WHRS & Solar Plant

Clearer Air & Skies - reducing our carbon emission helps reverse the impact of global warming overall and more specifically, benefits the overall air quality.

### FY 2023

WHRS at average generation of 8MW will reduce 31.3k tons of CO<sub>2</sub> while, Solar average generation of 11k MWHrs will reduce 6k tons of CO<sub>2</sub>.

WHRS units produced since its installation in are around 120k MWHrs reducing around 66k tons of CO<sub>2</sub>.

### Future Outlook of CO<sub>2</sub> Reduction

#### Solar

Average unit per Year = 11k MWH  
 CO<sub>2</sub> Emission reduction per year = 6k ton  
 Total CO<sub>2</sub> reduction in 20 Years= 120k tons

#### WHRS

8 MWH Average unit for days = 57k MWH  
 CO<sub>2</sub> Emission reduction per year = 31k ton  
 Total CO<sub>2</sub> reduction in 20 Years= 620k tons

# AWARDS

## Awards

### ICAP / ICMAP BEST CORPORATE REPORT AWARD

The Company has secured overall 3rd position based on Annual Report 2021 in the Best Corporate Report Awards competition conducted by the joint committee of Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.



### 11<sup>TH</sup> ANNUAL FIRE AND SECURITY AWARD 2021

Power Cement limited has achieved 11th Annual fire and security award 2021, organized by National forum for Environment and Health (NFEH) and fire protection association of Pakistan. OHSMS-ISO 45001 & EMS-ISO 14001 external surveillance audit completed successfully and PCL retained the certifications of both standards without any minor or major non-conformance. PCL efficaciously got SEPA approval for usage TDF (Tyre Derived Fuel) & RDF (Refused Derived Fuel) to run the kiln on alternative and environment friendly waste fuels.



Fusing a Unique Feature  
**STRIVING FOR  
EXCELLENCE IN  
CORPORATE REPORTING**

# A Formula Beyond Concrete

Our product speaks for itself. It is graded for grandeur with a formula that sets it apart from any other cement brand in Pakistan. Power Cement is the only certified 53 Grade cement producer... unmatched in quality, strength and reliability.

**53 GRADE**

# 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 is in detail is explained in notes of the annual financial statements.



A.F. FERGUSON & CO.

## 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 June 30, 2022, 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, 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 June 30, 2022 and of the loss and other comprehensive loss, 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.

### 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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
(i)	<p><b>Revenue from contract with Customers</b></p> <p><b>(Refer notes 2.21 &amp; 30 to the financial statements)</b></p> <p>The Company recognizes revenue from the sale of cement to domestic as well as export customers when the performance obligation is satisfied by transferring control of a promised good to the customer.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>- evaluated management controls over revenue and checked their validation;</li> <li>- performed verification of sales on sample basis with underlying documentation including sales orders, sales invoices and delivery challans;</li> <li>- performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;</li> <li>- verified that sales prices are negotiated and approved by appropriate authority; and</li> <li>- ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>
(ii)	<p><b>Inventories</b></p> <p><b>(Refer notes 2.9 &amp; 9 and to the financial statements)</b></p> <p>Inventories include:</p> <ul style="list-style-type: none"> <li>- raw materials comprising limestone, clay, shale, gypsum, bauxite; and</li> <li>- work-in-progress mainly comprising clinker and raw meal.</li> </ul> <p>The above inventory items are valued at lower of cost and net realisable value. The inventory quantities are determined through a complex process involving various estimates.</p> <p>Due to the significance of inventory balances and related estimations involved, this is considered as a key audit matter.</p>	<p>The company performs annual inventory counts at year end and issues prior notification of procedures to be performed for such inventory counts.</p> <p>Our audit procedures to assess the existence of inventory included the following:</p> <ul style="list-style-type: none"> <li>- assessed the management's process of measurement of stockpiles and the determination of values using conversion of volumes and density to total weight and the related yield;</li> <li>- attended the physical count of the inventories and observed the said parameters. A representative of the Company and an external surveyor were also present;</li> <li>- checked the background and experience of the surveyor to ensure his competence and capability;</li> <li>- Obtained samples of items to determine the nature / characteristics of the inventory. Such samples were then sent to the Company's laboratory to determine the nature of the inventory and other parameters;</li> </ul>

S. No.	Key audit matters	How the matters were addressed in our audit
		<ul style="list-style-type: none"> <li>- obtained and reviewed the inventory count report of the management's external surveyor, assessed its accuracy and performed recalculations on a sample basis; and</li> <li>- ensured that presentation and disclosures related to inventory are being addressed appropriately.</li> </ul>
(iii)	<p><b>Deferred tax</b></p> <p><b>(Refer notes 2.13 &amp; 7 to the financial statements)</b></p> <p>The Company has booked net deferred tax asset of Rs. 3.14 billion as at June 30, 2022 that mainly include carry forward losses.</p> <p>Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and tax credits can be utilized. The future taxable profits are based on approved management's projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses and tax credits.</p> <p>Valuation of deferred tax asset is considered a key audit matter because the amounts involved are material, the 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 included the following:</p> <ul style="list-style-type: none"> <li>- considered the expected timing of utilisation of the Deferred Tax Assets (DTA) keeping in view the relevant provision of Income Tax Ordinance 2001 that apply to the utilisation of tax losses;</li> <li>- determined the extent to which sufficient probable taxable profits would arise in the period within which the related losses would be available for utilization;</li> <li>- considered whether the tax balances were calculated using appropriate and substantively enacted tax laws and rates;</li> <li>- obtained financial projections from the Company's management;</li> <li>- obtained understanding of the Company's process of preparing financial projections;</li> <li>- evaluated the financial projections and assessed the likelihood of the Company generating sufficient future taxable profits; and</li> <li>- ensured that presentation and disclosures related to deferred tax are being addressed appropriately.</li> </ul>

**INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Karachi**

**Date: October 7, 2022**

**UDIN: AR202210073RFz8QBujS**

# STATEMENT OF FINANCIAL POSITION

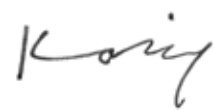
AS AT JUNE 30, 2022

	Note	2022	2021
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	35,647,052	36,270,530
Right-of-use asset	4	24,725	37,086
Intangible asset	5	423	2,958
Long-term investments	6	25,578	24,873
Deferred tax asset	7	3,138,307	2,104,838
Long-term deposits	8	74,359	42,338
		<b>38,910,444</b>	<b>38,482,623</b>
<b>Current assets</b>			
Inventories	9	1,363,972	1,149,511
Stores, spares and loose tools	10	1,924,299	1,748,535
Trade receivables - considered good	11	233,616	275,250
"Advances and other receivables - unsecured, considered good"	12	523,905	385,427
Taxation - payments less provision		509,231	512,210
Derivative financial asset	13	1,621,753	529,816
Trade deposits and short-term prepayments		77,473	63,440
Tax refunds due from government - sales tax	14	1,039,865	2,063,361
Short-term investments	15	26,399	26,399
Cash and bank balances	16	217,775	255,106
		<b>7,538,288</b>	<b>7,009,055</b>
<b>Total assets</b>		<b>46,448,732</b>	<b>45,491,678</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022	2021
(Rupees in '000)			
<b>EQUITY AND LIABILITIES</b>			
Share Capital And Reserves			
<b>Share Capital</b>			
Ordinary shares	17	11,118,705	10,634,144
Cumulative preference shares		2,082,433	2,445,853
		<b>13,201,138</b>	<b>13,079,997</b>
<b>Reserves</b>			
<b>Capital Reserve</b>			
Share premium	19	739,493	739,493
Difference on conversion of cumulative preference shares into ordinary shares	17.4	(121,141)	-
Hedging reserve	20	-	-
<b>Revenue Reserve</b>			
Accumulated loss		(3,536,035)	(3,074,575)
		<b>(2,917,683)</b>	<b>(2,335,082)</b>
Contribution from associated undertakings	18	7,000,000	-
		<b>17,283,455</b>	<b>10,744,915</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Long-term financing - secured	21	17,510,223	18,403,048
Long-term trade payables	22	522,828	-
Long-term lease liability	23	17,327	31,675
Deferred grant income		-	1,997
Staff retirement benefits	24	136,270	108,965
		<b>18,186,648</b>	<b>18,545,685</b>
<b>Current liabilities</b>			
Trade and other payables	25	4,421,035	5,272,881
Unclaimed dividend		126	126
Accrued mark-up	26	1,383,274	1,258,520
Loan from related party	27	-	680,000
Short-term financing - secured	28	2,783,927	7,679,924
Current portion of long-term lease liability	23	14,348	11,755
Current portion of long-term financing	21	2,375,919	1,297,872
		<b>10,978,629</b>	<b>16,201,078</b>
<b>Total liabilities</b>		<b>29,165,277</b>	<b>34,746,763</b>
<b>Contingencies and commitments</b>			
	29		
<b>Total equity and liabilities</b>		<b>46,448,732</b>	<b>45,491,678</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

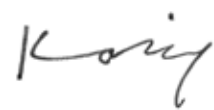
FOR THE YEAR ENDED JUNE 30, 2022

Note	2022	2021
	(Rupees in '000)	
<b>Revenue from contracts with customers</b>	<b>17,494,878</b>	14,220,613
Cost of sales	(15,012,747)	(11,130,976)
<b>Gross profit</b>	<b>2,482,131</b>	3,089,637
Selling and distribution expenses	(965,724)	(1,195,573)
Administrative expenses	(286,584)	(254,537)
Other income	38,099	355,989
Other operating expenses	-	(30,892)
Reversal / (loss) allowance on trade receivables	36,280	(36,393)
<b>Profit from operations</b>	<b>1,304,202</b>	1,928,231
Finance income	8,107	12,014
Finance costs	(2,642,935)	(2,611,453)
	(2,634,828)	(2,599,439)
<b>Loss before income tax</b>	<b>(1,330,626)</b>	(671,208)
Taxation	886,680	1,029,567
<b>(Loss) / profit after taxation</b>	<b>(443,946)</b>	358,359
<b>Other comprehensive (loss) / income:</b>		
Items that are or may be reclassified subsequently to profit or loss		
Changes in fair value of cash flow hedges - net of tax	(828,889)	71,555
Adjustment for amounts transferred to profit or loss	828,889	(71,555)
Items that will not be reclassified to profit or loss		
Actuarial loss on remeasurement of defined benefit obligations	(23,072)	(5,845)
Related deferred tax	5,558	1,237
	(17,514)	(4,608)
Other comprehensive loss for the year - net of tax	(17,514)	(4,608)
<b>Total comprehensive (loss) / income for the year</b>	<b>(461,460)</b>	353,751
	----- (Rupees) -----	
<b>(Loss) / earnings per share - basic and diluted</b>	<b>(0.62)</b>	0.17

The annexed notes from 1 to 45 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director



Chief Financial Officer



Chief Executive



Director

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022	2021
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	2,319,983	1,837,249
Gratuity paid	(40,710)	(32,212)
Income tax paid	(138,987)	(150,296)
Deposits paid	(32,021)	(18,179)
Finance cost paid - Islamic	(2,388,890)	(2,677,610)
Finance cost paid - Conventional	(223,280)	(466,716)
	(2,823,888)	(3,345,013)
<b>Net cash used in operating activities</b>	<b>(503,905)</b>	(1,507,764)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure - operations	(189,772)	(65,452)
Interest received	7,402	10,892
Proceeds from sale of property, plant and equipment	11,525	4,345
<b>Net cash used in investing activities</b>	<b>(170,845)</b>	(50,215)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term financing	(1,263,506)	(758,938)
Proceeds from long-term financing	492,012	1,657,120
Lease rental paid	(15,090)	(13,718)
Expenses incurred on issuance of preference shares	-	(13,479)
Repayment of short-term financing - net	(4,745,997)	79,924
Proceeds from issue of preference shares	-	1,648,894
Proceeds from contribution from associated undertakings	7,000,000	-
Repayment of loan from related party	(680,000)	(968,894)
<b>Net cash generated from financing activities</b>	<b>787,419</b>	1,630,909
<b>Net increase in cash and cash equivalents</b>	<b>112,669</b>	72,930
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(244,894)</b>	(317,824)
<b>Cash and cash equivalents at the end of the year</b>	<b>(132,225)</b>	(244,894)

The annexed notes from 1 to 45 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	Share Capital	Advance against preference right issue	Difference on conversion of cumulative preference shares into ordinary shares (note 17.4)	Capital Reserve		Revenue Reserve	Contribution from associated undertakings (note 18)	Total Equity
	Issued, subscribed and paid up capital			Hedging Reserve	Share Premium	Accumulated loss		
(Rupees in '000)								
<b>Balance as at July 1, 2020</b>	<b>10,634,144</b>	<b>523,754</b>	-	-	<b>749,063</b>	<b>(3,428,326)</b>	-	<b>8,478,635</b>
<b>Total comprehensive loss for the year</b>								
Profit for the year	-	-	-	-	-	358,359	-	358,359
Issuance cost of preference shares net of tax	-	-	-	-	(9,570)	-	-	(9,570)
Preference shares issued	2,445,853	(523,754)	-	-	-	-	-	1,922,099
Other comprehensive loss	-	-	-	-	-	(4,608)	-	(4,608)
	2,445,853	(523,754)	-	-	(9,570)	353,751	-	2,266,280
<b>Balance as at June 30, 2021</b>	<b>13,079,997</b>	-	-	-	<b>739,493</b>	<b>(3,074,575)</b>	-	<b>10,744,915</b>
<b>Loss for the year</b>								
Loss for the year	-	-	-	-	-	(443,946)	-	(443,946)
Cumulative preference shares of Rs.10 each converted into 1.333 Ordinary Shares of Rs. 10 each during the year.	121,141	-	(121,141)	-	-	-	-	-
Contribution received	-	-	-	-	-	-	7,000,000	7,000,000
Other comprehensive loss	-	-	-	-	-	(17,514)	-	(17,514)
	121,141	-	(121,141)	-	-	(461,460)	7,000,000	6,538,540
<b>Balance as at June 30, 2022</b>	<b>13,201,138</b>	-	<b>(121,141)</b>	-	<b>739,493</b>	<b>(3,536,035)</b>	<b>7,000,000</b>	<b>17,283,455</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive

Director

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 1. THE COMPANY AND ITS OPERATIONS

Power Cement Limited (the Company) was incorporated in Pakistan as a private limited company on December 1, 1981 and was converted into a public limited company on July 9, 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).

The Company began commercial production from its new Clinker Production Plant on July 1, 2020.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 2.1 Basis of preparation

#### 2.1.1 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) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as 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 from the IFRS or IFAS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention, as modified by re-measurement of certain financial assets and financial liabilities (including derivative financial instruments) at fair value and recognition of certain staff retirement and other service benefits at present value.

#### 2.1.3 Critical accounting estimates & judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Income tax payable / refundable**  
In making the estimates for income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past.
- Staff retirement benefits**  
Certain actuarial assumptions have been adopted as disclosed in notes to these financial statements for valuation of present value of defined benefit obligation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## (iii) Inventories

Estimates made with respect to provision for slow moving, damaged and obsolete items and their net realisable value are disclosed in note 2.9 to these financial statements.

Further, the Company's certain inventory items [i.e. raw materials (limestone and gypsum), work-in-process, semi-finished goods (clinker) and stores and spares (coal)] are stored in purpose-built sheds, stockpiles and silos. As the weighing of these inventory items is not practicable, the management assess the reasonableness of the on-hand inventory by obtaining measurement of stockpiles and converting these measurements into unit of volume by using angle of repose and bulk density values. In making this estimate the Company involves external surveyor for determining the existence of inventory.

## iv) Property, plant and equipment

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.

## v) 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.

## vi) Derivative financial instruments and hedge accounting

Estimates made with respect to derivative financial instruments and hedge accounting are disclosed in note 2.19 to these financial statements.

## vii) Deferred taxation

Deferred taxation is recognised taking into account availability of taxable profits. The management uses assumptions about future best estimates of the availability of future taxable profits based on available information.

## viii) Contribution from associated undertakings

The classification of the contribution from associated undertakings in Equity involves estimates in relation to the timing of payment of principal and profit since the payment of principal and profit is as per the discretion of the Company.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the financial statements.

There have been no critical judgements made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements except as stated below.

### 2.1.4 Changes in accounting standards, interpretations and pronouncements

#### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

#### b) Standards and amendments to approved accounting standards that are not yet effective

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

### 2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention unless specifically disclosed in accounting policy below.

### 2.3 Foreign currencies

Transactions in foreign currencies are recorded in Pak Rupee at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee using the exchange rates approximating those prevailing at the statement of financial position date. Exchange differences are taken to profit or loss currently.

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupees.

### 2.4 Property, plant and equipment

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

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 amortised 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.

Maintenance and normal repairs are charged to the statement of profit or loss and other comprehensive income as and when incurred.

Company accounts for impairment, where indication exist, by reducing its carrying value to the estimated recoverable amount.

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 3.1. 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.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sale proceed and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 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 operating assets as and when assets are available for use.

## 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 for more than one year are classified as fixed assets under the category of capitalisable stores and spares and are stated at cost.

## 2.5 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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 if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## Ijarah

In ijarah transactions, significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 – 'Ijarah' requires the recognition of 'ijarah payments' (lease rentals) against ijarah financing as an expense in the statement of profit or loss and comprehensive income on a straight-line basis over the ijarah term.

## 2.6 Intangible asset

These have probable economic benefit beyond one year and are recognised as intangible assets with finite useful lives at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged using the straight line method over asset's estimated useful life 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 and other comprehensive income, as and when incurred.

Amortisation on additions is charged from the month the assets are put to use while no amortisation 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 and other comprehensive income.

## 2.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cashflows, cash and cash equivalents comprise of cash and cheques in hand and in transit, balances with banks on current, saving and deposit accounts, short-term investments and finance under mark-up arrangements. The statement of cash flows is prepared using the indirect method.

## 2.8 Dividends and appropriations

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

## 2.9 Inventories

Inventories are valued at lower of cost and net realisable value except goods-in-transit which are stated at cost. Raw and packing materials, work-in-process and finished goods are valued at the weighted average cost except limestone which is measured at monthly weighted average cost. Cost of work-in-process and finished stocks comprise of direct costs and appropriate portion of production overheads.

Stores, spares and loose tools are valued at weighted average cost less provision for slow moving and obsolete stores, spares and loose tools. Provision for slow moving and obsolete items are charged to the statement of profit or loss and other comprehensive income. Value of items is reviewed at each statement of financial position date to record provision for any slow moving and obsolete items. Items in transit are stated at cost.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessarily to be incurred in order to make the sale.

## 2.10 Trade receivables, advances and other receivables

Trade receivables, advances and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using effective interest rate method less loss allowance. Refer note 2.17 for a description of the Company's impairment policies.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 2.11 Borrowings and their cost

Borrowings are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

## 2.12 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

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.

## 2.13 Taxation

### a) Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

### b) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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.

## 2.14 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 latest actuarial valuation of the scheme has been carried out as at June 30, 2022 using the Projected Unit Credit method. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to statement of other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in statement of profit or loss and other comprehensive income.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the scheme.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 2.15 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

## 2.16 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.

## 2.17 Financial instruments

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at amortised cost or fair value as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value plus or minus transaction cost, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

## Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables; and
- other short-term receivables.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Lifetime ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

## Derecognition

### i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of profit or loss and other comprehensive income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

### ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## 2.18 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.

## 2.19 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its interest rate risk and foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge are taken to profit or loss.

