



Annual Report 2021

# Inspiring Excellence through Strength



# Inspiring Excellence through Strength

We thrive in an environment that is governed by knowledge and expertise. Our leadership brings decades of experience, team work and knowledge to the table, which in turn helps us to achieve our objectives. We believe our excellence is inspired by our strength.

# ABOUT THE REPORT

The Annual Report 2021 provides a comprehensive overview of the financial performance and sustainability of the Company, while highlighting links between the external & internal environment, Company strategy, business model, integrated risk management and corporate governance system.

In order to keep the stakeholders informed about the Company's developments, the report explains in detail how it is creating value for its stakeholders. The financial statements comply with International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and provisions of and directives issued under this Act.

## SCOPE AND BOUNDARY

Our report covers the period from July 1, 2020 to June 30, 2021 and subsequent events up to the issuance of this report have also been explained in various sections of the Report.

Operational and financial analyses and reviews are carried out by extracting financial information from the Audited Financial Statements for the year ended June 30, 2021 with relevant comparative information. The Financial Statements consistently comply with the requirements of:

- International Financial Reporting Standards (IFRS)
- Companies Act, 2017 and other applicable regulations.

Chairman's Review, Directors' Report, Audit Committee's Report, Report on Compliance of Code of

Corporate Governance (CCG) and other information contained in this Report have been structured in compliance with the requirements of Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, Listing Regulations of the Pakistan Stock Exchange (PSX) and other local and international good governance practices as promoted by ICAP / ICMAP, PSX, etc.

There have not been any significant changes to the scope, boundary and reporting basis since the last reporting date as of June 30, 2020.

This report has been designed in accordance with the International Integrated Reporting Framework that integrates the following sections:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Performance and position
- Outlook
- Stakeholders Relationship and Engagement
- Sustainability and Corporate social responsibility
- Business Model
- Excellence in corporate reporting

We will continue to review our reporting regularly and look forward to improve the information provided to make it more useful for our shareholders.

The online version of this report is available on our corporate website and may be accessed through the following link: <http://powercement.com.pk/page-financial>.

# MAJOR SECTIONS

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# ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT







## COMPANY PROFILE

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

Presently, the Company has three manufacturing lines, with a cumulative nameplate clinker production capacity of 10,700 tons per day. During the financial year 2019-20, the company successfully completed installation of the new state of the art latest technology European make production line of 7,700 TPD (procured from the world renowned Danish cement plant manufacturer FLSmidth), which enhanced its clinker production capacity from 3,000 TPD to 10,700 TPD. The Company has now become the Second Largest Cement Producer in the South Zone of Pakistan with a total annual cement production capacity of 3.37 million tons.

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

exports clinker/cement to China, Middle East, Bangladesh, Sri Lanka and East African countries.

The Company believes in the use of latest technology for producing best quality cement and environment preservation through green energy initiatives. The Company has already installed a Waste Heat Recovery System (WHRS) producing around 10 MW of electricity through reuse of heat emission from the plant. Moreover, management of the company is in the process of finalizing solar & wind energy projects of around 15 MW to further reduce its reliance on national grid. This will not only provide clean energy at reduced rates but will also help in elimination of the carbon footprint, contributing towards global sustainable natural environment.

## PRODUCTS & BRANDS

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

**ORDINARY  
PORTLAND  
CEMENT**

### SPECIFICATION

PS-232-2015(R)

BS-12/1996

ASTM Type I & II

EN-197-1-2011 (E)

Strength Class – PS-53

### SPECIFICATION

PS-612-2014(R)

BS-4027-1996

ASTM Type V

EN-197-1-2011

(E) Strength

Class – PS-53

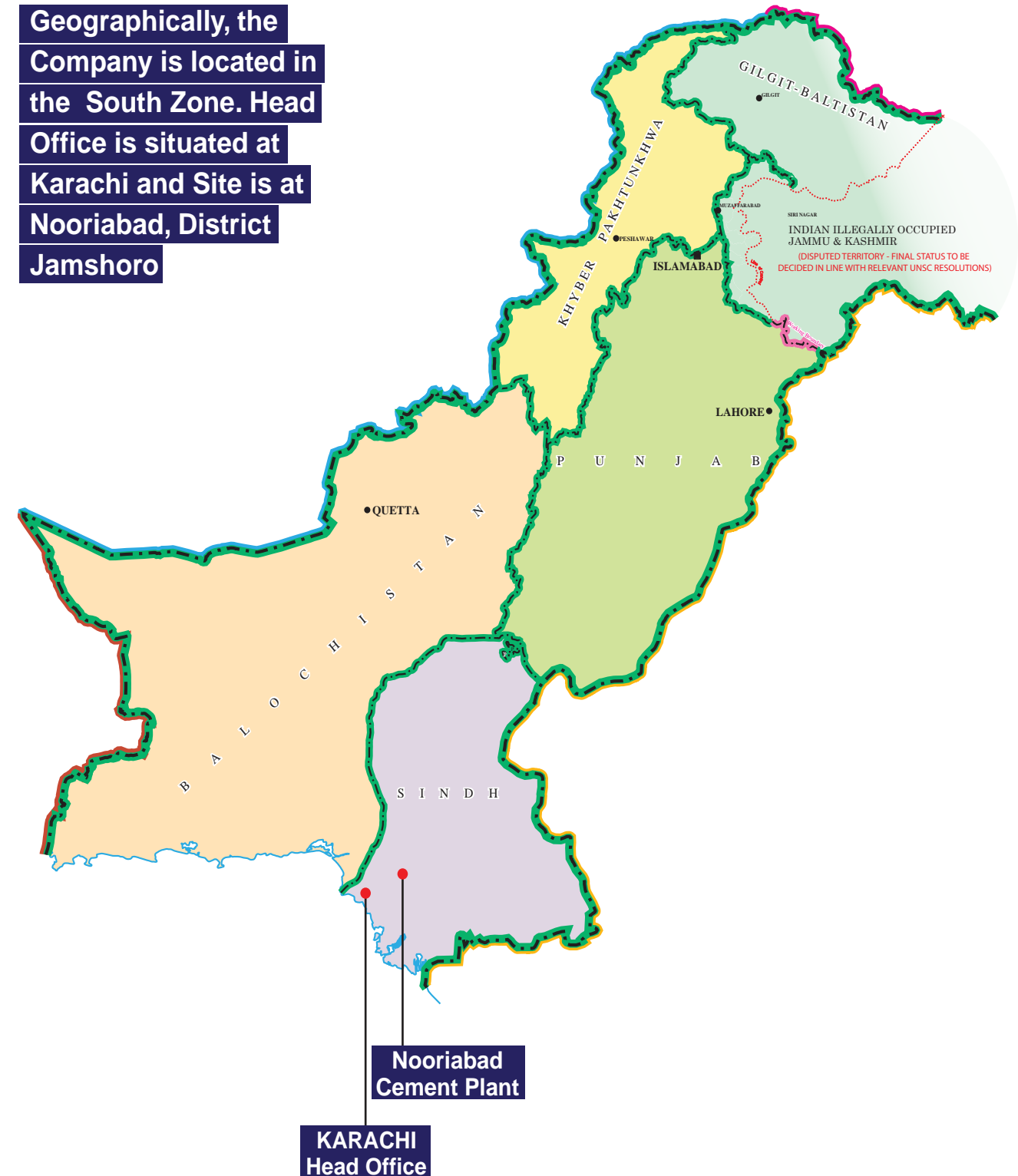
Power Sulphate Resistant Cement is highly recommended in the coastal areas and in corrosive soil conditions because of its greater resistance to chemical attack from sulphates and dissolved salts in the water logged and saline areas.

**SULPHATE  
RESISTANT  
CEMENT**



## GEOGRAPHICAL LOCATION

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





## VISION

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

## MISSION

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

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



## CORPORATE INFORMATION

### Board of Directors

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

### Audit Committee

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

### HR & Remuneration Committee

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

### Chief Financial Officer & Company Secretary

Mr. Tahir Iqbal

### Chief Operating Officer

Mr. Ahsan Anis

### External Auditors

A.F. Ferguson & Co. Chartered Accountants

### Legal Advisor

HaiderMota & Co.  
Advocates

Mr. Asad Iftikhar

### Share Registrar

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

### Bankers / Lenders of the Company

#### Local Banks / DFIs

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

#### Foreign Banks / DFIs

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

### Registered Office

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

### Factory

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

### Website:

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

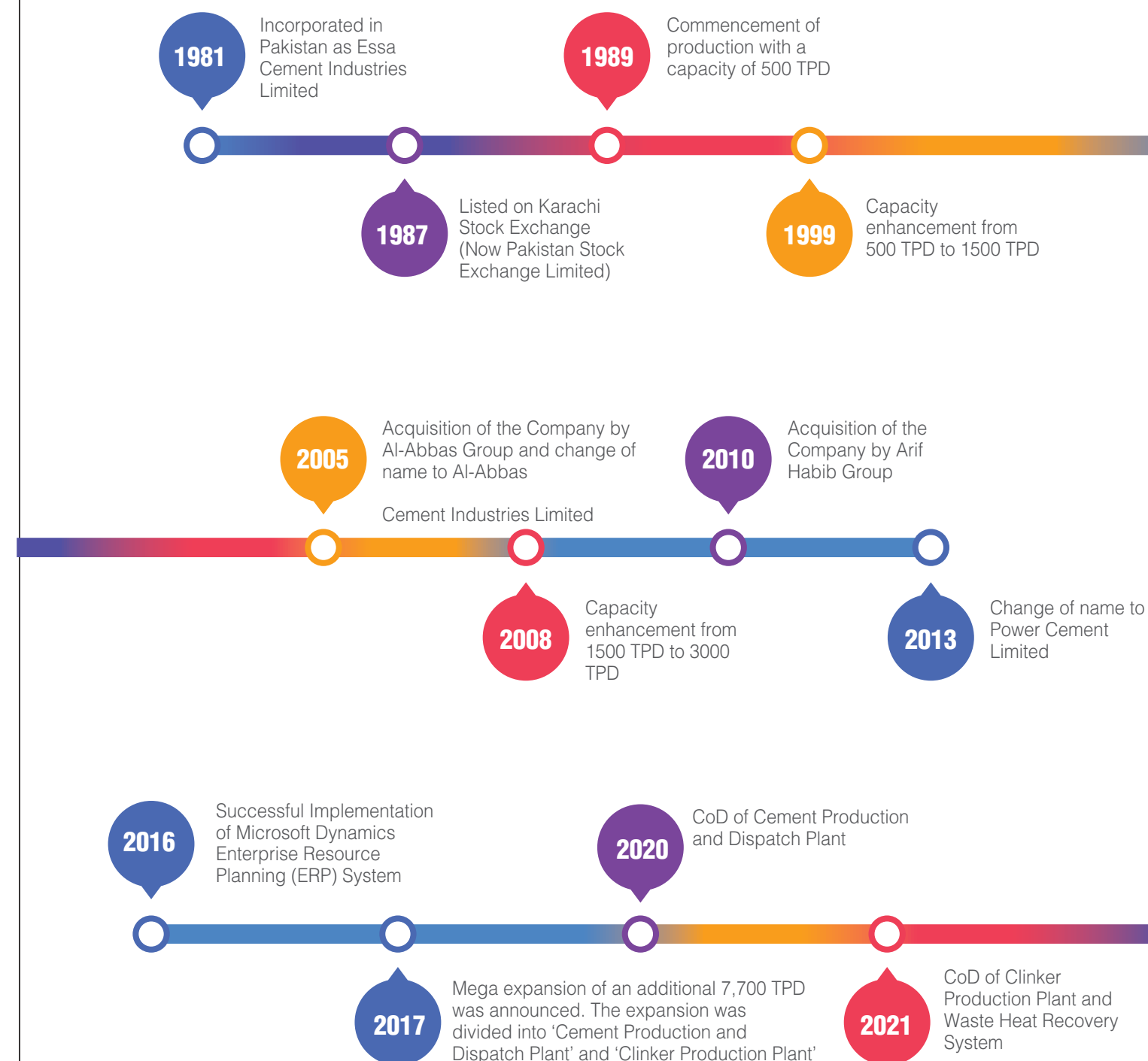
### Contact number

021-32468231-32  
021-32468350-51

### Fax number

021-32463209

## CORPORATE HISTORY



# CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

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

## ETHICAL PRINCIPLES

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

# CORE VALUES

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

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



## OWNERSHIP, OPERATING STRUCTURE AND RELATIONSHIP WITH GROUP COMPNIES

As at reporting date, Power Cement Limited shares are majorly held by below mentioned shareholders for which detailed disclosure has been annexed with the Report (Page Number 204).

NAME OF SHAREHOLDER	NAME OF SHAREHOLDER
Mr. Arif Habib	26.64
Arif Habib Equity (Pvt) Ltd	21.47
Mr. Syed Salman Rashid	5.16

### ASSOCIATED COMPANIES:

S.No	GROUP COMPANY	BASIS OF RELATIONSHIP	
1	Aisha Steel Mills Limited	Common Directorship	Mr. Nasim Beg and Mr. Muhammad Kashif Habib
2	Allied Rental Modaraba	Common Directorship	Ms. Saira Nasir
3	Alternates (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib
4	Aril Habib Consultancy (Pvt.) Limited	Common Directorship	Mr. Nasim Beg
5	Arif Habib Corporation Limited	Common Directorship	Mr. Nasim Beg, Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
6	Arif Habib Dolmen REIT Management Limited	Common Directorship	Mr. Nasim Beg and Mr. Samad A. Habib
7	Arif Habib Equity (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
8	Arif Habib Foundation	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
9	Black Gold Power Limited	Common Directorship	Mr. Muhammad Kashif Habib
10	Dolmen Arif Habib Real Estate Services (Pvt.) Limited	Common Directorship	Mr. Muhammad Kashif Habib
11	EFU Life Assurance Limited	Common Directorship	Mr. Syed Salman Rashid
12	Essa Textile and Commodities (Private) Limited	Common Directorship	Mr. Samad Habib
13	Fatima Fertilizer Company Limited	Common Directorship	Mr. Muhammad Kashif Habib
14	Fatima Packaging Limited	Common Directorship	Mr. Muhammad Kashif Habib
15	Fauji Fertilizer Bin Qasim Limited	Common Directorship	Ms. Saira Nasir

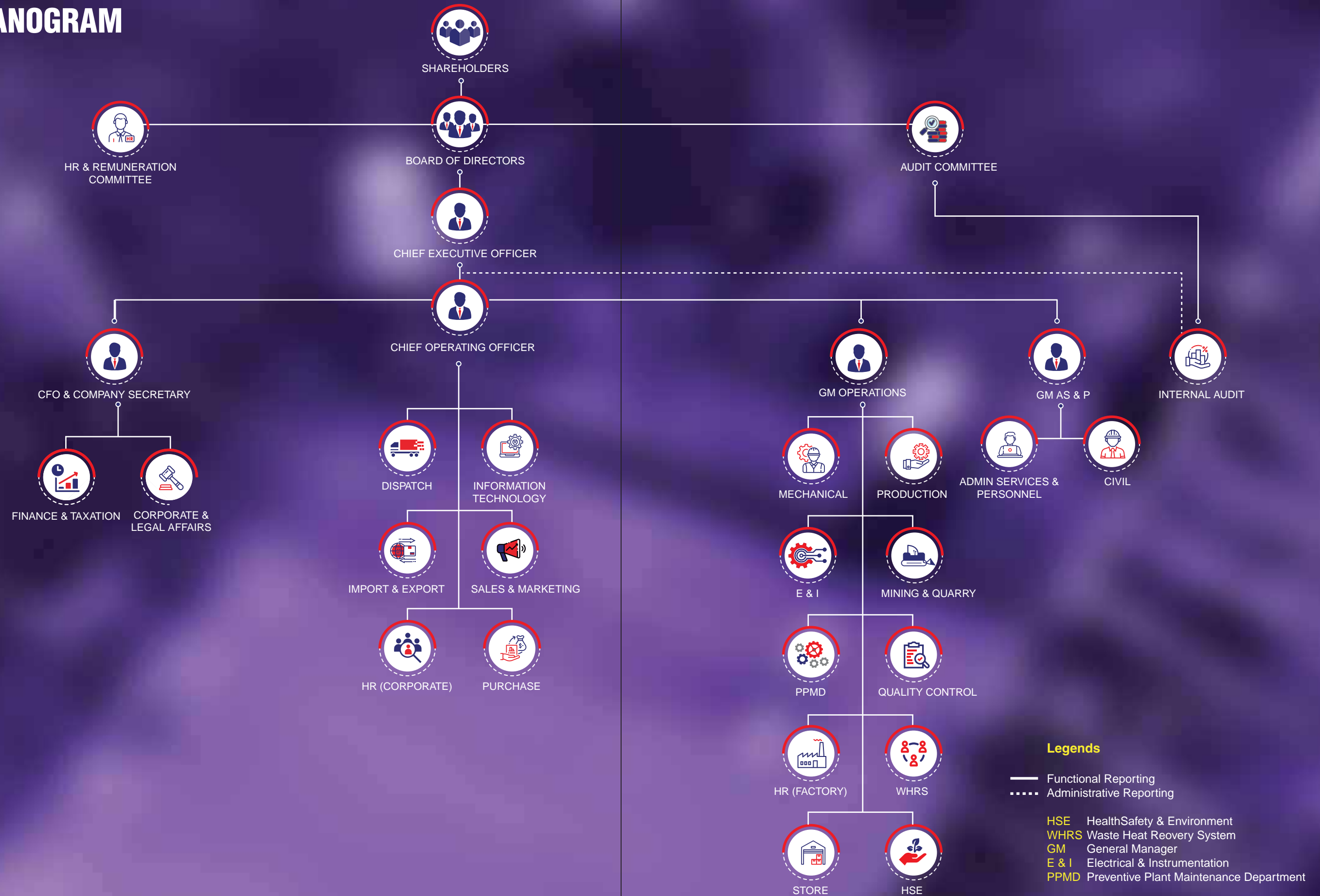
### ASSOCIATED COMPANIES:

S.No	GROUP COMPANY	BASIS OF RELATIONSHIP	
16	Fauji Foods Limited	Common Directorship	Mr. Javed Kureishi
17	FLSmith A/S	Nominee Director	Mr. Anders Paludan-Muller
18	IFU Investment Partners K/S	Nominee Director	Mr. Anders Paludan-Muller
19	The Investment Fund for Developing Countries	Nominee Director	Mr. Anders Paludan-Muller
20	Javedan Corporation Limited	Common Directorship	Mr. Samad A. Habib
21	MCB Arif Habib Savings & Investments Limited	Common Directorship	Mr. Nasim Beg and Mr. Samad A. Habib
22	Fatima Cement Limited	Common Directorship	Mr. Muhammad Kashif Habib
23	Fatimafert Limited	Common Directorship	Mr. Muhammad Kashif Habib
24	Memon Health and Education Foundation	Common Directorship	Mr. Muhammad Kashif Habib
25	Naymat Collateral Management Company Limited	Common Directorship	Mr. Nasim Beg
26	NN Maintenance Company (Pvt.) Limited	Common Directorship	Mr. Samad A. Habib
27	Nooriabad Spinning Mills (Private) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
28	Pakarab Fertilizers Limited	Common Directorship	Mr. Nasim Beg and Mr. Samad A. Habib
29	Pakistan Corporate Restructuring Company Limited	Common Directorship	Mr. Javed Kureishi
30	Pakistan Cricket Board	Common Directorship	Mr. Javed Kureishi
31	Pakistan Cricket Veterans Cricket Association	Common Directorship	Mr. Javed Kureishi
32	Pakistan Opportunities Limited	Common Directorship	Mr. Samad A. Habib
33	Parkview Corporation (Private Limited)	Common Directorship	Mr. Samad Habib
34	Rotocast Engineering Company (Pvt.) Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
35	Safemix Concrete Limited	Common Directorship	Mr. Muhammad Kashif Habib and Mr. Samad A. Habib
36	Siddqsons Energy Limited	Common Directorship	Mr. Muhammad Kashif Habib
37	Sindh Infrastructure Development Company Limited	Common Directorship	Mr. Javed Kureishi
38	Sukh Chayn Gardens (Private) Limited	Common Directorship	Mr. Samad A. Habib

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



# ORGANOGRAM



## Legends

- Functional Reporting
- .... Administrative Reporting

**HSE** Health Safety & Environment  
**WHRs** Waste Heat Recovery System  
**GM** General Manager  
**E & I** Electrical & Instrumentation  
**PPMD** Preventive Plant Maintenance Department



## VALUE CHAIN ANALYSIS

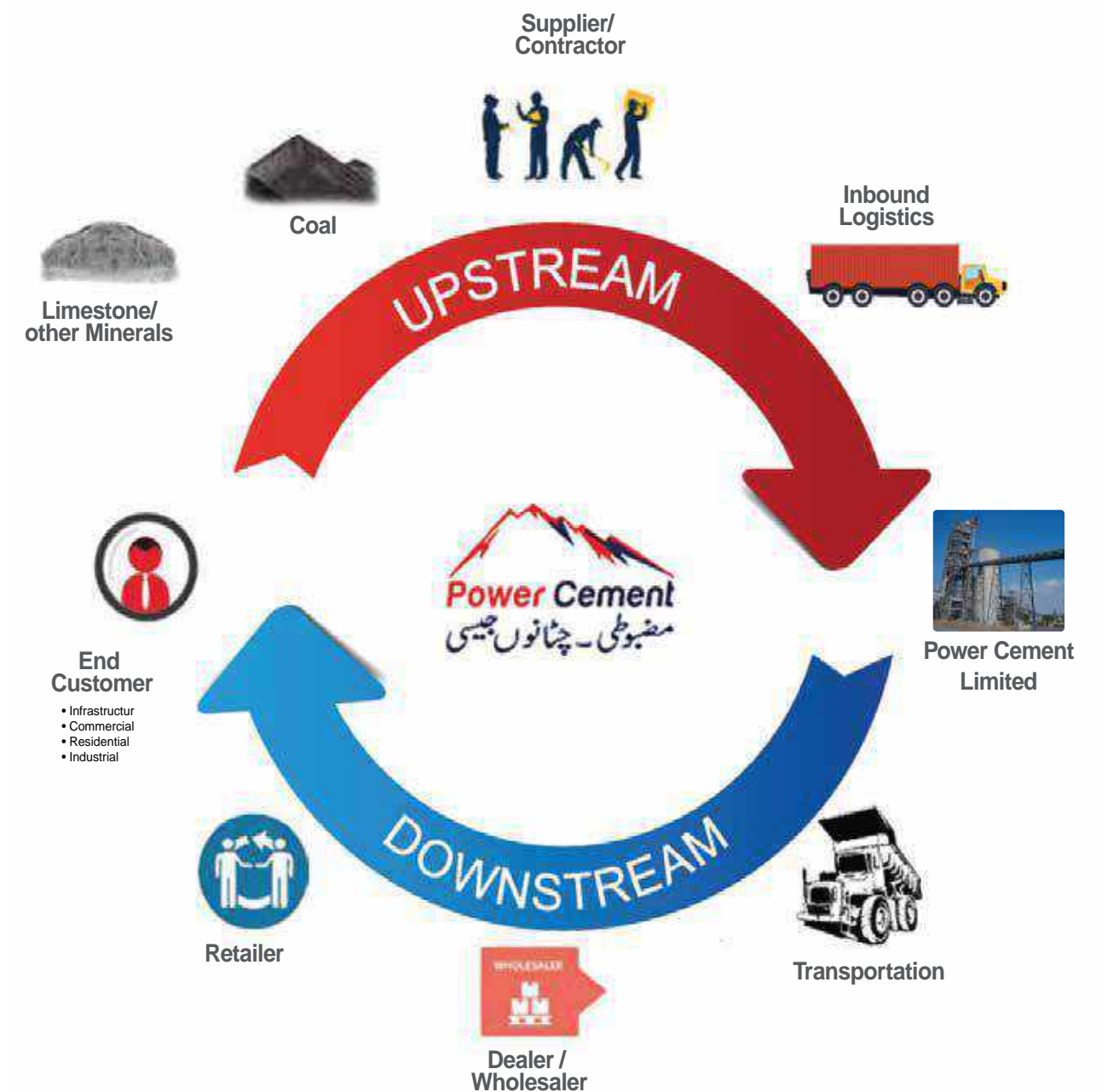
Power Cement Limited's principal business activity is to produce and sell cement products. Manufacturing cement involves blending a mixture of limestone and other minerals at a high temperature in kilns. Diesel is used to initially fire the kiln whereas coal is used to heat the kiln at desired temperature.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

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

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

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

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



## SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT & THE ORGANIZATION'S RESPONSE

Invariably changing external environment affects political, economic, social, technological, environmental and legal fronts of an organization. Significant factors along with the Organization's response are discussed below:

Factors	Description	Organizational Response
Political	Unhealthy relationships with neighboring countries (Bangladesh, India & Afghanistan) causing below potential exports	<ul style="list-style-type: none"> <li>Management proactively plans for different demand scenarios with the help of budgeting, forecasts and projections</li> <li>Exploring new markets to efficiently utilize production capacities in response to reduction in sales volumetric growth in a particular region</li> </ul>
Economic	<ul style="list-style-type: none"> <li>Inability to pass on sharp increase in cost of doing business to the consumers due to the competitive pricing by market players</li> <li>Vulnerability to interest rates due to high leverage</li> <li>Exposure to exchange rate risk</li> </ul>	<ul style="list-style-type: none"> <li>Effective inventory management by meticulously reviewing inventory-holding periods</li> <li>Hedging of foreign currency debts.</li> <li>Cost reduction initiatives to control production and non-production related fixed costs e.g. installation of WHRS. Future Plans include further self-generation of electricity through renewable solar / wind initiatives</li> </ul>
Social	Spread of Pandemic leading to disturbed construction and other business activities and reduced cement prices	<ul style="list-style-type: none"> <li>The Company has adhered to all the Covid SOPs and guidelines implemented by the Government as advised by World Health Organization (WHO)</li> <li>Moreover, while prioritizing the employees' health &amp; safety, the Company operations continued during the pandemic phase.</li> </ul>

Technological	<ul style="list-style-type: none"> <li>Technical obsolescence of production facilities</li> <li>Continuous development of information technology infrastructures and Management Information Systems (MIS) software</li> </ul>	<ul style="list-style-type: none"> <li>The Company has installed the most technologically advanced European plant from FLSmidth to avoid any risk of technical obsolescence.</li> <li>The Company continuously invests in the upgradation of hardware infrastructure and software applications</li> <li>The Company has successfully managed the MS Dynamics ERP modules for meeting latest reporting needs</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Attitude towards and support for renewable energy</li> <li>Growing attention towards "green" attitudes</li> </ul>	<ul style="list-style-type: none"> <li>The Company's plant exceeds the environmental standards of IFC/World Bank/EU and SEPA</li> <li>The Company has achieved the standards of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 for complying with an Environmental management system, Quality Management System and Occupational Health and Safety (OH&amp;S).</li> <li>Waste Heat Recovery system has been successfully installed to minimize Company's impact on the environment due to its operations</li> <li>The company plans to further extend its self-electricity generation by embarking on solar / wind projects.</li> </ul>
Legal	Compliance with the applicable legal and regulatory requirements	The Company has engaged an efficient team of professionals to ensure compliance with all enacted and or substantially enacted statutes, acts and ordinances. It further equips the company with an up to date knowledge of all prevailing legal requirements

### Effect of Seasonality on Business:

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

### Significant Changes from Prior Years

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

The new 7,700 TPD Line-III started commercial production kept running smoothly during the year. The expansion project is environmentally friendly meeting IFC and World Bank standards has made the Company the second-largest, and one of the most cost-efficient, cement producers in the South Region.

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

## COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS

Description	FY21 Rs. in '000	%	FY20 Rs. in '000	%
Local Components:				
Raw materials consumed	970,745	10.1	293,760	6.23
Packing materials consumed	864,442	9.03	372,066	7.89
Fuel - other than coal	356,079	3.72	359,148	7.62
Power	2,387,951	24.9	1,529,874	32.4
Stores, spare parts and loose tools consumed	314,219	3.28	41,616	0.88
Imported Components:				
Fuel - coal	4,434,560	46.3	2,056,354	43.6
Stores, spare parts and loose tools consumed	246,887	2.58	62,425	1.32
<b>Total</b>	<b>9,574,884</b>	<b>100</b>	<b>4,715,243</b>	<b>100</b>

### Sensitivity analysis

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

	(Rs. 000)	
Average USD Rate	161.80	162.68
Increase of 1% in exchange rate	46,814	21,188
Decrease of 1% in exchange rate	(46,814)	(21,188)

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

### Effect of Seasonability on Business:

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

## COMPETITIVE LANDSCAPE AND MARKET POSITIONING

### THREAT OF NEW COMPETITION

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

### THREAT FROM SUBSTITUTE PRODUCTS

There isn't any distinct substitute of cement.

### BARGAINING POWER OF CUSTOMERS

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

### BARGAINING POWER OF SUPPLIERS

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

### INTENSITY OF COMPETITIVE RIVALRY

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





# STRATEGY AND RESOURCE ALLOCATION



## STRATEGIC OBJECTIVES

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

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

Objective:	Plan
Human Capital Development	Long Term

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

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

**Relevant KPIs:** Training and education programs for employees

Objective:	Plan
Environmental Sustainability	Long Term

Ensuring a safe and congenial environment for employees through strict and stringent safety policies and regular health and safety trainings to avoid risk of accident Compliance with local and international environmental and quality management standards.

**Strategies in place:** The Company has a dedicated team of Health, Safety and Environment (HSE) professionals that focuses on compliance with all the policies that are being adopted by the management. Further, periodic environmental testing is carried out at factory to ensure compliance of applicable standards

**Relevant KPIs**

- Training activities conducted
- Number of health and safety incidents.
- Periodic environmental testing reports

Objective:	Plan
Production Efficiencies	Medium Term

Potential to reduce COGS by exploring captive power generation & alternate fuels

**Strategies in place:** The Company is also exploring further alternative fuel solutions

The Management is in the final stage of evaluating and negotiating the prospective installation of Captive Power Plant (Solar/Wind/Coal) or on PPA basis.

Solar is aimed to be started within one year from now and Wind is planned to be started within two years from now (ample land is available for installation of both these projects).

**Relevant KPIs**

- Energy cost reduction

Objective:	Plan
Cost optimization	Short Term

To pass on sharp increase in cost of doing business to the consumers (especially coal & electricity costs) due to the competitive pricing by market players

**Strategies in place:**

- strengthening of its brand image and re-positioning on the back of its 53 Grade cement quality
- better packaging to enhance brand loyalty
- widening of sales network
- timely delivery
- extensive advertisement campaigns

**Relevant KPIs**

- Increase in retention price

Objective:	Plan
Maintaining Supplier Relationships	Short Term

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

**Relevant KPIs**

- Payable Days
- Liquidity Ratios

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

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

**Relevant KPIs**

- Distributor / Dealer Network in Profitable segments
- Maintaining / increasing Market Share penetration

Objective:	Plan
Monitoring of Operational Inflows	Short Term

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

**Relevant KPIs**

- Receivable Days
- Liquidity Ratios

### Significant Changes in Objectives and Strategies from Prior Years

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

### Future Relevance

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

# RESOURCE ALLOCATION PLAN

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

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

## Human Capital

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

## Manufactured Capital

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

## Financial Capital

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

## Intellectual Capital

Information Management and Information Technology is built into Power Cement Limited's operational strategies.

Our ERP system continues to integrate all functions across the Company, facilitating greater efficiency and effectiveness of all processes and controls.

## Social and relationship capital

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

## Strategy to Overcome Liquidity Risk

Details of the Company's risk management policies and objectives in respect of its use of financial instruments are included in note 37 to the financial statements together with a description of its exposure, including its exposure to liquidity risk.

## Significant Plans and Decisions

Electricity is one of the major components of cost of production in cement manufacturing process, accounting for around 23%. Your Company's Management has always been mindful on this core area and the Waste Heat Recovery System (WHRS) was also installed during 2019-20 which is now generating around 10MW indigenously.

To further augment profitability, your company has taken new initiatives by embarking upon Power Purchase Agreements (PPAs) for Solar and Wind Power Projects. This will not only bolster cash flow position of the Company but will also help achieve self-sustainability in energy generation through partial switching on green energy, reducing carbon foot print and contributing to the ecological environment as well.

## Business Rationale of Major Capital Expenditure during the Year

During the year, Waste Heat Recovery System continued operations during the year to conserve energy for cost optimization.

# EFFECT OF TECHNOLOGICAL CHANGES, SOCIETAL ISSUES AND ENVIRONMENTAL CHALLENGES

Effect of technological changes, societal issues and environmental challenges

## Technological Changes

The Company believes in adopting the latest production techniques to produce best quality cement and has strategically taken multiple initiatives in this regard. The new state of the art Line of 7,700 TPD (procured from FLSmidth Denmark) is equipped with latest technology, including online sampling system first time in Pakistan. The new plant is also environment friendly and has enabled the Company to produce highest quality grade 53 cement. Further, the recently installed Waste Heat Recovery System (WHRS) has also been benefiting the company through cost reduction.

## Societal issues

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

## Environmental challenges

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

# SPECIFIC PROCESSES USED TO MAKE STRATEGIC DECISIONS AND TO ESTABLISH AND MONITOR THE CULTURE OF THE ORGANIZATION, INCLUDING ITS ATTITUDE TO RISK AND MECHANISMS FOR ADDRESSING INTEGRITY AND ETHICAL ISSUES

The Company has a robust system of governance through a talented management team supervised with seasoned Board of Directors. The Board actively engages in all strategic decisions of the Company on regular intervals. This includes approval of capital expenditure and operational budgets, investments, issuance of equity and debt capital, related party transactions and appointment of key personnel.

The basic steps involved in the strategic decision making process are listed below:

- 1. Definition of problem
- 2. Gathering of information
- 3. Development and evaluation of different alternative options
- 4. Selection of best option
- 5. Implementation and monitoring of decision(s)

The Company also has a whistle blowing policy mechanism for addressing the integrity and ethical issues explained in the whistle blowing policy section.

The Company has adequately disseminated the core values and a code of conduct for all its employees to inculcate the a responsibility culture as explained in the relevant sections of this report.



# RISKS AND OPPORTUNITIES



## KEY RISKS AND OPPORTUNITIES

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

### Change in competitive scenario

Threat of new entrants in the market

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Strategic	Financial	Long Term	External	High	High

**Mitigation Action:** As cement is a capital intensive industry, the number of new entrants remain very limited. While healthy growth in construction industry is expected to continue, quality and pricing will play major part in success. PCL has one of the most technologically advanced European make cement plant which is capable of producing high quality cement at lowest per ton cost. This will give PCL an edge over existing players as well as new entrants. Close proximity to sea ports (with potential exports) is also an added advantage of PCL.

### Rising cost of Coal/Fuel/Packing Material

Increase in imported coal & and electricity costs resulting in higher cost of production

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Financial	Short Term	External	Medium	Low

**Mitigation Action:** The current spike in coal prices is more of a transitional effect post opening of trade after COVID lockdowns. As mining and supply chain issues will be ironed out in near to medium term, the coal prices will be reverting back to normal level. At PCL, close monitoring of coal prices is done to fetch the best possible prices from the market. The Company's management is also considering viability of other fuel mix to reduce the average coal costs.

The Company is also considering various technological options to cut down its fuel costs – the newly installed Waste Heat Recovery System (WHRS) is operational that has significantly reduced the energy costs and further reduction has also been planned through Solar / Wind initiatives. The company obtains bulk supplies of Packing Materials and has taken onboard multiple vendors to ensure procurement at competitive rates.

### 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.

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Human	Short Term	Internal	High	Low

**Mitigation Action:** The Company has planned to follow the Board HR Committee's guidance to benchmark the existing employee compensation and benefits in line with the best industry practices. This will ensure retention of quality human resource by offering attractive packages.

The Company also plans training programs for its key management personnel to enhance their management and decision making skills. Job rotation has also been a regular practice in the company at key positions to ensure no disruption in business operations

### Information System Risk

Loss of confidential information due to data theft

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Financial	Short Term	Internal/External	Low	Low

**Mitigation Action:** Information is transmitted through secure connections and firewalls are in place to prevent malicious activities. Appropriate data back-up mechanism is in place.

Periodic systems' audit is performed to identify weaknesses / non-compliances, areas for further improvement and remedial measures are taken accordingly, if required.

### Law and Order uncertainty

Loss may occur due to terrorism activities and sabotage

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Financial	Long Term	External	Medium	High

**Mitigation Action:** Company's Assets are adequately safeguarded through sound insurance coverage against such risks. Further, the company has also taken Business Interruption policy to avoid loss of revenue.

### Maintenance Risk

Possibility of production loss due to breakdowns

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Manufactured	Medium Term	Internal	Low	Medium

**Mitigation Action:** The Company's engineering team maintains backup of the parts required in case of emergency breakdowns and also there are planned overhauling activities conducted at the plant. However, the likelihood is quite low in the short term as the brand new plant has recently been installed with state of the art European technology procured from M/s. FLSmidth, Denmark

### Financial reporting and compliance

Risk of reporting issues with regulators and authorities

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Financial	Financial	Short Term	Internal	Low	Medium

**Mitigation Action:** The Company has a team of qualified management personnel's who ensure compliance with the code of Corporate Governance as applicable in Pakistan and maintains its books of accounts in line with the guidelines of the Companies Act, 2017 and applicable International Financial Reporting Standards.

Further, the Company's Financial Statements are audited by one of the most reputed big three audit firms, following thorough audit procedures with stringent quality control mechanism ensuring accuracy of financial reporting.

### Interest rate risk

Increase in cost of borrowing may adversely affect the profitability of the Company. Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities.

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Financial	Human	Short Term	External	High	High

**Mitigation Action:** The Company has a dedicated treasury function to oversee that transactions are executed and negotiated at the best possible markup rates in the given scenarios. The company also takes advantage of subsidized markup schemes (including IERF) which reduces the financial burden. During the last year, additional capital of around PKR 2.4 Billion was also injected by the sponsors/shareholders, in the form of preference shares, to further strengthen the equity base of the company.

Exchange rate risk

Exchange rate risk impacting transactions in foreign currency

Risk type	Effected Capital	Nature	Source	Likelihood	Magnitude
Financial	Financial	Short Term	External	Medium	High

**Mitigation Action:** This increases the cost of imported materials and stores, however, the newly commenced cement facility of the Company being a new plant, need of importing any stores would be minimal. Further, the strategic location of the company with close proximity to the sea ports allows the company to capitalize on exports which partially neutralizes exchange rate fluctuations.

The Company also has foreign currency borrowings which have been fully hedged through cross currency swaps, effectively transferring the exchange rate risk related to foreign borrowings to the hedging banks.

Credit risk

Risk of default in payments by credit customers

Risk type	Effected Capital	Nature	Source	Likelihood	Magnitude
Financial	Financial	Short Term	External	Low	Medium

**Mitigation Action:** Credits are selectively given considering the business potential and risk appetite of the Company.

Furthermore, internal controls like periodic aging analysis of debtors are also in place to help management in taking timely corrective actions.

Legislative and Legal Environment

Continuous changes in the regulatory framework and statutory obligations may result in non-compliance.

Risk type	Effected Capital	Nature	Source	Likelihood	Magnitude
Compliance	Social/Human Capital	Medium / Long Term	External	High	High

**Mitigation Action:** 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

Risk type	Effected Capital	Nature	Source	Likelihood	Magnitude
Compliance	Natural Capital	Medium / Long Term	Internal	Low	High

**Mitigation Action:** The Company in the past has made significant investments to remain environmentally compliant. Presently, the emission level of the Company is even better than the European and the IFC standards.

Further, regular periodic testing is carried out to ensure that the company remains compliant.

OPPORTUNITIES

Technological advancement resulting in production efficiencies and lower costs

Effected Capital	Source
Manufactured Capital	The Installation of state of the art production line and waste heat recovery systems have increased the production capacity and plant efficiency at the same time.

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

Growth of Cement Industry

Effected Capital	Source
Manufactured / Relationship Capital	The construction package announced by the Government, , construction of special economic zones, Government's announced incentives for the cement industry, highways and dams, housing schemes for public at large presents a great opportunity for long term growth of the industry

**Materialization Strategy:** The Company has recently invested in its production facilities to furnish the production/supply demand to capitalize on the potential growth

BOD's Commitment to Risk Mitigation

As a business reality, the Company is susceptible to various risks. However, through comprehensive planning and business understanding, the Board of Directors continues to identify and mitigate actual, potential and perceived risks. The Board of Directors have carefully carried out a robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance and solvency of the Company while establishing and maintaining a control framework comprising clear structures, authority limits and accountabilities, well implemented policies and procedures and budgeting for review processes. Further, it is confirmed that no defaults in payments of any debts were made and that the Company has adequate capital structure. Any deficiencies in the capital structure identified are aggressively addressed to mitigate accordingly. These are explained further in note 37 of financial statements.

Statement of Board of Directors on Risk Assessment

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

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

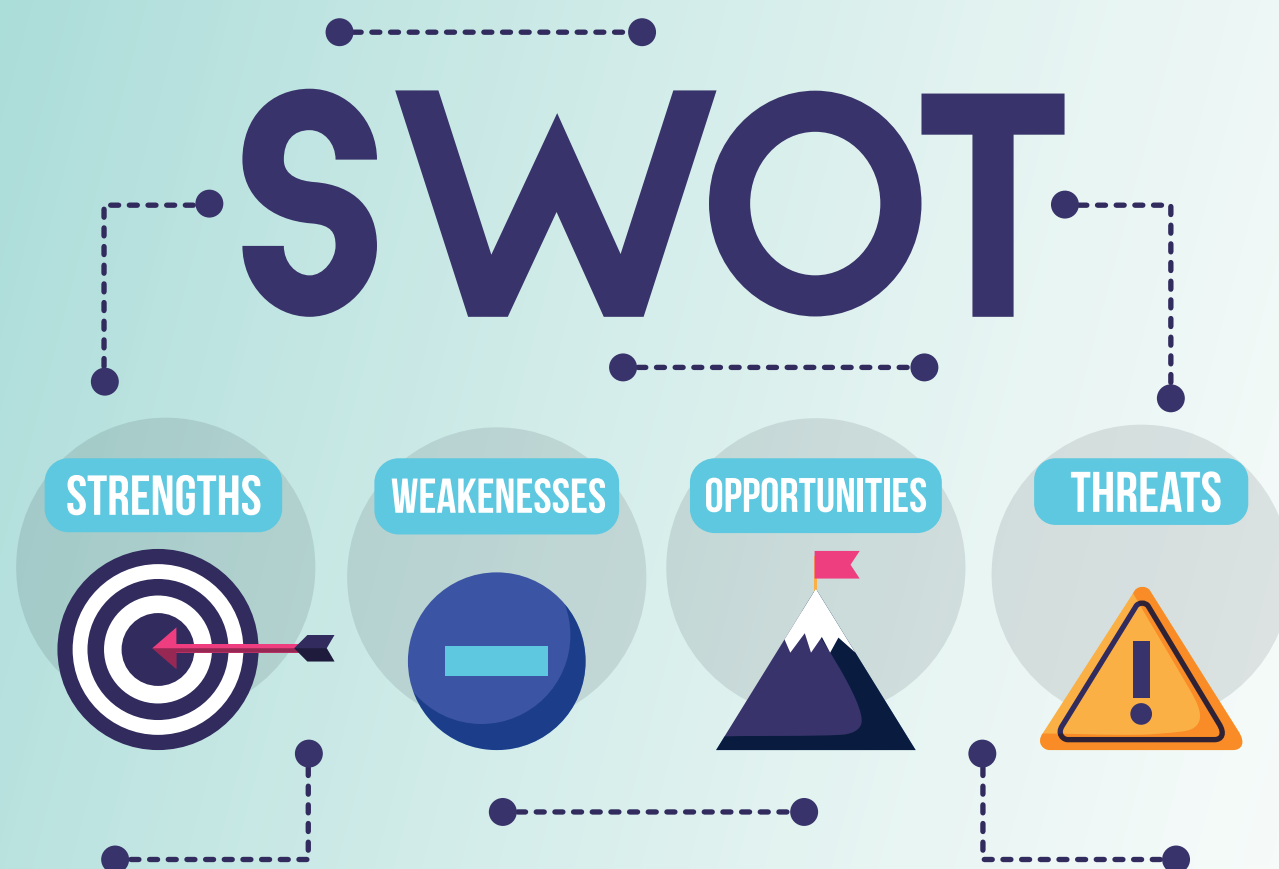
Default of Payments

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

Capital Structure Management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Company's objectives when managing capital are: i. to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and ii. to provide an adequate return to shareholders. The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. Capital structure mainly consists of ordinary share capital and long term/ short term debts. Management believes that there is no inadequacy in capital structure.





