



Annual
Report

2018

STRENGTH
YOU
CAN **TRUST**

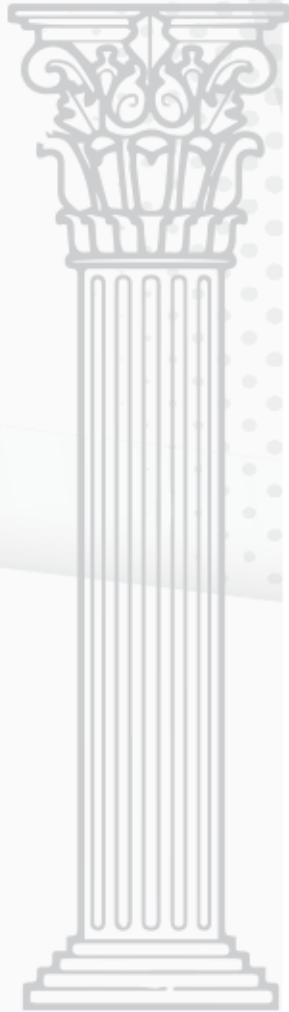


A Group Company of





STRENGTH
YOU CAN **TRUST**



STRENGTH YOU CAN TRUST

There is no finishing line when it comes to better performance. The struggle you're in today is developing the strength you need for tomorrow.

The consistency in performance and strength builds the trust and with trust comes reliability.

What we have learned with years of experience is that - The Greatest Ability is Reliability. Ability is important in every quest for success but Reliability is critical.





Vision

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

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Mission

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

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

Overall Corporate Strategy

A background image showing several hands stacking wooden blocks on a wooden surface, symbolizing construction and building. The blocks are arranged in a stepped pattern, and the hands are positioned as if they are actively building or adjusting the structure.

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

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

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

Core Values

Our People

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

Health, Safety & Environment

The Company strongly endorses and emphasizes on managing resources ensuring safety within and beyond its own facilities.

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

Regulatory Compliance & Corporate Governance

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

Integrity

Key success for any business fosters in a transparent environment based on ethical values.

Our values are based on highest integrity, which determines the way we work, leading to our well-founded reputation.

Excellence & Efficiency

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

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



VALUES

Code of Conduct

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

- maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the Company;
- ensuring transparency in business transactions and rejecting any business practice which might be deemed improper; and
- promoting fair business practices and ensuring compliance with legal and regulator requirements.

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

1. Confidentiality and Accuracy of Information

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

2. Gifts

All staff members are forbidden to accept gifts or borrow money from dealers, vendors or customers.

3. Health & Safety

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

4. Environment

To preserve and protect the environment, all staffmembers should:

- design and operate the Company's facilities and processes so as to ensure the trust of adjoining communities;
- promote conservation of resources and waste minimization;

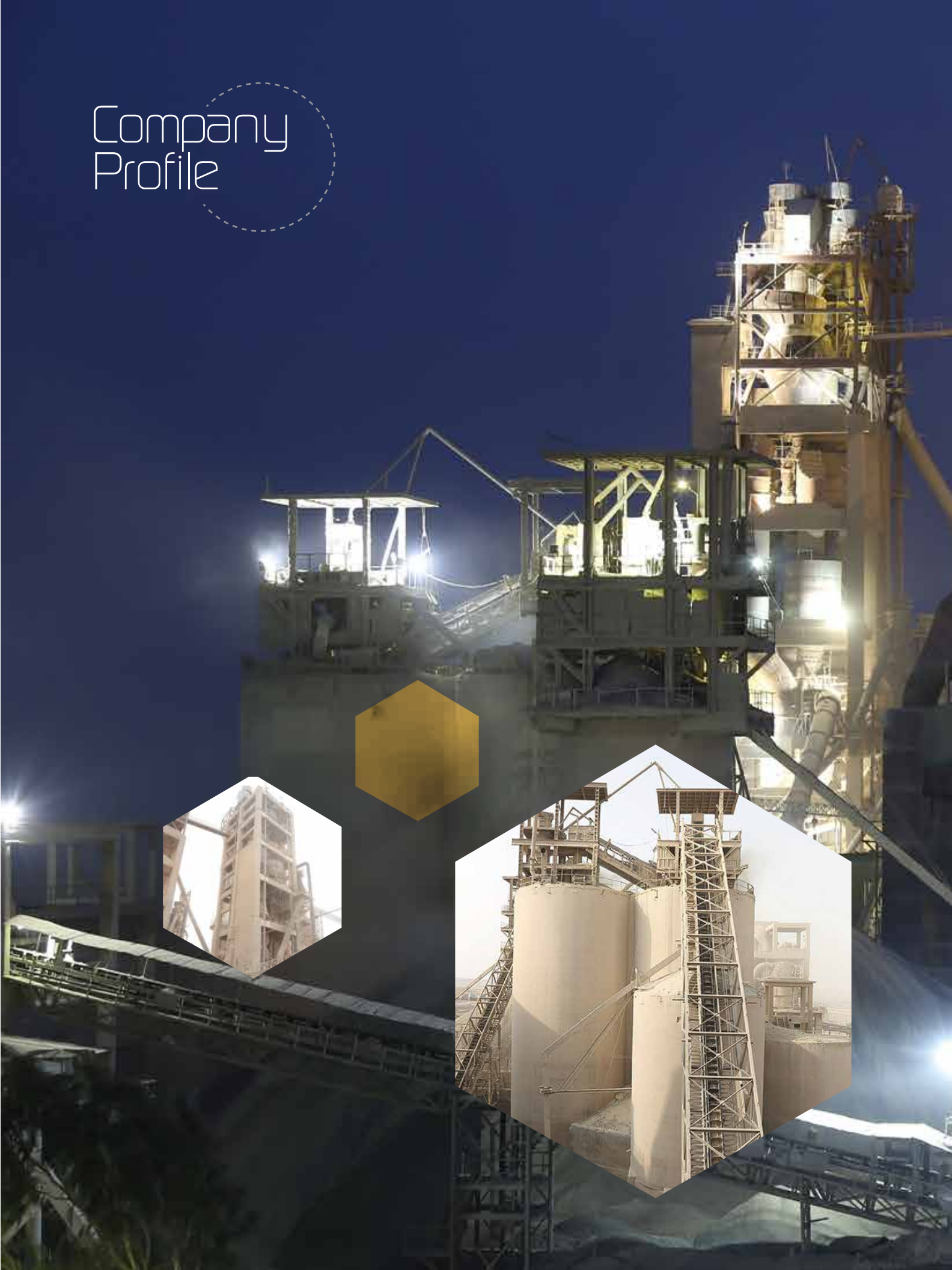
5. Work Place Harassment

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

Company Profile

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Company Profile





Power Cement Limited has a state-of-the-art cement manufacturing plant with a name plate capacity of 900,000 metric tons of clinker per year as on 30th June 2018.

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



Corporate Information

Board of Directors

| | |
|-----------------------|---------------------|
| Nasim Beg | Director & Chairman |
| Muhammad Kashif Habib | Director & CEO |
| Samad A. Habib | Director |
| Muhammad Ejaz | Director |
| Syed Salman Rashid | Director |
| Muhammad Yousuf Adil | Director |
| Anders Paludan-Müller | Director |

Audit Committee

| | |
|----------------------|----------|
| Muhammad Yousuf Adil | Chairman |
| Nasim Beg | Member |
| Syed Salman Rashid | Member |

HR & Remuneration Committee

| | |
|-----------------------|----------|
| Muhammad Yousuf Adil | Chairman |
| Muhammad Ejaz | Member |
| Muhammad Kashif Habib | Member |
| Samad A. Habib | Member |
| Syed Salman Rashid | Member |

Chief Financial Officer & Company Secretary

Tahir Iqbal

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

HaiderMota BNR

Share Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi – 74400.

Principal Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami 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
Meezan Bank Limited
Pak Oman Investment Company Limited
The Bank of Punjab
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited
The Bank of Khyber
Bank Al Habib Limited

Registered Office

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

Website

www.powercement.com.pk

Contact Number

021-32468231-32
021-32468350-51

Fax Number:

021-32463209

Factory

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

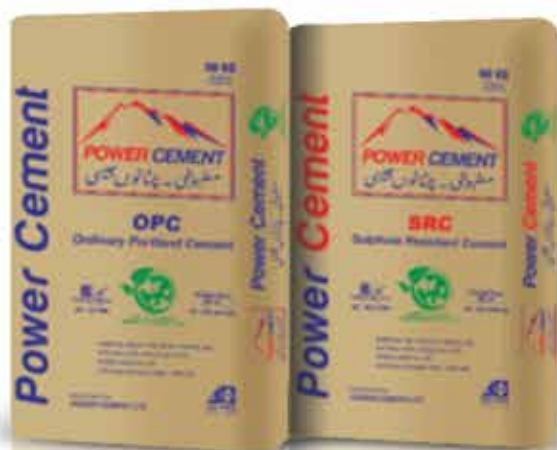
Our Brands:

POWER CEMENT

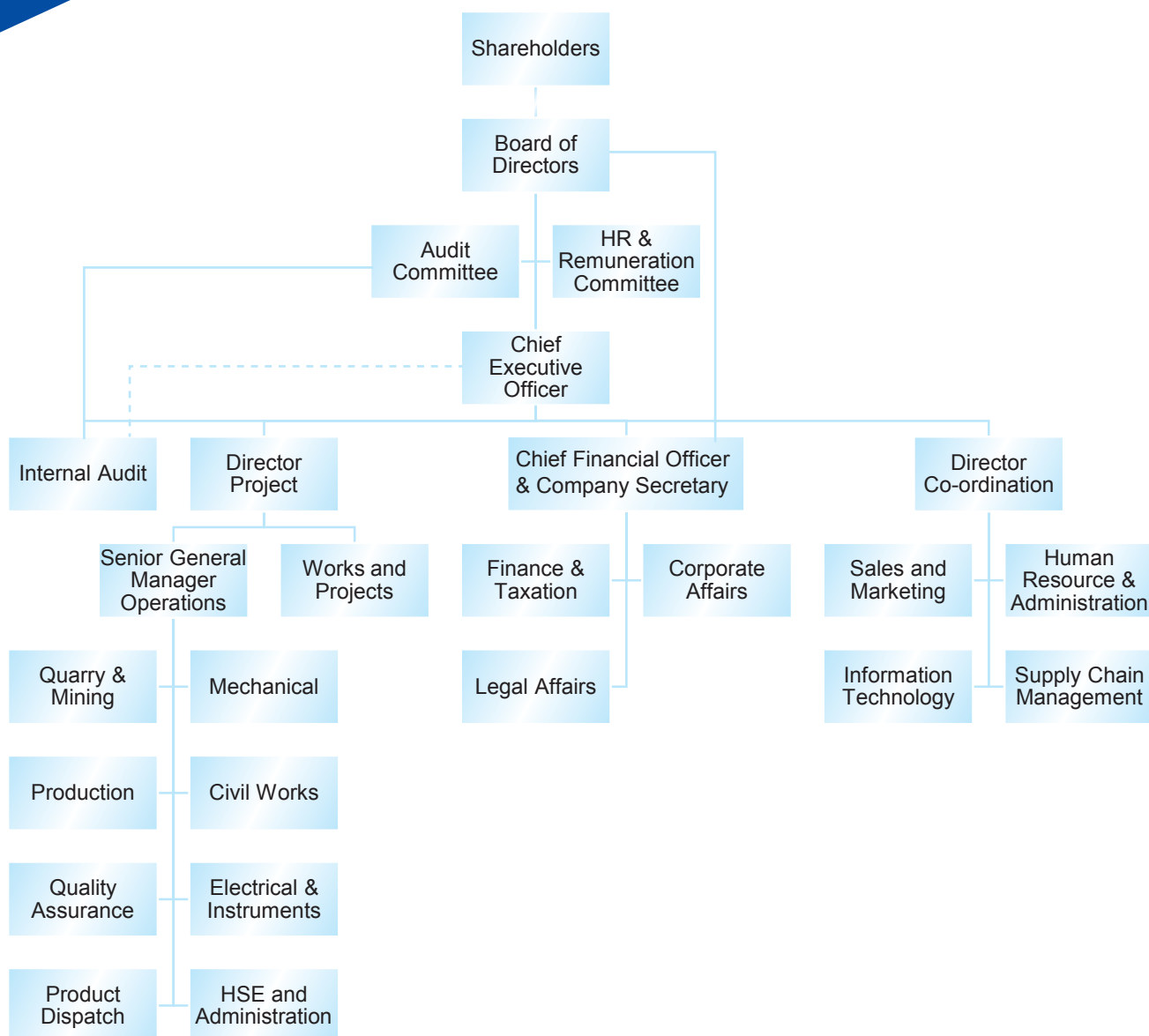
BLUE STAR CEMENT

BLACK BULL CEMENT

ESTATE CEMENT



Organizational Chart:



— Functional Reporting
..... Administrative Reporting

DIRECTORS' PROFILE

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Mr. Nasim Beg

Chairman & Non-Executive Director



Mr. Nasim Beg 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.

Since the time he qualified as a Chartered Accountant in 1970, he has had decades of experience in the business world including manufacturing, as well as financial services (within and outside the country).

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of the National Investment Trust, 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 was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, he has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Corporate Responsibilities

Arif Habib Consultancy (Pvt.) Limited
(Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management
Limited (non-executive Chairman)

MCB-Arif Habib Savings & Investments Ltd
(Vice Chairman)

Pakarab Fertilizers Limited
Pakistan Opportunities Limited
Power Cement Limited
(non-executive Chairman)

Safemix Concrete Limited
Silkbank Limited

Mr. Muhammad Kashif Habib

Chief Executive Officer

Mr. Kashif A. Habib is the Chief Executive Officer of Power Cement Limited and Sefemix Concrete 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.



Corporate Responsibilities

Power Cement Limited
(Chief Executive)
Safemix Concrete Limited
(Chief Executive)

As Director

AHA Trading House (Pvt.) Ltd.
Aisha Steel Mills Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Black Gold Power Limited
Essa Textile and Commodities (Pvt.) Limited
Fatimafert Limited
Fatima Cement Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Memon Health and Education Foundation
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
REMMCO Builders & Developers Limited
Reliance Sacks Limited
Rotocast Engineering Company (Pvt.) Limited
Siddiqsons Energy Limited

Mr. Anders Paludan - Müller

Non-Executive Director

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



As Director

Power Cement Limited

Mr. Syed Salman Rashid

Non-Executive Director

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



As Director

EFU Life Assurance Limited
Power Cement Limited

Mr. Samad A. Habib

Non-Executive Director

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

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

In September 2004, he was appointed the Chairman and Chief Executive of Arif Habib Limited. As Chairman he was responsible for the strategic direction of the company and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPO's, 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)

As Director

AH Aviation (Private) Limited

Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Dolmen REIT
Management Limited
Arif Habib Real Estate Services
(Pvt.) Limited

Black Gold Power Limited
Essa Textile and Commodities
(Pvt.) Limited

MCB-Arif Habib Savings &
Investments Limited
International Complex Projects Limited
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Pakistan Opportunities Limited
Parkview Company Limited
Power Cement Limited
REMMCO Builders & Developers Limited
Rotocast Engineering Company (Pvt.)
Limited
Safemix Concrete Limited
SukhChayn Gardens (Pvt.) Ltd.
Sweetwater Dairies Pakistan (Pvt.) Limited

Mr. Muhammad Yousuf Adil

Independent & Non-Executive Director



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

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

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

As a management consultant he has carried out various assignments including financial and economic feasibility studies, viability studies, project financing, development and implementation of accounting and internal control systems, preparation of accounting and procedure manuals.

He has been instrumental in helping clients to excel and become major business houses in Pakistan.

Mr. Muhammad Ejaz

Non-Executive Director



Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, which has successfully launched South Asia's first listed REIT fund. He has been associated with Arif Habib Group since August 2008 and sits on the board of several group companies. He has spear headed several group projects when these were at a critical stage during their execution.

Prior to joining Arif Habib Group, Ejaz has served at senior positions with both local and international banks. He was the Treasurer of Emirates NBD bank in Pakistan and served Faysal Bank Pakistan as Regional Head of Corporate Banking group. He also served Saudi-Pak bank (now Silkbank) as Head of Corporate and Investment Banking. He also had short stints at Engro Chemical and American Express bank.

Corporate Responsibilities

Arif Habib Dolmen REIT Management Limited
(Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Real Estate Services (Pvt.) Limited
Javedan Corporation Limited
Power Cement Limited
REMMCO Builders & Developers Limited
Sachal Energy Development (Pvt.) Limited

Ejaz did his graduation in Computer Science from FAST, ICS and did MBA in Banking and Finance from IBA, Karachi where he is a regular visiting faculty member. He has also conducted programs at NIBAF – SBP and IBP. He is a Certified Director and also a Certified Financial Risk Manager.

He actively participates in the group's CSR initiatives especially those which render services in the fields of health and education with emphasis on female literacy.



Terms of Reference of 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.

Terms of Reference of Human Resource and Remuneration Committee

- (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.

Information for Shareholders:

POWER CEMENT LIMITED

Registered Office:

Arif Habib Centre 23, M.T. Khan Road
Karachi-74000

Tel: (021) 32468231-32, 32468350-51

Fax No: (021) 32463209

Email: info@powercement.com.pk

Website: www.powercement.com.pk

Share Registrar

Central Depository Company of Pakistan
Limited, CDC House, 99-B, Block B,
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi-74400

Listing on Stock Exchanges

The Company's ordinary shares are listed on
the Pakistan Stock Exchange (PSX).

Stock Code

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

Contact Person

Mr. Tahir Iqbal

Tel: (021) 32468231-2

Email: tahir.iqbal@powercement.com.pk

Tel: (021) 111 111 500

Statutory Compliance

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

Book Closure Dates

The Share Transfer Books of the Company
will be closed from 18th October 2018 to 27th
October 2018 (both days inclusive) for the
purpose of determination of entitlement to
attend and vote at the 27th Annual General
Meeting of the Company.

In this respect, all transfers received in order at
the office of our Share Registrar at the close of
the business on 17th October 2018 will be
considered in time for the determination of
entitlement of shareholders to attend and
vote at the meeting.

Legal Proceedings

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

General Meetings & Voting Rights

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

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every

shareholder of the Company who is entitled to attend and vote at General Meeting of the Company can appoint another person as his/her proxy to attend and vote at the meeting. In this respect, every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy as well.

Web Presence

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



SWOT Analysis:

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

Strengths

- Power Cement Limited, a part of Arif Habib Group , is undergoing an expansion by acquisition of a state of the art cement plant from the World's renowned supplier, viz., FLSmidth. Thereafter, the Company will become the second largest producer of cement in the South Zone.
- The Company, upon commissioning of it's aforementioned new production line, will become one of the lowest cost producers in the industry.
- The strategic plant location of the Company near Port Qasim allows it to enjoy lower logistical costs in its imports and as well as in exports.

- The human capital of the Company is a key asset of the company. The CEO, is supported by a team of professionals having rich industrial experience.
- The carbon emissions by the Company are below the European and the IFC limits.

Weaknesses

- The Company has no manufacturing facility in the North Zone of the Country.
- The Company is still reliant on the National grid for its energy needs while some other cement players in the South Zone enjoy their own power generation facilities.

Opportunities

- China Pakistan Economic Corridor (CPEC) along with the new Government's aims to build 5 million housing units and Dams are likely generate a huge demand of cement in the Country.
- Growing population, increasing urbanization and rising income levels will also contribute to the cement demand in the Country, particularly, given the fact that Pakistan has the lowest per capita cement consumption in the region.
- On the export side, a consistent growth has been witnessed in the last few quarters. The main demand driver in exports has been a change in the Chinese economy which has now started importing cement and clinker instead of being one of the major exporters. Similarly, there exists a strong demand of cement from Bangladesh, Sri Lanka and Philippines. Such export market conditions coupled with the falling rupee offers attraction to go for exports.

Threats

- Growing pressure on prices due to rising input costs on account of increase in coal and other fuel prices coupled with the fall in rupee value has squeezed the gross profits of all cement companies.
- In the short term, increasing capacities in the market are likely to put pressures on the selling prices of the domestic dispatches.

Strategic Priorities

Power Cement Limited is focused on the delivery of strategic priorities which aim to increase growth, protect environment, and improve our long-term financial performance.

| S. No. | Strategic Objectives | Strategies in place or intended to be implemented to achieve |
|--------|---|--|
| 1 | Growing local market share To enhance our market share. | Capacity expansion in the South Zone by adding a new line of 7700 TPD |
| 2 | Efficiency To become cost leaders in the business | <ul style="list-style-type: none"> The Company has undertaken the installation of a new state of the art cement plant to enjoy the best efficiency levels plus it also undertakes regular maintenance and upkeep of its existing plant. The Company is also contemplating on undertaking other technological advancements to cut down its power costs. |
| 3 | Sustainable Development To remain highly environment friendly | The Company has invested significantly to contain air pollution from its plant and presently its carbon emissions are even lower than the prescribed European and IFC limits. |

Notice of The 27th Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Power Cement Limited ("the Company") will be held on Saturday, October 27, 2018 at 10:45 a.m at Beach Luxury Hotel, Karachi to transact the following businesses:

Ordinary Business:

- 1) To confirm the minutes of the Extraordinary General Meeting of the Shareholders of the Company held on June 23, 2018.
- 2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended June 30, 2018.
- 3) To appoint Auditors for the year ending June 30, 2019 and to fix their remuneration. The Board of Directors of the Company has recommended for reappointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants as the external auditors.

Any Other Business:

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

Karachi: October 6, 2018

By Order of the Board

Tahir Iqbal
Company Secretary

Notes:

1. Share transfer books of the Company will remain closed from October 18, 2018 to October 27, 2018 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s Central Depository Company of Pakistan 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 17, 2018 will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities and Exchange Commission of Pakistan:
 - (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
 - (ii) In the case of a corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
 - (iii) In order to be effective, the proxy forms must be received at office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
 - (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (v) In the case of proxy by a corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.
4. Members are requested to promptly notify any change in their address by writing to the office of the registrar.

Important:

Notice to Shareholders who have not provided their CNIC

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Central Depository Company of Pakistan Limited, CDC House, 99-B, Block -B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(I)/2011 dated 18th August 2011, SRO 831(I)/2012 dated 5th July 2012, SRO 19(I)/2014 dated 10th January 2014 and SRO 275(I)/2016 dated 31st March 2016 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

Further, under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Consequently, in order to receive future cash dividends directly into bank account, if any, shareholders having physical shares are

requested to fill in 'Electronic Mode Dividend Form' available at Company's website containing prescribed details and send it duly signed along with a copy of CNIC to the Registrar of the Company. In case of book-entry securities, shareholders must get their respective records updated as per the 'Electronic Mode Dividend Form' with their Broker/Participant/CDC account services.

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

SECP has issued an SRO No 634(I)/2014 dated July 10, 2014 whereby every listed company shall maintain a functional website of the company. In compliance of the said SRO, we would like to inform our shareholders that annual report of the Company for the year ended June 30, 2018 has been placed on Company's website for information and access of the shareholders.

SECP has notified through SRO No 470(I)/2016 dated May 31, 2016, in continuation of an earlier SRO No 787(I)/2014 dated September 8, 2014, whereby subject to the approval of shareholders' in the general meeting the listed companies have been allowed to disseminate Annual Audited Accounts to the shareholders in soft form i.e. through CD/DVD/USB instead of transmitting the said accounts in hard copies. Accordingly, approval was obtained from shareholders in the Annual General Meeting held on October 15, 2016 to disseminate Annual Audited Accounts to the shareholders in soft form i.e. through CD/DVD/USB instead of transmitting the said accounts in hard copies.

Pattern of Shareholding

As at 30 June 2018

| No. of Shareholders | Shareholdings | | Total Shares Held |
|---------------------|---------------|-----------|-------------------|
| | From | To | |
| 775 | 1 | 100 | 19,644 |
| 3044 | 101 | 1000 | 2,193,101 |
| 4029 | 1001 | 5000 | 12,100,558 |
| 1586 | 5001 | 10000 | 12,797,267 |
| 2162 | 10001 | 50000 | 50,792,939 |
| 387 | 50001 | 100000 | 29,100,885 |
| 189 | 100001 | 200000 | 27,658,532 |
| 118 | 200001 | 500000 | 38,100,844 |
| 31 | 500001 | 1000000 | 23,611,437 |
| 20 | 1000001 | 2000000 | 29,746,608 |
| 13 | 2000001 | 5000000 | 35,078,807 |
| 9 | 5000001 | 50000000 | 229,727,753 |
| 3 | 50000001 | 220000000 | 344,767,059 |
| 1 | 220000001 | 227719000 | 227,719,000 |
| Total | 12,367 | | 1,063,414,434 |

| Shareholders' Category | No. of shareholder | No. of Shares Held | Percentage % |
|--|--------------------|----------------------|--------------|
| Directors, Chief Executive Officer and their spouses and minor children | 6 | 62,195,293 | 5.85 |
| Associated Companies, undertaking and related parties. | 3 | 512,923,212 | 48.23 |
| NIT and ICP | 1 | 607 | 0.00 |
| Banks, Development Financial Institutions, Non Banking Financial Institutions. | 61 | 87,373,926 | 8.22 |
| Insurance Companies | 4 | 4,428,938 | 0.42 |
| Foreign Undertakings | 430 | 116,661,387 | 10.97 |
| Modarabas and Mutual Funds | 35 | 10,665,642 | 1.00 |
| General Public-Local | 11,773 | 234,153,765 | 22.02 |
| Others | 54 | 35,011,664 | 3.30 |
| | 12,367 | 1,063,414,434 | 100 |

Details of Shareholder Categories

As at 30 June 2018

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

| | Number of Shares held | Percentage % |
|-----------------------|-----------------------|--------------|
| Syed Salman Rashid | 59,562,847 | 5.60 |
| Muhammad Kashif Habib | 2,623,082 | 0.25 |
| Nasim Beg | 5,243 | 0.00 |
| Samad A. Habib | 2,621 | 0.00 |
| Muhammad Yousuf Adil | 1,000 | 0.00 |
| Muhammad Ejaz | 500 | 0.00 |
| | 62,195,293 | 5.85 |

Associated Companies, Undertaking and Related Parties.

| | | |
|--------------------------------|--------------------|--------------|
| Mr. Arif Habib | 227,719,000 | 21.41 |
| Arif Habib Equity (Pvt) Ltd | 207,778,060 | 19.54 |
| Arif Habib Corporation Limited | 77,426,152 | 7.28 |
| | 512,923,212 | 48.23 |

NIT and ICP

| | | |
|---|------------|-------------|
| M/S. Investment Corporation of Pakistan (ICP) | 607 | 0.00 |
|---|------------|-------------|

Banks, Development Financial Institutions and Non Banking Financial Institutions

| | | |
|---|------------|------|
| J S Bank Limited. | 33,602,500 | 3.16 |
| Summit Bank Limited | 18,870,416 | 1.77 |
| Meezan Bank Limited | 18,040,667 | 1.70 |
| Royal Securities (Pvt.) Limited - Mf | 2,799,500 | 0.26 |
| Concordia Securities (Pvt) Limited | 2,067,744 | 0.19 |
| First Choice Securities Limited | 2,050,000 | 0.19 |
| Ghani Osman Securities (Private) Limited | 2,000,000 | 0.19 |
| Habib Bank Ag Zurich, Deira Dubai | 1,905,839 | 0.18 |
| J. P. Morgan Securities Llc | 1,850,000 | 0.17 |
| Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Ltd | 997,500 | 0.09 |
| Aba Ali Habib Securities (Pvt) Limited | 405,000 | 0.04 |
| Pearl Securities Limited | 380,000 | 0.04 |
| Altaf Adam Securities (Pvt) Ltd. | 266,000 | 0.03 |
| Reliance Securities Limited - Mt | 258,000 | 0.02 |
| Mra Securities Limited - Mf | 242,500 | 0.02 |
| Sakarwala Capital Securities (Private) Limited - Mf | 150,000 | 0.01 |
| Bawa Securities (Pvt) Ltd. - Mf | 125,000 | 0.01 |
| H M Investments (Pvt) Limited | 100,232 | 0.01 |
| Motiwala Securities (Private) Limited | 100,000 | 0.01 |
| Sherman Securities (Private) Limited | 100,000 | 0.01 |
| Sal Securities (Pvt) Ltd. | 100,000 | 0.01 |
| Asda Securities (Pvt.) Ltd. | 70,000 | 0.01 |
| Mra Securities Limited | 61,500 | 0.01 |
| Zahid Latif Khan Securities (Pvt) Ltd. | 60,000 | 0.01 |
| Jsk Securities Limited | 60,000 | 0.01 |
| Reliance Securities Limited - Mf | 55,000 | 0.01 |
| Fdm Capital Securities (Pvt) Limited | 100,000 | 0.01 |
| Rahat Securities Limited | 41,500 | 0.00 |
| Zafar Securities (Pvt) Ltd. | 40,637 | 0.00 |
| Cma Securities (Pvt) Limited | 40,000 | 0.00 |
| Amanah Investments Limited | 37,500 | 0.00 |

**Banks, Development Financial Institutions and
Non Banking Financial Institutions**
Number of Shares held
Percentage %

| | | |
|---|-------------------|-------------|
| Mohammad Munir Mohammad Ahmed Khanani Securities(P)Ltd - Mf | 37,500 | 0.00 |
| Shaffi Securities (Pvt) Limited | 36,652 | 0.00 |
| A. H. M. Securities (Private) Limited | 35,000 | 0.00 |
| Gph Securities (Pvt.) Ltd. | 35,000 | 0.00 |
| Adam Securities Ltd. - Mf | 33,500 | 0.00 |
| Moneyline Securities (Private) Limited | 33,000 | 0.00 |
| Icon Management (Private) Limited | 25,000 | 0.00 |
| Hh Misbah Securities (Private) Limited | 25,000 | 0.00 |
| Islamic Investment Bank Limited | 20,203 | 0.00 |
| Azee Securities (Private) Limited | 15,501 | 0.00 |
| Adam Securities Limited | 15,000 | 0.00 |
| Salim Sozer Securities (Pvt.) Ltd. | 13,612 | 0.00 |
| RS Holdings (Private) Limited | 13,108 | 0.00 |
| Z.A. Ghaffar Securities (Private) Ltd. | 11,000 | 0.00 |
| Pak-Qatar Investment (Pvt.) Limited | 10,000 | 0.00 |
| Akhai Securities (Private) Limited | 8,500 | 0.00 |
| Ismail Iqbal Securities (Pvt) Ltd. - Mf | 7,600 | 0.00 |
| Reliance Securities Limited | 5,000 | 0.00 |
| Intermarket Securities Limited - Mf | 5,000 | 0.00 |
| Dr. Arslan Razaque Securities (Pvt.) Limited | 3,500 | 0.00 |
| M/S. Islamic Investment Bank Ltd. | 2,020 | 0.00 |
| Asda Securities (Private) Limited - Mf | 2,000 | 0.00 |
| Escorts Investment Bank Limited | 1,000 | 0.00 |
| Nh Securities (Pvt) Limited. | 786 | 0.00 |
| Prudential Securities Limited | 630 | 0.00 |
| National Bank Of Pakistan | 611 | 0.00 |
| Growth Securities (Pvt) Ltd. | 500 | 0.00 |
| National Bank Of Pakistan | 443 | 0.00 |
| M/S. Royal Bank Of Scotland | 115 | 0.00 |
| M/S. Crescent Investment Bank Limited | 110 | 0.00 |
| | 87,373,926 | 8.22 |

Insurance Companies

| | | |
|--|------------------|-------------|
| Dawood Family Takaful Limited | 2,416,939 | 0.23 |
| Asia Insurance Company Limited | 995,000 | 0.09 |
| State Life Insurance Corp. Of Pakistan | 676,169 | 0.06 |
| Premier Insurance Limited | 340,830 | 0.03 |
| | 4,428,938 | 0.42 |

Modarabas And Mutual Funds

| | | |
|--|-----------|------|
| B.R.R. Guardian Modaraba | 3,192,668 | 0.30 |
| First Equity Modaraba | 1,406,286 | 0.13 |
| Cdc - Trustee Nit Income Fund - Mt | 1,404,000 | 0.13 |
| Cdc - Trustee First Habib Income Fund - Mt | 995,000 | 0.09 |
| Trustees The Crescent Textile Mills Emp Provident Fund Trust | 486,531 | 0.05 |
| Trustee- Treet Corporation Ltd.Group Employees Service Fund | 450,000 | 0.04 |
| Crescent Standard Modaraba | 435,000 | 0.04 |
| Trustee- Treet Cor. Ltd Emp. Provident Fund | 400,000 | 0.04 |
| Mc Fsl Trustee Js - Income Fund - Mt | 353,000 | 0.03 |
| Cdc - Trustee Faysal Mts Fund - Mt | 321,000 | 0.03 |

Modarabas And Mutual Funds

| | Number of Shares held | Percentage % |
|--|-----------------------|--------------|
| Trustees Treet Corp Ltd Emp Provident Fd | 300,000 | 0.03 |
| Cdc - Trustee Faysal Savings Growth Fund - Mt | 199,500 | 0.02 |
| First Udl Modaraba | 188,326 | 0.02 |
| Cdc - Trustee Lakson Income Fund - Mt | 78,000 | 0.01 |
| Trustee National Bank Of Pakistan Employees Pension Fund | 72,056 | 0.01 |
| Trustees Mohamad Amin Wakf Estate | 60,000 | 0.01 |
| Cdc - Trustee Unit Trust Of Pakistan | 52,500 | 0.00 |
| Trustee Of Wateen Telecom Ltd Employees Provident Fund | 50,000 | 0.00 |
| Cdc - Trustee Dawood Islamic Fund | 46,044 | 0.00 |
| Cdc - Trustee Mcb Dcf Income Fund | 32,000 | 0.00 |
| Cdc - Trustee Mcb Dynamic Cash Fund - Mt | 30,500 | 0.00 |
| Trustees Moosa Lawai Foundation | 26,217 | 0.00 |
| Cdc - Trustee First Dawood Mutual Fund | 18,044 | 0.00 |
| Cdc - Trustee Alfalah Ghp Income Multiplier Fund - Mt | 16,500 | 0.00 |
| First Udl Modaraba Staff Provident Fund | 14,176 | 0.00 |
| Al Noor Modaraba Management (Pvt) Ltd. | 13,108 | 0.00 |
| Trustee Of Habib Modaraba Management Emp. Contributory P.F | 7,500 | 0.00 |
| Cdc - Trustee Pakistan Income Fund - Mt | 6,500 | 0.00 |
| First Alnoor Modaraba | 6,000 | 0.00 |
| Trustee National Bank Of Pakistan Emp Benevolent Fund Trust | 2,528 | 0.00 |
| Trustees Of Pakistan Mobile Communication Ltd-Provident Fund | 2,500 | 0.00 |
| M/S. First Interfun Modaraba | 122 | 0.00 |
| M/S. Asian Stock Fund Ltd | 21 | 0.00 |
| M/S. Industrial Capital Modarba | 14 | 0.00 |
| Crescent Standard Business Management (Pvt) Limited | 1 | 0.00 |
| | 10,665,642 | 1.00 |

Shareholders holding 5 % or more

| | | |
|--------------------------------|-------------|-------|
| Mr. Arif Habib | 227,719,000 | 21.41 |
| Arif Habib Equity (Pvt) Ltd | 207,778,060 | 19.54 |
| Arif Habib Corporation Limited | 77,426,152 | 7.28 |
| Syed Salman Rashid | 59,562,847 | 5.60 |

Stakeholders' Engagement

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

| Stakeholders | Activity | Frequency |
|-----------------------------------|--|---|
| Shareholders | Annual General Meetings Extraordinary General Meetings Quarterly, Half-Yearly and Annual Reports Analyst briefing | Annually As required Annually / Quarterly Continuous |
| Employees | In- house training programs | Continuous |
| Customers | Customer events | Continuous |
| Suppliers | Regular meeting with major suppliers | Continuous |
| Institutional investors / lenders | Business briefings Periodic meetings Financial reporting Head office / site visits | Occasionally As required Continuous As required |
| Media | Media interviews Website Update | As required Continuous |
| Regulators | Compliance | As required |
| General Public | Corporate Social responsibility | Continuous |

Interaction with Shareholders

Protecting the shareholders' interest is our important responsibility. Shareholders' interest are catered through maintenance of profitability and growth in business operations and effective governance and corporate reporting framework. General Meetings and statutory reporting are effective means of communication with our shareholders.