The fair value of derivative financial instruments is determined by reference to market values for similar instruments or by using discounted cash flow method.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company intends to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedge risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that these actually have been highly effective throughout the financial reporting periods for which such were designated.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Derivative financial instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative financial instrument is separated into a current portion and non current portion only if a reliable allocation can be made.

## Fair value hedges

Fair value hedge is a hedge of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

The change in the fair value of a hedging derivative is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss. When the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

## Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. Where the hedged item is the cost of a non financial asset or non financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non financial asset or liability. If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

## 2.20 Offsetting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 2.21 Revenue recognition

Revenue is recognised when control of the goods is 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. Revenue is recognised as follows:

- Local sale of goods is recognised on dispatch of goods to customers.
- Revenue from export sales is recognised on the basis of terms of sale with the customer.

Revenue is measured at fair value of consideration received or receivable, excluding discounts, commission, rebates and government levies.

No element of financing is deemed present as the sales are made with a credit term of up to 14 days, which is consistent with the market practice.

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

Profit on bank deposits is recorded on effective interest basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

## 2.22 Government grants

Government grants relating to costs are deferred and recognised in the statement of profit or loss and other comprehensive income over the period necessary to match these with the costs that they are intended to compensate. Government grants relating to qualifying asset under IAS-23 'Borrowing Cost' is recognised under capital work-in-progress to match with those cost capitalised in the capital work-in-progress.

## 3. PROPERTY, PLANT AND EQUIPMENT

Note	2022	2021
	(Rupees in '000)	
Operating assets	35,306,841	35,926,941
Capital work-in-progress	88,090	-
Capitalisable stores and spares	252,121	343,589
	35,647,052	36,270,530

### 3.1 Operating assets

	Land lease hold	Factory building on leasehold land	Non factory building on lease hold land	Lease hold improvements	Plant and machinery	Factory and laboratory equipments	Quarry Equipment	Office equipment	Computer and peripherals	Furniture and fixture	Vehicles	Total
(Rupees in '000)												
<b>Year ended June 30, 2022</b>												
Opening net book value	112,425	319,157	1,333,820	15,258	34,010,679	48,037	943	24,301	10,086	29,328	22,907	35,926,941
Additions / transfer (at cost)	-	-	9,459	-	166,093	9,148	-	3,669	3,144	345	1,292	193,150
Disposals at NBV	-	-	-	-	-	(80)	-	-	-	-	(468)	(548)
Depreciation charge - Note 3.2	-	(10,082)	(133,461)	(1,518)	(647,947)	(5,453)	(142)	(2,618)	(3,851)	(2,946)	(4,684)	(812,702)
Closing net book value	112,425	309,075	1,209,818	13,740	33,528,825	51,652	801	25,352	9,379	26,727	19,047	35,306,841
<b>Gross carrying value basis</b>												
<b>At June 30, 2022</b>												
Cost	112,425	731,756	1,512,696	33,299	36,594,489	97,185	12,528	41,677	40,586	52,420	56,868	39,285,929
Accumulated depreciation	-	(422,681)	(302,878)	(19,559)	(3,065,664)	(45,533)	(11,727)	(16,325)	(31,207)	(25,693)	(37,821)	(3,979,088)
Net book value	112,425	309,075	1,209,818	13,740	33,528,825	51,652	801	25,352	9,379	26,727	19,047	35,306,841
<b>Year ended June 30, 2021</b>												
Opening net book value	112,425	346,787	113,616	16,935	12,634,595	51,001	1,128	24,799	8,987	32,092	29,007	13,371,372
Additions / transfer (at cost)	-	22,982	1,368,164	-	22,170,999	2,380	-	2,108	4,169	473	1,768	23,573,043
Disposals at NBV	-	-	-	-	-	-	-	-	-	-	(1,493)	(1,493)
Write off	-	(30,892)	-	-	-	-	-	-	-	-	-	(30,892)
Depreciation charge - Note 3.2	-	(19,720)	(147,960)	(1,677)	(794,915)	(5,344)	(185)	(2,606)	(3,070)	(3,237)	(6,375)	(985,089)
Closing net bok value	112,425	319,157	1,333,820	15,258	34,010,679	48,037	943	24,301	10,086	29,328	22,907	35,926,941

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Gross carrying value basis												
At June 30, 2021												
Cost	112,425	731,756	1,503,237	33,299	36,428,396	88,140	12,528	38,008	37,442	52,075	56,801	39,094,107
Accumulated depreciation	-	(412,599)	(169,417)	(18,041)	(2,417,717)	(40,103)	(11,585)	(13,707)	(27,356)	(22,747)	(33,894)	(3,167,166)
Net book value	112,425	319,157	1,333,820	15,258	34,010,679	48,037	943	24,301	10,086	29,328	22,907	35,926,941
Rate of depreciation %	-	5%	10%	10%	Units of production	10%	15%	10%	33%	10%	20%	

3.1.1 The fair value of property, plant and equipment is valued at Rs 47.37 billion.

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

	Note	2022	2021
(Rupees in '000)			
Cost of sales	31	799,341	968,124
Selling and distribution expenses	32	2,742	4,241
Administrative expenses	33	10,619	12,724
		812,702	985,089

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

Usage of Immovable Property	Location	Total Area (acres)	Covered Area (acres)
Manufacturing plant	Deh Kalo Kohar, Nooriabad Industrial Estate, District Jamshoro (Sindh)	267	150

3.4 Capital work in progress

	2022			
	Cost as at 1 July 2021	Additions	Transferred to operating fixed assets	Cost as at 30 June 2022
Advance against land - note 3.4.1	-	88,090	-	88,090
	-	88,090	-	88,090

(Rupees in '000)

3.4.1 This represents advance paid for the acquisition of land in Nooriabad Industrial Estate, District Jamshoro (Sindh) having estimated area of 218 acres.

	2021			
	Cost as at 1 July 2020	Additions	Transferred to operating fixed assets	Cost as at 30 June 2021
Civil Works	1,368,164	-	(1,368,164)	-
Plant and Machinery	20,285,040	-	(20,285,040)	-
Waste Heat Recovery System	1,760,338	-	(1,760,338)	-
	23,413,542	-	(23,413,542)	-

(Rupees in '000)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

3.5 Capitalisable stores and spares

	2022	2021
(Rupees in '000)		
Opening balance	343,589	437,638
Additions during the year	17,775	10,379
Transferred to property, plant and equipment	(109,243)	(104,428)
Closing balance	252,121	343,589

4. RIGHT-OF-USE ASSET

	2022	2021
(Rupees in '000)		
Opening balance	37,086	48,194
Modification	-	1,255
Depreciation expense	(12,361)	(12,363)
As at June 30, 2022	24,725	37,086

4.1 This Right of use asset is booked on rented office premises.

5. INTANGIBLE ASSET

	Note	2022	2021
(Rupees in '000)			
Cost		7,606	7,606
Accumulated amortisation		(7,183)	(4,648)
		423	2,958
Carrying amount at the beginning of the year		2,958	5,493
Additions during the year		-	-
Amortisation during the year	33	(2,535)	(2,535)
Carrying amount at the end of the year		423	2,958
Rate of amortisation		33.33%	33.33%

5.1 Intangible asset comprises of computer software.

5.2 The amortisation expense for the year has been charged off to administrative expenses.

6. LONG-TERM INVESTMENTS

	Note	2022	2021
(Rupees in '000)			
Amortised cost			
Defence savings certificates	6.1	17,404	16,199
Term deposit receipts	6.2	8,174	8,674
		25,578	24,873

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**6.1** These Defence Savings 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 Nazir of High Court of Sindh as disclosed in note 29.1.

**6.2** These include term deposit certificates placed with local banks and carry profit at declared rates of 7.20% - 10% (2021: 4.07% - 7.20%) per annum having maturity ranging from 2028 to 2031.

## 7. DEFERRED TAX ASSET

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

	2022	2021
	(Rupees in '000)	
<b>Deductible temporary differences</b>		
Deferred liability - provision for gratuity	32,827	24,332
Loss allowance on trade receivables	23,352	28,664
Lease liability	7,630	9,698
Provision for stores, spares and loose tools	4,575	3,019
Unwinding of transaction cost	-	2,366
Provision for leave encashment	9,179	8,548
Exchange loss on hedged loan	92,867	43,056
Minimum Tax	452,888	401,299
Carry forward tax losses	6,605,730	4,630,028
	<b>7,229,048</b>	<b>5,151,010</b>
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	(4,035,290)	(3,035,410)
Gain on modification of long-term payables	(49,495)	-
Deferred exchange gain	-	(2,481)
Right-of-use assets	(5,956)	(8,281)
	<b>(4,090,741)</b>	<b>(3,046,172)</b>
Deferred Tax Asset	<b>3,138,307</b>	<b>2,104,838</b>

**7.1** The deferred tax asset on unabsorbed depreciation and minimum tax will be recoverable based on the estimated future taxable income and approved business plans and budgets.

**7.2** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. In addition as per Finance Act, 2022, companies operating in certain sectors, including cement, are liable to pay super tax upto 10% for tax year 2022 and upto 4% for subsequent years. Accordingly, the Company has recorded deferred tax at 33% in accordance with applicable accounting and reporting standards.

**7.3** Deferred tax asset has been restricted to 73% (2021: 77%) of the total deferred tax asset based on the assumptions that export sales will continue to fall under Final Tax Regime and the Company will be able to achieve its export target as per expectation.

**7.4** Taxable and deductible differences are booked in profit and loss except for, Actuarial loss on remeasurement of defined benefit obligations amounting to Rs. 5.86 million (2021: Rs. 1.24 million).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 8. LONG-TERM DEPOSITS

Note	2022	2021
	(Rupees in '000)	
Hyderabad Electric Supply Company	24,159	24,159
First Credit and Investment Bank	6,200	6,200
Others	44,000	11,979
	<b>74,359</b>	<b>42,338</b>

**8.1** These includes security deposit paid to Burj Solar Energy (Private) Limited under the equipment rental agreement (the agreement) in respect of procurement of electricity on a fixed tariff amounting to Rs. 31 million.

## 9. INVENTORIES

Note	2022	2021
	(Rupees in '000)	
Raw material	71,690	107,618
Packing material	95,548	147,619
Semi-finished goods	768,548	735,330
Work-in-process	21,978	12,615
Finished goods	406,208	146,329
	<b>1,363,972</b>	<b>1,149,511</b>

**9.1** These include clinker held at port for export amounting to Rs. 152.81 million (2021: Rs. 420.26 million).

## 10. STORES, SPARES AND LOOSE TOOLS

Note	2022	2021
	(Rupees in '000)	
Stores	697,916	433,566
Coal	465,207	752,461
Spares	771,638	567,372
Loose tools	8,529	8,655
	<b>1,943,290</b>	<b>1,762,054</b>
Less: Provision for net realisable value write down	(18,991)	(13,519)
	<b>1,924,299</b>	<b>1,748,535</b>

**10.1** This includes coal-in-transit amounting to Rs. Nil (2021: Rs. 646.94 million).

### 10.2 Provision for net realisable value write down.

Note	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	13,519	13,519
Charge for the year	5,472	-
Balance at end of the year	<b>18,991</b>	<b>13,519</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 11. TRADE RECEIVABLES - considered good

Note	2022	2021
	(Rupees in '000)	
Secured	404	1,636
Due from related parties - unsecured	-	51,780
Due from other parties - unsecured	325,297	350,199
	325,701	403,615
Less: Loss allowance on trade receivables	(92,085)	(128,365)
	233,616	275,250

### 11.1 The related parties from whom the receivables are due are as under:

	2022	2021
	(Rupees in '000)	
Javedan Corporation Limited	-	8,954
Safe Mix Concrete Limited	-	42,826
	-	51,780

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

	2022	2021
	(Rupees in '000)	
1-30 days	-	3,411
31-60 days	-	5,871
61 days to 365 days	-	11,989
Over 365 days	-	30,509
	-	51,780

### 11.2.1 Maximum aggregate due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 48 million (2021: Rs. 65 million).

### 11.3 Loss allowance on trade receivables

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	128,365	91,972
(Reversal) / charge for the year	(36,280)	36,393
Balance at end of the year	92,085	128,365

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 12. ADVANCES AND OTHER RECEIVABLES - unsecured, considered good

Note	2022	2021
	(Rupees in '000)	
To employees	43,668	44,603
To contractors and suppliers	111,415	78,799
Against letter of credit	102,164	70,767
Rebate receivable	7,618	7,713
Excise duty receivable	182,604	182,604
Others	76,436	941
	523,905	385,427

### 12.1 These include personal and car loan advances to executives amounting to Rs. 41.77 million (2021: Rs. 43.46 million). Maximum amount outstanding against advances to employees during the year was Rs. 45.13 million (2021: Rs. 43.46 million). The amount is payable on demand and is secured against retirement benefit entitlement of the employees.

	2022	2021
	(Rupees in '000)	
Movement in advances to executives during the year:		
Balance at beginning of the year	43,460	39,654
Disbursed during the year	24,585	13,633
Repayments during the year	(26,276)	(9,827)
Balance at end of the year	41,769	43,460

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

### 12.3 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.182.6 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 of Sindh vide its reference application 252/2012 dated September 2012 on the grounds that the Company has failed to discharge the burden of proof to the effect that incidence of duty has not been passed on to the customer of the Company. The hearing of the case is pending since September 2012. The management is confident of a favourable outcome based on its legal advisor's opinion and has therefore considered the balance recoverable. The Company is actively pursuing the matter for the settlement of the said refund claim.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 13. DERIVATIVE FINANCIAL ASSET

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	529,816	630,597
Gain / (loss) arising during the year	1,091,937	(100,781)
Balance at end of the year	1,621,753	529,816

13.1 The Company has entered into multiple cross currency swap arrangements with commercial banks in connection with foreign currency borrowings as disclosed in notes 21.5. Pursuant to the agreements, the Company's foreign currency borrowings up to USD 19.88 million (2021: USD 24.29 million) and EUR 8.52 million (2021: EUR 10.41 million) were converted into hedged Pakistan Rupee amount and the interest rate accruing thereon is payable to the hedging bank at 6 months KIBOR + spread ranging from positive 415 to 549 basis points.

13.2 The above hedge of exposures arising due to variability in cash flows owing to currency risks have been designated as cash flow hedges.

## 14. TAX REFUNDS DUE FROM GOVERNMENT - SALES TAX

The Company has challenged the levy of sales tax on import of 7,700 TPD on Plant in Sindh High Court. 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. 528 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.

## 15. SHORT-TERM INVESTMENTS

	2022	2021
	(Rupees in '000)	
At Amortised Cost		
Term deposit receipts	15.1	26,399

15.1 These are placed with local banks and carry profit at declared rates of 7.2% - 10% (2021: 4.07% - 7.2%) per annum and will mature in June 2023 (2021: June 2022).

## 16. CASH AND BANK BALANCES

	2022	2021
	(Rupees in '000)	
Cash at bank		
Conventional		
- In current accounts	29,231	14,211
- In savings accounts	7,565	7,599
	36,796	21,810
Islamic		
- In current accounts	87,587	131,855
- In savings accounts	91,358	98,402
	178,945	230,257
- Term deposit receipts	1,100	- 2,100
	180,045	232,357
Cash in hand	934	939
	217,775	255,106

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

16.1 The mark-up rate on the savings and deposit accounts included in cash and bank balances ranges from 6% - 8% (2021: 3.5% - 5%) per annum.

16.2 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 6% - 8% (2021: 3.5% - 5%) per annum.

16.3 This includes term deposit certificates placed with local banks and carry profit at declared rates of 7.2% - 10% (2021: 4.07% - 7.2%) per annum.

## 17. SHARE CAPITAL

17.1	2022	2021	2022	2021
Authorised share capital	(Number of Shares)		(Rupees in '000)	
	1,390,000,000	1,310,000,000	13,900,000	13,100,000
			Shares of Rs. 10 each	

## 17.2 Issued subscribed and paid-up share capital

17.2.1	2022	2021	2022	2021
Ordinary Shares	(Number of Shares)		(Rupees in '000)	
	1,051,234,846	1,051,234,846	10,512,348	10,512,348
	840,000	840,000	8,400	8,400
	11,339,588	11,339,588	113,396	113,396
	48,456,054	-	484,561	-
	1,111,870,488	1,063,414,434	11,118,705	10,634,144
			Fully paid ordinary shares of Rs. 10 each issued:	
			For cash	
			For consideration other than cash	
			Bonus shares	
			Converted from preference shares during the year	

## 17.2.2 Cumulative preference shares

	2022	2021	2022	2021
	(Number of Shares)		(Rupees in '000)	
	244,585,320	244,585,320	2,445,853	2,445,853
	(36,342,043)	-	(363,420)	-
	208,243,277	244,585,320	2,082,433	2,445,853
			Fully paid Cumulative Preference Shares of Rs. 10 each	
			Converted to ordinary shares during the year	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**17.3** The shareholders of the Company in their extraordinary general meeting held on June 20, 2020 approved the issue of 23% right shares in terms of Cumulative Preference Shares at par value of Rs. 10 each. 244,585,320 Cumulative Preference Shares have been issued in the ratio of 23 Cumulative Preference Shares for every 100 Ordinary Shares held by the existing shareholders.

The terms and conditions of such Right Issue are as follows:

- the rate of preferential dividend shall be six month KIBOR plus 1.5% per annum. The entitlement of dividend shall not lapse if no dividend is paid during that year and shall be carried forward to subsequent years;
- the preference shareholders will have the right to vote;
- Preference Shares will be convertible at the option of the preference shareholders into Ordinary Shares of the Company. The conversion option can be exercised upon the expiry of 12 months from the issue date by giving a thirty days notice in advance to the issuer. However, the accumulation of preference dividends will cease at the time of filing of conversion notice with the Company's Registrar;
- conversion ratio is to be determined by dividing the aggregate face value of Preference Shares plus the outstanding balance of any accumulated / accrued Preferred Dividend (if not paid till conversion) by Rs. 7.5;
- the Preference Shares are non-redeemable and convertible into Ordinary Shares of the Company;
- there will be no change / revision in the rate of preferred dividend in case of accumulation;
- there is no upper limit of maximum accumulations of preferred dividend;
- cash dividends in priority over any dividend to ordinary shareholders and holders of any subsequent issues / series of preference shares;
- in case of liquidation the preference shareholders shall be entitled to preferred liquidation rights prior to ordinary shareholders; and
- the preference shareholders shall not be entitled to bonus or rights shares, in case the Company / Directors decide to increase the capital of the Company by issue of further shares except for the adjustment in conversion ratio provided hereinabove referred terms and conditions.

If cash dividend is not paid in any year, due to loss or inadequate profits, then such unpaid cash dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the Ordinary Shareholders subject to approval of the Board of Directors. As at June 30, 2022 the undeclared dividend on Cumulative Preference Shares amounted to Rs. 405.83 million (2021: 175.08 million).

**17.4** Under the terms and conditions of conversion of such right issue, during the year, 36,342,043 preference shares of Rs. 10 each have been converted into 48,456,054 ordinary shares of Rs. 10 each resulting in a difference on conversion of cumulative preference shares into ordinary shares amounting to Rs. 121.14 million. The unpaid cumulative dividend on such preference shares amounting to Rs. 38.21 million will be distributed in subsequent year(s) out of the available profits subject to the approval of the Board of Directors.