## STRENGTHS

- Second largest producer of cement in the South Zone.
- Only cement certified for 53 Grade in the South Zone.
- The Company has successfully surpassed the environmental standards of IFC/World Bank/EU and SEPA.
- Proximity to the seaports.
- Extensive network of distributors, dealers and suppliers of more than 250.
- Part of the reputed Arif Habib Group.
- Limestone reserves sufficient for the Company's next hundred years production.



## WEAKNESSES

- No manufacturing facility in the North Zone of the Country.
- Absence of captive power generation resulting in full dependency on national grid on a higher cost per unit/tariff.
- Absence of in-house fleet resulting in full dependency on external transporters
- High gearing levels and consequential high financial cost.
- Subdued EPS due to low PAT and high volume of issued share capital.



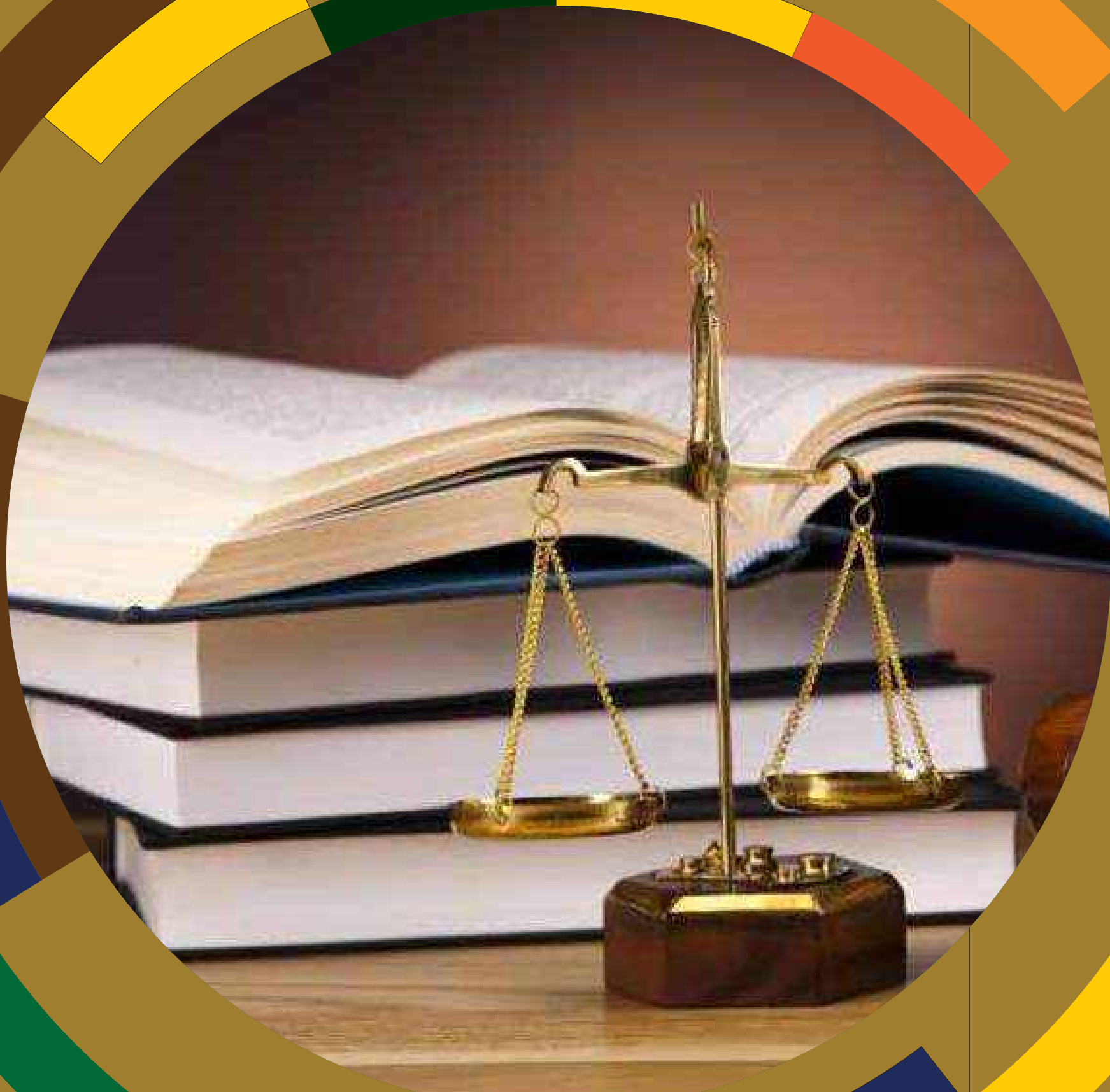
## OPPORTUNITIES

- Increasing domestic demand due to the construction package announced by the Federal Government
- Economic stimulus by SBP to support businesses
- Upcoming mega infrastructure projects including dams
- Potential to reduce COGS by exploring captive power generation & alternate fuels
- Potential to sell in the North Zone on account of exhausting of installed capacity against incremental demand



## THREATS

- Inability to pass on sharp increase in cost of doing business to the consumers (especially coal & electricity costs) due to the competitive pricing by market players
- Exposure to interest rate and exchange rate risks
- Supply glut due to capacity expansions/new plants
- Loss of quality human resource due to surge in employee turnover



# GOVERNANCE

## DIRECTORS' PROFILE



### Mr. Nasim Beg

Chairman & Non-Executive Director

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

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

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies. Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components

for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He has also been a member of the Prime Ministers Economic Advisory Council (EAC).

#### Corporate Responsibilities

Arif Habib Consultancy (Private) Limited (Chief Executive)

#### As Director

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



### Mr. Muhammad Kashif Habib

Chief Executive Officer

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

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

#### Corporate Responsibilities

Power Cement Limited (Chief Executive)

#### As Director

- Aisha Steel Mills Limited
- Alternatives (Private) Limited

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





**Mr. Anders Paludan - Müller**  
Non-Executive Director

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

#### As Director

- Power Cement Limited



**Syed Salman Rashid**  
Non-Executive Director

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

Board of JS Investments Bank Limited and Power Cement Limited.

#### As Director

- EFU Life Assurance Limited
- Power Cement Limited



**Mr. Samad A. Habib**  
Non-Executive Director

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

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

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

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

#### Corporate Responsibilities

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

#### As Director

- Arif Habib Corporation Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Pvt.) Limited
- Black Gold Power Limited
- Dolmen City REIT / Arif Habib Dolmen REIT Management Limited
- Essa Textile and Commodities (Private) Limited
- MCB-Arif Habib Savings & Investments Limited
- NN Maintenance Company (Private) Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Parkview Corporation (Private) Limited
- Pakistan Opportunities Limited
- Power Cement Limited
- Rotocast Engineering Company (Pvt.) Limited
- Sukh Chayn Gardens (Private) Limited



### Mr. Javed Kureishi

Independent Director  
Chairman - HR & Remuneration Committee

Mr. Javed is a career Banker having spent 34 years with Citibank both in Pakistan and abroad across 5 countries in Middle East, Africa, Eastern Europe and Asia where he spent 9 years. Javed held a number of very Senior positions across Corporate Banking, Country, Risk and Regional Management. This included Corporate Bank Head, Middle East, Chief Executive Officer, Czech Republic, Asia Pacific Regional Head for Multinational Subsidiaries, and Asia Pacific Head of Public Sector. Javed has extensive knowledge of Asia Pacific in particular having travelled to China 35 times. Javed is presently working as a Senior Consultant to the International Finance Corporation (IFC) in Pakistan since Nov 2019. Javed has a BA Hons in Economics from The University Of Sussex, UK. Javed is also a keen sportsman. He was Captain of Pakistan Under 19 Cricket team that toured India

and Sri Lanka in 1978-79. He played first class cricket for PIA and Sind and represented Sussex Under 25, Combined English Universities. Javed also played Field Hockey for his University 1981-83. Javed's other interests include Reading, Music and History.

#### As Director

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



### Ms. Saira Nasir

Independent Director  
Chairperson - Audit Committee

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

She has also meticulously carried out special assignments related to Corporate Governance; including Board Performance Evaluations and Director Orientation Programs. A case study- Disclosure Requirements on Corporate Governance - Pakistan, was

prepared and presented by her in the 24th session of ISAR, held in Geneva in October 2009, under the auspices of United Nations Conference on Trade and Development (UNCTAD).

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

#### As Director

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

**Mr. Tahir Iqbal**

Chief Financial Officer &amp; Company Secretary



Mr. Tahir Iqbal is a Fellow Member of ICMAP, having twenty years of rich experience in fields of finance, accounting, taxation, corporate affairs, risk management, audit & assurance supplemented by general management experience. Mr. Tahir has proven his mettle by achieving turnaround and successful completion of multiple mega projects at Arif Habib Group since 2005. Before joining Power Cement Limited (in December 2014) for revamping the Company followed by a 7700 TPD expansion in the nameplate capacity of the Company (kicked off in April 2017), he was working as the C.F.O & Company Secretary for Aisha Steel Mills Limited for seven years and Arif Habib Corporation Limited for six years.

Mr. Tahir has also served on the Board of Directors of Arif Habib Corporation Limited (flagship company of

AHG), Real Estate Modaraba Management Company Limited and S.K.M Lanka Holdings (Pvt.) Limited (a Colombo Stock Exchange Member Company incorporated in Sri Lanka). Mr. Tahir has also honed his management skills through participation in a number of international and national advance level courses including Certified Directorship Program from Pakistan Institute of Corporate Governance (PICG), Senior Management Leadership Development Program from Lahore University of Management Sciences (LUMS) and Strategic CFO Workshop from MECA-CFO-Academy USA. Since accreditation of Power Cement Limited as Authorized Training Employer for Institute of Chartered Accountants of England & Wales (ICAEW), Mr. Tahir has been designated as the Qualified Person Responsible for Training by the ICAEW.

**Mr. Ahsan Anis**

Chief Operating Officer



Mr. Ahsan Anis is currently serving as the Chief Operating Officer of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP), he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained valuable experience in Advisory, Mergers & Acquisitions and Assurance divisions.

Previously, Mr. Ahsan Anis was associated for twelve

years with K-Electric - only vertically-integrated power utility in Pakistan managing the generation, transmission and distribution of electricity, where he last served as Commercial and Strategy Head. He also held various positions such as Regional Operations Head, Business Finance and Key Customer Service Lead.

Mr. Ahsan is also currently serving as Chairman - Audit Committee of Safemix Concrete Limited.





## CHAIRMAN'S REVIEW REPORT

ON BOARD'S OVERALL PERFORMANCE U/S 192 OF THE COMPANIES ACT 2017

I am pleased to present the annual report and audited financial statements of the Company for the year ended June 30, 2021 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2020-21. The Management of the Company is encouraged by the future prospects and expects to continue to demonstrate satisfactory performance through its efforts and strategic directions provided by the Board.

The Board is committed to operate at the highest standards of corporate governance. The work of the Board and its Committees during the year focused on ensuring compliance with all statutory and regulatory requirements applicable upon the Company.

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 June 30, 2021. Besides, the Board has issued a separate report on the performance of the Company, as well as its outlook.

The year gone by has been a challenging year for the world. The COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries.

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, a mechanism has been put in place for annual evaluation of the performance of the Board of Directors.

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

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

- 1. Oversight and Effectiveness of the Board:** The Board members are familiar with the Company's vision, mission and values statement and reviewed as and when deemed appropriate. All significant matters including recommendation of Board Committees are placed before the Board for their information, consideration and decision. The Board has determined the Company's level of risk tolerance by establishing risk management policies. The Board has approved an Annual Budget which sets goals and priorities for the Company which is periodically evaluated to assesses the performance of the Company, considering new opportunities and recent developments. The Board carries out an annual exercise to review the overall forward-looking strategic plan of the company.
- 2. Composition and Committees of the Board:** The size and composition of the Board complies with laws and regulations and fulfill the needs of the Company. The Board comprises of members having the core competencies, diversity, requisite skills, knowledge, and experience. The Board has established appropriate number of Committees as required by the regulations along with well-defined and duly approved terms of references. The Committees are effective in providing useful recommendations to the Board for better decision-making.
- 3. Board Meetings and Proceedings:** The number of Board meetings during the year is adequate and in compliance with the regulations.

Board packs, such as written notices and relevant material, including the agenda, of meetings are circulated with in the stipulated time. The agenda is flexible enough to accommodate other important matters and discussions. The Board Members are encouraged to attend all Board meetings and quorum for each meeting is duly ensured. The Board reasonably focuses on value addition and value creation for the Company and its employees. The minutes of meetings are properly recorded and circulated as per the requirements of the Act.

- 4. Board and Management Relations:** The Board ensures that information adequately flows between the Board and the management on a regular basis. The Board has identified appropriate key performance indicators that are used to monitor the performance of Company. The Board has appropriate access to senior executives of the Company.
- 5. Directors' Acquaintance with Corporate Laws and Regulations:** The Board Members make appropriate queries from the Company Secretary to acquaint themselves with the relevant corporate laws and regulations particularly those enshrined in the Code of Corporate Governance to enable them to effectively govern the affairs of the Company. The Composition of the Board is such in which Members during their professional careers have appropriately equipped themselves with orientation / course / training that assists them for execution of their responsibilities and duties in an appropriate manner.
- 6. Corporate Governance:** 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.

The Management and the Board continue to deal with the current challenging business environment and the necessary strategic changes required to improve the future sustainability. Consequently, the Company is reasonably well-placed to address the new challenges..

I would like to confirm that the Board and the Management of the Company have done their best to analyse the unprecedented situation after the onslaught of COVID-19 and formulated a carefully planned strategy to ensure safety of our people and to deal with the outbreak, while ensuring business continuity. This is reflected in our efficient control environment, compliance with global health practices and uninterrupted operations. In order to vigorously pursue our vision and growth strategy and sustain the base business, I am sincerely appreciative of the full and wholehearted support of every member of the Company.

Chairman of the Board

**Nasim Beg**  
Chairman

## BOARD'S FUNCTION AND DECISION MAKING

Each member of the Board is fully aware of his responsibilities as an individual member as well as the responsibilities of all members together as a board. The Board actively participates in all major decisions of the Company including approval of budgets, investments, issuance of equity and debt capital, related party transactions and appointment of key personnel.

The Board also monitors the Company's operations by approval of financial statements, review of internal and external audit observations, if any and recommendation of any entitlement. The Board has devised formal policies for conducting business and ensures their monitoring through an independent Internal Audit Department that reports to the Audit Committee which continuously monitors adherence to Company Policies.

### Matters Delegated to the Management

The management is responsible for implementing the strategies as approved by the Board of Directors. The management conducts the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals approved by the Board and identifies and administers the key risks and opportunities which could impact the Company in the ordinary course of execution of its business. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

### Evaluation Criteria for The Board

A comprehensive mechanism is put in place for undertaking an evaluation of the performance of the Board of Directors in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017.

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

- Oversight and Effectiveness of the Board
- Composition and Committees of the Board
- Board Meetings and Proceedings

- Board and Management Relations
- Managing Relationship and Leadership
- Directors' Acquaintance with Corporate Laws and Regulations
- Corporate Governance

### Annual Evaluation of Board's Performance

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

### Directors Training Program and Orientation

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

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

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

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

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

### External Oversight of Functions

The Company obtains external assurance from:

- Statutory Audit of Financial Accounts from Big 4 Audit firm M/s. A.F. Fergusons & Co. Chartered Accountants
- QMS Audit to ensure compliance with ISO 9001 by SGS
- Environment Monitoring Report to ensure compliance with ISO 14001

### Policy of Remuneration to Non-Executive Directors:

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

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

Detail of the remuneration paid to executive and non-executive Directors during the year is given in Note 42 of the attached financial statements.

### Foreign Directors

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

### Implementation of Governance Practices Exceeding Legal Requirements

The management of Power Cement Limited believes to follow best governance practices that can be implemented in the Company's environment. To

implement these practices, the minimum benchmark is to comply with all the legal requirements. However, the management goes ahead to implement best governance rules and practices that are followed globally and are in favor of the Company's shareholders, employees, environment and community.

### Following additional governance practices implemented by the management include:

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

### Policy on Diversity

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

We aim to pro-actively tackle discrimination and to ensure that no individual or group is directly or indirectly discriminated against for any reason regarding employment and the Company bears no tolerance for harassment/bullying and persecution. The Company has a whistle blowing policy in place, and employees are encouraged to report all such matters and related grievances to the Human Resources department. The Board ensures application of diversity policy through Human Resource department by ensuring that all talent hunting seminars, job fairs and advertisements specifically mention that we are an equal opportunity employer in all areas and we nourish an organizational culture where individual differences are appreciated rather than criticized for novel ideas and improvements.



**Presence of Executive director on other boards and policy on fee retention**

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

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

The fee(s) earned shall be as per the policy of the respective companies

**Policy for Related Party Transactions**

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

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

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

ordinary course of business on an arm's length basis during the year.

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

**Policy for Disclosure of Conflict of Interest**

All Directors are obligated to avoid actual, potential and perceived conflicts of interest. Agenda points for the Board's proceedings are finalized after obtaining relevant information regarding vested interests and quantification thereof, whereas all observations / suggestions of Board members during their proceedings are accordingly recorded. Conflict of interest management policy

**Policy Statement**

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

**Management of Conflict of Interest:**

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

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

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

**Investors' Grievance Policy:**

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

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

**Policy for Safeguarding of Records**

Power Cement Limited effectively ensures the safety of its records. Physical records of documents are maintained in designated storerooms at our Head office and Site locations. Access to these rooms is only granted to authorize individuals who are responsible for the safekeeping and maintenance of records.

Further, an independent archiving company has been properly maintaining the Company's records at a secure location for the last three years. All records are retained as long as they are required to meet legal, administrative, operational, and other requirements of the Company.

**IT Governance Policy:**

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

**IT Governance Policy consists of the following:**

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

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

**Whistle Blowing Policy:**

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

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

**The salient features of the policy are as follows:**

1. A whistle-blower who raises a concern as per this policy, is provided with due protection in respect of performance of his duties and receipt of justified consideration under employment or contractual arrangement. No harassment or pressures towards the whistle-blower are tolerated and the Company takes appropriate actions to protect all such individuals.
2. The company ensures that the information shared and the identity of the whistle-blower remains confidential until such time as the person needs to come forward as a witness.



3. All concerns are reported in writing to ensure a clear understanding of the issues being raised. The background, the nature of concern, relevant dates and timings, evidences/proofs where possible, the reasons for the concern and the names of individuals against whom the concern is being reported are documented therein.
4. Each concern received is assessed for its validation and initial inquiries are made to determine whether an investigation is appropriate. At the end of the investigation, a written report that provides the findings, basis of findings and a conclusion is submitted to the Chief Executive Officer.

### Human Resource Management

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

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

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

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

### Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning

ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors. In this relation, the Company also expends a lot in terms of finances and time for the training of its resources as is evident from the below trainings held during the year:

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

### Social and Environmental Responsibility Policy

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

### Social Responsibility Policy:

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

### Environmental Responsibility Policy

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

### Business Continuity and Disaster Recovery Plan

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

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

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

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

### Disclosure of Beneficial Ownership

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

Ultimate Beneficial Shareholder	Shareholding %
Mr. Arif Habib	26.64

Compliance with the Best Practices of Code of Corporate Governance

The Board of Directors has complied with the requirements for Listed Companies (Code of Corporate Governance) Regulations, 2017, the listing regulations of the Pakistan Stock Exchange and the requirements for Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP).

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

### Role of Chairman and The Chief Executive

#### Chairman

- To provide leadership to the Board of Directors of the Company.

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

#### Chief Executive

- To execute and implement the strategies, policies and business plans approved by the Board.
- To achieve the performance targets set by the Board and to ensure communication of the same across the organization as the standards to be achieved by the Management.
- To maintain an effective communication with the Chairman and the Board and to bring all important matters to their attention.

- To ensure that all strategic and operational risks are effectively managed to an acceptable level and that adequate system of internal controls is in place for all major operational and financial areas.
- To encourage and inculcate a culture of highest moral, ethical and professional values in all business dealings of the Company.

#### Terms of Reference of Human Resource and Remuneration Committee

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

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

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

#### Terms of Reference of the Audit Committee

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

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

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

#### Chairman's significant commitments

Chairman's significant commitments during the year included:

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

- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- determination of compliance with relevant statutory requirements;
- monitoring compliance with the best practices of corpo-

rate governance and identification of significant violations thereof; and

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

#### Pandemic Recovery Plan

The Company made all possible efforts to ensure that safe practices are put to place in such a way that while remaining strictly within the WHO and federal and provincial guidelines, employees are provided with support so they can continue to operate and deliver at optimum. Following the relaxation of lockdown restrictions, the economic activities are expected to gain some momentum, however, the recovery will be gradual and measured. The management of the Company is monitoring the situation vigilantly and is taking all the necessary measures to ensure employees' safety whilst also ensuring business continuity.

Further, all the employees of the Company have now been vaccinated.

## REPORT OF THE AUDIT COMMITTEE

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended June 30, 2021. We would like to make the following submissions:

### Composition of the Audit Committee

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

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

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

### Financial Statements

The Committee has concluded its annual review of the conduct and operations of the Company during financial year 2021, and reports that:

- The annual financial statements for the year ended June 30, 2021 have been prepared on a going concern basis under requirements of Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- There were no issues in the application of Companies Act 2017, and these financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The Chairman of the Board, Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by the Chairman and the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations, applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All Related Party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company has issued a "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations 2019" which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.

### Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.

- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations of the Company.
- The Company's approach towards risk management has been disclosed in the risk management section of the Directors' Report. The types and detail of risks along with mitigating measures are disclosed in relevant section of the Annual Report.

### Internal Audit

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

### External Auditors

- The statutory Auditors of the Company, M/s. A.F. Fergusons & Co., Chartered Accountants, have completed their audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2021.
- The Auditors attended all the Audit Committee meetings where their reports were discussed. The Auditors also attended General Meetings of the Company during the year and have confirmed attendance of the 30th Annual General Meeting scheduled for October 28, 2021.
- The Auditors do not provide any services other than external audit of the Company. The audit firm has no financial or other relationship of any kind with the Company any except that of External Auditors.
- Being eligible for reappointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s. A.F. Fergusons & Co., Chartered Accountants as external auditors of the Company for the year ending June 30, 2022.

### Annual Report 2021

- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information much exceeding the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholders of the Company.

### The Audit Committee

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



## DIRECTORS' REPORT

The Directors of Power Cement Limited ("your Company") have the pleasure in presenting the annual report and the audited financial results for the year ended June 30, 2021.

### INDUSTRY OVERVIEW

Pakistan's Cement industry performance showed significant improvement during the outgoing year by registering a growth of 20% to 57.4 million tons in comparison to 47.81 million tons during last year. Local cement sales, which remained dominant shareholder in the cement sales mix in Pakistan, increased by 20.4% to 48.12 million tons from 39.96 million tons during previous year. The export performance was also very encouraging, which supported the overall industry volumes by registering an increase of 19% to 9.3 million tons as compared to 7.85 million tons during last year.

The outstanding growth in sales volume during the year is mainly due to the major Government initiatives – announcement of construction package and low cost housing schemes, lower interest rates to boost economic recovery, focus on constructing dams and water reservoirs and efficient management of COVID with sparing use of lockdowns.

The domestic demand in South Zone, where your Company is situated, depicted a sharp rise in annual consumption which stood at 7.53 million tons, i.e. a growth of 34% over the prior year. Concurrently, the

export demand stood at 6.75 million tons, i.e. a growth of 15% over the prior year. As a result, the South Zone closed at a total dispatch of 14.29 million tons.

The North Zone too performed well both in the domestic and export market. The domestic demand improved by 18.22% and export demand improved by 30.2%. As a result, the North Zone recorded a net growth of at 19%.

### BUSINESS PERFORMANCE

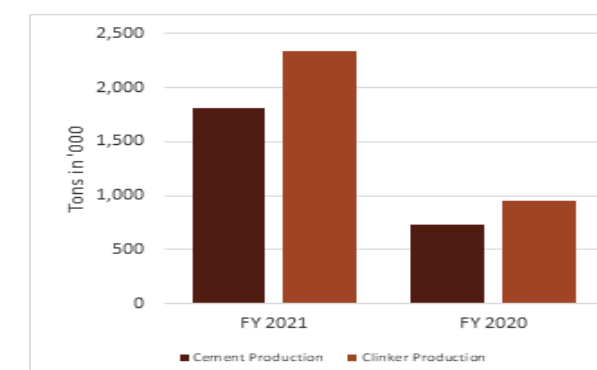
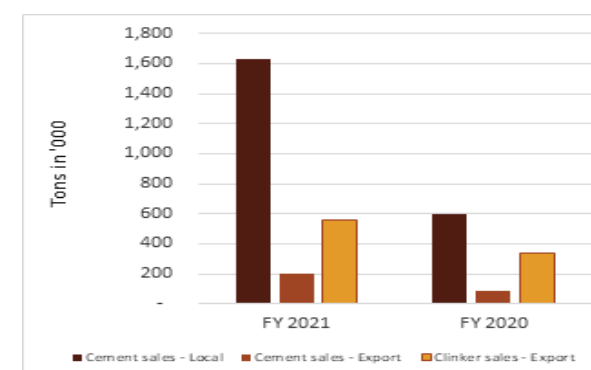
During the outgoing financial year, your company depicted a stellar performance with the dispatches surging by an impressive 171 % achieving a volume of 1,021,780 tons as compared to 585,149 tons in the last financial year. The sharp surge in sales of your company was underpinned by consistent production through the brand new European make FLSmidth plant of 7700 TPD and the company has now started reaping fruits of the mega expansion.

### Production & Sales Volume Performance:

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

Production	FY 2021	FY 2020	Variance %
	Tons		
Cement	1,809,737	733,684	147%
Clinker	2,333,980	954,691	144%

Despatches	FY 2021	FY 2020	Variance %
	Tons		
Cement (Local)	1,633,074	601,543	171%
Cement (Export)	196,798	86,951	126%
Clinker (Export)	553,621	333,286	66%
<b>Total dispatches</b>	<b>2,383,493</b>	<b>1,021,780</b>	<b>133%</b>



The year marked the first full year for your Company following the commissioning of new Line III.

During the year under review, the production of clinker and cement surged by 1,379,289 tons (144 %) and 1,076,053 metric tons (147 %) respectively. While the new Line-III was able to produce consistent high quality cement round the year, the overall capacity utilization stood at 73% (44% in the last financial year) on the back of availability of higher production capacity and shutdown of the old plant in the prior year.

### Financial Performance

The financial performance of your Company for the financial year ended June 30, 2021 as compared to last year is presented below:

PARTICULARS	FY 2021 PKR in '000'	FY 2020
Sales revenue – Gross	19,702,055	6,627,622
Less: Sales Taxes/ Federal Excise Duty / Commission / Freight	5,481,442	2,541,269
Sales Revenue - Net	14,220,613	4,113,353
Gross profit / (loss)	3,089,637	(116,167)
Operating profit / (loss)	1,928,231	(988,226)
Loss before tax	(671,208)	(3,966,776)
Net profit / (loss) after tax	358,359	(3,621,629)
Earnings /(loss) per share (Rupee)	0.17	(3.41)

### REVENUE:

During the financial year 2020-21, your Company's overall Gross Sales Revenue surged to Rs. 19,702 million, increasing by an impressive 197 % as compared to last year, whereas Net Sales Revenue increased by a staggering 246 % in line with the improved sales volume (133%). We feel pleased to share with you that retention prices also posted significant growth of 48%, as your company increased its footprint in both local and export markets backed by enhanced plant capacity. However, the export selling prices remained under pressure due to increased competition in the international markets and slump in global demand due to COVID.

### COST OF SALES:

Post expansion, your company has become one of the most cost efficient cement plant of Pakistan. However,

during the financial year under review, gains in the cost of production were weighed down by the increase in cost of sales driven by skyrocketing coal prices and sharp surge in electricity tariffs and transportation costs.

### GROSS PROFIT

Despite all challenges, Gross Margin of your Company stood at a healthy figure of 22% as compared to a negative 2% last year. This was made possible by increase in sales revenue and better absorption of fixed costs as a result of 101% capacity utilization of new cost-efficient line of production.

### NET PROFIT / (LOSS):

The Company posted a profit after tax of Rs. 358 million as compared to a loss of Rs. 3,622 million (increase of 109%).



### EARNINGS / (LOSS) PER SHARE:

The Earning per Share of your Company for the year was Rs.0.17 as compared to loss per share of Rs. 3.41 per share reported last year

### CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Rs.2.92 billion (2020: Rs. 1.33 billion) into the Government Treasury on account of income tax, excise duty, sales tax and other Government levies.

### CORPORATE SOCIAL RESPONSIBILITY

During the year, the Company has disbursed PKR 4.02 million (2020: PKR 2.1 million) as donation to different trusts, charity institutions and welfare organizations.

### DIVIDEND AND BONUS

Keeping in mind the obligations of the Company's existing long-term loans, the Board has decided not to declare any dividend or bonus share issue for the year ended June 30, 2021.

### NEW PROJECTS

#### SOLAR / WIND POWER PROJECT

Electricity is one of the major components of cost of production in cement manufacturing process, accounting for around 23%. Your Company's Management has always been mindful on this core area and the Waste Heat Recovery System (WHRS) was also installed during 2019-20 which is now generating around 10MW indigenously. To further augment profitability, your company has taken new initiatives by embarking upon Power Purchase Agreements (PPAs) for Solar and Wind Power Projects. This will not only bolster cash flow position of the company but will also help achieve self-sustainability in energy generation through partial switching on green energy, reducing carbon foot print and contributing to the ecological environment as well.

### CAPITAL STRUCTURE & LIQUIDITY MANAGEMENT

The Company's Management has sufficient experience and knowledge of the best practices in liquidity management. Your company has a robust system of policies & procedures and the decision making involves due consideration of regulatory constraints and tax implications. The Company ensures management of its working capital through productive fixed cost reduction techniques.

The Company also takes advantage of the subsidized financing schemes, whenever achievable, to fund its long and short-term requirements. Being an Exporter, the Company utilizes Islamic Export Refinance Facility to partially meet its working capital requirements.

Further, the Company is mindful to ensure that no default in payments of any debt occurs. The company has prudently formulated its capital structure, with an optimal mix of debt and equity, to finance its overall operations and growth. Periodic review of the same is also carried out and the desired changes are expeditiously implemented accordingly.

### CREDIT RATING

The Company has been assigned a long term rating of "A-" (Single A Minus) and short term rating of "A-2" (Single A Two) by JCR-VIS Credit Rating Company Limited on November 11, 2020.

### CODE OF CORPORATE GOVERNANCE

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

- The financial statements prepared by the management of the Company, present fairly the Company's state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern. Further the Company is paying all debts in time and no default is made on the part of Company to repay its debts to the banks.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- The Company operates funded gratuity scheme for its employees as disclosed in relevant note to the financial statements.
- Four directors have already completed the directors' training program. The Board consists of one director who is exempted from the directors' training program in accordance with clause 19 of Chapter VI of the CCG regulations due to having minimum of 14 years of education and over 15 years of experience on the board of a listed company. Currently, there are two directors who require certification under the directors' training program.
- The statement of holding in the prescribed format disclosing aggregate number of shares has been attached with this Annual Report.
- Key operating and financial data for the last 6 years has been annexed to the report.

### COMPOSITION OF BOARD OF DIRECTORS

The Current Board of Directors of the Company consists of:

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

### MEETINGS OF BOARD OF DIRECTORS

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

Name of Director	Designation	Meetings attended by the Member
Mr. Nasim Beg	Non-Executive Director / Chairman	5/5
Mr. Muhammad Kashif Habib	Executive Director / Chief Executive	5/5
Mr. Syed Salman Rashid	Non-Executive / Independent Director	4/5
Mr. Mr. Samad Habib	Non-Executive Director	2/5
Mr. Javed Kureishi	Non-Executive Director	5/5
Ms. Saira Nasir	Non-Executive Director	5/5
Mr. Andres Paludan-Muller	Non-Executive Director	5/5

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

## EVALUATION CRITERIA FOR THE BOARD

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

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

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

## BOARD COMMITTEES AND MEETINGS

### Audit Committee

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

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

Name of Member	Position on the Committee	Meetings attended
Ms. Saira Nasir	Chairperson	4/4
Mr. Nasim Beg	Member	4/4
Mr. Syed Salman Rashid	Member	4/4

### HR & Remuneration Committee

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

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

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

## DIRECTORS REMUNERATION POLICY

The independent non-executive directors of the Company are being paid meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting as approved in the Annual General Meeting held on October 28, 2019. The levels of remuneration are appropriate and commensurate with the level of responsibility and expertise to govern the Company successfully and with value addition. Remuneration to Chief Executive and Directors are disclosed in note 42 to the Financial Statements for the year ended June 30, 2021

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of the Company regularly appraises and monitors the implementation of financial controls.

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

## PATTERN OF SHAREHOLDING

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

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

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

Furthermore, it is informed to all above concerned persons to deliver written notices to the Company Secretary, to immediately inform in writing, any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction.

## RISK MANAGEMENT & STRATEGY FOR MITIGATING RISKS

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

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

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

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



#### IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

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

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

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

#### CERTIFICATIONS

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

#### APPOINTMENT OF EXTERNAL AUDITORS

The auditors, M/s. A.F Fergusons and Co. Chartered Accountants, retire and, being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year 2021-22 in the Annual General Meeting.

#### SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the conversion option of Preference Shares into Ordinary Shares shall become available from September 15, 2021 as per the terms agreed.

#### RELATED PARTY TRANSACTIONS

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

#### FUTURE OUTLOOK

Cement sector depicted resilience in the current challenging times and have shown growth both in the North and South regions of the Country with the future outlook remaining very promising. Construction package announced by the Federal Government, bright prospects of CPEC & PSDP projects, including Naya Pakistan Housing scheme, coupled with overall good management of COVID by the Government let the economic activity flourish during the outgoing year. SBP's initiatives, including significant reduction in policy rate and offering multiple incentive schemes (subsidized Housing Finance, Long Term loans for new plants/Expansion/BMR) have seeded the much desired impetus to continue fueling of economic growth and suggests a positive outlook of the Cement Industry in Pakistan.

As debt capital formed significant portion of the expansion project financing, high leverage remains a major impediment on the road to boost profitability of your Company. Gradual tapering of financial relief, extended by keeping policy rate at 7%, will be on the card of SBP in coming months. In order to boost liquidity and profitability, Management of the Company is focused on cost control measures and has adopted strategies accordingly. Your company is working in all relevant areas including use of alternative fuels and optimized operations of the plant to reduce fixed costs. These long term initiatives have started reaping fruit during the year with a significant reduction in fixed operating cost.

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

#### ACKNOWLEDGEMENT

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

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company in the successful completion of expansion project fruits of which are now evident in operational performance of the company. We also appreciate the valuable contribution and active role of the members of the 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

Karachi: September 29, 2021



Nasim Beg  
Chairman

# Performance and Position



# ANALYSIS OF FINANCIAL & NON-FINANCIAL INFORMATION

## Financial Measures:

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

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

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

## Non-Financial Measures

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

### Human Capital

The company ensures that the employees are well-remunerated and secure with adequate retirement benefits. We believe that satisfaction of employees is fundamental for growth in every good organization. Our development and training activities also contribute to the same objective in the long term. The company promotes a performance based culture that will support both short-term and long-term value creation. Our human resources remain the key asset to our success and growth which is evident from the below mentioned analysis:

	2021	2020
Staff strength - Permanent	489	493
New recruitments	61	108
Leavers	56	131
Average number of employees	496	385
Promotions	55	-

### Manufactured Capital

Power Cement Limited believes in use of latest technology to produce best quality cement which is cost efficient and environment friendly. The company has successfully installed a new state of the art latest technology European make production line of 7,700 TPD (procured from the world renowned cement plant manufacturer FLSmidth). The newly installed cement plant has enabled it to be the one of the cost efficient producers in the region. The new bag filters employ state-of-the-art European Technology using the Eco E3 filtration system which most efficiently controls the dust emission with sustainability and thus provides an edge to the company over other cement plants in the South Zone. Analysis of the investments in manufactured capital are mentioned below:

	2021	2020
Capital expenditure (Rs. million)	34,559	7,034

### Intellectual Capital

In this age of information technology, adoption of latest Information Management and Information Technology is at the core of every successful company and the same is also built into Power Cement Limited's strategy. IT system plays an important role in supporting Power Cement Limited's current operations and its new initiatives. Our world class ERP system (Microsoft A/X) is considered to be one of the best in manufacturing industry and after successful implementation, it continues to integrate all function across the Company, facilitating greater efficiency and effectiveness of all processes and controls.

Analysis of the investments in intellectual capital are mentioned below:.

	2021	2020
Intellectual Capital (Rs. million)	-	7,606

## Performance against Targets

	2021 (Actual)	2021 (Target)
Sales – Net	14,220	16,362
Profit after tax	358	1,088
EPS (Rupee)	0.17	1.02

Due to the COVID impacts and the overall economic recession in the country, a moderate stance was adopted for the year FY 2021.

Retention levels on domestic sales improved but to notably low margins in the export market, the Company missed its export targets. Furthermore, significant increase in coal prices also hit Gross profit adversely.

Gross Profit mainly suffered mainly due to the following:

- Increase in the coal prices by 9.31% as compared to the budgeted price.

## Methods and Assumptions used in Compiling Indicators

### Financial Position

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

- Appropriateness of capital mix
- Proportion of financial leverage
- Changes in current ratio

### Financial performance

- Maintaining high local sales retention
- Monitoring key components of variable costs
- Absorption of fixed costs

### Liquidity position

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

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

### Segmental review of Business Performance

The financial statements of the Company have been prepared on the basis of single reporting segment. Revenue from sale of cement represents 100% of gross sales of the Company. Moreover, all assets of the Company as at June 30, 2021 are located in Pakistan.



