



QUARTERLY REPORT
MARCH 31, 2023

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



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CORPORATE INFORMATION

Board of Directors

Mr. Nasim Beg
Mr. Samad A. Habib
Syed Salman Rashid
Ms. Zainab Kashif
Mr. Anders Paludan-Müller
Mr. Javed Kureishi
Mr. Khursheed A. Jamal

Chairman, Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director

Audit Committee

Mr. Khursheed A. Jamal
Syed Salman Rashid
Mr. Samad A. Habib

Chairman
Member
Member

Human Resource & Remuneration Committee

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

Chairman
Member
Member

Chief Executive Officer

Mr. Muhammad Kashif Habib

Chief Financial Officer

Mr. Muhammad Taha Hamdani

Company Secretary

Mr. Salman Gogan

External Auditors

A.F. Ferguson & Co. Chartered Accountants

Legal Advisor

Mr. Asad Iftikhar

Corporate Advisor

HaiderMota & Co. Advocates

Share Registrar

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

Registered Office

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

Factory

Nooriabad Industrial Area, Kalo Kohar, District
Jamshoro, Sindh

Website

www.powercement.com.pk

Contact Number

021-32468231-2
021-32468350-1

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 Limited
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

DIRECTORS' REVIEW

The Board of Directors of your company are pleased to present their review on the financial and operational performance of the company for the nine months ended March 31, 2023.

ECONOMIC OVERVIEW

The global economy is currently undergoing significant challenges, because of the commodity supper cycle, exacerbated by the Ukraine war. Additionally, Pakistan is in the midst of political turmoil, which was made worse by unprecedented floods emanating from the global climate change. The country has faced a significant slowdown of economic activity owing to rapidly depleting foreign exchange reserves, leading to a severe restriction in imports of industrial goods and raw materials. In the period under review, the local currency has undergone a devaluation of 38%, resulting in unprecedented growth in inflation and the reference interbank rate has escalated from 15% to 22%. These hurdles have resulted in a challenging operational environment for businesses in Pakistan. Consequently, Large-Scale Manufacturing in Pakistan has contracted significantly during the period.

The State Bank of Pakistan is currently grappling with a shortage of foreign currency reserves, which has resulted in notable delays in the processing of letters of credit (LCs) for the import of essential raw materials. Regrettably, this state of affairs is being aggravated by the recent hike in electricity prices and the increase in the General Sales Tax rate, which are measures towards narrowing the fiscal gap of the government, the necessary conditions for seeking the much-needed support from the International Monetary Fund.

INDUSTRY OVERVIEW

During the period under review, the cement sector in Pakistan witnessed a marked decline in sales volume – overall despatches of 33.5 million ton were made during the period representing a decrease of 17.6% as compared to the same period in the previous year. This decline is attributable to unfavourable business conditions stated earlier, as well as the aftermath of the catastrophic monsoon season that led to widespread floods. Slowdown in construction sector is also attributable to lower supply of steel rebar in the market caused by scarcity of its imported raw material and to fall in house financings caused by steep interest rates. Margins on the export sales have remained extremely narrow due to the high domestic production costs.

Domestic sales in Pakistan reported a decrease of 15.5% to reach 30.5 million ton as compared to 36.1 million ton in the corresponding period. Exports also decreased by 34.6% to reach 3 million ton as compared to 4.6 million ton in the corresponding period.

The South Zone's domestic sales experienced an 11% reduction, dropping from 6.2 million ton in the previous year to 5.5 million ton in the period under review. Similarly, the export sales in the South Zone saw a significant dip of 43% falling to 2.25 million ton compared to 3.96 million ton in the corresponding period.

SALES & PRODUCTION PERFORMANCE

Despite the extremely challenging conditions, the company has performed reasonably well. The sales and production statistics of the company for the nine months period ended March 31, 2023 together with the corresponding period are as under:

DIRECTORS' REVIEW

Sales Volume	Nine months ended		
	March 31 2023	March 31 2022	Variance %
	In Tons		
Cement dispatches (Local)	1,156,118	1,136,920	2%
Clinker dispatches (Local)	82,988	126,824	(35%)
Cement dispatches (Export)	392,238	76,409	413%
Clinker dispatches (Export)	195,151	418,969	(53%)
Total	1,826,495	1,759,122	4%

Domestic despatches of your company increased by 2% outperforming the South Zone which saw a decrease of 11% in the domestic market.