**17.5** Shares held by the associated undertakings as at the statement of financial position date were 875,573,507 (2021: 867,543,689) and Mr. Arif Habib is the ultimate beneficial owner of the Company on the basis of effective shareholding.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 18. CONTRIBUTION FROM ASSOCIATED

		2022	2021
(Rupees in '000)			
<b>UNDERTAKINGS</b>			
- Contribution from associated undertaking - unsecured	18.1	780,000	-
- Contribution from sponsor - unsecured	18.1	6,220,000	-
		<b>7,000,000</b>	<b>-</b>

**18.1** During the year, effective from July 1, 2021, the Company transmuted the original agreement and entered in a new Musharakah agreement with Mr. Arif Habib (Sponsor), Arif Habib Equity (Private) Limited (Associated Undertaking) and Rotocast Engineering Company (Private) Limited (Associated Undertaking) (together termed as 'Investors') for collective investment of Rs. 7,000 million on the following terms and conditions:

- The repayment of the principal amount and profit shall be at the sole and absolute discretion of the Company (taking into consideration the availability of its cash flows). However, in the event of liquidation, the Company shall purchase the investors share at mutually agreed price at that time before discharging any obligation
- The financing shall carry profit at the rate of 3 month KIBOR + 1.75%. However, the payment of the profit shall also be at the sole and absolute discretion of the Company. Further, dividends to the ordinary shareholders will only be declared after the payments of profit to the Investors.

Pursuant to the requirements of IAS 32- 'financial instruments presentation' and the terms of the arrangement, the Long Term Musharakah arrangement is classified as equity in these financial statements. The unpaid profit as at June 30, 2022 in respect of the above mentioned agreement amounts to Rs. 270.57 million.

## 19. SHARE PREMIUM

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

## 20. HEDGING RESERVE

The hedging reserve comprises the spot element of forward contract. The amount represents an effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges. The net change in fair value of the hedging instrument, deferred in equity, has been recycled to profit or loss to the extent that the hedged item (foreign currency loan) impacts profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 21. LONG-TERM FINANCING - secured

		2022	2021
		(Rupees in '000)	
Local currency loan			
Syndicated loan	21.1 & 21.2	13,051,307	13,041,227
Term loan	21.3	842,012	581,996
Refinance scheme	21.4	101,133	192,538
		13,994,452	13,815,761
Current maturity		(1,447,538)	(369,491)
		12,546,914	13,446,270
Foreign currency loan			
Syndicated loan	21.5	5,891,690	5,885,159
Current maturity		(928,381)	(928,381)
		4,963,309	4,956,778
		17,510,223	18,403,048

21.1 This includes funded / Musharaka contribution amount drawn (from a syndicate of 16 local banks / Development Financial Institutions (DFIs) under the long-term syndicate finance facility of Rs. 16,200 million, for the expansion project of 7,700 TPD, led by National Bank of Pakistan as Investment Agent (June 30, 2021: 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 facility carries mark-up at the rate of 6 months KIBOR plus 2.25% (2021: 6 months KIBOR plus 2.25%) per annum calculated on daily product basis with mark-up and principal repayment falling due on semi-annual basis. The facility is secured through first pari passu charge over current and fixed assets of the Company amounting to Rs. 1,333 million along with additional collaterals. This loan is payable through semi annual instalments in 10 years time starting from July 2018.

However, during the year ended June 30, 2021, senior lenders of the Company have revised the terms of the existing Syndicate Term Finance Facility (STFF) to include, inter alia, the following:

- Downward revision of profit rate from 2.25% to 1.5% per annum; and
- Enhancement of grace period for principal repayments from January 2021 to July 2022, therefore, current maturity has been presented in these financial statement in accordance with the revised terms.

The restructuring of the liability has not resulted in the derecognition of the original liability.

21.2 This also includes loan of Rs.1,000 million structured as Diminishing Musharakah for the purpose of operational support, project cost overruns and service of deferred payables of Company's clinker plant. The facility carries mark-up of Kibor plus 1.5% per annum. This loan is payable through semi-annual instalments starting from July 2022. The security includes first pari passu charge on all fixed and current assets along with other collaterals and personal guarantees of the Company's related party.

21.3 This includes term loans obtained from commercial banks for a period of 3 to 5 years at the rate of 6 months KIBOR plus 1.5% and 6 months KIBOR plus 1.25% with quarterly and semi-annual repayments. The loans were disbursed on December 10, 2020 and September 15, 2021 respectively.

21.4 This represents long-term loan agreements with Bank of Punjab under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loans are repayable in eight equal quarterly instalments, starting from March 2021. The loan carries mark-up of 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan is secured by way of first pari passu hypothecation charge on the fixed assets of the Company along with additional collaterals.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

21.5 This represents 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 Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG) through Arif Habib Equity (Private) Limited (AHEPL), OPEC Fund for International Development (OFID) and Islamic Corporation Development (ICD) respectively for the expansion project of Line III. The Company has executed cross currency swaps with Habib Bank Limited at the exchange rate of PKR 139.5 and PKR 141.4 per USD and Faysal Bank Limited through AHEPL at the exchange rate of PKR 162 and PKR 164.5 per EURO 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 facility is secured through first pari passu charge over current and fixed assets of the Company along with additional collaterals. 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.

## 22. LONG-TERM TRADE PAYABLES

		2022	2021
		(Rupees in '000)	
Local currency payables		577,214	-
Current maturity		(106,318)	-
		470,896	-
Foreign currency payables		64,329	-
Current maturity		(12,397)	-
		51,932	-
		522,828	-

22.1 In 2017, the Company had entered into a construction contract with CEEC Tianjin (Pakistan) Electric Power Construction (Private) Limited for the construction of Line III. During the year, the companies entered into an extension of payment contract for settlement of the amount. As per the terms of the contract, the Company is liable to pay a revised amount of Rs. 847.68 million alongwith USD 0.4 million over a period of 4 years. The revised amount has been discounted using a market rate of 12.96% resulting in a gain of Rs. 264.30 million which has been recorded in other income.

## 23. LONG-TERM LEASE LIABILITY

		2022	2021
		(Rupees in '000)	
Balance at beginning of the year		43,430	52,804
Modification		-	1,255
Finance cost on lease		3,335	3,089
Payment		(15,090)	(13,718)
Balance at end of the year		31,675	43,430
Less: Current maturity shown under current liability		(14,348)	(11,755)
		17,327	31,675

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

23.1 The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Interest	Present value of future minimum lease payments
	(Rupees in '000)		
Less than one year	16,599	2,251	14,348
Between two to five years	18,259	932	17,327
More than five years	-	-	-
	<b>34,858</b>	<b>3,183</b>	<b>31,675</b>

## 24. STAFF RETIREMENT BENEFITS

		2022	2021
		(Rupees in '000)	
Provision for gratuity	24.5	136,270	108,965
24.1 Number of employees covered under scheme		480	489
24.2 As stated in note 2.14, the Company operates approved funded gratuity scheme for all management and non management employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2022.			
24.3 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882; Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deed. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.			
24.4 The latest actuarial valuation of the Plan as at June 30, 2022 were carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:			
24.5 Balance sheet reconciliation as at June 30			
		(Rupees in '000)	
Present value of defined benefit obligation	24.6	189,543	155,115
Fair value of plan assets	24.7	(53,273)	(46,150)
Deficit		136,270	108,965

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

24.6 Movement in the defined benefits obligations

	2022	2021
	(Rupees in '000)	
Present value of defined benefits obligation as at July 01	155,115	124,565
Current service cost for the year	35,860	33,701
Interest cost for the year	14,187	10,117
Benefits paid during the year	(33,403)	(11,092)
<b>Remeasurements:</b>		
Experience adjustments	17,784	(2,176)
Present value of defined benefits obligation as at June 30	<b>189,543</b>	<b>155,115</b>

24.7 Movement in fair value of plan assets

	2022	2021
	(Rupees in '000)	
Fair value of plan assets as at July 01	46,150	29,634
Contribution during the year	40,710	32,212
Expected return on plan assets	5,104	3,417
Benefits paid during the year	(33,403)	(11,092)
Actuarial loss on plan assets	(5,288)	(8,021)
Fair value of plan assets as at June 30	<b>53,273</b>	<b>46,150</b>

24.8 Expenses recognized in the statement of Profit or loss and other comprehensive income

	2022	2021
	(Rupees in '000)	
Current service cost	35,860	33,701
Interest cost	14,187	10,117
Return on plan assets	(5,104)	(3,417)
	<b>44,943</b>	<b>40,401</b>

24.9 Remeasurements recognised in other comprehensive income

	2022	2021
	(Rupees in '000)	
Experience adjustments	17,784	(2,176)
Actuarial loss on plan assets	17,784	(2,176)
	5,288	8,021
Total Remeasurements chargeable in Other Comprehensive Income	<b>23,072</b>	<b>5,845</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 24.10 Net recognized liability

	2022	2021
	(Rupees in '000)	
Balance as at July 01	108,965	94,931
Charge for the year	44,943	40,401
Remeasurements chargeable in other comprehensive income	23,072	5,845
Contribution during the year	(40,710)	(32,212)
Balance as at June 30	136,270	108,965

## 24.11 Composition of plan assets

	2022		2021	
	Amount (Rupees in '000)	Percentage	Amount (Rupees in '000)	Percentage
Cash and / or deposits	324	0.61%	2,355	5.10%
Loans to members	52,949	99.39%	43,795	94.90%
	53,273	100.00%	46,150	100.00%

## 24.12 Significant actuarial assumptions

	2022	2021
	(Rupees in '000)	
<b>Financial assumptions</b>		
Discount rate	13.25%	10.25%
Expected rate of eligible salary increase in future years	12.25%	9.25%
Average expected remaining working life time of employees	15.43 Years	15.43 Years
<b>Demographic assumptions</b>		
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Moderate	Moderate
Retirement assumption	Age 60	Age 60

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 24.13 Description of the risks to the Company

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

**Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the Fund as advised by the actuary.

**Investment risks** - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

**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.

## 24.14 Sensitivity analysis for the year ended June 30, 2022

	2022	
	PV of defined benefit obligation (Rupees in '000)	Rate effect
<b>Discount rate effect</b>		
Original liability	189,543	13.25%
1% increase	177,181	14.25%
1% decrease	203,786	12.25%
<b>Salary increase rate effect</b>		
Original liability	189,543	12.25%
1% increase	205,525	13.25%
1% decrease	175,474	11.25%
<b>Withdrawal rate effect</b>		
Original liability	189,543	
10% increase	190,144	
10% decrease	188,876	
<b>Mortality rate effect</b>		
Original liability	189,543	
+1 year	189,493	
-1 year	189,611	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**24.15** If longevity increases by 1 year, the resultant increase in obligation is insignificant.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the previous year.

**24.16** Maturity profile

The average duration of defined benefit obligation is 7.42 years.

**24.17** As per actuarial advice, the Company is expected to recognise a service cost of Rs. 57.71 million in 2023 (2022: Rs. 46.82 million)

**24.18** The weighted average service duration of employees is 4.52 years.

**24.19** Expected maturity analysis of undiscounted retirement benefit payments is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Retirement benefit payments	24,557	25,132	85,248	145,891	280,828

Rupees in '000

**24.20** Analysis of present value of defined benefits obligations and fair value of plan assets.

	2021-22	2020-21	2019-20	2018-19	2017-18
	(Rupees in '000)				
Present value of defined obligations	189,543	155,115	124,565	116,026	91,721
Fair value of plan assets	(53,273)	(46,150)	(29,634)	(18,935)	(12,939)
Deficit	136,270	108,965	94,931	97,091	78,782

**24.21** Experience adjustments

	2021-22	2020-21	2019-20	2018-19	2017-18
	(Rupees in '000)				
Experience adjustment	17,784	(2,176)	1,399	(216)	8,901

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**25. TRADE AND OTHER PAYABLES**

		2022	2021
		(Rupees in '000)	
Trade creditors	25.1	1,432,854	890,839
Project Line III creditors		-	948,083
Payable against Waste Heat Recovery System		-	214,161
Bills payable		13,851	828,653
Bills payable Line III	25.1	-	921,098
Accrued liabilities	25.1 & 25.2	861,762	370,083
Royalty payable on raw material	25.3	351,614	9,752
Excise duty payable on raw material		7,017	6,859
Advances from customers	25.4	1,224,700	606,381
Retention money payable		1,130	1,130
Federal Excise Duty payable		425,477	380,267
Workers' Welfare Fund (WWF)		5,012	5,012
Withholding tax payable		56,577	39,241
Current portion of deferred Income - government grant		1,997	11,484
Leave encashment payable		38,103	38,279
Loan from previous sponsors		735	735
Others		206	824
		4,421,035	5,272,881

**25.1** Creditors, Bills payable line III and accrued liabilities include Rs. 39.77 million, Nil and Rs. 0.36 million (2021: Rs. 69.96 million, Rs. 921.09 million and Rs. 1.50 million) respectively in respect of amounts due to related parties.

**25.2** The Company filed petitions against the imposition of Quarter Tariff/ Distribution Margin Charges levied through its electricity bills. Interim reliefs were granted to the Company against these levies by the High Court of Sindh (SHC). Subsequent, to the balance sheet date the matter was decided against the Company by the SHC and hence the Company has now become liable to pay Rs. 621.09 million to Hyderabad Electricity Supply Company (HESCO).

A provision of Rs. 164.24 million (pertaining from February 2020 to June 2020) was already booked by the Company in the previous years while an additional liability of Rs. 456.85 million (pertaining from July 2020 to June 2022) has been booked during the current year.

**25.3** This includes accrual amounting to Rs. 340.42 million in respect of royalty on extraction of limestone and shale, payable to the Government of Sindh, due to revised rates as per amendment in Sindh Mining concession rules 2002, with effect from July 1, 2021. During 2021, the Company filed a petition in Sindh High Court against the increase in rates and the Company is paying royalty on previous applicable rates.

**25.4** Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy as described in note 2.21 is satisfied.

	2022	2021
	(Rupees in '000)	
Opening balance	606,381	274,131
Advance received during the year	2,820,139	3,149,541
Revenue recognised during the year	(2,201,820)	(2,817,291)
Closing balance	1,224,700	606,381

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 26. ACCRUED MARK-UP

	2022	2021
	(Rupees in '000)	
On long-term financing	947,106	832,114
On loan from related parties	310,377	296,828
On short-term financing	125,791	129,578
	<b>1,383,274</b>	<b>1,258,520</b>

## 27. LOAN FROM RELATED PARTY

	2022	2021
	(Rupees in '000)	
Loan from associated company - unsecured	-	680,000

**27.1** This represents financing provided by an associated company, Rotocast Engineering (Private) Limited in the Company under modaraba arrangement. Return at the rate of 1% of gross profit (excluding the depreciation charge for the year) is payable after dividing the gross profit as per the respective capital ratios provided in the modaraba agreement. During the year, the Company repaid the outstanding amount of the finance including return.

## 28. SHORT-TERM FINANCING - secured

	2022	2021
	(Rupees in '000)	
<b>Conventional</b>		
Running finance	350,000	250,000
Short-term borrowing under money market scheme	-	299,000
Export Refinance Facility (ERF)	200,000	-
	<b>550,000</b>	<b>549,000</b>
<b>Islamic</b>		
Istisna / Running Musharaka		
Maturity within three months	-	250,000
Maturity after six months	1,233,927	6,180,924
Islamic Export Refinance Facility (IERF)	1,000,000	700,000
	<b>2,233,927</b>	<b>7,130,924</b>
	<b>2,783,927</b>	<b>7,679,924</b>

**28.1** This represents short-term running finance facilities from the different commercial banks amounting to Rs. 350 million (2021: Rs. 250 million). These carry applicable mark up at the rate of 1 months KIBOR plus 1.5% (2021: 3 months KIBOR plus 1.5%) 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 and fixed assets of the Company amounting to Rs. 467 million.

**28.2** This represents facility of State Bank of Pakistan's (SBP) Export Refinance Scheme (ERF) aggregating to Rs.200 million repayable with a maximum tenure of 180 days from the date of disbursement. The ERF facility availed during the year carry markup at the rate of 3.5% to 7.5% per annum. These facilities have been obtained on annually renewable basis. As at the reporting date, unavailed amount under these facilities amounts to Rs. Nil. These are secured by first pari passu charge against current and fixed assets of the Company amounting to Rs. 267 million.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**28.3** This represents Istisna / Musharaka / Murabaha facilities aggregating to Rs. 7,050 million (2021: Rs.7,150 million) repayable with a maximum tenure of 180 days from the date of disbursement. The IERF facility availed during the period carry markup at the rate of 3.5% to 7.5% per annum while other working capital facilities carry applicable profit at the rates ranging from KIBOR plus 1% to KIBOR plus 2% (2021: KIBOR plus 0.75% to KIBOR plus 2%). These facilities have been obtained on annually renewable basis. As at the reporting date, unavailed amount under these facilities amounts to Rs. 4,816 million (2021: Rs. 20.07 million) These are secured by first pari passu charge against current and fixed assets of the Company.

## 29. CONTINGENCIES AND COMMITMENTS

### Contingencies

**29.1** In 2017, the Company filed a suit 2269/2016 dated October 27, 2016; in the Sindh High Court (SHC); against CoscoSaeed Karachi Private Limited and others challenging its detention of the Company's cargo for the want of certain charges. On November 3, 2016; the Court ordered the release of the Company's cargo against deposit of Defence Saving Certificates amounting Rs. 11.65 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.

**29.2** In October 2019, an ex-labourer lodged a claim in the office of the Commissioner Workmen Compensation & Authority, on account of certain damages and unpaid dues, amounting to Rs. 5.50 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.

In June 2021, an ex-labourer lodged a claim in the office of the Commissioner Workmen Compensation & Authority, on account of certain damages and unpaid dues, amounting to Rs.0.96 million.

All above matters are pending at the mentioned forum and the management is confident based on its legal advisor's opinion that the outcome of these cases will be in favour of the Company hence no provision is made in these financial statements.

**29.3** A case was initiated on October 03, 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. 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.

**29.4** M/s.Popular Cement Industries approached the SHC 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 February 25, 2019 passed under suit no. 349 of 2019, barring the Company from excavation of limestone from a mining lease. The matter is pending and a favourable outcome is expected by the Company's legal counsel.

**29.5** A Constitutional Petition C.P No. 4374/2019 was filed by the Company on June 27, 2019 to challenge the levy of Sindh Infrastructure Development Cess. An interim relief was granted by the Court through its order dated July 26, 2019. On June 06, 2021, the SHC decided in its judgement that the submitted bank guarantees be encashed and paid to the collectorate. On August 31, 2021, the Supreme Court of Pakistan has suspended the judgement passed by the SHC and stay the encashment of bank guarantees. As at June 30, 2022, amount involved in the matter is Rs. 31 million against which bank guarantee had been submitted as security with the Collectorate. 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 JUNE 30, 2022

**29.6** The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on October 28, 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 August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 27, 2009 and imposed a penalty of Rs. 87 million on the Company. The LHC vide its order dated August 31, 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 June 30, 2009, the Company has filed an appeal before the Honourable Supreme Court of Pakistan (SCP) and LHC against the Order of the CCP dated August 27, 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 August 31, 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 December 12, 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.

During the year ended 2021, LHC decided the case against the Company and other cement manufacturers for which the Company has decided to prefer an appeal before the Supreme Court of Pakistan.