Encouragement of Minority shareholders to Attend The General Meetings

The Company encourages its shareholders to attend the general meetings through circulation of notices of general meetings and through advertisements in Urdu and English newspapers having wide ranging readership. Notices of general meetings are timely updated on the Company's website

Investor Relations' Section on Power Cement Limited's Website

Transparent investor relations, increased awareness, effective communication, and prompt resolution of investors'/shareholders' complaints are effective tools for providing equal and fair treatment to the investors/ shareholders.

Media for sharing information with the shareholders include the Company's official website maintained in both, English and Urdu languages under the applicable regulatory framework. Moreover, the Company's website is updated regularly to provide detailed and latest Company information including but not limited to business strategy, financial highlights, investor information, and other requisite information besides the link to SECP's investor education portal, viz., 'Jamapunji'.

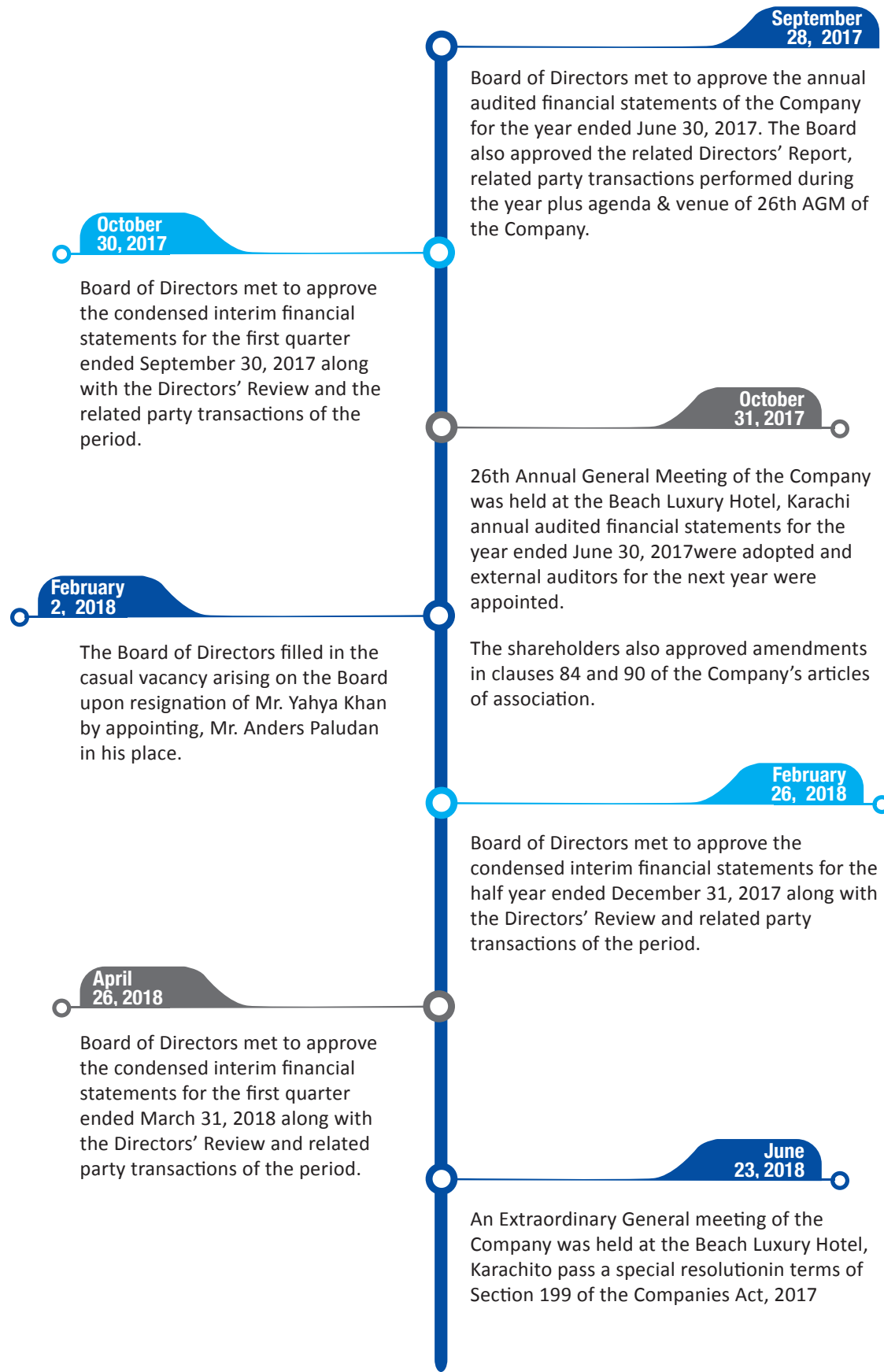
Investor's Grievances

Complaints or observations received during general meetings or directly from the shareholders are addressed by the Company Secretary. Furthermore, information to the shareholders is provided within the statutory timeframe.

Financial Information on Power Cement Limited's Website

The official website of the Company (<http://powercement.com.pk/Financial%20Information.html>) provides historical financial information and annual reports of the Company that may be used by existing or prospective investors to facilitate their investment decisions.

Calendar of Major Corporate Events



Risks

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. Strategic, Commercial, Operational, Financial and Compliance risks are ranked based on their impact on the Company and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

STRATEGIC RISKS

| TYPE OF RISKS | SOURCES OF RISKS | MITIGATING ACTION |
|---|------------------|---|
| Change in competitive scenario Threat of new entrants in the market | External | The Company's new line is likely to be online in 2019 which will not only make it the second largest cement producer in the South Zone but also this new state of the art technology will lead the Company towards becoming one of the lowest cost producers in the market. This will make it highly competitive amongst other new and old players. |

OPERATIONAL RISKS

| TYPE OF RISKS | SOURCES OF RISKS | MITIGATING ACTION |
|---|--------------------|--|
| Coal / Fuel / Electricity costs increase Increase in imported coal & furnace oil price and electricity costs resulting in higher cost of production | External | Close monitoring of coal prices is done to fetch the best possible prices in the market. The Company is also considering various technological options to cut down its power costs. |
| Talent Retention and Succession Planning It is critical for the company to attract, develop, and retain the right talent to accomplish the Company's objectives. Succession planning is needed to ensure that the company has sustainable operations. | Internal /External | The Board and the Management of the Company is highly cognizant of the importance of retaining and attracting the best human capital particularly in the wake of the mega expansion going on in the Company – apt deliberations are done in this regard. The CEO keenly reviews the management of the Company's human capital with the help of the HR professionals engaged with the Company. |

| | | |
|--|-------------------------|---|
| | | The Company also plans training programs for its key management personnel to hone their management and decision making skills. |
| Information System Risk Loss of confidential information due to data theft | 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 any weaknesses/ non-compliances and any areas for further improvement. |
| Law and Order uncertainty Loss may occur due to terrorism activities and sabotage | External | Company also takes sound insurance coverage against such risks |
| Maintenance Risk Possibility of production loss due to breakdowns | 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. |
| Technology Risk Technological shift rendering the company's production processes inefficient | External | The Company has ordered a state of the art new plant from the World's renowned FLSmidth. Its latest technology will allow the Company to take lead in technological terms and thus the technology risk for the Company is 'low'. |
| FINANCIAL RISKS | | |
| TYPE OF RISKS | SOURCES OF RISKS | MITIGATING ACTION |
| Financial reporting and compliance Risk of reporting issues with regulators and authorities | Internal | The Company aims to comply with the code of Corporate Governance as applicable in Pakistan and maintains its books as required by the Companies Act, 2017 and applicable International Financial Reporting Standards. The Company's Financial Statements are audited by one of the big four audit firms. |
| Interest rate risk Risk of interest rate fluctuation affecting finance costs of the Company | External | 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. |

| | | |
|---|-------------------------|---|
| Exchange rate risk Exchange rate risk impacting transactions in foreign currency | External | This increases the cost of imported materials and stores, however, once the expanded cement facility of the Company comes online, this exposure will be partly offset by the likely exports of cement by the Company |
| Credit Risk Risk of default in payments by credit customers | External | Credits are selectively given considering the business potential and risk appetite of the Company. Furthermore, internal controls like periodic circulations of age analysis of debtors are also in place. |
| COMPLIANCE RISKS | | |
| TYPE OF RISKS | SOURCES OF RISKS | MITIGATING ACTION |
| Risk of litigation Risk of having major legal cases initiated the Company | 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. |
| Environmental Risk Actual or potential threat of adverse effects on environment arising out of the Company's activities | Internal | The Company in the past has made significant investments to remain environment friendly. Presently, the emission level of the Company is even better than the European and the IFC standards. |

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of Power Cement Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

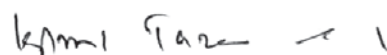
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Date: 28 September 2018
Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

As at 30 June 2018

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

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

| | |
|--------|-------|
| Male | Seven |
| Female | None |

2. The composition of the board is as follows:

| Category | Names |
|-------------------------|--|
| Executive director | Mr. Muhammad Kashif Habib |
| Independent director | Mr. Muhammad Yousuf Adil |
| Non-Executive directors | Mr. Samad Habib Mr. Nasim Beg Mr. Muhammad Ejaz Syed Salman Rashid Mr. Anders Paludan - Muller |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. 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 20 of Chapter VII of the CCG regulations due to having minimum of 14 years of education and over 15 years of experience on the board of a listed Company. Currently, there are two directors who require certification under the directors' training program. The Company is committed to comply with the requirements of the subject regulations by 30th June 2019.

- ## Audit Committee

HR and Remuneration Committee

| Name of Committee | Frequency of Meetings |
|-------------------------------|-----------------------|
| Audit Committee | 4 |
| HR and Remuneration Committee | 1 |

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Role of Chairman and The CEO



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.

CEO

- The CEO is responsible for execution and implementation of 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.

Evaluation of Boards' Own Performance

As required by the Listed Companies (Code of Corporate Governance) Regulations, 2017, the Board of Power Cement Limited annually undertakes a formal process of self-evaluation of performance of the Board as a whole and its committees.

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 by the Board for the subsequent financial years including the current financial year.

In continuance of adhering to the Code, the Board undertook an evaluation on the following criteria to assess its performance:

- Compliance with the legislative system in which Company operates, including Companies Act, 2017, Listing Regulations of Pakistan Stock Exchange, the Memorandum and Articles of Association of the Company.
- Active participation in strategic planning process, enterprise risk management system and policy development of the Company.
- Hiring, evaluating, compensating and supporting the Executive Director(s) and other key positions including the Chief Executive Officer.
- Appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience.
- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities and to ensure that adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices
- Ensuring presence of required quorum in the Board and its Committees' meetings.
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner.
- Ensuring that the vision and mission statement and overall corporate strategy of the Company is prepared, adopted and reviewed as and when deemed appropriate by the Board.
- Ensuring that a formal code of conduct is in place that promotes ethical culture in the Company and prevents conflict of interest in their capacity as members of the Board, senior management and employees.
- Ensuring that adequate information has been shared with the Board.

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

It is hereby confirmed that Annual Board Evaluation has been conducted as is required by the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Chairman's Message

I am reporting to you on the performance of the Board, which I chair. The focus of this report is on the overall governance of the Company and the Board oversight of the Management during the financial year ended 30th June 2018. The Board has issued a separate report on the performance of the Company, as well as its outlook.

Power Cement Limited complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 with respect to the composition, procedures and meetings of the Board of Directors and its Committees.

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

1. Vision, mission and values: The Board members are familiar with the current vision, mission and values and support them. The Board intends revisiting the mission and vision statement from time to time.
2. Engagement in strategic planning: The Board took a major decision last year to commit the Company to significant expansion in production capacity, entailing Rs. 25 billion of capital expenditure. This was based on very well considered strategic plans, while keeping in view the expected growth of the economy and consequent higher demand for cement. As a strategy, the Board has put the Company on the path of becoming a significant player in the market upgrading it from one of the minor participants in the market. The Board continues to have its focus on strategic planning so as to ensure that the Company is well placed to take on the challenges of steering through the shorter-term business cycles within an overall growth path. The Board has set annual goals and targets for the Management in all major performance areas and has a strategic vision of how the Organization should evolve over the next three to five years. .
3. Diligence: The Board members have been diligent in performing their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to the Board and its committees' meetings. The Board met frequently enough to adequately discharge its responsibilities.
4. Monitoring of Organization's business activities: The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the Management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

5. Diversity and mix: The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The nonexecutive and independent directors were equally involved in important board decisions.
6. Governance and Control Environment: The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with the best practices of Corporate Governance and by promoting ethical and fair behaviour across the Company. In this context, I am pleased to report that a new ERP system is in place and the Management will be able utilize the best tools that technology has to offer in capturing, interpreting and managing information on a timely basis.



Nasim Beg
Chairman
September 28, 2018

Directors' Report

Industry Overview

Cement industry in Pakistan grew by 13.84% to 45.89 million tons during the fiscal year ended June 30, 2018 in comparison to 40.32 million tons during last year. While local sales volume registered a growth of 15.42% to 41.15 million tons during the current fiscal year in comparison to 35.65 million tons last year; export sales volume registered an increase of 1.77% to 4.75 million tons during the current fiscal year under review as compared to 4.66 million tons last year. The industry fared better owing to higher infrastructure demand and real estate construction activities. Sufficient capacities in the South zone are also expected to support export growth.

The domestic demand in South Zone, where your Company is situated, stood at 7.18 million tons, i.e., a growth of 10.26% over the prior year. Concurrently, the export demand increased to 1.66 million tons, as against 1.51 million tons in the prior year, an increase of 10.03%. As a result, the South Zone closed at a total dispatch of 8.84 million tons.

In contrast, the North Zone's domestic demand in the current year grew by 16.57% and export demand for the same year declined by 2.20%. As a result, the net growth of North Zone was recorded at 14.74%.

Business Performance

During the year under review, the dispatches of your Company registered an increase of 0.97 % achieving a volume of 665,915 tons as compared to 659,546 tons in the last financial year.

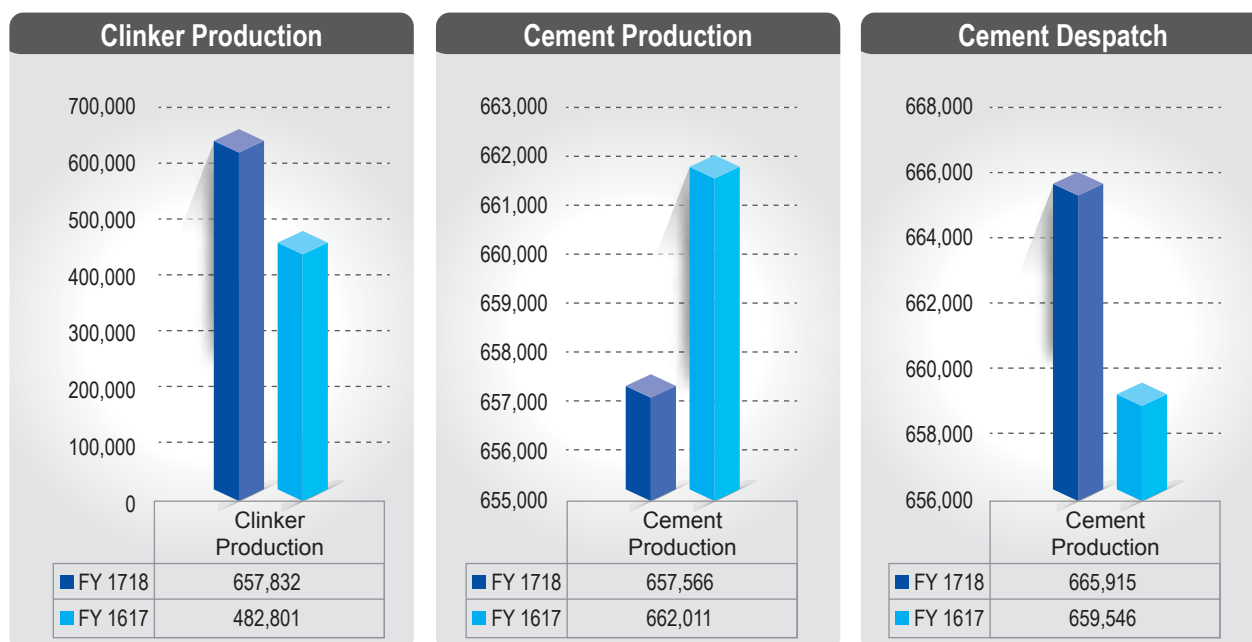
Production & Sales Volume:

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

| Production | 2018 | 2017 | Variance % |
|-------------------------|----------------|----------------|------------|
| Cement | 657,566 | 662,011 | (1)% |
| Clinker | 657,832 | 482,801 | 36% |
| Despatches | 2018 | 2017 | Variance % |
| Cement (Local) | 659,314 | 643,103 | 3% |
| Cement (Export) | 6,601 | 9,142 | (28%) |
| Grounded Slag | - | 7,301 | (100%) |
| Total dispatches | 665,915 | 659,546 | 1% |

During the year under review, the production of cement decreased by 4,445 metric tons, whereas clinker increased by 175,031 metric tons, the capacity utilization stood at 73% as compared to 53% in comparison of the last financial year. This is attributable to the fact that the production facility was shut down last year due to installation of an Air Pollution Control System.

A graphical representation of the same is as follows:



Financial Performance

A comparison of the key financial results of your Company for the year ended June 30, 2018 is as under:

| PARTICULARS | 2018 | 2017 |
|--|--------------|-----------|
| | PKR in '000' | |
| Sales revenue – Gross | 6,244,864 | 6,134,811 |
| Less: Sales Taxes/ Federal Excise Duty | 1,901,624 | 1,654,188 |
| Sales revenue– Net | 4,343,240 | 4,480,623 |
| Gross profit | 675,068 | 980,531 |
| Operating profit | 358,020 | 808,103 |
| Profit before tax | 348,778 | 565,175 |
| Net profit after tax | 319,907 | 466,793 |
| Earnings per share (Rupees) | 0.32 | 1.14 |

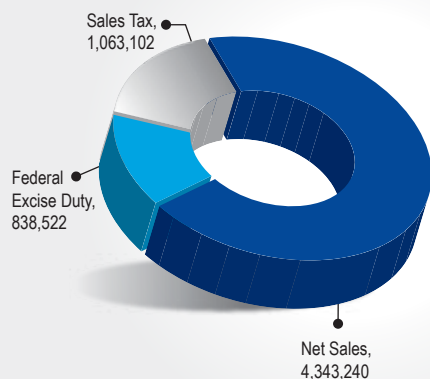
Revenue:

During the fiscal year 2017-18 under review, your Company achieved an overall gross sales revenue growth of 2% as compared to last year. This was mainly due to the impact of higher volumes and increase in Federal Excise Duty and Sales Tax.

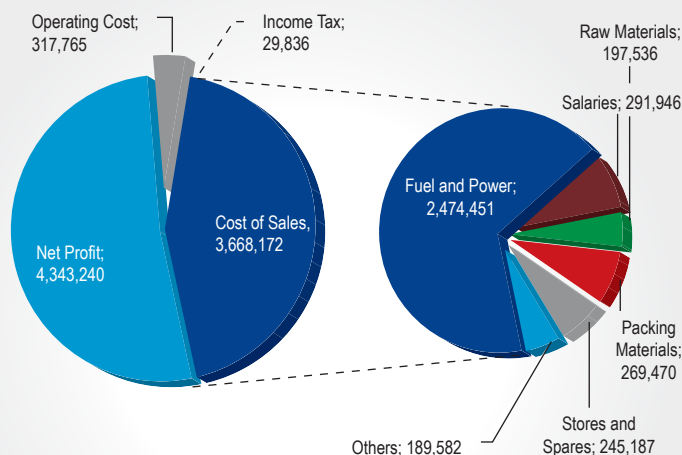
Cost of Sales:

During the fiscal year 2017-18 under review, the increase in cost of sales was mainly attributable to increase in coal, packing material and fuel prices.

Revenue



Distribution of Costs



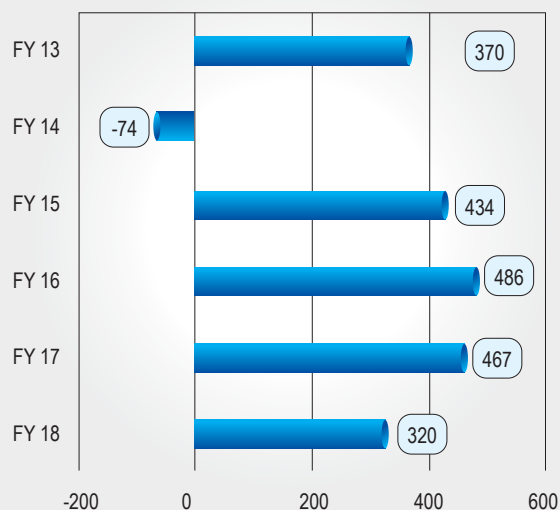
Net Profit

Your Company achieved profit before tax of PKR 349 million during the current fiscal year as compared to PKR 565 million reported last year. Similarly, after tax profit of PKR 320 million was achieved during the fiscal year as compared to PKR 467 million reported last year. Lower profitability is primarily attributable to reduction in retention levels in addition to higher cost of sales as mentioned above.

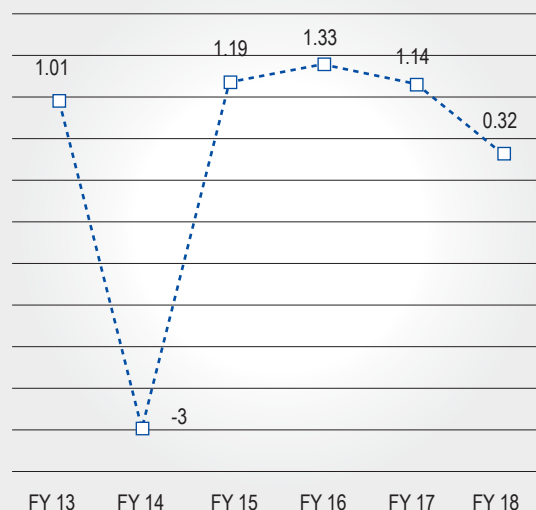
Earnings Per Share

The EPS of your Company for the fiscal year was PKR 0.32 per share in comparison to PKR 1.14 per share reported last year. The decrease in EPS is primarily attributable to increase in weighted average number of shares consequent to the issuance of right and other wise than right shares during the year.

Net Profit (PKR in millions)



Earnings Per Share



Code of Corporate Governance

The Directors' of your Company review the Company's strategic direction and business plans on

a regular basis. The Audit Committee is empowered for effective compliance of Code of Corporate Governance. We are taking all necessary steps to ensure good corporate governance in your Company as required by the Code. As part of the compliance, we confirm the following:

- The financial statements prepared by the management of the Company, present fairly the Company's state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern. Further the Company is paying all debts in time and no default is made on the part of Company to repay its debts to the banks.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- All outstanding statutory payments are of nominal and routine nature.
- The Company operates funded gratuity scheme for its employees as disclosed in relevant note to the financial statements.
- 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 20 of Chapter VII of the CCG regulations due to having minimum of 14 years of education and over 15 years of experience on the board of a listed company. Currently, there are two directors which require certification under the directors' training program. The Company is committed to comply with the requirements of the subject regulations by 30th June 2019.
- The statement of pattern of shareholding in the prescribed format disclosing aggregate number of shares has been attached with this Annual Report.
- Key operating and financial data for the last 6 years has been annexed to the report.

Composition of Board of Directors

Our Board composition represents the interests of all categories of shareholders and it consists of:

| Total Number of Directors | |
|---------------------------|---|
| a) Male | 7 |
| b) Female | - |
| Total Number of Directors | 7 |

| Composition | |
|-----------------------------|---|
| I) Independent Director | 1 |
| II) Non-Executive Directors | 5 |
| III) Executive Director | 1 |
| Total Number of Directors | 7 |

Meetings of Board of Directors

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

| Name of Director | Position on the Board | Total Meetings Held | Meetings attended by the Member |
|---------------------------|--------------------------------------|---------------------|---------------------------------|
| Mr. Nasim Beg | Non-Executive Director/Chairman | 8 | 6 |
| Mr. Muhammad Kashif Habib | Executive Director / Chief Executive | 8 | 8 |
| Mr. Muhammad Yousuf Adil | Non-Executive / Independent Director | 8 | 4 |
| Mr. Syed Salman Rashid | Non-Executive Director | 8 | 6 |
| Mr. Muhammad Ejaz | Non-Executive Director | 8 | 7 |
| Mr. Samad Habib | Non-Executive Director | 8 | 4 |
| Mr. Muhammad Yahya Khan | Non-Executive / Independent Director | 5* | 0 |
| Mr. Andres Paludan-Muller | Non-Executive Director | 3 | 2 |

Leave of absences were granted to directors who could not attend.

Casual Vacancy

One causal vacancy occurred on the Board of Directors during the year, with the resignation of Mr. Muhammad Yahya Khan. During the year, a special resolution was passed by the shareholders of the Company in the Extra Ordinary General Meeting, in which shares were allotted by the way of otherwise than rights to the Foreign Investors (FL Smidth A/S, IFU and IIP) In pursuance of the said special resolution, a subscription agreement was executed between the Foreign Investors and the Company. To fill this casual vacancy, the Board co-opted Mr. Anders Paludan as Nominee Director of the above-named Foreign Investors.

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 Code of Corporate Governance.

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

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

Performance Evaluation of the Board

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

Board Committees And Meetings

Audit Committee

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

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

| Name of Committee Member | Position on the the Committee | Audit Committee Meeting held | Meetings attended by the Member |
|--------------------------|-------------------------------|------------------------------|---------------------------------|
| Mr. Muhammad Yousuf Adil | Chairman | 4 | 3 |
| Mr. Nasim Beg | Member | 4 | 4 |
| Mr. Syed Salman Rashid | Member | 4 | 3 |

HR & Remuneration Committee

The Board of Directors has established an HR & Remuneration Committee which comprises of five members; of which four are non-executive directors. The composition of the HR & Remuneration Committee has been made in line with the requirements of the Code of Corporate Governance.

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

| Name of Committee Member | Position on the the Committee | HR Committee Meeting held | Meeting attended by the Member |
|---------------------------|-------------------------------|---------------------------|--------------------------------|
| Mr. Muhammad Yousuf Adil | Chairman | 1 | 0 |
| Mr. Muhammad Ejaz | Member | 1 | 1 |
| Mr. Muhammad Kashif Habib | Member | 1 | 1 |
| Mr. Samad A. Habib | Member | 1 | 1 |
| Mr. Syed Salman Rashid | Member | 1 | 1 |

Dividend and Bonus

Keeping in mind the obligations of the Company's existing long-term loans, as well as its plans for a major expansion, the Board has decided not to declare any dividend or bonus share issue for the year ended June 30, 2018.

Auditors' Observation

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

- The first matter pertains to certain excise duty claims decided in favour of the Company by the Appellate Tribunal Inland Revenue (ATIR). The tax department has filed an appeal with the Honourable High Court of Sindh (SHC) against the decision by the ATIR. The Company strongly believes that the matter will be decided in favour of the Company by the SHC. The relevant details are set out in the notes to the Financial Statements.
- The second matter pertains to a claim of the previous shareholders of the company from whom the current owners have acquired controlling interest. This matter has been

decided in favour of the Company by an Arbitrator appointed under the terms of the Share Transfer Agreement. The counter party has filed objections with the Registrar of the SHC on the arbitration award. However, the Company believes that the outcome of the same would be decided in its favour. The relevant details are set out in Notes to the Financial Statements.

Trading in Company's Shares by Directors and Executives

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

Contribution to National Exchequer

The Company contributed over PKR 2.14 billion (2017: PKR 1.8 billion) to the government treasury in shape of taxes, excise duty, income tax and sales tax.

Adequacy of Internal Financial Controls

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

Pattern of Shareholding

The ordinary shares of the Company are listed on Pakistan Stock Exchange. There were 1,063,414,434 (2017: 365,689,968) ordinary shareholders of the Company as of 30 June 2018. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, can be found in this Annual Report.

Principal Risks and Uncertainties Facing The Company

This year has seen a boom in the industry and has sparked a race amongst the cement manufacturers to increase their production capacities to take maximum benefit of the buoyant demand. The enhanced capacities will increase supply in the market which, in turn, may have a two-fold impact on the sales of the Company vis-à-vis the overall share in the market and sales price margins. Further, the favourable trend is bound to attract new entrants in the market who may launch promotional schemes in order to expand into the South Zone market. These factors present a risk that the sales in the local market, which carry a more lucrative profit margin, will face tough competition in the coming year.