Production	Nine months ended			
	March 31 2023	March 31 2022	Change	Variance %
	In Tons			
Cement production	1,529,002	1,189,318	339,684	28%
Clinker production	1,626,976	1,435,880	191,096	13%

The overall capacity utilization for the nine months period stood at 68% as compared to 60% in the corresponding period.

FINANCIAL PERFORMANCE

An analysis of the key financial results of your company for the quarter and nine months ended March 31, 2023 is as under:

Particulars	Quarter ended		Nine months ended	
	March 31 2023	March 31 2022	March 31 2023	March 31 2022
	Rs. '000		Rs. '000	
Net Sales Revenue	8,870,180	4,072,919	21,513,126	13,348,926
Gross Profit	2,081,961	418,854	4,833,498	2,236,789
Operating Profit	1,076,984	345,029	2,674,919	1,721,969
Profit / (Loss) Before Tax	72,498	(433,587)	(120,332)	(372,000)
Profit / (Loss) After Tax	133,133	(273,649)	553,427	6,789

REVENUE

The top lines for the quarter and the nine months show are marked increase which is primarily due to higher domestic retention prices pushed by the inflated cost of production and due to favourable exchange rates on export sales.

DIRECTORS' REVIEW

GROSS PROFIT

Gross profit margin for the third quarter is reported to be 23% as compared to 10% during the corresponding quarter of the previous year. The company's gross margin for the nine-month period was 22%, in comparison to 17% gross margin reported during the corresponding period of the previous year, which was also marred by the reliance on outsourced clinker. Despite all the challenges on the cost side, the company has been able to improve its gross margins by managing a better mix of local & imported coal and by achieving better plant efficiencies.

NET PROFIT

Higher borrowing costs prevalent in the Country have been burdening the company significantly. Your company has reported profit after tax of Rs.133 million for third quarter of the current year as compared to loss after tax of Rs.273 million of the corresponding quarter of last year. For the nine months period net profit is Rs.553 million as compared to profit of Rs.7 million in the same period last year.

FUTURE OUTLOOK

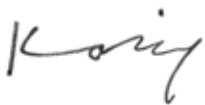
In the forthcoming months, Pakistan's economy is expected to face significant challenges as persistent political uncertainty and structural deficiencies are likely to increase the risk of recession in the country. Furthermore, the measures taken to unlock the IMF financing, such as cutting PSDP, removing subsidies and increasing energy costs will continue to pose serious challenges for the businesses.

The management of your company has closely monitored the macroeconomic developments and it has been successful in achieving cost-efficient coal consumption through a combination of procuring international coal at competitive rates and utilizing a mix of local coal, which constitutes over 40% of the total coal consumption. The localization efforts are supported by the company's Plant acquired with the necessary engineering specifications from FLSmidth. This has helped in mitigating the risk of exchange loss due to devaluation of currency. The management is focused on consolidating its resources, optimizing costs, and aligning its strategies with the changing political and economic landscape to support sustainable business operations.

ACKNOWLEDGEMENT

The Directors of your company take pleasure in expressing their sincere gratitude and appreciation for commitment and contribution of all the employees and the continued trust and reliance placed in the company by all the stakeholders.