Based on the opinion of the Company's legal advisors, the management is hopeful that the ultimate outcome of the appeal will be in favour of the Company and hence no provision has been recognised in these financial statements.

**29.7** During 2008, a customer has filed claim of Rs. 1.20 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.

**29.8** During the year ended June 30, 2013, the Company reversed liability amounting to Rs. 115.93 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 June 30, 2012 amounted to Rs. 115.93 million i.e. Rs. 234.08 million net off with unavailable stores and spares of Rs. 118.15 million.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

In 2013, the arbitrator decided in favour of the Company vide order dated August 6, 2012 and determined an amount of Rs. 0.74 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 in 2013 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. 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.

## 29.10 SALES TAX MATTERS

**29.10.1** The Company received an order from Central Excise and Land Custom on October 28, 1992 alleging that the Sales tax and Central Excise Duty (CED) amounting to Rs. 15.21 million and Rs. 30.31 million respectively, were not paid on certain sales. Penalty of the Rs.45.52 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. During 2015, the Company received a notice from FBR raising demand of Rs. 60.62 million and Rs. 15.21 million under CED and Sales Tax including penalty 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.

**29.10.2** During 2015, the Company received a show cause notice on January 22, 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. 551.86 million and Rs. 168.28 million in respect of Sales tax and FED respectively. Subsequently, physical verification of manufacturing premises was conducted on February 10, 2015 u/s 38 and 40B. Hearing was fixed on February 23, 2015 and demand notice was received on March 03, 2015 (dated February 26, 2015) for the recovery of Rs. 333.95 million and Rs. 101.26 million. The management of the Company filed an appeal with Commissioner Inland Revenue (CIR) Appeals on March 17, 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 March 17, 2015 and reference petition was filed with High Court of Sindh requesting a stay from legal action on the impugned order dated February 26, 2015, against which stay was granted to the Company by the High Court of Sindh on April 02, 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 SHC 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**29.10.3** The Company received a show cause notice from DCIR on June 13, 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 June 22, 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 July 13, 2015 for an amount of Rs.17.36 million for adjusting invalid input tax with a penalty of Rs. 0.87 million against which the Company filed an appeal with CIR Appeals on August 04, 2015, along with application for the grant of stay. Hearing for the same was fixed on August 21, 2015.

On September 10, 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.

**29.10.4** 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. 2.43 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 August 31, 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. 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.

**29.10.5** Appeal before Appellate Tribunal Inland Revenue [ATIR] is preferred by the Company against Commissioner Inland Revenue (CIR) Appeal's order No 27 dated July 18, 2018 where DCIR imposed default surcharge and penalty for dual claim of input tax suffered on the purchase of electricity from HESCO amounting to Rs 0.50 million being default surcharge and Rs 0.95 million being penalty. Basis for appeal against the impugned Order-in-Original (ONO) is that learned DCIR failed to establish existence of mens rea on part of the Company. The case has been heard by the ATIR and judgement has been reserved. 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.

**29.10.6** During the year ended June 30, 2020, 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 vide no. 01/06/2020 dated August 06, 2020. The Company filed an appeal u/s 45B of the Act which was pending for hearing as on the date of this letter. On September 29, 2020, CIR (Appeals-I) has granted a stay, through order # 2020/211, against the mentioned DCIR's order.

During the year ended June 30, 2021, CIR (Appeals-I) decided the case via order number STA/161/LTU/2021/08 dated February 11, 2021 partly in favour of the Company by vacating Rs. 461.91 million and remanding back Rs. 484.53 million to decide the matter afresh. The company received notice for remand back proceedings from the learned DCIR as instructed by the learned CIR-Appeals vide his order reference STA/161/LTU/2021/08 dated February 11, 2021.

During the year the management of the Company replied to the notice of DCIR. During the hearing the learned DCIR started proceedings for the whole amount as contained in original show case notice i.e., Rs 946 million which was against the CIR-Appeals order as mentioned, therefore the management of the company challenged the actions of DCIR before Hon'ble Sindh High Court who granted stay order against the proceedings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

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

**29.10.8** A Special Sales Tax Reference Application No. 413/2019 was filed by the Commissioner Inland Revenue Zone -II on November 23, 2018 against the Appellate Tribunal Order decided in favour of the Company amounting to Rs 0.34 million. The case pertained to claim of input sales tax on certain communication expenses. 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.

**29.10.9** Appeal before CIR-Appeals is preferred by the Company against Order-in-Original (ONO) # 19/07/2019 dated April 30, 2019 creating demand of Rs 45.24 million including penalty of Rs 2.15 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 disallowance of Rs.1.35 million which is pending for hearing. 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.

**29.10.10** The DCIR passed order vide no. 05/07/2020 dated December 27, 2019 creating demand of Rs.13.05 million along with penalty of Rs. 0.65 million. The Company filed appeal u/s 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.

During the year ended June 30, 2021, the DCIR initiated the remand back proceedings and concluded exercise by creating a demand of Rs 1.55 million along with the penalty of Rs 0.078 million. The learned DCIR while passing the aforesaid order failed to consider the reply filed by the Company, recognizing the mistake apparent on records the Company filed application for rectification of mistake u/s 57 of the Act on July 26, 2021, no action by the office of learned DCIR has yet been made on the Company's application till date. 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.

## 29.11 INCOME TAX MATTERS

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.

**29.11.1** 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 May 7, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**29.11.2** 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 September 25, 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. 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.

**29.11.3** The Finance Act, 2017 had 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%. The SHC decided in favour of the Company against which the department has preferred an appeal in the Supreme Court of Pakistan. 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.

## 29.12 Commitments

	Note	2022	2021
(Rupees in '000)			
Commitments against open letter of credit for:			
Coal	29.12.1	-	1,840,596
Stores and spares	29.12.1	-	157,248
		-	1,997,844
Commitments against letter of guarantees	29.12.2	7,557,880	6,702,700
Ijarah rentals	29.12.3	83,789	51,874
		7,641,669	6,754,574
Total Commitments		7,641,669	8,752,418

**29.12.1** The amount utilized in respect of these facilities is Rs. 3.77 billion (2021: Rs. 2.78 billion).

**29.12.2** This includes Corporate Guarantee of Rs. 6,498 million (as approved by the Company's shareholders vide special resolution passed on June 23, 2018) issued to DEG (a Foreign Currency 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 21.

## 29.12.3 Ijarah rentals

	Note	2022	2021
(Rupees in '000)			
Total of future Ijarah payments under the agreement are as follows:			
Not later than one year		32,472	23,417
Later than one year but not later than five years		51,317	28,457
		83,789	51,874

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 30. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022	2021
(Rupees in '000)		
Local	20,140,505	15,660,775
Sales tax	(3,276,716)	(2,735,181)
Federal excise duty	(2,440,578)	(2,444,812)
	(5,717,294)	(5,179,993)
Commission	(66,092)	(51,918)
Net local sale of goods	14,357,119	10,428,864
Export sales	3,492,578	4,041,280
Freight	(354,819)	(249,531)
	3,137,759	3,791,749
	17,494,878	14,220,613

**30.1** The Company sells cement and clinker to dealers and other organisations / institutions. Out of these, two (2021: two) of the Company's customers contributed towards 36.13% (2021: 30.89%) of the net revenue during the year amounting to Rs. 6.47 billion (2021: Rs. 4.49 billion).

**30.2** Export sales comprise of sales made in following regions:

	2022	2021
(Rupees in '000)		
Srilanka	1,041,345	-
China	1,018,713	400,091
Malta	469,584	1,255,790
Madagascar	419,526	662,614
Qatar	284,895	-
Yemen	175,301	591,592
Bangladesh	59,056	725,227
KEPZ	24,158	14,990
Somalia	-	88,769
Seychelles	-	30,698
Tanzania	-	13,443
West Africa	-	258,066
	3,492,578	4,041,280

## 31. COST OF SALES

	2022	2021
(Rupees in '000)		
Salaries, wages and other benefits including retirement benefits	526,930	484,714
Raw materials consumed	1,417,879	970,745
Packing material consumed	880,290	864,442
Stores, spares and loose tools	488,387	561,106
Fuel and power	10,037,780	7,178,591
Insurance	76,451	54,705
Repairs and maintenance	272,924	275,450
Depreciation	799,341	968,124
Other production overheads	97,428	95,308
	14,597,410	11,453,185

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in '000)	
<b>Work-in-process and semi-finished goods</b>		
Opening	747,945	310,723
Purchases	717,797	-
Closing	(790,526)	(747,945)
	675,216	(437,222)
<b>Cost of goods manufactured</b>	15,272,626	11,015,963
<b>Finished goods</b>		
Opening	146,329	261,342
Closing	(406,208)	(146,329)
	(259,879)	115,013
	15,012,747	11,130,976

31.1 These include Rs. 27.63 million against staff retirement benefits (2021: Rs. 23.96 million).

## 32. SELLING AND DISTRIBUTION EXPENSES

	2022	2021
	(Rupees in '000)	
Salaries, wages and other benefits including retirement benefits	79,554	87,646
Export expenses	660,304	843,043
Depreciation	2,742	4,241
Marking fee	12,496	6,899
Advertisement and sales promotion	200,205	245,119
Others	10,423	8,625
	965,724	1,195,573

32.1 These include Rs. 10.30 million (2021: Rs. 8.95 million) against staff retirement benefits.

## 33. ADMINISTRATIVE EXPENSES

	2022	2021
	(Rupees in '000)	
Salaries, wages and other benefits including retirement benefits	113,741	82,241
Travelling and conveyance	6,528	1,145
Printing and stationery	4,086	5,500
Repair and maintenance	15,754	15,027
Legal and professional charges	30,604	29,201
Auditor's remuneration	3,324	3,022
Rent, rates and taxes	2,354	1,296
Postage and telephone	3,265	2,987
Entertainment	12,015	11,724
Ijarah payments	21,092	19,860
Fees and subscription	27,631	39,504
Depreciation	22,980	25,087
Amortisation	2,535	2,535
Charity and donations	3,083	4,027
Others	17,592	11,381
	286,584	254,537

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

33.1 These include Rs. 8.90 million (2021: Rs. 7.49 million) against staff retirement benefits.

## 33.2 Auditor's remuneration

	2022	2021
	(Rupees in '000)	
Audit Services		
Audit fee	1,923	1,748
Half yearly review fee	440	400
Out of pocket expenses	628	572
	2,991	2,720
Fee for review of compliance with Code of Corporate Governance Certifications for regulatory purposes	250	227
	83	75
	3,324	3,022

33.3 This includes depreciation charged on right of use asset.

## 34. OTHER INCOME

	2022	2021
	(Rupees in '000)	
Gain on disposal of fixed assets	10,977	2,852
Grant income	11,484	16,967
Scrap sales	302	211
Exchange (loss) / gain - net	(248,965)	335,959
Gain on modification of long-term trade payables	264,301	-
	38,099	355,989

34.1 This includes gain amounting to Rs. 179.33 million (2021: Rs. 77.99 million) on principal repayment of foreign loan realised during the year.

## 35. FINANCE INCOME / (COST) - NET

	2022	2021
	(Rupees in '000)	
Finance income:		
Income from PLS Savings account and term deposit- Islamic	6,743	10,892
Income from defence savings certificates	1,364	1,122
	8,107	12,014
Finance costs:		
Mark-up on short-term borrowings	(716,203)	(673,485)
Mark-up on loan from related parties	(19,587)	(22,267)
Mark-up on long-term trade payables	(43,476)	-
Unwinding of transaction cost	(10,082)	(10,597)
Mark-up on long-term financing	(1,797,277)	(1,835,405)
Mark-up on lease liability	(3,335)	(3,089)
Bank charges and commission	(52,975)	(66,610)
	(2,642,935)	(2,611,453)
	(2,634,828)	(2,599,439)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 36. TAXATION

		2022	2021
		(Rupees in '000)	
Current - for the year	36.4	(140,805)	-
- prior year		(1,161)	(10,460)
Deferred		1,028,646	1,040,027
		<b>886,680</b>	<b>1,029,567</b>

36.1 Relationship between income tax and accounting loss	2022 (Effective tax rate%)	2021	2022 (Rupees in '000)	2021
Loss before taxation			<b>(1,330,626)</b>	<b>(671,208)</b>
Tax at the enacted tax rate	-29%	-29%	385,881	194,650
Prior year tax	0%	2%	(1,161)	(10,460)
Others	-38%	-126%	501,960	845,377
	<b>-67%</b>	<b>-153%</b>	<b>886,680</b>	<b>1,029,567</b>

36.2 For contingencies relating to taxation, please refer note 29.11.

36.3 The tax returns have been filed up to tax year 2021 (corresponding to financial year ended June 30, 2021) which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

36.4 Current tax charge has been calculated taking into account tax credit available under section 65 E of the Income Tax Ordinance, 2001.

## 37. (Loss) / earnings per share

	2022	2021
	(Rupees in '000)	
<b>Basic</b>		
(Loss) / profit after taxation attributable to ordinary shareholder	(443,946)	358,359
Adjustment for cumulative preference share dividend	(230,747)	(175,084)
(Loss) / profit after taxation for calculation of basic (loss) / earning per share	<b>(674,693)</b>	183,275
Ordinary shares at July 1	1,063,414	1,063,414
Effect of conversion of cumulative preference shares	31,156	-
Weighted average number of ordinary shares outstanding at June 30 (in thousands)	<b>1,094,571</b>	1,063,414
(Loss) / earnings per share in rupee - basic	<b>(0.62)</b>	0.17

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## Diluted

Diluted earning per share has not been presented for year ended June 30, 2022 as it has anti-dilutive effect on earning per share.

The effect of dividend of Cumulative Preference Shares is not accounted for in calculation of weighted average number of potential ordinary shares.

## 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 analyse 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 Financial assets and liabilities by category and their respective maturities

	2022			2021		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	(Rupees '000)					
<b>Financial assets</b>						
<b>At amortised cost</b>						
Long term investments	-	25,578	25,578	-	24,873	24,873
Long term deposits	-	74,359	74,359	-	42,338	42,338
Trade debts	233,616	-	233,616	275,250	-	275,250
Advances and other receivables	120,104	-	120,104	45,544	-	45,544
Trade deposits and short term prepayments	30,135	-	30,135	23,828	-	23,828
Short-term investment	26,399	-	26,399	26,399	-	26,399
Cash and bank balances	217,775	-	217,775	255,106	-	255,106
<b>At fair value through profit or loss</b>						
Derivative financial asset	1,621,753	-	1,621,753	529,816	-	529,816
	<b>2,249,782</b>	<b>99,937</b>	<b>2,349,719</b>	<b>1,155,943</b>	<b>67,211</b>	<b>1,223,154</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	(Rupees '000)					
<b>Financial liabilities</b>						
<b>At amortised cost</b>						
Long-term financing	-	17,510,223	17,510,223	-	18,403,048	18,403,048
Current portion of long term financing	2,375,919	-	2,375,919	1,297,872	-	1,297,872
Trade and other payables	2,193,820	-	2,193,820	4,187,090	-	4,187,090
Long-term trade payables	118,715	522,828	641,543	-	-	-
Unclaimed Dividend	126	-	126	126	-	126
Mark-up accrued	1,383,274	-	1,383,274	1,258,520	-	1,258,520
Long-term lease liability	-	17,327	17,327	-	31,675	31,675
Current portion of Lease liability	14,348	-	14,348	11,755	-	11,755
Short-term borrowings	2,783,927	-	2,783,927	7,679,924	-	7,679,924
	<b>8,870,129</b>	<b>18,050,378</b>	<b>26,920,507</b>	<b>14,435,287</b>	<b>18,434,723</b>	<b>32,870,010</b>
<b>On statement of financial position date gap</b>	<b>(6,620,347)</b>	<b>(17,950,441)</b>	<b>(24,570,788)</b>	<b>(13,279,344)</b>	<b>(18,367,512)</b>	<b>(31,646,856)</b>
Net financial (liabilities) / asset						
Interest bearing	(6,431,046)	(17,950,441)	(24,381,487)	(10,113,571)	(18,367,512)	(28,481,083)
Non-interest bearing	(70,586)	-	(70,586)	(3,165,773)	-	(3,165,773)
	<b>(6,501,632)</b>	<b>(17,950,441)</b>	<b>(24,452,073)</b>	<b>(13,279,344)</b>	<b>(18,367,512)</b>	<b>(31,646,856)</b>

## 38.2 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.

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).

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

	2022	2021
	(Rupees in '000)	
Long-term deposits	74,359	42,338
Trade receivables	233,616	275,250
Advances and other receivables	120,104	45,544
Trade deposits	30,135	23,828
Bank balances	216,841	254,167
	<b>675,055</b>	<b>641,127</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of Banks with which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short-term	Long-term
Allied Bank Limited	PACRA	A1+	AAA
Al Baraka Bank Limited	JCR-VIS	A1	A+
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
Bank of Khyber	PACRA	A1	A
Bank of Punjab	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	PACRA	A1	AA
Summit Bank Limited	PACRA	A-3	BBB-
Soneri Bank Limited	PACRA	A1+	AA-
United Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	PACRA	A1+	AAA

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

	2022	2021
	(Rupees in '000)	
Domestic (Pakistan)	325,297	401,979
Exports	404	1,636
	<b>325,701</b>	<b>403,615</b>

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

	2022	2021
	(Rupees in '000)	
Dealers / distributors	54,145	125,443
End-user customers / exports	271,556	278,172
	<b>325,701</b>	<b>403,615</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 38.2.3 Expected Credit Loss (ECL)

The aging of trade receivables at the reporting date was:

	2022		2021	
	Gross receivables (Rupees in '000)	ECL	Gross receivables (Rupees in '000)	ECL
1-30 days	187,223	7,647	194,526	9,798
31-60 days	35,303	1,442	18,907	668
61-365 days	35,824	15,645	56,061	14,287
Over 365 days	67,351	67,351	134,121	103,612
	<b>325,701</b>	<b>92,085</b>	<b>403,615</b>	<b>128,365</b>

## 38.2.4 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.

## 38.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfil its financial obligations. The following are the contractual maturities of financial liabilities, including interest payment:

	2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
<b>Financial liabilities</b>						
Long-term financing - secured	19,886,142	(19,663,816)	(1,274,587)	(1,397,590)	(16,991,638)	-
Long-term trade payables	522,828	(854,620)	(119,485)	(54,000)	(681,135)	-
Trade and other payables	4,421,035	(4,421,035)	(4,421,035)	-	-	-
Accrued mark-up	1,383,274	(1,383,274)	(1,383,274)	-	-	-
Short-term financing - secured	2,783,927	(2,783,927)	(2,783,927)	-	-	-
Lease liabilities	31,675	(34,858)	(8,300)	(8,300)	(18,258)	-
Unclaimed dividend	126	(126)	(126)	-	-	-
	<b>29,029,007</b>	<b>(29,141,656)</b>	<b>(9,990,734)</b>	<b>(1,459,890)</b>	<b>(17,691,031)</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
<b>Financial liabilities</b>						
Long-term financing - secured	19,700,920	(19,663,816)	(1,274,587)	(1,397,590)	(16,991,638)	-
Trade and other payables	5,272,881	(5,272,881)	(5,272,881)	-	-	-
Accrued mark-up	1,258,520	(1,258,520)	(1,258,520)	-	-	-
Short-term financing - secured	7,679,924	(7,679,924)	(7,679,924)	-	-	-
Lease liabilities	43,430	(49,948)	(7,545)	(7,545)	(34,858)	-
Loan from related party	680,000	(680,000)	(680,000)	-	-	-
Unclaimed dividend	126	(126)	(126)	-	-	-
	<b>34,635,801</b>	<b>(34,605,215)</b>	<b>(16,173,584)</b>	<b>(1,405,135)</b>	<b>(17,026,496)</b>	<b>-</b>

38.3.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up has been disclosed in respective notes to these financial statements.