In addition to the above, the focus of the present government seems to be towards completion of its existing projects before opening new ones. However the new regime is expected to undertake construction of five million housing units as announced by the PM in his opening speech, which along with any Dams' projects will contribute greatly to the domestic demand of cement.

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

Impact of Company's Business on The Environment

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

The Company has a dedicated and qualified staff to meet the statutory and regulatory compliances of SEPA and SEQS standards. Being proactive on the impact of company's business on the environment, the Company had, last year, 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).

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

Corporate Social Responsibility

During the year, the Company has disbursed PKR 6.02 million (2017: PKR 2.7 million) as donation to different trusts, charity institutions and welfare organizations.

Appointment of External Auditors

The auditors, M/s. KPMG Taseer Hadi and Company, Chartered Accountants, retire and, being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year 2018-19 in the Annual General Meeting.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Related Party Transaction

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.

Expansion of Plant Capacity

The Company has embarked upon a brown-field expansion of its production facilities at its existing site by adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. The expansion project is environmentally friendly and will meet IFC and World Bank standards. After successful commissioning of this project, your company is poised to become the second-largest, and one of the most cost-efficient, cement producers in the South Region.

Erection work of the new line has commenced at the plant site.

Credit Rating

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

Forward Looking Statement

Domestic sales are expected to remain strong on the back of private, as well as public sector construction projects, including the mega infrastructure development projects under the China–Pakistan Economic Corridor (CPEC) initiative, the proposed construction of dams and Government sponsored housing schemes.

On the export side, a consistent growth has been witnessed in the last few quarters. The main demand driver in exports has been a reversal in China which has now started importing cement/clinker instead of being one of the major exporters. Similarly, a strong demand from Bangladesh, Sri Lanka and Philippines will help the Pakistan Cement Industry to achieve a high capacity utilisation.

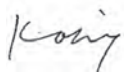
In the above backdrop, the Board is confident of benefiting from the expansion project it has embarked upon.

Acknowledgement

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

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

For and on behalf of the Board



Muhammad Kashif Habib
Chief Executive Officer
28th September 2018



Nasim Beg
Chairman
28th September 2018

Annexure – I

Statement Showing Shares Bought and Sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children

From July 01, 2017 to June 30, 2018

| Name | Relationship with the company | Rights Subscribed / Shares Acquired | Shares sold |
|-----------------------|-------------------------------|-------------------------------------|-------------|
| Nasim Beg | Chairman | 3,243 | Nil |
| Muhammad Kashif Habib | Chief Executive | 1,622,582 | Nil |
| Samad A. Habib | Non-Executive Director | 1,621 | Nil |
| Syed Salman Rashid | Non-Executive Director | 36,844,302 | Nil |
| | | 38,471,748 | |

Report of Audit Committee

The Audit Committee has concluded its annual review of the control environment of the Company for the year ended June 30, 2018 and reports that:

- The Company has issued a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 which has also been reviewed.
- Understanding and compliance with Company's codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with the management processes and adequate for shareholder needs.
- Appropriate accounting policies have been consistently applied throughout the period. All core & other applicable International Accounting Standards were followed in preparation of the financial statements of the Company on a going concern basis, for the financial year ended June 30, 2018, which presents fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company.
- The Chief Executive and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations & applicable accounting standards, establishment & maintenance of internal controls & systems of the Company.
- All Directors have access to the Company Secretary. The Annual Secretarial Compliance Certificate for the year 2016-2017 has been filed within the stipulated time.
- 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's shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision or information, which could materially affect the share market price of the Company.

Internal Audit Function

- The Board has effectively implemented the internal control framework through an in-house Internal Audit function which is independent of the External Audit function.

- The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee. Further, the Board Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Board 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 external auditors of the Company, KPMG TaseerHadi& Co. (KPMG)Chartered Accountants, have completed their audit of the "Company's FinancialStatements" and the "Statement of Compliance withthe Code of Corporate Governance" for the financial year ended on June 30 2018.
- The Auditors have been allowed direct access to the Committee and the effectiveness,independence and objectivity of the Auditors has thereby been ensured.
- The Auditors have given their consent to act as external auditors of the Company for the yearending on June 30, 2019. The Audit Committee has also recommended to Boardof Directors the re-appointment of external auditors, subject to approval of shareholders inAnnual General Meeting to be held on October 27, 2018.
- The Auditors attended the preceding Annual General Meeting of the Company held on October 31, 2017.

Whistle Blowing Policy

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 company's performance as well as the wellbeing of its employees, customers and suppliers.

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 misdemeanours undertaken by any person associated with the 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.

Company Performance Analysis of the Last Six Years:

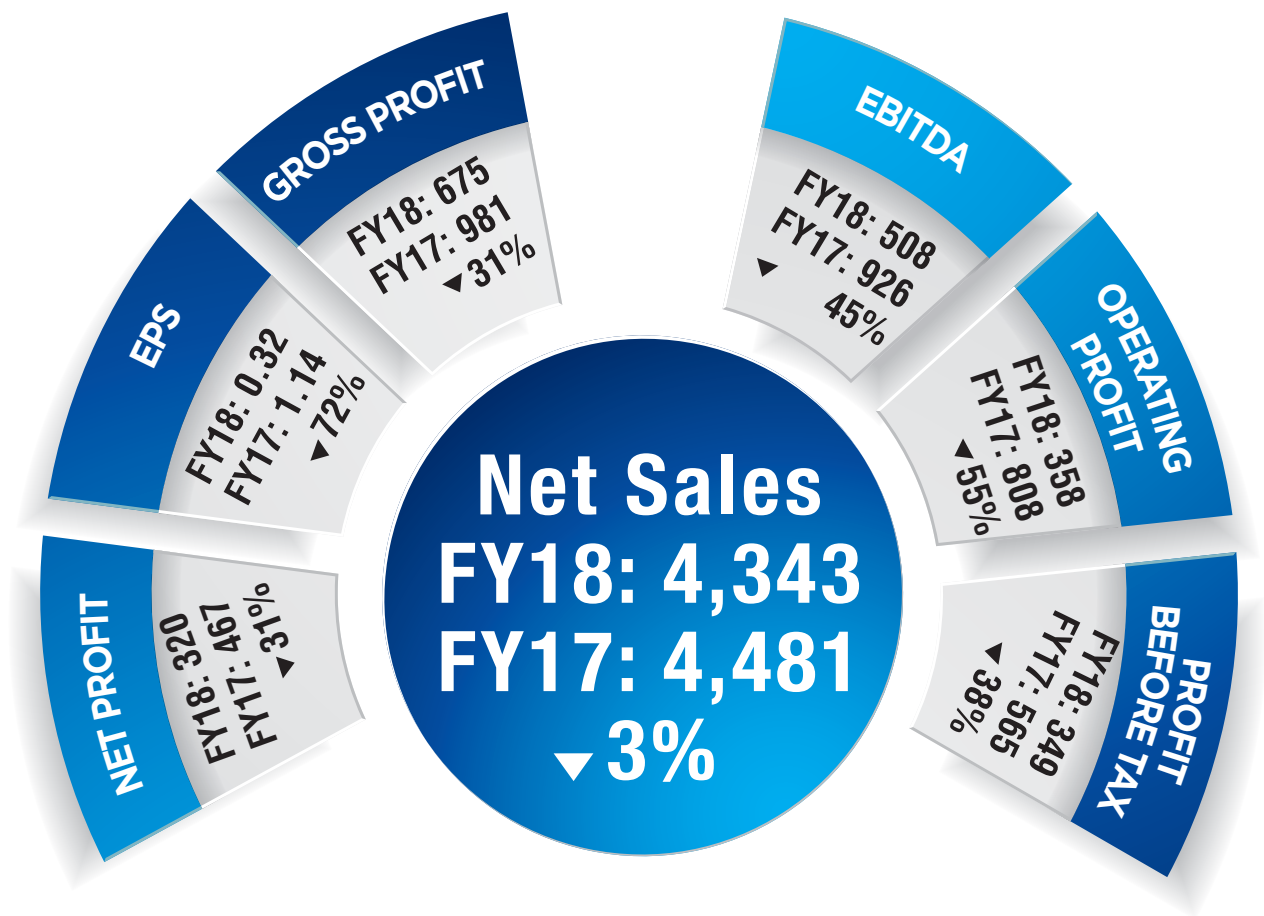
| Key Ratios | Unit | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 |
|---------------------------------------|-------|-------|-------|-------|-------|---------|-------|
| Profitability | | | | | | | |
| Gross Margin | % | 16% | 22% | 23% | 25% | 10% | 20% |
| Operating Margin | % | 8% | 18% | 17% | 17% | 0% | 23% |
| Pre-Tax Profit Margin | % | 8% | 13% | 18% | 16% | -4% | 12% |
| Net Profit Margin | % | 7% | 10% | 12% | 11% | -2% | 11% |
| Return On Equity (ROE) Before Tax | % | 3% | 15% | 21% | 17% | -4% | 12% |
| Return On Equity (ROE) After Tax | % | 3% | 13% | 13% | 12% | -2% | 10% |
| Return On Assets (ROA) Before Tax | % | 1% | 5% | 12% | 10% | -2% | 8% |
| Return On Assets (ROA) After Tax | % | 1% | 4% | 8% | 7% | -1% | 7% |
| Return On Capital Employed | % | 2% | 5% | 11% | 10% | -2% | 11% |
| EBITDA To Sales | % | 12% | 21% | 20% | 20% | 3% | 26% |
| Liquidity | | | | | | | |
| Current Ratio | Times | 1.43 | 2.56 | 0.91 | 0.86 | 0.62 | 0.64 |
| Quick Ratio | Times | 1.01 | 2.05 | 0.47 | 0.39 | 0.25 | 0.26 |
| Cash Ratio | Times | 0.51 | 1.74 | 0.15 | 0.17 | 0.07 | 0.07 |
| Quick Ratio (Excl Receivables) | Times | 0.87 | 1.91 | 0.33 | 0.24 | 0.18 | 0.19 |
| Cash Flow From Operation To Sales | % | 9% | 9% | 17% | 8% | 3% | 13% |
| Investment /Market Ratios | | | | | | | |
| Earning/ (Loss) Per Share (after tax) | Rs. | 0.32 | 1.14 | 1.33 | 1.19 | (0.20) | 1.01 |
| Price /Earnings Ratios (after tax) | Times | 26.09 | 11.74 | 7.84 | 9.77 | (28.00) | 8.65 |
| Price to Book Ratio | Times | 0.79 | 1.34 | 1.04 | 1.16 | 0.56 | 0.87 |
| Market Price per share | Rs. | 8.35 | 13.38 | 10.43 | 11.63 | 5.6 | 8.74 |
| Market Price High during the year | Rs. | 10.85 | 23.44 | 14.49 | 12.99 | 8.75 | 9.75 |
| Market Price low during the year | Rs. | 7.11 | 7.40 | 7.81 | 6.13 | 4.70 | 4.85 |
| Breakup value per share | Rs. | 10.63 | 6.41 | 6.42 | 5.09 | 3.91 | 4.09 |
| Activity / Turnover Ratios | | | | | | | |
| Inventory Turnover Ratio | Times | 2.71 | 3.25 | 3.63 | 3.32 | 3.73 | 3.45 |
| Inventory Held | Days | 135 | 112 | 100 | 110 | 98 | 106 |
| Debtor Turnover Ratio | Times | 9.52 | 13.52 | 15.26 | 14.75 | 24.44 | 25.37 |
| No Of Days In Receivables | Days | 38 | 27 | 24 | 25 | 15 | 14 |
| Creditor Turnover Ratio | Times | 2.68 | 4.49 | 4.66 | 3.58 | 3.42 | 3.17 |
| No Of Days In Payable | Days | 136 | 81 | 78 | 102 | 107 | 115 |
| Operating Cycle | Days | 36 | 58 | 46 | 33 | 6 | 5 |
| Total Asset Turnover Ratio | % | 18% | 39% | 66% | 64% | 60% | 62% |
| Fixed Asset Turnover Ratio | % | 22% | 85% | 93% | 87% | 79% | 83% |
| Capital Structure Ratios | | | | | | | |
| Long Term Debt To Capital | % | 85% | 7% | 82% | 138% | 196% | 145% |
| Long Term Debt To Equity | % | 90% | 16% | 53% | 70% | 77% | 59% |
| Gearing Ratio | % | 46% | 7% | 45% | 58% | 66% | 59% |
| Cost Of Debt Based On Book Value | % | 1% | 17% | 14% | 15% | 14% | 14% |
| Debt To Equity | Times | 1.00 | 0.40 | 0.54 | 0.67 | 0.74 | 0.74 |
| Short Term Debt Payback (Years) | Years | 2 | 2 | 1 | 2 | 4 | 2 |
| Total Debt Payback (Years) | Years | 20 | 3 | 3 | 9 | 23 | 6 |
| Interest Cover Ratio | Times | 3.87 | 3.28 | 3.70 | 2.71 | 0.63 | 2.18 |

Horizontal Analysis:

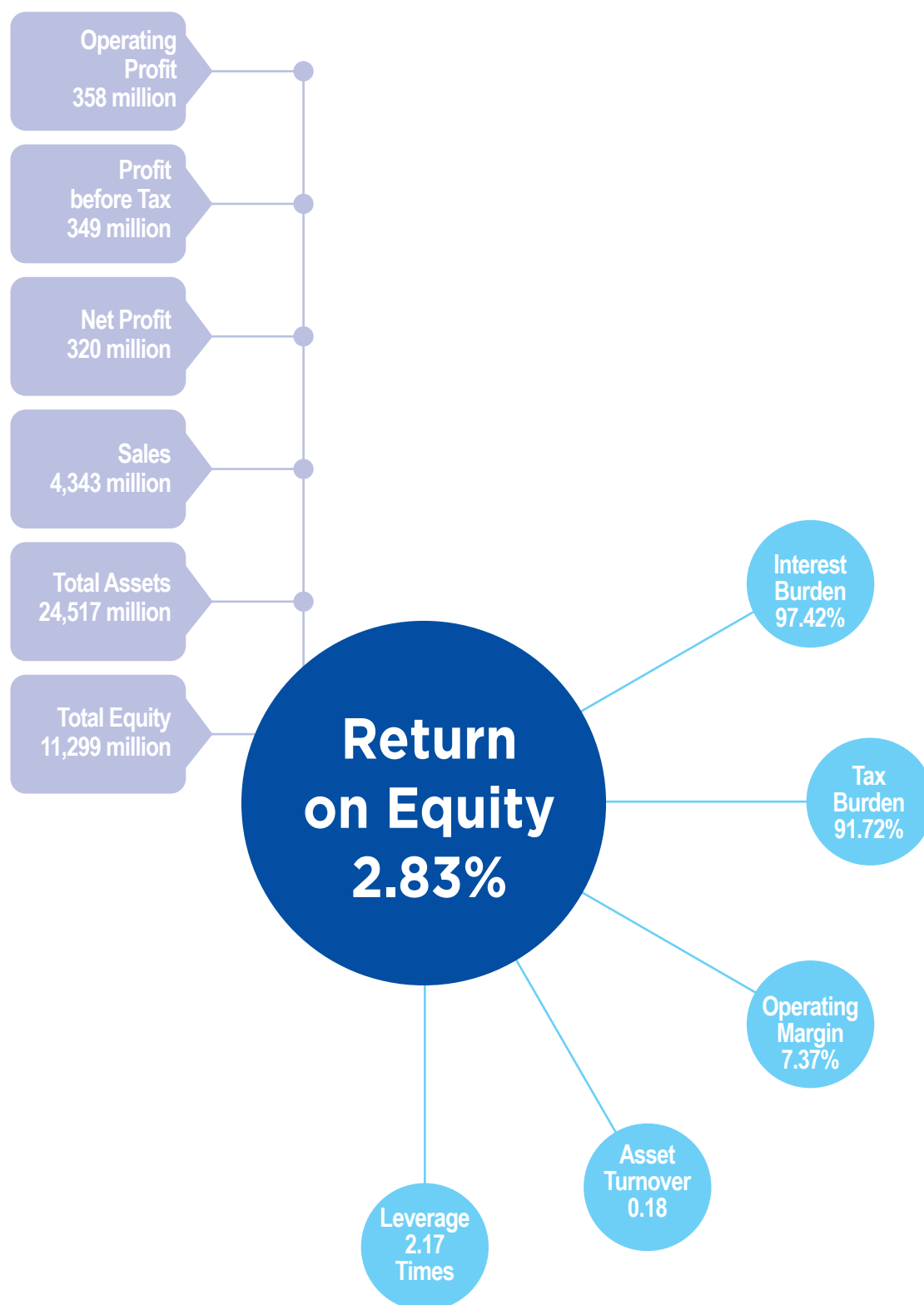
| Balance Sheet | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 |
|---|--------------------|---------------------|------------------|------------------|------------------|------------------|--------------|---------------|-------------|-------------------|--------------|--------------|
| | | Rupees in Thousands | | | | | | | | Percentage Growth | | |
| ASSETS | | | | | | | | | | | | |
| Non-current assets | 19,877,180 | 5,290,308 | 4,473,609 | 4,443,009 | 4,422,305 | 4,334,033 | 276% | 18% | 26% | 1% | 0% | 1% |
| Current assets | 4,640,126 | 6,096,806 | 1,769,369 | 1,545,200 | 1,363,510 | 1,285,111 | -24% | 245% | 15% | 13% | 6% | 44% |
| TOTAL ASSETS | 24,517,306 | 11,387,114 | 6,242,978 | 5,988,209 | 5,785,815 | 5,619,144 | 115% | 82% | 4% | 3% | 3% | 8% |
| EQUITY AND LIABILITIES | | | | | | | | | | | | |
| Share capital and reserves | 11,299,062 | 8,394,241 | 2,348,110 | 1,862,170 | 1,428,542 | 1,495,371 | 35% | 257% | 26% | 30% | -4% | 33% |
| Non-current liabilities | 9,980,185 | 611,650 | 1,949,740 | 2,319,225 | 2,157,944 | 1,991,773 | 1532% | -69% | -16% | 7% | 8% | 10% |
| Current liabilities | 3,238,059 | 2,381,223 | 1,945,128 | 1,806,814 | 2,199,329 | 2,132,000 | 36% | 22% | 8% | -18% | 3% | -5% |
| Total Liabilities | 13,218,244 | 2,992,873 | 3,894,868 | 4,126,039 | 4,357,273 | 4,123,773 | 342% | -23% | -6% | -5% | 6% | 2% |
| TOTAL EQUITY AND LIABILITIES | 24,517,306 | 11,387,114 | 6,242,978 | 5,988,209 | 5,785,815 | 5,619,144 | 115% | 82% | 4% | 3% | 3% | 8% |
| Profit and Loss Account | | | | | | | | | | | | |
| | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 |
| | | Rupees in Thousands | | | | | | | | Percentage Growth | | |
| Net Sales | 4,343,240 | 4,480,623 | 4,144,455 | 3,831,069 | 3,496,103 | 3,511,774 | -3% | 8% | 8% | 10% | 0% | 20% |
| Cost of Sales | (3,668,172) | (3,500,092) | (3,197,480) | (2,859,929) | (3,151,266) | (2,788,966) | 5% | 9% | 12% | -9% | 13% | 6% |
| Gross Profit | 675,068 | 980,531 | 946,975 | 971,140 | 344,837 | 722,808 | -31% | 4% | -2% | 182% | -52% | 143% |
| Operating Profit | 358,020 | 808,103 | 713,597 | 667,774 | 6,221 | 804,312 | -56% | 13% | 7% | 10634% | -99% | 16% |
| Profit / (Loss) Before Tax | 348,778 | 565,175 | 764,772 | 616,005 | -140,271 | 434,854 | -38% | -26% | 24% | -539% | -132% | 49% |
| Profit / (Loss) After Tax | 319,907 | 466,793 | 486,391 | 433,833 | -73,909 | 370,222 | -31% | -4% | 12% | -687% | -120% | 141% |
| Cash-Flow Statement | | | | | | | | | | | | |
| | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 | FY 18 | FY 17 | FY 16 | FY 15 | FY 14 | FY 13 |
| | | Rupees in Thousands | | | | | | | | Percentage Growth | | |
| Cash Generated from operations | 549,616 | 572,883 | 808,568 | 362,943 | 152,534 | 493,354 | -4% | -29% | 123% | 138% | -69% | 46% |
| Less: Gratuity, Income Tax and Finance Costs paid | (500,472) | (773,682) | (473,520) | (135,975) | (125,778) | (433,562) | -35% | 63% | 248% | 8% | -71% | 98% |
| Net Cash (used in) / generated from Operating Activities | 49,144 | -200,799 | 335,048 | 226,968 | 26,756 | 59,792 | -124% | -160% | 48% | 748% | -55% | -50% |
| Net Cash (used in) Investing Activities | (14,244,219) | -1,150,841 | -146,285 | -128,292 | -186,692 | -154,357 | 1138% | 687% | 14% | -31% | 21% | 172% |
| Net Cash (used in) / generated from Financing Activities | 11,803,126 | 4,533,557 | -250,000 | -210,000 | 186,000 | 140,477 | 160% | -1913% | 19% | -213% | 32% | -215% |
| Net increase / (decrease) in cash and cash equivalents | (2,391,949) | 3,181,917 | -61,237 | -111,324 | 26,064 | 45,912 | -175% | -5296% | -45% | -527% | -43% | -179% |
| Cash and cash equivalents at beginning of the year | 2,480,650 | -701,267 | -640,030 | -528,706 | -554,770 | -600,682 | -454% | 10% | 21% | -5% | -8% | 11% |
| Cash and cash equivalents at end of the year | 88,701 | 2,480,650 | -701,267 | -640,030 | -528,706 | -554,770 | -96% | -454% | 10% | 21% | -5% | -8% |

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Key Performance Indicators (Rs. in Million)

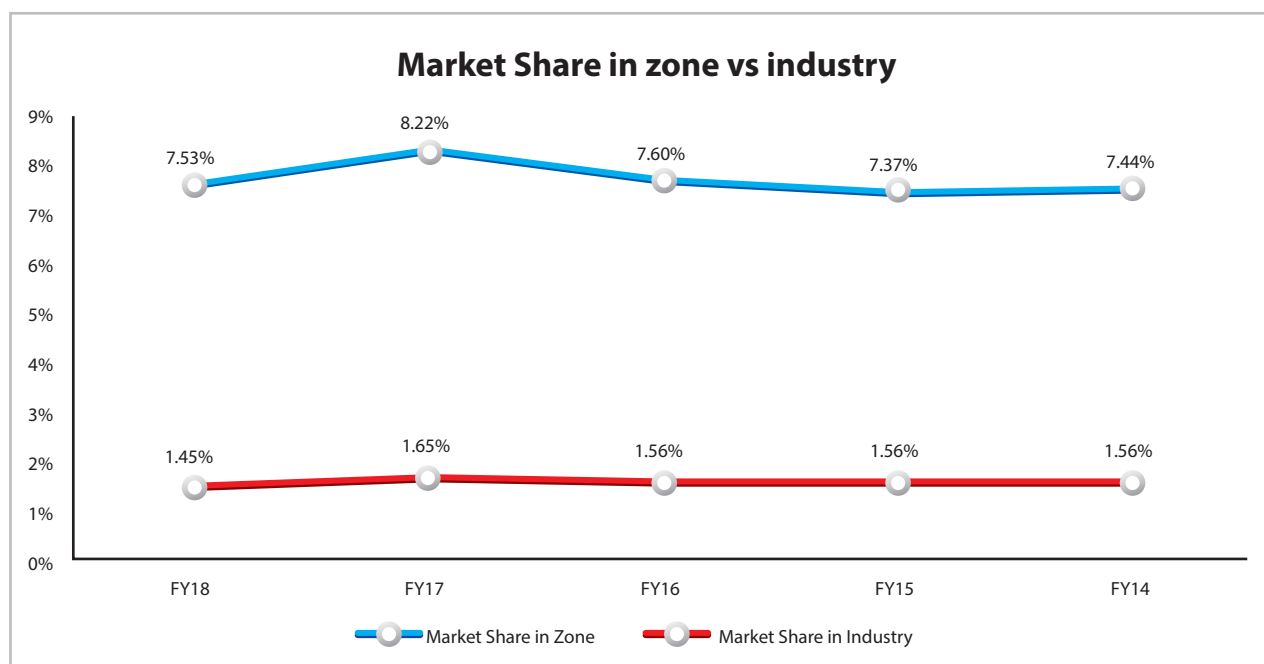


Dupont Analysis



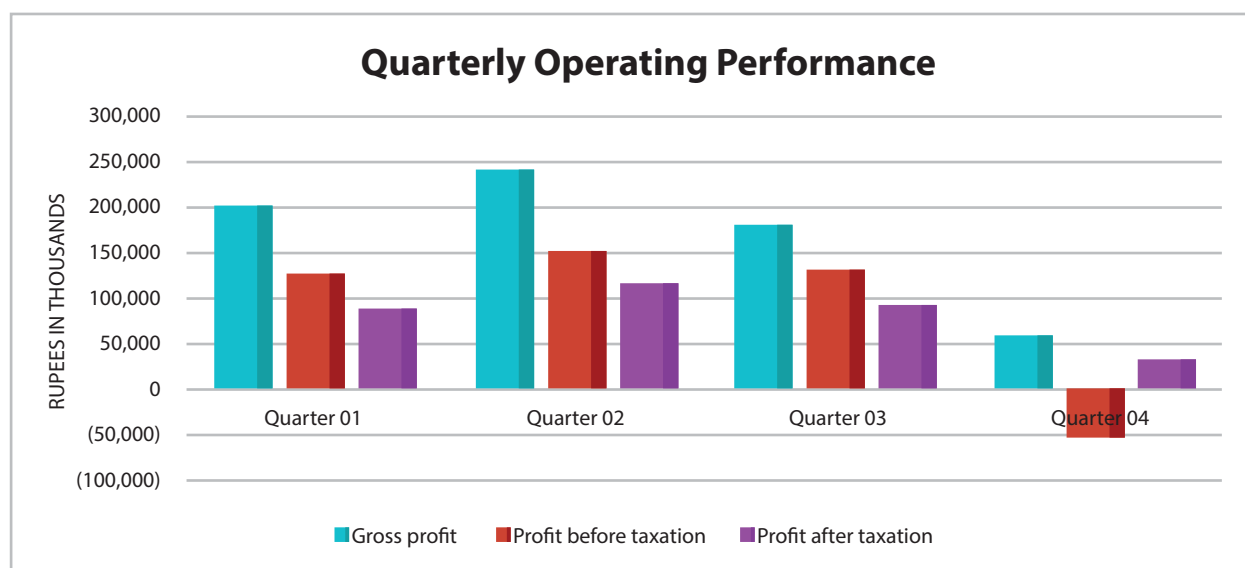
Industry Performance Analysis

| Description | Tons in '000 | | Growth | |
|-------------------------------|--------------|---------|---------|---------|
| | FY 1718 | FY 1617 | FY 1718 | FY 1617 |
| North Zone | | | | |
| Domestic Sales | 33,968 | 29,141 | 16.56% | 7.70% |
| Export Sales | 3,081 | 3,150 | -2.17% | -18.20% |
| Total Sales in the North Zone | 37,049 | 32,291 | 14.74% | 4.50% |
| South Zone | | | | |
| Domestic Sales | 7,179 | 6,511 | 10.26% | 9.50% |
| Export Sales | 1,666 | 1,514 | 10.03% | -25.10% |
| Total Sales in the South Zone | 8,844 | 8,024 | 10.22% | 0.70% |
| Overall Industry | | | | |
| Domestic Sales | 41,147 | 35,652 | 15.41% | 8.00% |
| Export Sales | 4,747 | 4,664 | 1.79% | -20.60% |
| Total Industry Sales | 45,894 | 40,316 | 13.83% | 3.70% |
| Company Sales | | | | |
| Domestic Sales | 659 | 650 | 1.37% | 10.00% |
| Export Sales | 7 | 9 | -27.79% | -57.40% |
| Total Company Sales | 666 | 660 | 0.97% | 7.70% |



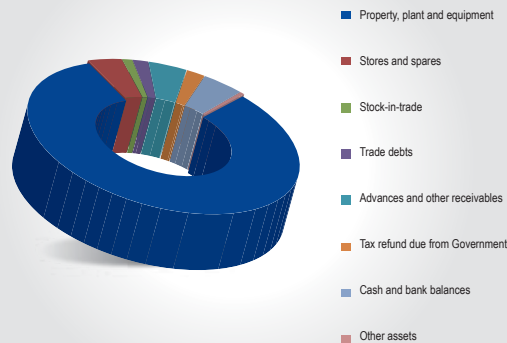
Quarterly Operating Performance

| Particulars | Q1 | Q2 | Q3 | Q4 | Total |
|------------------------------|----------------|-----------|-------------|-----------|-------------|
| | Rupees in '000 | | | | |
| Sales - net | 924,421 | 1,167,587 | 1,217,782 | 1,033,450 | 4,343,240 |
| Cost of sales | (725,270) | (927,866) | (1,038,631) | (976,405) | (3,668,172) |
| Gross profit | 199,151 | 239,721 | 179,151 | 57,045 | 675,068 |
| Distribution cost | (34,881) | (32,660) | (22,989) | (25,276) | (115,806) |
| Administrative expenses | (27,159) | (30,016) | (31,007) | (43,526) | (131,708) |
| Other income | 415 | 826 | 209 | 226 | 1,676 |
| Other operating expenses | (10,260) | (21,739) | (11,740) | (27,471) | (71,210) |
| Operating and other expenses | (71,885) | (83,589) | (65,527) | (96,047) | (317,048) |
| Operating profit | 127,266 | 156,132 | 113,624 | (39,002) | 358,020 |
| Finance income | 32,824 | 34,076 | 44,502 | 957 | 112,359 |
| Finance cost | (36,101) | (42,651) | (28,143) | (14,706) | (121,601) |
| Net finance (cost) / income | (3,277) | (8,575) | 16,359 | (13,749) | (9,242) |
| Profit before taxation | 123,989 | 147,557 | 129,983 | (52,751) | 348,778 |
| Taxation | (38,987) | (34,435) | (39,533) | 84,084 | (28,871) |
| Profit after taxation | 85,002 | 113,122 | 90,450 | 31,333 | 319,907 |