## FINANCIAL RATIOS

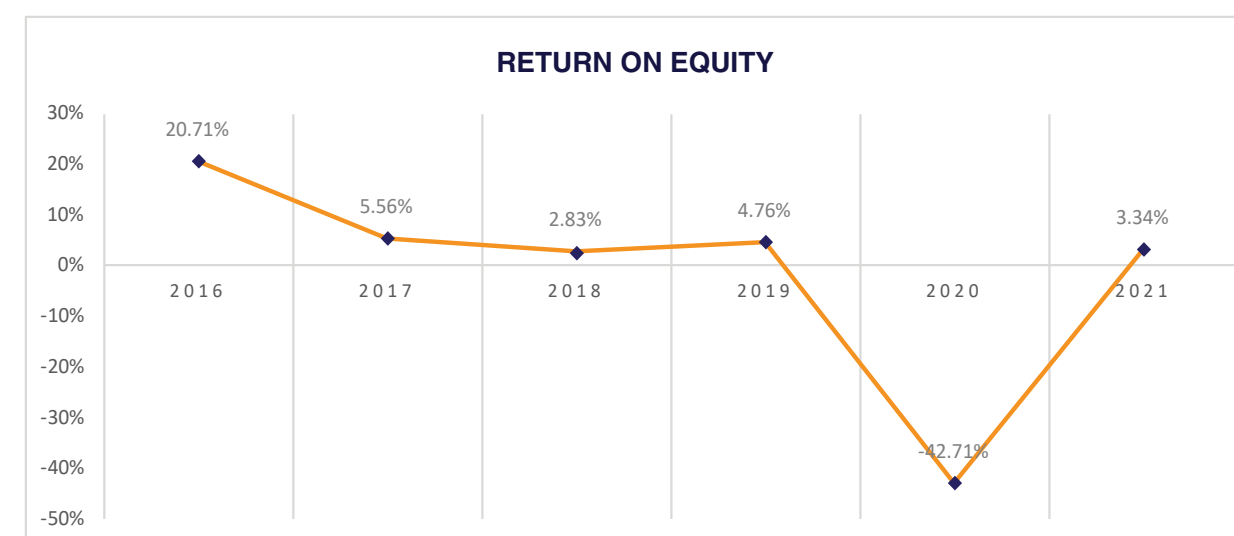
Financial Ratios	UoM	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
<b>Profitability Ratios</b>							
Gross profit to sales	%	22%	-3%	4%	16%	22%	23%
Operating profit to sales	%	14%	-24%	-7%	8%	18%	17%
Profit before tax to sales	%	-5%	-96%	-11%	8%	13%	18%
Net profit after tax to sales	%	3%	-88%	15%	7%	10%	12%
EBITDA To sales	%	21%	-21%	-3%	12%	21%	20%
Return on Equity (ROE) before tax	%	-6%	-47%	-3%	3%	7%	33%
Return on Equity (ROE) after tax	%	3%	-43%	5%	3%	6%	21%
Return on Assets (ROA) before tax	%	-2%	-10%	-1%	2%	11%	17%
Return on Assets (ROA) after tax	%	1%	-9%	2%	2%	9%	11%
Return on Capital Employed	%	1%	-14%	2%	2%	5%	11%
<b>Liquidity Ratios</b>							
Current Ratio	Times	0.43	0.36	0.68	1.43	2.56	0.91
Quick/Acid Test Ratio	Times	0.25	0.25	0.52	1.01	2.05	0.47
Cash Ratio	Times	0.03	0.04	0.10	0.49	1.65	0.15
Quick Ratio (Excl Receivables)	Times	0.24	0.23	0.48	0.84	1.81	0.33
Cash Flow From Operation To Sales	Times	0.11	0.53	(0.20)	0.09	0.09	0.17
Illiquid Assets/Total Assets	Times	0.85	0.84	0.83	0.81	0.46	0.72
<b>Investment Valuation Ratios</b>							
Earning/(loss) per share (after tax)	Rs.	0.17	-3.41	0.55	0.32	1.14	1.33
Price /Earnings Ratio (after tax)	Times	55.76	(1.82)	11.69	26.09	11.74	7.84
Price to Book Ratio	Times	1.17	0.78	0.56	0.79	0.58	1.62
Market Price per share as on 30 June	Rs.	9.61	6.2	6.43	8.35	13.38	10.43
Year High Close	Rs.	11.80	7.22	9.77	10.85	23.44	14.49
Year Low Close	Rs.	6.26	4.63	5.74	7.11	7.40	7.81
Breakup value per share	Rs.	8.21	7.97	11.49	10.63	22.95	6.42
<b>Activity / Turnover Ratios</b>							
Inventory turnover	Times	4.01	2.22	2.45	2.71	3.25	3.63
Inventory held	Days	91	164	149	135	112	100
Debtor turnover	Times	35.23	8.05	9.38	14.39	19.94	25.08
No. of Days In Receivables	Days	10	45	39	25	18	15
Creditor turnover	Times	6.56	2.40	8.53	9.23	11.25	8.52
No. of Days In Payable	Days	56	152	43	40	32	43
Operating Cycle	Days	46	58	145	120	98	72
Total assets turnover	Times	0.31	0.09	0.10	0.18	0.39	0.66
Fixed assets turnover	Times	0.39	0.11	0.12	0.22	0.85	0.93
<b>Capital Structure Ratios</b>							
Long term debt to capital	%	183%	226%	148%	85%	4%	15%
Long term debt to equity	%	151%	180%	171%	90%	10%	10%
Long term debt to assets	%	43%	42%	45%	39%	3%	6%
Gearing Ratio	%	72%	77%	65%	48%	15%	31%
Debt to equity ratio	Times	2.15	2.58	2.17	1.00	0.40	0.29
Interest coverage ratio	Times	1.12	0.28	0.60	4.18	3.73	2.91
Financial leverage	Times	3.23	4.37	2.27	1.17	0.36	1.66
Short term debt payback (years)	Years	4.25	3.75	7.22	1.88	1.93	0.88
Total debt payback (years)	Years	15.16	13.01	33.92	19.29	2.56	1.32
Employee Turnover (%)	%	10	37	9	4	10	13

## DUPONT ANALYSIS

Year	Profit Margin (Profit After Tax/Sales)	Total Asset turnover (Sales / Total Assets)	Return on Assets	Equity Multiplier (Total Assets / Total Equity)	Return On Equity
	A	B	C=A*B	D	E=C*D
2021	2.52%	0.31	1%	4.23	3.34%
2020	-88.05%	0.09	-8%	5.37	-42.71%
2019	15.09%	0.10	1%	3.27	4.76%
2018	7.37%	0.18	1%	2.17	2.83%
2017	10.42%	0.39	4%	1.36	5.56%
2016	11.74%	0.66	8%	2.66	20.71%

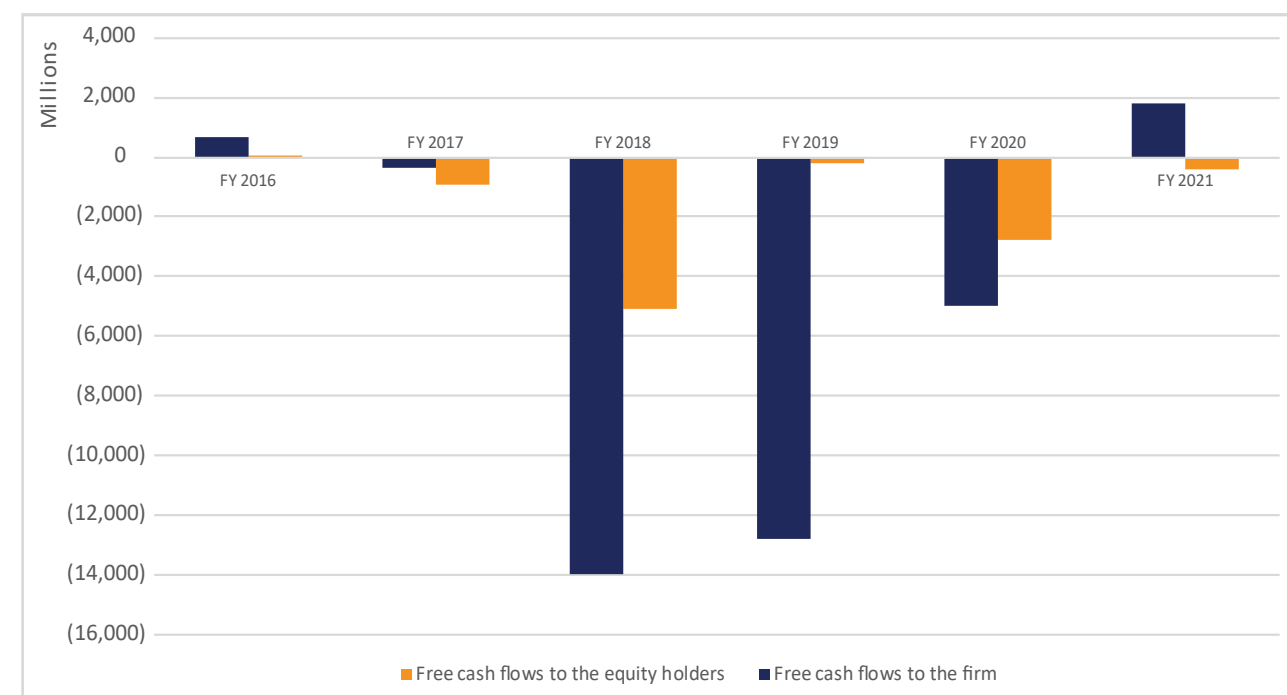
The main highlights of DuPont analysis are as follows:

1. The profit margins for the Company jumped in FY 2021 from negative 88.05% to positive 2.52% owing mainly to higher sales volume coupled with sales prices during the year.
2. Assets turnover has improved mainly on account of high capital expenditures in the preceding year for the capacity expansion.
3. Based on the above two factors, the Return on Assets which is dependent on the above two, has also improved.
4. Due to lower capital expenditures in the current year, the equity multiplier decreased by 21%.
5. The Return on Equity improved significantly by 108% on account of the above factors particularly due to better profitability margins with a significant jump of 103#."



## FREE CASH FLOWS

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
	Rs. in '000					
(Loss) / Profit before taxation	(671,207)	(3,966,776)	(412,396)	348,778	565,175	764,772
Adjustment non-cash items	3,298,174	3,416,935	462,543	241,179	387,518	84,641
Changes in working capital	(820,611)	2,616,892	(729,371)	(40,341)	(379,810)	(40,845)
Net cash generated from operating activities	1,806,356	2,067,051	(679,224)	549,616	572,883	808,568
Capital expenditure	(34,559)	(7,034,177)	(12,116,969)	(14,495,131)	(918,196)	(147,085)
<b>Free cash flows to the firm</b>	<b>1,771,797</b>	<b>(4,967,126)</b>	<b>(12,796,193)</b>	<b>(13,945,515)</b>	<b>(345,313)</b>	<b>661,483</b>
Net borrowing (repaid) / raised	964,388	2,933,831	12,673,089	9,210,000	-	(250,000)
Interest payments	(3,144,326)	(753,458)	(72,721)	(358,115)	(596,691)	(351,896)
<b>Free cash flows to the equity holders</b>	<b>(408,141)</b>	<b>(2,786,753)</b>	<b>(195,825)</b>	<b>(5,093,630)</b>	<b>(942,004)</b>	<b>59,587</b>



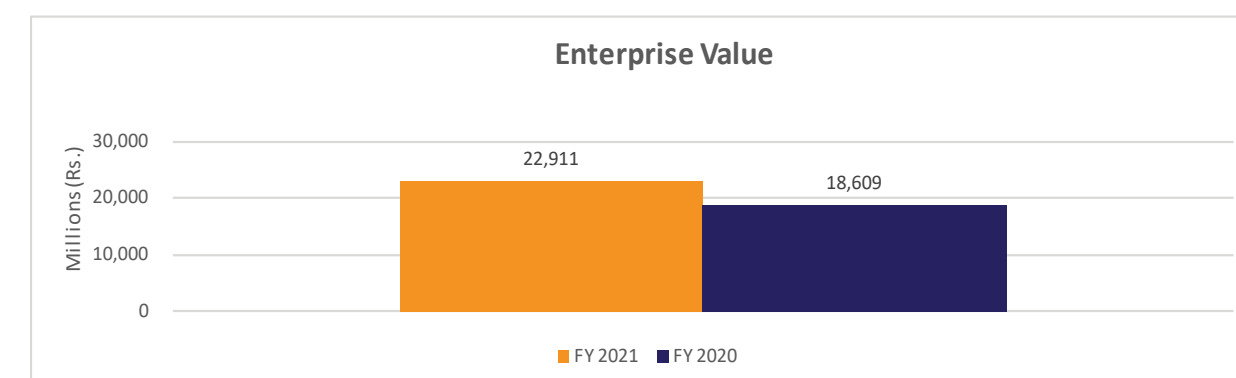
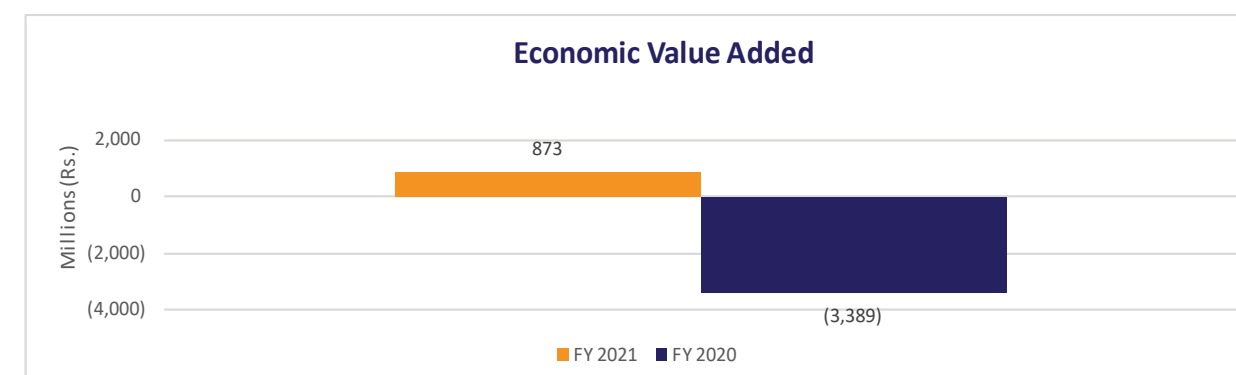
### Analysis on Free Cash Flows:

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

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

## ECONOMIC VALUE ADDED

Economic Value Added	FY 2021	FY 2020
	Rs. in '000	
<b>Cost of capital</b>		
Cost of Equity	% 9.00%	7.00%
Cost of Debt	% 9.56%	15.10%
Market Value of Equity	10,219,412	6,593,169
Market Value of Debt	19,700,920	19,132,919
Weighted average cost of capital (WACC)	7.54%	9.77%
Average capital employed	27,636,743	28,110,721
 NOPAT	2,957,799	(643,079)
Less: Cost of capital	(2,084,710)	(2,745,678)
<b>Economic Value added</b>	<b>873,089</b>	<b>(3,388,757)</b>
 <b>Enterprise Value</b>		
Market Value of Equity	10,219,412	6,593,169
Add: Debt	19,700,920	19,132,919
Less: Cash & Bank balance	(7,009,055)	(7,117,391)
<b>Enterprise Value</b>	<b>22,911,277</b>	<b>18,608,697</b>
 <b>Return Ratios</b>		
NOPAT / Average capital employed	% 10.70%	-2.29%
EVA / Average capital employed	% 3.16%	-12.06%
Enterprise value / Average capital employed	times 0.83	0.66



# FINANCIAL HIGHLIGHTS

Financial Position (PKR in '000)	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
<b>Assets Employed</b>						
Property, plant and equipment	36,270,530	37,222,552	32,942,295	19,843,344	5,248,476	4,444,992
Intangible assets	37,086	48,194	-	1,077	8,977	8,982
Right of use assets	2,958	5,493	-	-	-	-
Investments	24,873	23,751	14,100	13,124	13,220	-
Long term deposits	42,338	24,159	19,635	19,635	19,635	19,635
Deferred tax assets	2,104,838	1,059,665	413,291	-	-	-
Current Assets	7,009,055	7,117,391	6,619,082	4,640,126	6,096,806	1,769,369
<b>Total Assets</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,402</b>	<b>24,517,306</b>	<b>11,387,114</b>	<b>6,242,978</b>
<b>Financed By</b>						
Shareholders' Equity	10,744,916	8,478,635	12,221,540	11,299,062	8,394,241	2,348,110
Long-term liabilities						
Long term financing	18,403,048	17,357,208	17,959,094	9,460,000	110,000	360,000
Loan from related parties	-	-	-	-	-	908,892
Lease liabilities	31,675	45,032	-	-	-	-
Deferred Grant Income	1,997	7,079	-	-	-	-
Deferred Accrued Mark-up						151,032
Deferred liabilities	108,965	94,931	57,923	520,185	501,650	529,816
Current liabilities	16,201,077	19,518,320	9,769,846	3,238,059	2,381,223	1,945,128
<b>Total Funds Invested</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,403</b>	<b>24,517,306</b>	<b>11,387,114</b>	<b>6,242,978</b>
<b>Turnover &amp; Profit (PKR in '000)</b>						
Sales Revenue	14,220,613	4,113,353	3,858,456	4,343,240	4,480,623	4,144,455
Gross profit/ (loss)	4,087,088	20,115	307,392	824,861	1,098,711	1,045,504
Operating Profit	1,928,232	(988,226)	(256,348)	358,020	808,103	713,860
Profit before taxation	(671,207)	(3,966,776)	(412,395)	348,778	565,175	764,772
Profit after taxation	358,360	(3,621,629)	582,107	319,907	466,793	486,391
Total comprehensive income	353,752	(3,617,069)	931,269	311,695	460,744	485,940
Earning per share (Rupees)	0.17	(3.41)	0.55	0.32	1.14	1.33
<b>Cash Flow Summary (PKR in '000)</b>						
Net Cash from Operating Activities	1,605,669	2,177,471	(771,720)	407,259	395,892	686,944
Net Cash used in Investing Activities	(19,322)	(6,942,544)	(12,096,326)	(14,244,219)	(1,150,841)	(146,285)
Net Cash Outflow from Financing Activities	(1,513,417)	4,626,226	12,600,368	11,445,011	3,936,866	(601,896)
(Decrease) /Increase in Cash and Bank Balance	72,930	(138,847)	(267,678)	(2,391,949)	3,181,917	(61,237)
Cash and Bank Balance at beginning of the Year	(317,824)	(178,977)	88,701	2,480,650	(701,267)	(640,030)
Cash and Bank Balance at end of the Year	(244,894)	(317,824)	(178,977)	88,701	2,480,650	(701,267)

## Comments on Statement of Cash Flows

The Company's cash generation from operating activities has shown significant improvement during the last two years particularly due to significant rise in sales revenue in line with the increase in sales prices.

The Company's cash outlay in investing activities particularly in FY 2017 to FY 2019 is due to the major capacity expansion of 7,700 TPD new Line alongwith installation of Waste Heat Recovery System

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

Financial Position (PKR in '000)	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
<b>ANALYSIS OF STATEMENT OF FINANCIAL POSITION</b>						
<b>PKR in '000</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>
Share Capital & Reserves	10,744,916	8,478,635	12,221,540	11,299,062	8,394,241	2,348,110
Non Current Liabilities	18,545,685	17,504,250	18,017,017	9,980,185	611,650	1,949,740
Current Liabilities	16,201,077	19,518,320	9,769,846	3,238,059	2,381,223	1,945,128
<b>Total Equity &amp; Liabilities</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,403</b>	<b>24,517,306</b>	<b>11,387,114</b>	<b>6,242,978</b>
Non Current Assets	38,482,623	38,383,814	33,389,321	19,877,180	5,290,308	4,473,609
Current Assets	7,009,055	7,117,391	6,619,082	4,640,126	6,096,806	1,769,369
<b>Total Assets</b>	<b>45,491,678</b>	<b>45,501,205</b>	<b>40,008,403</b>	<b>24,517,306</b>	<b>11,387,114</b>	<b>6,242,978</b>

Vertical Analysis - %	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Share Capital & Reserves	24	19	31	46	74	38
Non Current Liabilities	41	38	45	41	5	31
Current Liabilities	36	43	24	13	21	31
<b>Total Equity &amp; Liabilities</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Non Current Assets	85	84	83	81	46	72
Current Assets	15	16	17	19	54	28
<b>Total Assets</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Horizontal Analysis (i) Cumulative - %	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Share Capital & Reserves	358	261	420	381	257	100
Non Current Liabilities	851	798	824	412	(69)	100
Current Liabilities	733	903	402	66	22	100
<b>Total Equity &amp; Liabilities</b>	<b>629</b>	<b>629</b>	<b>541</b>	<b>293</b>	<b>82</b>	<b>100</b>
Non Current Assets	760	758	646	344	18	100
Current Assets	296	302	274	162	245	100
<b>Total Assets</b>	<b>629</b>	<b>629</b>	<b>541</b>	<b>293</b>	<b>82</b>	<b>100</b>

Horizontal Analysis (ii) Year on Year - %	FY 21 vs FY 20	FY 20 vs FY 19	FY 19 vs FY 18	FY 18 vs FY 17	FY 17 vs FY 16	FY 16 vs FY 15
Share Capital & Reserves	27	(31)	8	35	257	100
Non Current Liabilities	6	(3)	81	1,532	(69)	100
Current Liabilities	(17)	100	202	36	22	100
<b>Total Equity &amp; Liabilities</b>	<b>(0)</b>	<b>14</b>	<b>63</b>	<b>115</b>	<b>82</b>	<b>100</b>
Non Current Assets	0	15	68	276	18	100
Current Assets	(2)	8	43	(24)	245	100
<b>Total Assets</b>	<b>(0)</b>	<b>14</b>	<b>63</b>	<b>115</b>	<b>82</b>	<b>100</b>

<b>ANALYSIS OF PROFIT AND LOSS ACCOUNTS</b>						
PKR in '000	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Sales Revenue	14,220,613	4,113,353	3,858,456	4,343,240	4,480,623	4,144,455
Cost of sales	(11,130,976)	(4,229,520)	(3,701,175)	(3,668,172)	(3,500,092)	(3,207,369)
<b>Gross profit/ (loss)</b>	<b>3,089,637</b>	<b>(116,167)</b>	<b>157,281</b>	<b>675,068</b>	<b>980,531</b>	<b>937,086</b>
Distribution Cost	(1,195,573)	(426,535)	(122,443)	(115,806)	(106,154)	(104,032)
Administrative Cost	(254,536)	(190,279)	(148,742)	(131,708)	(76,366)	(52,111)
<b>Operating Profit</b>	<b>1,639,528</b>	<b>(732,981)</b>	<b>(113,904)</b>	<b>427,554</b>	<b>798,011</b>	<b>780,943</b>
Finance Cost / (Income)	(2,599,439)	(2,978,550)	(156,047)	(9,242)	(242,928)	50,912
Other Charges / (Income)	288,704	(255,245)	(142,444)	(69,534)	10,092	(67,083)
<b>(Loss) / Profit before taxation</b>	<b>(671,207)</b>	<b>(3,966,776)</b>	<b>(412,395)</b>	<b>348,778</b>	<b>565,175</b>	<b>764,772</b>
Taxation	1,029,567	345,147	994,502	(28,871)	(98,382)	(278,381)
<b>Profit / (Loss) after taxation</b>	<b>358,360</b>	<b>(3,621,629)</b>	<b>582,107</b>	<b>319,907</b>	<b>466,793</b>	<b>486,391</b>
Other Comprehensive (Income) / loss	(4,608)	4,560	349,162	(8,212)	(6,049)	(451)
<b>Total Comprehensive Income / (loss)</b>	<b>353,752</b>	<b>(3,617,069)</b>	<b>931,269</b>	<b>311,695</b>	<b>460,744</b>	<b>485,940</b>



# FINANCIAL HIGHLIGHTS

Vertical Analysis - %	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Sales Revenue	100	100	100	100	100	100
Cost of sales	(78)	(103)	(96)	(84)	(78)	(77)
<b>Gross profit</b>	22	(3)	4	16	22	23
Distribution Cost	(8)	(10)	(3)	(3)	(2)	(3)
Administrative Cost	(2)	(5)	(4)	(3)	(2)	(1)
<b>Operating (loss) / Profit</b>	12	(18)	(3)	10	18	19
Finance Cost / (Income)	(18)	(72)	(4)	(0)	(5)	1
Other Charges / (Income)	2	(6)	(4)	(2)	0	(2)
<b>(Loss) / Profit before taxation</b>	(5)	(96)	(11)	8	13	18
Taxation	7	8	26	(1)	(2)	(7)
<b>Profit / (Loss) after taxation</b>	3	(88)	15	7	10	12
Other Comprehensive (Income) / loss	(0)	0	9	(0)	(0)	(0)
<b>Total Comprehensive Income / (loss)</b>	<b>2</b>	<b>(88)</b>	<b>24</b>	<b>7</b>	<b>10</b>	<b>12</b>

Horizontal Analysis (i) Cumulative - %	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Sales Revenue	243	(1)	(7)	5	8	0
Cost of sales	247	32	15	14	9	0
<b>Gross profit</b>	230	(112)	(83)	(28)	5	0
Distribution Cost	1,049	310	18	11	2	0
Administrative Cost	388	265	185	153	47	0
<b>Operating (loss) / Profit</b>	110	(194)	(115)	(45)	2	0
Finance Cost / (Income)	(5,206)	(5,950)	(407)	(118)	(577)	0
Other Charges / (Income)	(530)	280	112	4	(115)	0
<b>(Loss) / Profit before taxation</b>	(188)	(619)	(154)	(54)	(26)	0
Taxation	(470)	(224)	(457)	(90)	(65)	0
<b>Profit / (Loss) after taxation</b>	(26)	(845)	20	(34)	(4)	0
Other Comprehensive (Income) / loss	922	(1,111)	(77,520)	1,721	1,241	0
<b>Total Comprehensive Income / (loss)</b>	<b>(27)</b>	<b>(844)</b>	<b>92</b>	<b>(36)</b>	<b>(5)</b>	<b>0</b>

Horizontal Analysis (Year on Year % )	FY 21 vs FY 20	FY 20 vs FY 19	FY 19 vs FY 18	FY 18 vs FY 17	FY 17 vs FY 16	FY 2016
Turnover	246	7	(11)	(3)	8	100
Cost of sales	163	14	1	5	9	100
<b>Gross profit</b>	(2,760)	(174)	(77)	(31)	5	100
Distribution Cost	180	248	6	9	2	100
Administrative Cost	34	28	13	72	47	100
<b>Operating (loss) / Profit</b>	(324)	544	(127)	(46)	2	100
Finance Cost / (Income)	(13)	1,809	1,588	(96)	(577)	100
Other Charges / (Income)	(213)	79	105	(789)	(115)	100
<b>(Loss) / Profit before taxation</b>	(83)	862	(218)	(38)	(26)	100
Taxation	198	(65)	(3,545)	(71)	(65)	100
<b>Profit / (Loss) after taxation</b>	(110)	(722)	82	(31)	(4)	100
Other Comprehensive (Income) / loss	(201)	(99)	(4,352)	36	1,241	100
<b>Total Comprehensive Income / (loss)</b>	<b>(110)</b>	<b>(488)</b>	<b>199</b>	<b>(32)</b>	<b>(5)</b>	<b>100</b>

## NOTES ON ANALYSIS

### Comments on six year Statement of Comprehensive Income analysis

#### Turnover

Revenues increased from PKR 4,144 million in 2016 to PKR 14,221 million in 2021 with a significant increase of 243% in line with increase in sales prices and sales volume. The Company always underwent major capacity expansion from 3,000 TPD to 10,700 TPD Clinker production

#### Cost of Sales

Cost increased from PKR 3,207 million in 2016 to PKR 11,130 million in 2021 with an increase of 247%. This is mainly due to capacity expansion from 3000 TPD to 7000 TPD clinker production increase in input transportation costs, prices of coal, power and packing material.

#### Gross Profit

GP increased from PKR 937 million in 2016 to PKR 3,089 million in 2021 with a decrease of 230% - line with the revenue and cost fluctuations over the years

#### Net Profit

Net Profit increased from PKR 486 million in 2016 to a profit of 358 million million in 2021 with a slight dip of 26%.

### Comments on Six year Statement of Financial Position analysis

#### Share Capital & Reserves

The share capital increased by a significant 358% mainly due to undistributed profits and issuance of ordinary shares in FY 2017 and preference shares in FY 2021

#### Non Current Liabilities

There is a significant increase of 851% in Non Current Liabilities from 2016 to 2021 mainly due to financing arrangements for capacity expansions

#### Non Current Assets

There is an increase of 760% in Non Current Assets from 2016 to 2021 mainly due to capital expenditure on Capacity expansion and enhancement and ERP implementation and deployment

## COMMENTS ON RATIO ANALYSIS

### Profitability ratios:

The profitabilities of the Company have improved significantly from last year due to the increase in sales prices/volume. The capacity expansion resulted in a an overall improved capacity utilization of 73% (44% FY20) and increase in sales volume by 133%.

### Liquidity ratios

The liquidity ratios showed recovery from last year due to better working capital management as the capital intensive requirements eased out for operational activities

### Investment / Market Ratios:

The Investment Valuation Ratios also improved in line with overall market performance of the shares

### Activity / Turnover Ratios

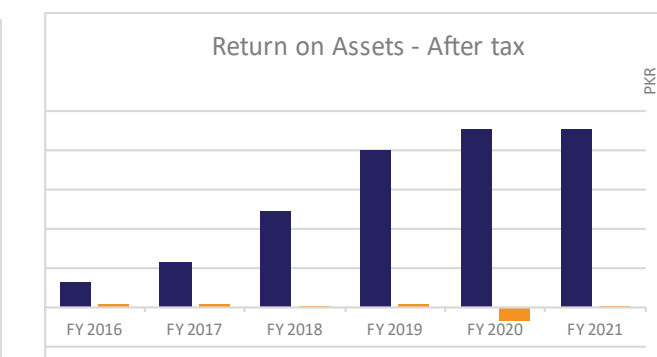
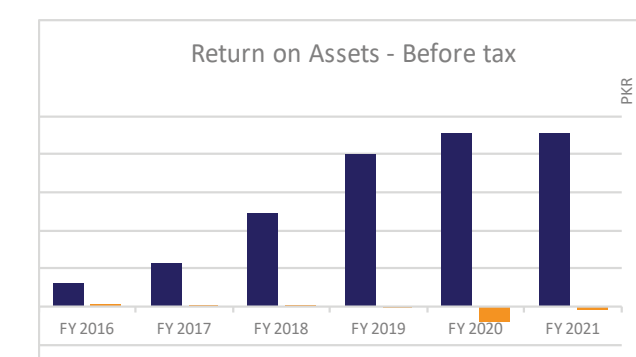
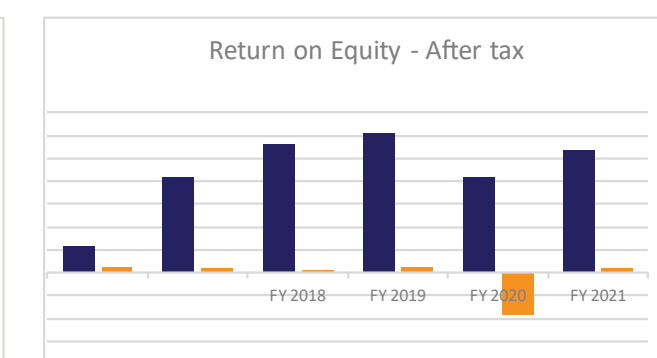
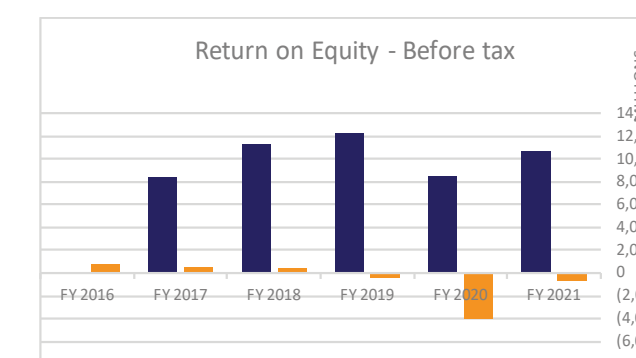
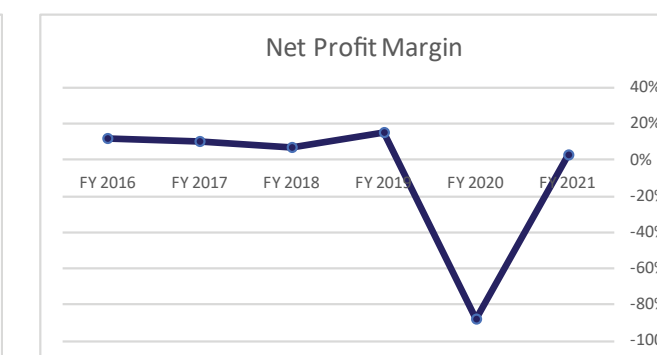
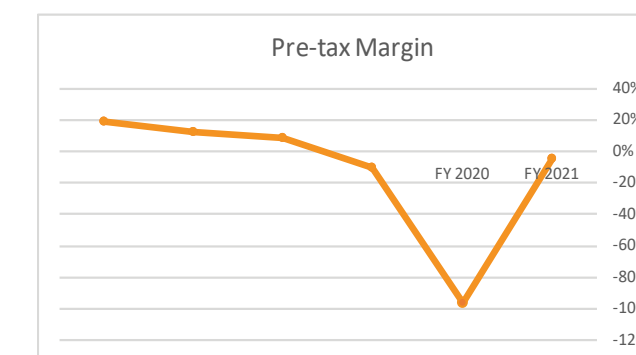
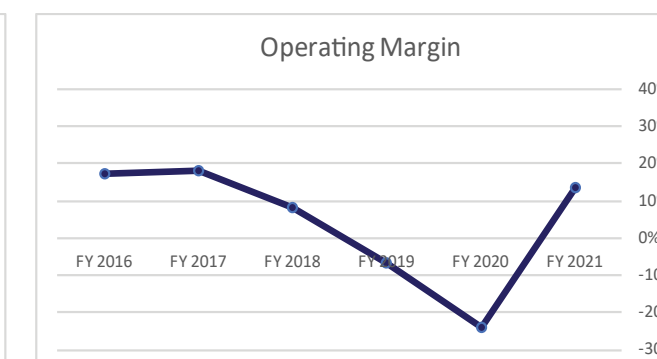
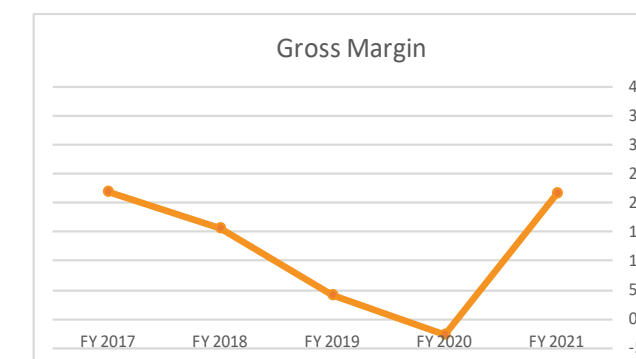
The Activity Turnover Ratios also improved in line with overall increase in sales revenue and working capital management leading to improved Operating cycles

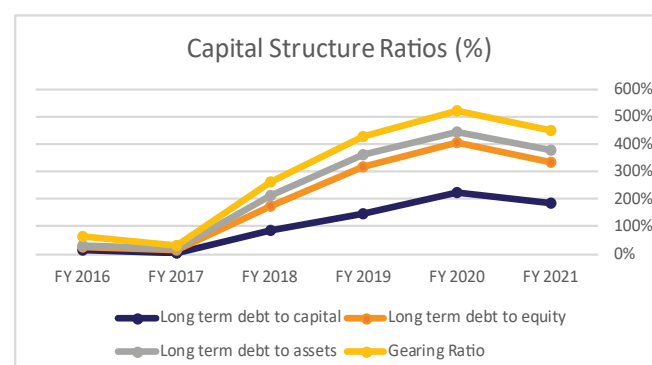
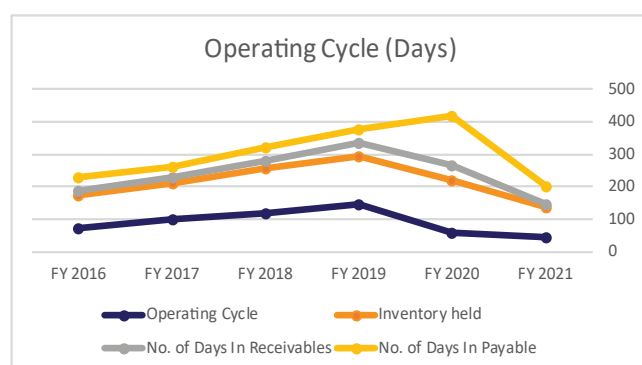
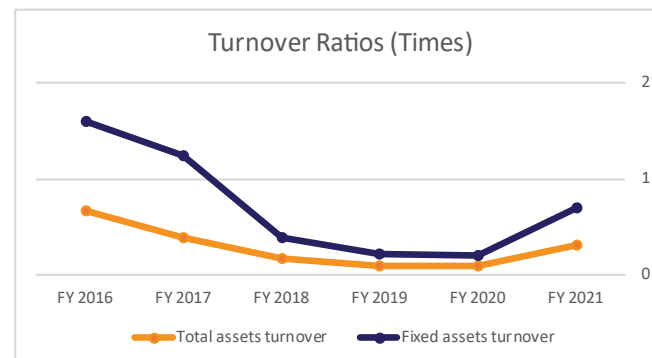
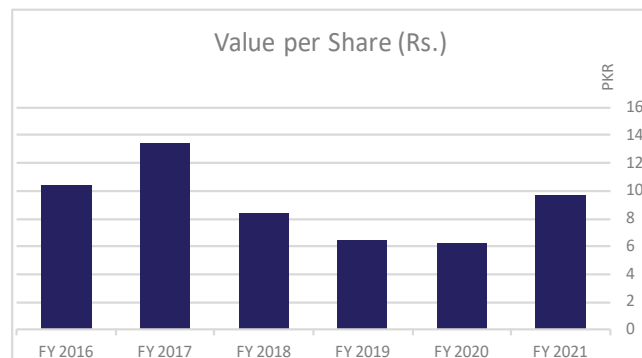
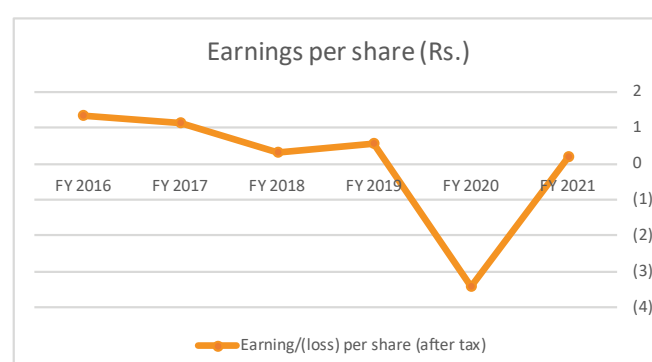
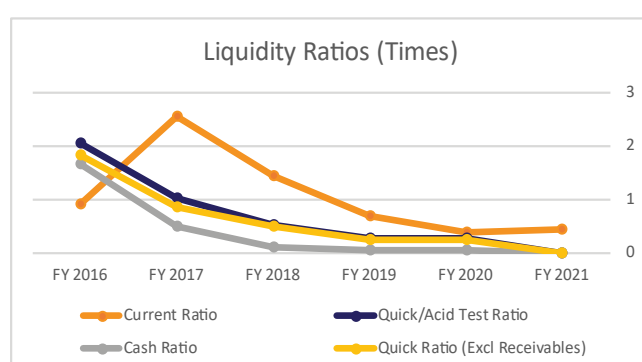
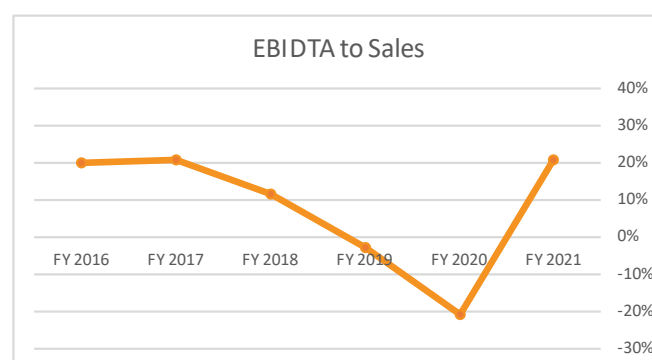
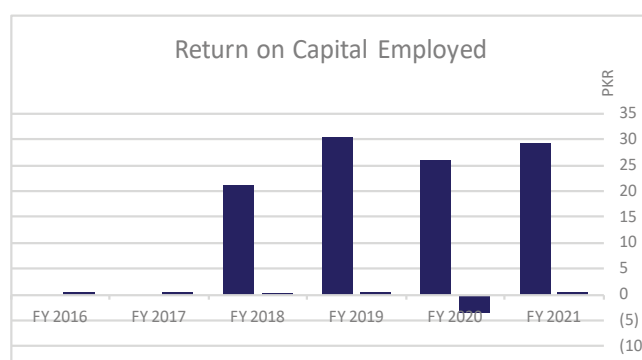
### Capital Structure Ratios:

The Company had been increasing its debt to manage the Expansion project of 7700 TPD clinker production plant.

However, these have been improving due to repayments of long term financing

## GRAPHICAL PRESENTATION - STAKEHOLDERS' INFORMATION





## QUARTERLY PERFORMANCE

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Rupees in '000					
Particulars					
Clinker Production	546,738	661,595	617,639	508,008	2,333,980
Capacity Utilization (%)	95%	115%	107%	88%	101%
Cement Production	376,516	516,593	492,405	424,223	1,809,737
Cement Dispatches	574,147	629,664	666,913	512,769	2,383,493
Sales - net	3,258,446	3,595,345	4,101,284	3,265,538	14,220,613
Cost of sales	(2,590,645)	(2,572,832)	(3,199,525)	(2,767,974)	(11,130,976)
Gross profit / (loss)	667,802	1,022,512	901,759	497,564	3,089,637
Selling and distribution expenses	(344,270)	(296,223)	(310,176)	(244,904)	(1,195,573)
Administrative expenses	(40,054)	(79,568)	(62,039)	(72,875)	(254,536)
Other operating income / (expenses)	13,128	53,854	134,384	87,338	288,704
	(371,196)	(321,937)	(237,831)	(230,441)	(1,161,405)
Operating profit / (loss)	296,605	700,576	663,928	267,123	1,928,232
Finance income	1,152	4,362	2,713	3,787	12,014
Finance costs	(638,221)	(634,969)	(665,572)	(672,692)	(2,611,453)
Finance costs - net	(637,068)	(630,607)	(662,859)	(668,905)	(2,599,439)
Loss before tax	(340,463)	69,969	1,069	(401,782)	(671,207)
Taxation	169,688	169,594	40,614	649,671	1,029,567
(Loss) / profit after taxation	(170,775)	239,563	41,682	247,890	358,359

Presentation video explaining the business overview, performance, strategy and outlook is available on the investor relation section of the Company website



## RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

Particulars	Interim Results						Annual Results	
	3 months period		6 months period		9 months period		Year ended June 30, 2021	
	Rs in '000	%	Rs in '000	%	Rs in '000	%	Rs in '000	%
Net turnover	3,258,446		6,853,791		10,955,075		14,220,613	
Gross profit	667,802	20.49%	1,690,314	24.66%	2,592,073	23.66%	3,089,637	21.73%
Operating profit / (loss)	296,605	9.10%	997,181	14.55%	1,661,109	15.16%	1,928,232	13.56%
Loss before tax	(340,463)	-10.45%	(270,494)	-3.95%	(269,425)	-2.46%	(671,207)	-4.72%
(Loss) / profit after taxation	(170,775)	-5.24%	68,788	1.00%	110,470	1.01%	358,360	2.52%

### Analysis of Variation in Results Reported in Interim Financial Statements with the Final Accounts

#### 3 Months Ended September 30, 2020

Gross Profit (GP) Margin for the 1st Quarter was 20.49% as compared to annual GP of 21.73%, mainly due to the lower volumes and prices.

Operating Profit for the 1st Quarter was 9.10% as compared to annual GP of 13.56%, mainly due to the lower GP in the first quarter.

Loss Before Tax was 10.45% as compared to annual 4.7%, mainly due to less GP and other income in 1st Quarter

"Net Profit After Tax was a negative 5.24% as compared to 2.52%, due to less profit before tax on account of reasons explained above

#### 9 Months Ended March 31, 2021

Gross Profit (GP) Margin was 23.66% as compared to annual GP of 21.73%, mainly due to the higher cement volumes dispatched in the 3rd quarter in line with prices

Operating Profit for the nine month period was 15.16% as compared to annual GP of 13.56%, mainly due to the higher GP margins for the reasons explained above.

Loss Before Tax was 2.46% as compared to annual 4.7%, mainly due to higher finance costs in the third quarter

Net Profit After Tax was 1.01% as compared to 2.52%, due to highest tax income booked in the fourth quarter

#### 6 Months Ended December 31, 2020

Gross Profit (GP) Ratio was 24.6% as compared to annual GP of 21.73%, as in the second quarter local sales retention increased.

Operating Profit was 14.55% as compared to 13.56%, mainly due to higher GP in half year results explained above.

Loss Before Tax was 3.95% as compared to annual 4.7%, mainly due to higher GP in half year results.

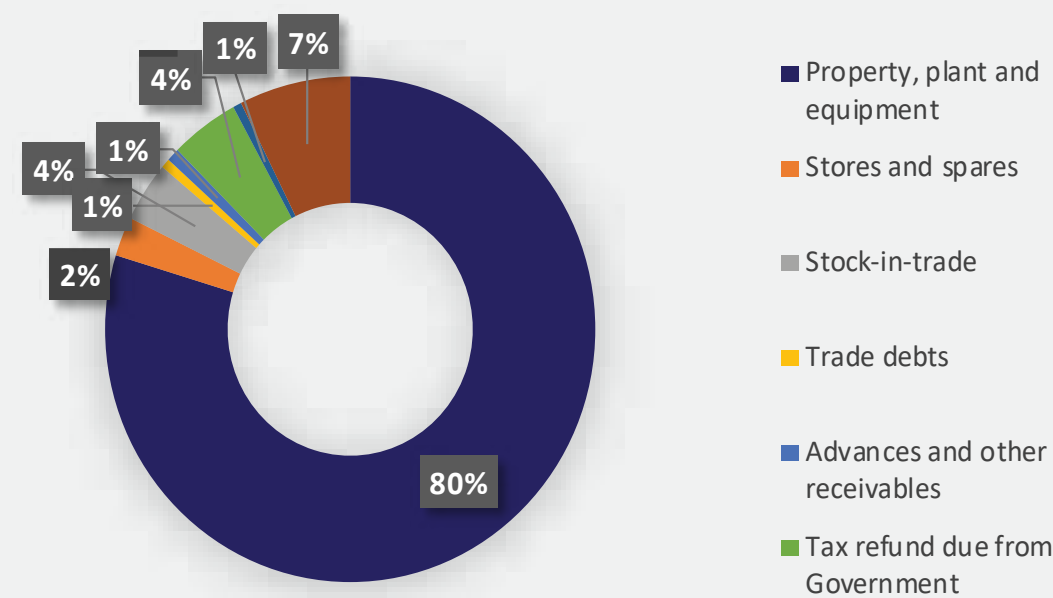
Net Profit After Tax was 1% as compared to 2.5%, due to tax income booked in the annual results.

