

May 29, 2020

The General Manager


Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Dear Sir,

Subject: Notice of Extraordinary General Meeting of Power Cement Limited

Enclosed please find a copy of the Notice of Extraordinary General Meeting of the Shareholders of Power Cement Limited to be held via video-link on Saturday, June 20, 2020 at 11:00 a.m. for circulation amongst the TRE Certificate holders of the Exchange.

Yours Sincerely,



Tahir Iqbal

Chief Financial Officer &
Company Secretary

Cc: The Director
Surveillance, Supervision & Enforcement Department
63, Jinnah Avenue, N.I.C. Building
Blue Area, Islamabad

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice hereby given that an Extraordinary General Meeting of Power Cement Limited will be held on Saturday, June 20, 2020 at 11:00 am via video-link to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of last shareholders' meeting held on March 28, 2020.

SPECIAL BUSINESS:

2. *To consider and if thought fit to pass the following Special Resolution with or without modification(s):*

“Resolved that subject to approval of Securities and Exchange Commission of Pakistan, the Board of Directors be and are hereby authorized to offer and issue 244,585,320 Perpetual, Cumulative and Convertible Preference Shares at par (face value Rs.10/- each) in proportion of 23 Preference Shares for every 100 Ordinary Shares held by existing members on the following terms and conditions against payment of full amount:

1	Preferred Dividend Rate	Dividend @ 6 Month KIBOR plus 1.5% per annum will be paid from profits for that financial year or from accumulated profits / reserves, subject to approval by the Board of Directors.
2	Cumulative	The entitlement of Dividend shall not lapse if no Dividend is paid within that year and shall be carried forward to subsequent year(s).
3	Voting	The Preference Shareholders will have the right to vote.
4	Conversion Option	Preference shares shall be convertible at the Option of the Preference Shareholders in to ordinary shares of the Issuer. The Conversion Option can be exercised upon the expiry of 12 (twelve) months from the Issue Date by giving a thirty days' notice in advance to the Issuer, however, the accumulation of Preferred Dividends shall cease at the time of filing of conversion notice with the Company's registrar.
5	Conversion ratio	<ol style="list-style-type: none">i. Conversion Ratio is to be determined by dividing the aggregate face value of Preference Shares plus the outstanding balance of any accumulated / accrued preferred dividend (if not paid till conversion) by Rs.7.5/-ii. There will be no change/ revision in the rate of preferred dividend in case of accumulation.iii. There is no upper limit of maximum accumulations of preferred dividends.

6	Listed/ unlisted	These Perpetual, Cumulative and Convertible Preference Shares will also be listed at the PSX after completion of necessary formalities.
7	Rights and privileges of Preference Shareholder	<p>The Preference Shareholders shall be entitled to:</p> <ul style="list-style-type: none"> i. Cash dividends in priority over any dividend to ordinary shareholders and holders of any subsequent issues / series of preference shares. ii. In case of liquidation, the Preference Shareholders shall be entitled to preferred liquidation rights prior to ordinary shareholders. iii. Receive annual financial statements of the Issuer and have access to the quarterly financial statements through PUCARS and Company's website iv. Receive notice, attend general meeting of the Company and vote at meetings of the shareholders of the Company, except as otherwise provided by the Act, whereby the holders of such shares would be entitled to vote separately as a class i.e. with respect to voting entitlement of Preference Shareholders on matters / issues affecting substantive rights or liabilities of Preference Shareholders. <p>The Preference Shareholders shall not be entitled to:</p> <ul style="list-style-type: none"> i. Bonus or rights shares, in case the Company / Directors decide to increase the capital of the Company by issue of further shares except for the adjustment in Conversion Ratio provided hereinabove referred terms and conditions. ii. Participate in any further profit or assets of the Company, except the right of dividend being attached to the Preference Shares.
8	Entity rating	A- (A Minus) for the long term and A – 2 for the short term with stable outlook by JCR VIS
9	Governing law	The Instrument shall be subject to the laws of Islamic Republic of Pakistan and non-exclusive jurisdiction of the Pakistan Courts

Further Resolved that in case the Preference Shares or any numbers thereof are not subscribed by any existing Members, such unsubscribed Preference Shares may be offered by the Directors to any other Members willing to subscribe to such Preference Shares or to any other person or institution as may be considered appropriate by the Directors, on the same terms and conditions.

Further Resolved that the Company Secretary be and is hereby authorized to do all the acts, deeds and things necessary, including preparation, signing and submission of a formal application to the Securities and Exchange Commission of Pakistan (SECP), with all necessary documents, to represent the Company to the SECP and to respond to all queries and provide any clarification or feedback as may be required by the SECP, to incorporate any modification of the above Resolutions and/or the terms and conditions for issuance of Preference Shares as may be directed or advised by the SECP and to fulfill all legal, corporate and procedural formalities without the need to obtain any further approval of the Shareholders."

Statement under Section 134(3) of the Companies Act 2017 containing material facts concerning special business to be transacted as special resolution at the Extraordinary General Meeting is attached with the notice.