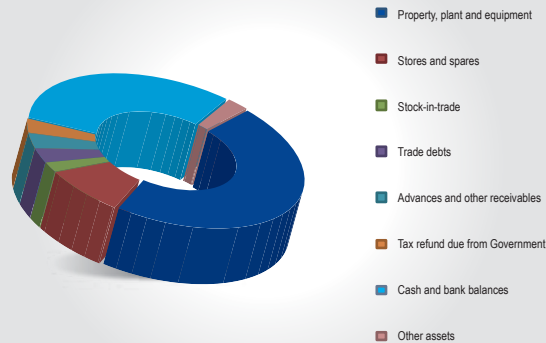


Graphical Representation

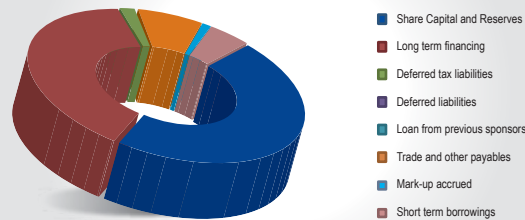
Assets FY 2018



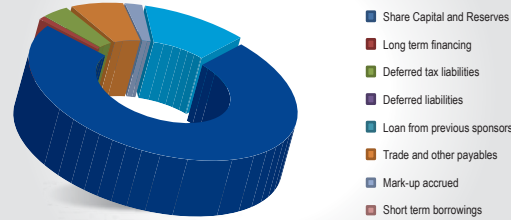
Assets FY 2017



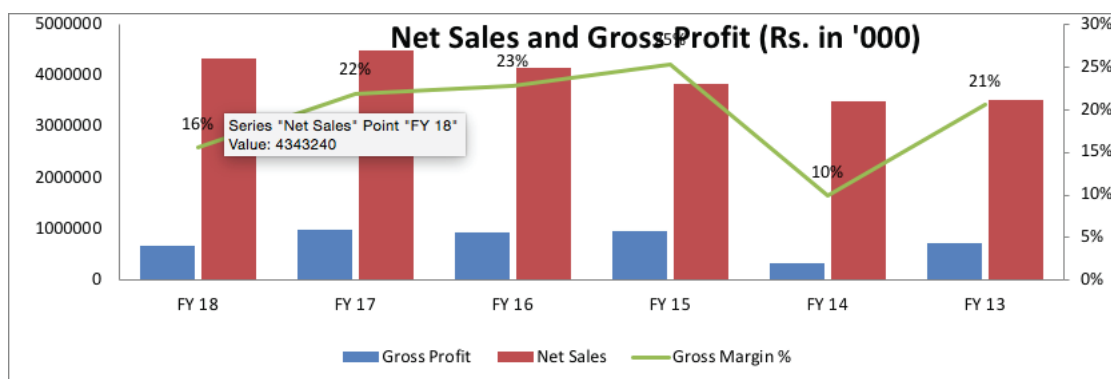
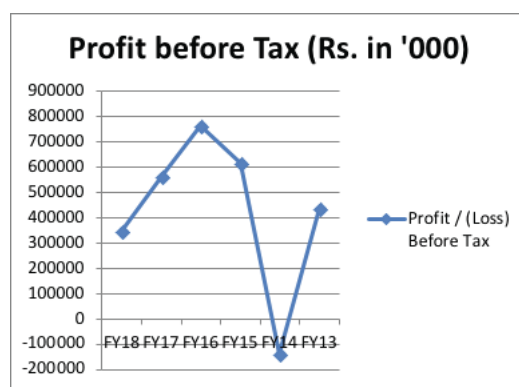
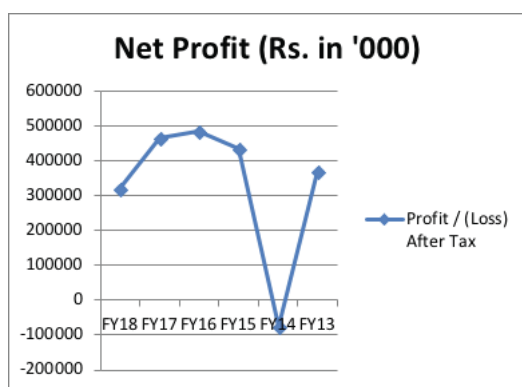
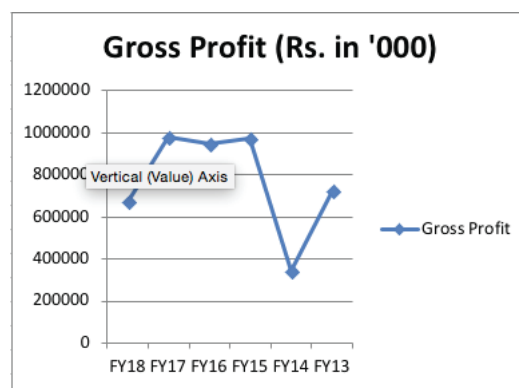
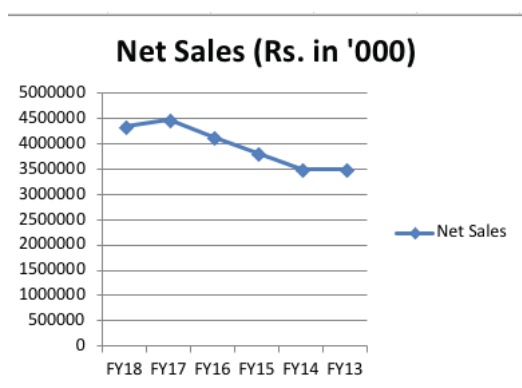
Equity & Liabilities FY 2018



Equity & Liabilities FY 2017

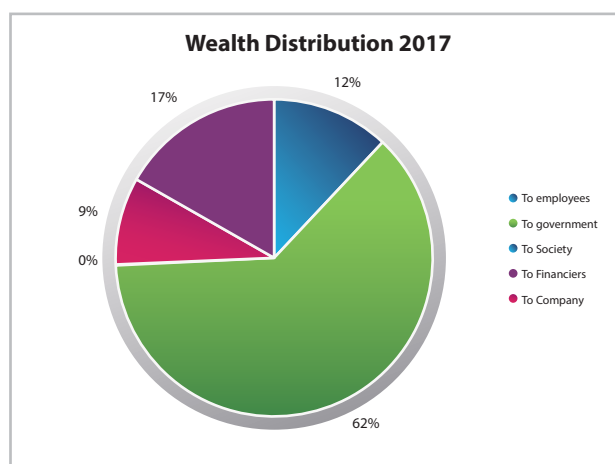
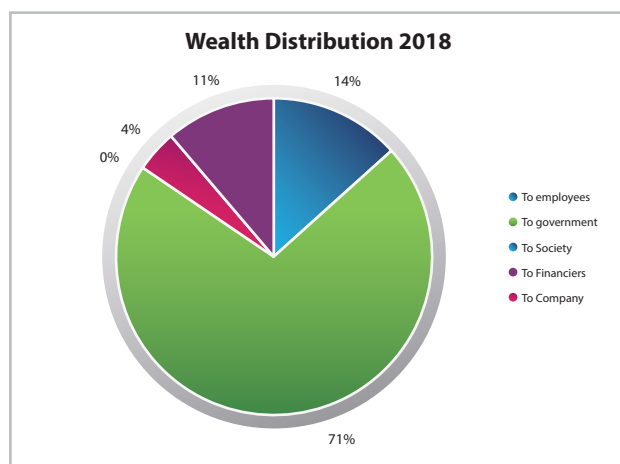


Graphical Representation



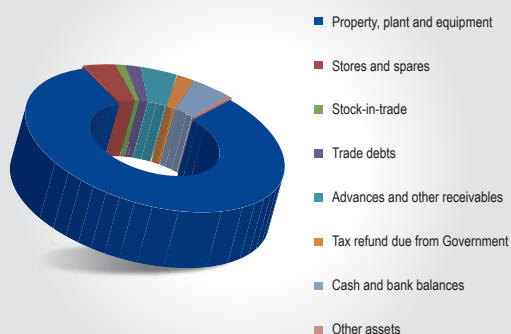
Statement of Wealth Distribution

| Description | Tons in '000 | | Growth | |
|--|------------------|-------------|------------------|-------------|
| | FY 1718 | FY 1617 | FY 1718 | FY 1617 |
| Wealth Created | | | | |
| Gross Sales/ Revenue | 6,244,864 | | 6,134,811 | |
| Less: Operating cost & other general expenses | (3,396,211) | | (3,348,468) | |
| Total Wealth generated during the year | 2,848,653 | 100% | 2,786,343 | 100% |
| Wealth Distributed | | | | |
| To Employees | | | | |
| Salaries, wages and other benefits | 379,866 | 13% | 334,201 | 12% |
| To Government | | | | |
| Income tax, sales tax, excise duty and others | 2,021,262 | 71% | 1,734,418 | 62% |
| To Society | | | | |
| Donation towards education, health and environment | 6,017 | 0% | 2,658 | 0% |
| To Financiers | | | | |
| To Finance providers as financial charges | 121,601 | 4% | 248,273 | 9% |
| To Company | | | | |
| Depreciation, amortization & retained profit | 319,907 | 11% | 466,793 | 17% |
| Total Wealth distributed during the year | 2,848,653 | 100% | 2,786,343 | 100% |

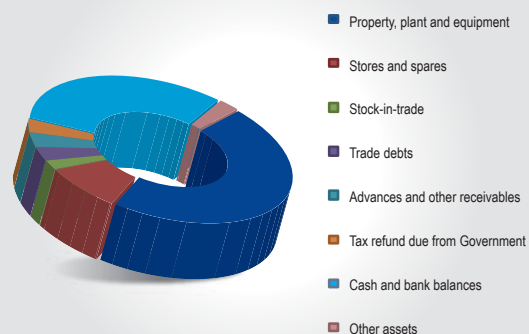


Composition of Balance Sheet

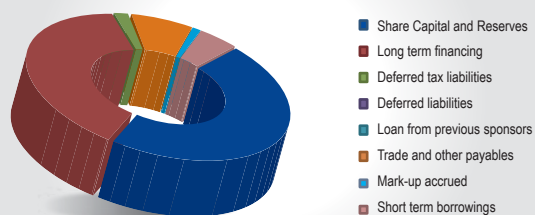
Assets FY 2018



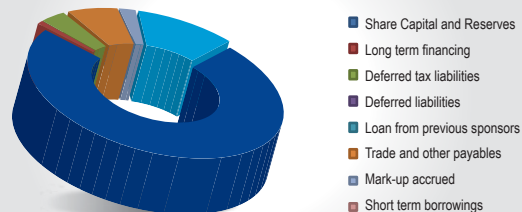
Assets FY 2017



Equity & Liabilities FY 2018



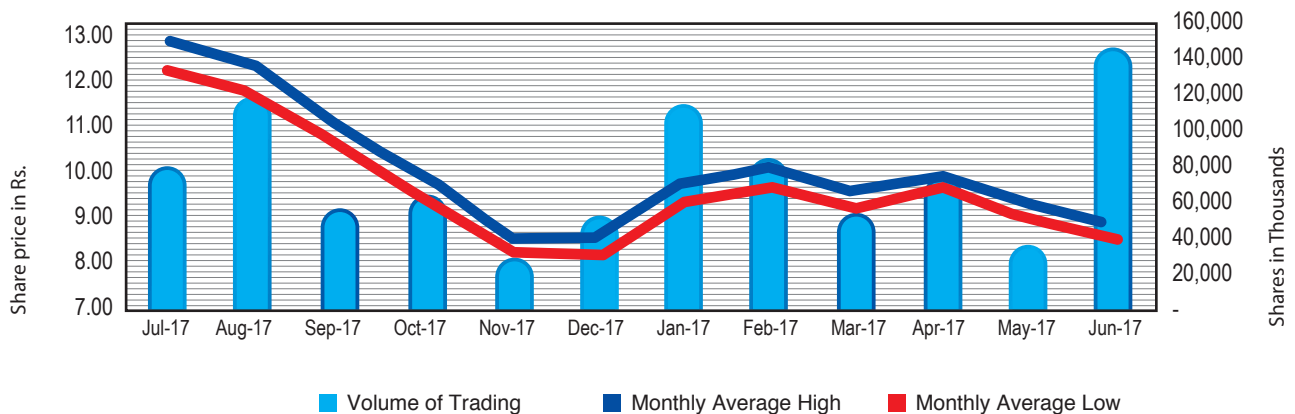
Equity & Liabilities FY 2017



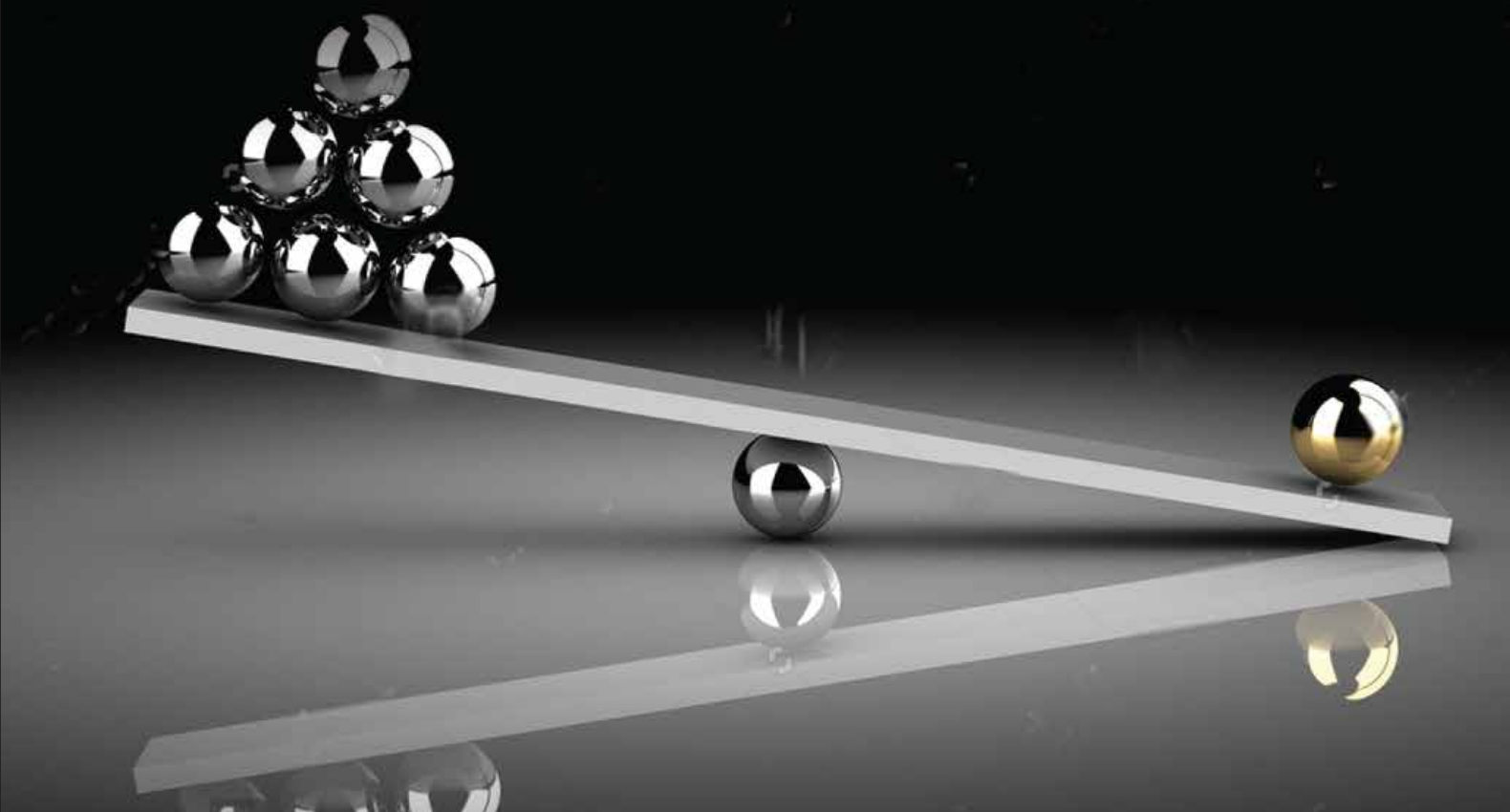
Share Price Sensitivity Analysis

| Month | Monthly Average High | Monthly Average Low | Volume of Trading |
|--------|----------------------|---------------------|-------------------|
| Jul-17 | 12.61 | 12.08 | 73,766 |
| Aug-17 | 12.13 | 11.49 | 109,913 |
| Sep-17 | 10.83 | 10.47 | 52,036 |
| Oct-17 | 9.78 | 9.27 | 58,777 |
| Nov-17 | 8.52 | 8.28 | 26,988 |
| Dec-17 | 8.52 | 8.07 | 49,049 |
| Jan-18 | 9.73 | 9.33 | 106,327 |
| Feb-18 | 9.96 | 9.61 | 78,592 |
| Mar-18 | 9.51 | 9.22 | 51,081 |
| Apr-18 | 9.91 | 9.63 | 69,266 |
| May-18 | 9.23 | 8.95 | 32,518 |
| Jun-18 | 8.82 | 8.54 | 136,610 |

Share Price Sensitivity Analysis



Financial Statements



Independent Auditor's Report

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

Opinion

We have audited the annexed financial statements of **Power Cement Limited** (the Company), which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2018** and of the profit 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.

Emphasis of Matters

We draw attention to note 12.1 and 23.1.4 to the financial statements which state the reasons for recording an asset in relation to a refund claim of excise duty amounting to Rs.182.604 million and reversal of loan from previous sponsors amounting to Rs.115.192 million in the financial statements, respectively. Our opinion is not qualified in respect of these matters.

Key Audit Matters

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

Following are the Key audit matters:

| S. No. | Key audit matters | How the matters were addressed in our audit |
|--------|---|---|
| 1. | <p>Revenue</p> <p>Refer notes 4.18 and 24 to the financial statements.</p> <p>The Company generates revenue from sale of cement. During the current year, the Company has recognized revenue from the sales of cement of Rs. 4,343 million.</p> <p>We identified revenue recognition as key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key controls over recognition of revenue; comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documentation; comparing a sample of revenue transactions recorded before and after the reporting date with sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess whether the related revenue was recorded in the appropriate accounting period; and comparing the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. |
| 2. | <p>Capital expenditure on Property, Plant and Equipment</p> <p>Refer notes 4.1.1, 4.1.3, 4.9 and 5 to the financial statements.</p> <p>The Company is undergoing a major expansion of its cement production</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> obtaining an understanding of the design and implementation of controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; |

| | | |
|--|---|---|
| | <p>capacity. During the current year the Company has incurred costs of Rs. 14,369 million on the new cement production line.</p> <p>We identified the capital expenditure on property, plant and equipment as a key audit matter because of the significant amounts involved and there is a risk that costs being capitalized may not meet the capitalization criteria.</p> | <ul style="list-style-type: none"> • testing, on sample basis, the costs incurred on project with supporting documentation and contracts; and • assessing the nature of costs incurred including borrowing costs for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards. |
|--|---|---|

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.

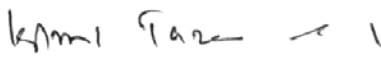
Report on Other Legal and Regulatory Requirements

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;
- 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 Muhammad Taufiq.

Date: 28 September 2018
Karachi

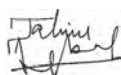

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

As at 30 June 2018

| | | (Rupees in '000) | |
|--|--------|-------------------|-------------------|
| | Note | 2018 | 2017 |
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and equipment | 5 | 19,843,344 | 5,248,476 |
| Intangible assets | 6 | 1,077 | 8,977 |
| Investments | 7 | 13,124 | 13,220 |
| Long term deposits | | 19,635 | 19,635 |
| | | 19,877,180 | 5,290,308 |
| Current Assets | | | |
| Stores, spares and loose tools | 8 | 1,067,082 | 999,837 |
| Stock-in-trade | 9 | 301,909 | 224,731 |
| Trade debts | 10 | 456,212 | 331,301 |
| Advances and other receivables | 11 | 1,088,526 | 364,524 |
| Trade deposits and prepayments | | 10,305 | 7,824 |
| Tax refunds due from government | 12 | 510,501 | 359,770 |
| Short term investments | 13 | 84,000 | 220,500 |
| Cash and bank balances | 14 | 1,121,591 | 3,588,319 |
| | | 4,640,126 | 6,096,806 |
| Total Assets | | 24,517,306 | 11,387,114 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 1,200,000,000 (30 Jun 2017: 1,200,000,000) Ordinary shares of Rs. 10/- each | | 12,000,000 | 12,000,000 |
| Issued, subscribed and paid-up capital | | | |
| 1,063,414,434 (30 Jun 2017: 365,689,968) Ordinary shares of Rs. 10/- each | 15 | 10,634,144 | 3,656,900 |
| Premium / (Discount) on issuance of shares | | 750,714 | (914,225) |
| Advance against right issue | | - | 6,049,057 |
| Accumulated loss | | (85,796) | (397,491) |
| | | 11,299,062 | 8,394,241 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long-term financing | 17 | 9,460,000 | 110,000 |
| Deferred taxation | 18 | 441,403 | 444,261 |
| Staff retirement benefits | 19 | 78,782 | 57,389 |
| | | 9,980,185 | 611,650 |
| CURRENT LIABILITIES | | | |
| Loan from previous sponsors | 23.1.4 | 735 | 735 |
| Trade and other payables | 20 | 1,844,801 | 784,356 |
| Unclaimed Dividend | | 126 | 126 |
| Accrued mark-up | 21 | 249,507 | 11,214 |
| Short-term financing | 22 | 1,032,890 | 1,107,669 |
| Current portion of long term financing | | 110,000 | 250,000 |
| Current portion of deferred accrued markup | | - | 227,123 |
| | | 3,238,059 | 2,381,223 |
| CONTINGENCIES AND COMMITMENTS | 23 | | |
| TOTAL EQUITY AND LIABILITIES | | 24,517,306 | 11,387,114 |

The annexed notes from 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



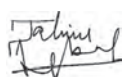
Director

Statement of Profit or Loss and Other Comprehensive Income

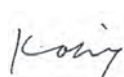
For the year ended 30 June 2018

| | | (Rupees in '000) | |
|--|------|------------------|----------------|
| | Note | 2018 | 2017 |
| Sales - net | 24 | 4,343,240 | 4,480,623 |
| Cost of sales | 25 | (3,668,172) | (3,500,092) |
| Gross profit | | 675,068 | 980,531 |
| Selling and distribution expenses | 26 | (115,806) | (106,154) |
| Administrative expenses | 27 | (131,708) | (76,366) |
| Other income | 28 | 1,676 | 5,968 |
| Other operating expenses | 29 | (71,210) | 4,124 |
| | | (317,048) | (172,428) |
| Operating profit | | 358,020 | 808,103 |
| Finance income | | 112,359 | 5,345 |
| Finance costs | | (121,601) | (248,273) |
| Finance costs - net | 30 | (9,242) | (242,928) |
| Profit before taxation | | 348,778 | 565,175 |
| Taxation | 31 | (28,871) | (98,382) |
| Profit after taxation | | 319,907 | 466,793 |
| Other comprehensive income: | | | |
| Items that will not be subsequently reclassified in statement of profit or loss | | | |
| Actuarial (loss) on remeasurement of defined benefit obligations | | (9,954) | (7,657) |
| Related deferred tax | | 1,742 | 1,608 |
| | | (8,212) | (6,049) |
| Total comprehensive income for the year | | 311,695 | 460,744 |
| | | (Rupees) | |
| Earnings per share - basic and diluted | 32 | 0.32 | 1.14 |

The annexed notes from 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



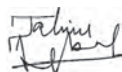
Director

Statement of Changes in Equity

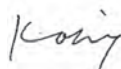
For the year ended 30 June 2018

| | Capital Reserve | | | Revenue Reserve | |
|--|--|---------------------------|------------------------|------------------|--------------|
| | (Rupees in '000) | | | | |
| | Issued, subscribed and paid up capital | Share premium/ (discount) | Advance against shares | Accumulated loss | Total Equity |
| Balance as at 1 July 2016 | 3,656,900 | (914,225) | - | (394,565) | 2,348,110 |
| Transaction with owners recorded directly in equity | - | - | - | 16,907 | 16,907 |
| Derecognition / adjustment of loan from shareholders - net | - | - | - | (480,577) | (480,577) |
| Gross subscription against right issue | - | - | 6,082,777 | - | 6,082,777 |
| Issuance costs | - | - | (33,720) | - | (33,720) |
| Net subscription against right issue | - | - | 6,049,057 | - | 6,049,057 |
| Total comprehensive income for the year | | | | | |
| Profit after taxation | - | - | - | 466,793 | 466,793 |
| Other comprehensive income - net of tax | - | - | - | (6,049) | (6,049) |
| | - | - | - | 460,744 | 460,744 |
| Balance as at 30 June 2017 | 3,656,900 | (914,225) | 6,049,057 | (397,491) | 8,394,241 |
| Issuance of right shares | 5,930,658 | 1,482,664 | (7,413,322) | - | - |
| Receipt against right shares | - | - | 1,330,545 | - | 1,330,545 |
| Issuance cost | - | - | (39,518) | - | (39,518) |
| Issuance costs charged against share premium | - | (73,238) | 73,238 | - | - |
| Issuance of shares otherwise than right | 1,046,586 | 261,646 | - | - | 1,308,232 |
| Issuance cost of otherwise than right shares | - | (6,133) | - | - | (6,133) |
| | 6,977,244 | 1,664,939 | (6,049,057) | - | 2,593,126 |
| Total comprehensive income for the year | | | | | |
| Profit after taxation | - | - | - | 319,907 | 319,907 |
| Other comprehensive income - net of tax | - | - | - | (8,212) | (8,212) |
| | - | - | - | 311,695 | 311,695 |
| Balance as at 30 June 2018 | 10,634,144 | 750,714 | - | (85,796) | 11,299,062 |

The annexed notes from 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



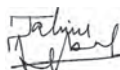
Director

Statement of Cash Flows

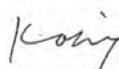
For the year ended 30 June 2018

| | | (Rupees in '000) | |
|---|------|---------------------|--------------------|
| | Note | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 36 | 549,616 | 572,883 |
| Gratuity paid | | (11,834) | (11,900) |
| Income tax paid | | (130,523) | (165,091) |
| Financial charges paid | | (358,115) | (596,691) |
| | | (500,472) | (773,682) |
| Net cash inflow / (outflow) from operating activities | | 49,144 | (200,799) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure - Operations | | (376,940) | (694,564) |
| Capital expenditure - Project Line III | | (14,118,191) | (231,132) |
| Investments made during year | | - | (233,720) |
| Proceeds from disposal of investments | | 137,500 | - |
| Interest received | | 111,451 | - |
| Redemption of units of Meezan cash fund | | 5 | - |
| Encashment of term deposit | | - | 7,500 |
| Proceeds from sale of property, plant and equipment | | 1,956 | 1,075 |
| Net cash (outflow) from investing activities | | (14,244,219) | (1,150,841) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loan from sponsors - net | | - | 70,000 |
| Proceeds from rights issue | | 1,330,545 | 4,497,277 |
| Proceeds from issuance of ordinary shares other than rights issue | | 1,308,232 | - |
| Repayment of long term financing - existing syndicate finance | | (250,000) | - |
| Proceeds from borrowings - project line III syndicate finance | | 9,460,000 | - |
| Expenses incurred on issuance of right shares | | (39,518) | (33,720) |
| Expenses incurred on issuance of shares other than right | | (6,133) | - |
| Net cash inflow from financing activities | | 11,803,126 | 4,533,557 |
| Net (decrease) / increase in cash and cash equivalents | | (2,391,949) | 3,181,917 |
| Cash and cash equivalents at beginning of the year | | 2,480,650 | (701,267) |
| Cash and cash equivalents at end of the year | 37 | 88,701 | 2,480,650 |

The annexed notes from 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Notes to the Financial Statements

For the year ended 30 June 2018

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

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

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- a) Due to the first time application of financial reporting requirements under the Companies Act 2017 (the Act) including disclosure and presentation requirements of the fourth schedule to the Act, some of the amounts reported for the previous period have been reclassified as detailed in note 41 to these financial statements.
- b) During the year, the company has obtained new long term loan facilities amounting to Rs. 16.2 billion from a syndicate of local commercial banks as detailed in Note 17.
- c) During the year, the Company issued 593,065,796 right shares to raise equity capital for the brown field expansion of the production capacity at the Company's existing site by adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. In addition, the Company also issued 104,658,670 otherwise than right shares to raise foreign equity capital to a consortium of FLSmidth & Co. (Danish global engineering company), IFU (Danish Investment Fund) and IIP (IFU Investment Partners), (the Consortium). The expansion project is further environmentally friendly and will meet IFC and World Bank standards. The project is planned to be commissioned in 2019.
- d) For a detailed discussion about the Company's performance please refer to the Directors' report accompanied in the annual report of the Company for the year ended 30 June 2018.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed."

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 Key judgements and estimates

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

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

- Property, plant and equipment and Intangible assets (notes 4.1 and 4.2).
- Stores, spares and loose tools (note 4.5)
- Stock-in-trade (note 4.6)
- Trade debts (note 4.8)
- Taxation (note 4.11)
- Impairment (note 4.7)
- Staff retirement benefits (note 4.12)
- Provisions (note 4.13)
- Contingent liabilities (note 4.14)
- Derivative financial instruments (note 4.17)

3.5 Change in accounting standards, interpretations and amendments to published approved accounting standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

- IAS 7, 'Statement of Cash Flows' amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided. The relevant disclosure have been made in these financial statements.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with the IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these financial statements.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2017. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2018, that may have an impact on the financial statements of the Company.

Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have material impact on Company's financial statements.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains

a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting impact of the standard on Company's financial reporting.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

4.1 Property, plant and equipment

4.1.1 Operating assets and depreciation

Initial recognition

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

Subsequent Measurement

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

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

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

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

Depreciation

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

Depreciation other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the company, at the rates specified in note 5. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

Disposal

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

Judgment and estimates

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

4.1.2 Assets subject to finance lease

The Company accounts for property, plant and equipment obtained under finance leases by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments at inception of lease or fair value whichever is lower.

Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on plant and machinery is charged on the unit of production method basis. Depreciation on assets other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in note 5. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

4.1.3 Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.1.4 Ijarah lease

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

4.1.5 Major stores and spares

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

4.2 Intangible assets

Measurement

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates specified in note 6 after taking into account residual value, if any.

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

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

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

Judgment and estimates

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

4.3 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

4.3.1 Cash and cash equivalents

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

4.4 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved. The distribution of dividend is subject to the covenant as mentioned in note 17.2.

4.5 Stores, spare parts and loose tools

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

4.6 Stock in trade

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

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

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

4.7 Impairment**Financial assets**

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

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense

in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

4.8 Trade debts, advances and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts / receivables, if any. Provision for doubtful debts / receivables is based on the management's assessment of customers' outstanding balances and credit worthiness. Bad debts are written-off when identified.

4.9 Borrowing and finance costs

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

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

4.10 Trade and other payables

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

4.11 Income tax

Income tax comprises of current tax and deferred tax.

a) Current tax

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

b) Deferred tax

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

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

Judgment and estimates

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

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

Off-setting

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

4.12 Staff retirement benefits

Defined benefit plan

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

Compensated absences

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

4.13 Provisions

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

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

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

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

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

4.14 Contingent liabilities

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.

4.15 Financial instruments

a) Initial recognition

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

b) Derecognition of financial liability

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

4.16 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.17 Derivative financial instruments

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

4.18 Revenue recognition

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

4.19 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are charged in the statement of profit or loss.