## 38.4 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)
Trade and other payables in USD	-	-	-	(1,042,814)	(6,588)	-
Trade and other payables in EUR	-	-	-	(921,098)	-	(4,881)
Long-term trade payables	(86,300)	(400)	-	-	-	-
Trade receivables	404	2	-	1,636	10	-
Foreign currency loan						
- denominated in EUR	(1,837,759)	-	(8,518)	(2,039,894)	-	(10,410)
- denominated in USD	(4,094,456)	(19,876)	-	(3,845,265)	(24,291)	-
<b>Gross exposure</b>	<b>(6,018,111)</b>	<b>(20,274)</b>	<b>(8,518)</b>	<b>(7,847,435)</b>	<b>(30,869)</b>	<b>(15,291)</b>
Hedging arrangement	4,177,713	19,876	8,518	5,106,033	24,291	10,410
<b>Net exposure</b>	<b>(1,840,398)</b>	<b>(398)</b>	<b>-</b>	<b>(2,741,402)</b>	<b>(6,578)</b>	<b>(4,881)</b>

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	
	2022	2021	2022	2021
	Rupees		Rupees	
US Dollars	179.74	161.80	206.00	158.30
EURO	201.84	191.52	215.75	188.71

## Sensitivity analysis

A ten percent strengthening or weakening of the Rupee against USD and EUR 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 was performed on the same basis for 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in '000)	
Effect on profit or loss on 10% weakening of Rupee	(184,040)	(274,140)
Effect on profit or loss on 10% strengthening of Rupee	184,040	274,140

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the Company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

## 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 and short-term running finance. 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:

	2022	2021
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
Financial assets		
- Term deposits	35,673	37,173
<b>Variable rate instruments</b>		
Financial assets		
- Bank balances	98,923	106,001
<b>Financial liabilities</b>		
- Short term borrowings	2,783,927	7,679,924
- Long term financing	19,886,142	19,700,920
	<b>22,670,069</b>	<b>27,380,844</b>

## 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 June 30, 2022 by Rs. 226.70 million (2021: Rs. 266.02 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

## c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instrument Company, its issuer, or factors affecting all similar financial instrument traded in the market.

At present the company is not exposed to any other price risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## Reconciliation of movements of liabilities to cash flows arising from financing activities

	2022				Total
	Short term borrowings used for cash management purpose	Long term Borrowings	Hedging Reserve	Loan from related party	
	(Rupees in '000)				
Balance as at 1 July 2021	7,809,502	20,533,034	-	976,828	29,319,364
Changes from financing cash flows					
Proceeds of long term loan	-	492,012	-	-	492,012
Repayment of long term loan	-	(1,263,506)	-	-	(1,263,506)
Proceeds from related party loan	-	-	-	1,000,000	1,000,000
Repayment of related party loan	-	-	-	(1,680,000)	(1,680,000)
Total changes from financing activities	-	(771,494)	-	(680,000)	(1,451,494)
Other changes - interest cost					
Interest expense	716,203	1,797,277	-	19,587	2,533,067
Interest paid - note 38.4.1	(719,990)	(1,672,204)	-	(6,038)	(2,398,232)
Exchange gain / (loss) on hedged loan	-	946,635	-	-	946,635
Changes in short-term financing	(4,895,997)	-	-	-	(4,895,997)
Total loan related other changes	(4,899,784)	1,071,708	-	13,549	(3,814,527)
Total equity related other changes	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>2,909,718</b>	<b>20,833,248</b>	<b>-</b>	<b>310,377</b>	<b>24,053,343</b>

	2021				Total
	Short term borrowings used for cash management purpose	Long term Borrowings	Hedging Reserve	Loan from related party	
	(Rupees in '000)				
Balance as at 1 July 2020	7,882,599	20,502,991	-	2,196,660	30,582,250
Changes from financing cash flows					
Proceeds from long term loan	-	1,657,120	-	-	1,657,120
Repayment of long term loan	-	(812,185)	-	-	(812,185)
Proceeds from related party loan	-	-	-	1,560,000	1,560,000
Repayment of related party loan	-	-	-	(2,802,099)	(2,802,099)
Total changes from financing activities	-	844,935	-	(1,242,099)	(397,164)
Other changes - interest cost					
Interest expense	673,485	1,835,405	-	22,267	2,531,157
Interest paid - note 38.4.1	(676,420)	(2,373,363)	-	-	(3,049,783)
Exchange gain on hedged loan	-	(276,934)	-	-	(276,934)
Changes in short-term financing	(70,162)	-	-	-	(70,162)
Total loan related other changes	(73,097)	(814,892)	-	22,267	(865,722)
Total equity related other changes	-	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>7,809,502</b>	<b>20,533,034</b>	<b>-</b>	<b>976,828</b>	<b>29,319,364</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

38.4.1 This includes mark-up paid under Islamic mode of financing amounting to Rs. 2.39 billion (2021: 2.68 billion).

## 38.5 Hedging activities and derivatives

The Company uses derivatives to hedge some of its foreign currency transactions exposures. These include cross currency swaps which are designated as cash flow hedge and qualify for hedge accounting (note 2.19)

### 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 21.5 to these financial statements.

The critical terms of the cross currency swap contracts have been negotiated to match the terms of the aforementioned financial liability (note 13). Therefore an economic relationship exists.

Hedge ratio is based on hedging instrument with the same notional amount in foreign currency terms as the underlying exposure this results in hedge ratio of 1:1 or 100%.

The following potential sources of ineffectiveness are identified:

- The fair value of the hedging instrument on the hedge relationship designation date (if not zero);
- Changes in the contractual terms or timing of the payments on the hedged item; and
- a change in the credit risk of the Company or the counter party to the cross currency swap.

## 38.6 Capital risk management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distribution to ordinary shareholders.

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.

The debt to capital ratio at June 30 was as follows:

	2022	2021
	(Rupees in '000)	
Total borrowings - note 21, 27 & 28	22,670,069	28,060,844
Cash and bank - note 16	(217,775)	(255,106)
Net debt	22,452,294	27,805,738
Equity	17,283,455	10,744,915
Total capital	39,735,749	38,550,653
Debt to capital ratio	57%	72%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2022, the estimated fair value of all financial assets and financial liabilities are approximate to their carrying values, as the items are either short term in nature or periodically repriced, except for derivatives which are carried at level 2 of fair value hierarchy.

The Company classifies 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation technique used is as follows:

Level 2: 'Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2022:

Financial assets	2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Derivative assets - at fair value through profit and loss	-	1,621,753	-	1,621,753

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 40. CASH GENERATED FROM OPERATIONS

	2022	2021
	(Rupees in '000)	
Loss before taxation	(1,330,626)	(671,208)
<b>Adjustment for:</b>		
Depreciation and amortisation	827,598	999,987
Finance cost on short-term financing - Islamic	682,103	592,070
Finance cost on short-term financing - Conventional	87,075	148,025
Mark up on lease liability	3,335	3,089
Finance cost on long-term financing - Islamic	1,636,567	1,587,944
Finance cost on long-term financing - Conventional	160,710	247,461
Mark-up on long-term trade payables	43,476	-
Asset written off	-	30,892
Unwinding of gain on modification of loan	10,082	10,597
Exchange loss / (gain) - net	248,965	(335,959)
Gain on modification of liability	(264,301)	-
Gain on disposal of property plant and equipment	(10,977)	(2,852)
Grant income	(11,484)	(16,967)
Finance income	(8,107)	(12,014)
(Reversal) / loss allowance on trade receivables	(36,280)	36,393
Provision for gratuity	44,943	40,401
	3,413,705	3,329,067
<b>Operating profit before working capital changes</b>	<b>2,083,079</b>	<b>2,657,859</b>
<b>Changes in working capital (Increase) / decrease in current assets</b>		
Inventories	(214,461)	(412,359)
Stores, spares and loose tools	(175,764)	(334,683)
Trade receivables	77,914	107,102
Advances and other receivables	885,018	690,153
Trade deposits and short-term prepayments	(14,033)	(16,371)
	558,674	33,842
<b>Decrease in current liabilities</b>		
Decrease in trade and other payables	(321,770)	(854,452)
<b>Cash generated from operations</b>	<b>2,319,983</b>	<b>1,837,249</b>

## 41. CASH AND CASH EQUIVALENTS

	2022	2021
	(Rupees in '000)	
Cash and bank balances	217,775	255,106
Short-term financing		
- Running finance	(350,000)	(250,000)
- Istisna	-	(250,000)
	(132,225)	(244,894)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 42. ANNUAL PRODUCTION CAPACITY

		2022	2021
		(Rupees in '000)	
Production capacity			
- Clinker		3,210,000	3,210,000
- Cement		3,370,500	3,370,500
Actual production			
- Clinker	42.1	1,863,323	2,333,980
- Cement	42.2	1,593,324	1,809,737

42.1 Clinker production capacity utilization is 58.05% (2021: 72.71%) of total installed capacity.

42.2 Cement production capacity utilization is 47.27% (2021: 53.69%) of total installed capacity. Actual production is less than the installed capacity in response to market demand.

## 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 during the year and year end balances	2022	2021
			(Rupees in'000)	
Aisha Steel Mills Limited	Associated company by virtue of common directorship	- Sale of goods	581	854
		- Payment received	571	660
		- Advance from customer	(62)	(71)
Safe Mix Concrete Limited	Associated company by virtue of common directorship	- Sale of goods	155,509	73,660
		- Payment received	205,227	71,395
		- (Advance) / receivable from customer	(6,892)	42,826
Javedan Corporation Limited	Associated company by virtue of common directorship	- Sale of goods	37,696	10,530
		- Payment received	66,622	27,742
		- (Advance) / receivable from customer	(20,011)	8,915
		- Other receivable	39	39

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2022	2021
			(Rupees in'000)	
Rotocast Engineering Company (Private) Limited	Associated company by virtue of common directorship	- Services received	13,693	13,442
		- Lease rental	15,090	13,718
		- Contribution / loan received	780,000	1,560,000
		- Loan repaid	680,000	880,000
		- Mark-up accrued	1,581	2,843
		- Payments made	31,273	24,025
		- (Advance) / Amount payable against services received	(1,377)	1,114
Arif Habib Corporation Limited	Associated company by virtue of common directorship	- Loan received	1,000,000	462,000
		- Loan repaid	1,000,000	462,000
		- Mark-up accrued	19,587	921
		- Mark-up paid	3,407	921
		- Mark-up payable	16,179	-
		- Guarantee commission accrued	872	1,967
		- Guarantee commission paid	1,037	2,037
		- Guarantee commission payable	212	376
Arif Habib Equity (Private) Limited	Associated company by virtue of common directorship	- Amount received against shares	-	730,000
		- Loan repaid	308,890	154,445
		- Mark-up accrued	223,483	227,232
		- Mark-up paid	221,998	296,719
		- Shares issued	-	730,000
		- Loan payable (including mark-up)	1,491,314	1,798,719
Memon Health & Education Foundation	Associated company by virtue of common directorship	- Sale of goods	8,374	4,860
		- Payment received	8,511	5,009
		- Advance from customer	(286)	(149)
Mr. Arif Habib	Substantial shareholder	- Contribution / Loan received	6,220,000	420,000
		- Repayments made	-	2,068,895
		- Mark-up accrued	-	19,424
		- Shares subscribed	-	796,959
		- Mark-up payable on previous loans	293,985	293,985
Allied Rental Modraba	Associated company by virtue of common directorship	- Services received	364	26,494
		- Payments made	350	26,144
		- Amount payable against services received	364	350
EFU Life Assurance Limited	Associated company by virtue of common directorship	- Services received	5,410	3,001
		- Payments made	6,082	3,001
		- Advances paid	(672)	-
Pakistan Stock Exchange Limited	Associated company by virtue of common directorship	- Services received	3,580	5,772
		- Payments made	3,580	5,772
Fatima Packaging Limited	Associated company by virtue of common directorship	- Purchase of goods	443,381	506,731
		- Payments made	475,267	503,908
		- Amount payable	38,078	69,964

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2022	2021
			(Rupees in '000)	
FLSmith A/S	Related party by virtue of nominee director	- Purchase of goods	163,308	-
		- Payment made	1,117,560	-
		- Amount payable / (Advance)	(33,154)	921,098
Fatima Fertilizer Company Limited	Associated company by virtue of common directorship	- Purchase of goods	7,283	3,661
		- Payments made	7,258	3,688
		- Amount advance	-	(25)
Pakarab Fertilizer Company Limited	Associated company by virtue of common directorship	- Purchase of goods	7,521	-
		- Payments made	5,830	-
		- Amount payable	1,691	-
All members of Company's Management Team	Key management	- Remuneration and other benefits	267,450	240,993
		- Advances disbursed to employees	24,585	13,633
		- Advances repaid by employees	26,276	9,827
Staff retirement benefit fund	Other related party	- Charge during the year	44,943	40,401
		- Contribution during the year	40,710	32,212

43.1 Following are the related parties with whom the Company had entered into transactions during the year or have arrangements / agreement in place:

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 (Pvt) Ltd.	Associated Company(Common directorship)	Nil
5	Mr. Arif Habib	Sponsor / Substantial Shareholder	29.74%
6	Fatima Fertilizer Company Limited	Associated Company(Common directorship)	Nil
7	Pakistan Stock Exchange Limited	Associated Company(Common directorship)	Nil
8	Memon Health & Education Foundation	Associated Company(Common directorship)	Nil
9	Arif Habib Corporation Limited	Associated Company(Common directorship)	1.42%
10	Arif Habib Equity (Private) Limited	Associated Company(Common directorship)	21.27%
11	EFU Life Assurance Limited	Associated Company(Common directorship)	Nil
12	FLSmith A/S	Related Party (Nominee director)	1.83%
13	Allied Rental Modraba	Associated Company(Common directorship)	Nil
14	Fatima Packaging Limited	Associated Company(Common directorship)	Nil
15	Pakarab Fertilizers Limited	Associated Company(Common directorship)	Nil
16	Staff retirement benefit fund	Other Related Party	Nil

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees '000)					
Managerial remuneration	19,200	12,600	-	-	248,250	228,393
Retirement benefits	1,600	1,050	-	-	20,687	47,446
Directors' fees	-	-	575	625	-	-
	<u>20,800</u>	<u>13,650</u>	<u>575</u>	<u>625</u>	<u>268,937</u>	<u>275,839</u>
	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>72</u>	<u>60</u>

The Executives are provided with free use of company maintained cars and are also provided with medical facilities in accordance with their entitlements.

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

43.4 Directors' Fee paid to 2 (2021: 2) non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 0.575 million (2021: Rs. 0.625 million).

## 44. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

Number of employees as at June 30

- factory
- office

Average number of employees during the year

- factory
- office

	2022	2021
	(Rupees in '000)	
Number of employees as at June 30		
- factory	409	415
- office	71	74
	<u>480</u>	<u>489</u>
Average number of employees during the year		
- factory	424	421
- office	77	75
	<u>501</u>	<u>496</u>

## 45. DATE OF AUTHORIZATION FOR ISSUE

These financial information has been authorized for issue on October 05, 2022 by the Board of Directors.

Chief Financial Officer

Chief Executive

Director

## PATTERN OF SHAREHOLDING

As at June 30, 2022

Categories of Shareholders

Ordinary Shares

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage (%)
<b>Directors, Chief Executive and their spouse(s) and minor children</b>			
Mr. Nasim Beg	1	5,243	0.00
Mr. Mohammad Kashif Habib	1	2,623,082	0.24
Mr. Samad A. Habib	1	2,621	0.00
Mr. Javed Kureishi	1	1	0.00
Ms. Saira Nasir	1	1	0.00
Syed Salman Rashid	1	70,662,119	6.36
	6	73,293,067	6.59
<b>Associated Companies, Undertakings and Related Parties</b>			
Mr. Muhammad Arif Habib	1	312,856,652	28.14
Arif Habib Limited	1	22,315,500	2.01
Arif Habib Equity (Private) Limited	1	207,778,060	18.69
Arif Habib Limited – MF	1	13,500	0.00
FLSMIDTH A/S	1	24,152,000	2.17
IFU Investment Partners K/S	1	40,253,335	3.62
The Investment Funds for Developing Countries	1	40,253,335	3.62
Rehana Salman	1	4,920,000	0.44
	8	652,542,382	58.69
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>			
Bank Al Habib Limited	1	411,000	0.04
National Bank of Pakistan	1	1,054	0.00
The Bank of Punjab	1	253,000	0.02
Escorts Investment Limited	1	1,000	0.00
Summit Bank Limited	1	18,870,416	1.70
	5	19,536,470	1.76
<b>Insurance Companies</b>			
Premier Insurance Limited	1	320,830	0.03
State Life Insurance Corp. of Pakistan	1	676,169	0.06
Adamjee Life Assurance Limited-IMF	1	1,800,000	0.16
Adamjee Life Assurance Company Limited	1	400,000	0.04
	4	3,169,999	0.29
<b>Modarabas and Mutual Funds</b>			
First Equity Modaraba	1	1,350,000	0.12
First UDL Modaraba	1	404,826	0.03
First Alnoor Modaraba	1	58,500	0.01
B.R.R. Guardian Modaraba	1	1,533,168	0.14
CDC – Trustee First Capital Mutual Fund	1	112,500	0.01
CDC – Trustee Golden Arrow Stock Fund	1	500,000	0.04
	7	3,958,994	0.36
<b>General Public</b>			
Local	10,783	303,632,968	27.31
Foreign	955	2,355,731	0.21
	11,738	305,988,699	27.52
<b>Foreign Companies</b>	16	1,929,608	0.17
<b>Others</b>	99	51,424,269	4.63
	11,883	1,111,870,488	100

## PATTERN OF SHAREHOLDING

As at June 30, 2022

Ordinary Shares

No. of Shares Shareholders	Shareholding		Total Shares Held
	From	To	
725	1	100	19,301
2,910	101	1,000	2,045,641
3,550	1001	5,000	10,752,581
1,538	5,001	10,000	12,510,984
2,169	10,001	50,000	51,855,150
477	50,001	100,000	35,781,077
406	100,001	500,000	88,541,679
49	500,001	1,000,000	35,002,957
43	1000,001	5,000,000	90,231,446
7	5,000,001	10,000,000	47,988,255
5	10,000,001	50,000,000	145,844,586
2	50,000,001	100,000,000	155,799,771
1	100,000,001	207,780,000	207,778,060
1	227,715,001	227,720,000	227,719,000
11,883	Total		1,111,870,488

"Statement Showing Shares Bought and Sold by Directors, CEO, CFO, CS and their Spouses and Minor Children from July 1, 2021 to June 30, 2022"