Any Other Business

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

By order of the Board



Tahir Iqbal
Company Secretary

Karachi, May 30, 2020

Notes:

1. Share transfer books of the Company will remain closed from June 16, 2020 to June 20, 2020 (both days inclusive). Transfers received at the office of Company's Share Registrar, M/s CDC Share Registrar Services Limited, CDC House, Shahrah-e-Faisal, Karachi up to the close of business on June 15, 2020 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.
2. In line with the relaxation allowed by SECP under Circular No. 10 of 2020 dated 01 April 2020 and due to Covid-19 restrictions, the Notice along with proxy form is available on the Company's website: www.powercement.com.pk and has been sent to the PSX via PUCARS.
3. To participate in the EGM through video-link, members are requested to get their particulars (i.e., Name/Folio No./CNIC No./Mobile No./email address) registered by sending email to eogm@powercement.com.pk at least 48 hours before the time of EOGM. The Company will provide a video link via email to registered members, after necessary verification. Members can also provide comments/suggestions for the agenda of the EGM via email as mentioned above and/or WhatsApp # 92 331 3662948
4. 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.
5. 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 folio numbers at the time of registration for the meeting

(ii) In the case of a corporate entity, the scanned 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 registration for meeting.

(iii) In order to be effective, the proxy forms must be received at office of our registrar (either hard copy or scanned) not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.

(iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form (either hard copy or scanned).

(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 (either hard copy or scanned).

6. Members are requested to promptly notify any change in their address/email by writing to the office of the registrar.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT,
2017 REGARDING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE EXTRAORDINARY
GENERAL MEETING**

This statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of Power Cement Limited (the "Company") to be held via Video-Link on Saturday, June 20, 2020 at 11:00 a.m.

The Board of Directors of Power Cement Limited in its meeting held on May 20, 2020 has approved 23% Right Issue by offering 244,585,320 Perpetual, Cumulative and Convertible Preference Shares at par (face value Rs.10/- each) i.e. in proportion of 23 Preference Shares for every 100 Ordinary Shares held by existing members. The entitlement of Preference Shares is subject to approval of Special Resolution to be approved by the Shareholders in the EGM to be convened on June 20, 2020 and thereafter subject to further approval of the Securities and Exchange Commission of Pakistan (SECP).

The Board of Directors of the Company have no direct or indirect interest in the special business, except and to the extent of their respective shareholding in the Company.

The information required to be annexed to the notice in accordance with Regulation 10 of the Companies (Further issue of Shares) Regulations, 2018 is set out below:

Information required		Details
(I)	Quantum of the Issue, i.e. as percentage of existing paid up capital, issue size and issue price	23% Right Issue of 244,585,320 Perpetual, Cumulative and Convertible preference shares at par (face value Rs.10/- each)
(II)	purpose or justification of right issue	The purpose of the Right Issue is to use the proceeds to meet the cost overruns incurred in the expansion of the production capacity at the Company's existing site which was embarked upon in April 2017 for adding a new line of 7700 tons per day (2.5 million tons per annum), taking the total capacity to around 3.4 million tons per annum. The project has completed and has started production in December 2019.
(iii)	benefits to the company and shareholders and underlying risks, if any	This expansion with the state of the art European technology plant has enable the company to produce the world's highest cement quality of 53 Grade with the most cost-efficiency. After successful commissioning of the new project, the Company has become the second-largest cement producer in the South Region of Pakistan, with total production capacity of around 3.4 million tons per annum

(iv)	justification for issue of shares at par, premium or below par value (if applicable)	The Perpetual, Cumulative and Convertible Preference Shares are to be issued at par value in light of their distinctive features. The terms / characteristics of the proposed Preference Shares are unique and fundamentally differ from those of the Ordinary Shares of the Company and hence a comparison with the market price of the listed ordinary share would not be appropriate or reflective of the value of the Preference Shares. A key difference is that the proposed Preference Shares are voting shares and offer a return which is fixed at 6 (six) month KIBOR + 1.5% per annum.
(v)	the total number of shares to be issued with differential rights	244,585,320 perpetual, cumulative and convertible shares
(vi)	the details of the differential rights as ordinary shares or preference shares, as applicable	Perpetual, Cumulative and Convertible Preference shares as detailed in points (iv) and (vii)
(vii)	nature of such shares i.e. cumulative or non-cumulative, participating or non-participating, convertible or non-convertible, redeemable or non-redeemable	Cumulative, participating, convertible and non-redeemable
(viii)	the percentage of the proposed shares with differential rights to the total post issue paid up share capital	18.70 %
(ix)	the price at which such shares are proposed to be issued either at par or at premium	The Perpetual, Cumulative and Convertible Preference Shares are proposed to be issued at par (face value Rs.10/- each)
(x)	the basis on which the price has been arrived at	As explained in point (iv) above, these Perpetual, Cumulative and Convertible Preference Shares are offered at par (face value Rs.10/- each) and its conversion would be at Rs. 7.5/- per share which is higher than the current market price.
(xi)	details of total number of shares proposed to be allotted to sponsors /directors;	Shares are being issued to existing members in proportion to their existing shareholding. As per latest shareholding pattern the following is the breakup:

	details of total number of shares proposed to be allotted to persons other than sponsors and directors and their relationship, if any, with sponsors/ directors	<table> <tr> <th>Details</th><th>Issue of Shares (No.)</th><th>Percentage %</th></tr> <tr> <td>Sponsors / Directors</td><td>164,025,346</td><td>67.06</td></tr> <tr> <td>Others</td><td>80,559,974</td><td>32.94</td></tr> <tr> <td>Total</td><td>244,585,320</td><td>100</td></tr> </table>	Details	Issue of Shares (No.)	Percentage %	Sponsors / Directors	164,025,346	67.06	Others	80,559,974	32.94	Total	244,585,320	100
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Sponsors / Directors	164,025,346	67.06												
Others	80,559,974	32.94												
Total	244,585,320	100												
(xii)	The percentage/proportion of voting rights of shares with differential voting right shall carry to the total voting right of the aggregate share capital	These 23% (18.70% of post issue paid up capital) Perpetual, Cumulative and Convertible Preference Shares will have the equal right to vote.												
(xiii)	the right of holders of such shares to participate in profits or surplus funds	The holders of these Perpetual, Cumulative and Convertible Preference Shares shall be entitled to dividend payment (subject to and as declared by the Company from time to time) in priority to the ordinary shareholders, out of the Company's profits for that financial year, or from accumulated profits/reserves and calculated at the rate of 6 months KIBOR plus 1.5% per annum.												
(xiv)	the right of holders of such shares to participate in surplus assets and profits on winding-up	The holders of these Perpetual, Cumulative and Convertible Preference Shares shall not be entitled to Participate in any further profit or assets of the Company, except the right of dividend being attached to the Preference Shares.												
(xv)	the payment of dividend on cumulative or non-cumulative basis to holders of preference shares	The payment of dividend will be on cumulative basis to the holders of these Perpetual, Cumulative and Convertible Preference Shares and entitlement of Dividend shall not lapse if no Dividend is paid within that year and shall be carried forward to subsequent year(s). Dividend @ 6 Month KIBOR plus 1.5% per annum will be paid from profits for that financial year or from accumulated profits/ reserves, subject to approval by the Board of Directors.												
(xvi)	manner, mode, terms and conditions for conversion of preference shares into ordinary shares	These Perpetual, Cumulative and Convertible Preference shares shall be convertible, at the Option of the holders, in to ordinary shares of the Issuer. The Conversion Option can be exercised upon the expiry of 12 (twelve) months from the Issue Date by giving a thirty days' notice in advance to the Issuer, however, the accumulation of Preferred Dividend shall cease at the time of filing of conversion notice with the Company's registrar.												

(xvii)	expected dilution in equity share capital upon conversion of preference shares	Existing Share Capital – 1,063,414,434 Ordinary Shares Conversion of 100% Perpetual, Cumulative and Convertible Preference Shares – 244,585,320 Share Capital post conversion – 1,307,999,754 Expected Dilution – 18.70 %
(xviii)	entitled rights of holders of preference shares before and after conversion of preference shares into ordinary shares	<p>Before exercising the option of conversion the holders of these Perpetual, Cumulative and Convertible Preference Shares shall be entitled to:</p> <ol style="list-style-type: none"> Cash dividends in priority over any dividend to ordinary shareholders and holders of any subsequent issues / series of preference shares. In case of liquidation, the Preference Shareholders shall be entitled to preferred liquidation rights prior to ordinary shareholders. Receive annual financial statements of the Issuer and have access to the quarterly financial statements through PUCARS and Company's website Receive notice, attend general meeting of the Company and vote at meetings of the shareholders of the Company, except as otherwise provided by the Act, whereby the holders of such shares would be entitled to vote separately as a class i.e. with respect to voting entitlement of Preference Shareholders on matters / issues affecting substantive rights or liabilities of Preference Shareholders. <p>Before exercising the option of conversion the holders of these Perpetual, Cumulative and Convertible Preference Shares shall not be entitled to:</p> <ol style="list-style-type: none"> Bonus or rights shares, in case the Company / Directors decide to increase the capital of the Company by issue of further ordinary shares except for the adjustment in Conversion Ratio provided hereinabove referred terms and conditions. Participate in any further profit or assets of the Company, except the right of dividend being attached to the Preference Shares. <p>After exercising the option of conversion the holders of these Perpetual, Cumulative and Convertible Preference Shares will become the Ordinary Shareholders of the Company and shall be entitled to all those rights which is allowed to all existing members of the Company as per Articles of</p>

		Association/Corporate Law.
(xix)	manner, mode, terms and conditions for whole or partial redemption of preference shares	Not applicable
(xx)	the change in control, if any, in the company that may occur consequent to the issue of shares with differential voting rights	There will be No change in control
(xxi)	shareholding pre and post issue of shares with differential voting rights;	Pre-issuance – 23% Post-issuance- 18.7%
(xxii)	remedy available to holders of preference shares in case of failure of company to redeem or convert or share profit or impart any rights thereof being contrary to the terms of conditions of the proposed issue or disclosures made by company	As per law
(xxiii)	mechanism on resolving disputes with members regarding any feature of preference shares or shares with differential rights	As per law