4.20 Earnings per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5. PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

| | Note | 2018 | 2017 |
|---|------|-------------------|------------------|
| Operating assets | 5.1 | 5,110,695 | 4,912,987 |
| Capital work in progress - Project Line III | 5.4 | 14,604,791 | 235,751 |
| Capital Work in progress - Existing | 5.4 | 5,797 | - |
| Capitalisable stores and spares | 5.5 | 122,061 | 99,738 |
| | | <u>19,843,344</u> | <u>5,248,476</u> |

5.1 Operating Assets

| 2018 | | | | | | | | | |
|--|-------------------|-------------------------|-------------------|--------------------------------|--------------------------|------------|---------------------|-------------------|---------------------------------------|
| Owned assets | Cost | | | Rate of Depreciation per annum | Accumulated depreciation | | | | Written down value as at 30 June 2018 |
| | As at 1 July 2017 | Additions / (disposals) | As at 30 Jun 2018 | | As at 1 July 2017 | (Disposal) | Charge for the year | As at 30 Jun 2018 | |
| | Rupees in '000 | | | % | Rupees in '000 | | | | |
| Land - lease hold | 3,025 | - | 3,025 | - | - | - | - | - | 3,025 |
| Factory building on leased hold land | 778,828 | 1,581 | 780,409 | 5% | 377,354 | - | 20,087 | 397,441 | 382,968 |
| Non-factory building on leased hold land | 24,082 | 4,034 | 28,116 | 10% | 14,191 | - | 1,091 | 15,282 | 12,834 |
| Lease Hold Improvements | 28,797 | 895 | 29,692 | 10% | 10,605 | - | 1,841 | 12,446 | 17,246 |
| Plant and machinery | 5,743,979 | 267,248 | 6,011,227 | Units of production | 1,328,111 | - | 110,877 | 1,438,988 | 4,572,239 |
| | | | | | - | - | - | - | - |
| Factory and laboratory equipment | 45,940 | 28,191 | 74,131 | 10% | 19,350 | - | 4,424 | 23,774 | 50,357 |
| Quarry equipment | 11,819 | 530 | 12,349 | 15% | 10,836 | - | 154 | 10,990 | 1,359 |
| Office equipment | 13,938 | 15,866 | 29,199 | 10% | 5,109 | - | 1,395 | 5,919 | 23,280 |
| | | (605) | | | - | - | (585) | | |
| Computer and peripherals | 26,588 | 7,432 | 34,020 | 33% | 15,722 | - | 4,992 | 20,714 | 13,306 |
| Furniture and fixtures | 23,469 | 5,447 | 28,916 | 10% | 12,843 | - | 1,297 | 14,140 | 14,776 |
| Vehicles | 28,408 | 17,596 | 40,534 | 20% | 21,765 | - | 3,635 | 21,229 | 19,305 |
| | | (5,470) | | | | | (4,171) | | |
| | <u>6,728,873</u> | <u>348,820</u> | <u>7,071,618</u> | | <u>1,815,886</u> | <u>-</u> | <u>149,793</u> | <u>1,960,923</u> | <u>5,110,695</u> |
| | | (6,075) | | | | - | (4,756) | | |

| 2017 | | | | | | | | | |
|--|-------------------|-------------------------|-------------------|--------------------------------|--------------------------|------------|---------------------|-------------------|---------------------------------------|
| Owned assets | Cost | | | Rate of Depreciation per annum | Accumulated depreciation | | | | Written down value as at 30 June 2017 |
| | As at 1 July 2016 | Additions / (disposals) | As at 30 Jun 2017 | | As at 1 July 2016 | (Disposal) | Charge for the year | As at 30 Jun 2017 | |
| | Rupees in '000 | | | % | Rupees in '000 | | | | |
| Land - lease hold | 3,025 | - | 3,025 | - | - | - | - | - | 3,025 |
| Factory building on leased hold land | 778,828 | - | 778,828 | 5% | 356,224 | - | 21,130 | 377,354 | 401,474 |
| Non-factory building on leased hold land | 20,938 | 3,144 | 24,082 | 10% | 13,238 | - | 953 | 14,191 | 9,891 |
| Lease Hold Improvement | 28,248 | 549 | 28,797 | 10% | 8,610 | - | 1,995 | 10,605 | 18,192 |
| Plant and machinery | 5,103,688 | 640,291 | 5,743,979 | Units of production | 1,245,511 | - | 82,600 | 1,328,111 | 4,415,868 |
| | | | | | | | | | |
| Factory and laboratory equipment | 36,417 | 9,523 | 45,940 | 10% | 16,710 | - | 2,640 | 19,350 | 26,590 |
| Quarry equipment | 11,819 | | 11,819 | 15% | 10,663 | - | 173 | 10,836 | 983 |
| Office equipment | 9,057 | 4,881 | 13,938 | 10% | 4,437 | - | 672 | 5,109 | 8,829 |
| Computer and peripherals | 17,101 | 9,487 | 26,588 | 33% | 12,372 | - | 3,350 | 15,722 | 10,866 |
| Furniture and fixture | 20,595 | 2,874 | 23,469 | 10% | 11,825 | - | 1,018 | 12,843 | 10,626 |
| Vehicles | 27,811 | 1,457 | 28,408 | 20% | 20,845 | - | 1,649 | 21,765 | 6,643 |
| | | (860) | | | | - | (729) | | |
| | <u>6,057,527</u> | <u>672,206</u> | <u>6,728,873</u> | | <u>1,700,435</u> | <u>-</u> | <u>116,180</u> | <u>1,815,886</u> | <u>4,912,987</u> |
| | | (860) | | | | | (729) | | |

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

(Rupees in '000)

| | Note | 2018 | 2017 |
|-------------------------|------|----------------|----------------|
| Cost of sales | 25 | 133,083 | 106,534 |
| Distribution cost | 26 | 3,764 | 2,409 |
| Administrative expenses | 27 | 12,946 | 7,237 |
| | | <u>149,793</u> | <u>116,180</u> |

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

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

5.3 The details of property, plant and equipment disposed off during the year are as follows:

| 2018 | Cost | Accumulated Depreciation | Written down value | Sales Proceeds | Gain | Particulars of the purchaser | Mode of Disposal | Relationship with the purchaser |
|--------------------------|-------|--------------------------|--------------------|----------------|-------|------------------------------|------------------|---------------------------------|
| -----Rupees in '000----- | | | | | | | | |
| Mini Pajero | 560 | 301 | 259 | 225 | (34) | Abdul Wahab | Negotiation | Employee of the company |
| Suzuki Cultus | 590 | 562 | 28 | 450 | 422 | EFU | Insurance Claim | None |
| Toyota Corolla | 1,439 | 1,146 | 293 | 299 | 6 | S.N Jaffri | Negotiation | Employee of the company |
| Suzuki Cultus | 725 | 595 | 130 | 470 | 340 | Hussain dealer | Policy | None |
| Toyota Axio | 1,560 | 1,062 | 498 | 312 | (186) | F.R Amir | Negotiation | Employee of the company |
| Suzuki Cultus | 596 | 504 | 92 | 119 | 27 | Shahid Hussain | Negotiation | Employee of the company |
| Air Conditioners | 604 | 585 | 19 | 81 | 62 | Rizwan | Negotiation | None |
| Total | 6,074 | 4,755 | 1,319 | 1,956 | 637 | | | |
| 2017 | 860 | (729) | 131 | 1,075 | 944 | | | |

5.4 Capital Work in Progress

| | Cost as at 1 July 2017 | Additions | Transferred to operating fixed assets | Cost as at 30 June 2018 |
|----------------------------|------------------------|-------------------|---------------------------------------|-------------------------|
| C.W.I.P - Existing | - | 5,797 | - | 5,797 |
| C.W.I.P - Project Line III | 235,751 | 14,369,040 | - | 14,604,791 |
| | <u>235,751</u> | <u>14,374,837</u> | <u>-</u> | <u>14,610,588</u> |

5.4.1 This includes borrowing costs of Rs. 247.684 million (2017: Nil) capitalized during the period, incurred on the long term financing obtained for the purpose of expansion of new cement production line - Project Line III (refer note 17.3 and 21).

5.4.2 It includes Rs.3.166 million against staff retirement benefits (2017 : Nil).

(Rupees in '000)

| | Note | 2018 | 2017 |
|--|------|----------------|---------------|
| 5.5 Opening balance | | 99,738 | 74,516 |
| Additions during the year | | 107,278 | 219,113 |
| Transferred to property, plant and equipment | | (84,955) | (193,891) |
| Closing balance | | <u>122,061</u> | <u>99,738</u> |

6. INTANGIBLE ASSETS

(Rupees in '000)

| | Note | 2018 | 2017 |
|--|------|---------|---------|
| Cost | | 10,050 | 16,367 |
| Accumulated amortization | | (8,973) | (7,390) |
| | | 1,077 | 8,977 |
| Carrying amount at the beginning of the year | | 8,977 | 8,982 |
| Additions during the year | | - | 5,901 |
| Amortization during the year | | (7,900) | (5,906) |
| Carrying amount at the end of the year | | 1,077 | 8,977 |
| Rate of amortization | | 50% | 50% |

6.1 Intangible assets comprise of computer software and licenses.

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

7. INVESTMENTS

(Rupees in '000)

| | Note | 2018 | 2017 |
|------------------------------|------|--------|--------|
| Held to maturity | | | |
| Defence savings certificates | 7.1 | 13,124 | 12,215 |
| Term deposit certificate(s) | | - | 1,000 |
| Held for Trading | | | |
| Units of Meezan Cash Fund | | - | 5 |
| | | 13,124 | 13,220 |

7.1 These Defence Saving Certificates (DSCs) are for a period of 10 years having maturity in 2026. These carry mark-up at effective interest rate of 7.44% per annum. These DSCs are pledged with the Nazim of Sindh High Court as disclosed in note 23.1.9

8. STORES, SPARES AND LOOSE TOOLS

(Rupees in '000)

| | Note | 2018 | 2017 |
|--|------|-----------|-----------|
| Stores | | 291,863 | 322,426 |
| Coal | 8.1 | 410,011 | 348,928 |
| Spare parts | | 371,631 | 334,978 |
| Loose tools | | 7,096 | 7,024 |
| | | 1,080,601 | 1,013,356 |
| Provision for slow moving / obsolete stock | 8.2 | (13,519) | (13,519) |
| | | 1,067,082 | 999,837 |

8.1 This includes coal-in-transit amounting to Rs. 240.19 million (2017: Rs. 83.03 million).

8.2 Provision for slow moving / obsolete stores and spares

(Rupees in '000)

| | 2018 | 2017 |
|---------------------|--------|--------|
| Opening balance | 13,519 | 13,519 |
| Charge for the year | - | - |
| Closing balance | 13,519 | 13,519 |

9. STOCK-IN-TRADE

| | | |
|------------------|---------|---------|
| Raw material | 14,883 | 12,243 |
| Packing material | 47,596 | 36,921 |
| Work-in-process | 173,256 | 73,846 |
| Finished goods | 66,174 | 101,721 |
| | 301,909 | 224,731 |

| | | (Rupees in '000) | |
|--|-----------|------------------|---------|
| 10. TRADE DEBTS - Considered good | Note | 2018 | 2017 |
| Due from related parties - unsecured | 10.1&10.2 | 192,319 | 40,762 |
| Due from other parties - unsecured | | 270,193 | 290,539 |
| | | 462,512 | 331,301 |
| Less: provision for doubtful debts | 10.3 | (6,300) | - |
| | | 456,212 | 331,301 |
| 10.1 The related parties from whom the debts are due are as under: | | | |
| Javedan Corporation Limited | | 30,918 | 9,212 |
| Safe Mix Concrete Products Limited | | 161,123 | 31,250 |
| Aisha Steel Mills Limited | | 278 | 300 |
| | | 192,319 | 40,762 |
| 10.2 The balances due from related parties are mark-up free. The aging analysis of these balances is as follows: | | | |
| Not past due | | 23,819 | 20,823 |
| Past due 1-60 days | | 35,892 | 15,762 |
| Past due 61 days to 1 year | | 132,608 | 4,177 |
| | | 192,319 | 40,762 |
| 10.2.1 Maximum aggregate amount outstanding during the year is Rs. 221.2 million. | | | |
| 10.3 Provision for doubtful debts | | | |
| Balance as at 01 July | | - | - |
| Charge for the year | | 6,300 | - |
| Balance as at 30 June | | 6,300 | - |
| 11. ADVANCES AND OTHER RECEIVABLES - Unsecured (considered good) | | | |
| To employees | 11.1 | 40,622 | 10,075 |
| To contractors and suppliers | | 46,962 | 47,296 |
| Against letter of credit | | 39,814 | 38,745 |
| Advance tax | | 128,859 | 179,054 |
| Rebate receivable | | 5,263 | 5,263 |
| Sales tax (current) | 11.3 | 820,006 | 80,167 |
| Others | | 7,000 | 3,924 |
| | | 1,088,526 | 364,524 |

- 11.1 This includes personal and auto loan advances to executives amounting to Rs. 33.262 million (2017: Rs. 6.414 million). Maximum amount outstanding against advances to employees during the year was Rs. 27.723 million (2017: Rs. 10.075 million). The amount is payable on demand and is secured against retirement benefit entitlement of the employees.

Movement in advances to executives during the year

| | | (Rupees in '000) | |
|----------------------------|--------|------------------|---------|
| | Note | 2018 | 2017 |
| Opening | | 6,414 | 6,407 |
| Disbursed during the year | 11.1.1 | 32,416 | 1,490 |
| Repayments during the year | | (5,568) | (1,483) |
| Closing | | 33,262 | 6,414 |

- 11.1.1 These include loans made to employees of the Company namely M/s. Akmal Masood and Tahir Iqbal exceeding PKR 1 million each.

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

11.3 The Company has challenged the levy of sales tax on import of 7,700 TPD on Plant in SHC. The Court allowed an interim relief to the Company against submission of Bank Guarantee with the Nazir of the Court. A Bank Guarantee of PKR Rs. 600 million has 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.

12. TAX REFUND DUE FROM GOVERNMENT

(Rupees in '000)

| | 2018 | 2017 |
|------------------------------------|---------|---------|
| Income tax refundable / adjustable | 318,045 | 167,314 |
| Sales tax refundable | 2,989 | 2,989 |
| Excise duty receivable | 189,467 | 189,467 |
| | 510,501 | 359,770 |

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

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

12.2 The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suit was filed by the Company challenging the order of Deputy Collector of Customs, Central Excise & Sales Tax, Hyderabad. The management in consultation with its lawyer is confident that the outcome of the case would be in favour of the Company and that the amount deposited above would be recovered.

13. SHORT TERM INVESTMENTS

(Rupees in '000)

| | | 2018 | 2017 |
|-------------------------------------|------|--------|---------|
| Held to Maturity | | | |
| Investment in term deposit receipts | 13.1 | 84,000 | 220,500 |

13.1 These are placed with local banks and carry profit at declared rates of 3.75% - 5% (2017: 3.75% - 4.18%) per annum and will mature in June 2019 (2017: June 2018).

14. CASH AND BANK BALANCES

Note

(Rupees in '000)

| | | 2018 | 2017 |
|-----------------------|------|------------------|------------------|
| Cash in hand | | 781 | 800 |
| Cash with banks: | | | |
| - In current accounts | | 31,671 | 1,834,574 |
| - In savings accounts | 14.1 | 938,139 | 1,752,945 |
| - Term deposits | 14.2 | 151,000 | - |
| | | <u>1,121,591</u> | <u>3,588,319</u> |

14.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 3% - 6.5% (2017: 2.5% - 5.6%) per annum.

14.2 This includes term deposit certificates placed with local banks and carry profit at declared rates of 3.14% - 6.65% (2017: 3.75% - 4.18%) per annum.

15. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Number of Shares)

| 2018 | 2017 |
|----------------------|--------------------|
| 1,051,234,846 | 353,510,380 |
| 840,000 | 840,000 |
| 11,339,588 | 11,339,588 |
| <u>1,063,414,434</u> | <u>365,689,968</u> |

Fully paid ordinary shares of
Rs. 10 each issued:
For cash
For consideration other than cash
Bonus shares

(Rupees in ,000)

| 2018 | 2017 |
|-------------------|------------------|
| 10,512,348 | 3,535,104 |
| 8,400 | 8,400 |
| 113,396 | 113,396 |
| <u>10,634,144</u> | <u>3,656,900</u> |

15.1 Shares held by the associated undertakings as at the statement of financial position date were 679,777,175 (30 June 2017: 210,855,545).

15.2 Reconciliation of number of shares outstanding

Note

(No. of Shares)

| | 2018 | 2017 |
|---|----------------------|--------------------|
| Number of shares outstanding at the beginning of the year | 365,689,968 | 365,689,968 |
| Issued for cash | | |
| Issuance of Right shares | 593,065,796 | - |
| Issuance of Shares otherwise than right | 104,658,670 | - |
| Number of shares outstanding at the ending of the year | <u>1,063,414,434</u> | <u>365,689,968</u> |

15.2.1 The shares shall not be saleable for a period of 5 years.

15.2.2 All further shares issued during the year were subscribed at a premium of Rs.2.5 per share.

16. RESERVES**Capital reserve**

Share Premium / (Discount)

Advance against shares

16.1

750,714

(914,225)

-

6,049,057

Revenue Reserve

Revenue Reserve

17.2

(85,796)

(397,491)

664,9184,737,341

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

17. LONG TERM FINANCING

(Rupees in '000)

| | | 2018 | 2017 |
|--|-------------|-----------|-----------|
| Long Term Loan - Existing Operations | 17.1 & 17.2 | 110,000 | 360,000 |
| Less: current maturity shown under current liabilities | | (110,000) | (250,000) |
| | | - | 110,000 |
| Long Term Loan - Project Line III | 17.3 | 9,460,000 | - |
| Total Long Term Loan | | 9,460,000 | 110,000 |

- 17.1** This represents syndicated term finance facility arranged by the Company with a syndicate of local commercial banks (the Syndicate). In 2012, the Company entered into a revised restructuring agreement with the Syndicate dated 23 December 2011. As per the revised restructuring agreement the principal was payable in nine half yearly instalments from 23 December 2011 to 23 December 2015.

The mark up charged during first 3.5 years i.e. from 23 June 2010 to 22 December 2013 is 6 month KIBOR + 0% per annum and after 3.5 years i.e. 23 December 2013 to 23 December 2018, the mark up will be charged at 6 month KIBOR + 1.75% per annum. Mark-up outstanding at the time of restructuring and mark-up accrued from restructuring date till the date of final settlement of principal will then be paid in four (4) half yearly installments commencing from 23 June 2016.

In 2015, the Company again entered into a revised restructuring agreement with the Syndicate dated 26 December 2014. As per the revised restructuring agreement, principal instalments aggregating Rs. 360 million have been deferred as follows:

- Rs. 250 million falling due on 23 December 2014 has been repaid on 23 June 2018.
- Rs. 110 million out of Rs. 360 million falling due on 23 June 2015 will be repaid on 23 December 2018.

The outstanding principal will be paid as per the existing repayment terms. The loan is secured by way of mortgage over property and hypothecation over assets aggregating to Rs. 3,330 million.

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

- 17.3** This represents funded / Musharaka contribution amount drawn from National Bank of Pakistan (the syndicate participant bank) under the long-term syndicate finance facility of Rs. 16,200 million having NBP participation of Rs. 4,500 million, for the ongoing expansion project of 7,700 TPD, led by NBP as Investment Agent (2017: Nil). The said facility has been structured in Islamic mode of financing (Musharaka) having syndicate term finance facility (STFF) of Rs. 16,200 million and syndicate LC facility of Rs. 16,200 million (as sublimit of STFF) for a tenor of 8.5 years including grace period of 2.5 years.i.e 5 mark-up payments and subsequent 12 instalments including both principal and mark-up. The facility carry mark up at the rate of 6 months KIBOR plus 2.25% (30 June 2017: Nil) per annum calculated on daily product basis with mark-up / principal repayment falling due on semi-annual basis. The first rental payment will be due on 16 July 2018. The facility is secured through first pari passu charge over current / fixed assets of the Company along with additional collaterals.

The aggregate funded amount of the aforementioned facility which has not been availed as at the reporting date amounts to Rs. 6,740 million (2017: Rs. Nil).

18. DEFERRED TAXATION

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

| | (Rupees in '000) | |
|--|------------------|-----------|
| | 2018 | 2017 |
| Deductible temporary differences | (13,787) | (12,052) |
| Deferred liability - provision for gratuity | (1,103) | - |
| Provision for doubtful debts | (2,366) | (2,839) |
| Provision for stores, spares and loose tools | (3,975) | (3,451) |
| Provision for leave encashment | (176,874) | (273,401) |
| Carry forward tax losses | (198,105) | (291,743) |
| Taxable temporary differences | 639,508 | 736,004 |
| Accelerated tax depreciation | 441,403 | 444,261 |
| Deferred Taxation | | |
| STAFF RETIREMENT BENEFITS | | |
| Provision for gratuity | 78,782 | 57,389 |
| Number of employees covered under scheme | 366 | 295 |

19. STAFF RETIREMENT BENEFITS

19.1 Number of employees covered under scheme

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

a) Significant actuarial assumptions

| | | |
|---|----------------|----------------|
| Financial assumptions | | |
| Discount rate | 9.00% | 7.75% |
| Expected rate of eligible salary increase in future years | 8.00% | 6.75% |
| Average expected remaining working life time of employees | 11 Years | 11 Years |
| Demographic assumptions | | |
| Mortality rate | SLIC 2001-2005 | SLIC 2001-2005 |
| Withdrawal rate | Moderate | Moderate |
| Retirement assumption | Age 60 | Age 60 |

Description of the risks to the Company

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

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

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

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

b) Reconciliation of balance due to defined benefit plan

| | (Rupees in '000) | |
|---|------------------|---------|
| Reconciliation of balance due to defined benefit plan | 2018 | 2017 |
| Present value of defined benefit obligation | 91,721 | 66,678 |
| Fair value of plan assets | (12,939) | (9,289) |
| | 78,782 | 57,389 |

c) Movement of the liability recognized in the statement of financial position

(Rupees in '000)

| | 2018 | 2017 |
|---|----------|----------|
| Liability recognized in the statement of financial position as at 1 July | 57,389 | 46,341 |
| Charge for the year | 23,273 | 15,291 |
| Remeasurements chargeable in other comprehensive income | 9,954 | 7,657 |
| Contribution during the year | (11,834) | (11,900) |
| Liability recognized in the statement of financial position as at 30 June | 78,782 | 57,389 |
| d) Change in present value of defined benefits obligations | | |
| Present value of defined benefits obligation as at 1 July | 66,678 | 54,591 |
| Current service cost for the year | 17,358 | 12,363 |
| Past service cost | 1,926 | - |
| Interest cost for the year | 4,849 | 3,603 |
| Benefits paid during the year | (8,223) | (9,768) |
| Remeasurements: | | |
| Actuarial losses from changes in financial assumptions | 232 | 67 |
| Experience adjustments | 8,901 | 5,822 |
| Present value of defined benefits obligation as at 30 June | 91,721 | 66,678 |
| e) Changes in fair value of plan assets | | |
| Fair value of plan assets as at 1 July | 9,289 | 8,250 |
| Contribution during the year | 11,834 | 11,900 |
| Expected return on plan assets | 860 | 675 |
| Benefits paid / discharged during the year | (8,223) | (9,768) |
| Actuarial loss on plan assets | (821) | (1,768) |
| Fair value of plan assets as at 30 June | 12,939 | 9,289 |
| f) Expenses recognized in the profit or loss account | | |
| Current service cost | 17,358 | 12,363 |
| Past service cost | 1,926 | - |
| Interest cost | 4,849 | 3,603 |
| Return on plan assets | (860) | (675) |
| | 23,273 | 15,291 |
| g) Remeasurements chargeable in other comprehensive income | | |
| Remeasurements: | | |
| Actuarial (gains) / losses from changes in financial assumptions | 232 | 67 |
| Experience adjustments | 8,901 | 5,822 |
| | 9,133 | 5,889 |
| Actuarial loss on plan asset | 821 | 1,768 |
| Total Remeasurements Chargeable in Other Comprehensive Income | 9,954 | 7,657 |

h) Expected charge for the year ending 30 June 2019 as per actuary report is Rs. 29.444 million.

i) Plan assets as at 30 June 2018 comprise:

(Rupees in '000)

| | Amount Rs. in ,000 | Percentage |
|------------------------|-----------------------|------------|
| Cash and / or deposits | 596 | 4.61% |
| Other | 12,343 | 95.39% |
| | 12,939 | 100% |

j) Sensitivity analysis for the year ended 30 June 2018

Discount rate effect

Original liability
1% increase
1% decrease
Salary increase rate effect

Original liability
1% increase
1% decrease

| PV of defined benefit obligation | Rate effect |
|----------------------------------|-------------|
| 91,721 | 9.00% |
| 85,100 | 10.00% |
| 99,470 | 8.00% |
| 91,721 | 8.00% |
| 99,595 | 9.00% |
| 84,873 | 7.00% |

Maturity profile

The average duration of defined benefit obligation is 8 years.

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

| | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|--------------------------------------|----------|---------|------------------|---------|----------|
| | | | (Rupees in '000) | | |
| Present value of defined obligations | 91,721 | 66,678 | 54,591 | 43,060 | (36,756) |
| Fair value of plan assets | (12,939) | (9,289) | (8,250) | (3,501) | 3,592 |
| Deficit / (surplus) | 78,782 | 57,389 | 46,341 | 39,559 | (33,164) |

l) Experience adjustments

Experience adjustment arising on plan liabilities

| | | | | |
|-------|-------|-----|---------|-------|
| 8,901 | 5,822 | 612 | (1,261) | (171) |
|-------|-------|-----|---------|-------|

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

(Rupees in '000)

| | 2018 | 2017 |
|-------------------------------------|-----------|---------|
| Cost of sales | 13,377 | 11,154 |
| Distribution cost | 4,000 | 2,790 |
| Administrative expenses | 2,730 | 1,347 |
| CWIP - Project Line III | 3,166 | - |
| | 23,273 | 15,291 |
| 20. TRADE AND OTHER PAYABLES | | |
| Trade creditors | 276,831 | 255,015 |
| Project Line III creditors | 695,199 | - |
| Bills payable | 565,068 | 287,105 |
| Accrued liabilities | 82,676 | 43,009 |
| Royalty payable on raw material | 964 | - |
| Excise duty payable on raw material | 4,065 | 2,427 |
| Advances from customers | 68,508 | 47,146 |
| Retention money payable | 1,427 | 1,632 |
| Federal Excise Duty payable | 9,238 | - |
| Workers' Welfare Fund | 5,012 | 24,587 |
| Workers' Profit Participation Fund | 86,217 | 94,785 |
| Withholding tax payable | 23,815 | 10,704 |
| Leave encashment payable | 22,716 | 16,434 |
| Others | 3,065 | 1,512 |
| | 1,844,801 | 784,356 |

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

20.2 **Workers' Profit Participation Fund**

(Rupees in '000)

| Note | 2018 | 2017 |
|-------------------------------|----------|----------|
| Balance as at 1 July | 94,785 | 99,852 |
| Mark-up on balance payable | 6,961 | 8,150 |
| Allocation for the year | 18,577 | 29,911 |
| | 120,323 | 137,913 |
| Payments made during the year | (34,106) | (19,548) |
| Reversal made during the year | - | (23,580) |
| Balance as at 30 June | 86,217 | 94,785 |

21. **ACCRUED MARK-UP**

(Rupees in '000)

| Note | 2018 | 2017 |
|--|---------|--------|
| On long term borrowings-Existing Operation | 212 | - |
| On long term borrowings-Line III | 247,684 | - |
| On short term borrowings | 1,611 | 11,214 |
| | 249,507 | 11,214 |

22. **SHORT TERM FINANCING**

Conventional

| | | | |
|-----------------------------|------|-----------|-----------|
| Running finances | 22.1 | 32,890 | 278,034 |
| Foreign currency Loan | 22.2 | - | 11,513 |
| Islamic | | | |
| Istisna / Running Musharaka | 22.3 | 1,000,000 | 780,000 |
| Murabaha | 22.4 | - | 38,122 |
| | | 1,032,890 | 1,107,669 |

- 22.1 This represents short-term running finance facilities from various banks amounting to Rs. 300 million (June 2017: Rs. 300 million). These carry applicable mark up at the rate ranging between 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5% (30 June 2017: 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.5%) per annum calculated on daily product basis. Mark-up on these facilities is payable quarterly. These facilities will mature from 01 July 2018 to 30 April 2019 and are renewable. These are secured by first pari passu charge against current and fixed assets of the Company.

The aggregate amount of aforementioned facilities which has not been availed as at the reporting date amounts to Rs. 267.11 million (30 June 2017: Rs. 21.97 million).

- 22.2 This previously availed FE-25 facilities has now been converted to the Istisna facility as reported in note 22.3.
- 22.3 This represents facilities amounting to Rs. 3,700 million (30 June 2017: Rs. 900 million) repayable with a maximum tenure of 180 days from the date of disbursement. It carries applicable profit at the rates ranging from KIBOR plus 1% to KIBOR plus 2.5% (30 June 2017: KIBOR plus 1.6% to KIBOR plus 3.75%). These facilities have been obtained on annually renewable basis. As at the reporting date unavailed amount under these facilities amount to Rs.2,700 million (30 June 2017: Rs. 120 million). These are secured by first pari passu charge against current and fixed assets of the Company.
- 22.4 This represents Rs. 100 million (2017: Rs. 500 million) Murabaha facility from Dubai Islamic Bank (Pakistan) Limited. It carries applicable profit at the rate of KIBOR plus 2% (2017: 6 months KIBOR plus 1%) and the facility is secured through by first pari passu charge against current and fixed assets of the Company. As at statement of financial position date unavailed amount under these facilities amount to Rs.100 million.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

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

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

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

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

23.1.3 During 2008, a customer has filed claim of Rs. 1.197 million before the Court of District & Session Judge Karachi (East), for recovery of financial loss due to sub-standard supply of cement via appeal no. 14/2008 dated 15 May 2005 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.

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

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

In 2013, the arbitrator decided in favour of the Company vide order dated 6 August 2012 and determined an amount of Rs. 0.735 million to be paid by the Company. The award has been sent to the Registrar High

Court of Sindh for making the award a rule of Court. The management, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, the Company has strong grounds considering the fact that the Arbitration Award has been announced in Company's favour and the arbitration award will be made a rule of Court. Accordingly, the management had reversed the liability with a corresponding credit in the profit or loss account. However, as previous sponsors have filed objections to the award, the matter has been disclosed as a contingent liability in these financial statements.

- 23.1.5** During 2015, the Company received a show cause notice on 22 January 2015 from Deputy Commissioner Inland Revenue (DCIR) alleging that the Company is evading Sales tax and Federal Excise Duty (FED) which was calculated by comparing consumption of energy and coal of cement industry with the Company and also considering the grinded slag as cement on which FED is payable. DCIR alleged the Company for evading an amount of Rs. 551.858 million and Rs. 168.276 million in respect of Sales tax and FED respectively. Subsequently, physical verification of manufacturing premises was conducted on 10 February 2015 u/s 38 and 40B. Hearing was fixed on 23 February 2015 and demand notice was received on 03 March 2015 (dated 26 February 2015) for the recovery of Rs. 333.945 million and Rs. 106.467 million. The management of the Company filed an appeal with Commissioner Inland Revenue (CIR) Appeals on 17 March 2015 along with the application for urgent hearing, challenging the order on the grounds of judicial impartiality, lack of legal grounds under Sales Tax Act 1990 and Federal Excise Act, validity of order based on presumptions and lack of basic knowledge of cement industry. Simultaneously, application of stay was filed with CIR Appeals on 17 March 2015 and reference petition was filed with SHC requesting a stay from legal action on the impugned order dated 26 February 2015, against which stay was granted to the Company by the SHC on 2 April 2015. The Commission Inland Revenue (CIR) has preferred an appeal before the Appellate Tribunal Inland Revenue against order # 41 of 2017 passed by CIR (Appeals –II) on September 27, 2017.

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

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

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

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

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

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

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

- 23.1.10** Section 113(2)(c) was interpreted by a Divisional Bench of the SHC in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Company has carried forward minimum tax of previous years amounting to Rs. 9.25 million at the reporting date and the Company expects to adjust the amount against the future taxable profits. The Company's legal counsel is of the opinion that the Company has strong arguable case and at an appropriate stage the matter can be agitated before SCP in case the adjustment is challenged by the tax authorities. In view of above, the management of the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in these financial statements.

The Company has challenged the applicability of Alternate Corporate Tax (ACT) via suit No. 102 of 2017 and filed Income Tax Return of TY 2016 based on Minimum Tax and accordingly no effect of (ACT) is taken in the tax liability and an interim order has been granted by the SHC that no coercive action is to be taken against the Company till the pendency of the Suit.

- 23.1.11** In 2014, one of the labours working at the Company's Factory has also filed a case dated 17 November 2014 claiming an approximate amount of Rs. 0.84 million in respect of certain unpaid salaries / wages etc. the case is pending with the SHC, circuit court at Hyderabad. The management is confident based on its legal advisor's opinion that the outcome of the case will be in favor of the Company.

In May 2017, one of the former labour working at the Company's factory has filed a case against the Company in the current year amounting approximately Rs. 0.77 million, in respect of certain unpaid salaries / wages etc. Management of the Company is confident that the outcome of the case will be in favour of the Company.

- 23.1.12** During the year, advances to contractors / suppliers (as referred in note 11 to these financial statements) include an advance of Rs. 10 million extended for purchase of land. Possession of the land was not given by the seller to the Company within the agreed time frame and therefore the Company has approached the Kotri Court (District Jamshoro) dated 08 July 2017 to ensure the execution of this purchase deal as per the agreed terms. Management of the Company is confident that the outcome of the case will be in favour of the Company.

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

For other contingencies, refer note 12.1 and 12.2.

- 23.1.14** A case has also been initiated on 03rd October 2017 via suit 1129 of 2017 in the Court of Senior Civil Judge, Hyderabad against the Company for recovery of advertisement fees, the Company has 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 legal counsel of the Company is confident of getting the case dismissed.