Name	Designation	Shares Sold	Date
Mr. Nasim Beg	Chairman	100,000	15-Sep-2021

## PATTERN OF SHAREHOLDING

As at June 30, 2022

Categories of Shareholders

Preference Shares

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage (%)
<b>Directors, Chief Executive and their spouse(s) and minor children</b>			
Mr. Nasim Beg	1	603,308	0.29
Mr. Mohammad Kashif Habib	1	1,205	0.00
Mr. Samad A. Habib	1	602	0.00
	3	605,115	0.29
<b>Associated Companies, Undertakings and Related Parties</b>			
Mr. Muhammad Arif Habib	1	79,695,831	38.27
Arif Habib Corporation Limited	1	18,766,114	9.01
Arif Habib Equity (Private) Limited	1	73,000,000	35.06
	3	171,461,945	82.34
<b>Modarabas and Mutual Funds</b>			
First Alnoor Modaraba	1	7,130	0.01
B.R.R. Guardian Modaraba	1	756,990	0.36
	2	3,958,994	0.37
<b>General Public</b>			
Local	421	30,761,031	14.77
Foreign	12	15,340	0.01
	433	30,776,371	14.78
<b>Others</b>	12	4,635,726	2.23
	453	208,243,277	100

Pattern of Shareholding as at June 30, 2022

Preference Shares

No. of Shares Shareholders	Shareholding		Total Shares Held
	From	To	
41	1	100	883
165	101	1,000	68,864
126	1001	5,000	282,975
37	5,001	10,000	259,795
48	10,001	50,000	1,105,751
12	50,001	100,000	886,356
7	100,001	500,000	2,439,400
10	500,001	1,000,000	7,797,047
2	1000,001	5,000,000	6,190,000
1	5,000,001	10,000,000	5,616,687
2	10,000,001	50,000,000	30,899,688
2	50,000,001	100,000,000	152,695,831
	<b>Total</b>		<b>208,243,277</b>

میں/ہم، پرائیویٹ لمیٹڈ کے \_\_\_\_\_ کے نمبر (ممبرز)، رجسٹرڈ فوئیو/سی ڈی سی اکاؤنٹ نمبر کے مطابق

عام حصص (شیرز) کے حامل \_\_\_\_\_ اس طرح

پروویڈیو کا انفرس کی سہولت کا انتخاب کرتے ہیں۔

تاریخ

نام اور دستخط

کمپنی، ممبران کو پروویڈیو کا انفرس کی سہولت کے مقام کے بارے میں سالانہ عمومی اجلاس کی تاریخ سے کم از کم پانچ (05) روز قبل مطلع کرے گی اور اس کے ساتھ اس طرح کی سہولت تک رسائی حاصل کرنے کے لیے مکمل ضروری معلومات فراہم کرے گی۔

کسی بھی سوال/مسئلہ/معلومات کے لیے ممبران درج ذیل پتے پر ہمارے شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

سی ڈی سی شیئر رجسٹرار سرور لمیٹڈ

سی ڈی سی ہاؤس، B-99، S.M.C.H.S بلاک

مین شاہراہ فیصل، کراچی

کمپنیز ایکٹ 2017 کے سیکشن 166(3) کے تحت بیان

آزاد ڈائریکٹران کا انتخاب کمپنیز ایکٹ 2017 کے سیکشن 159 کے مطابق ڈائریکٹران کے انتخاب کے عمل کے ذریعے کیا جائے گا۔

مد مقابل اپنے نوٹس/انتخابات میں کھڑے ہونے کا ارادہ دائر کرنے کے بعد، کمپنی خود مختار ڈائریکٹر کے طور پر تفری کے انتخاب کے لیے درج ذیل معیارات کا اطلاق کرے گی:

- پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے زیر انتظام ڈیٹا بینک میں آزاد ڈائریکٹران کے نام کو شامل کرنا جو کہ SECP کے ذریعے مجاز ہے۔
- انتخابی امیدواروں کی متعلقہ قابلیت، تنوع، مہارت، علم اور تجربے کا جائزہ لیا جائے گا۔
- کمپنی ڈیٹا بینک سے کسی ایسے شخص کو منتخب کرنے سے پہلے پوری مستعدی سے کام کرے گی کہ مقابلہ کرنے والا کمپنیز ایکٹ، 2017 کے سیکشن 166(2) میں بیان کردہ آزادی کے معیار پر پورا اترتا ہے۔

نوٹ:

1. حصص کی منتقلی کے کھاتوں کی بندش:

کمپنی کی حصص کی منتقلی کے کھاتے 21 اکتوبر 2022 سے 28 اکتوبر 2022 تک بند رہیں گے (بشمول دونوں دن)۔ 20 اکتوبر 2022 کو کاروبار کے اختتام تک کمپنی کے حصص رجسٹرار، میسرز CDC شیئرز رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، B-99 بلاک، S.M.C.H.S، بین شاہراہ فیصل، کراچی کے دفتر میں ترتیب سے موصول ہونے والی منتقلی کو سالانہ عمومی اجلاس کے مقصد کے لیے بروقت سمجھا جائے گا۔

2. ویڈیولنک کی سہولت کے ذریعے سالانہ عمومی اجلاس کی کارروائی میں شرکت:

کمپنی سکیورٹیز ریگولیشنز ایکٹیویشن کمیشن آف پاکستان (SECP) کی طرف سے مطلع کردہ مرکز کے مطابق ویڈیولنک کی سہولت کے ذریعے اپنے حصص یافتگان کو شرکت کی سہولت بھی فراہم کرتی ہے۔

اس سہولت کے ذریعے سالانہ عمومی اجلاس میں شرکت کے خواہشمند ممبران/پراکسیز سے درخواست کی جاتی ہے کہ وہ ذیل میں معلومات corporate@powercement.com.pk موضوع پاور سینٹ لمیٹڈ کی 31 ویں سالانہ عمومی اجلاس میں رجسٹریشن کے لیے درست (CNIC دونوں طرف کی) یا پاسپورٹ کی درست کاپی کے ساتھ فراہم کریں۔

رجسٹرڈ ای میل ایڈریس	موبائل فون نمبر	قومی شناختی کارڈ نمبر	فولیو/سی ڈی سی نمبر	حصص یافتگان کا نام

ویڈیولنک اور لاگ ان کی شناخت اُن ممبران/پراکسیز کے ساتھ شیئرز کی جائیں گی جن کی ای میل مندرجہ بالا تمام تفصیلات کے ساتھ سالانہ عمومی اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہوں گی۔

ممبران سالانہ عمومی اجلاس کے ایجنڈا کے نکات کے لیے اپنے تبصرے اور سوالات درج ذیل ای میل پر بھی فراہم کر سکتے ہیں: corporate@powercement.com.pk

3. پراکسیز کی تقرری اور سالانہ عمومی اجلاس میں شرکت:

I. مینٹگ میں شرکت کرنے اور ووٹ دینے کا حقدار کن کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے جس کے پاس مینٹگ میں شرکت کرنے، بولنے اور ووٹ دینے جیسے حقوق ہوں گے جو کہ ممبر کو دستیاب ہیں۔

II. سالانہ رپورٹ میں پراکسی کا ایک خالی فارم (انگریزی اور اردو میں) منسلک ہے۔ پراکسی کا فارم کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔

III. موثر ہونے کے لیے، پراکسی فارم مینٹگ سے 48 گھنٹے پہلے ہمارے رجسٹرار کے دفتر (یا تو ہارڈ کاپی یا اسکین شدہ) موصول ہونے چاہئیں، جس پر دو افراد کے نام، پتہ، CNIC نمبر، دستخط شدہ، مہر شدہ اور گواہی کے ساتھ ہو۔

IV. پراکسی کے فارم پر دو افراد کے دستخط، مہر اور گواہی ہونی چاہیے ان کے نام، پتہ، CNIC نمبر اور دستخط کے ساتھ۔

V. سنٹرل ڈپازٹری کمپنی (سی ڈی سی) کے کھاتہ داروں کو بھی سکیورٹیز ریگولیشنز ایکٹیویشن کمیشن آف پاکستان (SECP) کے جاری کردہ سرکلر نمبر 1 بتاریخ 26 جنوری 2000 میں بیان کردہ رہنمائی پر عمل کرنے کی ضرورت ہے۔

VI. کسی کارپوریٹ ادارے کی طرف سے پراکسی کی صورت میں، بورڈ آف ڈائریکٹران کی قرارداد/پاور آف اٹارنی اور CNIC یا پراکسی کے پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ جمع کرائی جائے گی (ہارڈ کاپی یا اسکین شدہ)۔

4. اراکین کے بتوں میں تبدیلی:

اراکین سے درخواست ہے کہ وہ اپنے بتوں میں کسی بھی تبدیلی کی اطلاع حصص رجسٹرار میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو فوری طور پر دیں۔

5. ای میل کے ذریعے آڈٹ شدہ مالیاتی گوشواروں کی گردش:

حصص یافتگان نے 15 اکتوبر 2016 کو 25 ویں سالانہ عمومی اجلاس میں سالانہ رپورٹس کو ICD/DVD/USB ای میل پر سافٹ کاپیوں کی شکل میں منتقل کرنے کی منظوری دے دی ہے بجائے اس کے کہ سالانہ آڈٹ شدہ کھاتوں کو

2014/787(1)/SRO مورخہ 08 ستمبر 2014 اور 2016/470(1)/SRO مورخہ 31 مئی 2016 کے مطابق نقل شدہ کاپی میں منتقل کیا جائے۔

لہذا، کمپنی نے سالانہ رپورٹس حصص یافتگان کو ای میل کے ذریعے ان کے رجسٹرڈ ای میل پر بھیج دی ہیں جیسا کہ کمپنیز ایکٹ کے سیکشن (223) کے تحت بھی اجازت دی گئی ہے۔ تاہم، وہ حصص یافتگان جو مالیاتی گوشواروں کی ہارڈ کاپی حاصل کرنا چاہتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ کمپنی کے ایڈریس پر معیاری درخواست فارم (کمپنی کی ویب سائٹ

http://www.powercement.com.pk پر بھی دستیاب ہے) کا استعمال کرتے ہوئے درخواست جمع کرائیں۔

6. قومی شناختی کارڈ (CNIC) نیشنل ٹیکس نمبر (NTN) جمع کروانا (لازمی):

انفرادی ممبران جنہوں نے ابھی تک اپنے درست قومی شناختی کارڈ (CNIC) کی فولو کاپی کمپنی/حصص رجسٹرار کو جمع نہیں کرائی ہے، ان سے ایک بار پھر درخواست کی جاتی ہے کہ وہ اپنا CNIC کاپی) جلد از جلد کمپنی کے حصص رجسٹرار کو بھیجیں، مع سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک-بی، ایس ایم سی ایچ ایس، بین شاہراہ فیصل، کراچی۔ کارپوریٹ اداروں سے درخواست کی جاتی ہے کہ وہ اپنا نیشنل ٹیکس نمبر (NTN) فراہم کریں۔ براہ کرم CNIC/NTN تفصیلات کی کاپی کے ساتھ فولیو نمبر بھی دیں۔

7. ویب سائٹ پر مالیاتی گوشواروں اور رپورٹوں کی دستیابی:

کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کی دفعات کے مطابق، 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب

سائٹ: https://powercement.com.pk/financial-reports پر دستیاب ہیں۔

8. فزیکل شیئرز کی بک انٹری فارم میں منتقلی:

کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کے مطابق جیسا کہ بیان کیا گیا ہے، ہر موجودہ کمپنی کو ایس ای سی پی (SECP) کی جانب سے مطلع کردہ تاریخ سے اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرنے کی ضرورت ہوگی، ایکٹ کے آغاز سے چار (4) سال سے زیادہ نہ ہونے کی مدت کے اندر، یعنی 30 مئی 2017۔

فزیکل شیئرز رکھنے والے حصص یافتگان کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکر کے ساتھ سی ڈی سی ذیلی کھاتہ کھولیں یا براہ راست سی ڈی سی کے ساتھ اپنے فزیکل شیئرز کو غیر حسی (اسکرپ لیس) صورت میں رکھیں۔ یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا، بشمول حصص کی طاقویل اور فروخت، جب بھی وہ چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

9. ڈائریکٹران کا انتخاب میں حصہ:

کوئی بھی شخص (بشمول سیکرٹری ہونے والا ڈائریکٹر) جو ڈائریکٹران کا انتخاب لڑنا چاہتا ہے وہ کمپنی کے رجسٹرڈ آفس عارف حبیب سینٹر 23 ایم ٹی خان روڈ کراچی میں مذکورہ مینٹگ سے 14 دن پہلے اپنے آپ کو پیش کرنے کا ارادہ کمپنیز ایکٹ 2017 کے سیکشن (3) 159 کے مطابق ڈائریکٹران کے انتخاب کے لیے درج ذیل کے ساتھ ظاہر کرے گا:

- باضابطہ طور پر مکمل اور دستخط شدہ فارم 28 جو کہ منتخب ہونے پر کمپنی کے ڈائریکٹر کے طور پر کام کرنے کی رضامندی دیتا ہے (کمپنی ایکٹ، 2017 کے سیکشن (1) 167 کے تحت)، اور تصدیق کرتا ہے کہ وہ کسی بھی قابل اطلاق قوانین، قواعد و ضوابط کے تحت ڈائریکٹر بننے کے لیے نااہل نہیں ہے۔
- 10 جولائی 2014 کے ایس ای سی پی کے SRO 634 (1)/2014 کے مطابق ایکشن کی تاریخ سے سات دن قبل دفتر کے پتے کے ساتھ تصدیقی پروفاکس کمپنی کی ویب سائٹ پر ڈالنا ہے۔

iii. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے تقاضوں کے مطابق ہونے کے سلسلے میں اعلامیہ اور اہلیت کے معیار جیسا کہ کمپنیز ایکٹ 2017 میں لسٹڈ کمپنی کے ڈائریکٹر کے طور پر کام کرنے کے لیے مقرر کیا گیا ہے۔

iv. درست CNIC اور NTN کی تصدیق شدہ کاپی۔

v. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شق (2) 6 کے تحت آزاد ڈائریکٹران کی جانب سے اعلامیہ۔

vi. غیر عدالتی تصدیق نامہ پر عہد کرنا کہ وہ کمپنیز (آزاد ڈائریکٹران کا طریقہ اور انتخاب) ریگولیشنز 2018 کے ضابطہ 4 کے ذیلی ضابطہ نمبر 1 کی ضروریات کو پورا کرتا ہے۔

10. رائے شماری بذریعہ ڈاک:

ایکٹ 2017 کے سیکشن 159 کے تحت ڈائریکٹران کے انتخاب کے مقصد کے لیے کمپنیز (رائے شماری بذریعہ ڈاک) ریگولیشنز 2018 کے مطابق ممبران کو رائے شماری بذریعہ ڈاک اپنے ووٹ کا حق استعمال کرنے کی اجازت دی جائے گی، یعنی ڈاک کے ذریعے یا کسی بھی الیکٹرانک موڈ کے ذریعے ووٹ دینا، مذکورہ ضوابط میں موجود تقاضوں اور طریقہ کار کے مطابق اگر خود کو منتخب ہونے کی پیشکش کرنے والے افراد کی تعداد کمپنیز ایکٹ، 2017 کے سیکشن (1) 159 کے تحت مقرر کردہ ڈائریکٹران کی تعداد سے زیادہ ہے۔

11. ویڈیو کانفرنس کی سہولت کے لیے رضامندی:

کمپنیز ایکٹ 2017 کے سیکشن (b) 134(1) کی تعمیل میں کمپنی کے ممبران ویڈیو کانفرنس کی سہولت کے ذریعے سالانہ عمومی اجلاس میں شرکت کر سکتے، اگر ممبران کراچی کے علاوہ کسی اور شہر میں مقیم ہوں، جن کے پاس مجموعی طور پر % 10 فیصد یا اس سے زیادہ شیئرز ہولڈنگ ہو، سالانہ عمومی اجلاس کی تاریخ سے کم از کم دس (10 دن) پہلے ویڈیو کانفرنس کے ذریعے سالانہ عمومی اجلاس میں شرکت کا تحریری مطالبہ کریں۔

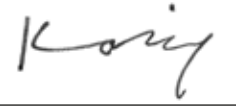
اس طرح کی سہولت حاصل کرنے کے لیے، براہ کرم درج ذیل فارم کو کمپنی کے رجسٹرڈ آفس میں مطلوبہ معلومات کے ساتھ جمع کرائیں۔

ڈائریکٹران کمپنی سے مستفیدان و اہل لوگوں کے مسلسل اعتماد اور سرپرستی کے لیے ان کے مشکور ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کے یقین اور اعتماد کے لیے ان کے مشکور ہیں اور ان کے لیے ستائش کو ریکارڈ پر لا رہے ہیں۔ ہم وزارت خزانہ، وزارت صنعت و پیداوار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سٹیٹ بینک آف پاکستان، مسابقتی کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کا مسلسل تعاون اور رہنمائی پر شکر یہ ادا کرتے ہیں جس کی وجہ سے کمپنی کو طویل مدت طے کر کے موجودہ شکل حاصل ہوئی۔ ایک ادارے کے نتائج ان لوگوں کی کوششوں کی زبردست عکاسی کرتے ہیں جو کمپنی کے لیے اور اس کے ساتھ کام کرتے ہیں۔ ڈائریکٹران کمپنی کے ملازمین کی طرف سے کئے گئے اجتماعی تعاون کو پوری طرح تسلیم کرتے ہیں جس کے توسیعی منصوبے کی کامیابی سے تکمیل کے ثمرات اب کمپنی کی کارکردگی میں واضح ہیں۔ ہم آڈٹ اور دیگر کمیٹیوں کے ممبران کی اہم معاونت اور فعال کردار کو بھی سراہتے ہیں جو کہ انتہائی اہم معاملات پر انتظامیہ کی رہنمائی کرتے ہیں۔

برائے و مخائب



نسیم بیگ  
سربراہ ایگزیکٹو ڈائریکٹر



محمد کاشف حبیب  
چیئر مین

05 اکتوبر 2022ء کراچی

## 31 ویں سالانہ عمومی اجلاس کا نوٹس

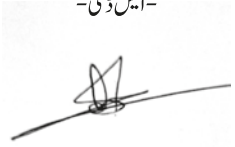
اس نوٹس کے ذریعے اطلاع دی جاتی ہے کہ پاور سینٹ لمیٹڈ (کمپنی) کے شیئرز ہولڈرز کا 31 واں سالانہ عمومی اجلاس (AGM) بروز جمعہ 28 اکتوبر 2022 کو صبح 11 بجے PSX آڈیٹوریم، تیسری منزل، ایڈمن بلاک، اسٹاک ایکسچینج بلڈنگ، ایکسچینج روڈ، کراچی میں درج ذیل کاروباری معاملات کرنے کے لیے منعقد ہوگا۔ شیئرز ہولڈرز ویڈیو لنک کی سہولت کے ذریعے بھی سالانہ عمومی اجلاس میں شرکت کر سکتے ہیں۔

عام امور:

1. 28 اکتوبر 2022 کو منعقد ہونے والی کمپنی کی آخری سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔
2. ڈائریکٹران اور آڈیٹرز کی رپورٹس کے ساتھ سالانہ 30 جون 2022 کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کی وصولیاتی، غور و فکر اور نفاذ۔
3. سالانہ 30 جون 2022 کے لئے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ موجودہ آڈیٹرز، ممبرز، Chartered Accountants، A. F. Ferguson & Co. سبکدوش ہوئے اور اہل ہونے کے سبب، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔
4. 28 اکتوبر 2022 سے شروع ہونے والے تین سالہ مدت کے لیے کمپنی ایکٹ 2017 کے سیکشن (1) 159 کی دفعات کے مطابق کمپنی کے سات (07) ڈائریکٹروں کا انتخاب جیسا کہ کمپنی کے بورڈ آف ڈائریکٹران نے طے کیا۔
- سبکدوش ہونے والے ڈائریکٹران کے نام درج ذیل ہیں۔
1. جناب نسیم بیگ
2. جناب محمد کاشف حبیب
3. جناب صدقہ حبیب
4. سید سلمان رشید
5. جناب جاوید قریشی
6. جناب اینڈرس پالوڈن۔ مولر
7. محترمہ سائرہ ناصر
- سبکدوش ہونے والے ڈائریکٹران دوبارہ انتخاب کے اہل ہیں۔
- دیگر امور:
5. چیئر پرسن کی اجازت کے ساتھ دیگر امور پر غور و فکر۔
- کمپنی ایکٹ 2017 کے سیکشن (3) 166 کے تحت مادی حقائق سے متعلق ایک بیان اس نوٹس کے ساتھ دیا گیا ہے۔