## CASH FLOW - DIRECT METHOD

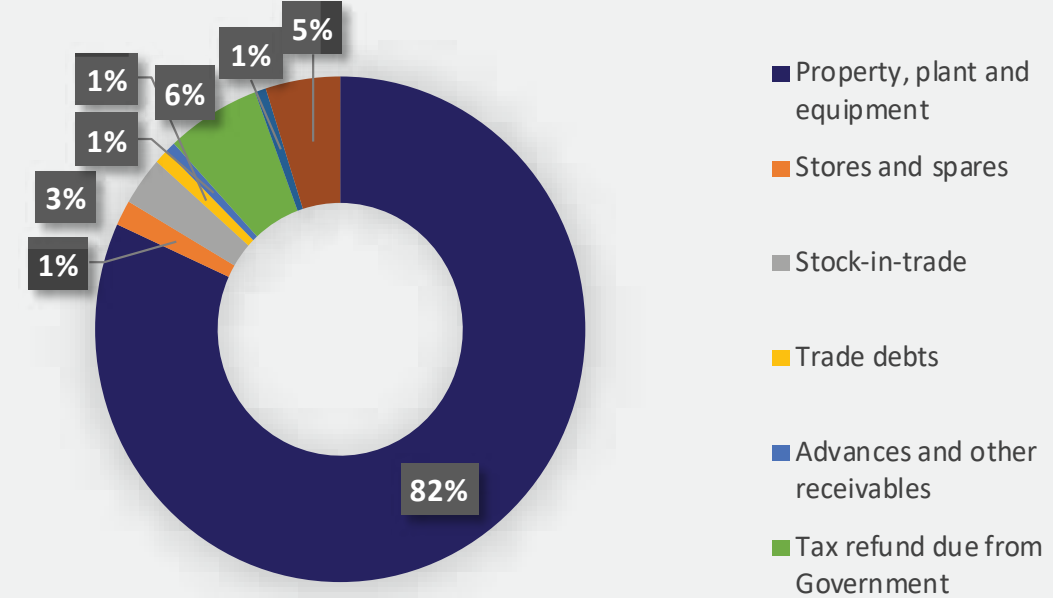
	2021	2020
	Rs. '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	14,628,100	4,245,273
Cash paid to suppliers and employees	(12,001,133)	(4,794,953)
Net Cash generated from operations	2,626,967	(549,680)
Decrease in stores and spares	(334,683)	(481,994)
Decrease in stock-in-trade	(412,359)	(133,967)
Increase/(decrease) in trade debts	107,102	(99,504)
Increase in loans & other receivable	690,153	882,779
Decrease in trade deposits and prepayments	(16,371)	(37,312)
(Decrease)/increase trade & other payables	(854,453)	2,486,729
Income tax (paid) / recovered	(150,296)	160,419
Gratuity paid	(32,212)	(49,999)
Deposits paid	(18,179)	-
Financial charges paid	(3,144,326)	(753,458)
Net cash (used in)/generated from operating activities	(1,538,657)	1,424,013
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure - Operations	(34,559)	(866,870)
Capital expenditure - Project Line III	-	(6,167,307)
Interest received	10,892	11,490
Proceeds from disposal of fixed assets	4,345	80,143
Net cash used in generated from Investing	(19,322)	(6,942,544)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Acquisition of long term finance	898,182	(58,169)
Proceeds from issuance of ordinary shares other than rights issue	79,924	2,992,000
Proceeds from issue of preference shares	1,648,894	-
Expense incurred on issuance of preference shares	(13,479)	-
Proceeds of loan from related party	(968,894)	2,445,853
Lease rentals paid	(13,718)	-
Net cash generated from/(used in) financing activities	1,630,909	5,379,684
Net increase/(decrease) in cash and cash equivalents	72,930	(138,847)
Cash and cash equivalents at the beginning	(317,824)	(178,977)
<b>Cash and cash equivalents at end</b>	<b>(244,894)</b>	<b>(317,824)</b>

COMPOSITION OF BALANCE SHEET

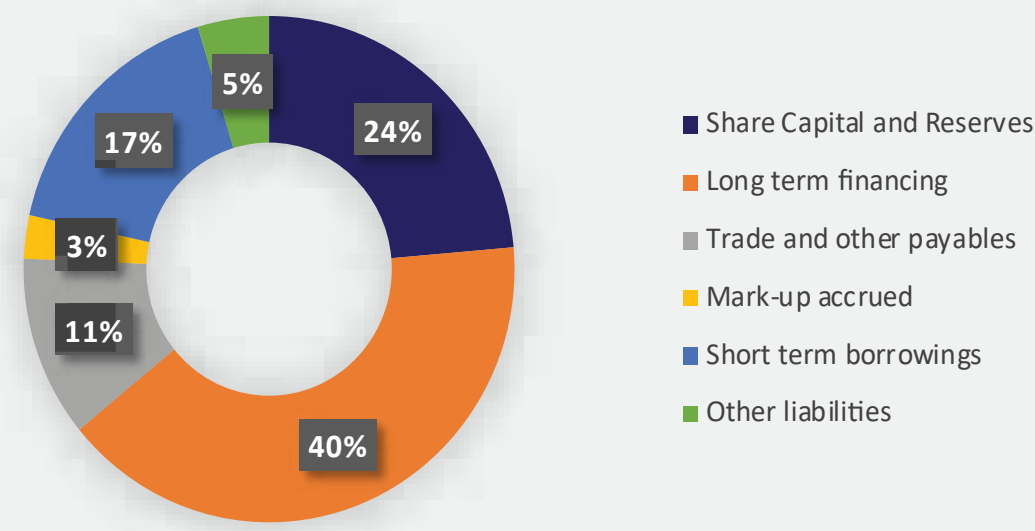
ASSETS FY 2021



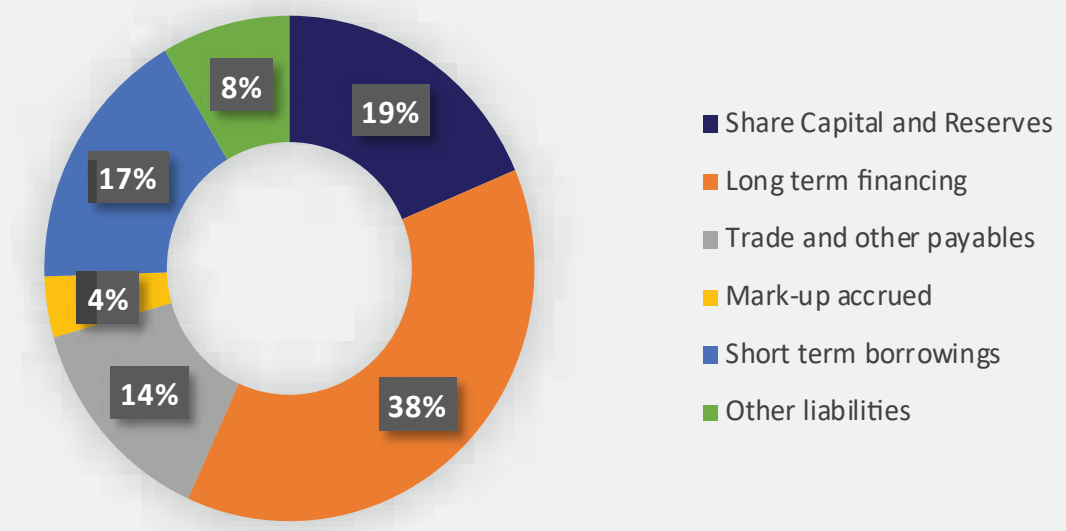
ASSETS FY 2020



EQUITIES & LIABILITIES FY 2021



EQUITIES & LIABILITIES FY 2020



## SHARE PRICE SENSITIVITY ANALYSIS

The Ordinary (POWER) and Preference Shares (POWERPS) of Power Cement Limited are traded on Pakistan Exchange. Our free float is 34% and market capitalization at the end of day of financial year stood at Rs 10.4 billion as against Rs. 8.6 billion last year, depicting a decline of 23%, whereas the KSE-100 index dropped from 36,872 points to 48,031 points at the end of the year, registering an increase of 30% as compared to last year.

Market price of the Company's Ordinary share experienced fluctuations between the highest of Rs. 11.8 to the lowest of Rs.6.26 per share with an average market price of Rs. 9.86 per share.

Market price of the Company's Preference share experienced fluctuations between the highest of Rs. 13 to the lowest of Rs.9.25 per share with an average market price of Rs. 10.88 per share.

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

### 1) INCREASE IN DEMAND:

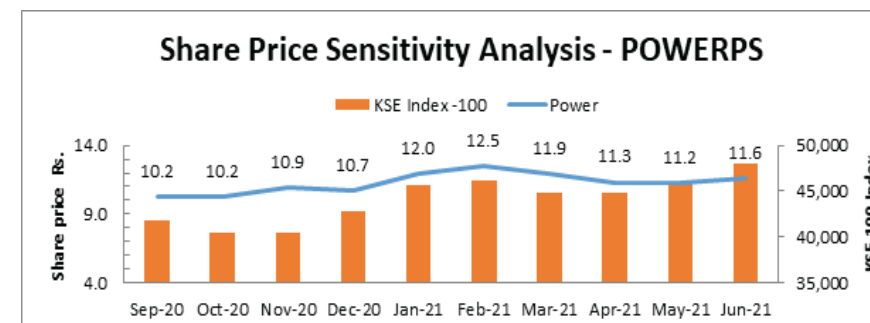
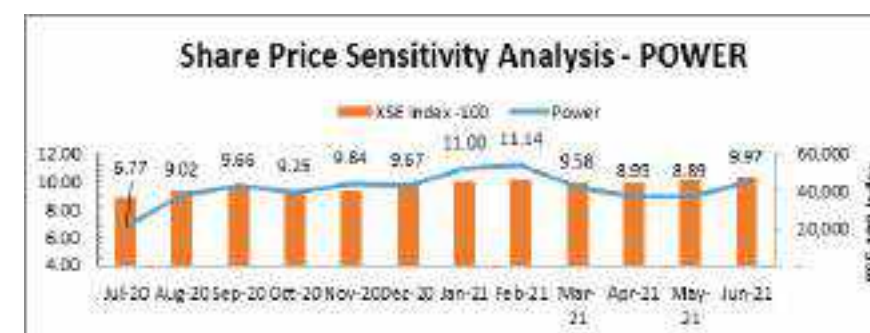
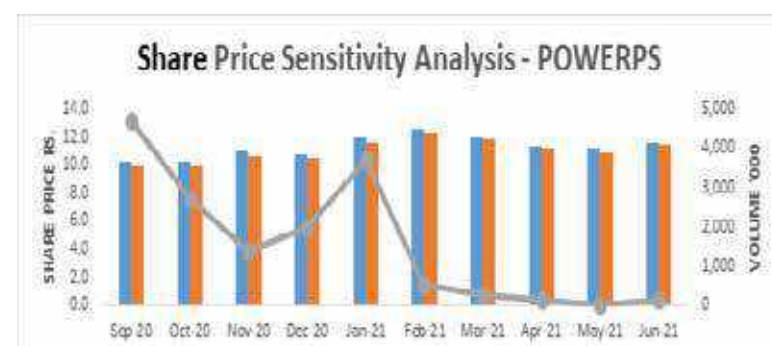
Increase in demand of cement may result in increase in market price of bag which will contribute towards better profitability and Earning per Share (EPS), which will ultimately increase the share price.

### 2) INCREASE IN INPUT COSTS

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

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

Year	Ordinary Shares (POWER)			Preference Shares (POWERPS)		
	High	Low	Volume ('000)	High	Low	Volume ('000)
2020	7.22	4.63	430,565	-	-	-
2021	11.8	6.3	2,568,662	13	9.25	15,601



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

### 3) CURRENCY RISK

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

### 4) CHANGE IN GOVERNMENT POLICIES:

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

### 5) LAW AND ORDER SITUATION:

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

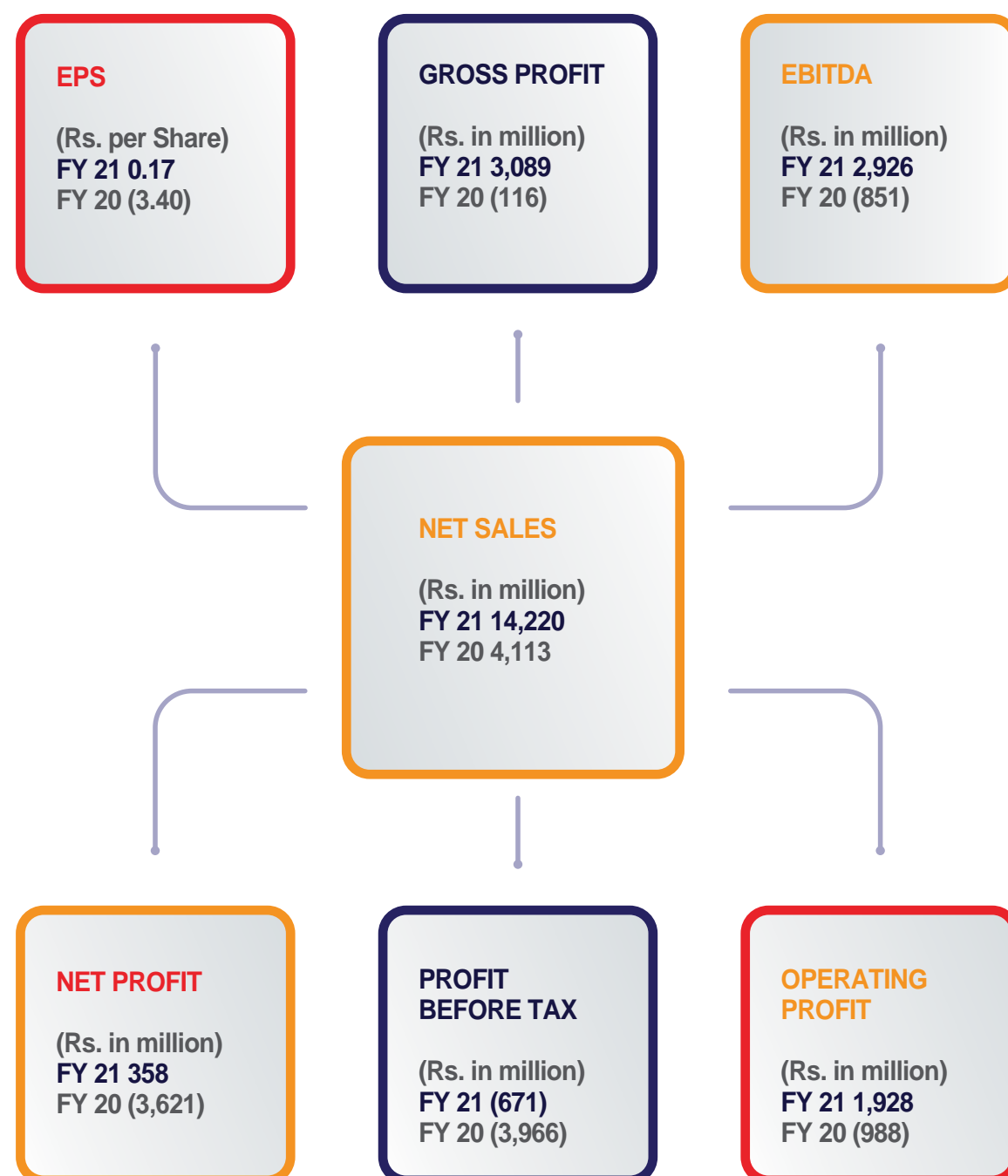
A 10 % increase / decrease in share price of the Company would have the following impact on its Market Capitalization:

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

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



## KEY PERFORMANCE HIGHLIGHTS



## CALENDAR OF MAJOR CORPORATE EVENTS

Date	Event
July 1, 2020	The new 7,700 TPD line started commercial production.
September 15, 2020	The 23% Preference shares were issued to the shareholders (23 Preference Shares for each Ordinary Share held at par value)
September 21, 2020	The issued Preference Shares were Listed as a new security POWERPS on the Pakistan Stock Exchange
October 05, 2020	Board of Directors met to approve the annual audited financial statements of the Company for the year ended June 30, 2020 including related party transactions and other agenda items
October 27, 2020	29th Annual General Meeting of the Shareholders of the Company was held through video-link, where annual audited financial statements for the year ended June 30, 2020 were approved and external auditors for the next year were appointed.
October 29, 2020	Board of Directors met to approve the condensed interim financial statements for the first quarter ended September 30, 2020 along with the Directors' Review and the related party transactions of the period. .
February 17, 2021	Board of Directors met to approve the condensed interim financial statements for the half year ended December 31, 2020 along with the Directors' Review and related party transactions of the period.
April 20, 2021	Board of Directors met to approve the condensed interim financial statements for the third quarter ended March 31, 2021 along with the Directors' Review and related party transactions of the period. .
June 15, 2021	Board of Directors approved the Annual Operating Budget for the Financial Year 2021-22.

# OUTLOOK



## FORWARD LOOKING STATEMENT

Demand of cement has shown growth both in the North and South regions of the Country. Major propellants of channelizing growth in local cement sales are, SBP's initiative of reduction in the monetary policy rates, support to the housing sector through subsidized schemes and the Construction Package by the Federal Government, commencement of PSDP projects including new housing schemes under Naya Pakistan Housing. These strategic initiatives by the Government and SBP suggest a positive outlook of the Cement Industry in Pakistan. However, uncertainties in the wake of COVID-19 continue to be a threat, so far the Government has been successful in managing the pandemic through multiple initiatives including smart lockdowns instead of complete shutdowns.

Cement demand has been modestly growing in local market in the past few years, with the current year trend exhibiting promising future growth in demand as the Government expresses renewed dedication to recover from the delays caused by slowdown in CPEC projects, whereas simultaneously announcing ambitious development projects, PSDP allocation boost and construction packages. The cement sector has seen robust expansions in the past in the form of capacity enhancement projects and is currently in the period of expansionary growth and better utilization of capacities as market conditions continue to improve.

### Government Initiatives

The sensible measures taken by the Government to tackle COVID pandemic and stability in the law and order situation is a good sign in national politics. However, recent developments in the shift of political regime in neighbor country (Afghanistan) may affect the overall economic / political scenario. Some of the plans announced by the government i.e. Naya Pakistan Housing Program, dams/water reservoir construction and an increase in private sector spending in housing sector after announcement of subsidized housing finance scheme may result in increased demand of cement in future years as well.

We are hopeful that cement demand will continue to increase in coming years as the work on these projects will gain further momentum and the economic situation is expected to flourish. On the cost side, a control over production overheads and input material cost is imperative for future success. Key factors to continue growth momentum are persistence of business friendly government policies, favorable taxation reforms, stable economic condition and improvement in export prices. These factors will all play an important role to absorb increased supply of cement in the market as a result of capacity enhancements.

### Production Costs / Market Share

In order to maintain profitability, the Company aims to

keep a lid on production costs and increase its market share with consistent high quality cement production. The Company is continuously monitoring all of its cost factors to bring them at the lowest possible levels without compromising on the quality. The Waste Heat Recovery System (WHRS) has been running smoothly providing 10 MW clean energy through recycling waste heat from the plant. Further, the Company is embarking on various strategies including use of alternative fuels and optimized operations of the plant with a specific focus to reduce fixed costs. These measures have started reaping fruit during the year with a significant reduction in the fixed costs.

The production costs are anticipated to increase in future due to non-controllable factors like rising input material costs particularly coal, Pak Rupee devaluation and general inflation. The Company, under the guidance of its Board of Directors, Key management personals along with valuable input from all stakeholder groups, stands committed to its drive to be a progressive and profitable Company as per its Vision and Core Values. Sources of information used for projections of future Revenue:

The future projections and forecasts are based on certain assumptions after critically analyzing all the relevant factors that can have an impact on the Cement Industry.

The Company prepares its strategic plans and forecasts in line with the overall strategic direction of the Company duly approved by the Boards of Directors annually. Periodic reviews of performance are carried out against these plans to ensure adequate monitoring and control. A number of different sources are used in preparing the plans, including, but not limited to, trend analysis from historical data and macro-economic indicators to ensure that factors which are beyond the Company's control are also considered while drawing up the Company's plans. Assumptions used in these plans and the related rationale behind these assumptions are thoroughly documented and reviewed. Sensitivity analysis is also carried out to determine the impact of changes in assumptions on the financial performance of the Company.

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

The Company emphasizes on recognizing all long-term and short-term risks, in order to be able to devise strategies to capitalize, overcome or mitigate. These are explained further in the Risk and Opportunity Section of the Annual Report. The Company has also been working hard to improve its market share through vigorous marketing and branding activities.

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

### Financial Projections:

The Company's budget for the year 2022 sets challenging production, sales and retention targets to bolster profitability and cash flows.

The Company has taken a conservative approach by forecasting domestic sales at 1.66 million (FY 2021 1.63 million tons) assuming complete utilization of Company's market share. The average retention price has also been increased which would result in strengthening the cash flow position as well as profitability.

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

Financial Year	2021-2022 (Rs. in million)
Sales - Net	18,999
Profit after taxation	442
EPS (Rupee)	0.20

Extract of matters reported in Forward Looking Statement last year	Actual performance
The Company has completed the installation of 7,700 TPD Plant procured from FLSmidth & Co. (Danish global engineering company). Given the increase in market share owing to commencement of new line, sales volume of the Company is <b><u>expected to increase significantly</u></b> which shall contribute to higher overall profitability. Major export markets will include <b><u>Sri Lanka, Bangladesh and other African countries</u></b> .	With the commencement of the new 7,700 TPD Plant, local dispatches of your Company surged by an impressive 133% achieving a volume of 2,383,493 tons as compared to 1,021,780 tons in the last financial year.  On the export side, the Company performed considerably well with a jump of 192% as compared to last financial year.  The export countries were Somalia, Madagascar, KEPZ, Sri Lanka and Seychelles
Demand dynamics along with raw material prices (coal and electricity tariff) would remain important determinants for profitability improvement	The coal price proved to be the major reason for increase in costs rising from \$56 to \$106 per ton during the year.  However, the Company had taken an initiative last year by installing a Waste Heat Recovery System that has been running at a capacity utilization of 69% and has reduced the cost by 25%



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

The Government of Pakistan continued its stimulus package during the outgoing year to attenuate the economic and social impact of the crisis which included construction package.

These stimulus were augmented with monetary measures and refinance schemes put in place by the State Bank of Pakistan (SBP). SBP took various policy measures including lowering its policy rate by 625 basis points (to 7%) and promotion of Investment and production activities through concessional short- and long-term financing schemes, including the Temporary Economic Refinance Facility (TERF). The TERF facility had been introduced to boost industries to effectively counter the negative impact of Covid-19 on the economy. Under the TERF, financing is provided for purchase of new plant and machinery & BMR at an attractive end consumer rate of 5% for a max period of 10 years. Large Scale Manufacturing posted its highest growth since FY14 on the back of above policy supports, improvement in food processing and construction-allied industries.

The construction package announced by the government initiated rapid recovery in the construction sector. Since announcement of the construction package, the Real Estate sector has been witnessing a boom in construction activities. It would be pertinent to mention that the initiatives taken by the government to reduce economic impact of the COVID were appreciated worldwide. Famous US journal Forbes says country's economy expected to grow by nearly 4pc in 2021. The country's per capita income will rise 14.6pc from \$1,405 in 2020 to \$1,610 in 2021.

Successful management to tackle the pandemic and continuation of IMF program supplemented by sale of foreign currency bonds helped in keeping the economic wheel moving. The 4% GDP growth during outgoing year, is a testament to Pakistan's growth potential and good investment opportunities.

The outgoing financial year presented unprecedented challenges with COVID, spiraling commodity prices and multiple supply chain disruptions.

Sharp rise in Coal and Electricity rates, which together contribute around 60% cost of goods sold, exerted downward pressure on profitability of the company. Lower Export Prices & slump in global cement demand due to COVID related restrictions also dented the profitability.

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

Financial Year 2021	Rs. in million
Sales – Net	16,362
Profit after tax	1,088
EPS (Rupee)	1.02

Financial Year 2021	Rs. in million
Sales – Net	14,220
Profit after tax	358
EPS (Rupee)	0.17

Status of the projects in progress:

The new plant came into operations mid-way during the year 2019-20 and after coming online the same kept producing high quality cement throughout the year, achieving production capacity of more than 100%.

## CHALLENGES FOR THE COMPANY

### Increase in Imported Coal Prices

- International coal prices have soared to their highest level since 2008.
- Pakistan imports 16 million tons of coal every year. Power plants burn about two-thirds of these imports while cement makers and general industry consume the rest
- More than one-fifth of electricity that Pakistan generated in 2020-21 came from burning coal
- Coal price is rising because of high gas prices in Europe. Burgeoning electricity demand has resulted in coal plants receiving preference over gas-based power producers.

### Action Plan

Use of Off-Spec Coal giving due regard to the quality of cement being produced therefrom.

### Increase in Export Freight Charges

- The transportation cost of containerized cargo across the world, including Pakistan, has increased by up to 700% due to an abnormal growth in imports following the reopening of global economies from partial lockdown amid the Covid-19 pandemic
- The pandemic had badly disrupted the cargo supply

chain around the world and when countries reopened following lockdowns, they were almost empty as they had consumed all the goods imported during the pre-pandemic days. Besides, the containers remained stuck in many countries due to lockdowns.

- Covid-19 provided an opportunity for international shipping companies to increase freight charges compared to the pre-pandemic times when they were running in losses.

### Action Plan

There is no short term solution to this problem neither is it in the Government's control.

### Falling Export Prices

- After the increase in coal prices and other pressures on the cost, exports have lost their viability.

### Action Plan

- Not much can be done in this regard but to cut the costs by tapping lower cost energy sources.
- Bangladesh market will be opened after monsoon season in October & demand will come for clinker



# STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

# STAKEHOLDER ENGAGEMENT BRIDGING THE GAP

## OUR STAKEHOLDERS

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





## STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

At Power Cement Limited, we believe in maintaining sound collaborative relationships with our stakeholders.

The frequency of engagements is based on business needs and corporate requirements as specified by the Listed Companies (Code of Corporate Governance) Regulations, 2019 or as contracted, under defined procedures. Information regarding the types of stakeholders, modes of engagement and their related frequency is presented below:

### STATKEHOLDERS ENGAGEMENT PROCESS:

Stakeholders	Activity	Frequency	Management of Stakeholder Engagement	Effect and value to the Company
Shareholders	Annual General Meetings	Annually	The confidence put in the Company by the investors is honored and acknowledged by providing them with a steady rate of return on their investment. General meetings provide the shareholders a platform to voice their concerns and raise their queries which are addressed appropriately. The Company also engages shareholders through issuance of annual/quarterly financial reports and notices/updates.	The investors of capital help the Company to: • Convert its business plans into actions.  • Achieve its business targets.
	Extraordinary General Meetings	As required		
	Quarterly, Half-Yearly and Annual Reports	Annually / Quarterly		
	Analyst briefing	Continuous		
Customers and Suppliers	Customer Events	Continuous	The Company's primary customers include dealers, distributors and institutions. Customer Relationship Management is beyond extending credit facilities and trade discounts. Periodic engagements are held with customers in the form of dealers/distributors events. Various informal meetings are also held with customers and suppliers to maintain effectiveness of Supply Chain Management.	Customers' loyalty and effective supply chain is the key to the Company's sustainable business growth.
	Regular meeting with major suppliers	Continuous		
Banks and other lenders	Business briefings Periodic meetings Financial reporting Head office / site visits	Occasionally	Banks and other financial institutions are engaged by the Company on regular basis in relation to negotiation of short term financing arrangements, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of operational nature	Bank dealings are central to the Company's performance in terms of: • Access to better interest rates and financing terms. • Efficient Customer Service.
		As required		
		Continuous		
		As required		

Media	Media interviews  Website Update	As required  Continuous	Statutory notices and other public announcements required by law are generally circulated through print media. Multiple mediums are also used for advertisement and marketing purposes. Retail prices are notified through press-gazette. Furthermore, the website of the Company is also used as a medium to communicate information to stakeholders	<ul style="list-style-type: none"> <li>Media communication of the Company's achievements helps strengthen the brand image.</li> <li>Awareness of the company's status and activities is developed among the general public and potential investors.</li> </ul>
Regulators	Compliance	As required	The Company abides by the laws and regulations of the country and makes certain that all the requirements of relevant regulators are met in a timely manner. Various statutory forms and returns are periodically submitted as per requirements of the law in addition to the information required by regulators. Company constantly liaisons with the Government authorities and regulators in terms of matters/ issues relating to energy requirements of the Country.	Country's laws, regulations and other factors controlled by the Regulators set operating guidelines for the Company.
Analysts	Corporate Briefings	As required	The Company regularly engages with analysts on its financial and operating results, with due regard to regulatory restrictions imposed on inside information/trading.	Providing all the required information to analysts on the historical performance of the Company, material announcement made during the year and help them understand the industry and its dynamics more clearly to create a positive investor environment
Employees	In – house training programs	Continuous	Multiple in-house and external training are conducted for continuing professional developments of our employees. The Company provides a nurturing and employee friendly work environment.	The competent employees are the backbone of the Company. The Company's strategic, operational and tactical decisions taken by management are effectively implemented through our committed workforce.

### Encouragement of Minority Shareholders to attend General Meetings

The Company disseminates the annual report along with notice for its general and extraordinary meetings in the same manner as the majority shareholders – by publishing notices in English and Urdu newspapers having vast circulation, sending the notices to shareholders' postal addresses to encourage maximum attendance at the

meetings. Proxy form is also attached along with the notices to ensure their representation and participation, even if they are unable to attend, personally. The Company timely updates its website with respect to all notices of general meetings.

Shareholders are also encouraged to avail the facility of video conferencing (as per the prescribed procedures) and getting notices by email addresses (as provided by shareholders) to encourage maximum attendance at the meetings. The Company always facilitates and ensures shareholders' presence while entertaining their requests if feasible and viable. It values and honors their inputs, records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions. Shareholders can also actively participate during general meetings in discussions on operations, objectives and future strategy of the Company.

### Investor Relations Section on the corporate website

The corporate website is maintained and regularly updated under applicable regulatory requirements to disseminate comprehensive and up-to-date Company information regarding financial highlights, investor information, shareholding pattern, and other requisite information besides the link to SECP's investor education portal, the 'Jamapunji' and 'Service Desk Management System'. The 'Investors' Relations' section is also maintained on the website [www.powercement.com.pk](http://www.powercement.com.pk) to promote investor relations and facilitate access to the Company for grievance / other query registration.

### Issues raised at Last Annual General Meeting

29<sup>th</sup> Annual General Meeting was held virtually which was concluded with the passing of the resolutions – approval of minutes of previous general meetings, approval of annual audited financial statements together with the Directors' and the Auditors' Reports and appointment of M/s. A.F. Fergusons & Co. Chartered Accountants as external auditors for the financial year 2020-21.

### Stakeholder Engagement Policy

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

### Corporate Briefing Session

In pursuance of the requirements laid out by the Pakistan Stock Exchange, the Company conducted a Corporate Briefing Session via video-link on November 30, 2020. The session was attended by various analysts and shareholders. The Chief Financial Officer of the Company gave a detailed presentation on the financial performance of the Company. This was followed by a Q&A session answered the queries of the attendees.

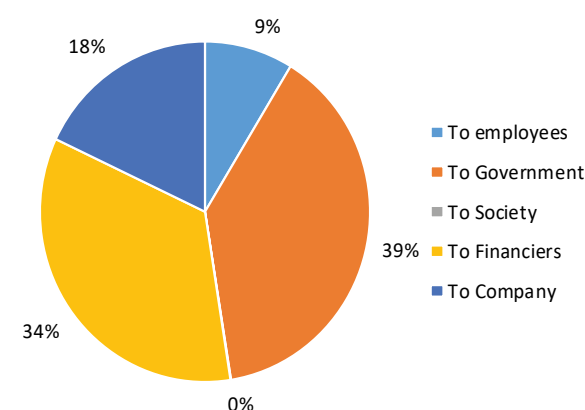
### Redressal of Investor Complaints

There were not any complaints lodged by investors during the year

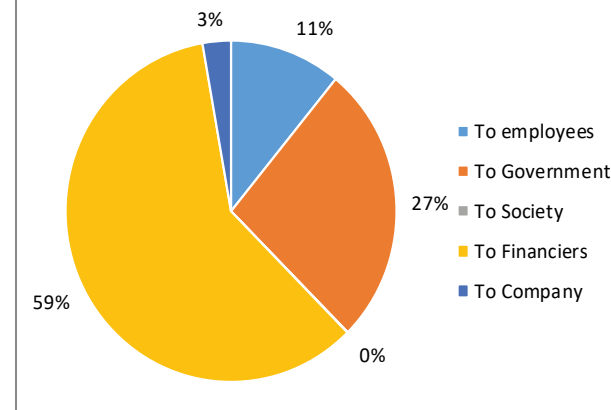
## STATEMENT OF VALUE ADDITION & DISTRIBUTION OF WEALTH

	FY21 Rs. in '000	%	FY20 Rs. in '000	%
<b>Wealth Created</b>				
<b>Turnover (including taxes)</b>	<b>19,702,055</b>		6,627,622	
Less: Operating cost & other general expenses	(12,163,817)		(1,633,429)	
<b>Total Wealth generated during the year</b>	<b>7,538,238</b>	<b>100.00%</b>	4,994,193	100.00%
<b>Distribution of Wealth</b>				
<b>To employees</b>				
Salaries, wages and other benefits	654,601	8.68%	544,333	10.90%
<b>To Government</b>				
Income tax, sales tax, excise duty and others	2,924,360	38.79%	1,330,771	26.65%
<b>To Society</b>				
Donation towards education, health and environment	4,027	0.05%	2,144	0.04%
<b>To Financiers</b>				
To Finance providers as Finance charges	2,599,439	34.48%	2,978,550	59.64%
<b>To Company</b>				
Depreciation, amortization & retained profit	1,355,811	17.99%	138,395	2.77%
<b>Total Wealth distributed during the year</b>	<b>7,538,238</b>		4,994,193	

**Wealth Distribution 2021**



**Wealth Distribution 2020**





# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY





# HEALTH, SAFETY AND ENVIRONMENT

## Corporate Policy

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

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

Our goal in respect of safety, health and environment is to minimize all adverse environmental and health impacts arising out of our operations, to conserve all kinds of resources and adhere to all legal regulations. The also Company encourages awareness in these areas amongst its employees, customers, suppliers. In order to ensure international standard HSE compliance, we have a dedicated HSE department to fortify effective systems of measuring, monitoring and reporting of compliance with health, safety and environment matters.

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

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

Health, Safety & Environment Policy – Statement  
The objectives and principles under which we shall guide our operations to assure compliance with the policy are to:

- Meet or exceed applicable legal environmental, health and safety requirements in Pakistan
- Confirm with the applicable Performance Standards of the International Finance Corporation
- Adopt our own standards, where laws and guidelines do not exist, to protect the environment and human health
- Continually improve our environmental, health and safety performance through ongoing monitoring of performance results and periodic management reviews, as well as consultation and participation of workers
- Provide sufficient resources and organization capacity

- to enable implementation of the policy
- Communicate the policy effectively to all employees, contractors and stakeholders
- Establish an Environmental, Social & Governance Board Sub-Committee, with published Terms of Reference and chaired by a Board Member that will meet each quarter/6 monthly
- Provide and publish an Environment, Health and Safety Annual Monitoring Report

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

## HSE Trainings

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



## HSE Awareness campaign (TBT)

At PCL, we have reinitiated "Toolbox Talk (TBT) Program" which will be part of HSE awareness campaign. HSE team members are visiting area by area along with Area In-charge and delivering general HSE information and specific safety instruction related to their jobs. "A toolbox talk is a casual team safety meeting that can be held at anytime, anywhere, with any team or staff to discuss a specific safety hazard and safe work practices" Main aim of this practice is to "Speak" about "Safety" in regular manner and improves the level of HSE awareness at our site.



## Tool Box Talks On site

On site TBT With workers using their native language

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

## Internal Audits

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

## Basic Awareness training about COVID-19

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

Including intro, how they are transmitted, how to assess the risk of infection and list basic hygiene measures to protect against infection and how to avoid its spreading  
All employees have been strictly advised to maintain safe distance of at least 6 feet from each other this is practiced in all working areas offices, messes areas and on site.





Environment Monitoring and results:

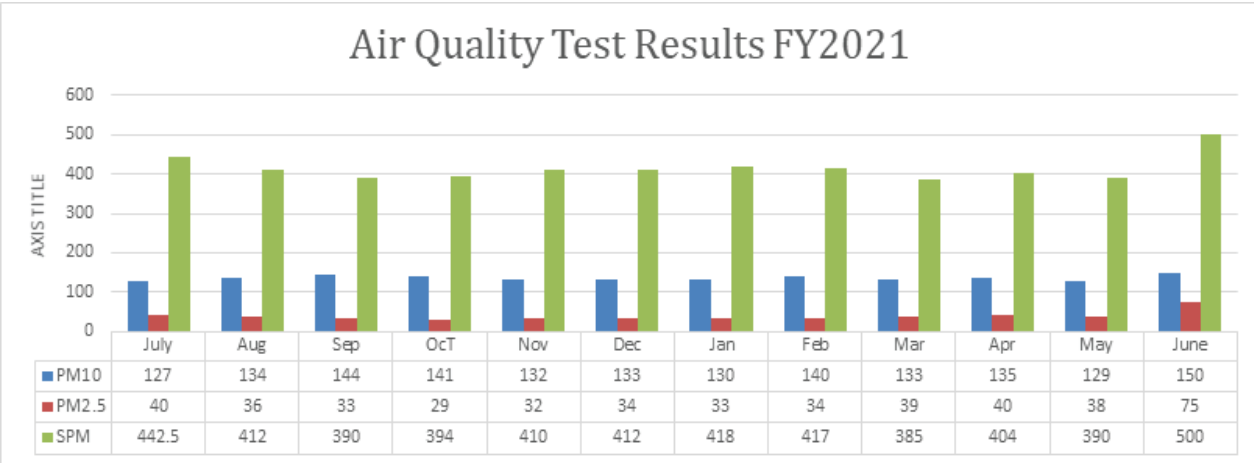
The objective of the environmental monitoring is to assess the compliance of activities being undertaken at Power Cement with all applicable environmental rules and regulations, the commitment made by in the EIA report to implement the Environmental Management Plan with the conditions of approval granted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

a) Ambient Air Quality

Ambient air monitoring for each month was carried out in the 2020-2021 at new line 3. Results of the ambient air monitoring in each month revealed the Air quality parameters levels are within the SEQS limits.

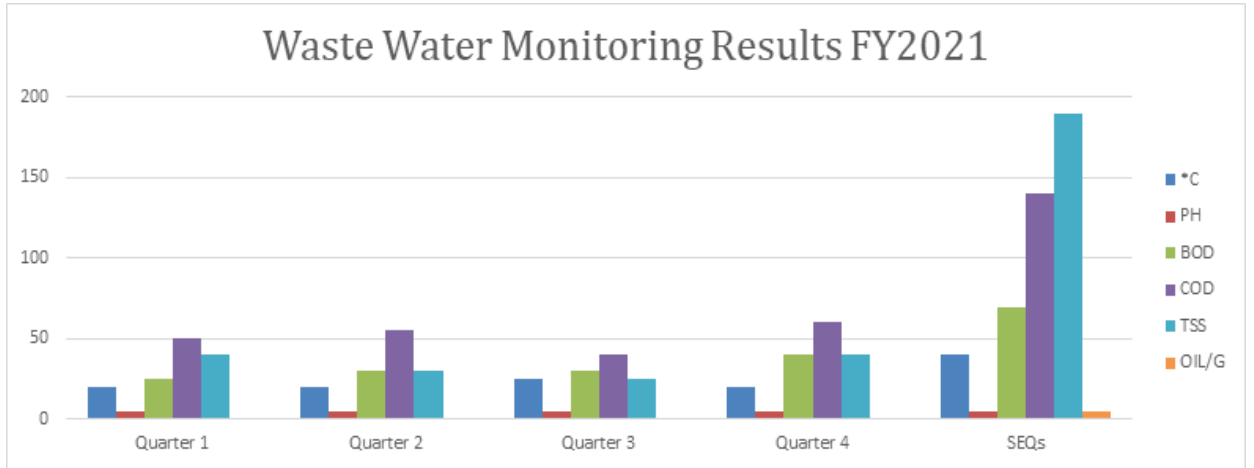
The results of Ambient Air Quality Monitoring are presented in the graph below The results of each month testing reports are observed and an average graph for the complete year is shown over here however few higher values of PM10, PM2.5 and SPM Are separated and their graphs are attached below:

PM10, PM2.5 and SPM Values for the complete year are shown below:



b) Wastewater Monitoring

Wastewater samples were taken from the septic tank every month throughout the year 2020-2021 and analyzed by EPA approved laboratory (EHS-Services) results presented in graph below (Quarter wise) showed that wastewater parameters were in compliance with SEQS.

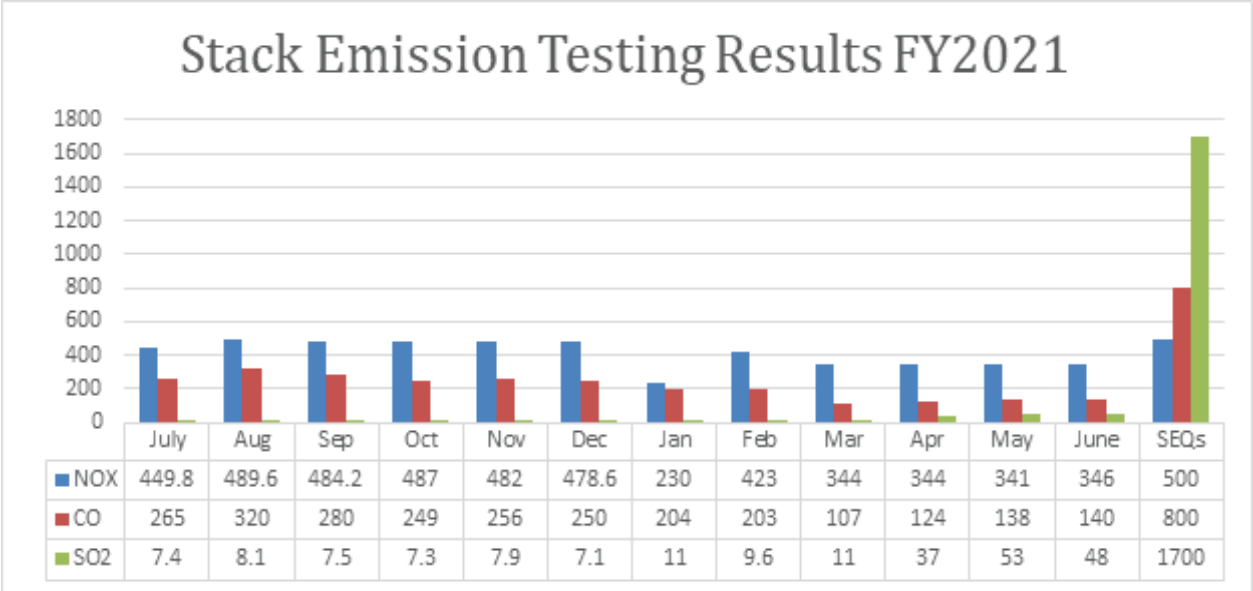


c) Stack Emission Monitoring

Stack emissions monitoring carried out in each month of the year 2020-2021, which showed that Stack emissions are in compliance with SEQS limits. Results of Stack emission monitoring are shown in the graph below

Main stack

At PCL there are 3 main point sources for stack emissions however the NOX,CO and SO2 results for the complete year is analyzed and listed as under:



Emergency Drill and Response

Emergency Drills:

Drills and exercises are used to rehearse anticipated emergency scenarios. They are designed to provide training, reduce confusion, and verify the adequacy of emergency response and equipment.