(Rupees in '000)

| 23.2 | Commitments | Note | 2018 | 2017 |
|-------------|--|-------------|-------------------|-------------------|
| | Commitments against open letter of credit for: | | | |
| | Coal | | 568,747 | 411,723 |
| | Clinker plant project | | 1,440,904 | 7,329,621 |
| | Cement production and dispatch project | | 429,953 | 3,052,757 |
| | Stores and spares | | 79,436 | 95,744 |
| | | | 2,519,040 | 10,889,845 |
| | Commitments against capital expenditures | | 6,238,007 | - |
| | Commitments against letter of guarantees | | 1,610,500 | 10,500 |
| | Commitment against purchase of land | | 61,370 | 61,370 |
| | Ijarah rentals | | 17,722 | 3,395 |
| | Supervisory fees | | 690,076 | 616,318 |
| | | | 11,136,715 | 11,581,428 |

24. SALES - NET

(Rupees in '000)

| | Note | 2018 | 2017 |
|---------------------|------|-------------|-------------|
| Local | | 6,189,927 | 6,067,140 |
| Export | | 54,937 | 67,671 |
| | | 6,244,864 | 6,134,811 |
| Less : | | | |
| Sales tax | | (1,063,102) | (1,011,086) |
| Federal excise duty | | (838,522) | (643,102) |
| | | (1,901,624) | (1,654,188) |
| | | 4,343,240 | 4,480,623 |

25. COST OF SALES

| | | | |
|--|------|-----------|-----------|
| Salaries, wages and other benefits including retirement benefits | 25.1 | 291,946 | 267,383 |
| Raw materials consumed | 25.2 | 197,536 | 174,349 |
| Packing material consumed | 25.3 | 269,470 | 253,714 |
| Stores, spares and loose tools | | 245,187 | 219,559 |
| Fuel and power | | 2,474,451 | 1,674,939 |
| Insurance | | 11,434 | 9,666 |
| Repairs and maintenance | | 95,856 | 93,758 |
| Depreciation | | 133,083 | 106,534 |
| Other production overheads | | 13,072 | 22,562 |
| | | 3,732,035 | 2,822,464 |
| Work in process | | | |
| Opening | | 73,846 | 31,973 |
| Purchases | | - | 732,862 |
| Closing | | (173,256) | (73,846) |
| | | (99,410) | 690,989 |
| Cost of goods manufactured | | 3,632,625 | 3,513,453 |
| Finished goods | | | |
| Opening | | 101,721 | 47,241 |
| Purchases | | - | 41,119 |
| Closing | | (66,174) | (101,721) |
| | | 35,547 | (13,361) |
| | | 3,668,172 | 3,500,092 |

25.1 It includes Rs.13.377 million against staff retirement benefits (2017 : Rs. 11.154 million).

25.2 Raw materials consumed

| | | |
|-------------------------------|----------|----------|
| Opening stock of raw material | 12,243 | 30,857 |
| Purchases | 200,176 | 155,735 |
| | 212,419 | 186,592 |
| Closing stock of raw material | (14,883) | (12,243) |
| | 197,536 | 174,349 |

25.3 Packing materials consumed

| | | |
|-----------------------------------|----------|----------|
| Opening stock of packing material | 36,921 | 55,150 |
| Purchases | 280,145 | 235,485 |
| | 317,066 | 290,635 |
| Closing stock of packing material | (47,596) | (36,921) |
| | 269,470 | 253,714 |

26. SELLING AND DISTRIBUTION EXPENSES

(Rupees in '000)

| | Note | 2018 | 2017 |
|--|------|----------------|----------------|
| Salaries, wages and other benefits including retirement benefits | 26.1 | 40,472 | 33,242 |
| Export expenses | | 23,876 | 27,603 |
| Travelling and conveyance | | 74 | 38 |
| Depreciation | | 3,764 | 2,409 |
| Marking fee | | 3,961 | 7,202 |
| Incentives and commission on local sales | | 33,748 | 22,305 |
| Advertisement expense | | 8,337 | 8,430 |
| Others | | 1,574 | 4,925 |
| | | 115,806 | 106,154 |

26.1 This includes Rs. 4 million (2017: Rs. 2.790 million) against staff retirement benefits.

27. ADMINISTRATIVE EXPENSES

(Rupees in '000)

| | Note | 2018 | 2017 |
|--|------|----------------|---------------|
| Salaries, wages and other benefits including retirement benefits | 27.1 | 47,448 | 27,245 |
| Travelling and conveyance | | 223 | 518 |
| Printing and stationery | | 3,686 | 3,310 |
| Repair and maintenance | | 2,792 | 2,850 |
| Legal and professional charges | | 3,060 | 972 |
| Auditor's remuneration | 27.2 | 1,331 | 2,512 |
| Rent, rates and taxes | | 6,425 | 6,520 |
| Advertisement | | 5,146 | 2,535 |
| Postage, telephone and telegram | | 3,764 | 3,095 |
| Entertainment | | 4,964 | 1,823 |
| Ijarah payments | 27.3 | 3,941 | 1,085 |
| Fees and subscription | | 13,674 | 7,136 |
| Depreciation | 5.2 | 12,946 | 7,237 |
| Amortization | 6 | 7,900 | 5,906 |
| Charity and donation | 27.4 | 6,017 | 2,658 |
| Provision for doubtful debt | | 6,300 | - |
| Miscellaneous | | 2,091 | 964 |
| | | 131,708 | 76,366 |

27.1 This includes Rs. 2.73 million (2017: Rs. 1.347 million) against staff retirement benefits.

27.2 Auditors' remuneration

(Rupees in '000)

| | 2018 | 2017 |
|--|--------------|--------------|
| Audit Services | | |
| Audit fee | 794 | 1,588 |
| Half yearly review fee | 300 | 500 |
| Out of pocket expenses | 137 | 274 |
| | 1,231 | 2,362 |
| Fee for review of compliance with Code of Corporate Governance | 50 | 100 |
| Certifications for regulatory purposes | 50 | 50 |
| | 1,331 | 2,512 |

27.3 Car Ijarah payments

Total of future Ijarah payments under the agreement are as follows:

| | | |
|---|---------------|--------------|
| Not later than one year | 5,852 | 986 |
| Later than one year but not later than five years | 11,869 | 2,409 |
| | 17,721 | 3,395 |

27.4 Charity and Donations

27.4.1 Donations to the following organization exceed Rs.500,000

| | | |
|----------------------------|-------|-------|
| Bait-us-Salam trust | 2,880 | 1,632 |
| Pakistan Hockey Federation | 650 | - |

27.4.2 None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

| | | (Rupees in '000) | |
|---|------|------------------|-----------|
| | Note | 2018 | 2017 |
| 28. OTHER INCOME | | | |
| Gain on disposal of fixed assets | 5.3 | 637 | 944 |
| Scrap sales | | 1,039 | 5,024 |
| | | 1,676 | 5,968 |
| 29. OTHER OPERATING EXPENSES | | | |
| Workers' Welfare Fund | | 4,160 | (13,267) |
| Exchange loss | | 48,474 | 2,812 |
| Workers' Profit Participation Fund | | 18,576 | 6,331 |
| | | 71,210 | (4,124) |
| 30. FINANCE INCOME / (COST) - NET | | | |
| Finance income: | | | |
| Income from PLS Savings account and term deposit- Islamic | | 111,437 | 4,724 |
| Income from term deposit - Conventional | | 13 | 56 |
| Income from defence savings certificates | | 909 | 565 |
| | | 112,359 | 5,345 |
| Finance costs: | | | |
| Mark-up on short term borrowings | | (56,625) | (56,109) |
| Mark-up on WPPF | | (6,961) | (8,150) |
| Bank charges and commission | | (2,820) | (2,813) |
| Unwinding of discount on loan from related party | | - | (76,760) |
| Unwinding of Interest on long term finance | | (55,195) | (104,441) |
| | | (121,601) | (248,273) |
| | | (9,242) | (242,928) |
| 31. TAXATION | | | |
| Current - for the year | 31.1 | 25,296 | 69,810 |
| - Prior year | | 4,691 | - |
| Deferred | | (1,116) | 28,572 |
| | | 28,871 | 98,382 |
| Relationship between income tax expense and accounting profit | | | |
| Profit before taxation | | 348,778 | 565,175 |
| Tax at the enacted tax rate 30% (2017: 31%) | | 104,633 | 175,204 |
| Adjustment of tax admissible / inadmissible expenses | | (43,482) | (39,736) |
| Adjusted from previous unadjusted losses | | (61,152) | - |
| Tax effected of income subject to final regime | | 549 | (677) |
| Minimum tax @ 1.25% | | 54,291 | - |
| Tax credit u/s 65B | | (29,544) | (64,981) |
| Prior year tax | | 4,691 | - |
| Effect of change in tax rate | | (88,282) | (17,068) |
| Temporary differences | | 87,167 | 45,640 |
| | | 28,871 | 98,382 |

31.1 Tax liability for tax year 2017 was based on normal tax

31.2 The tax returns have been filed up to tax year 2017 (corresponding to financial year ended 30 June 2017) which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

- 31.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purposes of taxation is available this can be analyzed as follows.

| | 2017 | 2016 (Rupees in '000) | 2015 |
|---|--------|--------------------------|--------|
| Income tax provision for the year (as per accounts) | 74,501 | - | - |
| Income tax as per tax return / assessment | 74,501 | 18,277 | 38,530 |

The difference mainly pertains to the minimum tax paid under section 113 net of available tax credits on account of which no income tax provision was booked in tax years 2015 and 2016.

- 31.4 For contingencies relating to taxation, please refer note 23.1

(Rupees in '000)

32. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

| | 2018 | 2017 |
|---|---------------|-------------|
| Profit after taxation | 319,907 | 466,793 |
| Weighted average number of ordinary shares | 1,001,766,176 | 410,449,595 |
| Earnings per share in rupee - basic and diluted | 0.32 | 1.14 |

- 32.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

33. OPERATING SEGMENTS

- 33.1 These financial statements have been prepared on the basis of single reportable segment.
- 33.2 Revenue from sale of cement represents 100% (2017: 100%) of the total revenue of the company.
- 33.3 99.1% (2017: 98.9%) sales of the Company relates to customers in Pakistan.
- 33.4 All non-current assets of the Company as at 30 June 2018 are located in Pakistan.
- 33.5 [Geographical information](#)

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

(Rupees in '000)

| | 2018 | 2017 |
|--|-----------|-----------|
| Domestic sales | 6,189,927 | 6,067,140 |
| Export sales | 54,937 | 67,671 |
| | 6,244,864 | 6,134,811 |
| Region wise export sales are as under: | | |
| EPZ | 16,899 | 6,908 |
| India | 971 | 1,960 |
| Madagascar | 37,067 | 54,783 |
| Tanzania | - | 1,457 |
| Seychelles | - | 2,563 |
| | 54,937 | 67,671 |

- 33.6 The Company has Nil (2017: Rs. 2,009) outstanding trade debts in respect of export sales at the reporting date.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Credit risk
- Liquidity Risk
- Market Risk

Risk management framework

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

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

34.1 Credit risk

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

Management of credit risk

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

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

- Credit rating and / or credit worthiness is taken into account along with the financial background.
- Cash is held with reputable banks only.

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

| | (Rupees in '000) | |
|--------------------------------|------------------|------------------|
| | 2018 | 2017 |
| Long term deposits | 19,635 | 19,635 |
| Trade debts | 456,212 | 331,301 |
| Advances and other receivables | 134,398 | 105,207 |
| Trade deposits and prepayments | 10,305 | 7,824 |
| Bank balances | 1,120,810 | 3,587,519 |
| | <u>1,741,360</u> | <u>4,051,486</u> |

34.1.1 The maximum exposure to credit risk for trade debt at the reporting date by geographic region was as follows:

| | | |
|---------------------|----------------|----------------|
| Domestic (Pakistan) | 456,212 | 329,292 |
| Exports | - | 2,009 |
| | <u>456,212</u> | <u>331,301</u> |

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

| | | (Rupees in '000) | |
|------------------------------|--|------------------|----------------|
| | | 2018 | 2017 |
| Dealer / distributor | | 141,836 | 202,864 |
| End-user customers / exports | | 314,376 | 128,437 |
| | | <u>456,212</u> | <u>331,301</u> |

34.1.3 Impairment losses

The aging of trade debtors at the reporting date was:

| | 2018 | | 2017 | |
|-------------------------|------------------------------|----------------|------------------------------|------------|
| | Gross | Impairment | Gross | Impairment |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| Not past due | 219,672 | - | 188,228 | - |
| Past due 1-60 days | 51,391 | - | 59,222 | - |
| Past due 61 days-1 year | 181,239 | - | 78,540 | - |
| More than one year | 10,210 | (6,300) | 5,311 | - |
| | <u>462,512</u> | <u>(6,300)</u> | <u>331,301</u> | <u>-</u> |

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

34.1.5 Credit Ratings

Details of the credit ratings of bank balances as at 30 June 2018 are as follows:

| | Rating | | | 2018 | 2017 |
|-------------------------------------|------------|-----------|---------|------------------------------|------------------------------|
| | Short term | Long term | | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| Allied Bank Limited | A1+ | AA+ | PACRA | 83,209 | 4,253 |
| Al Baraka Bank Limited | A-1 | A | JCR-VIS | 484 | 548 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 10,420 | - |
| Bank Alfalah Limited | A1+ | AA | PACRA | 96 | 97 |
| Bank Islami Pakistan Limited | A1+ | A+ | PACRA | 151,679 | 431,030 |
| Bank of Khyber | A1 | A | PACRA | 20 | - |
| Bank of Punjab | A1+ | AA- | JCR-VIS | 133 | 133 |
| Dubai Islamic Bank Pakistan Limited | A-1 | AA- | JCR-VIS | 151,831 | - |
| Faysal Bank Limited | A1+ | AA | PACRA | 529 | - |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS | 3,111 | 722,770 |
| Habib Bank Limited (Islamic) | A-1+ | AAA | JCR-VIS | 25 | - |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 5,459 | 992 |
| Meezan Bank Limited | A-1+ | AA | JCR-VIS | 45,985 | 322,605 |
| National Bank of Pakistan | A-1+ | AAA | JCR-VIS | 3,146 | 503,943 |
| National Bank of Pakistan (Islamic) | A-1+ | AAA | JCR-VIS | 681 | - |
| Summit Bank Limited | A-1 | A- | JCR-VIS | 610,468 | 1,808,020 |
| Summit Islamic Bank Limited | A-1 | A- | JCR-VIS | 1,254 | 8,805 |
| Bank Al Habib Limited | A1+ | AA+ | JCR-VIS | 6,047 | 3,894 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 8 | 8 |
| United Bank Limited | A-1+ | AAA | JCR-VIS | 129,225 | 921 |
| | | | | <u>1,203,810</u> | <u>3,808,019</u> |

34.2 Liquidity risk

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

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

| | 2018 | | | | | |
|-----------------------------------|-----------------|------------------------|--------------------|----------------------|-------------------|----------------------|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to five years | More than five years |
| ----- (Rupees in '000) ----- | | | | | | |
| Non-derivative liabilities | | | | | | |
| Long term financing | 9,570,000 | (14,573,462) | (394,925) | (452,566) | (9,223,106) | (4,502,865) |
| Deferred accrued markup | - | - | - | - | - | - |
| Accrued mark-up | 249,507 | (249,507) | (249,507) | - | - | - |
| Short term borrowings | 1,032,890 | (1,032,890) | (1,032,890) | - | - | - |
| Trade and other payables | 1,844,927 | (1,844,927) | (1,844,927) | - | - | - |
| | 12,697,324 | (17,700,786) | (3,522,249) | (452,566) | (9,223,106) | (4,502,865) |

| | 2017 | | | | | |
|-----------------------------------|-----------------|------------------------|--------------------|----------------------|-------------------|----------------------|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to five years | More than five years |
| ----- (Rupees in '000) ----- | | | | | | |
| Non-derivative liabilities | | | | | | |
| Long term financing | 360,000 | (392,797) | (14,259) | (264,181) | (114,357) | - |
| Deferred accrued markup | 227,123 | (253,577) | (253,577) | - | - | - |
| Accrued mark-up | 11,214 | (11,214) | (11,214) | - | - | - |
| Short term borrowings | 1,107,669 | (1,118,883) | (1,118,883) | - | - | - |
| Trade and other payables | 784,482 | (784,482) | (784,482) | - | - | - |
| | 2,490,488 | (2,560,953) | (2,182,415) | (264,181) | (114,357) | - |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June 2018.

34.3 Market risk

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

a) Currency risk

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

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

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

| | 2018 | | 2017 | |
|-----------------------|------------------|---------------------|------------------|---------------------|
| | (Rupees in '000) | (US Dollars in'000) | (Rupees in '000) | (US Dollars in'000) |
| Trade debts | - | - | 2,009 | 19 |
| Bills payable | (565,068) | (4,646) | (287,105) | (2,740) |
| Foreign currency loan | - | - | (11,513) | (110) |
| Gross exposure | (565,068) | (4,646) | (296,609) | (2,831) |

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

| | Average rates | | Reporting date rate | |
|------------|---------------|--------|---------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees) | | (Rupees) | |
| US Dollars | 121.60 | 104.90 | 121.63 | 104.79 |

Sensitivity analysis

A ten percent strengthening or weakening of the Rupee against USD as at the year end would have increased or decreased the equity and profit or loss by an amount shown in table below. This analysis assumes that all other variables, in particular the interest rates, remain constant. The analysis is performed on the same basis for 2017.

| | (Rupees in '000) | |
|--|------------------|----------|
| | 2018 | 2017 |
| Effect on profit or loss on 10% weakening of Rupee | (56,509) | (29,666) |
| Effect on profit or loss on 10% strengthening of Rupee | 56,509 | 29,666 |

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from long term loan, bank balances, lease liability, short term running finance and long term loan. Other risk management procedures are same as those mentioned in the credit risk management.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

| | Carrying amount | |
|---------------------------|------------------|-----------|
| | 2018 | 2017 |
| | (Rupees in '000) | |
| Fixed rate instruments | | |
| Financial assets | | |
| - Term deposits | 236,000 | 220,500 |
| Variable rate instruments | | |
| Financial assets | | |
| - Bank balances | 938,139 | 1,752,945 |

Financial liabilities

| | | |
|-------------------------|-------------------|------------------|
| - Short term borrowings | 1,032,890 | 1,107,669 |
| - Long term financing | 9,570,000 | 360,000 |
| | <u>10,602,890</u> | <u>1,467,669</u> |

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net decreased the profit or loss of the Company as at 30 June 2018 by Rs. 94.315 million (2017: Rs. 5.057 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

| | | 30 June 2018 | | | |
|--|-------------------------|----------------------|-----------------------|---------------------|-------------|
| | Mark-up / return (%) | less than 6 month | 6 months to 1 year | More than 1 year | Total |
| | | (Rupees in '000) | | | |
| Assets | | | | | |
| - Term deposits | 3.14% - 6.65% | 151,000 | 84,000 | - | 235,000 |
| - Bank balances | 3.0% - 6.5% | 938,139 | - | - | 938,139 |
| Total assets | | 1,089,139 | 83,000 | - | 1,173,139 |
| Liabilities | | | | | |
| Short term borrowings | 8.04% to 9.54% | 1,032,890 | - | - | 1,032,890 |
| Long term loan | 8.45% - 9.29% | 110,000 | - | 9,460,000 | 9,570,000 |
| Total liabilities | | 1,142,890 | - | 9,460,000 | 10,602,890 |
| Gap | | (53,751) | 84,000 | (9,460,000) | (9,429,751) |
| Total interest risk sensitivity gap | | (53,751) | 30,249 | (9,429,751) | (9,429,751) |

| | | 30 June 2017 | | | |
|--|-------------------------|----------------------|-----------------------|---------------------|------------------|
| | Mark-up / return (%) | less than 6 month | 6 months to 1 year | More than 1 year | Total |
| | | (Rupees in '000) | | | |
| Assets | | | | | |
| - Term deposits | 3.75% - 4.18% | - | 220,500 | - | 220,500 |
| - Bank balances | 2.5% - 5.6% | 1,752,945 | - | - | 1,752,945 |
| Total assets | | 1,752,945 | 220,500 | - | 1,973,445 |
| Liabilities | | | | | |
| Short term borrowings | 4.5% to 11.04% | 1,107,669 | - | - | 1,107,669 |
| Long term financing | 8.68% - 7.81% | - | 250,000 | 110,000 | 360,000 |
| Total liabilities | | 1,107,669 | 250,000 | 110,000 | 1,467,669 |
| Gap | | 645,276 | (29,500) | (110,000) | 505,776 |
| Total interest risk sensitivity gap | | 645,276 | 615,776 | 505,776 | 505,776 |

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

| | 2018 | | | | |
|--|--|----------------------------|----------------------|-------------------|------------|
| | Short term borrowings used for cash management purpose | Other Short term borrowing | Long term Borrowings | Retained Earnings | Total |
| Balance as at 1 July 2017 | - | 1,107,669 | 110,000 | (397,491) | 820,178 |
| Changes from financing cash flows | | | | | |
| Repayment of long term loan | - | - | (250,000) | - | (250,000) |
| Proceeds from long term loan | - | - | 9,460,000 | - | 9,460,000 |
| Dividend paid | - | - | - | - | - |
| Total changes from financing activities | - | 1,107,669 | 9,320,000 | (397,491) | 10,030,178 |
| Other changes - interest cost | | | | | |
| Interest expense | - | 66,406 | 55,195 | - | 121,601 |
| Interest paid | - | (211) | (357,904) | - | (358,115) |
| Capitalized borrowing cost | - | - | 247,684 | - | 247,684 |
| Changes in short term borrowings | 32,890 | (173,864) | 305,025 | - | 164,051 |
| Total loan related other changes | 32,890 | (107,669) | 250,000 | - | 175,221 |
| Total equity related other changes | - | - | - | 311,695 | 311,695 |
| Balance as at 30 June 2018 | 32,890 | 1,000,000 | 9,570,000 | (85,796) | 10,517,094 |

34.5 Capital risk management

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

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not required to maintain any regulatory capital.

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

35.1 Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at 30 June 2018 and 30 June 2017, there were no financial instruments which were measured at fair values in the financial statements.

35.2 MEASUREMENT OF FAIR VALUES

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| As at 30 June 2018 | | | | | | | | | | |
|---|--------------------|------------------|-----------------------|------------------------|-----------------------------|------------|---------|---------|---------|-------|
| Held for trading | Available for sale | Held to maturity | Loans and receivables | Other financial assets | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| (Rupees in '000) | | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | | |
| Term deposit certificate | - | - | - | - | - | - | | | | |
| Units of Meezan Cash fund | - | - | - | - | - | - | | | | |
| Defence saving certificates | - | - | 13,124 | - | - | 13,124 | | | | |
| Long term deposits | - | - | - | 19,635 | - | 19,635 | | | | |
| Trade debts | - | - | - | 456,212 | - | 456,212 | | | | |
| Advances and other receivables | - | - | - | 1,088,526 | - | 1,088,526 | | | | |
| Trade deposits and prepayments | - | - | - | 10,305 | - | 10,305 | | | | |
| Tax refunds due from government | - | - | - | 510,501 | - | 510,501 | | | | |
| Short term investment | - | - | - | 84,000 | - | 84,000 | | | | |
| Cash and bank balances | - | - | - | 1,121,591 | - | 1,121,591 | | | | |
| | - | - | 13,124 | 3,290,770 | - | 3,303,894 | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| Long-term financing | - | - | - | - | 9,460,000 | 9,460,000 | | | | |
| Current portion of long term financing | - | - | - | - | 110,000 | 110,000 | | | | |
| Deferred accrued markup | - | - | - | - | - | - | | | | |
| Loan from related parties | - | - | - | - | - | - | | | | |
| Loan from previous sponsors | - | - | - | - | 735 | 735 | | | | |
| Trade and other payables | - | - | - | - | 1,844,801 | 1,844,801 | | | | |
| Unclaimed Dividend | - | - | - | - | 126 | 126 | | | | |
| Mark-up accrued | - | - | - | - | 249,507 | 249,507 | | | | |
| Short-term borrowings | - | - | - | - | 1,032,890 | 1,032,890 | | | | |
| | - | - | - | - | 12,698,059 | 12,698,059 | | | | |
| As at 30 June 2017 | | | | | | | | | | |
| Held for trading | Available for sale | Held to maturity | Loans and receivables | Other financial assets | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| (Rupees in '000) | | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | | |
| Term deposit certificate | - | - | 1,000 | - | - | 1,000 | | | | |
| Units of Meezan Cash fund | 5 | - | - | - | - | 5 | 5 | | | 5 |
| Defence saving certificates | - | - | 12,215 | - | - | 12,215 | | | | |
| Long term deposits | - | - | - | 19,635 | - | 19,635 | | | | |
| Trade debts | - | - | - | 331,301 | - | 331,301 | | | | |
| Advances and other receivables | - | - | - | 364,524 | - | 364,524 | | | | |
| Trade deposits and prepayments | - | - | - | 7,824 | - | 7,824 | | | | |
| Tax refunds due from government | - | - | - | 359,770 | - | 359,770 | | | | |
| short term investment | - | - | - | - | - | - | | | | |
| Cash and bank balances | - | - | - | 3,588,319 | - | 3,588,319 | | | | |
| | 5 | - | 13,215 | 4,671,373 | - | 4,684,593 | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| Long-term financing | - | - | - | - | 110,000 | 110,000 | | | | |
| Current portion of long term financing | - | - | - | - | 250,000 | 250,000 | | | | |
| Deferred accrued markup | - | - | - | - | 227,123 | 227,123 | | | | |
| Loan from related parties | - | - | - | - | - | - | | | | |
| Loan from previous sponsors | - | - | - | - | 735 | 735 | | | | |
| Trade and other payables | - | - | - | - | 784,356 | 784,356 | | | | |
| Unclaimed Dividend | - | - | - | - | 126 | 126 | | | | |
| Mark-up accrued | - | - | - | - | 11,214 | 11,214 | | | | |
| Short-term borrowings | - | - | - | - | 1,107,669 | 1,107,669 | | | | |
| | - | - | - | - | 2,491,223 | 2,491,223 | | | | |

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

36. CASH GENERATED FROM OPERATIONS

(Rupees in '000)

| | Note | 2018 | 2017 |
|--|------|-------------|-------------|
| Profit before taxation | | 348,778 | 565,175 |
| Adjustment for: | | | |
| Depreciation | | 149,793 | 116,180 |
| Amortization | | 7,900 | 5,906 |
| Finance cost on short term borrowings | | 66,406 | 67,072 |
| Finance cost on unwinding of discount on related parties | | - | 76,760 |
| Finance cost on unwinding of discount on deferred accrued markup | | 55,195 | 104,441 |
| Exchange loss on bills payable | | 48,474 | 2,812 |
| Gain on disposal of fixed assets | | (637) | (944) |
| Finance income | | (112,359) | - |
| Provision for doubtful debts | | 6,300 | - |
| Provision for gratuity | | 20,107 | 15,291 |
| | | 241,179 | 387,518 |
| Operating profit before working capital changes | | 589,957 | 952,693 |
| (Increase) / decrease in current assets | | | |
| Stores, spares and loose tools | | (67,245) | (306,259) |
| Stock-in-trade | | (77,178) | (59,510) |
| Trade debts | | (131,211) | (59,634) |
| Advances and other receivables | | (774,197) | (14,098) |
| Trade deposits | | (2,481) | 1,181 |
| | | (1,052,312) | (438,320) |
| Increase in trade and other payables | | 1,011,971 | 58,510 |
| Net cash generated from operations | | 549,616 | 572,883 |
| 37. CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 1,121,591 | 3,588,319 |
| Short term borrowings | | (1,032,890) | (1,107,669) |
| | | 88,701 | 2,480,650 |
| 38. ANNUAL PRODUCTION CAPACITY | | | |
| Installed capacity (M.Tons) Clinker | | 900,000 | 900,000 |
| Installed capacity (M.Tons) Cement | | 945,000 | 945,000 |
| Actual production (M.Tons) Clinker | 38.1 | 657,832 | 482,801 |
| Actual production (M.Tons) Cement | 38.2 | 657,566 | 662,011 |

- 38.1 Clinker production capacity utilization is 73.09% (2017: 53.64%) of total installed capacity.

- 38.2 Cement production capacity utilization is 69.58% (2017: 70.05%) of total installed capacity. Actual production is less than the installed capacity due to planned maintenance and shutdown.

39. 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 | 2018 | 2017 (Rupees in '000) |
|--|---|---|--|---|
| Aisha Steel Mills Limited | Associated company by virtue of common directorship | - Sale of goods - Payment received - Trade receivable | 690 712 278 | 1,173 1,045 300 |
| Safe Mix Concrete Limited | Associated company by virtue of common directorship | - Sale of goods - Payment received - Trade receivable | 379,143 249,269 161,123 | 246,254 239,198 31,250 |
| Javedan Corporation Limited | Associated company by virtue of common directorship | - Sale of goods - Sale of miscellaneous items - Payment received - Trade receivable - Other receivable | 110,993 - 89,326 30,879 39 | 88,502 39 95,845 9,213 39 |
| Rotocast Engineering Company (Private) Limited | Associated company by virtue of common directorship | - Services received - Payments made - Amount payable against services received | 5,432 5,411 467 | 5,716 5,752 446 |
| Arif Habib Corporation Limited | Associated company by virtue of common directorship | - Advances against right issue - Guarantee commission accrued during the year - Guarantee commission paid - Guarantee commission payable - Advances against right issue | - 41 108 - - | 688,939 268 268 67 688,939 |
| EFU Life Assurance Limited | Associated company by virtue of common directorship | - Services received - Payments made - Insurance payable | 2,617 2,617 - | 1,540 1,540 - |
| Pak Arab Fertilizer Limited | Associated company by virtue of common directorship | - Purchase of goods - Payment made | 421 421 | - - |
| FLSmith & Co. A/S | Related party by virtue of nominee director | - Plant and machinery acquired - Services received - Payments made | 8,746,160 34,671 9,787,722 | - - - |
| Sponsors / Directors | Sponsors / Directors | - Loan received - Loan repaid - Settlement of loan against right issue - Advances against right issue - Advances against right issue | - - - - - | 1,070,000 1,070,000 1,585,500 393,356 393,356 |
| International Complex Projects Limited | Associated company by virtue of significant share holding the relationship does not exist at 30 June 2018 | - Advances against right issue | - | 1,606,588 |
| All members of Company's Management Team | Key management | - Remuneration and other benefits - Advances disbursed to employees - Advances repaid by employees | 45,663 2,620 1,310 | 41,050 1,414 1,345 |
| Staff retirement benefit fund | Other related party | - Charge during the year - Contribution during the year | 20,107 (11,834) | 15,291 (11,900) |

39.1 Following are the related parties with whom the Company had entered into transactions during the year:

| S.No. | Name of Related Party | Relationship | Direct Shareholding % |
|-------|-----------------------|--------------|-----------------------|
|-------|-----------------------|--------------|-----------------------|

| | | | |
|----|--|--|-------|
| 1 | Aisha Steel Mills Limited | Associated Company (Common directorship) | Nil |
| 2 | Safe Mix Concrete Limited | Associated Company (Common directorship) | Nil |
| 3 | Javedan Corporation Limited | Associated Company (Common directorship) | Nil |
| 4 | Rotocast Engineering Company (Private) Limited | Associated Company (Common directorship) | Nil |
| 5 | Arif Habib Corporation Limited | Associated Company (Common directorship) | 7.28% |
| 6 | EFU Life Assurance Limited | Associated Company (Common directorship) | Nil |
| 7 | Pak Arab Fertilizer Limited | Associated Company (Common directorship) | Nil |
| 8 | FLSmith & Co. | Related Party (Nominee director) | 2.27% |
| 9 | The Investment Fund for Developing Countries | Related Party (Nominee director) | 3.79% |
| 10 | IFU Investment Partners K/S | Related Party (Nominee director) | 3.79% |
| 11 | Muhammad Kashif Habib | Chief Executive officer | 0.25% |
| 12 | Syed Muhammad Imran | Key management personnel | Nil |
| 13 | Ijaz Ahmed Minhas | Key management personnel | Nil |
| 14 | S.N Jaffri | Key management personnel | Nil |
| 15 | Fazlur Rahim Aamir | Key management personnel | Nil |
| 16 | Tahir Iqbal | Key management personnel | Nil |

39.2 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.

39.3 Remuneration of Chief Executive, Directors and Executives

| | | 2018 | | | 2017 | | |
|-----------------------------------|------|-----------------|----------|----------------|-----------------|----------|----------------|
| | Note | Chief Executive | Director | Executives | Chief Executive | Director | Executives |
| Managerial remuneration | 39.4 | - | - | 129,270 | - | - | 127,506 |
| Retirement benefits | | - | - | 10,934 | - | - | 10,626 |
| | | <u>-</u> | <u>-</u> | <u>140,204</u> | <u>-</u> | <u>-</u> | <u>138,132</u> |
| (Number) | | | | | | | |
| Number of key executives | | <u>1</u> | <u>6</u> | <u>43</u> | <u>1</u> | <u>6</u> | <u>92</u> |
| Number of non-executive directors | 39.5 | <u>-</u> | <u>6</u> | <u>-</u> | <u>-</u> | <u>6</u> | <u>-</u> |

The Chief Executive and certain Executives are provided with the use of Company cars and the operating expenses are borne by the Company to the extent of their entitlement.