محکم بورڈ

- ایس ڈی -



سلمان گورگن  
کمپنی سیکریٹری

اکتوبر 2022ء 7

کراچی

بورڈ کی کمیٹیاں اور اجلاس

آڈٹ کمیٹی

بورڈ کے ڈائریکٹران نے ایک آڈٹ کمیٹی قائم کی ہے جو تین مہران پر مشتمل ہے جو سب نان ایگزیکٹو ڈائریکٹران ہیں اور چیئر پرسن ایک آزاد ڈائریکٹر ہے۔ آڈٹ کمیٹی کی تشکیل ہندی درج شدہ کمپنیوں کا (کوڈ آف کارپوریٹ گورننس) انضباط، 2019 کی ضروریات کے مطابق کی گئی ہے۔

زیر نظر سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور ہر مہر کی حاضری درج ذیل تھی؛

ممبر کا نام	کمیٹی میں پوزیشن	اجلاس میں شرکت
محترمہ سائرہ ناصر	چیئر پرسن	4/3
* جناب نسیم بیگ	رکن	1/1
جناب سید سلمان راشد	رکن	4/3
* جناب صمد حبیب	رکن	3/3

\* جناب صمد حبیب کو نسیم بیگ کی جگہ آڈٹ کمیٹی کا رکن مقرر کیا گیا۔

انسانی وسائل اور معاوضہ کمیٹی

بورڈ کے ڈائریکٹران نے ایک انسانی وسائل اور اجرت کمیٹی قائم کی ہے جو تین ارکان پر مشتمل ہے۔ جن میں سے دونان ایگزیکٹو ڈائریکٹران ہیں۔ انسانی وسائل اور اجرت کمیٹی کی تشکیل ہندی درج شدہ (Listed) کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) انضباط، 2019 کی ضروریات کے مطابق کی گئی ہے۔

زیر نظر سال کے دوران انسانی وسائل اور اجرت کمیٹی کا ایک اجلاس منعقد ہوا اور ہر رکن کی حاضری حسب ذیل تھی:

ممبر کا نام	کمیٹی میں پوزیشن	اجلاس میں شرکت
جناب جاوید قریشی	چیئر پرسن	1/1
جناب محمد کاشف حبیب	رکن	1/1
جناب سید سلمان راشد	رکن	1/1

ڈائریکٹران کے معاوضے کی پالیسی

کمیٹی کے آزاد نان ایگزیکٹو ڈائریکٹران کو بورڈ کے ڈائریکٹران کے اجلاس یا بورڈ کی ذیلی کمیٹی کے کسی بھی اجلاس میں شرکت کے لیے اجلاس کا معاوضہ ادا کیا جا رہا ہے جیسا کہ 28 اکتوبر 2019 کو ہونے والے سالانہ عام اجلاس میں منظور کیا گیا تھا۔ سطحی طور پر معاوضہ کمپنی کو کامیابی اور اضافہ قدر کے ساتھ چلانے کی ذمہ داری اور مہارت کی سطح پر مناسب اور ہم آہنگی کے مطابق ہے۔ انتظامی سربراہ اور ڈائریکٹران کو دیا جانے والا معاوضہ سالانہ تختمہ 30 جون 2022 کے مالیاتی گوشوارے کے نوٹ 41 میں ظاہر کیا گیا ہے۔

داخلی مالیاتی گرفتوں کی موزونیت

بورڈ کے ڈائریکٹران داخلی گرفت کے ماحول کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں اور اس کے مطابق کارکردگی کے ماہر اور موثر طریقہ کار کو یقینی بنانے، کمیٹی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل اور قابل اعتماد مالیاتی گوشوارے کے لیے مالیاتی قابو کے نظام کو تشکیل دیا ہے۔ کمیٹی کا آزاد داخلی آڈٹ کا نظام باقاعدگی سے مالیاتی قابو کے نفاذ کی تشخیص اور نگرانی کرتا ہے۔

بورڈ آڈٹ کمیٹی آپ کی کمیٹی کی مالیاتی کارکردگی، سرمایہ اور کام چلانے کے اخراجات کے بجٹ، حکمت عملی کے منصوبے اور دیگر اہم کارکردگی کے اشاروں پر غور کرنے کے لیے سہ ماہی اجلاس کرتی ہے۔ بورڈ آڈٹ کمیٹی اندرونی اور بیرونی آڈیٹروں سے داخلی مالیاتی گرفت کے نظام کے بابت رپورٹس حاصل کرتی ہے اور داخلی گرفت کی اثر انگیزی کی نگرانی کے عمل کا جائزہ لیتی ہے۔

حصص داری کی ساخت

کمیٹی کے عام اور ترجیحی حصص پاکستان اسٹاک ایکسچینج میں درج شدہ ہیں۔ 30 جون 2022 تک کمیٹی کے (2020: 1،063،414،434) 1،063،414،434 عام حصص داران اور (2020: Nil) 244،585،320 ترجیحی حصص داران تھے۔ حصص داران کا تفصیلی نمونہ اس رپورٹ میں منسلک ہے۔

ڈائریکٹران اور اعلیٰ انتظامی سربراہان کی کمیٹی کے حصص میں خرید و فروخت

ایک تفصیل، جس میں کمیٹی کے حصص جو اس کے ڈائریکٹران، اعلیٰ انتظامی سربراہ، اعلیٰ مالیاتی سربراہ، کمیٹی ممبر بیڑی اور ان کے شریک حیات اور خاندان کے نابالغ اراکین کی طرف سے خریدے اور فروخت کیے گئے ہیں، اس رپورٹ میں منسلک ہے۔

مزید برآں تمام متعلقہ افراد کو مطلع کیا جاتا ہے کہ وہ کمیٹی ممبر بیڑی کو تحریری نوٹس دیں اگر کمیٹی کے حصص میں خود یا ان کے شریک حیات کے ذریعہ کسی بھی خرید و فروخت کو فوری تحریری طور پر مطلع کریں اور قیمت کا تحریری ریکارڈ، حصص کی تعداد اور سی ڈی سی کے بیانیہ کی فراہمی ایسے لین دین کے 2 دن کے اندر کریں۔

خطرات کا انتظام اور خطرات کو کم کرنے کی حکمت عملی

بورڈ کے ڈائریکٹران نے ممکنہ خطرات کی نشاندہی کی، آپ کی کمیٹی پر ان کے اثرات کا اندازہ کیا اور کاروبار کے لیے متوقع خطرات کو کم کرنے کے لیے حکمت عملی مرتب کی ہے۔ یہ حکمت عملی آپ کی کمیٹی کے تمام درجہ بندی پر نافذ کی گئی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ خطرے کے تخفیف میں کوئی خلا باقی نہ رہے۔

کمیٹی کو درپیش بڑے خطرات اور چیلنجز مندرجہ ذیل ہیں:

i)) منافع پر اعلیٰ سطحی اثر و رسوخ کا نچلادیاؤ۔

ii)) مارکیٹ کے کھلاڑیوں کی مسابقتی قیمتوں کے تعین کی وجہ سے صارفین سے کاروبار کرنے کی لاگت (خاص طور پر کولمب اور بجلی کے اخراجات) میں تیزی سے اضافہ کرنے میں ناکامی

iii)) شرح تبادلہ اور شرح سود کے خطرات کا دائرہ

iv)) صلاحیت کی توسیع/ نئے پلانٹ کی وجہ سے رسد کی فراہمی

v)) ملازمین کی آمدورفت میں اضافے کی وجہ سے معیاری انسانی وسائل کا نقصان

سالانہ رپورٹ کے متعلقہ حصوں میں ان کی مزید وضاحت کی گئی ہے۔

ماحولیات پر کمیٹی کے کاروبار کے اثرات

ہمارا نیا تیسب شدہ ماحول دوست FLSmidth پلانٹ IFC اور ورلڈ بینک کے معیار پر پورا اترتا ہے جو کہ پاکستان میں پہلا جدید ترین آن لائن کوالٹی کنٹرول سسٹم ہے۔ پلانٹ مسلسل 53 گریڈ کا اعلیٰ معیاری سینٹ تیار کر رہا ہے۔

مزید یہ کہ ویسٹ ہیٹ ریکوری سسٹم (ڈبلیو ایچ آرایس) پہلے ہی بجلی پیدا کرنے کے لیے پہلے ہی نصب کیا جا چکا ہے اور کمیٹی اپنے سولر اینڈ وینڈ انرجی اقدامات کے ذریعے ماحول دوست گرین انرجی کی طرف مزید آگے بڑھ رہی ہے۔

SEPA اور SEQs معیارات کی قانونی اور انضباطی تعمیلات کو پورا کرنے کے لیے کمیٹی کے پاس ایک سرشار اور اہل HSE عملہ ہے۔ ماحول پر کمیٹی کے کاروباری اثرات فعال ہونے کی وجہ سے، کمیٹی نے دھول سازی میں کمی کے آلات نصب کیے تھے جیسے ڈسٹ سائیکل بوز، بیگ ہاؤسز، آلودگی دبانے کے طریقہ کار سے گندگی کم کرنے، بگیس سے دھول نکلانے والے برقی آلات ، خطرات سے نمٹنے کے لیے پہنا جانے والا سامان ،فضائی آلودگی قابو کرنے کا نظام اور کمیٹی کے احاطے میں رفتار کی حدود قابو کرنے اور آرایس پی ایم (معقول معطل شدہ پارٹیکیولیٹ معاملہ) اور ایف آر ڈی (سڑک سے اڑنے والی دھول)۔

کمیٹی کے پاس جنوبی زون کا صاف ستھرا ہوا خارج کرنے والا پلانٹ ہے جس میں مکمل آلودگی قابو کرنے کا بیگ ہاؤس نظام ہے۔ پلانٹ کے اخراج کی سطح اب ورلڈ بینک/آئی ایف سی ہدایات کے ذریعہ دی گئی حدود اخراج سے بھی بہتر ہے۔ بیگ فلٹرز جدید ترین یورپی ٹیکنالوجی پر مبنی ہے جس میں Eco E3 فلٹریشن سسٹم استعمال کیا جاتا ہے جو کہ دھول کے اخراج کو استحکام کے ساتھ قابو کرتا ہے اور اس طرح کمیٹی کو جنوبی زون کے دیگر سینٹ پلانٹس پر برتری فراہم کرتا ہے۔ اس نئے آلودگی قابو کرنے کے نظام کے اضافی فوائد میں پلانٹ اور آلات کی مفید میعاد میں بہتری اور توانائی کے نقصانات میں کمی شامل ہے۔

اسناد

کمیٹی ہمیشہ بڑے پیمانے پر اپنے تمام ملازمین اور حصہ داران کے لیے  ظاہ شدہ کام کا ماحول فراہم کرنے کے لیے پر عزم رہی ہے اور آئی ایس او ، 2015: 45001 آئی ایس او2015: 14001 اور آئی ایس او 2015: 9001 کی اسناد اس کے مسلسل نفاذ کی گواہی ہے۔ کام کی جگہ پر صحت، حفاظت اور ماحول ایسے عمل کے مسلسل نفاذ کی تصدیق کرتے ہیں۔

خارجی آڈیٹرز کی تقرری

آڈیٹرز اے۔ ایف فرگوسن اینڈ چارٹرڈ اکاؤنٹنٹس کمیٹی، ریٹائر ہونے کے بعد تقرری کے لیے اہل ہونے پر خود کو دوبارہ پیش کرتے ہیں۔ بورڈ کے ڈائریکٹران نے سالانہ عام اجلاس میں مالیاتی سال

2022-23 کے لیے کمیٹی کے بطور آڈیٹران کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کی۔

متعلقہ شخصی لین دین

فہرست سازی کے ضوابط کے تقاضوں کی تعمیل کے لیے، کمیٹی نے تمام متعلقہ شخصی لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیا۔ ان لین دین کو آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاس میں منظور کیا ہے۔ تمام متعلقہ شخصی لین دین کی تفصیلات منسلک آڈٹ شدہ مالیاتی گوشوارے کے نوٹ میں فراہم کی گئی ہیں۔

قابل تجدید سبز توانائی کے منصوبے

سینٹ بنانے کے عمل میں پیداواری لاگت کے اہم اجزاء میں سے ایک بجلی ہے، جس کا محاسبہ لگ بھگ 20 فیصد ہے۔ ویسٹ ہیٹ ریکوری سسٹم (ڈبلیو ایچ آر ایس) 2021 میں نصب کیا گیا تھا جس کی 10 میگا واٹ سبز بجلی پیدا کرنے کی صلاحیت ہے۔ رواں سال آپ کی کمپنی نے سولر اور ونڈ پاور منصوبے شروع کر کے نئے اقدامات کیے ہیں۔ 7 میگا واٹ کے سولر پاور پروجیکٹ کا آغاز اگست 2022 میں ہوا، جس سے صاف اور سبز توانائی پیدا ہو رہی ہے جبکہ 9 میگا واٹ کے ونڈ پاور منصوبے پر کام جاری ہے۔ یہ نہ صرف کمپنی کی کیش فلو پوزیشن کو تقویت بخشنے کا بلکہ توانائی کی پیداوار میں خود استحکام کے حصول میں سبز توانائی پر جزوی منتقلی، کاربن کے تاثر کو کم کرنے اور قدرتی ماحول کی بہتری کے ذریعے بھی تعاون کرے گا۔ ان پائیدار اقدامات کے ساتھ انتظامیہ کی نظر ایک سال میں 21 ہزار ٹن کاربن کے اخراج کو کم کرنے پر ہے۔

نقطہ نظر

ہماری توقع کے مطابق مالی سال 2023 پاکستان کی معیشت کے لیے چیلنجنگ رہے گا، خاص طور پر کرنٹ اکاؤنٹ کے نمایاں خسارے کی وجہ سے، جو کہ مالی سال 2022 کے لیے 17.4 بلین ڈالر بہتقلہ مالی سال 2021 کے لیے 2.8 بلین ڈالر تھا۔ مہنگائی کی بلند ترین شرح بقرض کی زیادہ لاگت، بلکہ کاروباری ماحول کی غیر یقینی صورتحال، سخت تجارتی مالیاتی اقدامات اور امریکی ڈالر کے مقابلے میں

پاکستانی روپے کی نمایاں کمی، کاروباری طلب کے ساتھ ساتھ منافع کے لیے بھی خطرہ ہے۔

قوم نے مومن سون کی بارشوں اور سیلاب کا ایک بے مثال دور انید دیکھا ہے جس سے تقریباً 28 بلین ڈالر کا معاشی نقصان ہوا۔ پاکستان کا ایک تہائی حصہ زیر آب آنے سے، 3.6 بلین ایکڑ سے زیادہ فصلیں تباہ، 750,000 سے زیادہ مویشی ہلاک اور قیمتی انسانی جانوں کے ضیاع کے ساتھ ساتھ 20 لاکھ سے زیادہ مکانات متاثر ہوئے (جزوی طور پر اور/یا مکمل طور پر تباہ)۔ اس کے ساتھ ساتھ 410 سے زیادہ پبل اور 13,074 کلومیٹر سڑک مالی سال 2023 کی پہلی سہ ماہی کی تعمیراتی نتائج میں کمی کی پیش گوئی کرتی ہے، جو مالی سال 2023 کی دوسری اور تیسری سہ ماہی سے آگے بڑھ سکتی ہے۔ سندھ حکومت ورلڈ بینک کے تعاون سے سیلاب متاثرین کے لیے 110 ارب روپے کارہائشی منصوبہ (ہاؤسنگ پروجیکٹ) متعارف کرائے گی۔ صحت بخش عوامل کے ساتھ ساتھ، ہم آنے والی سہ ماہیوں اور سالوں میں صنعت کے لیے مضبوط مانگ اور ترقی کی بھی پیش گوئی کرتے ہیں۔ یہ زیادہ ترقیاتی اور صوبائی حکومتوں کی شراکت دار مقامی اور بین الاقوامی امدادی اداروں کے ساتھ مل کر تباہ شدہ بنیادی ڈھانچے (انفراسٹرکچر) کی از سر نو تعمیر سے ہوگا۔

لیکویڈیٹی اور منافع کو بڑھانے کے لیے، کمپنی کی انتظامیہ کی توجہ لاگت پر قابو پانے کے اقدامات پر مرکوز ہے اور اس کے مطابق حکمت عملی وضع کی ہے۔ آپ کی کمپنی تمام متعلقہ شعبوں میں کام کر رہی ہے جس میں متبادل ایندھن کا استعمال اور متقررہ لاگت کو کم کرنے کے لیے پلانٹ کے آپٹائزڈ آپریشنز شامل ہیں۔ انتظامیہ ریگولیٹری نظام اور مارکیٹ حرکیات میں تیزی سے تبدیلیوں کے ساتھ مکمل طور پر ہم آہنگ ہے۔ جہاں بھی ممکن ہو لاگت کو کم کرنے اور منافع کو زیادہ سے زیادہ کرنے، مارکیٹ کے خطرات کو کم کرنے، مستقبل کے چیلنجز کا مقابلہ کرنے اور کاروباری ترقی کو برقرار رکھنے کے لیے قیمتوں میں مؤثر سیلز مکس بنانے کی کوششیں کی جا رہی ہیں۔

کریڈٹ ریٹنگ

کمپنی کو 11 نومبر 2020 کو JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے) "A- سنگل A منس) کی طویل مدتی اور) "A-2 سنگل A (ٹو) کی قلیل مدتی درجہ بندی تفویض کی گئی ہے۔

کارپوریٹ گورننس کا ضابطہ

آپ کی کمپنی کے ڈائریکٹران معیہ عملی کی سمت کو آگے بڑھاتے ہیں اور کاروباری مضویوں کا باقاعدگی سے جائزہ لیا جاتا ہے۔ آڈٹ کمیٹی مؤثر تعینل برائے درج شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے 2019 کے ضابطے کے تحت بااختیار ہے۔ ہم آپ کی کمپنی میں اچھے کارپوریٹ گورننس کو یقینی بنانے کے لیے تمام ضروری اقدامات کر رہے ہیں جیسا کہ ضابطہ کی ضرورت ہے۔ تعینل کے حصے کے طور پر، ہم درج ذیل کی تصدیق کرتے ہیں:

کمپنی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، حالیہ منصفانہ طور پر کمپنی کی حالت، کاروائیوں کا نتیجہ، نقد بہاؤ اور سرمایہ میں تبدیلیوں کو پیش کرتے ہیں۔

کھانداری کی مناسب ظات کمپنی نے برقرار رکھی ہیں۔

کھانداری کی مناسب پالیسیوں کو مالیاتی گوشوارے کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور کھانداری کا تخمینہ معقول اور دانشمندانہ فیصلے پر مبنی ہے۔