Drills and exercises are planned and implemented in an effort to educate everyone at PCL on the appropriate response in the event of a real emergency.

Lessons learned

In addition, lessons learned from these activities enhance PCL'S emergency prevention and response capabilities.



Emergency Response Plan:

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

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

Arrangements Include

- 1. All types of extinguishers readily available at all prompt locations
- 2. State of the art Fire tender Vehicle
- 3. Fire hydrant system with auto sprinklers and Hydrant pillars at more than 80 locations



Emergency Vehicle Inspection

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

- 1. State of the art Fire tender
- 2. Three Ambulances

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



First Aid Arrangements

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



Safety Sign Boards

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



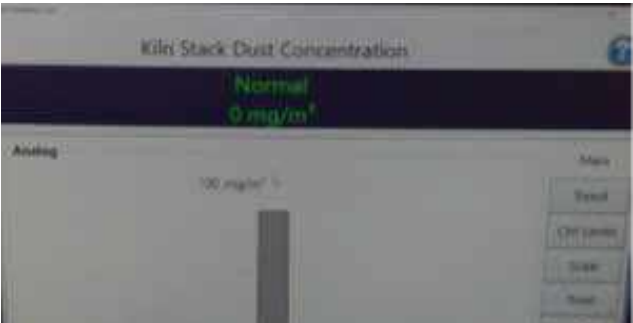
Legal Compliances

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

i. Emission control system

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

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



What went well

S.No.	Improvements, Safely Executed Jobs	Details
1	Reduced number of Incident/Accident	39 Total number of incident/accidents in this Year Number of Incident/ Accidents occurred during this quarter are comparatively low No any major incident or accident occurred
2	Employees awareness through Internal HSE Training	40 HSE Trainings conducted for our employees as per PCL HSE Training Plan Including 1) COVID-19 Basic awareness Training 2) Spill response training 3) Hazard Identification and Reporting 4) Fire fighting 5) ES-OHS-MS training 6) Work at Height 7) Shut Down Training 8) Driving Safety 9) General and Personal safety



S.No.	Improvements, Safely Executed Jobs	Details
3	Site safety	HSE walkthrough, inspections and assessments being frequently conducted to check inspect and correct unsafe situations, unsafe acts or behaviors to promote site safety and to implement all SOP'S.

Environmental Compliances:

Bag Filters installed at PCL

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

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

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

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



Storage of Clinker and raw materials at PCL

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

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



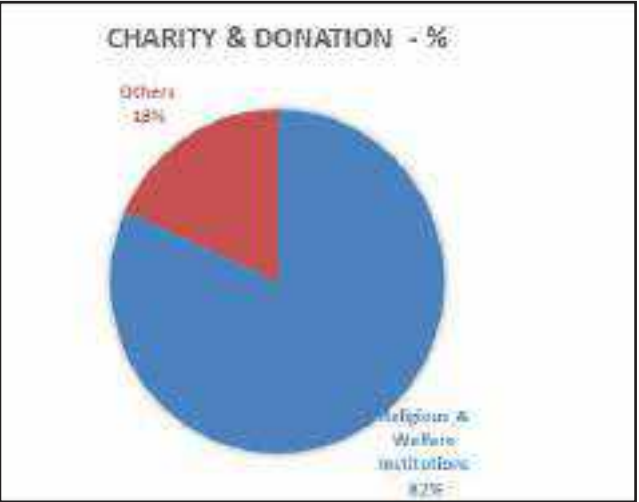
INDUSTRIAL RELATIONS

The Company is mindful of its employee & industrial relations and has developed a set of thorough policies, procedures and rules which regulate employee relations. To fulfill its legal responsibility, the Company also has a Funded Gratuity Plan in place, as the post-employment benefit for all permanent employees. The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc

CORPORATE SOCIAL RESPONSIBILITY

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

During the current fiscal year, the Company has disbursed PKR 4.03 million (2020: PKR 2.8 million) as donation to different trusts, charity institutions and welfare organizations.



CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, Company has contributed an amount of approx. Rs. 2.9 billion towards national exchequer in shape of taxes, duties, cess, levies etc.

QUALITY

The Company, through its mega expansion plan of installing 7700 TPD, plans to manufacture cement through the plant based on state of the art technology of world renowned FLSmidth A/S Denmark. Quality is assured through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. To ensure that each bag being used by our valued consumers is of the highest quality, all stages of the production process right from the selection of raw materials, drying, grinding, homogenization, clinkerization and the finished product are tested rigorously. The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipment connected on-line with Central Control Room through PLC system. The frequency of sampling and testing along with control parameters is pre defined.

Procedures Adopted for Quality Assurance:

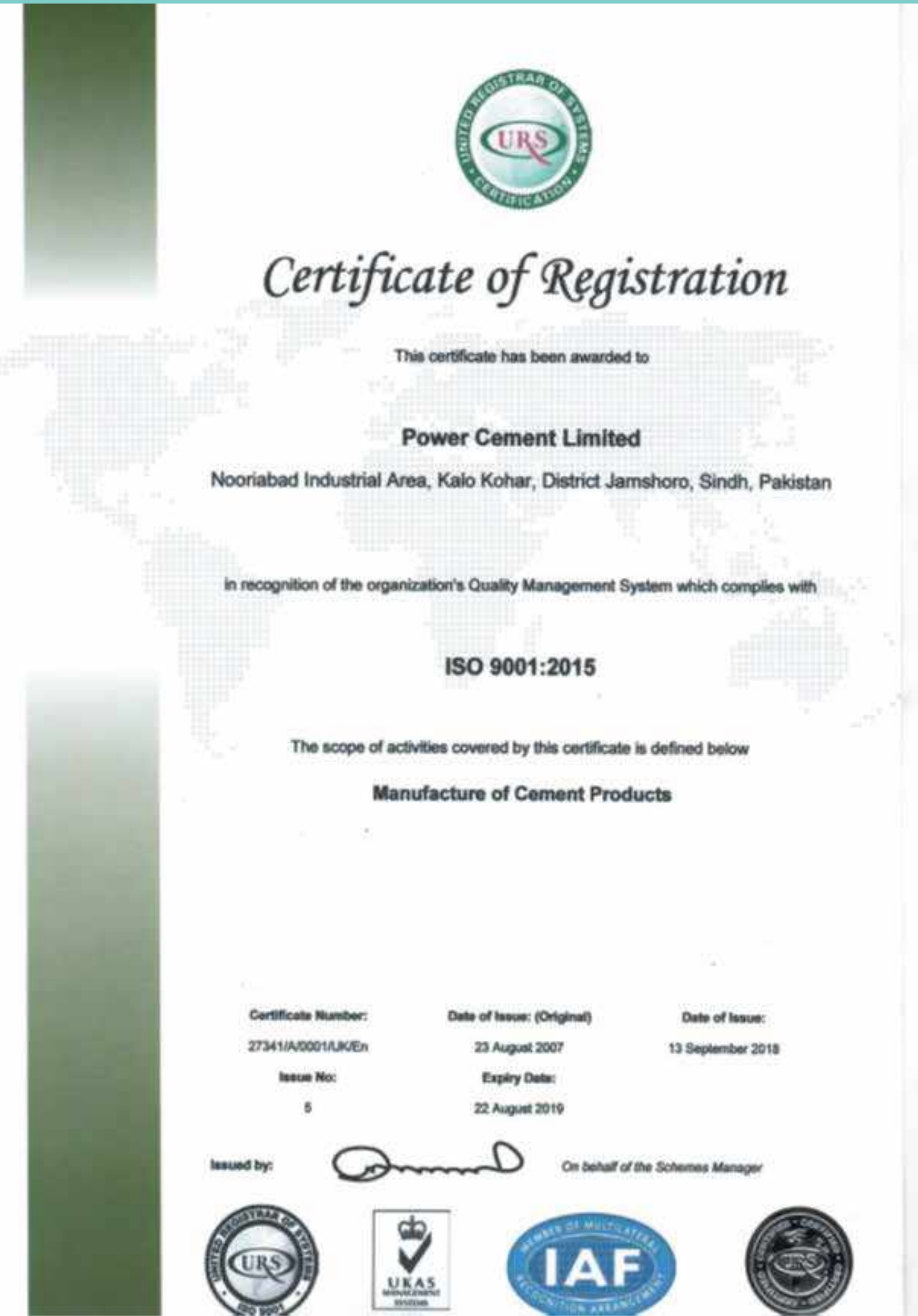
Main purpose is to ensure that the cement produced:

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

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

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

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





# Certificat

Certificate

N° 2020/88495.1

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

## POWER CEMENT LIMITED

for the following activities:  
pour les activités suivantes :

### MANUFACTURING OF CEMENT PRODUCTS.

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

## ISO 14001: 2015

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

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

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

2020-10-16

until  
jusqu'au

2023-10-15



SignatureFournisseur

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

The electronic certificate only, available at [www.afnor.org](http://www.afnor.org), attests in real-time that the company is certified. Seul le certificat électronique, consultable sur [www.afnor.org](http://www.afnor.org), fait foi en temps réel de la certification de l'organisme. COFRAC accreditation n° 4-0001, Management Systems Certification. Scope available on [www.cofrac.fr](http://www.cofrac.fr). Accreditation COFRAC n° 4-0001, Certification de Systèmes de management. Portée disponible sur [www.cofrac.fr](http://www.cofrac.fr). AFNOR is a registered trademark. AFNOR est une marque déposée. CERTIF 0056.9 - EN 07/2020

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



# Certificat

Certificate

N° 2020/88496.1

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

## POWER CEMENT LIMITED

for the following activities:  
pour les activités suivantes :

### MANUFACTURING OF CEMENT PRODUCTS.

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

## ISO 45001:2018

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

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

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

2020-10-16

until  
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### CONSUMER PROTECTION MEASURES

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



# COVID WORKING UPDATES

## Introduction

To mitigation the risks of COVID-19 local transmission, our HSE Team has taken all the necessary precautions to avoid its spreading in our employees these precautions include:

### 1. Basic Awareness training about COVID-19

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



### 2. On site TBT With workers using their native language

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



### 3. Caution sign

Caution signs are displayed at various locations for awareness about covid-19 Including basic steps to stay safe and how to maintain safe distance or how to use sanitizer



### 4. Hand wash and sanitizers

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



## 5. Fumigation sprays

Fumigation spray also carried out for the Corona Virus to disinfect PCL Site as well as offices and accommodations.



## 6. Personal Protective Equipment

Personnel protective equipment are also provide regarding COVID-19 at the plant including face mask, surgical or disposable gloves and safety goggles.



## 7. Temperature checking

Temperature is also being checked by HSE at the main entrance of Factory 24 Hours. Register being maintained for persons coming in and out from factory on daily basis



## 8. Disinfection Gate

In continuation of precautionary measures taken to prevent and control spread of corona virus in PCL, disinfectant walkthrough gates were required for which We have installed 2 Disinfection gates at Main gate and Main CCR



A part from that we have also provided small spray bottles filled with Dettol to each office so that they can themselves use it whenever required and our HSE Team is also spraying on all such locations to disinfect all doors tables and chairs etc see attached pictures.

## 9. Maintaining Safe Distance

We at PCL are maintaining safe distance at

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







Maintaining Safe Distance at Mess and Accommodations



Maintaining Safe Distance at offices



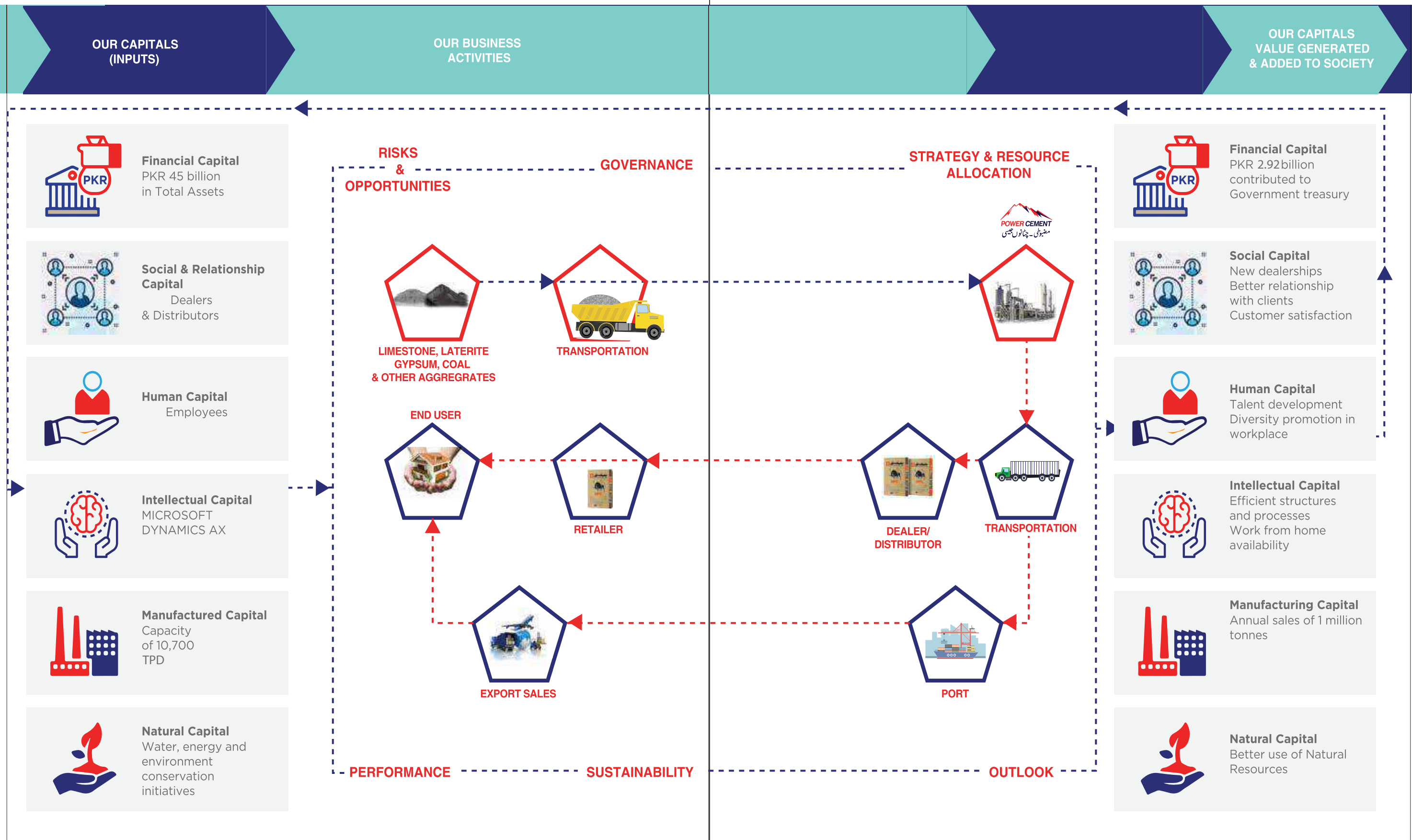
Maintaining Safe Distance in Vehicles



Caution signs inside vehicles



# BUSINESS MODEL



## BUSINESS MODEL – Key Elements

Capitals	Key Elements
Input	Raw Material (Limestone, Gypsum, Shale Clay)
Business Processes	Manufacture of Cement
Output	Clinker and cement produced
Outcome	Economic and social benefits

### Key Outputs

#### Profit after Tax

PKR 358 million

#### Market Capitalization

PKR 10.5 billion for Ordinary Shares and PKR 2.6 billion for Preference Shares

#### Capacity Utilization

Capacity Utilization of installed capacity: 73%

## AWARDS & ACHIEVEMENTS

The Joint Evaluation Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMA Pakistan) has announced the winners of the Best Corporate and Sustainability Report (BCSR) 2020 Awards and Power Cement Limited has been ranked 3rd in the sector out of 16 operational listed cement companies of Pakistan





# STRIVING FOR EXCELLENCE IN CORPORATE REPORTING



## STATEMENT OF ADOPTION AND ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

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

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

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

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Performance and position
- Outlook
- Stakeholders' relationship and engagement

- Sustainability and corporate social responsibility
- Business model
- Excellence in corporate reporting

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

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

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

Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is in detail is explained in note 2.1 of the annual financial statements.



A.F. FERGUSON & CO.

### INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF POWER CEMENT LIMITED

#### Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Power Cement Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Chartered Accountants  
Karachi

Dated: October 7, 2021

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

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# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2021

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

1. The total number of directors are 7 (seven) as per the following:

	Category	Number of Directors
a)	Male	6 (Six)
b)	Female	1 (One)

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

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

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

3. The Directors have confirmed that none of them is serving as a Director on more than seven (7) listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act, 2017 and these Regulations.
9. Majority of the Directors have complied with the requirements of Directors' Training program.
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The Chief Financial Officer and the Chief Executive Officer have duly endorsed the financial statements before the approval of the Board.
12. The Board has formulated the following committees comprising of the given below:
- Audit Committee  
Ms. Saira Nasir  
Mr. Nasim Beg  
Mr. Syed Salman Rashid  
Chairperson
- Human Resource and Remuneration Committee  
Mr. Javed Kureishi  
Mr. Muhammad Kashif Habib  
Mr. Syed Salman Rashid  
Chairman
13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the Committees were as per following:

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

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and are registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Company Secretary or Director of the Company.
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S.No.	Non-Mandatory Requirement	Explanation	Reg. no.
1	The Code encourages the companies that at least 75% of the Directors have obtained DTP certification by June 30, 2021	The Company has seven directors whereof one director is exempt from this requirement by virtue of his qualification and experience and four out of the remaining six directors have obtained DTP certification.	19
2	The Board may constitute a separate Committee, designated as the nomination Committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the Nomination Committee are being taken care at Board level.	29(I)
3	The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The responsibilities as prescribed for the Risk Management Committee are being taken care at Board level.	30(I)
4	No person shall be appointed as the Company secretary unless he holds the qualification as specified under the relevant Regulations by the Commission: the same person shall not simultaneously hold office of chief financial officer and the Company secretary of a listed Company.	The Company continued to vest both responsibilities of CFO & Company Secretary in the same individual to benefit the Company from his rich working experience on these positions of listed companies, to achieve the cost optimization and to have the unity of engagement in dealing with internal and external stakeholders.	24



Muhammad Kashif Habib  
Chief Executive Officer  
September 29, 2021



Nasim Beg  
Chairman



# INDEPENDENT AUDITOR'S REPORT

To the members of Power Cement Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Power Cement Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 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.

### 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
(i)	<b>Revenue from contracts with customers</b>  <i>(Refer note 28 to the financial statements)</i>  The Company recognizes revenue from the sale of cement to domestic as well as export customers when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales have increased significantly by 245.7% which is substantially due to commencement of commercial production from new Clinker Production Plant.  We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> <li>- evaluated management controls over revenue and checked their validation;</li> <li>- performed verification of sales with underlying documentation including sales orders, sales invoices and delivery challans;</li> <li>- performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period; and</li> <li>- ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>
(ii)	<b>Deferred tax</b>  <i>(Refer note 8 to the financial statements)</i>  The Company has booked net deferred tax asset of Rs. 2.1 billion as at June 30, 2021 that mainly include carry forward losses.  Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax asset recognized in the statement of financial position at each reporting period.	Our audit procedures included the following: <ul style="list-style-type: none"> <li>- considered the expected timing of utilisation of the Deferred Tax Assets (DTA) keeping in view the relevant provision of Income Tax Ordinance 2002 that apply to the utilisation of tax losses;</li> <li>- determined the extent to which sufficient probable taxable profits would arise in the period within which the related losses would be available for utilization;</li> <li>- considered whether the tax balances were calculated using appropriate and substantively enacted tax laws and rates;</li> <li>- obtained financial projections from the Company's management;</li> </ul>





S.  
No.

## Key audit matters

How the matters were addressed  
in our audit

Recognition of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and tax credits can be utilized. The future taxable profits are based on management's projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses and tax credits.

Valuation of deferred tax asset is considered a key audit matter because the amounts involved are material, the complexities of the calculation of future taxable profits and the inherent uncertainty involved in forecasting taxable profits available in future periods.

- obtained understanding of the Company's process of preparing financial projections;
- evaluated the financial projections and assessed the likelihood of the Company generating sufficient future taxable profits; and
- ensured that presentation and disclosures related to deferred tax are being addressed appropriately.

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

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

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

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

## Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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



### Report on Other Legal and Regulatory Requirements

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

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

### Other Matter

The financial statements of the Company for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on October 06, 2020.

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



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

**Karachi**

Date: October 7, 2021

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE, 30 2021

Note	As at June 30		As at July 1
	2021	2020 Restated (Rupees in '000)	2019 Restated
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital And Reserves</b>			
<b>Share Capital</b>			
17	10,634,144	10,634,144	10,634,144
	2,445,853	-	-
	13,079,997	10,634,144	10,634,144
	-	523,754	-
<b>Reserves</b>			
<b>Capital Reserve</b>			
18	739,493	749,063	750,714
19	-	-	-
<b>Revenue Reserve</b>			
	(3,074,575)	(3,428,326)	188,743
	10,744,915	8,478,635	11,573,601
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
20	18,403,048	17,357,208	18,871,684
21	31,675	45,032	-
	1,997	7,079	-
22	108,965	94,931	57,923
	18,545,685	17,504,250	18,929,607
<b>Current liabilities</b>			
23	5,272,881	6,285,380	3,535,309
	126	126	126
24	1,258,520	1,777,146	1,153,972
25	680,000	1,922,099	-
26	7,679,924	7,750,086	4,904,444
21	11,755	7,772	-
20	1,297,872	1,775,711	175,995
	16,201,078	19,518,320	9,769,846
	34,746,763	37,022,570	28,699,453
<b>Total liabilities</b>			
<b>Contingencies and commitments</b>			
27			
<b>Total equity and liabilities</b>			
	45,491,678	45,501,205	40,273,054

## STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED JUNE 30, 2021

Note	As at June 30		As at July 1
	2021	2020 Restated (Rupees in '000)	2019 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
4	36,270,530	37,222,552	32,942,295
5	37,086	48,194	-
6	2,958	5,493	-
7	24,873	23,751	15,600
8	2,104,838	1,059,665	677,942
	42,338	24,159	19,635
	38,482,623	38,383,814	33,655,472
<b>Current assets</b>			
9	1,149,511	737,152	603,185
10	1,748,535	1,413,852	931,858
11	275,250	418,745	386,499
12	385,427	309,321	531,626
	512,210	372,374	525,930
13	529,816	630,597	494,480
	63,440	47,069	9,757
14	2,063,361	2,829,620	2,483,207
15	26,399	26,399	26,399
16	255,106	332,262	624,641
	7,009,055	7,117,391	6,617,582
	45,491,678	45,501,205	40,273,054
<b>Total assets</b>			

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

Chief Financial Officer

Chief Financial Officer

Director



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	Restated 2020
<b>Revenue from contracts with customers</b>	28	<b>14,220,613</b>	4,113,353
Cost of sales	29	<b>(11,130,976)</b>	(4,229,520)
<b>Gross profit / (loss)</b>		<b>3,089,637</b>	(116,167)
Selling and distribution expenses	30	<b>(1,195,573)</b>	(426,535)
Administrative expenses	31	<b>(254,537)</b>	(190,279)
Other income	32	<b>355,989</b>	80,129
Other operating expenses	33	<b>(30,892)</b>	(268,115)
Loss allowance on trade receivables		<b>(36,393)</b>	(67,259)
<b>Profit / (loss) from operations</b>		<b>1,928,231</b>	(988,226)
Finance income		<b>12,014</b>	12,467
Finance costs		<b>(2,611,453)</b>	(2,991,017)
Finance costs - net	34	<b>(2,599,439)</b>	(2,978,550)
<b>Loss before income tax</b>		<b>(671,208)</b>	(3,966,776)
Taxation	35	<b>1,029,567</b>	345,147
<b>Profit / (loss) for the year</b>		<b>358,359</b>	(3,621,629)
<b>Other comprehensive (loss) / income:</b>			
Items that are or may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges - net of tax		<b>71,555</b>	96,643
Adjustment for amounts transferred to profit or loss		<b>(71,555)</b>	(96,643)
		<b>-</b>	-
Items that will not be reclassified to profit or loss			
Actuarial loss on remeasurement of defined benefit obligations		<b>(5,845)</b>	(3,261)
Related deferred tax		<b>1,237</b>	7,821
		<b>(4,608)</b>	4,560
Other comprehensive (loss) / income for the year - net of tax		<b>(4,608)</b>	4,560
<b>Total comprehensive income / (loss) for the year</b>		<b>353,751</b>	(3,617,069)
<b>(Rupees)</b>			
<b>Earnings / (loss) per share - basic</b>	36	<b>0.17</b>	(3.41)

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

Chief Financial Officer

Chief Financial Officer

Director

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	<b>1,837,249</b>	2,067,051
Gratuity paid		<b>(32,212)</b>	(49,999)
Income tax (paid) / refund		<b>(150,296)</b>	160,419
Deposits paid		<b>(18,179)</b>	-
Financial cost paid		<b>(3,144,326)</b>	(753,458)
		<b>(3,345,013)</b>	(643,038)
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,507,764)</b>	1,424,013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure - operations		<b>(65,452)</b>	(866,870)
Capital expenditure - Project Line III		<b>-</b>	(6,167,307)
Interest received		<b>10,892</b>	11,490
Proceeds from sale of property, plant and equipment		<b>4,345</b>	80,143
<b>Net cash used in investing activities</b>		<b>(50,215)</b>	(6,942,544)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing		<b>(758,938)</b>	(58,169)
Proceeds from long-term financing		<b>1,657,120</b>	-
Lease rental paid		<b>(13,718)</b>	-
Expenses incurred on issuance of preference shares		<b>(13,479)</b>	-
Proceeds from short-term borrowing - net		<b>79,924</b>	2,992,000
Proceeds from issue of preference shares		<b>1,648,894</b>	-
Proceeds of loan from related party		<b>-</b>	4,042,853
Repayment of loan from related party - net		<b>(968,894)</b>	(1,597,000)
<b>Net cash from financing activities</b>		<b>1,630,909</b>	5,379,684
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>72,930</b>	(138,847)
Cash and cash equivalents at the beginning of the year		<b>(317,824)</b>	(178,977)
<b>Cash and cash equivalents at the end of the year</b>	40	<b>(244,894)</b>	(317,824)

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

Chief Financial Officer

Chief Financial Officer

Director

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital Issued, subscribed and paid up capital	Advance against preference right issue	Capital Reserve Hedging Reserve	Share Premium	Revenue Reserve Unappropriated profit / (accumulated loss)	Total Equity
	(Rupees in '000)					
Balance as at July 1, 2019 - previously reported	10,634,144	-	351,081	750,714	485,601	12,221,540
Effect of restatement as per note 3	-	-	(351,081)	-	(296,858)	(647,939)
Balance as at July 1, 2019 - restated	10,634,144	-	-	750,714	188,743	11,573,601
Total comprehensive loss for the year						
Loss for the year - restated	-	-	-	-	(3,621,629)	(3,621,629)
Issuance cost	-	-	-	(1,651)	-	(1,651)
Other comprehensive income	-	-	96,643	-	4,560	101,203
	-	-	96,643	(1,651)	(3,617,069)	(3,522,077)
Advance against preference right issue	-	523,754	-	-	-	523,754
Effect of restatement as per note 3			(96,643)			(96,643)
Balance as at June 30, 2020 - restated	10,634,144	523,754	-	749,063	(3,428,326)	8,478,635
Profit for the year	-	-	-	-	358,359	358,359
Issuance cost of preference shares net of tax	-	-	-	(9,570)	-	(9,570)
Preference shares issued	2,445,853	(523,754)	-	-	-	1,922,099
Other comprehensive loss	-	-	-	-	(4,608)	(4,608)
	2,445,853	(523,754)	-	(9,570)	353,751	2,266,280
Balance as at June 30, 2021	13,079,997	-	-	739,493	(3,074,575)	10,744,915

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



Chief Financial Officer



Chief Financial Officer



Director

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

## 1. THE COMPANY AND ITS OPERATIONS

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 2.1 Basis of preparation

## 2.1.1 Statement of compliance

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

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

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

## 2.1.2 Accounting convention

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

## 2.1.3 Critical accounting estimates &amp; judgements

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

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

- (i) Income tax payable / refundable

In making the estimates for income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

(ii) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in notes to these financial statements for valuation of present value of defined benefit obligation.

(iii) Inventories

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

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

iv) Property, plant and equipment

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

v) Provisions

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

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

vi) Hedging

Calculating the fair value of cross currency swap involves a complex procedure and any changes in fair value are recorded in the financial statements accordingly as disclosed in note 2.19.

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

### 2.2 Overall valuation policy

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

### 2.3 Foreign currencies

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

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

### 2.4 Property, plant and equipment

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

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

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

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

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

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

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

Depreciation other than plant and machinery is charged, on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the company, at the rates specified in note 4.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month prior to disposal.

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### Capital work-in-progress (CWIP)

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

### Capitalisable stores and spares

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### Ijarah

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

### 2.6 Intangible asset

These have probable economic benefit beyond one year and are recognised as intangible assets with finite useful lives at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged using the straight line method over asset's estimated useful life after taking into account residual value, if any.

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

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

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

### 2.7 Cash and cash equivalents

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

### 2.8 Dividends and appropriations

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

### 2.9 Inventories

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

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

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

### 2.10 Trade receivables, advances and other receivables

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 2.11 Borrowings and their cost

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

### 2.12 Trade and other payables

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

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

### 2.13 Income tax

#### a) Current

The charge for current taxation is based on the taxable income at the rate of taxation after taking into account tax credits, rebates available, if any.

#### b) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged to or credited in the statement of profit or loss and other comprehensive income.

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

### 2.14 Staff retirement benefits

#### Defined benefit plan

The Company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contribution are made to the fund in accordance with actuarial recommendations. The latest actuarial valuation of the scheme has been carried out as at June 30, 2021 using the Projected Unit Credit method. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to statement of other comprehensive income in the periods in which they occur. Past-service costs are recognised immediately in statement of profit or loss and other comprehensive income.

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

### 2.15 Provisions

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 2.16 Contingencies

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

### 2.17 Financial instruments

#### Initial recognition

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

#### Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

#### Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### Subsequent measurement

#### i) Financial assets at FVTOCI

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

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

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

#### iii) Financial assets and liabilities at FVTPL

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

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

### Impairment of financial asset

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

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

Loss allowance for trade receivables are always measured at an amount equal to 12 months ECLs.

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### Derecognition

#### i) Financial assets

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

#### ii) Financial liabilities

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

### 2.18 Trade and other payables

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

### 2.19 Derivative financial instruments and hedge accounting

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### Fair value hedges

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

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

### Cash flow hedges

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

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

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

### 2.20 Offsetting of financial assets and liabilities

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

### 2.21 Revenue recognition

Revenue is recognised when control of the goods is transferred i.e. when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Revenue is recognised as follows:

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

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

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

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

Profit on bank deposits is recorded on effective interest basis.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 2.22 Government grants

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

### 3. RESTATEMENT

- As disclosed in note 20.4 to these financial statements, the Company entered into a Musharaka arrangement with a syndicate of 16 local banks/ FIs and 3 foreign multilateral institutions/ DFIs under the long term syndicate finance facility of Rs 16,200 million. Foreign loans amounting to EUR 11.357 million and USD 26.5 million were locked in PKR through hedging contracts for the complete terms of the loan. EUR loan was hedged by Faysal Bank Limited through Arif Habib Equity (Private) Limited (AHEPL) at the exchange rate of PKR 162/- and PKR 164.5/- while the USD loan was hedged by Habib Bank Limited at the exchange rate of PKR 139.5/- and PKR 141.4/-. Previously these loans were recognized at their above stated locked exchange rates. The management has now re-assessed to remeasure these loans at the exchange rate prevalent at the reporting date and the same treatment has been applied since the inception of the loan instead off in the current year.
- An amount of Rs. 453.8 million on account of cheques paid to creditors/suppliers has been reclassified from Short term financing to Trade and other payables. Further, amounts of Rs. 84 million and Rs. 33.8 million have been reclassified from Short-term financing to Long-term financing and Current portion of long-term financing respectively. In addition to this reclassification, the Company has made few other re-classifications for the purpose of better presentation and comparison which are not significant to these financial statements.

The effect of the above mentioned changes have been presented below.

	As at July 1, 2019			As at June 30, 2020		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	(Rupees in '000)					
<b>Effect on statement of financial position</b>						
Long-term financing	17,959,094	18,871,684	912,590	16,312,174	17,357,208	1,045,034
Current portion of long-term financing	175,995	175,995	-	1,646,921	1,775,711	128,790
Deferred tax asset	413,291	677,942	264,651	753,425	1,059,665	306,240
Revenue Reserve	485,601	188,743	(296,858)	(3,126,291)	(3,428,326)	(302,035)
Hedging reserve	351,081	-	(351,081)	447,724	-	(447,724)
Trade and other payables	3,534,574	3,535,309	735	5,830,748	6,285,380	454,632
Short-term financing	4,904,444	4,904,444	-	8,321,808	7,750,086	(571,722)
<b>Effect on profit and loss and other comprehensive income</b>						
Other expense				(258,123)	(268,115)	(9,992)
Taxation				343,032	345,147	2,115
Cash flow hedges - effective portion of changes in fair value				96,643	-	96,643
						104,520
Loss per share				(3.40)	(3.41)	(0.01)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	4.1	35,926,941	13,371,372
Capital work-in-progress	4.4	-	23,413,542
Capitalisable stores and spares	4.5	343,589	437,638
		<b>36,270,530</b>	<b>37,222,552</b>

### 4.1 Operating assets

	Land lease hold	Factory building on leasehold land	Non factory building on lease hold land	Lease hold improvements	Plant and machinery	Factory and laboratory equipments	Quarry Equipment	Office equipment	Computer and peripherals	Furniture and fixture	Vehicles	Total
(Rupees in '000)												
<b>Year ended June 30, 2021</b>												
Opening net book value	112,425	346,787	113,616	16,935	12,634,595	51,001	1,128	24,799	8,987	32,092	29,007	13,371,372
Additions /transfer (at cost)	-	22,982	1,368,164	-	22,170,999	2,380	-	2,108	4,169	473	1,768	23,573,043
Disposals at NBV	-	-	-	-	-	-	-	-	-	-	(1,493)	(1,493)
Write off	-	(30,892)	-	-	-	-	-	-	-	-	-	(30,892)
Depreciation charge	-	(19,720)	(147,960)	(1,677)	(794,915)	(5,344)	(185)	(2,606)	(3,070)	(3,237)	(6,375)	(985,089)
Closing net bok value	112,425	319,157	1,333,820	15,258	34,010,679	48,037	943	24,301	10,086	29,328	22,907	35,926,941
<b>Gross carrying value basis At June 30, 2021</b>												
Cost	112,425	731,756	1,503,237	33,299	36,428,396	88,140	12,528	38,008	37,442	52,075	56,801	39,094,107
Accumulated depreciation	-	(412,599)	(169,417)	(18,041)	(2,417,717)	(40,103)	(11,585)	(13,707)	(27,356)	(22,747)	(33,894)	(3,167,166)
<b>Net book value</b>	112,425	319,157	1,333,820	15,258	34,010,679	48,037	943	24,301	10,086	29,328	22,907	35,926,941
<b>Year ended June 30, 2020</b>												
Opening net book value	3,025	365,039	13,013	18,817	4,593,905	53,884	1,327	24,486	11,745	23,880	36,858	5,145,979
Additions /transfer (at cost)	109,400	-	105,404	-	8,119,398	4,353	-	3,019	1,929	11,281	202	8,354,986
Disposals at NBV	-	-	-	-	-	(1,572)	-	-	(803)	-	(867)	(3,242)
Depreciation charge	-	(18,252)	(4,801)	(1,882)	(78,708)	(5,664)	(199)	(2,706)	(3,884)	(3,069)	(7,186)	(126,351)
Closing net bok value	112,425	346,787	113,616	16,935	12,634,595	51,001	1,128	24,799	8,987	32,092	29,007	13,371,372
<b>Gross carrying value basis At June 30, 2020</b>												
Cost	112,425	781,664	135,073	33,299	14,257,397	85,760	12,528	35,900	33,273	51,602	59,890	15,598,811
Accumulated depreciation	-	(434,877)	(21,457)	(16,364)	(1,622,802)	(34,759)	(11,400)	(11,101)	(24,286)	(19,510)	(30,883)	(2,227,439)
<b>Net book value</b>	112,425	346,787	113,616	16,935	12,634,595	51,001	1,128	24,799	8,987	32,092	29,007	13,371,372
<b>Rate of depreciation %</b>	-	5%	10%	10%	Units of production	10%	15%	10%	33%	10%	20%	

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

	Note	2021 (Rupees in '000)	2020
Cost of sales	29	968,124	113,109
Selling and distribution expenses	30	4,241	2,680
Administrative expenses	31	25,087	20,493
		<b>997,452</b>	<b>136,282</b>

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

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

4.3 The detail of operating asset sold, having net book value in excess of Rs. 500,000 each is as follows:

Asset	Cost	Accumulated Depreciation	Book value	Sale proceeds	Particulars of purchaser	Mode of disposal
Rupees						
Vehicle	2,800,000	(1,530,667)	1,269,333	2,800,000	Abdul Sattar Address: House No. 35, Street No.7, Block W, Madina Town, Faisalabad	Sale

### 4.4 Capital work-in-progress

	2021			
	Cost as at 1 July 2020	Additions	Transferred to operating fixed assets	Cost as at 30 June 2021
(Rupees in '000)				
Civil Works	1,368,164	-	(1,368,164)	-
Plant and Machinery	20,285,040	-	(20,285,040)	-
Waste Heat Recovery System	1,760,338	-	(1,760,338)	-
	<b>23,413,542</b>	<b>-</b>	<b>(23,413,542)</b>	<b>-</b>
	2020			
	Cost as at 1 July 2019	Additions	Transferred to operating fixed assets	Cost as at 30 June 2020
(Rupees in '000)				
Civil Works	790,054	578,110	-	1,368,164
Plant and Machinery	26,577,563	1,800,486	(8,093,009)	20,285,040
Waste Heat Recovery System	-	1,760,338	-	1,760,338
Others	5,797	-	(5,797)	-
	<b>27,373,414</b>	<b>4,138,934</b>	<b>(8,098,806)</b>	<b>23,413,542</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
<b>4.5 Capitalisable stores and spares</b>		<b>(Rupees in '000)</b>	
Opening balance		437,638	422,902
Additions during the year		10,379	28,375
Transferred to property, plant and equipment		(104,428)	(13,639)
Closing balance		343,589	437,638
<b>5. RIGHT-OF-USE ASSET</b>			
Opening balance		48,194	60,243
Modification	5.1	1,255	
Depreciation expense		(12,363)	(12,049)
<b>As at June 30, 2021</b>		<b>37,086</b>	<b>48,194</b>
<b>5.1</b>	This Right of use asset is booked on rented office premises.		
		<b>2021</b>	<b>2020</b>
		<b>(Rupees in '000)</b>	
<b>6. INTANGIBLE ASSET</b>			
Cost		7,606	7,606
Accumulated amortisation		(4,648)	(2,113)
		2,958	5,493
Carrying amount at the beginning of the year		5,493	-
Additions during the year		-	7,606
Amortisation during the year		(2,535)	(2,113)
Carrying amount at the end of the year		2,958	5,493
Rate of amortisation		33.33%	33.33%
<b>6.1</b>	Intangible asset comprises of computer software.		
<b>6.2</b>	The amortisation expense for the year has been charged off to administrative expenses		
	Note	2021	2020
		<b>(Rupees in '000)</b>	
<b>7. LONG-TERM INVESTMENTS</b>			
<b>Amortised cost</b>			
Defence savings certificates	7.1	16,199	15,077
Term deposit receipts	7.2	8,674	8,674
		24,873	23,751
<b>7.1</b>	These Defence Saving Certificates (DSCs) having face value of Rs 11.65 million are for a period of 10 years with maturity in 2026. These carry mark-up at effective interest rate of 7.44% per annum. These DSCs are pledged with the Nazir of High Court of Sindh as disclosed in note 27.1.		
<b>7.2</b>	These represent term deposits placed with local banks which carry profit at declared rates of 4.07% - 7.20% (2020: 6.5% - 12.5%) per annum.		

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 8. DEFERRED TAX ASSET / (LIABILITY)

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

	2021	2020
	<b>(Rupees in '000)</b>	
<b>Deductible temporary differences</b>		
Deferred liability - provision for gratuity	24,332	27,530
Loss allowance on trade receivables	28,664	26,672
Lease liability	9,698	15,313
Provision for stores, spares and loose tools	3,019	3,921
Unwinding of transaction cost	2,366	-
Provision for leave encashment	8,548	9,974
Exchange gain on hedged loan	43,056	123,367
Turnover Tax	401,299	187,990
Tax Credit	-	252,794
Carry forward tax losses	4,630,028	2,384,653
	5,151,010	3,032,214
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	(3,035,410)	(1,958,573)
Deferred exchange gain	(2,481)	-
Right-of-use assets	(8,281)	(13,976)
	(3,046,172)	(1,972,549)
Deferred Tax Assets	2,104,838	1,059,665

- 8.1** The deferred tax asset on unabsorbed depreciation, minimum tax, alternative corporate tax and tax credit on investment will be recoverable based on the estimated future taxable income and approved business plans and budgets in the next 5 years.
- 8.2** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2021 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.
- 8.3** Deferred tax asset has been restricted to 77% (June 30, 2020: Nil) of the total deferred tax asset based on the assumptions that export sales will continue to fall under Final Tax Regime and the Company will be able to achieve its export target as per expectation.
- 8.4** Taxable and deductible differences are booked in profit and loss except for, deferred liability - provision for gratuity and carry forward losses amounting to Rs. 1.24 million and Rs. 3.91 million (2020: Nil and 7.82 million) respectively.