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

39.4 The remuneration of Chief Executive is being borne by Arif Habib Corporation, since October 2014.

39.5 The fees paid to the non-executive directors during the year was Rs. Nil (2017: Nil)..

Notes to the Financial Statements

For the year ended 30 June 2018

The detail of number of employees are as follows:

| | Note | (Number) | |
|---|------|----------|------|
| | | 2018 | 2017 |
| Number of employees as at 30 June | | | |
| - factory | | 294 | 263 |
| - office | | 72 | 48 |
| | | 366 | 311 |
| Average number of employees during the year | | | |
| - factory | | 279 | 157 |
| - office | | 60 | 138 |
| | | 339 | 295 |

41 GENERAL

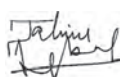
Corresponding Figures

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year other than disclosed elsewhere in these financial statements.

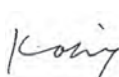
| Description | Reclassified from | Reclassified to | 2017 (Rupees in '000) |
|-------------------------|----------------------------|---|--------------------------|
| Unclaimed dividend | Trade and other payables | Unclaimed dividend (presented on face of statement of financial position) | 126 |
| Distribution Cost | Others | Advertisement expense | 8,430 |
| Cost of Sales | Other production overheads | Salaries, wages and other benefits including retirement benefits | 1,487 |
| Cost of Sales | Other production overheads | Repair & maintenance | 1,200 |
| Distribution Cost | Others | Salaries, wages and other benefits including retirement benefits | 2,344 |
| Administrative Expenses | Miscellaneous | Salaries, wages and other benefits including retirement benefits | 1,054 |

42 DATE OF AUTHORIZATION FOR ISSUE

These financial information has been authorized for issue on 28 September 2018 by the Board of Directors.



Chief Financial Officer



Chief Executive



Director

اگر کسی بھی حصص داران کی جانب سے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل اور/بینک اکاؤنٹ کی تفصیلات فراہم نہیں کی جاتی ہیں تو کمپنیز ایکٹ 2017 کے سیکشن 243(2) کے تحت کمپنی پر لازم ہوگا کہ ایسے حصص داران کے ڈیویڈنڈ، اگر کوئی ہوں، کو مستقبل میں روک کر رکھا جائے۔

سالانہ آڈٹ شدہ مالیاتی دستاویزات کی فراہمی:

کمپنی کی ویب سائٹ (<http://www.powercement.com.pk>) پر کمپنی کی آڈٹ شدہ مالیاتی دستاویزات بابت مالی سالانہ اختتامیہ 30 جون 2018 دستیاب ہیں اور ان دستاویزات کے علاوہ سہ ماہی اور گزشتہ سالوں کی دستاویزات بھی ویب سائٹ پر موجود ہیں۔ علاوہ ازیں، ایس ای سی پی کی جانب سے جاری کردہ ایس آر او نمبر 634(I)/2014 مجریہ 10 جولائی 2014 کے مطابق تمام لسٹڈ کمپنیوں کیلئے لازم ہے کہ اپنی ویب سائٹ بنائیں اور اسے فعال بھی رکھیں۔ مذکورہ بالا ایس آر او کے تناظر میں ہمارے تمام حصص داران سے اطلاعاً عرض ہے کہ 30 جون 2018 کو ختم ہونے والے مالی سال سے متعلق سالانہ رپورٹ کو حصص داران کی معلومات اور رسائی کیلئے کمپنی کی ویب سائٹ پر فراہم کیا جا چکا ہے۔

(i) تمام ممبران، پرائیکسز یا نامزد شدہ افراد پر لازم ہوگا کہ اجلاس میں شرکت کے وقت اپنی شناخت ثابت کرنے کیلئے اپنا قومی شناختی کارڈ یا پاسپورٹ ظاہر کریں اور اپنا فوٹو نمبر بھی ہمراہ لے کر آئیں۔

(ii) بصورت کارپوریٹ ادارے، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اور نامزدگی کرنے والے شخص کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی اجلاس میں شرکت کے وقت لانا لازم ہے (اگر پہلے سے یہ دستاویزات فراہم نہ کی گئی ہوں)۔

(iii) پراکسی فارمز کے کارآمد ہونے کیلئے لازم ہے کہ فارمز اجلاس سے کم از کم 48 گھنٹے قبل ہمارے رجسٹرڈ دفتر میں پہنچا دیئے جائیں اور فارم باقاعدہ پر، دستخط اور مہر شدہ ہوں جن پر دو افراد کے بطور گواہ نام، دستخط، پتے اور قومی شناختی کارڈ کے نمبر بھی درج ہوں۔

(iv) بصورت افراد، پراکسی فارم کے ساتھ مستفید ہونے والے شخص اور پراکسی کی قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول۔

(v) اگر پراکسی کسی کارپوریٹ ادارے کی جانب سے ہو تو بورڈ آف ڈائریکٹرز کی قرارداد/پاور اٹارنی اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول کو بھی پراکسی فارم کے ساتھ منسلک کیا جانا لازم ہے۔

4۔ ممبران سے درخواست کی جاتی ہے کہ اگر ان کے پتے میں کسی بھی قسم کی کوئی تبدیلی واقع ہو تو ہمارے رجسٹرڈ دفتر کو فوری طور پر اس تبدیلی سے آگاہ کریں۔

اہم اعلان:

نوٹس برائے حصص داران جن کی جانب سے ابھی تک قومی شناختی کارڈ فراہم نہیں کیا گیا۔

ایسے ممبران جن کی جانب سے ابھی کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل کمپنی/حصص رجسٹرار کو فراہم نہیں کی گئی ہے سے ایک مرتبہ پھر گزارش کی جاتی ہے کہ اپنے کارآمد قومی شناختی کارڈ کی نقل جلد از جلد کمپنی کے حصص رجسٹرار میسرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کراچی کو فراہم کر دیں۔ کارپوریٹ اداروں سے گزارش کی جاتی ہے کہ وہ اپنے این ٹی این نمبر فراہم کریں۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کئے گئے نوٹیفکیشن ایس آر او 779(1)/2011 مجریہ 18 اگست 2011، ایس آر او 831(1)/2012 مجریہ 5 جولائی 2012، ایس آر او 19(1)/2014 مجریہ 10 جنوری 2014 اور ایس آر او 275(1)/2016 مجریہ 31 مارچ 2016 کے مطابق تمام رجسٹرڈ شدہ ممبران کیلئے لازم ہے کہ ان کے ڈیویڈنڈ وارنٹس پر ان کا یا مجاز شخص کا کمپیوٹرائزڈ قومی شناختی کارڈ نمبر درج ہوا البتہ نابالغ افراد اور کارپوریٹ ممبران اس سے مستثنیٰ ہیں۔

مزید برآں، کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت تمام لسٹڈ کمپنیوں کیلئے لازم قرار دیا گیا ہے کہ حصص داران کو نقد ڈیویڈنڈ کی ادائیگی صرف ان کے فراہم کردہ بینک اکاؤنٹس میں بذریعہ الیکٹرانک ذرائع ہی کیا جائے۔ لہذا ایسے حصص داران جن کے پاس جنسی صورت میں حصص موجود ہیں کو چاہیے کہ مستقبل میں نقد ڈیویڈنڈ وصول کرنے کیلئے کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک موڈ ڈیویڈنڈ فارم کو پر کر کے بمعہ قومی شناختی کارڈ کی نقل دستخط کرنے کے بعد کمپنی کے رجسٹرار کے پاس جمع کروادیں۔ بصورت بک-انٹری سیکورٹیز، حصص داران پر لازم ہے کہ اپنے بروکر/اشراکت دار/سی ڈی سی اکاؤنٹ خدمات فراہم کار کے پاس "الیکٹرانک موڈ ڈیویڈنڈ فارم" کے تحت اپنے کوائف کی تجدید کروالیں۔

اطلاع برائے 27 ویں سالانہ اجلاس عام

بذریعہ ہذا پاور سینٹ لمیٹڈ ("کمپنی") کے حصص داران کو اطلاع دی جاتی ہے کہ کمپنی کا سالانہ اجلاس عام مورخہ 27 اکتوبر 2018 کو صبح 10:45 بمقام بیچ گلٹری ہوٹل کراچی منعقد کیا جا رہا ہے جس میں درج ذیل امور زیر بحث لائے جائیں گے۔

عام امور:

- (1) کمپنی کے غیر معمولی اجلاس عام برائے حصص منعقدہ 23 جون 2018 کی کارروائی کی توثیق کرنا۔
- (2) مالی سال اختتامیہ 30 جون 2018 کی بابت کمپنی کی آڈٹ شدہ سالانہ مالیاتی دستاویزات اور ان کے بارے میں ڈائریکٹروں اور آڈیٹروں کی رپورٹس کو وصول کرنا، انھیں زیر غور لانا اور انھیں اپنانا۔
- (3) مالی سال اختتامیہ 30 جون 2019 کیلئے آڈیٹروں کی تعیناتی کرنا اور ان کے مشاہرے کا تعین کرنا۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو بطور بیرونی آڈیٹرز تعینات کرنے کی منظوری دی جا چکی ہے۔

دیگر امور:

- (4) چیئرمین کی منظوری سے کسی بھی دیگر امور کو زیر بحث لانا۔

بحکم
طاہر اقبال
کمپنی سیکرٹری

بمقام کراچی: 6 اکتوبر 2018

نوٹس:

- 1- کمپنی کے حصص کی منتقلی کے کھاتے 18 اکتوبر 2018 تا 27 اکتوبر 2018 (بشمول ایام مذکورہ) بند رہیں گے۔ ایسی منتقلیاں جو کہ کمپنی کے حصص رجسٹر اور دفتر میسرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کراچی کو آخری کاروباری دن مورخہ 17 اکتوبر 2018 تک موصول ہو جائیں کو بروقت تصور کیا جائے گا اور انھیں اجلاس میں شرکت اور حق رائے دہی استعمال کرنے کا حق حاصل ہوگا۔
- 2- ایسا کوئی بھی ممبر جو کہ اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا استحقاق رکھتا ہو اپنی جگہ کسی اور ممبر کو اپنا وکیل یا پراکسی مقرر کر سکتا ہے اور ایسی صورت میں مقرر کردہ پراکسی بھی اجلاس میں اسی ممبر کی طرح شرکت کرنے، رائے دینے اور حق رائے دہی استعمال کرنے کے استحقاق کا حامل ہوگا۔
- 3- سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کی گئی ہدایات، بحوالہ سرکلر نمبر 1 حوالہ نمبر (A-5) 3 متفرق / اے آراو / ایل ای ایس / 96 مجریہ 26

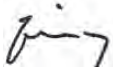
جنوری 2000:

اظہار تشکر

ڈائریکٹرز کمپنی کے تمام شراکت داروں کی جانب سے کمپنی پر ان کے اعتماد اور سرپرستی کیلئے بے حد مشکور ہیں۔ ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے تمام کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کا بھی تہہ دل سے شکریہ ادا کرنا چاہتے ہیں جن کی جانب سے کمپنی پر بھرپور اعتماد اور بھروسہ کیا گیا۔ ہم وزارت مالیات، وزارت صنعت و پیداوار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، مسابقتی کمیشن پاکستان، سینٹرل ڈیپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے بھی بے حد مشکور ہیں ان کی رہنمائی اور حمایت ہمیشہ ہمارے شامل حال رہی اور آج کمپنی کو اس کے موجودہ مقام پر پہنچانے میں ان کا بھی ایک اہم کردار ہے۔

کسی بھی کمپنی کی کامیابی میں درحقیقت ان افراد کی کاوشوں کی جھلک پائی جاتی ہے جو اس کیلئے جانفشانی کے ساتھ محنت کرتے ہیں۔ ڈائریکٹرز کمپنی کے تمام ملازمین کی جانب سے کی جانے والی مجموعی کاوشوں کا تہہ دل سے اعتراف کرتے ہیں اور اس بات کی امید کرتے ہیں کہ توسیعی منصوبہ اپنی مقررہ مدت کے اندر ہی پایہ تکمیل کو پہنچ جائے گا۔ ہم آڈٹ کمیٹی اور دیگر کمیٹیوں کے ممبران کے بھی بے حد مشکور ہیں کہ ان کی جانب سے انتظامیہ کو اہم معاملات پر گاہے بگاہے رہنمائی اور حمایت فراہم کی جاتی رہی۔

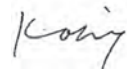
برائے واز بورڈ



نسیم بیگ

چیرمین

28 ستمبر 2018



محمد کاشف حبیب

چیف ایگزیکٹو آفیسر

28 ستمبر 2018

ضمیمہ نمبر 1

دستاویز بابت خرید و فروخت برائے حصص از ڈائریکٹرز، سی ای و، سی ایف او، کمپنی سیکرٹری اور ان کے ازواج و نابالغ بچے

01 جولائی 2017 تا 30 جون 2018

| نام | کمپنی سے تعلق | خریدے گئے حصص | فروخت کئے گئے حصص |
|----------------|----------------------|-------------------|-------------------|
| نسیم بیگ | چیرمین | 3,243 | کوئی نہیں |
| محمد کاشف حبیب | چیف ایگزیکٹو | 1,622,582 | کوئی نہیں |
| صداے حبیب | غیر انتظامی ڈائریکٹر | 1,621 | کوئی نہیں |
| سید سلمان راشد | غیر انتظامی ڈائریکٹر | 36,844,302 | کوئی نہیں |
| | | 38,471,748 | |

بعد میں پیش آنے والے واقعات

کمپنی کے مالی سال کے اختتام سے رپورٹ ہذا کی اشاعت تک ایسے کوئی بھی قابل ذکر واقعات رونما نہیں ہوئے ہیں جن کی وجہ سے کمپنی کے مالیاتی نتائج پر کوئی اثرات مرتب ہوتے ہوں۔

متعلقہ پارٹیوں کے ساتھ لین دین

لسٹنگ کے قواعد کی پاسداری کرتے ہوئے کمپنی کی جانب سے متعلقہ پارٹیوں کے ساتھ کی جانے والی لین دین کے تمام معاملات کو بورڈ اور آڈٹ کمیٹی کے سامنے ان کی نظر ثانی اور منظوری کیلئے پیش کیا جا چکا ہے۔ بورڈ اور آڈٹ کمیٹی کی جانب سے متعلقہ اجلاسوں میں لین دین کے ان معاملات کی منظوری دی جا چکی ہے۔ متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات کی تفصیلات آڈٹ شدہ مالیاتی دستاویزات میں شامل نوٹس میں بیان کی جا چکی ہے۔

پلانٹ کی پیداواری گنجائش میں توسیع

کمپنی کی جانب سے براؤن فیلڈ توسیع کا آغاز کیا جا چکا ہے جس کے تحت موجودہ پیداواری سہولتوں میں 7700 ٹن یومیہ (2.5 ملین ٹن سالانہ) کی نئی لائن کا اضافہ کیا جا رہا ہے جس کے بعد مجموعی پیداواری گنجائش 3.4 ملین ٹن سالانہ تک پہنچ جائے گی۔ توسیعی منصوبہ ماحول دوست ہے اور آئی ایف سی اور عالمی بینک کی شرائط پر پورا اترتا ہے۔ اس منصوبے کی تکمیل اور کام شروع کرنے کے بعد آپ کی کمپنی جنوبی خطے میں دوسری بڑی کمپنی بن جائے گی اور اس کا شمار ان کمپنیوں میں ہونے لگے گا جو پیداواری لاگت کو کم از کم درجے میں رکھنے میں صف اول میں شامل ہیں۔

ایف ایل اسمتھ اینڈ کمپنی کے ساتھ آلات کی ترسیل اور سپروائزری کے معاہدے طے پا چکے ہیں اور اس سلسلے میں درآمدات کی غرض سے لیٹر آف کریڈٹ ("ایل سیز") بھی قائم کی جا چکی ہیں۔ آج کی تاریخ تک تقریباً 85% سامان درآمد کیا جا چکا ہے اور پلانٹ کے مقام پر تعمیراتی کام کا آغاز بھی کیا جا چکا ہے۔

کریڈیٹ ریٹنگ

کمپنی کو جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے بتاریخ 10 جولائی 2017 طویل المیعاد قرضوں کے سلسلے میں "A-" (واحد اے منفی) اور قلیل المیعاد قرضوں کے سلسلے میں "A-2" (واحد اے 2) کی درجہ بندی میں شامل کیا گیا ہے۔ جس سے ظاہر ہوتا ہے کہ قرضوں سے متعلق لاحق خطرات کے حوالے سے کمپنی میں توازن پایا جاتا ہے۔

مستقبل پر نظر

اس بات کی قوی امید ہے نئی شعبے، سرکاری شعبوں اور بالخصوص سی پیک سے منسلک بڑے تعمیراتی منصوبوں، حکومت کی جانب سے بڑے پیمانے پر گھروں کی تعمیر اور ڈیم کے منصوبوں پر تعمیراتی کام کی رفتار کی وجہ سے مقامی سطح پر سیمنٹ کی طلب میں اضافہ ہوگا۔

گزشتہ چند سالوں کے دوران یہ بات مشاہدے میں آئی ہے کہ برآمدات میں مستقل اضافہ ہو رہا ہے۔ برآمدات میں ہونے والے اس اضافے کی بنیادی وجہ چین کی صورتحال میں آنے والی تبدیلی ہے کیونکہ چین اب ایک بڑے برآمد کنندہ ہونے کے بجائے سیمنٹ / کلنکر کو بذات خود درآمد کر رہا ہے۔ اسی طرح بنگلہ دیش، سری لنکا اور فلپائن کی جانب سے زبردست طلب پیدا ہونے کی وجہ سے بھی پاکستان کو یہ موقع حاصل ہوگا کہ پاکستان سیمنٹ کی صنعت میں نصب شدہ اپنی اعلیٰ پیداواری صلاحیتوں سے بھرپور استفادہ حاصل کر سکے۔

اپنی موجودہ کارکردگی، مستقبل کی صورتحال اور حکومت کی جانب سے پیدا کئے جانے والے سازگار ماحول کو مد نظر رکھتے ہوئے کمپنی کی انتظامیہ اس بات سے پر امید ہے کہ ہم اپنی جانب سے شروع کئے جانے والے توسیعی منصوبے سے بھرپور استفادہ کر پائیں گے۔

Government of Punjab Cement Limited کے حکومت کی جانب سے نئے تعمیراتی منصوبوں کو شروع کرنے سے پہلے جاری منصوبوں کی تکمیل کی جانب توجہ مبذول کی جارہی ہے۔ اس بات کا ثبوت یہ ہے کہ موجودہ حکومت کی جانب سے مستقل بنیادوں پر اس بات کا عندیہ دیا جا رہا ہے کہ ان کی جانب سے ایسے اقدامات اٹھائے جائیں جن سے سادگی کی مہم کو فروغ حاصل ہو اور ملک کے اندر بجٹ، معیشت اور ادائیگیوں کے توازن کی صورتحال میں بہتری پیدا ہو۔ البتہ موجودہ حکومت کی جانب سے پانچ ملین گھروں کی تعمیر کا سلسلہ شروع ہونے کی توقع ہے جیسا کہ علاوہ ازیں، کمپنی کو درپیش مالیاتی خطرات سے متعلق پالیسیوں اور مالیاتی ذرائع کے استعمال کے سلسلے میں اس کے اہداف کی تفصیلات کو مالیاتی دستاویزات کے نوٹ 34 میں بیان کر دیا گیا ہے اور اس کے ساتھ ساتھ کمپنی کو درپیش مارکیٹ، قرضوں اور نقد دستیابی و نقد سے متعلق خطرات کا ذکر بھی کیا گیا ہے۔ وزیراعظم نے اپنی افتتاحی تقریر میں کہا ہے، یہ طلب بڑھنے کا ذریعہ ہوگا۔ مزید یہ کہ موجودہ حکومت کی جانب سے کسی بھی ڈیم کی تعمیر طلب بڑھانے کا ذریعہ ہوگی۔

ماحولیات پر کمپنی کے کاروباری افعال کے اثرات

ماحولیات پر سینٹ سازی کے کاروبار کے سب سے بڑے اثرات خاص مادوں کے اخراج اور فضاء میں دور تک سرایت کرنے والی گرد کی صورت میں سامنے آتے ہیں۔ کلنکر کے پیداواری عمل کے دوران اتنے باریک ذرات پر مواد خارج ہوتا ہے جو کہ آسانی ناک کے ذریعے جسم میں داخل ہو سکتے ہیں اور ان کے حجم کا انتہائی چھوٹا ہونا سانس کے ذریعے ان کی سرایت کو ممکن بنادیتا ہے جو کہ سلیکون سزنامی ایک مہلک بیماری کا باعث بنتے ہیں۔

اس سلسلے میں ایس ای پی اے اور ایس ای کیو ایس کی جانب سے معیارات قائم کئے گئے ہیں اور ان معیارات کی قانونی اور ضابطے کی پاسداری کے سلسلے میں کمپنی کی جانب سے ہمہ وقت اور انتہائی قابل اسٹاف کو مقرر کیا گیا ہے۔ ماحولیات پر کمپنی کے کاروباری افعال کی وجہ مرتب ہونے والے اثرات کے ضمن میں کمپنی کی جانب سے اقدامات کئے گئے ہیں اور ان اقدامات کے تحت گزشتہ سال کمپنی کی جانب سے گرد کو کنٹرول میں رکھنے والے آلات کی تنصیب کی گئی ہے۔ ان آلات میں ڈسٹ سائیکلون، بیگ ہاؤسز، نمی کے ذریعے گرد کو کنٹرول کرنے کا نظام، الیکٹرو اسٹیک پرسپیکٹیز، انفرادی حفاظتی آلات، فضائی آلودگی کو کنٹرول کرنے کا نظام اور کمپنی کے احاطے میں آرائس پی ایم (سانس کے ذریعے داخل ہونے والے ذرات) کو قابو میں رکھنے کیلئے اسپیلٹ کنٹرول سسٹم اور ایف آر ڈی (فضاء میں سرایت کرنے والے ذرات) کو قابو میں رکھنے والے سسٹم شامل ہیں۔

ہم انتہائی فخر اور مسرت کے ساتھ یہ بات آپ کے علم میں لانا چاہتے ہیں کہ اس وقت جنوبی زون میں آپ کی کمپنی فضاء میں صاف ترین اخراج کرنے والی کمپنی بن کر ابھری ہے اور آپ کی کمپنی اس وقت آلودگی کو مکمل طور پر قابو میں رکھنے والے بیگ ہاؤس سسٹم کی حامل ہے۔ اس وقت آپ کی کمپنی کی جانب سے فضاء میں کیا جانے والا اخراج عالمی بینک اور آئی ایف سی کی جانب سے مقرر شدہ معیارات سے بھی بہتر ہے۔ نئے بیگ فلٹرز میں جدید ترین یورپی ٹیکنالوجی ایکوای-3 فلٹریشن سسٹم کو زیر استعمال لایا جا رہا ہے جس کے ذریعے مستقل اور مؤثر انداز سے فضاء میں گرد کے اخراج کو قابو میں رکھا جاتا ہے اور اس طرح جنوبی زون میں پاور سیمنٹ لمیٹڈ کو سیمنٹ کی دیگر کمپنیوں پر فوقیت حاصل ہے۔

گرد کے اخراج کو قابو میں رکھنے والے اس جدید ترین نظام کے اضافی فوائد میں یہ فائدہ بھی شامل ہیں کہ اس نظام کی وجہ سے ایک جانب پلانٹ کی مدت کار میں اضافہ ہوتا ہے اور دوسری جانب توانائی کی بچت بھی ہوتی ہے۔ مزید برآں، کمپنی کی جانب سے ماحولیات پر کمپنی کے کاروباری افعال سے پیدا ہونے والے اثرات کے سلسلے میں بیرونی طور پر بھی ماہرین کی خدمات حاصل کی گئی ہیں جو باریک بینی کے ساتھ ماحولیات پر کمپنی کے کاروباری افعال کا جائزہ لے رہے ہیں۔ ان ماہرین کی جانب سے پیش کی جانے والی ابتدائی رپورٹ کی روشنی میں کمپنی کی جانب سے مناسب تادیبی اقدامات اٹھائے گئے ہیں اور اس وقت بھی کمپنی ان امور پر گہری نظر رکھے ہوئے ہے۔

کارپوریٹ معاشرتی ذمہ داری

زیر نظر کے مالی سال کے دوران، کمپنی کی جانب سے 6.02 ملین روپے (2017: 2.7 ملین روپے) بطور عطیہ مختلف ٹرسٹوں، خیراتی اور فلاحی اداروں کو دیئے گئے ہیں۔

بیرونی آڈیٹروں کی تعیناتی

KPMG Taseer Hadi & Co، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور انھوں نے ایک مرتبہ پھر اپنی خدمات پیش کی ہیں۔ بورڈ کی جانب سے سالانہ اجلاس عام میں آڈٹ کمیٹی کی سفارش پر ان آڈیٹروں کی مالی سال 2018-19 کیلئے دوبارہ تعیناتی کی توثیق کر دی گئی ہے۔

بیرونی آڈیٹروں کی جانب سے پیش کی جانے والی رپورٹ میں جن امور کے سلسلے میں تاکید کی گئی ہے ان کی وضاحت ذیل میں پیش کی جا رہی ہے:

☆ پہلا معاملہ ایکسائز ڈیوٹی سے متعلق ان دعووں سے ہے جن کے سلسلے میں ایپل ٹریڈر یونیو (اے ٹی آئی آر) کی جانب سے کمپنی کے حق میں فیصلہ دے دیا گیا ہے۔ ٹیکس ڈپارٹمنٹ کی جانب سے اے ٹی آئی آر کے اس فیصلے کے خلاف سندھ ہائی کورٹ میں ایپل دائر کی گئی ہے۔ کمپنی کو اس بات کی قوی امید ہے کہ سندھ ہائی کورٹ کی جانب سے بھی کمپنی کے حق میں ہی فیصلہ دیا جائے گا۔ اس سے متعلق معلومات کو متعلقہ نوٹ میں تفصیل سے بیان کر دیا گیا ہے۔

☆ دوسرا معاملہ کمپنی کے سابقہ حصص داران کے دعوے سے متعلق ہے جن سے موجودہ حاکمان نے کنٹرول حاصل کیا ہے۔ اس معاملے کا فیصلہ شیر ٹرانسفر ایگریمنٹ کے تحت بذریعہ ثالث کروایا گیا ہے اور یہ فیصلہ بھی کمپنی کے حق میں آیا ہے۔ دوسرے فریق کی جانب سے ثالثی کے فیصلے خلاف سندھ ہائی کورٹ کے رجسٹرار کے پاس اعتراض کی درخواست جمع کروائی گئی ہے۔ کمپنی کو مکمل اعتماد ہے کہ اس ایپل کا فیصلہ بھی کمپنی کے حق میں ہی آئے گا۔ اس معاملے سے متعلق تفصیلات کو متعلقہ نوٹ میں بیان کر دیا گیا ہے۔

کمپنی کے ڈائریکٹروں اور انتظامی افسران کی جانب سے کمپنی حصص کی خرید و فروخت

کمپنی سیکرٹری کی جانب سے تمام ڈائریکٹروں بشمول چیف ایگزیکٹو، چیف فنانشل آفیسر اور دیگر انتظامی افسران کو یہ تحریری نوٹس بھیج دیا گیا ہے کہ اگر ان کی جانب سے یا ان کے ازواج کی جانب سے کمپنی کے حصص کی کوئی بھی خرید و فروخت کی گئی ہے تو اس خرید و فروخت کے دو دن کے اندر اندر کمپنی سیکرٹری کو تحریری طور پر حصص کی قیمتوں، تعداد اور سی ڈی سی نمبر فراہم کر دیں۔ کمپنی کے ڈائریکٹروں، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کے ازواج یا نابالغ بچوں کی جانب سے حصص کی خرید و فروخت کے بارے میں تفصیلات کو رپورٹ ہذا میں بطور ضمیمہ نمبر 1 منسلک کر دیا گیا ہے۔

ترتیب حصص داری

کمپنی کے عام حصص پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ بتاریخ 30 جون 2018 کمپنی (کے) 365,689,968 (2017: 1,063,414,434) عام حصص موجود تھے۔ مفصل ترتیب حصص داری رپورٹ ہذا میں ملاحظہ کی جاسکتی ہے جس میں حصص کی تمام درجہ بندیاں ظاہر کی گئی ہیں اور اگر کمپنی ایگزیکٹو یا ڈائریکٹر کے پاس کوئی حصص ہیں تو ان کی تفصیلات بھی بیان کر دی گئی ہیں۔

قومی خزانے میں حصہ

کمپنی کی جانب سے ٹیکسوں، ایکسائز ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی مدات میں 2.14 بلین روپے (2017: 1.8 بلین روپے) قومی خزانے میں جمع کروائے گئے ہیں۔

کمپنی کو لاحق اہم خطرات وغیرہ یقینی صورتحال

زیر نظر مالی سال کے دوران صنعت میں انتہائی تیزی کا رجحان دیکھا گیا ہے اور سیمنٹ سازی کے پلانٹس کے حوالے سے ایک زبردست دوڑ شروع ہو چکی ہے۔ اس دوڑ کی وجہ سے مارکیٹ میں سیمنٹ سازی کے حجم میں تقریباً 5.4 ملین میٹرک ٹن سالانہ تک کا اضافہ ہو چکا ہے۔ سیمنٹ کی پیداواری صلاحیت میں ہونے والے اس اضافے کے باعث اب مارکیٹ میں سیمنٹ کی سپلائی میں بھی اضافہ ہو گا جس کا اثر دو انداز سے آپکی کمپنی کی فروخت پر پڑے گا، ایک جانب تو مجموعی طور پر مارکیٹ میں کمپنی کا حصہ اور دوسری جانب کمپنی قیمت فروخت پر اثرات سامنے آئیں گے۔ مزید برآں، سازگار حالات کی وجہ سے نئے سیمنٹ ساز بھی اس صنعت کی جانب اپنی توجہ مبذول کر سکتے ہیں جن کی جانب سے جنوبی زون کی مارکیٹ میں جگہ بنانے کیلئے تشہیری مہمات کا آغاز بھی کیا جاسکتا ہے۔ ان عوامل کو مد نظر رکھتے ہوئے کہا جاسکتا ہے کہ مقامی مارکیٹ جو کہ فی الحال منافع بخش ہے آئندہ سال ایک سخت مقابلے کی فضاء پیش کر رہی ہوگی۔

بورڈ کی کارکردگی کا جائزہ

مذکورہ بالا نکات کی بنیاد پر کئے جانے والے جائزے میں بورڈ کی کارکردگی کو اطمینان بخش قرار دیا گیا ہے۔ کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت بورڈ کے چیرمین کی جانب سے مجموعی کارکردگی پر ایک علیحدہ جامع رپورٹ کو بھی رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

بورڈ کی کمیٹیاں اور ان کے اجلاس

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز کی جانب سے ایک آڈٹ کمیٹی تشکیل دی گئی جو کہ چار (4) ممبران پر مشتمل ہے اور تمام ممبران غیر انتظامی ڈائریکٹر ہیں۔ آڈٹ کمیٹی کی تشکیل کوڈ آف کارپوریٹ گورننس کے ضوابط کے عین مطابق ہے۔

زیر نظر مالی سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد کئے گئے ہیں جن میں ممبران کی شرکت اور حاضری کی تفصیلات درج ذیل ہیں:

| کمیٹی ممبران کے نام | کمیٹی میں حیثیت | آڈٹ کمیٹی کے کل اجلاس | اجلاسوں میں ممبران کی حاضری |
|---------------------|-----------------|-----------------------|-----------------------------|
| جناب محمد یوسف عادل | چیرمین | 4 | 3 |
| جناب نسیم بیگ | ممبر | 4 | 4 |
| سید سلمان راشد | ممبر | 4 | 3 |

انسانی وسائل و ادائیگیوں کی کمیٹی

بورڈ کی جانب سے انسانی وسائل اور ادائیگیوں سے متعلق ایک کمیٹی کا قیام عمل میں لایا گیا ہے جس کے تمام ممبران غیر انتظامی ڈائریکٹر ہیں۔ انسانی وسائل اور ادائیگیوں کی کمیٹی کی ساخت کوڈ آف کارپوریٹ گورننس کے قواعد کے عین مطابق ہے۔