اقوامی مالیاتی رپورٹنگ کے معیارات مالیاتی گوشوارے کی تیاری میں استعمال کئے گئے ہیں جیسا کہ پاکستان میں لاگو ہوتے ہیں۔

اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اس کا مؤثر طریقے سے نفاذ اور نگرانی کی گئی ہے۔

کمپنی کے منافع بخش جاری رہنے کی صلاحیت پر کوئی شک نہیں۔ مزید یہ کہ کمپنی تمام قرضوں کی بروقت ادائیگی کر رہی ہے اور بینک کی طرف سے اپنے قرضوں کی ادائیگی کے لیے کمپنی کی جانب

سے کوئی ناوہندگی نہیں کی گئی ہے۔

کارپوریٹ گورننس کے بہترین طریقوں سے کوئی قابل شمارخروج نہیں ہوا جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیل سے بیان کیا گیا ہے۔

کمپنی اپنے ملازمین کے لیے گریجویٹی فنڈ ڈائسیم چلاتی ہے جیسا کہ مالیاتی گوشوارے کے متعلقہ نوٹس میں ظاہر کیا گیا ہے۔

چارڈائریکٹران پہلے ہی تربیتی پروگرام برائے ڈائریکٹران مکمل کرچکے ہیں۔ بورڈ میں شامل ایک ڈائریکٹر CCG قواعد و ضوابط کے باب VI کی شق 19 کے مطابق کم از کم 14 سال کی تعلیم اور 15 سال سے زائد درج شدہ کمپنی کے بورڈ میں تجربہ رکھنے کی وجہ سے تربیتی پروگرام برائے ڈائریکٹران سے مستثنیٰ ہے۔ فی الحال، دو ڈائریکٹران ہیں جن کو تربیتی پروگرام برائے ڈائریکٹران کے تحت سرٹیفیکیشن درکار ہے۔ کمپنی 30 جون 2022 تک بیان کردہ قواعد و ضوابط کی ضروریات کو پورا کرنے کے لیے پرعزم ہے۔

اس سالانہ رپورٹ میں حصص کی مجموعی تعداد طے شدہ فارمیٹ پر گوشوارے میں منسلک کی گئی ہے۔

پچھلے 6 سالوں کے کلیدی-اہم آپریٹنگ اور مالیاتی اعداد و شمار کو گوشوارہ سے منسلک کیا گیا ہے۔

بورڈ کے ڈائریکٹران کی تشکیل بندی

کمپنی کا بورڈ آف ڈائریکٹران 30 جون 2022 تک درج ذیل پر مشتمل ہیں:

ڈائریکٹران کی کل تعداد	7
مرد	6
خاتون	1

30 جون 2022 تک بورڈ کے ڈائریکٹران کے نام اور تشکیل بنی حسب ذیل ہیں:

ڈائریکٹران کی تشکیل	ڈائریکٹران کا نام
ا) غیر ایگزیکٹو ڈائریکٹر	جناب نسیم بیگ جناب سید سلمان راشد جناب صد حبیب جناب اینڈرس پلوڈان مولر
ب) خود مختار ڈائریکٹر	جناب جاوید قریشی محترمہ سائرہ ناصر
ج) ایگزیکٹو ڈائریکٹر	جناب محمد کاشف حبیب

بورڈ کے ڈائریکٹران کے اجلاس

زیر جائزہ سال کے دوران بورڈ کے ڈائریکٹران (BOD) کے پانچ اجلاس منعقد ہوئے اور بورڈ ممبران کی حاضری مندرجہ ذیل تھی۔

ڈائریکٹر کا نام	عہدہ	اجلاس میں مہمہر نے شرکت کی
جناب نسیم بیگ	غیر ایگزیکٹو ڈائریکٹر/چیئرمین	5/5
جناب محمد کاشف حبیب	ایگزیکٹو ڈائریکٹر/انتظامی سربراہ	5/5
جناب سید سلمان راشد	نان ایگزیکٹو/ خود مختار ڈائریکٹر	3/5
جناب صد حبیب	غیر ایگزیکٹو ڈائریکٹر	3/5
جناب جاوید قریشی	غیر ایگزیکٹو ڈائریکٹر	4/5
محترمہ سائرہ ناصر	غیر ایگزیکٹو ڈائریکٹر	5/5
مسٹر اینڈرس پلوڈان مولر	غیر ایگزیکٹو ڈائریکٹر	5/5

اجلاس میں شرکت نہ کرنے والے ڈائریکٹران کو غیر حاضری کی چھٹی دی گئی۔

بورڈ کی تشخیص کا معیار

درج شدہ-لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) انضباط 2019 کے مطابق بورڈ کے ڈائریکٹران کی کارکردگی کا جائزہ لینے کے لیے ایک جامع طریقہ کار بنایا گیا ہے۔

بورڈ کے ڈائریکٹران کی کارکردگی کا جائزہ درج ذیل بنیادوں کے طریقہ کار پر لیا جاتا ہے:

بورڈ کی نگرانی اور اثر انگیزی

بورڈ کی تشکیل اور کمیٹیاں

بورڈ کے اجلاس اور کارروائی

بورڈ اور انتظامیہ کے تعلقات

تعلقات اور قیادت کا انتظام

کارپوریٹ گورنمن اور قواعد و ضوابط سے ڈائریکٹران کی واقفیت

کارپوریٹ گورننس

## ڈائریکٹرز رپورٹ

پاور سیمنٹ لمیٹڈ (آپ کی کمپنی) کے ڈائریکٹران سال 2022-30 جون تک کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

عالمی معیشت بعد از وبائی امراض، آغا تجارت کے بعد ایشیا کے انتہائی چکر کا مشاہدہ کر رہی ہے۔ نظام میں مزید اتار چڑھاؤ روس اور یوکرین کے جاری تنازعے کی وجہ سے سامنے آیا۔ وفاقی ریزرو کے نظام کی جانب سے شرحوں میں تیزی سے اضافے نے بھی کرنسیوں میں خلل پیدا کیا اور متعدد ممالک کے مرکزی بینکوں کو شرح مبادلہ کے نقصان پر قابو پانے کے لیے مداخلت کرنی پڑی۔ ان تمام پیش رفتوں کے نتیجے میں، شرح نمومیں کمی، ایشیا خورد و نوش اور ایندھن سمیت، شرح نمومیں کمی کے باعث اجناس کی قیمتوں میں تیزی سے اضافے کے ساتھ پوری دنیا میں معاشی تبدیلیاں واقع ہوئیں۔ اس نے لوگوں کی قوت خرید کو بری طرح متاثر کیا، خاص طور پر ان ممالک میں جہاں زر مبادلہ کی شرح کمزور ہے اور تمام معیشتوں کو مختلف درجات کے اثرات کی حد تک اس کو قبول کرنا پڑا۔

دنیا بھر کی طرح عالمی منڈیوں میں اتار چڑھاؤ نے پاکستان کی معیشت کو بھی شدید متاثر کیا ہے۔ رواں مالی سال کے آغاز میں، مالی سال 2021-22 کے لیے تخمینہ شدہ مجموعی ملکی پیداوار کی شرح نمومنتوقع طور پر تقریباً 6 فیصد کے ساتھ بہت زیادہ پرامید تھی۔ تاہم، جیسا کہ مذکورہ عالمی عوامل نے قیمتوں میں اضافہ کرنا شروع کیا، اقتصادی منظر نامے میں تیزی سے تبدیلی آئی۔ ایک غیر یقینی سیاسی ماحول کے ساتھ ساتھ مذکورہ بالا عالمی تباہیوں نے پاکستان کی معیشت پر بہت زیادہ باؤ ڈالا، جس سے زر مبادلہ کے ذخائر میں کمی اور قیمتوں میں اضافہ ہوا۔ ایف ای ڈی کی شرح میں اضافہ، جاری کھاتے کے خسارے میں اضافہ، آئی ایم ایف کی سخت شرائط اور سیاسی غیر یقینی صورتحال کے نتیجے میں امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں نمایاں کمی واقع ہوئی۔ نتیجتاً ڈی پی پی کی شرح نمومنتفی اثر پڑا اور افراط زر میں مزید اضافہ ہوا جو کہ ابتدائی طور پر بین الاقوامی اجناس کی قیمتوں کی وجہ سے شروع ہوئی تھی۔

مالی سال مختتمہ کے دوران، پاکستان میں سالانہ مہنگائی کی شرح کئی دہائیوں کی بلند ترین سطح تک بڑھی جو کہ اگست 2022 میں 3.27 فیصد کے ساتھ مئی 1975 کے بعد سب سے زیادہ ہے، جس کی بنیادی وجہ خوراک اور توانائی کے زیادہ لاگت ہے۔ شرح مبادلہ کے بحران اور مہنگائی سے لڑنے کے لیے SBP کی پالیسی ریٹ میں تیزی سے اضافے نے آگ میں مزید تیل ڈال دیا، جس سے معاشی بد حالی پہلے سے زیادہ بڑھ گئی۔ اب اس بات کا امکان ہے کہ مہنگائی کی شرح میں جلد کمی نہیں ہوگی اور آنے والے مہینوں میں جی ڈی پی کی شرح نمومیں مزید کمی آئے گی کیونکہ حال ہی میں شدید بارشوں اور مہلک سیلاب نے ملک کے ایک وسیع علاقے کو متاثر کیا ہے جبکہ کرنسی کو گر اوٹ کا سامنا ہے اور اسے ایشیا میں بدترین کارکردگی کا مظاہرہ کرنے والی کرنسی میں شامل کر دیا گیا ہے۔ سیاسی جوڑ توڑ اور سابقہ سیاسی حکومت کے خاتمے نے سرمایہ کاروں کے اعتماد کو کمزور کیا اور حکومتی ناکامی نے وسیع معاشی پالیسی کی مستقبل کی سمت میں غیر یقینی صورتحال کو مزید بڑھا دیا۔

سیمنٹ سیکڑ

جون 2022 کو ختم ہونے والے سال کے دوران پاکستان میں سیمنٹ کی صنعت ٪ 7.9 فیصد کم ہو کر 52.9 ملین ٹن تک پہنچ گئی جو گزشتہ سال 57.5 ملین ٹن تھی۔ مقامی فروخت کا حجم ٪ 1 فیصد کی معمولی کمی کے ساتھ 47.6 ملین ٹن تک پہنچ گیا جو کہ گزشتہ سال کے دوران 48.1 ملین ٹن تھا۔ زیر جائزہ سال کے دوران برآمدات کی فروخت کا حجم ٪ 43.6 فیصد کی کمی سے 5.3 ملین ٹن ہو گیا جو گزشتہ سال کے دوران 9.3 ملین ٹن تھا، جو جاری مالی سال - 2023 تک جاری رہے گا۔

سیمنٹ کی مقامی فروخت اور برآمدات میں جاری مالی سال کے دوران پیداواری لاگت زیادہ ہونے کی وجہ سے بڑے پیمانے پر کمی آئی ہے۔ بجلی کی قیمتوں میں ٪ 44 فیصد، شرح سود میں ٪ 114 فیصد اور کولے کی قیمتوں میں ٪ 86 فیصد اضافہ ہوا۔

ساؤتھ زون میں مقامی طلب، جہاں آپ کی کمپنی واقع ہے، سالانہ کھپت میں اضافے کو ظاہر کرتی ہے جو کہ ٪ 8.75 فیصد اضافے کے ساتھ 8.20 ملین ٹن رہی۔ اس کے ساتھ ہی برآمدی طلب 6.75 ملین ٹن رہی جو پچھلے سال کے مقابلے میں ٪ 35.6 فیصد کی منفی نمو کے ساتھ تھی۔ اس کے نتیجے میں، جنوبی زون 12.51 ملین ٹن کی کل ترسیل پر بند ہوا۔

مالیاتی کارکردگی

گزشتہ سال کے ساتھ 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے کلیدی اہم مالیاتی اشاروں کا موازنہ حسب ذیل ہے:

کوائف	برائے سال 2022	برائے سال 2021
	روپے '000 میں	
خام فروخت	23,633,083	19,702,055
منہا: سیلز ٹیکس / مرکزی ایکسائز ڈیوٹی / کمیشن	6,138,205	5,481,442
خالص فروخت	17,494,878	14,220,613
خام منافع / (خسارہ)	2,482,131	3,089,637
کاروباری منافع / (خسارہ)	1,304,202	1,928,232
خسارہ قبل از ٹیکس	-1,330,626	(671,207)
خالص منافع بعد از ٹیکس	-443,946	358,360
فی حصص (نقصان) / منافع (روپے)	-0.62	0.17

وبائی امراض سے متعلق غیر یقینی صورتحال اور کولے کی بین الاقوامی منڈیوں اور توانائی کی مقامی قیمتوں کی وجہ سے درپیش متعدد چیلنجز کے باوجود، آپ کی کمپنی نے 23.63 بلین روپے کی مجموعی آمدنی کے ساتھ اچھی کارکردگی کا مظاہرہ کیا جس میں پچھلے سال سے ٪ 20 اضافہ ہوا۔

توسیع کے بعد، آپ کی کمپنی پاکستان کی سب سے موثر لاگت والی سیمنٹ پلانٹ کمپنی بن گئی ہے۔ تاہم، زیر جائزہ مالیاتی سال کے دوران، لاگت فروخت میں اضافے کی وجہ سے پیداواری لاگت کے

اضافے میں کمی آئی جو کہ کولے کی قیمتوں اور بجلی کے نرخوں اور نقل و حمل کے اخراجات میں تیزی سے اضافے کے ذریعے کارفرما ہوئی۔

آپ کی کمپنی کا خام منافع گزشتہ سال ٪ 22 کے مقابلے میں گھٹ کر ٪ 14 رہ گیا۔ آپ کی کمپنی کے گزشتہ سال فی حصص آمدن (EPS 0.17) روپے کے مقابلے میں رواں سال فی حصص

نقصان (LPS) 0.62 روپے رپورٹ کی گئی۔

پیداوار

فرق ٪	مالی سال 2022	مالی سال 2021	پیداوار
	ٹن		
سیمنٹ	1,593,324	1,809,737	(12%)
کلینکر	1,863,323	2,333,980	(20%)

فرق ٪	مالی سال 2022	مالی سال 2021	کل ترسیلات
	ٹن		
سیمنٹ / کلینکر (مقامی)	1,627,272	1,633,074	(0.36%)
سیمنٹ (برآمد)	75,848	196,798	(61.45%)
کلینکر (برآمد)	419,830	553,621	(24.16%)
کل ترسیل	<b>2,122,950</b>	<b>2,383,493</b>	

قومی خزانے میں معاونت

کمپنی نے آکم ٹیکس، ایکسائز ڈیوٹی، سیلز ٹیکس اور دیگر سرکاری محصولات کی مدد میں سرکاری خزانے میں 2.57 بلین روپے (2.92 : 2021 بلین روپے) کا حصہ ڈال کر تعاون کیا۔

منافع منقسمہ اور بونس

انتہائی غیر مستحکم معاشی صورتحال اور کمپنی کے موجودہ طویل المدتی قرضوں کی ذمہ داریوں کو مد نظر رکھتے ہوئے، بورڈ نے سال مختتمہ : 30 جون 2022 کو کسی بھی قسم کے منافع منقسمہ یا بونس حصص بانٹنے کا

اعلانہ نہ کرنے کا فیصلہ کیا ہے۔

# CALENDAR OF UPCOMING CORPORATE EVENTS

## CALENDAR OF UPCOMING CORPORATE EVENTS

**01**

**Meetings**  
1st Quarter Ending  
September 30, 2022

**Tentative Dates**  
Last week of  
October 2022

**02**

**Meetings**  
Half Year Ending  
December 31, 2022

**Tentative Dates**  
Last week of  
February 2023

**03**

**Meetings**  
3rd Quarter Ending  
March 31, 2023

**Tentative Dates**  
Last week of  
April 2023

**04**

**Meetings**  
Annual Financial  
Year Ending  
June 30, 2023

**Tentative Dates**  
Last week of  
August 2023

## PROXY FORM 31st Annual General Meeting

The Company Secretary  
Power Cement Limited  
Arif Habib Centre  
23, M.T. Khan Road  
Karachi

I/We \_\_\_\_\_ S/o, W/o \_\_\_\_\_,  
being member(s) of Power Cement Limited (the Company), holding \_\_\_\_\_ ordinary/  
preference shares as per Registered Folio No. / CDC Account No. \_\_\_\_\_ hereby appoint  
\_\_\_\_\_ S/o., W/o \_\_\_\_\_ (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 28, 2022 and/or any adjournment thereof.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2022.

Signature on  
Rs. 5/-  
Revenue Stamp

\_\_\_\_\_  
Signature of Shareholder

Witnesses:

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

### NOTES:

1. A member entitled to attend and vote at the AGM 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. In order to be effective, the Proxy Form must be received at the office (either hard copy or scanned), not later than 48 hours before the AGM duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.
3. 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).
4. 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).

# پراکسی فارم

31 واں سالانہ اجلاس عام

کمپنی سیکرٹری

پاور سینٹ لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ، کراچی۔

میں/ہم \_\_\_\_\_ سکنہ /ساکنہ \_\_\_\_\_ بطور ممبر

(ممبران) پاور سینٹ لمیٹڈ/حالیہ حال/حالیہ حال \_\_\_\_\_ عام حصص بحوالہ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_

کو \_\_\_\_\_ بذریعہ بڑا جناب/محترمہ \_\_\_\_\_ سکنہ/ساکنہ \_\_\_\_\_

اپنا/ہمارا پراکسی مقرر کرنا/کرتی ہوں/کرتے ہیں تاکہ وہ میری/ہماری جانب سے کمپنی کے 31 ویں سالانہ اجلاس عام مؤرخہ 28 اکتوبر 2022ء، یا مزکورہ اجلاس منسوخ ہونے کی صورت میں کسی بھی اور تاریخ پراس کی جگہ ہونے والے دیگر اجلاس میں شرکت کرے۔

دستخط شدہ بروز \_\_\_\_\_ مؤرخہ \_\_\_\_\_ 2022۔

دستخط حامل/حالیہ حصص

پانچ روپے کی  
ریونیو ممبر پر دستخط کیجئے

گواہ نمبر 1

گواہ نمبر 2

نام: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

قومی شناختی کارڈ نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_

اہم نکات:

1۔ کوئی بھی ممبر جو کہ اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کی اہلیت کا حامل کسی دوسرے ممبر کو اپنا پراکسی نامزد 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 فارم کارآمد ہونے کے لیے لازم ہے کہ پراکسی فارم ہمارے رجسٹرار میسرز سینٹرل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس B-99، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جانے چاہئیں پراکسی فارم باقاعدہ دستخط اور مہر شدہ ہوں اور گواہوں نے اپنے دستخط، نام، پتے اور شناختی کارڈ نمبر سے پراکسی کی تصدیق کی ہو۔

3۔ بصورت افراد، پراکسی فارم کے ساتھ مستفیدی مالک اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل کا منسلک ہونا لازم ہے۔

4۔ اگر پراکسی کسی کاروباری ادارے کی جانب سے ہو تو بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پراکسی فارم کے ساتھ منسلک کرنا لازم ہے۔

FOLD HERE

The Company Secretary  
Power Cement Limited  
Arif Habib Centre  
23, M.T. Khan Road  
Karachi

FOLD HERE

FOLD HERE

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Power Cement Limited  
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