	Note	2021	2020
		<b>(Rupees in '000)</b>	
<b>9. INVENTORIES</b>			
Raw material		107,618	46,186
Packing material		147,619	118,901
Semi-finished goods	9.1	735,330	298,436
Work-in-process		12,615	12,287
Finished goods		146,329	261,342
		1,149,511	737,152

- 9.1** This includes clinker held at port for export amounting to Rs. 70.50 million (2020: Rs. 86.30 million).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
<b>10. STORES, SPARES AND LOOSE TOOLS</b>			
Stores		433,566	256,698
Coal	10.1	752,461	802,318
Spares		567,372	364,367
Loose tools		8,655	3,988
		<u>1,762,054</u>	<u>1,427,371</u>
Less: Provision for slow moving / obsolete stock	10.2	(13,519)	(13,519)
		<u>1,748,535</u>	<u>1,413,852</u>

**10.1** This includes coal-in-transit amounting to Rs. 647 million (2020: Rs. 260 million).

**10.2** There is no movement in provision for slow moving / obsolete stock.

	Note	2021 (Rupees in '000)	2020
<b>11. TRADE RECEIVABLES - considered good</b>			
Secured		1,636	92,412
Due from related parties - unsecured	11.1 & 11.2	51,780	66,728
Due from other parties - unsecured		350,199	351,577
		<u>403,615</u>	<u>510,717</u>
Less: Loss allowance on trade receivables	11.3	(128,365)	(91,972)
		<u>275,250</u>	<u>418,745</u>

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

	2021 (Rupees in '000)	2020
Javedan Corporation Limited	8,954	26,167
Safe Mix Concrete Limited	42,826	40,561
	<u>51,780</u>	<u>66,728</u>

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

	2021 (Rupees in '000)	2020
1-30 days	3,411	4,264
31-60 days	5,871	1,300
61 days to 365 days	11,989	61,164
Over 365 days	30,509	-
	<u>51,780</u>	<u>66,728</u>

**11.2.1** Maximum aggregate due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 65 million (2020: Rs. 133 million).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
<b>11.3 Loss allowance on trade receivables</b>			
Balance at beginning of the year		91,972	24,713
Charge for the year		36,393	67,259
Balance at end of the year		<u>128,365</u>	<u>91,972</u>
<b>12. ADVANCES AND OTHER RECEIVABLES - Unsecured (considered good)</b>			
To employees	12.1	44,603	56,628
To contractors and suppliers	12.2	78,799	54,942
Against letter of credit		70,767	6,210
Rebate receivable		7,713	7,857
Excise duty receivable	12.3	182,604	182,604
Others		941	1,080
		<u>385,427</u>	<u>309,321</u>

**12.1** These include personal and auto loan advances to executives amounting to Rs. 43.46 million (2020: Rs. 39.65 million). Maximum amount outstanding against advances to employees during the year was Rs. 43.46 million (2020: Rs. 47 million). The amount is payable on demand and is secured against retirement benefit entitlement of the employees.

	2021 (Rupees in '000)	2020
Movement in advances to executives during the year:		
Opening	39,654	38,561
Disbursed during the year	13,633	10,512
Repayments during the year	(9,827)	(9,419)
Closing	<u>43,460</u>	<u>39,654</u>

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

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

The refund was however, rejected by Collector of Appeals vide order in appeal number 01 of 2009 dated March 19, 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated January 24, 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 Central excise duty which, vide its order dated May 23, 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 March 19, 2009 and order number 02 of 2009 dated January 24, 2009 were set aside by ATIR and appeal was allowed. Based on the decision by ATIR and the tax advisor's opinion that the refund claim is allowed to the company, the company recorded the refund claim receivable with a corresponding credit to the profit & loss account. The matter has been challenged by the Tax Department in the High Court of Sindh vide its reference application 252/2012 dated September 2012 on the grounds that the Company has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of the Company. The hearing of the case is pending since September, 2012. The management is confident of a favourable outcome based on its legal advisor's opinion. The Company is actively pursuing the matter for the settlement of the said refund claim.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021 (Rupees in '000)	2020
<b>13. DERIVATIVE FINANCIAL ASSET</b>			
Opening		630,597	494,480
(Loss) / gain arising during the year		(100,781)	136,117
Closing		529,816	630,597
<b>13.1</b>	The Company has entered into multiple cross currency swap arrangements with commercial banks in connection with foreign currency borrowings as disclosed in notes 20.4 . Pursuant to the agreements, the Company's foreign currency borrowings up to USD 24.29 million (2020: USD 26.50 million) and EUR 10.41 million (2020: EUR 11.36 million) were converted into hedged Pakistan Rupee amount and the interest rate accruing thereon is payable to the hedging bank at 6 months KIBOR + spread ranging from positive 415 to 549 basis points.		
<b>13.2</b>	The above hedge of exposures arising due to variability in cash flows owing to currency risks have been designated as cash flow hedges.		
<b>14. TAX REFUNDS DUE FROM GOVERNMENT - SALES TAX</b>			
In February 2019 the Company has challenged the levy of sales tax on import of Plant in High Court of Sindh. The Court allowed an interim relief to the Company against submission of Bank Guarantee with the Nazir of the Court. A Bank Guarantee of Rs. 528 million had been submitted with the Nazir. As per the legal advisor of the Company, the Company has a strong case in this matter, even in worse case if the matter is decided against the Company, the resultant sales tax will be paid and adjusted against the output sales tax of the Company.			
	<b>Note</b>	<b>2021 (Rupees in '000)</b>	<b>2020</b>
<b>15. SHORT-TERM INVESTMENTS</b>			
<b>At Amortised Cost</b>			
Term deposit receipts	15.1	26,399	26,399
<b>15.1</b>	These are placed with local banks and carry profit at declared rates of 4.07% - 7.20% (2020: 6.5% - 12%) per annum and will mature in June 2021 (2020: June 2021).		
	<b>Note</b>	<b>2021 (Rupees in '000)</b>	<b>2020</b>
<b>16. CASH AND BANK BALANCES</b>			
Cash at bank			
<b>Conventional</b>			
- In current accounts		14,211	26,590
- In savings accounts	16.1	7,599	7,531
		21,810	34,121
<b>Islamic</b>			
- In current accounts		131,855	201,453
- In savings accounts	16.2	98,402	94,884
		230,257	296,337
- Term deposit receipts	16.3	2,100	926
		232,357	297,263
Cash in hand		939	878
		255,106	332,262
<b>16.1</b>	The mark-up rate on the savings and deposit accounts included in cash and bank balances ranges from 3.5%to 5% (2020: 6.5% to 12%) per annum.		
<b>16.2</b>	These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 3.5% - 5% (2020: 6.5% - 12%) per annum.		
<b>16.3</b>	This includes term deposit certificates placed with local banks and carry profit at declared rates of 4.07% - 7.20% (2020: 6.5% - 12.5%) per annum.		

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 17. SHARE CAPITAL

#### 17.1 Authorised share capital

	2021 (Number of Shares)	2020	2021 (Rupees in '000)	2020
1,310,000,000	1,310,000,000	Ordinary and Cumulative Preference Shares of Rs. 10 each	13,100,000	-

#### 17.2 Issued, subscribed and paid-up capital

	2021 (Number of Shares)	2020	2021 (Rupees in '000)	2020
<b>17.2.1 Ordinary Shares</b>				
Fully paid ordinary shares of Rs. 10 each issued:				
For cash	1,051,234,846	1,051,234,846	10,512,348	10,512,348
For consideration other than cash	840,000	840,000	8,400	8,400
Bonus shares	11,339,588	11,339,588	113,396	113,396
	1,063,414,434	1,063,414,434	10,634,144	10,634,144

#### 17.2.2 Cumulative preference shares

	2021 (Number of Shares)	2020	2021 (Rupees in '000)	2020
Fully paid Cumulative preference shares of Rs. 10 each				
Opening	-	-	-	-
Issued during the year for cash - note 17.3 and 17.4	244,585,320	-	2,445,853	-
	244,585,320	-	2,445,853	-

**17.3** 244,585,320 Cumulative Preference Shares (POWERPS) were issued during the year on which issuance costs incurred were Rs. 13.48 million which has been accounted for as a deduction from equity net of tax of Rs. 3.91 million.

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

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

- The rate of preferential dividend shall be six month KIBOR plus 1.5% per annum. The entitlement of dividend shall not lapse if no dividend is paid during that year and shall be carried forward to subsequent years;
- the preference shareholders will have the right to vote;
- Preference Shares will be convertible at the option of the preference shareholders into Ordinary Shares of the Company. The conversion option can be exercised upon the expiry of 12 months from the issue date by giving a thirty days notice in advance to the issuer. However, the accumulation of preference dividends will cease at the time of filing of conversion notice with the Company's Registrar;

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- conversion ratio is to be determined by dividing the aggregate face value of Preference Shares plus the outstanding balance of any accumulated / accrued Preferred Dividend (if not paid till conversion) by Rs. 7.5;
- the Preference Shares are non-redeemable and convertible into Ordinary Shares of the Company;
- there will be no change / revision in the rate of preferred dividend in case of accumulation;
- there is no upper limit of maximum accumulations of preferred dividend;
- Cash dividends in priority over any dividend to ordinary shareholders and holders of any subsequent issues / series of preference shares;
- In case of liquidation the preference shareholders shall be entitled to preferred liquidation rights prior to ordinary shareholders; and
- The preference shareholders shall not be entitled to bonus or rights shares, in case the Company / Directors decide to increase the capital of the Company by issue of further shares except for the adjustment in conversion ratio provided hereinabove referred terms and conditions.

**17.5** If cash dividend is not paid in any year, due to loss or inadequate profits, then such unpaid cash dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the Ordinary Shareholders subject to approval of the Board of Directors. As at June 30, 2021 the undeclared dividend on Cumulative Preference Shares amounted to Rs. 175.08 million (June 30, 2020: Nil).

**17.6** Shares held by the associated undertakings as at the statement of financial position date were 867,543,689 (June 30, 2020: 611,495,005) and Mr. Arif Habib is the ultimate beneficial owner of the Company on the basis of effective shareholding.

### 18. SHARE PREMIUM

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

### 19. HEDGING RESERVE

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
<b>20. LONG-TERM FINANCING</b>			
<b>Local currency loan</b>			
Syndicated loan	20.1.1 & 20.1.2	<b>13,041,227</b>	12,080,820
Term loan	20.2	<b>581,996</b>	307,991
Refinance scheme	20.3	<b>192,538</b>	117,825
		<b>13,815,761</b>	12,506,636
Current maturity		<b>(369,491)</b>	(1,216,481)
		<b>13,446,270</b>	11,290,155
<b>Foreign currency loan</b>			
Syndicated loan	20.4	<b>5,885,159</b>	6,626,283
Current maturity		<b>(928,381)</b>	(559,230)
		<b>4,956,778</b>	6,067,053
		<b>18,403,048</b>	17,357,208

**20.1.1** This includes funded / Musharaka contribution amount drawn (from a syndicate of 16 local banks/DFIs under the long-term syndicate finance facility of Rs. 16,200 million, for the expansion project of 7,700 TPD, led by National Bank of Pakistan as Investment Agent (June 30, 2020: Rs. 16,200 million). The said facility has been structured in Islamic mode of financing (Diminishing Musharaka) having Syndicate Term Finance Facility (STFF) of Rs. 16,200 million. The facility carries mark-up at the rate of 6 months KIBOR plus 2.25% (June 30, 2020: 6 months KIBOR plus 2.25%) per annum calculated on daily product basis with mark-up and principal repayment falling due on semi-annual basis. The facility is secured through first pari passu charge over current and fixed assets of the Company along with additional collaterals. This loan is payable through semi annual instalments in 10 years time starting from July 2018.

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- 20.2** This includes term loans obtained from a commercial bank for a period of 3 to 5 years at the rate of 3 months KIBOR plus 2% and 6 months KIBOR plus 1.5% with quarterly and semi-annual repayments. The loans were disbursed on May 01, 2019 and December 10, 2020 respectively. The loans are secured by the Sponsors of the Company.
- 20.3** This includes long-term loan agreements with Bank of Punjab under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loans are repayable in eight equal quarterly instalments, starting from March 2021. The loan carries mark-up of 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan is secured by way of first pari passu hypothecation charge on the fixed assets of the Company along with additional collaterals.
- 20.4** This represents 3 foreign multilateral institutions / DFIs under long-term syndicate finance facility of equivalent drawdowns of EUR 11.357 million, USD 11.357 million, USD 15.143 million disbursed by Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG), OPEC Fund for International Development (OFID) and Islamic Corporation Development (ICD) respectively for the expansion project of Line III. The Company has executed cross currency swaps with Habib Bank Limited and Faysal Bank Limited to hedge the Company's foreign currency payment obligation. This facility carries markup ranging between 6 months KIBOR plus 4.15% to 6 months KIBOR plus 5.49% with mark-up / principal repayment falling due on semi-annual basis with commercial Banks for cross currency swap. The facility is secured through first parri passu charge over current and fixed assets of the Company along with additional collaterals. The above hedge of exposures arising due to variability in cash flows owing to interest / currency risks were designated as cash flow hedges by the management of the Company.

	Note	2021 (Rupees in '000)	2020
<b>21. LONG-TERM LEASE LIABILITY</b>			
Balance at beginning of the year		52,804	60,243
Modification		1,255	-
Finance cost on lease		3,089	6,279
Payment		(13,718)	(13,718)
Balance at end of the year		43,430	52,804
Less: Current maturity shown under current liability		11,755	7,772
		31,675	45,032

- 21.1** The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Interest	Present value of future minimum lease
	(Rupees in '000)		
Less than one year	15,090	3,335	11,755
Between two to five years	34,858	3,183	31,675
More than five years	-	-	-
	49,948	6,518	43,430

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- 22. STAFF RETIREMENT BENEFITS**
- Provision for gratuity
- 22.1** Number of employees covered under scheme
- 22.2** As stated in note 2.14, the Company operates approved funded gratuity scheme for all management and non management employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2021.
- 22.3** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882; Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deed. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.
- 22.4** The latest actuarial valuation of the Plan as at June 30, 2021 were carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	2021 (Rupees in '000)	2020
<b>22.5 Balance sheet reconciliation as at June 30</b>		
Present value of defined benefit obligation	155,115	124,565
Fair value of plan assets	(46,150)	(29,634)
Deficit	108,965	94,931

	2021 (Rupees in '000)	2020
<b>22.6 Movement in the defined benefits obligations</b>		
Present value of defined benefits obligation as at July 01	124,565	116,026
Current service cost for the year	33,701	34,305
Interest cost for the year	10,117	13,729
Benefits paid during the year	(11,092)	(39,357)
<b>Remeasurements:</b>		
Actuarial losses from changes in financial assumptions	-	(1,537)
Experience adjustments	(2,176)	1,399
Present value of defined benefits obligation as at June 30	155,115	124,565
<b>22.7 Movement in fair value of plan assets</b>		
Fair value of plan assets as at July 01	29,634	18,935
Contribution during the year	32,212	49,999
Expected return on plan assets	3,417	3,456
Benefits paid during the year	(11,092)	(39,357)
Actuarial loss on plan assets	(8,021)	(3,399)
Fair value of plan assets as at June 30	46,150	29,634

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in '000)	
<b>22.8 Expenses recognized in the statement of profit or loss and other comprehensive income</b>		
Current service cost	33,701	34,305
Interest cost	10,117	13,729
Return on plan assets	(3,417)	(3,456)
	<b>40,401</b>	<b>44,578</b>
<b>22.9 Remeasurements recognised in other comprehensive income</b>		
Actuarial losses from changes in financial assumptions	-	(1,537)
Experience adjustments	(2,176)	1,399
	<b>(2,176)</b>	<b>(138)</b>
Actuarial loss on plan assets	8,021	3,399
Total Remeasurements Chargeable in Other Comprehensive Income	<b>5,845</b>	<b>3,261</b>
<b>22.10 Net recognized liability</b>		
Balance as at July 01	94,931	97,091
Charge for the year	40,401	44,578
Remeasurements chargeable in other comprehensive income	5,845	3,261
Contribution during the year	(32,212)	(49,999)
Balance as at June 30	<b>108,965</b>	<b>94,931</b>
<b>22.11 Composition of plan assets</b>	<b>2021</b>	
	Amount	Percentage
	(Rupees in '000)	
Cash and / or deposits	2,355	5.10%
Loans to members	43,795	94.90%
	<b>46,150</b>	<b>100.00%</b>
<b>22.12 Significant actuarial assumptions</b>		
<b>Financial assumptions</b>		
Discount rate	10.25%	8.50%
Expected rate of eligible salary increase in future years	9.25%	7.50%
Average expected remaining working life time of employees	15.43 Years	11 Years
<b>Demographic assumptions</b>		
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Moderate	Moderate
Retirement assumption	Age 60	Age 60

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 22.13 Description of the risks to the Company

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

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

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

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

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

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

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

### 22.14 Sensitivity analysis for the year ended June 30, 2021

	2021	
	PV of defined benefit obligation (Rupees in '000)	Rate effect
<b>Discount rate effect</b>		
Original liability	155,115	10.25%
1% increase	145,393	11.25%
1% decrease	166,381	9.25%
<b>Salary increase rate effect</b>		
Original liability	155,115	9.25%
1% increase	167,737	10.25%
1% decrease	144,064	8.25%
<b>Withdrawal rate effect</b>		
Original liability	155,115	
10% increase	155,606	
10% decrease	154,569	
<b>Mortality rate effect</b>		
Original liability	155,115	
+1 year	155,074	
-1 year	155,170	

### 22.15 Maturity profile

The average duration of defined benefit obligation is 11.16 years.

### 22.16 As per actuarial advice, the Company is expected to recognise a service cost of Rs. 46.82 million in 2022 (2021: Rs. 39.65 million)

### 22.17 The weighted average service duration of employees is 3.92 years.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

## 22.18 Analysis of present value of defined benefits obligations and fair value of plan assets

	2020-21	2019-20	2018-19	2017-18	2016-17
	(Rupees in '000)				
Present value of defined obligations	155,115	124,565	116,026	91,721	66,678
Fair value of plan assets	(46,150)	(29,634)	(18,935)	(12,939)	(9,289)
Deficit	108,965	94,931	97,091	78,782	57,389

## 22.19 Experience adjustments

	2020-21	2019-20	2018-19	2017-18	2016-17
	(Rupees in '000)				
Experience adjustment arising on plan liabilities	(2,176)	1,399	(216)	8,901	5,822

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

	Note	2021 (Rupees in '000)	2020
<b>23. TRADE AND OTHER PAYABLES</b>			
Trade creditors	23.1	890,839	964,946
Project Line III creditors	23.3	948,083	950,590
Royalty payable on raw material	23.4	9,752	15,475
Payable against Waste Heat Recovery System	23.5	214,161	1,709,016
Bills payable		828,653	563,905
Bills payable Line III	23.1	921,098	973,704
Accrued liabilities	23.1 & 23.2	370,083	437,590
Excise duty payable on raw material		6,859	8,953
Advances from customers	23.6	606,381	274,131
Retention money payable		1,130	1,130
Federal Excise Duty payable		380,267	259,342
Workers' Welfare Fund (WWF)		5,012	5,012
Withholding tax payable		39,241	76,734
Current portion of deferred Income - government grant		11,484	9,725
Leave encashment payable		38,279	34,392
Loan from previous sponsors		735	735
Others		824	-
		5,272,881	6,285,380

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

23.1 Creditors, Bills payable line III and accrued liabilities include Rs. 69.96 million, Rs. 921.09 million and Rs.1.50 million (2020: Rs. 67.14, Rs. 950.59 million and Nil) respectively in respect of amounts due to related parties.

23.2 This includes provisions pertaining to quarter tariff amounting to Rs 158.77 million (2020: Rs 158.77 million).

23.3 These represent an amount against which the company has adjustable claims. Claims shall be recognised once its realization become virtually certain. upon settlement of the claim , it will be adjusted against the balance of CWIP and Line III creditors.

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

23.5 The payable is secured against the corporate guarantee issued by the sponsors of the company equivalent to the contract price.

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

	Note	2021 (Rupees in '000)	2020
Opening balance		274,131	128,974
Advance received during the year		3,149,541	1,689,012
Revenue recognised during the year		(2,817,291)	(1,543,855)
Closing balance		606,381	274,131
<b>24. ACCRUED MARK-UP</b>			
On long-term financing		832,114	1,370,072
On loan from related parties		296,828	274,561
On short-term financing		129,578	132,513
		1,258,520	1,777,146
<b>25. LOAN FROM RELATED PARTY</b>			
Loan from associated company - unsecured	25.1	680,000	-
Loan from sponsor - unsecured	25.2	-	1,922,099
		680,000	1,922,099

25.1 This represents financing provided by our associate, Rotocast Engineering (Private) Limited in the Company under modaraba arrangement. Return at the rate of 1% of gross profit (excluding the depreciation charge for the year) is payable after dividing the gross profit as per the respective capital ratios provided in the modaraba agreement.

25.2 This represents loan from Sponsors of the company. It carries markup at the rate of 3 month Kibor plus 1.75% per anum (2020: 3 month Kibor plus 1.75%).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
<b>26. SHORT-TERM FINANCING</b>			
<b>Conventional</b>			
Running finance	26.1	250,000	300,000
Short-term borrowing under money market scheme	26.2	299,000	200,000
		549,000	500,000
<b>Islamic</b>			
Istisna / Musharaka / Murabahah	26.3		
Maturity within three months		250,000	350,086
Maturity after six months		6,180,924	4,750,000
Islamic Export Refinance Facility (IERF)	26.3	700,000	2,150,000
		7,130,924	7,250,086
		7,679,924	7,750,086
<b>26.1</b>	This represents short-term running finance facilities from the different commercial banks amounting to Rs. 250 million (June 30, 2020: Rs. 300 million). These carry applicable mark up at the rate of 3 months KIBOR plus 1.5% (June 30, 2020: 3 months KIBOR plus 1.5%) per annum calculated on daily product basis. The facility is annually renewable and mark-up on the facility is payable on quarterly basis. The facility is secured by first pari passu charge against current and fixed assets of the Company.		
<b>26.2</b>	This represents borrowing under money market scheme from Samba bank amounting to Rs. 299 million (June 30, 2020: Rs. 200 million). These carry applicable mark up at the rate of 3 months KIBOR plus 1% (June 30, 2020: 3 months KIBOR plus 1%) per annum calculated on daily product basis. The facility is annually renewable and mark-up on the facility is payable on quarterly basis. The facility is secured by first pari passu charge against current and fixed assets of the Company.		
	The aggregate amount of aforementioned facility which has not been availed as at the reporting date amounts to Rs. Nil (June 30, 2020: Rs. 3.2 million).		
<b>26.3</b>	This represents Istisna / Musharaka / Murabahah facilities aggregating to Rs. 7,150 million (June 30, 2020: Rs.7,300 million) repayable with a maximum tenure of 180 days from the date of disbursement. The IERF facility availed during the period carry markup at the rate of 3% per annum while other working capital facilities carry applicable profit at the rates ranging from KIBOR plus 0.75% to KIBOR plus 2% (June 30, 2020: KIBOR plus 0.75% to KIBOR plus 2%). These facilities are on yearly renewable basis. As at the reporting date, unavailed amount under these facilities amount to Rs. 20.07 million (June 30, 2020: Rs. 49.91) These are secured by first pari passu charge against current and fixed assets of the Company.		
<b>27. CONTINGENCIES AND COMMITMENTS</b>			
<b>27.1</b>	In 2017, the Company filed a suit 2269/2016 dated October 27, 2016; in the SHC; against CoscoSaeed Karachi Private Limited and others challenging its detention of the Company's cargo for the want of certain charges. On November 3, 2016; the Court ordered the release of the Company's cargo against deposit of Defence Saving Certificates amounting Rs. 11.65 million with the Nazir of the Court. Accordingly, the Company's cargo was released upon deposit of the requisite security. Legal counsel of the Company believes that the Company has a good arguable case on merits while next date of hearing of the same is awaited.		

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

<b>27.2</b>	During the year, certain cases in relation to workers as presented in the financial statements for the year ended June 30, 2020 have been settled out of court.
	In October 2019, an ex-labourer lodged a claim in the office of the of the Commissioner Workmen Compensation & Authority, on account of certain damages and unpaid dues, amounting to Rs. 5.50 million.
	The Company, based on certain legal grounds of legislative competence, still contributes EOBI calculated at the minimum wage of Rs 8,000/-. No demand has been established against the Company in this regard.
	In June 2021, an ex-labourer lodged a claim in the office of the of the Commissioner Workmen Compensation & Authority, on account of certain damages and unpaid dues, amounting to Rs.0.96 million.
	All above matters are pending at the mentioned fora and the management is confident based on its legal advisor's opinion that the outcome of these cases will be in favour of the Company.
<b>27.3</b>	A case was initiated on October 03, 2017 via suit 1129 of 2017 in the Court of Senior Civil Judge, Hyderabad against the Company for recovery of advertisement fees, the Company had engaged a legal counsel for that but the appellants have not produced any calculations in their appeal and hence the documents filed by them in the courts don't claim any specific amount. The case was dismissed by the Court and the appellants have preferred an appeal there against. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.
<b>27.4</b>	M/s.Popular Cement Industries approached the SHC seeking an order restraining the Company from excavating limestone from one of its quarries / mines - the prayer of the applicant was granted by the Court through its order dated February 25, 2019 passed under suit no. 349 of 2019, barring the Company from excavation of limestone from a mining lease. The matter is pending and a favourable outcome is expected by the Company's legal counsel.
<b>27.5</b>	A Constitutional Petition C.P No. 4374/2019 was filed by the Company on June 27, 2019 to challenge the levy of Sindh Infrastructure Development Cess. An interim relief was granted by the Court through its order dated July 26, 2019. As at June 30, 2020, amount involved in the matter is Rs.31 million against which bank guarantee had been submitted as security with the Collectorate. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.
	On June 06, 2021, the SHC decided in its judgement that the submitted bank guarantees be encashed and paid to the collectorate.
	On August 31, 2021, the Supreme Court of Pakistan has suspended the judgement passed by the SHC and stay the encashment of bank guarantees.
<b>27.6</b>	The Company filed petitions against the unjust imposition of quarterly tariff adjustments on bills charged by Hyderabad Electric Supply Corporation (HESCO) with the approval of NEPRA. The Court granted interim reliefs on refraining the respondents to take any adverse action with the submission of bank guarantee before the Nazir of the Court. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

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

### 27.8 SALES TAX MATTERS

**27.8.1** The Company received an order from Central Excise and Land Custom on October 28, 1992 alleging that the Sales tax and Central Excise Duty (CED) amounting to Rs. 15.21 million and Rs. 30.31 million respectively, were not paid on certain sales. Penalty of the Rs.45.52 million was also levied in the said order on account of non payment of above amount. The Company has however disputed the same on grounds of lack of jurisdiction as well as on the merits, the matter is sub-judice. The Honourable High Court of Sindh has granted stay against the said order and the case is currently pending with the Appellate Tribunal Inland Revenue, Karachi. During 2015, the Company received a notice from FBR raising demand of Rs. 60.62 million and Rs. 15.21 million under CED and Sales Tax including penalty respectively. The SHC has granted stay against the said demand notice. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

**27.8.2** During 2015, the Company received a show cause notice on January 22, 2015 from Deputy Commissioner Inland Revenue (DCIR) alleging that the Company is evading Sales tax and Federal Excise Duty (FED) which was calculated by comparing consumption of energy and coal of cement industry with the Company and also considering the grinded slag as cement on which FED is payable. DCIR alleged the Company for evading an amount of Rs. 551.86 million and Rs. 168.28 million in respect of Sales tax and FED respectively. Subsequently, physical verification of manufacturing premises was conducted on February 10, 2015 u/s 38 and 40B. Hearing was fixed on February 23, 2015 and demand notice was received on March 03, 2015 (dated February 26, 2015) for the recovery of Rs. 333.95 million and Rs. 106.47 million. The management of the Company filed an appeal with Commissioner Inland Revenue (CIR) Appeals on March 17, 2015 along with the application for urgent hearing, challenging the order on the grounds of judicial impartiality, lack of legal grounds under Sales Tax Act 1990 and Federal Excise Act, validity of order based on presumptions and lack of basic knowledge of cement industry. Simultaneously, application of stay was filed with CIR Appeals on March 17, 2015 and reference petition was filed with High Court of Sindh requesting a stay from legal action on the impugned order dated February 26, 2015, against which stay was granted to the Company by the High Court of Sindh on April 02, 2015. The Commission Inland Revenue (CIR) has preferred an appeal before the Appellate Tribunal Inland Revenue against order # 41 of 2017 passed by CIR (Appeals –II) on 27 September 2017.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

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

**27.8.3** The Company received a show cause notice from DCIR on June 13, 2015 alleging that the Company has adjusted inadmissible input tax on diesel purchased and consumed in the rented vehicles of the transporter of the Company under Sales Tax Act, 1990. The Company replied through a consultant via letter dated June 22, 2015 explaining that a Company has adjusted a valid input tax under the provision of Sales Tax Act, 1990. Subsequently, demand notice for recovery was received dated July 13, 2015 for an amount of Rs.17.36 million for adjusting invalid input tax with a penalty of Rs. 0.87 million against which the Company filed an appeal with CIR Appeals on August 04, 2015, along with application for the grant of stay. Hearing for the same was fixed on August 21, 2015.

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

**27.8.4** DCIR issued impugned order containing discrepancies as a result of purchases from black listed supplier who at the time of purchase were active tax payers, these relate to various months from 2009 to 2014 involving amount of Rs. 2.43 million in aggregate. The Company filed appeal under section 45-B of the Sales Tax Act, 1990 before Honourable Commissioner (Appeals) who through order dated August 31, 2016 set aside the DCIR's order in favour of the Company. The department preferred to appeal the said order of Honourable Commissioner (Appeals) before the Appellate Tribunal Inland Revenue Karachi which is pending for hearing. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

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

**27.8.6** During the year ended June 30, 2020, the Company received show-cause notice u/s 11(2) of the Act dated September 05, 2019 covering transactions of input tax claimed during tax periods from July 2018 to June 2019 alleging an amount of Rs. 946 million as inadmissible under the Act, the DCIR passed order vide no. 01/06/2020 dated August 06, 2020. The Company filed an appeal u/s 45B of the Act which was pending for hearing as on the date of this letter. On September 29, 2020, CIR (Appeals-I) has granted a stay, through order # 2020/211, against the mentioned DCIR's order.

During the year, CIR (Appeals-I) decided the case via order number STA/161/LTU/ 2021/08 dated February 11, 2021 partly in favour of the Company by vacating Rs. 461.91 million and remanding back Rs. 484.53 million to decide the matter afresh. The 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**27.8.8** A Special Sales Tax Reference Application No. 413/2019 was filed by the Commissioner Inland Revenue Zone –II on November 23, 2018 against the Appellate Tribunal Order decided in favour of the Company amounting to Rs 0.34 million. The case pertained to claim of input sales tax on certain communication expenses. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

**27.8.9** Appeal before CIR-Appeals is preferred by the Company against Order-in-Original (ONO) # 19/07/2019 dated April 30, 2019 creating demand of Rs 45.24 million including penalty of Rs 2.15 million through its order no.12 dated February 06, 2020 deleted demand of Rs. 42.08 million and corresponding penalty as well. The Company has filed before Appellate Tribunal Inland Revenue (ATIR) against disallowance of Rs.1.35 million which is pending for hearing. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

**27.8.10** The DCIR passed order vide no. 05/07/2020 dated December 27, 2019 creating demand of Rs.13.05 million along with penalty of Rs. 0.65 million. The Company filled appeal us/ 45B of the Act. The CIR-Appeals vide its order vacated the demand created to the extent of Rs.1.55 million. The Company paid Rs.4.82 million and filed appeal against the remaining disallowance before ATIR hearing of this is pending till the date of this order.

During the year, the DCIR initiated the remanded back proceedings and concluded exercise by creating a demand of Rs 1.55 million along with the penalty of Rs 0.078 million. The learned DCIR while passing the aforesaid order failed to consider the reply filed by the Company, recognizing the mistake apparent on records the Company filed application for rectification of mistake u/s 57 of the Act on July 26, 2021, no action by the office of learned DCIR has yet been made on our application till date. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

### 27.9 INCOME TAX MATTERS

**27.9.1** 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. 19.30 million to the declared loss for the year.

The Company preferred appeal before CIR (appeals) under section 127 of the Ordinance on May 26, 2016. Hearing in this regard was held on June 6, 2016 and CIR (Appeals) issued order on February 4, 2020 confirming disallowance of Rs. 3.66 million. 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.

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

The Company has carried forward minimum tax of previous years amounting to Rs. 9.25 million at the reporting date and the Company expects to adjust the amount against the future taxable profits. The Company's legal counsel is of the opinion that the Company has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the adjustment is challenged by the tax authorities. In the above view, the management of the Company is confident that the ultimate outcome in this regard would be favourable. However during the year this minimum tax was charged off due to lapse of carry forward period.

The Company has challenged the applicability of Alternate Corporate Tax (ACT) via Constitutional Petition and filed Income Tax Return of TY 2016 based on Minimum Tax and accordingly no effect of (ACT) is taken in the tax liability and an interim order dated September 25, 2019 has been granted by the High Court of Sindh that no coercive action is to be taken against the Company till the pendency of the Constitutional Petition. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**27.9.3** 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%. The Company had also obtained an interim stay order from the SHC against the said provision of the law. However, the department preferred an appeal in the Supreme Court of Pakistan. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.

**27.9.4** During 2008, a customer has filed claim of Rs. 1.20 million before the Court of District & Session Judge Karachi (East), for recovery of financial loss due to sub-standard supply of cement via appeal no. 14/2008 and appeal no. 16/2013. The Honourable Judge has decided the order in favour of the customer. Thereafter, the Company filed a revision application against the order before the SHC. The management based on the advice of the lawyer is confident that the outcome of the case would be in favour of the Company and hence no provision is made in these financial statements.

**27.9.5** During the year ended June 30, 2013, the Company reversed liability amounting to Rs. 115.93 million in respect of previous sponsors loan on the basis of arbitration award in favour of the Company.

The management of the Company was taken over by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and / or unrecorded liabilities. However, due to dispute regarding existence of certain assets and / or unrecorded liabilities, the final amount of the previous sponsor's loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at June 30, 2012 amounted to Rs. 115.93 million i.e. Rs. 234.08 million net off with unavailable stores and spares of Rs. 118.15 million.

In 2013, the arbitrator decided in favour of the Company vide order dated August 6, 2012 and determined an amount of Rs. 0.74 million to be paid by the Company. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, the Company has strong grounds considering the fact that the Arbitration Award has been announced in Company's favour and the arbitration award will be made a rule of Court. Accordingly, the management had reversed the liability in 2013 with a corresponding credit in the profit or loss account. However, as previous sponsors have filed objections to the award, the matter has been disclosed as a contingent liability in these financial statements. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of the Company hence no provision is made in these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

27.10	Commitments	Note	2021 (Rupees in '000)	2020
	Commitments against open letter of credit for:			
	Coal		1,840,596	144,393
	Stores and spares		157,248	117,028
			1,997,844	261,421
	Commitments against letter of guarantees	27.10.2	6,702,700	5,392,000
	ljarah rentals		51,584	65,419
			6,754,574	5,457,419
	Total Commitments		8,752,418	5,718,840

**27.10.1** The amount utilized in respect of these facilities is Rs. 2.78 billion (2020: Rs. 1.73 billion).

**27.10.2** This includes Corporate Guarantee of Rs. 5,661 million (as approved by the Company's shareholders vide special resolution passed on June 23, 2018) issued to DEG (a Foreign Currency Long-Term Financier being part of the Company's long-term financing on behalf of the Arif Habib Equity (Private) Limited - a related party, being part of Company's long-term financing as disclosed in Note 20.

28.	REVENUE FROM CONTRACTS WITH CUSTOMERS	2021 (Rupees in '000)	2020
	Local	15,660,775	5,917,648
	Sales tax	(2,735,181)	(1,077,665)
	Federal excise duty	(2,444,812)	(1,203,089)
		(5,179,993)	(2,280,754)
	Commission	(51,918)	(19,009)
	Net local sale of goods	10,428,864	3,617,885
	Export sales	4,041,280	709,974
	Freight	(249,531)	(214,506)
		3,791,749	495,468
		14,220,613	4,113,353

**28.1** The Company sells cement and clinker to dealers and other organisations / institutions. Out of these, two (2020: two) of the Company's customers contributed towards 30.89% (2020: 37.34%) of the net revenue during the year amounting to Rs. 4.49 billion (2020: Rs. 1.62 billion).

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

	2021 (Rupees in '000)	2020
Malta	1,255,790	-
Bangladesh	725,227	204,810
Madagascar	662,614	6,854
Yemen	591,592	45,952
China	400,091	447,291
West Africa	258,066	-
Somalia	88,769	-
Seychelles	30,698	-
KEPZ	14,990	5,067
Tanzania	13,443	-
	4,041,280	709,974

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

29.	COST OF SALES	Note	2021 (Rupees in '000)	2020
	Salaries, wages and other benefits including retirement benefits	29.1	484,714	395,186
	Raw materials consumed		970,745	293,760
	Packing material consumed		864,442	372,066
	Stores, spares and loose tools		561,106	104,041
	Fuel and power		7,178,591	3,945,376
	Insurance		54,705	26,971
	Repairs and maintenance		275,450	103,660
	Depreciation		968,124	113,109
	Other production overheads		95,308	83,123
			11,453,185	5,437,292
	Work-in-process and semi-finished goods			
	Opening		310,723	480,056
	Purchases		-	262,979
	Closing		(747,945)	(310,723)
			(437,222)	432,312
	Cost of goods manufactured		11,015,963	5,869,604
	Finished goods			
	Opening		261,342	52,663
	Closing		(146,329)	(263,621)
			115,013	(210,958)
	Transferred To CWIP		-	(1,429,126)
			11,130,976	4,229,520

**29.1** This include Rs.23.963 million against staff retirement benefits (2020: Rs. 26.893 million).

30.	SELLING AND DISTRIBUTION EXPENSES	Note	2021 (Rupees in '000)	2020
	Salaries, wages and other benefits including retirement benefits	30.1	87,646	76,068
	Export expenses		843,043	263,820
	Depreciation		4,241	2,680
	Marking fee		6,899	6,157
	Advertisement		245,119	66,314
	Others		8,625	11,496
			1,195,573	426,535

**30.1** This include Rs. 8.949 million (2020: Rs. 9.947 million) against staff retirement benefits.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
<b>31. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits including retirement benefits	31.1	82,241	73,079
Travelling and conveyance		1,145	2,711
Printing and stationery		5,500	3,966
Repair and maintenance		15,027	556
Legal and professional charges		29,201	4,679
Auditor's remuneration	31.2	3,022	2,285
Rent, rates and taxes		1,296	15,086
Postage and telephone		2,987	3,265
Entertainment		11,724	10,360
Ijarah payments	31.3	19,860	14,096
Fees and subscription		39,504	20,439
Depreciation	31.4	25,087	20,493
Amortisation	6	2,535	2,113
Charity and donations		4,027	2,144
Provision for Federal Excise Duty		-	6,863
Others		11,381	8,144
		<b>254,537</b>	<b>190,279</b>
<b>31.1</b>	This include Rs. 7.487 million (2020: Rs. 7.738 million) against staff retirement benefits.		
<b>31.2 Auditor's remuneration</b>		2021	2020
<b>Audit Services</b>		(Rupees in '000)	
Audit fee		1,748	1,748
Half yearly review fee		400	300
Out of pocket expenses		572	137
		<b>2,720</b>	<b>2,185</b>
Fee for review of compliance with Code of Corporate Governance		227	50
Certifications for regulatory purposes		75	50
		<b>3,022</b>	<b>2,285</b>
<b>31.3 Ijarah payments</b>			
Total of future Ijarah payments under the agreement are as follows:			
Not later than one year		23,417	27,814
Later than one year but not later than five years		28,457	37,605
		<b>51,874</b>	<b>65,419</b>
<b>31.4</b>	This includes depreciation charged on right of use asset.		

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

		2021 (Rupees in '000)	2020
<b>32. OTHER INCOME</b>			
Gain on disposal of fixed assets		2,852	76,892
Grant income		16,967	370
Scrap sales		211	167
Exchange gain		335,959	-
Rebate Income		-	2,700
Workers' Welfare Fund - Expense		<b>355,989</b>	<b>80,129</b>
<b>33. OTHER OPERATING EXPENSES</b>			
Exchange loss		-	(257,252)
Other expenses		-	(10,863)
Assets written off		<b>(30,892)</b>	<b>-</b>
		<b>(30,892)</b>	<b>(268,115)</b>
<b>33.1</b>	This includes change in fair value of derivative financial asset amounting to Rs Nil (2020: Rs. 136.12 million).		
<b>34. FINANCE INCOME / (COST) - NET</b>			
Finance income:			
Income from PLS Savings account and term deposit- Islamic		10,892	11,490
Income from defence savings certificates		1,122	977
		<b>12,014</b>	<b>12,467</b>
Finance costs:			
Mark-up on short-term borrowings		(673,485)	(746,828)
Mark-up on loan from related parties		(22,267)	(294,561)
Unwinding of transaction cost		(10,597)	-
Mark-up on long-term financing		(1,835,405)	(1,925,438)
Mark-up on lease liability		(3,089)	(6,279)
Bank charges and commission		(66,610)	(17,911)
		<b>(2,611,453)</b>	<b>(2,991,017)</b>
		<b>(2,599,439)</b>	<b>(2,978,550)</b>
<b>35. TAXATION</b>			
Current - for the year	35.1	-	-
- prior year		(10,460)	-
Deferred		1,040,027	345,147
		<b>1,029,567</b>	<b>345,147</b>
<b>Relationship between income tax and accounting loss</b>			
Loss before taxation		<b>(671,208)</b>	<b>(3,966,776)</b>
Tax at the enacted tax rate 29% (2020: 29%).		194,650	1,150,365
Prior year tax		(10,460)	-
Others		845,377	(805,218)
		<b>1,029,567</b>	<b>345,147</b>
<b>35.1</b>	Tax liability for tax year 2021 and 2020 was based on minimum tax.		
<b>35.2</b>	The tax returns have been filed up to tax year 2020 (corresponding to financial year ended June 30, 2020) which are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).		

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**35.3** The Company commenced the commercial production of its "Cement production and dispatch plant in 2020 - the project was financed through equity proceeds and was hence entitled for a tax credit under section 65 E of the Income Tax Ordinance, 2001 for a period of five years. However, due to the availability of sufficient tax credit booked u/s 65B of the Income Tax Ordinance, 2001, no tax asset / income (in respect of tax credit available u/s 65E) has been recorded in the books of accounts in this year.

**35.4** For contingencies relating to taxation, please refer note 27.9.

### 36. Earning / (loss) per share

#### Basic

	2021 (Rupees in '000)	2020
Profit / (loss) after taxation	358,359	(3,621,629)
Adjustment for cumulative preference share dividend	(175,084)	-
Loss after taxation for calculation of basic loss per share	183,275	(3,621,629)
Weighted average number of ordinary shares	1,063,414,434	1,063,414,434
Gain / (loss) per share in rupee - basic	0.17	(3.41)

#### Diluted

Diluted earning per share has not been presented for year ended June 30, 2021 as it has anti-dilutive effect on earning per share.