زیر نظر مالی سال کے دوران انسانی وسائل و ادائیگیوں کی کمیٹی کا ایک (1) اجلاس منعقد کیا گیا جس میں ممبران کی جانب سے شرکت اور ان کی حاضری کی تفصیلات درج ذیل ہیں:

| کمیٹی ممبران کے نام | کمیٹی ممبران کی حیثیت | کمیٹی کے کل اجلاس | اجلاسوں میں ممبران کی حاضری |
|---------------------|-----------------------|-------------------|-----------------------------|
| جناب محمد یوسف عادل | چیرمین | 1 | 0 |
| جناب محمد اعجاز | ممبر | 1 | 1 |
| جناب محمد کاشف حبیب | ممبر | 1 | 1 |
| جناب نسیم بیگ | ممبر | 1 | 1 |
| جناب سید سلمان راشد | ممبر | 1 | 1 |

ڈیویڈنڈ اور بونس

کمپنی کی جانب سے لئے گئے طویل المیعاد قرضوں کی اقساط کی ادائیگیوں اور بڑے پیمانے پر کمپنی کی جانب سے شروع کئے جانے والے توسیعی منصوبوں کے پیش نظر بورڈ کی جانب سے اعلان کیا گیا ہے کہ کے 30 جون 2018 کو ختم ہونے والے مالی سال کیلئے نا کوئی ڈیویڈنڈ ادا کیا جائے گا اور نا بونس حصص دیئے جارہے ہیں۔

ہمارے بورڈ کی طرز ساخت مندرجہ ذیل ہے:

| ساخت | |
|---------------------------|---|
| (i) آزاد ڈائریکٹر | 1 |
| (ii) غیر انتظامی ڈائریکٹر | 5 |
| (iii) انتظامی ڈائریکٹر | 1 |
| ڈائریکٹرز کی کل تعداد | 7 |

بورڈ آف ڈائریکٹرز کے اجلاس

زیر نظر مالی سال کے دوران بورڈ آف ڈائریکٹرز کے آٹھ (8) اجلاس منعقد کئے گئے ہیں جن میں ڈائریکٹروں کی شرکت اور حاضری کی تفصیلات درج ذیل ہیں:

| ڈائریکٹروں کے نام | بورڈ میں حیثیت | اجلاسوں کی کل تعداد | اجلاسوں میں ممبران کی کل حاضری |
|-------------------------|---------------------------------|---------------------|--------------------------------|
| جناب نسیم بیگ | غیر انتظامی ڈائریکٹر / چیئر مین | 8 | 6 |
| جناب محمد کشف حبیب | انتظامی ڈائریکٹر / چیف ایگزیکٹو | 8 | 8 |
| جناب محمد یوسف عادل | غیر انتظامی / آزاد ڈائریکٹر | 8 | 4 |
| جناب سید سلمان راشد | غیر انتظامی ڈائریکٹر | 8 | 6 |
| جناب محمد اعجاز | غیر انتظامی ڈائریکٹر | 8 | 7 |
| جناب محمد حبیب | غیر انتظامی ڈائریکٹر | 8 | 4 |
| جناب محمد کبھی خان | غیر انتظامی / آزاد ڈائریکٹر | 5* | 0 |
| جناب انڈریس پالوڈن مولر | غیر انتظامی ڈائریکٹر | 3* | 2 |

وہ ڈائریکٹر جو کسی ناگزیر وجوہات کی بنیاد پر اجلاسوں میں شرکت کرنے سے قاصر رہے اجلاسوں میں غیر حاضری کیلئے ان کی رخصت منظور کر لی گئی تھی۔

بورڈ آف ڈائریکٹرز پر پیدا ہونے اور پر ہونے والی آسامی:-

زیر نظر مالی سال کے دوران جناب محمد کبھی خان کے استعفیٰ کی وجہ سے اتفاقی طور پر بورڈ میں ایک آسامی پیدا ہوئی۔ زیر نظر مالی سال کے دوران غیر معمولی اجلاس عام کے دوران حصص داران کی جانب سے ایک قرارداد پاس کی گئی تھی جس کے تحت غیر ملکی سرمایہ کاروں (ایف ایل اسمتھ اے / ایس، آئی ایف یو اور آئی آئی پی) کو راست حصص کے طریق کار سے ہٹ کر حصص جاری کئے گئے تھے۔ مذکورہ بالا خصوصی قرارداد کے تناظر میں کمپنی اور غیر ملکی سرمایہ کاروں کے درمیان حصص کا ایک معاہدہ طے پایا۔ مذکورہ بالا آسامی کے اتفاقی طور پر خالی ہونے پر مذکورہ غیر ملکی سرمایہ کاروں کی جانب سے جناب انڈریس پالوڈن کو بورڈ کا ممبر نامزد کیا گیا ہے۔

بورڈ کی جانچ کیلئے وضع کیا گیا نظام

کوڈ آف کارپوریٹ گورننس کے قواعد کی رو سے بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزے کیلئے ایک جامع نظام وضع کیا گیا ہے۔

بورڈ کی کارکردگی کیلئے وضع کئے گئے نظام کے تحت درج ذیل نکات کی بنیاد پر جائزہ لیا جاتا ہے:

☆ ساخت اور دائرہ کار

☆ وظائف اور ذمہ داریاں

☆ نگرانی

☆ شفافیت

کوڈ آف کارپوریٹ گورننس

آپ کی کمپنی کے ڈائریکٹرز کمپنی اسٹریٹجک پوزیشن اور کاروباری منصوبوں کا مستقل بنیادوں پر جائزہ لیتے رہتے ہیں۔ آڈٹ کمیٹی موثر انداز سے کوڈ آف کارپوریٹ گورننس کے نفاذ کو ممکن بنانے کیلئے محاذ ہے۔ ہماری جانب سے کوڈ آف کارپوریٹ گورننس کی مکمل پاسداری کیلئے کوئی کسر اٹھانہیں رکھی جاتی۔ کوڈ کی مکمل پاسداری کے حوالے سے ہم اس بات کی توثیق کرتے ہیں:

- ☆ کمپنی کی جانب سے تیار کی جانے والی مالیاتی دستاویزات شفاف انداز سے کمپنی کے معاملات، کاروباری نتائج، رقوم کی آمد اور اخراج اور سرمایہ پر مبنی حصص میں تبدیلی کو ظاہر کرتی ہیں۔
- ☆ کمپنی نے ٹھیک طور پر اکاؤنٹنگ ریکارڈ رکھے ہیں۔
- ☆ اکاؤنٹنگ کی مناسب پالیسیوں کو مستقل بنیادوں پر مالیاتی دستاویزات کی تیاری میں استعمال کیا جاتا ہے اور استعمال کیے گئے تخمینے قرین قیاس ہیں۔
- ☆ مالیاتی دستاویزات بناتے وقت پاکستان میں مستعمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی پاسداری کی گئی ہے۔
- ☆ اندرونی کنٹرول کا نظام انتہائی مربوط ہے اور موثر انداز سے اس کا نفاذ کرنے کے بعد اس کی مسلسل نگرانی بھی کی جاتی ہے۔
- ☆ اس بات میں شک کی کوئی گنجائش نہیں ہے کہ کمپنی going concern ہے۔ نیز اپنے تمام قرضوں کی ادائیگی بروقت کر دیتی ہے اور کمپنی بینکوں کی جانب سے کسی بھی قسم کے قرضوں کے سلسلے میں نا دہندہ نہیں ہے۔
- ☆ لسٹنگ ریگولیشن میں مقررہ کوڈ کارپوریٹ گورننس کی بہترین روایات سے کمپنی نے کبھی کوئی ایسی روگردانی نہیں کی جو قابل محاسبہ ہو۔
- ☆ کمپنی کے ذمے جو قانونی ادائیگیاں ہیں وہ معمول کے مطابق ہیں۔
- ☆ کمپنی کی جانب سے اپنے ملازمین کیلئے فنڈ شدہ گریجویٹ اسکیم قائم کی گئی ہے جسے مالیاتی دستاویزات میں متعلقہ نوٹس کے اندر بیان کیا جا چکا ہے۔
- ☆ چار (4) ڈائریکٹرز پہلے ہی ڈائریکٹروں کا تربیتی کورس مکمل کر چکے ہیں۔ بورڈ میں شامل ایک ڈائریکٹر کوسی جی ریگولیشنز کے ضابطہ نمبر 20 باب VII کے تحت ڈائریکٹروں کے تربیتی پروگرام سے استثناء حاصل ہے کیونکہ وہ چودہ (14) سال کی تعلیم اور لسٹڈ کمپنی میں پندرہ (15) سالہ تجربے کے حامل ہیں۔ فی الحال بورڈ میں ایسے دو (2) ڈائریکٹر شامل ہیں جنہیں قواعد کی رو سے ڈائریکٹروں کے تربیتی پروگرام میں شرکت کرنی ہے۔ کمپنی اس سلسلے میں 30 جون 2019 تک اس قانون کی پاسداری کرنے کا عزم رکھتی ہے۔

☆ Pettern of Shareholding اس رپورٹ کے ساتھ منسلک ہے۔

☆ گزشتہ چھ سالوں سے متعلق اہم مالیاتی اور کاروباری شماریات کو رپورٹ ہذا کے ساتھ منسلک کر دیا گیا ہے۔

بورڈ آف ڈائریکٹرز کی ساخت

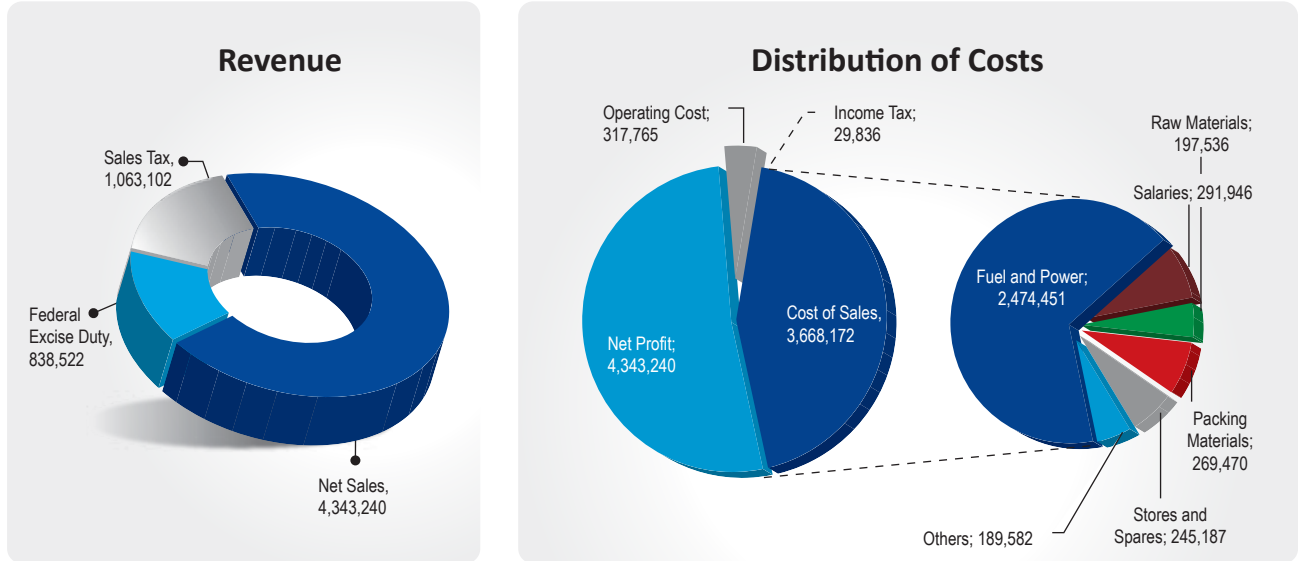
| ڈائریکٹرز کی کل تعداد | |
|-----------------------|---|
| مرد ڈائریکٹرز | 7 |
| خواتین ڈائریکٹرز | - |
| ڈائریکٹرز کی کل تعداد | 7 |

آمدن:

مالی سال 2017-18 کے دوران گزشتہ مالی سال کے مقابلے میں آپ کی کمپنی نے آمدن از فروخت میں مجموعی طور پر 2% کا اضافہ حاصل کیا ہے۔ اس کی بنیادی وجہ فروخت کے حجم اور فیڈرل ایکسائز ڈیوٹی اور سیلز ٹیکس میں اضافہ تھا۔

لاگت برائے فروخت:

زیر نظر مالی سال 2017-18 کے دوران لاگت برائے فروخت میں اضافہ درج کیا گیا ہے۔ اس اضافے کی بنیادی وجوہات میں کولتے، پیکنگ میٹیریل اور ایندھن کی قیمتوں میں ہونے والے اضافے شامل ہیں۔

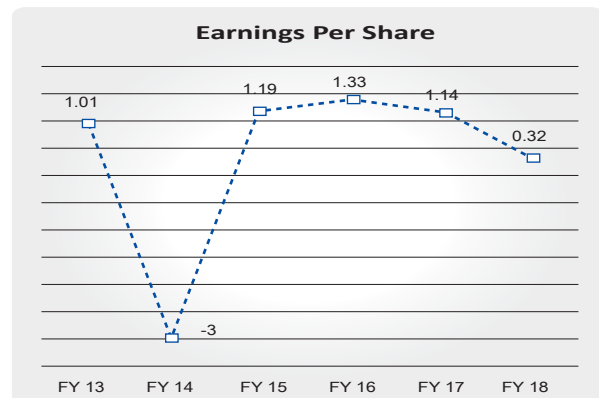
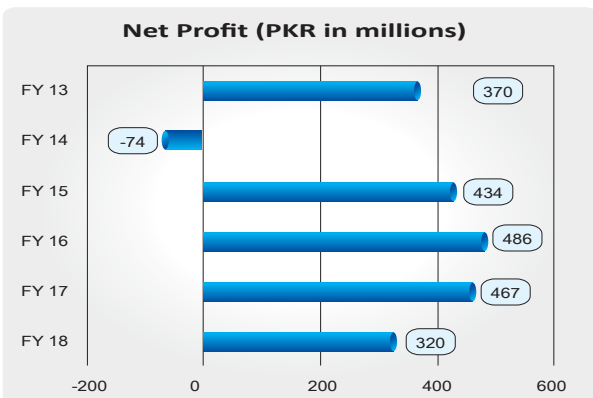


صافی منافع:

آپ کی کمپنی نے زیر نظر مالی سال کے دوران 349 ملین روپے کا منافع قبل از ٹیکس کمایا گیا ہے جبکہ گزشتہ مالی سال کے دوران یہ منافع 565 ملین روپے درج کیا گیا تھا۔ اسی طرح زیر نظر مالی سال کے دوران 320 ملین روپے منافع بعد از ٹیکس درج کیا گیا ہے جبکہ گزشتہ مالی سال کے دوران منافع بعد از ٹیکس 467 ملین روپے درج کیا گیا تھا۔ منافع کی کم شرح کی وجوہات حکمت عملی کے تحت مال کو روکنے کی سطح کو کم کرنا اور مزکورہ بالا لاگت برائے فروخت میں اضافہ تھیں۔ مال کو روکنے کی سطح میں کمی لانے کی وجہ یہ تھی کہ دور دراز پھیلے ہوئے علاقوں تک رسائی کو ممکن بنانے کی حکمت عملی اپنائی گئی اور جزوی طور پر اس کی ایک وجہ یہ بھی تھی کہ FED کے اثرات کو جذب کیا جاسکے۔

آمدن فی حصص:

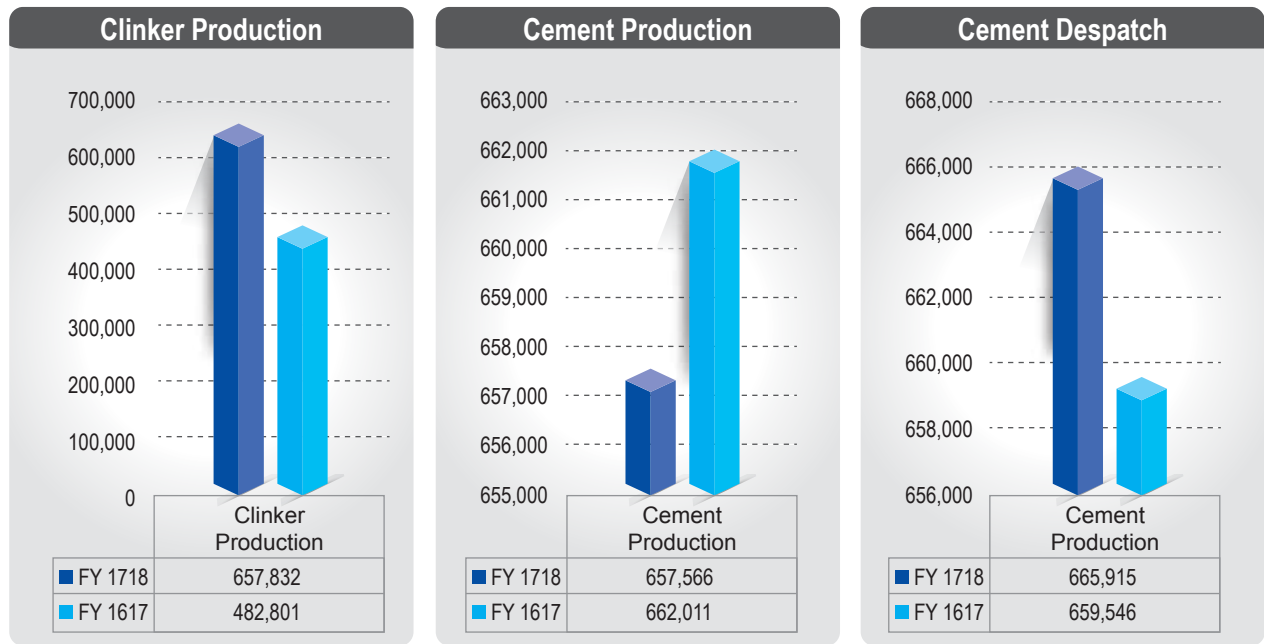
زیر نظر مالی سال کے دوران آپ کی کمپنی کی آمدن فی حصص 0.32 روپے رہی جبکہ گزشتہ مالی سال کے دوران آمدن فی حصص 1.14 روپے درج کی گئی تھی۔ آمدن فی حصص میں آنے والی اس کمی کی وجہ حصص کی اوسط تعداد بلحاظ اہمیت میں اضافہ تھی۔



| Power Cement Limited | 2018 | 2017 | فرق فیصد میں |
|----------------------|---------|---------|--------------|
| سینٹ (مقامی) | 659,314 | 643,103 | 3% |
| سینٹ (برآمدات) | 6,601 | 9,142 | (28%) |
| پاہواسلیگ | - | 7,301 | (100%) |
| مجموعی ترسیل | 665,915 | 659,546 | 1% |

زیر نظر مالی سال کے دوران سینٹ کی پیداوار میں 4,445 میٹرک ٹن کی کمی واقع ہوئی ہے جبکہ دوسری جانب کلنکر کی پیداوار میں 175,031 میٹرک ٹن کا اضافہ درج کیا گیا ہے، اس سال پیداواری گنجائش کا 73% زیر استعمال آیا جبکہ گزشتہ سال پیداواری صلاحیت کا محض 53% زیر استعمال آسکا تھا۔ اس فرق کی بڑی وجہ یہ ہے کہ گزشتہ مالی سال کے دوران انیئر پولوشن کنٹرول سسٹم (فضائی آلودگی کو روکنے کے نظام) کی تنصیب کی وجہ سے پیداواری صلاحیت میں کو بند کرنا پڑا تھا۔

اس صورتحال کی تصویری شکل ذیل میں پیش کی جا رہی ہے:



مالیاتی کارکردگی

مالی سال اختتامیہ 30 جون 2018 سے متعلق مالیاتی کارکردگی کی اہم جھلکیاں بالمقابل گزشتہ مالی سال ذیل میں پیش کی جا رہی ہیں:

| 2017 | 2018 | تفصیلات |
|---------------------------|-----------|---------------------------------------|
| پاکستانی روپیے ہزاروں میں | | |
| 6,134,811 | 6,244,864 | آمدن از فروخت - خام |
| 1,654,188 | 1,901,624 | منہا: سیلز ٹیکس / فیڈرل ایکسائز ڈیوٹی |
| 4,480,623 | 4,343,240 | آمدن از فروخت - صافی |
| 980,531 | 675,068 | خام منافع |
| 808,103 | 358,020 | کاروباری منافع |
| 565,175 | 348,778 | منافع قبل از ٹیکس |
| 466,793 | 319,907 | صافی منافع بعد از ٹیکس |
| 1.14 | 0.32 | آمدن فی حصص (روپے میں) |

ڈائریکٹر رپورٹ

صنعتی جائزہ

مالی سال اختتامیہ 30 جون 2018 کے دوران پاکستان میں سیمنٹ کی شرح نمو 13.84% درج کی گئی ہے اور اس شرح نمو کے تحت پیداواری حجم 45.89 ملین ٹن رہا جبکہ گزشتہ مالی سال کے دوران پیداوار کا حجم 40.32 ملین ٹن درج کیا گیا تھا۔ زیر نظر مالی سال کے دوران مقامی سطح پر فروخت کا حجم 41.32 ملین ٹن رہا جو کہ گزشتہ مالی سال کے دوران 35.65 ملین ٹن درج کیا گیا تھا اور اس طرح زیر نظر مالی سال کے دوران گزشتہ مالی سال کے مقابلے میں فروخت کے حجم میں 15.42% کی شرح نمو درج کی گئی ہے۔ اسی طرح زیر نظر مالی سال کے دوران سیمنٹ کی برآمدات کا حجم 4.75 ملین ٹن درج کیا گیا ہے جبکہ گزشتہ مالی سال کے دوران برآمدات کا یہ حجم 4.66 ملین ٹن درج کیا گیا تھا اس طرح گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران سیمنٹ کی برآمدات میں 1.77% کی شرح نمو درج کی گئی ہے۔ عوامی پروجیکٹس کی تعمیرات اور ریل اسٹیٹ میں کی جانے والی تعمیرات کی وجہ سے سال صنعت کی جانب سے بہتر کارکردگی سامنے آئی ہے۔ جنوبی خطے میں پانی جانے والی اچھی پیداواری گنجائش کے باعث اس بات کے امکانات موجود ہیں کہ اس سے سیمنٹ کی برآمدات کو فروغ ملے گا۔

جنوبی خطہ جہاں کہ آپ کی کمپنی بھی واقع ہے میں مقامی سطح پر سیمنٹ کی طلب 7.18 ملین ٹن درج کی گئی تھی یعنی گزشتہ سال کے مقابلے میں 10.26% زائد طلب سامنے آئی ہے۔ حالیہ دنوں میں سیمنٹ کی برآمدات گزشتہ سال 1.51 ملین ٹن سے بڑھ کر اس سال 1.66 ملین ٹن تک پہنچ چکی ہے یعنی اس مد میں بھی گزشتہ مالی سال کے مقابلے میں 10.03% کا اضافہ درج کیا گیا ہے۔ نتیجتاً جنوبی خطے میں مجموعی طور پر سیمنٹ کی ترسیل 8.84 ملین ٹن رہی۔

اس کے برعکس زیر نظر مالی سال کے دوران شمالی خطے میں مقامی سطح پر سیمنٹ کی طلب میں 16.57% اضافہ درج کیا گیا ہے لیکن اسی سال کے دوران برآمدات میں 2.20% کی کمی واقع ہوئی ہے۔ اس کا مجموعی اثر یہ رہا کہ شمالی خطے میں مجموعی طور پر شرح نمو 14.74% درج کی گئی ہے۔

کاروباری جائزہ

زیر نظر مالی سال کے دوران آپ کی کمپنی کی جانب سے سیمنٹ کی ترسیل کا حجم 665,915 ٹن درج کیا گیا جبکہ گزشتہ مالی سال کے دوران یہ حجم 659,546 ٹن درج کیا گیا تھا، اس طرح گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران سیمنٹ کی ترسیل کے حجم میں 0.97% کا اضافہ درج کیا گیا ہے۔

حجم برائے پیداوار و فروخت

زیر نظر مالی سال کے دوران کمپنی کی جانب سے پیداوار اور فروخت کے حجم (ٹنوں میں) کو گزشتہ مالی سال کے مقابلے میں ذیل میں پیش کیا جا رہا ہے:

| پیداوار | 2018 | 2017 | فرق (فیصد میں) |
|---------|---------|---------|----------------|
| سیمنٹ | 657,566 | 662,011 | (1%) |
| کلنکر | 657,832 | 482,801 | 36% |
| | | | |

Form of Proxy

Annual General Meeting

The Company Secretary
Power Cement Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi

I/we _____ of _____ being a member(s)
of Power Cement Limited holding _____ ordinary shares as per
CDC A/c. No. _____ hereby appoint Mr/Mrs/Miss _____
of (full address) _____
_____ or failing him/her
Mr/Mrs/Miss _____ of (full address) _____

(being member of the Company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Annual General Meeting
the Company to be held on October 27, 2018 and/or any adjournment thereof.

Signed this _____ day of _____ 2018.

Witnesses:

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

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

Signature on
Rs. 5/-
Revenue Stamp

NOTES:

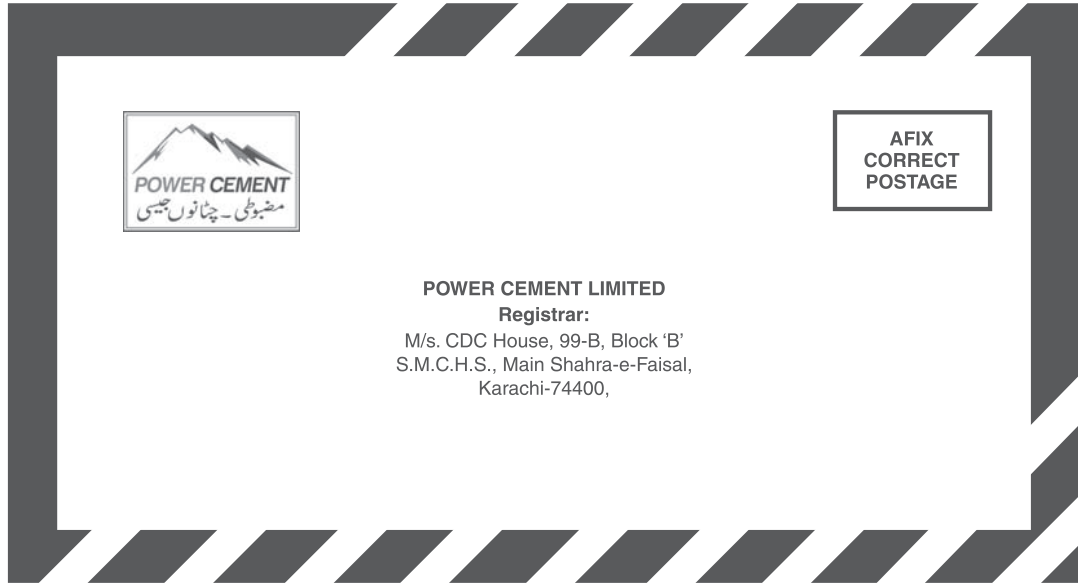
A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

Proxy shall authenticate his/her identity by showing his/her identity by showing his/her original passport and bring folio numb at the time of attending the meeting.

In order to be effective, the proxy form must be received at the office of our Registrar M/s. CDC House, 99-B, Block 'B' S.M.C. Main Shahra-e-Faisal, Karachi-74400, not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.

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.

In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passpo of the proxy shall be submitted along with proxy Form.



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کمپنی سیکرٹری

پاور سینٹ لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ

کراچی۔

میں / ہم _____ سکنہ / ساکنہ _____ بطور ممبر

(ممبران) پاور سینٹ لمیٹڈ حامل / حاملین _____ عام حصص، بحوالہ سی ڈی سی اکاؤنٹ نمبر

_____ بذریعہ ہذا جناب / محترمہ _____ سکنہ / ساکنہ (مکمل پتہ) یا بصورت ناکامی،

جناب / محترمہ _____ سکنہ / ساکنہ (مکمل پتہ)

(کمپنی کا ممبر ہوتے ہوئے) اپنے / اپنی / ہمارے جانب بطور پراکسی کے نامزد کرتا / کرتی / کرتے ہوں / ہیں کہ وہ میری / ہماری جانب سے کمپنی کے سالانہ اجلاس عام مورخہ 27 اکتوبر 2018ء یا منسوخ ہونے کی صورت میں کسی بھی اور تاریخ پر میں شرکت کرے حق رائے دہی کو استعمال کرے۔

دستخط شدہ بروز _____ مورخہ _____ 2018ء

گواہاں:

1۔ نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر: _____

دستخط: _____

پانچ روپے کی ریونیو

ممبر پر دستخط کیجئے

2۔ نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر: _____

دستخط: _____

پانچ روپے کی ریونیو

ممبر پر دستخط کیجئے

اہم نکات:

1۔ ایسا 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۔

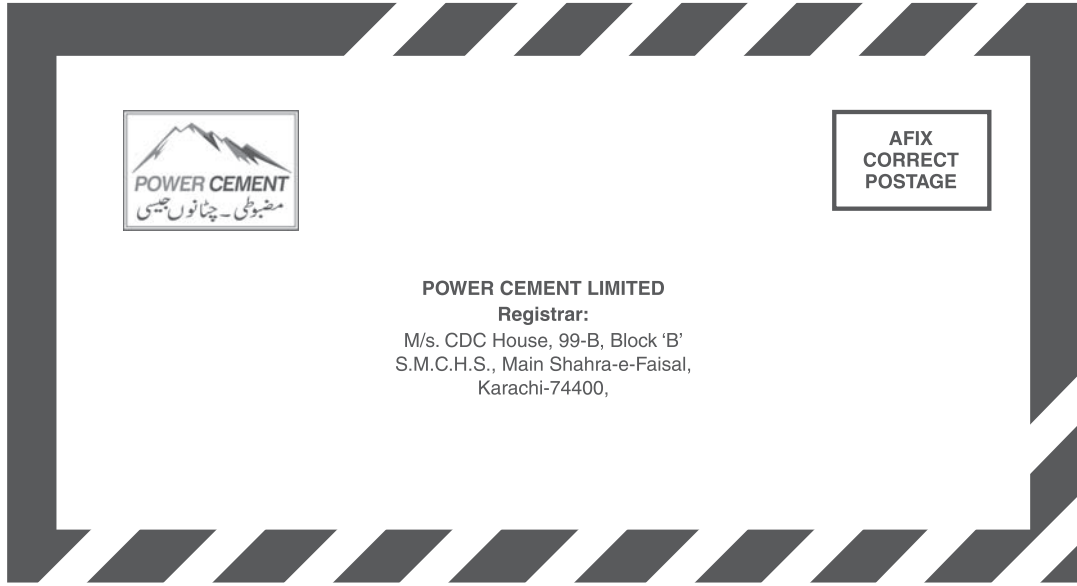
2۔ پراکسی پر لازم ہوگا کہ بذریعہ اصل قومی شناختی کارڈ یا پاسپورٹ اجلاس میں شرکت کے وقت اپنی شناخت کروائے اور اپنا فوٹیو نمبر بھی ہمراہ لے کر آئے۔

3۔ پراکسی فارم کے کارآمد ہونے کیلئے لازم ہے کہ پراکسی فارم ہمارے رجسٹرڈ سیکرٹری ڈیپاڈیری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔ پراکسی فارم

باقاعدہ دستخط اور ممبر شدہ ہوں اور دو گواہوں نے اپنے دستخط، نام، پتے اور شناختی کارڈ نمبر سے پراکسی کی تصدیق کی ہو۔

4۔ بصورت افراد، پراکسی فارم کے ساتھ مستفید کی مالک اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل کا منسلک ہونا لازم ہے۔

5۔ اگر پراکسی کسی کاروباری ادارے کی جانب سے ہو تو بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پراکسی فارم سے منسلک کرنا لازم ہے۔



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Calendar of up coming Corporate Events

MEETINGS

1st Quarter ending
September 30, 2018

TENTATIVE DATES

Last week of
October 2018

2nd Quarter ending
31st December 2018

Last week of
February 2019

3rd Quarter ending
March 31, 2019

Last week of
April 2019

Annual audited accounts
ending June 30, 2019








Last week of
September 2019










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(based on live feed from KSE)
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-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



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