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

### 37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

#### Financial risk management

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

- Credit Risk
- Liquidity Risk
- Market Risk

#### Risk management framework

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

	2021			2020		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	(Rupees '000)					
<b>Financial assets</b>						
<b>At amortised cost</b>						
Long term investments	-	24,873	24,873	-	23,751	23,751
Long term deposits	-	42,338	42,338	-	24,159	24,159
Trade debts	275,250	-	275,250	418,745	-	418,745
Advances and other receivables	385,427	-	385,427	309,321	-	309,321
Trade deposits and short term prepayments	63,440	-	63,440	47,069	-	47,069
Short-term investment	26,399	-	26,399	26,399	-	26,399
Cash and bank balances	255,106	-	255,106	332,262	-	332,262
<b>At fair value through profit or loss</b>						
Derivative financial asset	529,816	-	529,816	630,597	-	630,597
	<b>1,535,438</b>	<b>67,211</b>	<b>1,602,649</b>	<b>1,764,393</b>	<b>47,910</b>	<b>1,812,303</b>
<b>Financial liabilities</b>						
<b>At amortised cost</b>						
Long-term financing	-	18,403,048	18,403,048	-	17,357,208	17,357,208
Current portion of long term financing	1,297,872	-	1,297,872	1,775,711	-	1,775,711
Trade and other payables	4,185,960	-	4,185,960	6,285,380	-	6,285,380
Unclaimed Dividend	126	-	126	126	-	126
Mark-up accrued	1,258,520	-	1,258,520	1,777,146	-	1,777,146
Long-term lease liability	-	31,675	31,675	-	45,032	45,032
Current portion of Lease liability	11,755	-	11,755	7,772	-	7,772
Short-term borrowings	7,679,924	-	7,679,924	7,750,086	-	7,750,086
	<b>14,434,157</b>	<b>18,434,723</b>	<b>32,868,880</b>	<b>17,596,221</b>	<b>17,402,240</b>	<b>34,998,461</b>
<b>On statement of financial position date gap</b>	<b>(12,898,719)</b>	<b>(18,367,512)</b>	<b>(31,266,231)</b>	<b>(15,831,828)</b>	<b>(17,354,330)</b>	<b>(33,186,158)</b>
<b>Net financial (liabilities) / asset</b>						
Interest bearing	(10,113,571)	(18,367,512)	(28,481,083)	(11,180,975)	(17,354,330)	(28,535,305)
Non-interest bearing	(2,785,148)	-	(2,785,148)	(4,650,853)	-	(4,650,853)
	<b>(12,898,719)</b>	<b>(18,367,512)</b>	<b>(31,266,231)</b>	<b>(15,831,828)</b>	<b>(17,354,330)</b>	<b>(33,186,158)</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 37.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral.

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

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

	2021 (Rupees in '000)	2020
Long-term deposits	42,338	24,159
Trade receivables	275,250	418,745
Advances and other receivables	195,110	118,860
Trade deposits and prepayments	23,828	9,614
Bank balances	254,167	331,384
	<b>790,693</b>	<b>902,762</b>

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

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

	2021 (Rupees in '000)	2020
Domestic (Pakistan)	401,979	336,225
Exports	1,636	82,520
	<b>403,615</b>	<b>418,745</b>

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

	2021 (Rupees in '000)	2020
Dealers / distributors	125,443	166,978
End-user customers / exports	278,172	251,767
	<b>403,615</b>	<b>418,745</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 37.2.3 Expected Credit Loss (ECL)

The aging of trade receivables at the reporting date was:

	2021	2020
	Gross receivables (Rupees in '000)	ECL
1-30 days	194,526	9,798
31-60 days	18,907	668
61-365 days	56,061	14,287
Over 365 days	134,121	103,612
	<b>403,615</b>	<b>128,365</b>

### 37.2.4 Concentration of credit risk

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

### 37.3 Liquidity risk

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

### 37.4 Market risk

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

#### a) Currency risk

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

#### Exposure to currency risk

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

	2021			2020		
	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)	(Rupees in '000)	(US Dollars in'000)	(EUR in'000)
Trade and other payables in USD	(1,042,814)	(6,588)	-	(2,272,895)	(13,497)	-
Trade and other payables in EUR	(921,098)		(4,881)	(973,652)		(5,179)
Trade receivables	1,636	10.00	-	-	-	-
Foreign currency loan - denominated in EUR	(2,039,894)	-	(10,410)	(2,163,515)	-	(11,357)
- denominated in USD	(3,845,265)	(24,291)	-	(4,462,768)	(26,501)	-
<b>Gross exposure</b>	<b>(7,847,435)</b>	<b>(30,869)</b>	<b>(15,291)</b>	<b>(9,872,830)</b>	<b>(39,998)</b>	<b>(16,536)</b>
Hedging arrangement	5,106,033	24,291	10,410	5,570,217	26,501	11,357
<b>Net exposure</b>	<b>(2,741,402)</b>	<b>(6,578)</b>	<b>(4,881)</b>	<b>(4,302,613)</b>	<b>(13,497)</b>	<b>(5,179)</b>

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

	Average rates		Reporting date rate	
	2021	2020	2021	2020
	Rupees		Rupees	
US Dollars	161.80	162.68	158.30	168.40
EURO	191.52	183.00	188.71	188.00

### Sensitivity analysis

A ten percent strengthening or weakening of the Rupee against USD as at the year end would have increased or decreased the equity and profit or loss by an amount shown in the table below. This analysis assumes that all other variables, in particular the interest rates, remain constant. The analysis is performed on the same basis for 2020.

	2021	2020
	(Rupees in '000)	
Effect on profit or loss on 10% weakening of Rupee	(274,140)	(430,261)
Effect on profit or loss on 10% strengthening of Rupee	274,140	430,261

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

### b) Interest rate risk

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

	2021	2020
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
Financial assets		
- Term deposits	37,173	35,999
<b>Variable rate instruments</b>		
Financial assets		
- Bank balances	106,001	102,415
Financial liabilities		
- Short term borrowings	7,679,924	7,750,086
- Long term financing	19,700,920	19,132,919
	27,380,844	26,883,005

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net decreased the profit or loss of the Company as at June 30, 2021 by Rs. 266.02 million (2020: Rs. 258.27 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

### c) Price risk

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

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

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

	2021				
	Short term borrowings used for cash management purpose	Long term Borrowings	Hedging Reserve	Loan from related party	Total
	(Rupees in '000)				
Balance as at 1 July 2020	7,882,599	20,502,991	-	2,196,660	30,582,250
Changes from financing cash flows					
Proceeds of long term loan	-	1,657,120	-	-	1,657,120
Repayment of long term loan	-	(812,185)	-	-	(812,185)
Proceeds from related party loan	-	-	-	1,560,000	1,560,000
Repayment of related party loan	-	-	-	(2,802,099)	(2,802,099)
Total changes from financing activities	-	844,935	-	(1,242,099)	(397,164)
Other changes - interest cost					
Interest expense	673,485	1,835,405	-	22,267	2,531,157
Interest paid - note 37.4.1	(676,420)	(2,373,363)	-	-	(3,049,783)
Exchange gain on hedged loan	-	(276,934)	-	-	(276,934)
Changes in short term borrowings	(70,162)	-	-	-	(70,162)
Total loan related other changes	(73,097)	(814,892)	-	22,267	(865,722)
Total equity related other changes	-	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>7,809,502</b>	<b>20,533,034</b>	<b>-</b>	<b>976,828</b>	<b>29,319,364</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Short term borrowings used for cash management purpose	Long term Borrowings	2020 Hedging Reserve	Loan from related party	Total
	(Rupees in '000)				
Balance as at 1 July 2019	5,017,786	18,284,301	-	-	23,302,087
Changes from financing cash flows					
Repayment of long term loan	-	(175,994)	-	-	(175,994)
Proceeds from long term loan	-	1,922,099	-	-	1,922,099
Proceeds from related party loan	-	-	-	1,922,099	1,922,099
Total changes from financing activities	-	1,746,105	-	1,922,099	3,668,204
Other changes - interest cost					
Interest expense	746,828	1,925,438	-	274,561	2,946,827
Interest paid - note 36.4.1	(896,545)	(2,541,465)	-	-	(3,438,010)
Exchange loss on hedged loan	-	143,409	-	-	143,409
Capitalized borrowing cost	168,888	945,203	-	-	1,114,091
Changes in short term borrowings	2,845,642	-	-	-	2,845,642
Total loan related other changes	2,864,813	472,585	-	274,561	3,611,959
Total equity related other changes	-	-	-	-	-
Balance as at 30 June 2020	7,882,599	20,502,991	-	2,196,660	30,582,250

**37.4.1** This includes mark-up paid under Islamic mode of financing amounting to Rs. 3.06 billion.

### 37.5 Hedging activities and derivatives

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

#### Cash flow hedges

During the year, the Company had held cross currency swaps with commercial banks, designated as cash flow hedges of expected future principal repayments of loan from foreign lenders. The cross currency swaps were being used to hedge the currency risk in respect of long-term financing as stated in notes 20.4 to these financial statements.

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

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

The following potential sources of ineffectiveness are identified:

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### 37.6 Capital risk management

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

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

The Company is not required to maintain any regulatory capital.

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

	2021 (Rupees '000)	2020
Total borrowings - note 20, 25 & 26	28,060,844	28,805,104
Cash and bank - note 16	(255,106)	(332,262)
Net debt	27,805,738	28,472,842
Equity	10,744,915	8,478,635
Total capital	38,550,653	36,951,477
Debt to capital ratio	72%	77%

### 38. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

As at June 30, 2021, the estimated fair value of all financial assets and financial liabilities are approximate to their carrying values, as the items are either short term in nature or periodically repriced, except for derivatives which are carried at level 2 of fair value hierarchy.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

The valuation technique used is as follows:

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

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2021:

	2021			
Financial assets	Level 1	Level 2	Level 3	Total
Derivative assets - at fair value through profit and loss	-	529,816	-	529,816

### 39. CASH GENERATED FROM OPERATIONS

	2021 (Rupees in '000)	2020
Loss before taxation	(671,208)	(3,966,776)
<b>Adjustment for:</b>		
Depreciation and amortisation	999,987	138,395
Finance cost on short-term borrowings	740,095	1,059,300
Mark up on lease liability	3,089	6,279
Finance cost on long-term borrowings	1,835,405	1,925,438
Asset written off	30,892	-
Unwinding of gain on modification of loan	10,597	-
Exchange (gain) / loss	(335,959)	265,415
Gain on disposal of property plant	(2,852)	(76,892)
Grant income	(16,967)	(370)
Finance income	(12,014)	(12,467)
Loss allowance on trade receivables	36,393	67,259
Provision for gratuity	40,401	44,578
	<b>3,329,067</b>	<b>3,416,935</b>
<b>Operating profit before working capital changes</b>	<b>2,657,859</b>	<b>(549,841)</b>
<b>(Increase) / decrease in current assets</b>		
Inventories	(412,359)	(133,967)
Stores, spares and loose tools	(334,683)	(481,994)
Trade receivables	107,102	(99,504)
Advances and other receivables	690,153	882,779
Trade deposits and short-term prepayments	(16,371)	(37,312)
	<b>33,842</b>	<b>130,002</b>
(Decrease) / increase in trade and other payables	(854,452)	2,486,890
<b>Cash generated from operations</b>	<b>1,837,249</b>	<b>2,067,051</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees in '000)	2020
<b>40. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	255,106	332,262
Short-term financing: maturity within 3 months		
- Running finance	(250,000)	(300,000)
- Istisna	(250,000)	(350,086)
	<b>(244,894)</b>	<b>(317,824)</b>
<b>Note</b>	<b>2021</b>	<b>2020</b>
		(Metric tons)
<b>41. ANNUAL PRODUCTION CAPACITY</b>		
Production capacity		
- Clinker	3,210,000	2,151,250
- Cement	3,370,500	2,258,813
Actual production		
- Clinker	2,333,980	954,691
- Cement	1,809,737	733,684

### 41. ANNUAL PRODUCTION CAPACITY

Production capacity

- Clinker
- Cement

Actual production

- Clinker
- Cement

41.1

**41.1** Clinker production capacity utilization is 72.71% (2020: 44.38%) of total installed capacity.

**41.2** Cement production capacity utilization is 53.69% (2020: 32.48%) of total installed capacity. Actual production is less than the installed capacity in response to market demand.

### 42. 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Amounts due to related parties are shown under respective note to the financial statement. Details of transactions / balances with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2021 ----- (Rupees in'000) -----	2020
Aisha Steel Mills Limited	Associated company by virtue of common directorship	- Sale of goods - Payment received - Advance from customer	854 660 (71)	163 483 (265)
Safe Mix Concrete Limited	Associated company by virtue of common directorship	- Sale of goods - Payment received - Trade receivable	73,660 71,395 42,826	29,361 73,422 40,561
Javedan Corporation Limited	Associated company by virtue of common directorship	- Sale of goods - Payment received - Trade receivable - Other receivable	10,530 27,742 8,915 39	47,697 33,000 26,128 39
Rotocast Engineering Company (Private) Limited	Associated company by virtue of common directorship	- Services received - Lease rental - Loan received - Loan repaid - Mark-up accrued - Payments made - Amount payable against services received	13,442 13,718 1,560,000 880,000 2,843 24,025 1,114	13,442 13,718 - - - 30,009 (2,022)
Arif Habib Corporation Limited	Associated company by virtue of common directorship	- Loan received - Loan repaid - Mark-up accrued - Mark-up paid - Guarantee commission accrued - Guarantee commission paid - Guarantee commission payable	462,000 462,000 921 921 1,967 2,037 376	416,000 416,000 14,442 14,442 1,658 1,633 446
Arif Habib Equity (Private) Limited	Associated company by virtue of common directorship	- Amount received against shares - Loan repaid - Mark-up accrued - Mark-up paid - Shares issued - Loan payable (including mark-up)	730,000 154,445 227,232 296,719 730,000 1,798,719	416,000 416,000 4,957 348,645 262,580 2,020,397
Memon Health & Education Foundation	Associated company by virtue of common directorship	- Sale of goods - Payment received - Advance from customer	4,860 5,009 (149)	- - -
Mr. Arif Habib	Substantial shareholder	- Funds received - Repayments made - Mark-up accrued - Mark-up paid - Loan payable - Shares subscribed - Mark-up payable - Advance against preference shares	420,000 2,068,895 19,424 - - 796,959 292,722 -	4,042,853 1,597,000 294,561 20,000 1,922,099 - 274,561 523,754
Allied Rental Modraba	Associated company by virtue of common directorship	- Services received - Payments made - Amount payable against services received	26,494 26,144 350	- - -

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2021 ----- (Rupees in'000) -----	2020
EFU Life Assurance Limited	Associated company by virtue of common	- Services received - Payments made	3,001 3,001	4,141 4,141
Pakistan Stock Exchange Limited	Associated company by virtue of common directorship	- Services received - Payments made - Amount payable	5,772 5,772 -	1,186 1,186 -
Fatima Packaging Limited	Associated company by virtue of common	- Purchase of goods - Payments made - Amount payable	506,731 503,908 69,964	192,174 136,230 67,141
FLSmith A/S	Related party by virtue of nominee director	- Plant and machinery acquired - Services received - Amount payable	- - 921,098	- 689,000 973,704
Fatima Fertilizer Company Limited	Associated company by virtue of common directorship	- Purchase of goods - Payments made - Amount advance	3,661 3,686 (25)	- - -
All members of Company's Management Team	Key management	- Remuneration and other benefits - Advances disbursed to employees - Advances repaid by employees	240,993 13,633 9,827	230,049 8,431 9,419
Staff retirement benefit fund	Other related party	- Charge during the year - Contribution during the year	40,401 32,212	44,578 49,999

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

S.No.	Name of Related Party	Relationship	Direct Shareholding %
1	Aisha Steel Mills Limited	Associated Company(Common directorship)	Nil
2	Safe Mix Concrete Limited	Associated Company(Common directorship)	Nil
3	Javedan Corporation Limited	Associated Company(Common directorship)	Nil
4	Rotocast Engineering Company (Private) Limited	Associated Company(Common directorship)	Nil
5	Mr. Arif Habib	Sponsor / Substantial Shareholder	26.64%
6	Arif Habib Corporation Limited	Associated Company(Common directorship)	4.81%
7	Arif Habib Equity (Private) Limited	Associated Company(Common directorship)	21.47%
8	EFU Life Assurance Limited	Associated Company(Common directorship)	Nil
9	FLSmith A/S	Related Party (Nominee director)	1.85%
10	Fatima Packaging Limited	Associated Company(Common directorship)	Nil
11	Memon Health & Education Foundation	Associated Company(Common directorship)	Nil
12	Allied Rental Modraba	Associated Company(Common directorship)	Nil
13	Pakistan Stock Exchange Limited	Associated Company(Common directorship)	Nil
14	Fatima Fertilizer Company Limited	Associated Company(Common directorship)	Nil

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**42.2** 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.

### 42.3 Remuneration of Chief Executive, Directors and Executives

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees '000)					
Managerial						
remuneration	12,600	8,129	-	-	228,393	192,108
Retirement benefits	1,050	-	-	-	47,446	15,581
Directors' fees	-	-	625	350	-	-
	<b>13,650</b>	<b>8,129</b>	<b>625</b>	<b>350</b>	<b>275,839</b>	<b>207,689</b>
	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>60</b>	<b>64</b>

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

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

**42.4** In addition to the above, fee paid to 2 (2020: 2) non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 0.625 million (2020: Rs. 0.35 million).

### 43. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

Number of employees as at June 30

- factory	415	419
- office	74	74
	<b>489</b>	<b>493</b>

Average number of employees during the year

- factory	75	318
- office	75	67
	<b>75</b>	<b>385</b>

### 44. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the conversion option of Preference Shares into Ordinary Shares shall become available from September 15, 2021 as per the terms agreed.

### 45. DATE OF AUTHORIZATION FOR ISSUE

These financial information has been authorized for issue on September 29, 2021 by the Board of Directors.

Chief Financial Officer

Chief Financial Officer

Director

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## PATTERN OF SHAREHOLDING - ORDINARY SHARES

As at June 30, 2021

No. of Shareholders	Shareholdings		Total Shares
	From	To	Held
739	1	100	20,104
3033	101	1000	2,147,277
3777	1001	5000	11,577,013
1637	5001	10000	13,417,785
2260	10001	50000	55,181,258
459	50001	100000	35,214,094
406	100001	500000	92,679,598
59	500001	1000000	44,045,124
22	1000001	2000000	34,249,637
20	2000001	5000000	61,636,144
11	5000001	50000000	277,749,340
1	50000001	220000000	207,778,060
1	220000001	268719000	227,719,000
<b>12,425</b>			<b>1,063,414,434</b>

## PATTERN OF SHAREHOLDING - ORDINARY SHARES

As at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage %
Directors, Chief Executive Officer, And Their Spouse And Minor Children	6	45,793,795	4.31
Associated Companies, Undertaking And Related Parties.	6	625,293,382	58.80
NIT and ICP	1	607	0.00
Banks Development Financial Institutions, Non Banking Financial Institutions.	51	33,026,584	3.11
Insurance Companies	2	996,999	0.09
Foreign	140	1,120,890	0.11
Modarabas and Mutual Funds	54	35,508,673	3.34
General Public Local	12,124	287,534,216	27.04
Others	41	34,139,288	3.22
<b>Total</b>	<b>12,425</b>	<b>1,063,414,434</b>	<b>100</b>

## PATTERN OF SHAREHOLDING - ORDINARY SHARES

As at June 30, 2021

Categories of Shareholders	Number of Shares held	Percentage %
<b>Directors, Chief Executive Officer, and their Spouse and Minor children</b>		
Mr. Syed Salman Rashid	43,062,847	4.05
Mr. Muhammad Kashif Habib	2,623,082	0.25
Mr. Nasim Beg	105,243	0.01
Mr. Samad A. Habib	2,621	0.00
Mr. Javed Kureishi	1	0.00
Ms. Saira Nasir	1	0.00
	<b>45,793,795</b>	<b>4.31</b>
	-	
<b>Associated Companies, Undertaking And Related Parties.</b>		
Mr. Arif Habib	268,719,000	25.27
Arif Habib Equity (Private) Limited	207,778,060	19.54
Arif Habib Corporation Limited	44,137,652	4.15
Flsmidh A/S	24,152,000	2.27
Ifu Investment Partners K/S	40,253,335	3.79
The Investment Fund For Developing Countries	40,253,335	3.79
	<b>625,293,382</b>	<b>48.96</b>
<b>NIT and ICP</b>		
M/s. Investment Corporation of Pakistan (ICP)	607	0.00
	<b>607</b>	<b>0.00</b>

## PATTERN OF SHAREHOLDING - ORDINARY SHARES

As at June 30, 2021

Categories of Shareholders	Number of Shares held	Percentage %
<b>Banks, Development Financial Institutions and Non Banking Financial Institutions</b>		
Summit Bank Limited	18,870,416	1.77
Mohammad Munir Mohammad Ahmed Khanani Securities Limited	4,185,000	0.39
Ncc - Pre Settlement Delivery Account	3,790,001	0.36
J. P. Morgan Securities Llc	1,850,000	0.17
Platinum Capital Management (Private) Limited	1,000,000	0.09
Motiwala Securities (Private) Limited	500,000	0.05
Apex Financial Services (Pvt.) Limited	406,500	0.04
B & B Securities (Private) Limited	309,000	0.03
Dalal Securities (Pvt) Ltd.	260,000	0.02
Saa Capital (Pvt) Limited	218,177	0.02
Sikandar Commodities (Pvt.) Limited	200,000	0.02
Mra Securities Limited	191,000	0.02
Memon Securities (Pvt.) Limited	125,000	0.01
H M Investments (Pvt) Limited	100,232	0.01
Bawany Securities (Private) Limited	100,000	0.01
Shaffi Securities (Pvt) Limited	94,062	0.01
Mian Nazir Sons Industries (Pvt) Limited	84,000	0.01
Spinzer Equities (Private) Limited	80,000	0.01
Aba Ali Habib Securities (Pvt) Limited - Mt	74,500	0.01
Jsk Securities Limited	60,000	0.01
Djm Securities Limited	50,000	0.00
Gph Securities (Pvt.) Ltd.	45,000	0.00
Hh Misbah Securities (Private) Limited	43,000	0.00
Pearl Securities Limited	41,000	0.00
Cma Securities (Pvt) Limited	40,000	0.00
Growth Securities (Pvt) Ltd.	35,000	0.00
K.H.S. Securities (Pvt.) Limited	32,000	0.00
Nini Securities (Private) Limited	30,000	0.00
Aba Ali Habib Securities (Pvt) Limited	27,500	0.00
Dr. Arslan Razaque Securities (Pvt.) Limited	22,500	0.00
Salim Sozer Securities (Pvt.) Ltd.	20,245	0.00
Islamic Investment Bank Limited	20,203	0.00
Margalla Financial (Private) Limited	20,000	0.00
Amanah Investments Limited	17,500	0.00
Saa Capital (Pvt) Limited	15,000	0.00
Venus Securities (Pvt.) Limited	14,000	0.00
Y.H. Securities (Pvt.) Ltd.	13,000	0.00
Adam Securities Limited	11,000	0.00
Asda Securities (Pvt.) Ltd.	10,000	0.00
Tariq Capital (Private) Limited	10,000	0.00
High Land Securities (Pvt) Limited	5,000	0.00
Galaxy Capital Securities (Pvt) Limited	3,000	0.00
Escorts Investment Bank Limited	1,000	0.00
Nh Securities (Pvt) Limited.	786	0.00
Prudential Securities Limited	630	0.00
Sarfraz Mahmood (Private) Ltd	500	0.00
National Bank Of Pakistan	443	0.00
Naeem'S Securities (Pvt) Ltd	277	0.00
Lse Financial Services Limited	110	0.00
Azee Securities (Private) Limited	1	0.00
Maple Leaf Capital Limited	1	0.00
	<b>33,026,584</b>	<b>3.11</b>
<b>Insurance Companies</b>		
State Life Insurance Corp. Of Pakistan	676,169	0.06
Premier Insurance Limited	320,830	0.03
	<b>996,999</b>	<b>0</b>

## PATTERN OF SHAREHOLDING - ORDINARY SHARES

As at June 30, 2021

Categories of Shareholders	Number of Shares held	Percentage %
<b>Modarabas And Mutual Funds</b>		
Cdc - Trustee Mcb Pakistan Stock Market Fund	7,193,000	0.68
Cdc - Trustee Abl Income Fund - Mt	3,331,500	0.31
Cdc - Trustee Alfalah Ghp Islamic Stock Fund	2,460,000	0.23
Cdc - Trustee Alfalah Ghp Stock Fund	2,086,000	0.20
Cdc - Trustee Nit Income Fund - Mt	1,855,500	0.17
Adamjee Life Assurance Company Ltd-Imf	1,800,000	0.17
Mra Securities Limited - Mf	1,385,500	0.13
First Equity Modaraba	1,350,000	0.13
B.R.R. Guardian Modaraba	1,314,668	0.12
Cdc - Trustee Faysal Mts Fund - Mt	1,249,500	0.12
Mohammad Munir Mohammad Ahmed Khanani Securities Ltd. - Mf	1,245,000	0.12
Cdc - Trustee Alfalah Ghp Alpha Fund	916,000	0.09
Mcbfsl - Trustee Pak Oman Islamic Asset Allocation Fund	887,000	0.08
Trustees Treet Corp Limited-Group Employees Provident Fund	850,000	0.08
Bma Funds Limited [Pk1555-0 ]	700,000	0.07
Cdc - Trustee Meezan Islamic Fund	639,500	0.06
Trustees Treet Corporation Ltd Group Employees Service Fund	550,000	0.05
Cdc-Trustee First Habib Islamic Stock Fund	525,000	0.05
Askari Cement Ltd. Employees Provident Fund Trust	508,000	0.05
Cdc - Trustee Awt Income Fund	500,000	0.05
Cdc - Trustee Pakistan Capital Market Fund	450,000	0.04
Cdc - Trustee Alfalah Ghp Islamic Dedicated Equity Fund	397,000	0.04
Mcbfsl - Trustee Pak Oman Advantage Asset Allocation Fund	391,000	0.04
First Udl Modaraba	379,826	0.04
Cdc - Trustee Alfalah Ghp Value Fund	347,500	0.03
Cdc - Trustee Askari Asset Allocation Fund	334,000	0.03
Cdc - Trustee First Habib Stock Fund	300,000	0.03
Trustees Treet Corp Limited-Group Employees Gratuity Fund	200,000	0.02
Cdc - Trustee Mcb Pakistan Asset Allocation Fund	186,000	0.02
Cdc - Trustee First Habib Asset Allocation Fund	165,000	0.02
Cdc - Trustee Alfalah Ghp Income Fund	162,000	0.02
Cdc - Trustee First Capital Mutual Fund	150,000	0.01
Cs Capital (Pvt) Ltd	100,000	0.01
Axis Global Limited - Mf	83,000	0.01
Bawa Securities (Pvt) Ltd. - Mf	65,000	0.01
Cdc - Trustee Lakson Income Fund - Mt	62,500	0.01
Cdc - Trustee Akd Aggressive Income Fund - Mt	47,000	0.00
Js Global Capital Limited - Mf	46,000	0.00
Cdc - Trustee Pakistan Income Fund - Mt	32,500	0.00
Askari Securities Limited - Mf	31,500	0.00
First Alnoor Modaraba	28,500	0.00
Cdc - Trustee Mcb Dynamic Cash Fund - Mt	27,000	0.00
Cdc - Trustee Hbl Income Fund - Mt	26,500	0.00
First Udl Modaraba	25,000	0.00
Topline Securities Limited - Mf	25,000	0.00
Wah Nobel (Private) Limited Management Staff Pension Fund	23,000	0.00
Cdc - Trustee Pakistan Income Enhancement Fund - Mt	20,000	0.00
Bipl Securities Limited - Mf	20,000	0.00
Arif Habib Limited - Mf	16,500	0.00
First Udl Modaraba Staff Provident Fund	6,176	0.00
Fawad Yusuf Securities (Private) Limited - Mf	6,000	0.00
Market 786 (Private) Limited - Mf	5,000	0.00
Trustees Of Pakistan Mobile Communication Ltd-Provident Fund	2,500	0.00
Khoja (Pirhai) Shia Isna Ashari Jamat	1,503	0.00
	<b>35,508,673</b>	<b>3.34</b>
<b>Shareholders holding 5 % or more</b>		
Mr. Arif Habib	268,719,000	25.27
Arif Habib Equity (Private) Limited	207,778,060	19.54

## PATTERN OF SHAREHOLDING - PREFERENCE SHARES

As at June 30, 2021

No. of Shareholders	Shareholdings		Total Shares
	From	To	Held
27	1	100	596
184	101	1000	78,486
138	1001	5000	319,292
39	5001	10000	268,375
49	10001	50000	1,106,290
14	50001	100000	1,070,995
15	100001	500000	3,884,579
10	500001	1000000	7,772,547
2	1000001	2000000	3,785,000
4	2000001	5000000	14,880,000
4	5000001	50000000	58,723,329
2	50000001	79695831	152,695,831
<b>488</b>			<b>244,585,320</b>



## PATTERN OF SHAREHOLDING - PREFERENCE SHARES

As at June 30, 2021

No. of Shareholders	Shareholdings		Total Shares
	From	To	Held
27	1	100	596
184	101	1000	78,486
138	1001	5000	319,292
39	5001	10000	268,375
49	10001	50000	1,106,290
14	50001	100000	1,070,995
15	100001	500000	3,884,579
10	500001	1000000	7,772,547
2	1000001	2000000	3,785,000
4	2000001	5000000	14,880,000
4	5000001	50000000	58,723,329
2	50000001	79695831	152,695,831
<b>488</b>			<b>244,585,320</b>

## PATTERN OF SHAREHOLDING - PREFERENCE SHARES

As at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage %
<i>Directors, Chief Executive Officer, And Their Spouse And Minor Children</i>	5	24,994,569	10.22
<i>Associated Companies, Undertaking And Related Parties.</i>	3	171,461,945	70.10
<b>Banks Development Financial Institutions, Non Banking Financial Institutions.</b>	7	3,390,611	1.39
<i>Foreign</i>	1	3,000	0.00
<i>Modarabas and Mutual Funds</i>	54	874,479	0.36
<b>General Public Local</b>	411	40,296,601	16.48
<b>Others</b>	7	3,564,115	1.47
	<b>488</b>	<b>244,585,320</b>	<b>100</b>

## PATTERN OF SHAREHOLDING - PREFERENCE SHARES

As at June 30, 2021

Categories of Shareholders	Number of Shares held	Percentage %
<i>Directors, Chief Executive Officer, and their Spouse and Minor children</i>		
Mr. Syed Salman Rashid	20,699,454	8.46
Ms. Rehana Salman	3,690,000	1.51
Mr. Muhammad Kashif Habib	603,308	0.25
Mr. Nasim Beg	1,205	0.00
Mr. Samad A. Habib	602	0.00
	<b>24,994,569</b>	<b>10.22</b>

### *Associated Companies, Undertaking And Related Parties.*

Mr. Arif Habib	79,695,831	32.58
Arif Habib Equity (Private) Limited	73,000,000	29.85
Arif Habib Corporation Limited	18,766,114	7.67
	<b>171,461,945</b>	<b>70.10</b>

### *Banks, Development Financial Institutions and Non Banking Financial Institutions*

First Choice Securities Limited	2,000,000	0.82
Ghani Osman Securities (Private) Limited	1,000,000	0.41
Memon Securities (Pvt.) Limited	221,500	0.09
Motiwala Securities (Private) Limited	115,000	0.05
Saao Capital (Pvt) Limited	50,180	0.02
Saao Capital (Pvt) Limited	3,450	0.00
Shaffi Securities (Pvt) Limited	481	0.00
	<b>3,390,611</b>	<b>1.39</b>

### *Insurance Companies*

State Life Insurance Corp. Of Pakistan	676,169	0.28
Premier Insurance Limited	320,830	0.13
	<b>996,999</b>	<b>0</b>

### *Modarabas And Mutual Funds*

B.R.R. Guardian Modaraba	756,990	0.31
First Udl Modaraba	110,359	0.05
First Alnoor Modaraba	7,130	0.00
	<b>874,479</b>	<b>0.36</b>

### **Shareholders holding 5 % or more**

Mr. Arif Habib	79,695,831	32.58
Arif Habib Equity (Private) Limited	73,000,000	29.85

## PATTERN OF SHAREHOLDING

As at June 30, 2021

"Statement Showing Shares Bought and Sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children From July 1, 2020 to June 30, 2021.

### Ordinary Shares

Name	Designation	Shares bought / subscribed	Shares sold
Mr. Nasim Beg	Chairman	100,000	-
Mr. Syed Salman Rashid	Director	-	16,500,000
Mrs. Rehana Salman	Spouse	-	3,000,000

### Preference Shares

Name	Designation	Shares bought / subscribed	Shares sold
Mr. Muhammad Kashif Habib	Chief Executive	603,308	-
Mr. Syed Salman Rashid	Director	20,699,454	-
Mrs. Rehana Salman Rashid	Spouse	3,690,000	-
Mr. Nasim Beg	Chairman	1,205	-
Mr. Samad A. Habib	Director	602	-

BCR CRITERIA INDEX

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1.05	Organization chart indicating functional and administrative reporting, presented with legends.	Page#20-21
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1.10	Significant changes from prior years (regarding the information disclosed in this section).	Page#24-25
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6	Disclosure of discounts on revenue.	N/A
7	Sector wise analysis of deposits and advances.	N/A
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16	Treasury shares in respect of issued share capital of a company.	
17	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought.	
18	Management assessment of sufficiency of tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years.	
19	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	Page# 189
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21	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	
22	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
23	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A
24	Standards, amendments and interpretations adopted during the current year along with their impact on the company's financial statements.	N/A
25	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the company's financial statements.	N/A

# NOTICE OF THE 30<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the Shareholders of Power Cement Limited ("the Company") will be held on **Thursday, October 28, 2021 via video-link at 04:30 p.m.** to transact the following business:

## Ordinary Business:

- 1) To receive, consider and adopt the audited financial statements for the year ended June 30, 2021 together with the Board of Directors' and Independent Auditors' reports thereon.
- 2) To appoint Auditors and fix their remuneration for the year ending June 30, 2022. The present Auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

## Any Other Business:

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

Karachi: October 7, 2021

By Order of the Board

**Tahir Iqbal**  
Company Secretary

## Notes:

### 1. Closure of Share Transfer Books:

The Share transfer books of the Company shall remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block -B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi up to the close of business on October 21, 2021 shall be treated in time for the purpose of Annual General Meeting.

### 2. Participation in the AGM proceeding via the video conferencing facility:

Due to current COVID situation and for the well-being of the stakeholders, the AGM proceedings shall be held via video conferencing facility only in pursuance to Circular 4 of 2021 read with Circular 06 of 2021 notified by Securities & Exchange Commission of Pakistan dated February 19, 2021 and March 03, 2021 respectively. Shareholders interested to participate in the meeting are requested to email following information with subject "Registration for Power Cement Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at [corporate@powercement.com.pk](mailto:corporate@powercement.com.pk). Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Names of Shareholder	CNIC / NTN	Folio No. / CDC A/C No.	Cell No.	Email address
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Members can also share their comments / suggestions on the agenda of AGM by email at [corporate@powercement.com.pk](mailto:corporate@powercement.com.pk)

### 3. Appointment of Proxies and Attending AGM:

- i. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- ii. A blank instrument of proxy (in English and Urdu) is attached in the Annual Report. The form of proxy is also available at the Company's website.
- iii. In order to be effective, the proxy forms must be received at office of our registrar (either hard copy or scanned) not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- iv. The instrument of proxy should be duly signed, stamped and witnessed by two persons with their names, addresses, CNIC numbers and signatures.
- v. Central Depository Company (CDC) account holders are also required to follow the guidelines as laid down in Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).
- vi. In the case of proxy by a corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form (either hard copy or scanned).

### 4. Change in Members Addresses:

Members are requested to notify any change in their addresses immediately to the Share Registrar M/s. CDC Share Registrar Services Limited.

### 5. Circulation of Audited Financial Statements through E-Mail:

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

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

### 6. Submission of CNIC / NTN (Mandatory):

Individual members who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. Corporate Entities are requested to provide their National Tax Number (NTN). Please also give Folio Number with the copy of CNIC/NTN details.

### 7. Availability of Financial Statements and Reports on Website:

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2021, are available on the Company's website: <https://www.powercement.com.pk/-investor-relations/financial-reports/>.

### 8. Conversion of Physical Shares into the Book Entry Form:

As per Section 72(2) of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four (4) years from the commencement of the Act, i.e., May 30, 2017. Those Shareholders having physical shareholding are encouraged to open a CDC Sub - Account with any Broker or Investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

## مستقبل کی پیش بینی

سیمنٹ سیکٹر نے موجودہ مشکل اوقات میں لچک کو ظاہر کیا ہے اور ملک کے شمالی اور جنوبی دونوں علاقوں میں نمو ظاہر کی ہے جس کے ساتھ مستقبل کا نقطہ نظر بہت امید افزا ہے۔ وفاقی حکومت کی طرف سے اعلان کردہ تعمیراتی پیکج ، سی پیک اور پی ایس ڈی پی منصوبوں کے روشن امکانات بشمول نیا پاکستان ہاؤسنگ اسکیم ، حکومت کی طرف سے کوویڈ کے مجموعی طور پر اچھے انتظام کے ساتھ آنے والے سال کے دوران معاشی سرگرمیوں کو فروغ دے گا۔ اسٹیٹ بینک کے اقدامات ، بشمول پالیسی کی شرح میں نمایاں کمی اور متعدد ترغیبی اسکیموں کی پیشکش (سبسڈی والے ہاؤسنگ فنانس ، نئے پلانٹ کے لیے طویل مدتی قرضے/توسیع/بی ایم آر) نے معاشی نمو کو آگے بڑھانے کے لیے مطلوبہ حوصلہ افزائی کی ہے اور پاکستان میں سیمنٹ انڈسٹری کے مثبت نقطہ نظر کی تجویز دی ہے۔

چونکہ قرضی سرمائے نے توسیعی منصوبے کی مالی اعانت کا اہم حصہ تشکیل دیا ہے اور آپ کی کمپنی کے منافع کو بڑھانے کے راستے میں بڑی رکاوٹ ہے۔ مالی امداد میں بتدریج تخفیف ، پالیسی کی شرح کو 7% پر رکھ کر بڑھایا گیا جو کہ آنے والے مہینوں میں اسٹیٹ بینک کے کارڈ پر ہوگا۔ لیکویڈیٹی اور منافع کو بڑھانے کے لیے ، کمپنی کی انتظامیہ لاگت کو قابو کرنے کے اقدامات پر مرکوز ہے اور اس کے مطابق حکمت عملی کو اپنایا ہے۔ آپ کی کمپنی تمام متعلقہ شعبوں میں کام کر رہی ہے جس میں متبادل ایندھن کا استعمال اور پلانٹ کے بہتر کارکردگی شامل ہیں تاکہ غیر متغیر اخراجات کو کم کیا جاسکے۔ ان طویل مدتی اقدامات نے دوران سال غیر متغیر کم کی لاگت میں نمایاں کمی کے ساتھ ثمرات حاصل کرنا شروع کر دیے۔

انتظامیہ ضوابط کے نظام اور منڈی کی تبدیلیوں کے ساتھ بخوبی طور پر ہم آہنگ ہے۔ جہاں بھی ممکن ہو اخراجات کو کم کرنے اور منافع کو زیادہ سے زیادہ کرنے ، مارکیٹ کے خطرات کو کم کرنے ، مستقبل کے چیلنجوں سے نمٹنے اور کاروباری نمو کو برقرار رکھنے کے لیے قیمتوں میں موثر فروخت کا مرکب بنانے کی کوشش کی جاتی ہے۔

## اعتراف

ڈائریکٹران کمپنی کے مستفیدان کے مسلسل اعتماد اور سرپرستی کے لیے ان کے مشکور ہیں۔ ہم اپنے کاروباری شراکت داروں ، بینکاروں اور مالیاتی اداروں کے یقین اور اعتماد کے لیے ان کے مشکور ہیں اور ان کے لیے ستائش کو ریکارڈ پر لا رہے ہیں۔ ہم وزارت خزانہ ، وزارت صنعت و پیداوار ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ، سٹیٹ بینک آف پاکستان ، مسابقتی کمیشن آف پاکستان ، سینٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کا مسلسل تعاون اور رہنمائی پر شکریہ ادا کرتے ہیں جس کی وجہ سے کمپنی کو طویل مدت طے کر کے موجودہ شکل حاصل ہوئی۔

ایک ادارے کے نتائج ان لوگوں کی کوششوں کی زبردست عکاسی کرتے ہیں جو کمپنی کے لیے اور اس کے ساتھ کام کرتے ہیں۔ ڈائریکٹران کمپنی کے ملازمین کی طرف سے کئے گئے اجتماعی تعاون کو پوری طرح تسلیم کرتے ہیں جس کے توسیعی منصوبے کی کامیابی سے تکمیل کے ثمرات اب کمپنی کی کارکردگی میں واضح ہیں۔ ہم آڈٹ اور دیگر کمیٹیوں کے ممبران کی اہم معاونت اور فعال کردار کو بھی سراہتے ہیں جو کہ انتہائی اہم معاملات پر انتظامیہ کی رہنمائی کرتے ہیں۔

برائے و منجانب



نسیم بیگ

چیئرمین

29 ستمبر 2021-



محمدکاشف حبیب

ابتدائی ایگزیکٹو آفیسر۔

29 ستمبر 2021



## ماحولیات پر کمپنی کے کاروبار کے اثرات

ہمارا نیا تنصیب شدہ ماحول دوست **FLSmidth** پلانٹ **IFC** اور ورلڈ بینک کے معیار پر پورا اترتا ہے جو کہ پاکستان میں پہلا جدید ترین آن لائن کوالٹی کنٹرول سسٹم ہے۔ پلانٹ مسلسل 53 گریڈ کا اعلیٰ معیاری سیمنٹ تیار کر رہا ہے۔

مزید یہ کہ ویسٹ ہیٹ ریکوری سسٹم (ڈبلیو ایچ آر ایس) پہلے ہی بجلی پیدا کرنے کے لیے پہلے ہی نصب کیا جا چکا ہے اور کمپنی اپنے سولر اینڈ ونڈ انرجی اقدامات کے ذریعے ماحول دوست گرین انرجی کی طرف مزید آگے بڑھ رہی ہے۔

**SEPA** اور **SEQS** معیارات کی قانونی اور انضباطی تعمیلات کو پورا کرنے کے لیے کمپنی کے پاس ایک سرشار اور اہل **HSE** عملہ ہے۔ ماحول پر کمپنی کے کاروباری اثرات فعال ہونے کی وجہ سے ، کمپنی نے دھول سازی میں کمی کے آلات نصب کیے تھے جیسے ڈسٹ سائیکا بونز ، بیگ ہاؤسز ، آلودگی-مدبانے کے طریقہ کار سے گندگی کم کرنے ، گیس سے دھول نکالنے والے برقی آلات ، خطرات سے نمٹنے کے لیے پہنا جانے والا سامان، فضائی آلودگی قابو کرنے کا نظام اور کمپنی کے احاطے میں رفتار کی حدود قابو کرنے اور آر ایس پی ایم (معقول معطل شدہ پارٹیکولیٹ معاملہ) اور ایف آر ڈی (سڑک سے اڑنے والی دھول)۔

کمپنی کے پاس جنوبی زون کا صاف ستھرا ہوا خارج کرنے والا پلانٹ ہے جس میں مکمل آلودگی قابو کرنے کا بیگ ہاؤس نظام ہے۔ پلانٹ کے اخراج کی سطح اب ورلڈ بینک/آئی ایف سی ہدایات کے ذریعہ دی گئی حدود اخراج سے بھی بہتر ہے۔ بیگ فلٹرز جدید ترین یورپی ٹیکنالوجی پر مبنی ہے جس میں **Eco E3** فلٹریشن سسٹم استعمال کیا جاتا ہے جو کہ دھول کے اخراج کو استحکام کے ساتھ قابو کرتا ہے اور اس طرح کمپنی کو جنوبی زون کے دیگر سیمنٹ پلانٹس پر برتری فراہم کرتا ہے۔ اس نئے آلودگی قابو کرنے کے نظام کے اضافی فوائد میں پلانٹ اور آلات کی مفید میعاد میں بہتری اور توانائی کے نقصانات میں کمی شامل ہے۔

## اسناد

کمپنی ہمیشہ بڑے پیمانے پر اپنے تمام ملازمین اور حصہ داران کے لیے محفوظ شدہ کام کا ماحول فراہم کرنے کے لیے پرعزم رہی ہے اور آئی ایس او 45001: 2015 ، آئی ایس او 14001: 2015 اور آئی ایس او 9001: 2015 کی اسناد اس کے مسلسل نفاذ کی گواہی ہے۔ کام کی جگہ پر صحت ، حفاظت اور ماحول ایسے عمل کے مسلسل نفاذ کی تصدیق کرتے ہیں۔

## خارجی آڈیٹرز کی تقرری

آڈیٹرز اے۔ایف فرگوسن اینڈ چارٹرڈ اکاؤنٹنٹس کمپنی ، ریٹائر ہونے کے بعد تقرری کے لیے اہل ہونے پر خود کو دوبارہ پیش کرتے ہیں۔ بورڈ کے ڈائریکٹران نے سالانہ عام اجلاس میں

مالیاتی سال 2021-22 کے لیے کمپنی کے بطور آڈیٹر ان کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کی۔

## ذیلی واقعات

بیلنس شیٹ کی تاریخ کے بعد ، ترجیحی حصص کو عام حصص میں تبدیل کرنے کا موقع 15 ستمبر 2021 سے طے شدہ شرائط کے مطابق دستیاب ہوگا۔

## متعلقہ شخصی لین دین

فہرست سازی کے ضوابط کے تقاضوں کی تعمیل کے لیے ، کمپنی نے تمام متعلقہ شخصی لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیا۔ ان لین دین کو آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاس میں منظور کیا ہے۔ تمام متعلقہ شخصی لین دین کی تفصیلات منسلک آڈٹ شدہ مالیاتی گوشوارے کے نوٹ میں فراہم کی گئی ہیں۔

زیر نظر سال کے دوران ، انسانی وسائل اور اجرت کمیٹی کا ایک اجلاس منعقد ہوا اور ہر ممبر کی حاضری درج ذیل تھی؛

اجلاسوں میں شرکت	کمیٹی میں پوزیشن	ممبر کا نام
1/1	چیئر پرسن	جناب جاوید قریشی
1/1	رکن	جناب محمد کاشف حبیب
1/1	رکن	جناب سید سلمان راشد

#### ڈائریکٹران کے معاوضے کی پالیسی

کمپنی کے آزاد نان ایگزیکٹو ڈائریکٹران کو بورڈ کے ڈائریکٹران کے اجلاس یا بورڈ کی ذیلی کمیٹی کے کسی بھی اجلاس میں شرکت کے لیے اجلاس کا معاوضہ ادا کیا جا رہا ہے جیسا کہ 28 اکتوبر 2019 کو ہونے والے سالانہ عام اجلاس میں منظور کیا گیا تھا۔ سطحی طور پر معاوضہ کمپنی کو کامیابی اور اضافہ قدر کے ساتھ چلانے کی ذمہ داری اور مہارت کی سطح پر مناسب اور ہم آہنگی کے مطابق ہے۔ انتظامی سربراہ اور ڈائریکٹران کو دیا جانے والا معاوضہ سال مختمہ 30 جون 2021 کے مالیاتی گوشوارے کے نوٹ 41 میں ظاہر کیا گیا ہے۔

#### آڈیٹرز کے اعتراضی مشاہدات

دوران سال آڈیٹر کے کوئی اعتراضی مشاہدات نہیں تھے۔

#### داخلی مالیاتی گرفتوں کی موزونیت

بورڈ کے ڈائریکٹران داخلی گرفت کے ماحول کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں اور اس کے مطابق کارکردگی کے ماہر اور موثر طریقہ کار کو یقینی بنانے ، کمپنی کے اثاثوں کی حفاظت ، قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل اور قابل اعتماد مالیاتی گوشوارے کے لیے مالیاتی قابو کے نظام کو تشکیل دیا ہے۔ کمپنی کا آزادانہ داخلی آڈٹ کا نظام باقاعدگی سے مالیاتی قابو کے نفاذ کی تشخیص اور نگرانی کرتا ہے۔

بورڈ آڈٹ کمیٹی آپ کی کمپنی کی مالیاتی کارکردگی، سرمایہ اور کام چلانے کے اخراجات کے بجٹ ، حکمت عملی کے منصوبے اور دیگر اہم کارکردگی کے اشاروں پر غور کرنے کے لیے سہ ماہی اجلاس کرتی ہے۔ بورڈ آڈٹ کمیٹی اندرونی اور بیرونی آڈیٹروں سے داخلی مالیاتی گرفت کے نظام کے بابت رپورٹس حاصل کرتی ہے اور داخلی گرفت کی اثر انگیزی کی نگرانی کے عمل کا جائزہ لیتی ہے۔

#### حصص داری کی ساخت

کمپنی کے عمومی اور ترجیحی حصص پاکستان اسٹاک ایکسچینج میں درج شدہ ہیں۔ 30 جون 2021 تک کمپنی کے 1,063,414,434 (2020: 1,063,414,434) عمومی حصص داران

اور 244,585,320 (Nil:2020) ترجیحی حصص داران تھے۔ حصص داران کا تفصیلی نمونہ اس رپورٹ میں منسلک ہے۔

#### ڈائریکٹران اور اعلیٰ انتظامی سربراہان کی کمپنی کے حصص میں خرید و فروخت

ایک تفصیل، جس میں کمپنی کے حصص جو اس کے ڈائریکٹران ، اعلیٰ انتظامی سربراہ ، اعلیٰ مالیاتی سربراہ ، کمپنی سیکریٹری اور ان کے شریک حیات اور خاندان کے نابالغ اراکین کی طرف سے خریدے اور فروخت کیے گئے ہیں ، اس رپورٹ میں منسلک ہے۔

مزید برآں تمام متعلقہ افراد کو مطلع کیا جاتا ہے کہ وہ کمپنی سیکریٹری کو تحریری نوٹس دیں اگر کمپنی کے حصص میں خود یا ان کے شریک حیات کے ذریعہ کسی بھی خرید و فروخت کو فوری تحریری طور پر مطلع کریں اور قیمت کا تحریری ریکارڈ ، حصص کی تعداد اور سی ڈی سی کے بیانیہ کی فراہمی ایسے لین دین کے 2 دن کے اندر کریں۔

#### خطرات کا انتظام اور خطرات کو کم کرنے کی حکمت عملی

بورڈ کے ڈائریکٹران نے ممکنہ خطرات کی نشاندہی کی، آپ کی کمپنی پر ان کے اثرات کا اندازہ کیا اور کاروبار کے لیے متوقع خطرات کو کم کرنے کے لیے حکمت عملی مرتب کی ہے۔ یہ حکمت عملی آپ کی کمپنی کے تمام درجہ بندی پر نافذ کی گئی ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ خطرے کے تخفیف میں کوئی خلا باقی نہ رہے۔

کمپنی کو درپیش بڑے خطرات اور چیلنجز مندرجہ ذیل ہیں:

(i) منافع پر اعلیٰ سطحی اثر و رسوخ کا نچلا دباؤ۔

(ii) مارکیٹ کے کھلاڑیوں کی مسابقتی قیمتوں کے تعین کی وجہ سے صارفین سے کاروبار کرنے کی لاگت (خاص طور پر کوئلہ اور بجلی کے اخراجات) میں تیزی سے اضافہ کرنے میں ناکامی

(iii) شرح تبادلہ اور شرح سود کے خطرات کا دائرہ

(iv) صلاحیت کی توسیع/نئے پلانٹ کی وجہ سے رسد کی فراہمی

(v) ملازمین کی آمد و رفت میں اضافے کی وجہ سے معیاری انسانی وسائل کا نقصان

سالانہ رپورٹ کے متعلقہ حصوں میں ان کی مزید وضاحت کی گئی ہے۔

#### بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمی سیمنٹ کی تیاری ، فروخت اور مارکیٹنگ ہے اور دوران سال کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی۔

**بورڈ کے ڈائریکٹران کے اجلاس**

زیر جائزہ سال کے دوران بورڈ کے ڈائریکٹران (BOD) کے پانچ اجلاس منعقد ہوئے اور بورڈ ممبران کی حاضری مندرجہ ذیل تھی۔

اجلاس میں ممبر نے شرکت کی	عہدہ	ڈائریکٹر کا نام
5/5	غیر ایگزیکٹو ڈائریکٹر / چیئرمین	جناب نسیم بیگ
5/5	ایگزیکٹو ڈائریکٹر / انتظامی سربراہ	جناب محمد کاشف حبیب
4/5	نان ایگزیکٹو / خود مختار ڈائریکٹر	جناب سید سلمان راشد
2/5	غیر ایگزیکٹو ڈائریکٹر	جناب جناب صمد حبیب
5/5	غیر ایگزیکٹو ڈائریکٹر	جناب جاوید قریشی
5/5	غیر ایگزیکٹو ڈائریکٹر	محترمہ سائرہ ناصر
5/5	غیر ایگزیکٹو ڈائریکٹر	مسٹر اینڈرس پلوڈان مولر

غیر حاضری کی رخصت ان ڈائریکٹران کو دی گئی جو اجلاس میں شریک نہیں ہوئے۔

**بورڈ کی تشخیص کا معیار۔**

درج شدہ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) انضباط ، 2019 کے مطابق بورڈ کے ڈائریکٹران کی کارکردگی کا جائزہ لینے کے لیے ایک جامع طریقہ کار بنایا گیا ہے۔

بورڈ کے ڈائریکٹران کی کارکردگی کا جائزہ درج ذیل بنیادوں کے طریقہ کار پر لیا جاتا ہے:

- بورڈ کی نگرانی اور اثر انگیزی
- بورڈ کی تشکیل اور کمیٹیاں
- بورڈ کے اجلاس اور کارروائی
- بورڈ اور انتظامیہ کے تعلقات

- تعلقات اور قیادت کا انتظام
- کارپوریٹ قوانین اور قواعد و ضوابط سے ڈائریکٹران کی واقفیت
- کارپوریٹ گورننس

**بورڈ کی کارکردگی کی تشخیص**

مذکورہ بالا طریقہ کار کی بنیاد پر جانچی جانے والی بورڈ کی سالانہ مجموعی کارکردگی اطمینان بخش تھی۔ بورڈ کی مجموعی کارکردگی پر چیئرمین کی طرف سے ایک الگ رپورٹ ، جیسا کہ کمپنیز ایکٹ ، 2017 کے سیکشن 192 کے تحت درکار ہے ، اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

**بورڈ کی کمیٹیاں اور اجلاس****آڈٹ کمیٹی**

بورڈ کے ڈائریکٹران نے ایک آڈٹ کمیٹی قائم کی ہے جو تین ممبران پر مشتمل ہے جو سب نان ایگزیکٹو ڈائریکٹران ہیں اور چیئرپرسن ایک آزاد ڈائریکٹر ہے۔ آڈٹ کمیٹی کی تشکیل بندی درج شدہ کمپنیوں کا (کوڈ آف کارپوریٹ گورننس) انضباط ، 2019 کی ضروریات کے مطابق کی گئی ہے۔

زیر نظر سال کے دوران ، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور ہر ممبر کی حاضری درج ذیل تھی؛

اجلاس میں شرکت	کمیٹی میں پوزیشن	ممبر کا نام
4/4	چیئرپرسن	محترمہ سائرہ ناصر
4/4	رکن	جناب نسیم بیگ
4/4	رکن	جناب سید سلمان راشد

**انسانی وسائل اور معاوضہ کمیٹی**

بورڈ کے ڈائریکٹران نے ایک انسانی وسائل اور اجرت کمیٹی قائم کی ہے جو تین ارکان پر مشتمل ہے۔ جن میں سے دو نان ایگزیکٹو ڈائریکٹران ہیں۔ انسانی وسائل اور اجرت کمیٹی کی تشکیل بندی درج شدہ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) انضباط، 2019 کی ضروریات کے مطابق کی گئی ہے۔



انرجی پر جزوی منتقلی ، کاربن کے تاثر کو کم کرنے اور قدرتی ماحول کی بہتری کے ذریعے بھی تعاون کرے گا۔

### سرمایہ دارانہ ساخت اور لیکویڈیٹی مینجمنٹ

کمپنی کی انتظامیہ کو لیکویڈیٹی مینجمنٹ میں بہترین طریقوں کا کافی تجربہ اور علم ہے۔ آپ کی کمپنی کے پاس پالیسیوں اور طریقہ کار کا ایک مضبوط نظام اور فیصلہ سازی میں انضباطی رکاوٹوں اور ٹیکس کے مضمرات پر مناسب غور کرنا شامل ہے۔ کمپنی پیداواری غیر متغیر لاگت کم کرنے کی تکنیک کے ذریعے اپنے کام چلانے کے لیے سرما کے انتظام کو یقینی بناتی ہے۔

کمپنی اپنی طویل اور قلیل مدتی ضروریات کو پورا کرنے کے لیے جب بھی قابل حصول ہو ، رعایتی فنانسنگ اسکیموں سے بھی فائدہ اٹھاتی ہے۔ ایک برآمد کنندہ ہونے کے ناطے ، کمپنی اپنے کام چلانے کے لیے سرما کے کی ضروریات کو جزوی طور پر پورا کرنے کے لیے اسلامی ایکسپورٹ ری فنانس سہولت استعمال کرتی ہے۔

مزید یہ کہ کمپنی کسی بھی قرض کی ادائیگی میں نادبندہ نہ ہونے کو یقینی بنانے کے لیے حساس ہے۔ کمپنی نے اپنے مجموعی کا کردگی اور نمو کی توسیع کرنے کے لیے قرض اور سرمایہ کے بہترین امتزاج کے ساتھ اپنی سرمایہ دارانہ ساخت کو سمجھداری سے تشکیل دیا ہے۔ اس کا وقتاً فوقتاً جائزہ بھی لیا جاتا ہے اور مطلوبہ تبدیلیاں اس کے مطابق تیزی سے نافذ کی جاتی ہیں۔

### کریڈٹ ریٹنگ

کمپنی کو 11 نومبر 2020 کو JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی طرف سے "A-" (سنگل A مائنس) کی طویل مدتی اور "A-2" (سنگل A ٹو) کی قلیل مدتی درجہ بندی تفویض کی گئی ہے۔

### کارپوریٹ گورننس کا ضابطہ

آپ کی کمپنی کے ڈائریکٹران حکمت عملی کی سمت کو آگے بڑھاتے ہیں اور کاروباری منصوبوں کا باقاعدگی سے جائزہ لیا جاتا ہے۔ آڈٹ کمیٹی مؤثر تعمیل برائے درج شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے لیے 2019 ضابطے کے تحت باختیار ہے۔ ہم آپ کی کمپنی میں اچھے کارپوریٹ گورننس کو یقینی بنانے کے لیے تمام ضروری اقدامات کر رہے ہیں جیسا کہ ضابطہ کی ضرورت ہے۔ تعمیل کے حصے کے طور پر ، ہم درج ذیل کی تصدیق کرتے ہیں:

- کمپنی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے ، حالیہ منصفانہ طور پر کمپنی کی حالت، کاروائیوں کا نتیجہ ، نقد بہاؤ اور سرمایہ میں تبدیلیوں کو پیش کرتے ہیں۔

- کھاتہ داری کی مناسب محفوظات کمپنی نے برقرار رکھی ہیں۔

- کھاتہ داری کی مناسب پالیسیوں کو مالیاتی گوشوارے کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور کھاتہ داری کا تخمینہ معقول اور دانشمندانہ فیصلے پر مبنی ہے۔

- اقوامی مالیاتی رپورٹنگ کے معیارات مالیاتی گوشوارے کی تیاری میں استعمال کئے گئے ہیں جیسا کہ پاکستان میں لاگو ہوتے ہیں ۔

- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اس کا مؤثر طریقے سے نفاذ اور نگرانی کی گئی ہے۔

- کمپنی کے منافع بخش جاری رہنے کی صلاحیت پر کوئی شک نہیں۔ مزید یہ کہ کمپنی تمام قرضوں کی بروقت ادائیگی کر رہی ہے اور بینک کی طرف سے اپنے قرضوں کی ادائیگی کے لیے کمپنی کی جانب سے کوئی نا دہندگی نہیں کی گئی ہے۔

- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی قابل شمار خروج نہیں ہوا جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیل سے بیان کیا گیا ہے۔

- کمپنی اپنے ملازمین کے لیے فنڈڈ گریجویٹی اسکیم چلاتی ہے جیسا کہ مالیاتی گوشوارے کے متعلقہ نوٹ میں ظاہر کیا گیا ہے۔

- چار ڈائریکٹران پہلے ہی تربیتی پروگرام برائے ڈائریکٹران مکمل کر چکے ہیں۔ بورڈ میں شامل ایک ڈائریکٹر CCG قواعد و ضوابط کے باب VI کی شق 19 کے مطابق کم از کم 14 سال کی تعلیم اور 15 سال سے زائد درج شدہ کمپنی کے بورڈ میں تجربہ رکھنے کی وجہ سے تربیتی پروگرام برائے ڈائریکٹران سے مستثنیٰ ہے ۔ فی الحال ، دو ڈائریکٹران ہیں جن کو تربیتی پروگرام برائے ڈائریکٹران کے تحت سرٹیفیکیشن درکار ہے۔ کمپنی 30 جون 2022 تک بیان کردہ قواعد و ضوابط کی ضروریات کو پورا کرنے کے لیے پرعزم ہے۔

- اس سالانہ رپورٹ میں حصص کی مجموعی تعداد طے شدہ فارمیٹ پر گوشوارے میں منسلک کی گئی ہے۔

- پچھلے 6 سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کو گوشوارہ سے منسلک کیا گیا ہے۔

### بورڈ کے ڈائریکٹران کی تشکیل بندی

کمپنی کاموجودہ بورڈ درج ذیل ڈائریکٹران پر مشتمل ہے:

6

(A) مرد

1

(B) خاتون

تمام چیلنجز کے باوجود ، آپ کی کمپنی کا خام منافع پچھلے سال منفی 2% فیصد کے مقابلے میں 22% فیصد کی بڑی سطح پر رہا۔ فروخت کی آمدنی میں اضافے اور غیر متغیر لاگت کے بہتر اختصاص سے نئی موثر لاگت والی پیداواری لائن کی 101% فیصد صلاحیت کے استعمال کے نتیجے میں ممکن ہوا۔

#### خالص خسارہ / (منافع):

کمپنی نے 3,622 ملین روپے کے نقصان (109% اضافہ) کے مقابلے میں 358 ملین روپے ٹیکس کے بعد منافع حاصل کیا۔

#### فی حصص آمدن:

آپ کی کمپنی کے گذشتہ سال فی حصص نقصان 3.41 روپے کے مقابلے میں رواں سال فی حصص آمدن 0.17 روپے رپورٹ کی گئی۔

#### قومی خزانے میں معاونت:

کمپنی نے انکم ٹیکس ، ایکسائز ڈیوٹی ، سیلز ٹیکس اور دیگر سرکاری محصولات کی مد میں 2.92 بلین روپے (2020: 1.33 بلین روپے) حکومتی خزانے میں معاونت کی۔

#### ادارتی سماجی ذمہ داری:

دوران سال کمپنی نے 4.02 ملین روپے (2020: 2.1 ملین روپے) مختلف ٹرسٹ ، فلاحی اداروں اور فلاحی تنظیموں کو بطور عطیہ تقسیم کیے۔

#### منافع منقسمہ اور بونس:

کمپنی کے موجودہ طویل المدتی قرضوں کی ذمہ داریوں کو مدنظر رکھتے ہوئے ، بورڈ نے سال مختتمہ: 30 جون 2021 کو کسی بھی قسم کے منافع منقسمہ یا بونس حصص بانٹنے کا اعلان نہ کرنے کا فیصلہ کیا ہے۔

#### سرمایہ کاری کے نئے منصوبے

#### سولر / ونڈ پاور پروجیکٹ

سیمنٹ بنانے کے عمل میں پیداواری لاگت کے اہم اجزاء میں سے ایک بجلی ہے ، جس کا محاسبہ لگ بھگ 23% فیصد ہے۔ آپ کی کمپنی کی انتظامیہ ہمیشہ اس بنیادی شعبے کو مدنظر رکھتی ہے اور 2019-20 کے دوران ویسٹ ہیٹ ریکوری سسٹم (ڈبلیو ایچ آر ایس) بھی نصب کیا گیا تھا جو کہ اب مقامی طور پر تقریباً 10 میگاواٹ پیدا کر رہا ہے۔ منافع کو مزید بڑھانے کے لیے ، آپ کی کمپنی نے سولر اور ونڈ پاور منصوبے کے لیے بجلی کی خریداری کے معاہدوں (PPAs) پر عمل کرتے ہوئے نئے اقدامات کیے ہیں۔ یہ نہ صرف کمپنی کی کیش فلو پوزیشن کو تقویت بخشے گا بلکہ توانائی کی پیداوار میں خود استحکام کے حصول میں گرین

کوائف	برائے سال 2021	برائے سال 2020
روپے '000 میں		
خام فروخت	19,702,055	6,627,622
منہا: ایکسائز ڈیوٹی/کمیشن	5,481,442	2,541,269
سیلز ٹیکس/مرکزی		
خالص منافع	14,220,613	4,113,353
خام منافع/(خسارہ)	3,089,637	(116,167)
کاروباری منافع/(خسارہ)	1,928,232	(988,226)
خسارہ قبل از ٹیکس	(671,207)	(3,966,776)
خالص منافع بعد از ٹیکس	358,359	(3,621,629)
فی حصص منافع(روپے)	0.17	(3.41)

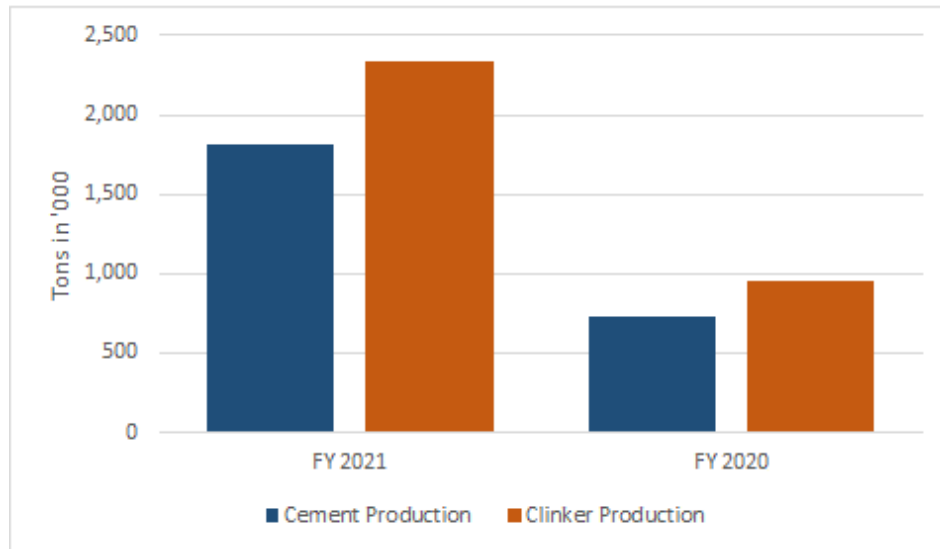
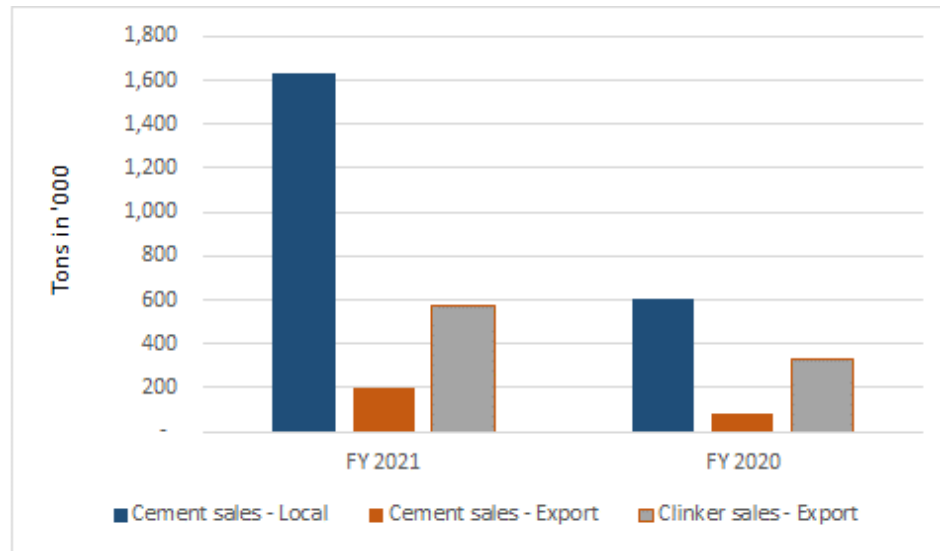
#### آمدنی

مالی سال 2020-21 کے دوران ، آپ کی کمپنی کی فروخت کی مجموعی آمدنی پچھلے سال کے مقابلے میں متاثر کن 197% فیصد اضافے کے ساتھ بڑھ کر 19,702 ملین روپے تک پہنچ گئی۔ جبکہ فروخت کی خالص آمدنی کے حجم میں 133% فیصد سے بڑھ کر 246% فیصد کا اضافہ ہوا۔ ہم آپ کو یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ برقراری قیمتوں میں 48% فیصد کا نمایاں اضافہ بھی ہوا ہے ، کیونکہ آپ کی کمپنی نے مقامی اور برآمدی دونوں منڈیوں میں پلانٹ کی صلاحیت میں اضافے کے ساتھ اپنے قدم بڑھائے ہیں۔ تاہم ، بین الاقوامی منڈیوں میں بڑھتے ہوئے مقابلے اور کوویڈ کی وجہ سے عالمی طلب میں کمی کی وجہ سے برآمدی فروخت کی قیمتیں دباؤ میں رہیں۔

#### لاگت فروخت

توسیع کے بعد ، آپ کی کمپنی پاکستان کی سب سے موثر لاگت والی سیمنٹ پلانٹ کمپنی بن گئی ہے۔ تاہم ، زیر جائزہ مالیاتی سال کے دوران ، لاگت فروخت میں اضافے کی وجہ سے پیداواری لاگت کے اضافے میں کمی آئی جو کہ کوئلے کی قیمتوں اور بجلی کے نرخوں اور نقل و حمل کے اخراجات میں تیزی سے اضافے کے ذریعے کار فرما ہوئی ۔

#### کل منافع



نئی لائن III شروع ہونے کے بعدیہ آپ کی کمپنی کے لیے پہلا پورا سال تھا۔

زیر جائزہ سال کے دوران کلینکر اور سیمنٹ کی پیداوار میں بالترتیب 1,379,289 ٹن (144%) اور 1,076,053 میٹرک ٹن (147%) اضافہ ہوا۔ جبکہ نئی لائن III سال بھر میں مسلسل اعلیٰ معیار کا سیمنٹ پیدا کرنے کے قابل تھی، زیادہ پیداواری صلاحیت کی دستیابی اور پچھلے سال پرانے پلانٹ کی بندش کی وجہ سے مجموعی صلاحیت کا استعمال 73% فیصد (گذشتہ مالیاتی سال میں 44% فیصد) رہا۔

#### مالیاتی کارکردگی

آپ کی کمپنی کی گذشتہ سال کے مقابلے میں 30 جون 2021 کو ختم ہونے والے مالیاتی سال کی کارکردگی ذیل میں پیش کی گئی ہے:

#### کاروباری کارکردگی

گذشتہ مالیاتی سال کے دوران، آپ کی کمپنی نے ترسیلات کے ساتھ 171% فیصد متاثر کن کارکردگی دکھائی ہے جس نے گذشتہ مالیاتی سال کے 585,149 ٹن کے مقابلے میں 1,021,780 ٹن کا حجم حاصل کیا۔ مسلسل پیداوار کی بنیاد پر آپ کی کمپنی کی فروخت میں تیزی سے اضافہ 7700 TPD کے نئے یورپی میک FLSmidth پلانٹ کے ذریعے سے ہوا اور کمپنی نے اب بڑی توسیع کے ثمرات حاصل کرنا شروع کر دیے ہیں۔

#### پیداوار اور فروخت کا حجم

کمپنی کی سالانہ پیداوار اور فروخت کا حجم (ٹن میں) تقابلی اعداد و شمار کے ساتھ مندرجہ ذیل ہیں:

پیداوار	مالی سال 2021	مالی سال 2020	فرق %
سیمنٹ	1,809,737	733,684	147%
کلینکر	2,333,980	954,691	144%

کل ترسیلات	مالی سال 2021	مالی سال 2020	فرق %
سیمنٹ (مقامی)	1,633,074	601,543	171%
سیمنٹ (برآمد)	196,798	86,951	126%
کلینکر (برآمد)	553,621	333,286	66%
کل ترسیل	2,383,493	1,021,780	133%



انفرادی ممبران جنہوں نے ابھی تک اپنے درست قومی شناختی کارڈ کی فوٹو کاپی کمپنی/شیئر رجسٹرار کو جمع نہیں کرائی ہے ، ان سے ایک بار پھر درخواست کی جاتی ہے کہ وہ جلد از جلد اپنا قومی شناختی کارڈ (کاپی) براہ راست کمپنی کے حصص رجسٹرار ، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ ، سی ڈی سی ہاؤس ، 99-بی ، بلاک-بی ، ایس ایم سی ایچ ایس ، مین شاہراہ فیصل ، کراچی پر ارسال کریں۔ کارپوریٹ اداروں سے درخواست کی جاتی ہے کہ وہ اپنا نیشنل ٹیکس نمبر (این ٹی این) فراہم کریں۔ براہ کرم قومی شناختی کارڈ/ قومی ٹیکس نمبر کی تفصیلات کی کاپی کے ساتھ فولیو نمبر بھی دیں۔

کمپنیز ایکٹ ، 2017 کے سیکشن (7) 223 کی دفعات کے مطابق ، 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ <https://www.powercement.com.pk/investor-relations/financial-reports/> پر دستیاب ہیں۔

کمپنیز ایکٹ ، 2017 کے سیکشن (2) 72 کے مطابق ، ہر موجودہ کمپنی کو اپنے ظاہری حصص کو کتابی داخلہ فارم کے ساتھ اس انداز میں تبدیل کرنے کی ضرورت ہوگی جو کہ مخصوص ہو اور ایس ای سی پی کی طرف سے مطلع کردہ تاریخ سے ، زیادہ سے زیادہ مدت میں ایکٹ کے آغاز سے چار (4) سال سے زیادہ کی مدت کے اندر حصص یافتگان کا ظاہری قبضہ ہو یعنی 30 مئی ، 2017۔ ان کی حوصلہ افزائی کی جاتی ہے جو ظاہری حصص کو سکرپ لیس کی شکل میں کسی بھی بروکر یا انویسٹر اکاؤنٹ کے ساتھ یا براہ راست سی ڈی سی کے ساتھ سی ڈی سی ذیلی اکاؤنٹ کھولیں۔ اس سے انہیں کئی طریقوں سے سہولت ملے گی ، بشمول محفوظ قبضہ اور حصص کی فروخت ، جب چاہیں ، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ قواعد کے مطابق ظاہری حصص کی تجارت کی اجازت نہیں ہے۔

## ڈائریکٹرز رپورٹ

پاور سیمنٹ لمیٹڈ ("آپ کی کمپنی") کے ڈائریکٹران سال 30 جون 2021 کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### صنعتی جائزہ

پاکستان کی سیمنٹ کی صنعت کی کارکردگی نے گزشتہ سال کے دوران 47.81 ملین ٹن کے مقابلے میں 20% فیصد اضافے کے ساتھ 57.4 ملین ٹن کا اضافہ کرکے سال کے دوران نمایاں بہتری دکھائی۔ مقامی سیمنٹ کی فروخت گزشتہ سال 39.96 ملین ٹن سے 20.4 فیصد بڑھ کر 48.12 ملین ٹن ہو گئی ، جو کہ پاکستان میں سیمنٹ کی فروخت میں غالب حصہ دار رہی۔ برآمدی کارکردگی بھی بہت حوصلہ افزا تھی ، جس نے گزشتہ سال کے دوران 7.85 ملین ٹن کے مقابلے میں 19% فیصد اضافے کے ساتھ 9.3 ملین ٹن کا اندراج کرکے مجموعی صنعت کے حجم میں اضافہ کیا۔

سال کے دوران فروخت کے حجم میں نمایاں اضافہ بنیادی طور پر بڑے حکومتی اقدامات کی وجہ سے ہوا جیسے تعمیراتی پیکج کا اعلان اور کم لاگت کی ہاؤسنگ اسکیمیں ، معاشی بحالی کو بڑھانے کے لیے کم شرح سود ، ڈیموں اور آبی ذخائر کی تعمیر پر توجہ اور لاک ڈاؤن کے کم استعمال کے ساتھ COVID کے موثر انتظامات۔

جنوبی خطہ کی مقامی طلب جہاں آپ کی کمپنی واقع ہے ، وہاں کی سالانہ کھپت میں تیزی سے اضافہ دیکھا گیا جو پچھلے سال کے مقابلے میں 34% فیصد اضافے کے ساتھ 7.53 ملین ٹن رہی۔ جبکہ برآمد کی طلب پچھلے سال کے مقابلے میں 15% فیصد اضافے کے ساتھ 6.75 ملین ٹن رہی۔ نتیجتاً جنوبی خطے کی کل ترسیل 14.29 ملین ٹن رہی۔

شمالی خطے نے بھی مقامی اور برآمدی مارکیٹ میں اچھی کارکردگی کا مظاہرہ کیا۔ مقامی طلب میں 18.22% فیصد اور برآمدی طلب میں 30.2% فیصد اضافہ ہوا۔ جس کے نتیجے میں ، شمالی خطے میں خالص نمو 19% فیصد رہی۔

## پاور سیمنٹ لمیٹڈ

30ویں سالانہ عمومی اجلاس کا نوٹس

مطلع کیا جاتا ہے کہ پاور سیمنٹ لمیٹڈ ("کمپنی") کے حصص یافتگان کا 30 واں سالانہ عمومی اجلاس درج ذیل کاروبار کے لین دین کے لیے جمعرات ، اکتوبر 28 ، 2021 کو شام 4:30 بجے ویڈیو لنک کے ذریعے منعقد ہوگا :

عمومی امور :

- (1) سال مختتمہ 30 جون 2021 کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ بورڈ کے ڈائریکٹران اور آزاد آڈیٹرز کی رپورٹوں کی وصولی، غور و خوض اور منظوری۔
- (2) آئندہ مالیاتی سال اختتامیہ 30 جون 2022 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔ بورڈ کے ڈائریکٹران نے سالانہ عمومی اجلاس میں مالیاتی سال 2021-22 کے لیے کمپنی کے بطور آڈیٹرز کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کی۔ اے۔ایف فرگوسن اینڈ چارٹرڈ اکاؤنٹنٹس کمپنی ، ریٹائر ہونے کے بعد تقرری کے لیے اہل ہونے پر خود کو دوبارہ پیش کرتے ہیں۔

دیگر کوئی امور:

- (3) چیئرپرسن کی اجازت سے دیگر کسی امور کی انجام دہی۔

حسب الحکم بورڈ

کراچی: 7 اکتوبر ، 2021۔

طاہر اقبال

کمپنی سیکریٹری

گزارشات:

## 1. حصص منتقلی کی کتابوں کی بندش

کمپنی کی حصص منتقلی کی کتابیں 22 اکتوبر 2021 تا 28 اکتوبر 2021 (بشمول دونوں دن) تک بند رہیں گی۔ کمپنی کے حصص رجسٹرار ، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ ، سی ڈی سی ہاؤس ، 99-بی ، بلاک-بی ، ایس ایم سی ایچ ایس ، مین شاہراہ فیصل ، کراچی میں کاروبار بند ہونے تک آرڈر کو 21 اکتوبر 2022 تک موصول ہونے والی منتقلیوں کو سالانہ عمومی اجلاس کے مقصد میں بروقت تصور کیا جائے گا۔

## 2. ویڈیو کانفرنس کی سہولت کے ذریعے اے جی ایم کی کارروائی میں شرکت

Participation in the AGM proceeding via the video conferencing facility:

موجودہ کوویڈ 19 کی صورتحال اور متعلقین کی فلاح و بہبود کے لیے ، اے جی ایم کی کارروائی صرف ویڈیو کانفرنس کے ذریعے ہوگی۔ اجلاس میں شرکت کے خواہشمند حصص داران سے درخواست کی جاتی ہے کہ وہ "پاور سیمنٹ لمیٹڈ" اے جی ایم کے لیے رجسٹریشن کے ساتھ درج ذیل معلومات اور کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کے دونوں اطراف کی درست کاپی۔ corp@powercement.com.pk پر ای میل کریں۔ ویڈیو لنک اور لاگ ان کی سند اجازت صرف

ان ممبران کے ساتھ شیئر کی جائیں گی جن کی ای میلز ، تمام مطلوبہ تفصیلات پر مشتمل ہوں جو کہ AGM کے وقت سے کم از کم 48 گھنٹے قبل موصول ہوں گی۔

حصص یافتگان کے نام	قومی شناختی کارڈ نمبر / قومی ٹیکس نمبر	فولیو نمبر / سی ڈی سی / A/c No.	رابطہ نمبر	ای میل آڈریس
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اراکین AGM کے ایجنڈے پر اپنے تبصرے / تجاویز ای میل کے ذریعے corporate@powercement.com.pk پر شیئر کر سکتے ہیں۔

## 3. پراکسیوں کی تقرری اور اے جی ایم میں شرکت:

اجلاس میں شرکت کرنے اور ووٹ دینے کا حق دار رکن کسی دوسرے رکن کو اپنا پراکسی مقرر کر سکتا ہے جس کو اجلاس میں شرکت ، تقریر اور ووٹ ڈالنے کے حقوق حاصل ہوں گے جیسا کہ کسی رکن کو دستیاب ہیں۔

سالانہ رپورٹ میں پراکسی کا ایک خالی دستاویز (انگریزی اور اردو میں) منسلک ہے۔ پراکسی کا فارم کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔

موثر ہونے کے لیے ، پراکسی فارم ہمارے رجسٹرار کے دفتر میں میٹنگ سے 48 گھنٹے پہلے (یا تو ہارڈ کاپی یا اسکین) موصول ہونا ضروری ہے جو کہ دو افراد نے اپنے نام ، پتہ ، قومی شناختی کارڈ نمبروں کے ساتھ دستخط کیے اور مہر ثبت کی ہو۔

پراکسی کے فارم پر دو افراد کے نام ، پتے ، قومی شناختی کارڈ نمبر اور دستخط ، مہر اور گواہی ہونی چاہیے۔

سنٹرل ڈپازٹری کمپنی (سی ڈی سی) اکاؤنٹ ہولڈرز کو سرکلر نمبر 1 میں دی گئی ہدایات پر عمل کرنا ضروری ہے جو کہ 26 جنوری 2000 کو جاری کردہ سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے جاری کیا گیا ہے۔

کسی کارپوریٹ ادارے کی طرف سے پراکسی کی صورت میں ، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اور قومی شناختی کارڈ یا پراکسی کے پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم ( ہارڈ کاپی یا اسکین) کے ساتھ جمع کرانی جائے گی۔

## 4. ممبران کے پتے میں تبدیلی:

ممبران سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کی اطلاع فوری طور پر شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو دیں۔

## 5. ای میل کے ذریعے آڈٹ شدہ مالیاتی بیانات کی تقسیم:

شیئر ہولڈرز نے 15 اکتوبر 2016 کو اپنی 25 ویں سالانہ عمومی اجلاس میں سالانہ رپورٹس کو سی ڈی/ڈی وی ڈی/ایو ایس بی/ای میل میں سافٹ کاپیوں کی شکل میں منتقل کرنے کی منظوری دے دی ہے اس کے بجائے کہ سالانہ آڈٹ شدہ اکاؤنٹس کو پرنٹ شدہ کاپی میں ایس آر او 787 (1)/2014 جو کہ مورخہ 08 ستمبر 2014 اور SRO 470 (1)/2016 مورخہ 31 مئی 2016 کے مطابق منتقل کیا جائے۔

لہذا ، کمپنی نے سالانہ رپورٹس حصص داران کو ان کے رجسٹرڈ ای میلز پر ای میل کے ذریعے بھیجی ہیں جیسا کہ کمپنیز ایکٹ کے سیکشن 223(6) کے تحت بھی اجازت ہے۔ تاہم ، جو شیئر ہولڈرز مالیاتی گوشوارے کی ہارڈ کاپی حاصل کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ کمپنی کے ایڈریس پر "سٹینڈرڈ ریکویسٹ فارم "ب" (کمپنی کی ویب سائٹ http://www.powercement.com.pk پر بھی دستیاب ہیں) کا استعمال کرتے ہوئے درخواست بھیج سکتے ہیں۔

# CALENDAR OF UPCOMING CORPORATE EVENTS

## Meeting

## Tentative Dates

**1st Quarter ending  
Sep 30, 2021**

Last Week of October 2021

**Half Year ending  
Dec 31, 2021**

Third Week of February 2022

**3rd Quarter ending  
March 31, 2022**

Last Week of April 2022

**Annual Financial Year ending  
June 30, 2022**

Last Week of August 2022

میں / ہم \_\_\_\_\_ سکنہ / ساکنہ \_\_\_\_\_ بطور ممبر

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

جناب / محترمہ \_\_\_\_\_ بذریعہ ہذا جناب / محترمہ \_\_\_\_\_ سکنہ / ساکنہ (مکمل پتہ) یا بصورت نامی،

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 28 اکتوبر 2021ء یا منسوخ

ہونے کی صورت میں کسی بھی اور تاریخ پر میں شرکت کرے حق رائے دہی کو استعمال کرے۔

دستخط شدہ بروز \_\_\_\_\_ مورخہ \_\_\_\_\_ 2021ء

گواہاں:

1۔ نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
قومی شناختی کارڈ نمبر: \_\_\_\_\_  
دستخط: \_\_\_\_\_

2۔ نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
قومی شناختی کارڈ نمبر: \_\_\_\_\_  
دستخط: \_\_\_\_\_

## اہم نکات:

- 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۔
- پراکسی پر لازم ہوگا کہ بذریعہ اصل قومی شناختی کارڈ یا پاسپورٹ اجلاس میں شرکت کے وقت اپنی شناخت کروائے اور اپنا فوٹو نمبر بھی ہمراہ لے کر آئے۔
- 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 انجینئرس، مین شاہراہ فیصل، کراچی کو اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔ پراکسی فارم کا قاعدہ دستخط اور ہر شدہ ہوں اور دو گواہوں نے اپنے دستخط، نام، پتے اور شناختی کارڈ نمبر سے پراکسی کی تصدیق کی ہو۔
- بصورت افراد، پراکسی فارم کے ساتھ مستفیدی مالک اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل کا منسلک ہونا لازم ہے۔
- 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۔



## Form of Proxy

30<sup>th</sup> Annual General Meeting

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

We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Power Cement Limited holding \_\_\_\_\_ ordinary / preference shares as per CDC A/c. No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her Mr/Mrs/Miss \_\_\_\_\_ of \_\_\_\_\_

(being member of the Company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 28, 2021 and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Witnesses:

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No.: \_\_\_\_\_  
Signature: \_\_\_\_\_
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No.: \_\_\_\_\_  
Signature: \_\_\_\_\_

Signature on  
Rs. 5/-  
Revenue Stamp

### NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. In order to be effective, the proxy Form must be received at the office (either hard copy or scanned), not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.
3. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form (either hard copy or scanned).
4. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form (either hard copy or scanned).

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