For and on Behalf of the Board



Muhammad Kashif Habib
Chief Executive Officer



Nasim Beg
Chairman

Karachi
April 26, 2023



FINANCIAL STATEMENTS

**FOR THE NINE MONTHS AND
QUARTER ENDED MARCH 31, 2023**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

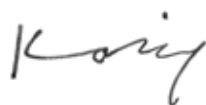
AS AT MARCH 31, 2023

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	35,000,749	35,647,052
Right-of-use asset		15,453	24,725
Intangible asset		-	423
Long-term investments		26,550	25,578
Deferred tax asset		4,034,455	3,138,307
Long-term deposits		63,359	74,359
		39,140,566	38,910,444
Current assets			
Inventories	6	1,503,806	1,363,972
Stores, spares and loose tools	7	4,350,005	1,924,299
Trade receivables - considered good	8	295,009	233,616
Advances and other receivables - unsecured, considered good		622,225	523,905
Taxation - payments less provision		435,268	509,231
Derivative financial asset		3,323,150	1,621,753
Trade deposits and short-term prepayments		153,853	77,473
Tax refunds due from government - sales tax		264,531	1,039,865
Short-term investments		122,499	26,399
Cash and bank balances	9	946,149	217,775
		12,016,495	7,538,288
TOTAL ASSETS		51,157,061	46,448,732

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

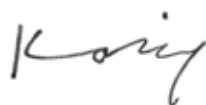
AS AT MARCH 31, 2023

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
(Rupees in '000)			
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Share Capital			
Ordinary shares	10	11,118,705	11,118,705
Cumulative preference shares		2,082,433	2,082,433
		13,201,138	13,201,138
Reserves			
Capital Reserve			
Share premium		739,493	739,493
Difference on conversion of cumulative preference shares into ordinary shares		(121,141)	(121,141)
Revenue Reserve			
Accumulated loss		(2,982,608)	(3,536,035)
		(2,364,256)	(2,917,683)
Contribution from associated undertakings		7,000,000	7,000,000
		17,836,882	17,283,455
LIABILITIES			
Non-current liabilities			
Long-term financing - secured		15,678,626	17,510,223
Long-term trade payables		524,272	522,828
Long-term lease liability		5,222	17,327
Staff retirement benefits		154,188	136,270
		16,362,308	18,186,648
Current liabilities			
Trade and other payables		5,865,896	4,421,035
Unclaimed dividend		126	126
Accrued mark-up		1,151,175	1,383,274
Short-term financing - secured		6,615,000	2,783,927
Current portion of long-term lease liability		15,806	14,348
Current portion of long-term financing		3,309,868	2,375,919
		16,957,871	10,978,629
TOTAL LIABILITIES		33,320,179	29,165,277
Contingencies and commitments			
TOTAL EQUITY AND LIABILITIES	11	51,157,061	46,448,732

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

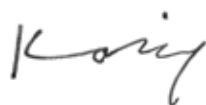
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2023 - UNAUDITED

	Note	Nine months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(Rupees in '000)					
Sales - net	12	21,513,126	13,348,926	8,870,180	4,072,919
Cost of sales		(16,679,628)	(11,112,137)	(6,788,219)	(3,654,065)
Gross profit		4,833,498	2,236,789	2,081,961	418,854
Selling and distribution cost	13	(1,149,252)	(659,322)	(544,159)	(54,442)
Administrative expenses		(274,004)	(215,959)	(100,208)	(73,288)
Reversal of allowance on trade receivables		-	40,321	-	-
Other (expense) / income		(735,323)	320,140	(360,610)	53,905
		(2,158,579)	(514,820)	(1,004,977)	(73,825)
Profit from operations		2,674,919	1,721,969	1,076,984	345,029
Finance income		13,528	5,316	8,627	2,484
Finance cost		(2,808,779)	(2,099,285)	(1,013,113)	(781,100)
		(2,795,251)	(2,093,969)	(1,004,486)	(778,616)
(Loss) / profit before taxation		(120,332)	(372,000)	72,498	(433,587)
Taxation		673,759	378,789	60,635	159,937
Profit / (loss) after taxation		553,427	6,789	133,133	(273,649)
Other comprehensive income / (loss)					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge - effective portion of changes in fair value net of deferred tax		1,325,218	538,711	1,055,676	101,377
Adjustment for amounts transferred to profit or loss		(1,325,218)	(538,711)	(1,055,676)	(101,377)
		-	-	-	-
Total comprehensive income / (loss) for the period		553,427	6,789	133,133	(273,649)
(Rupees)					
Basic earnings / (loss) per share	14	0.26	(0.15)	0.03	(0.31)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

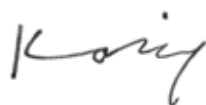
FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

	Note	March 31, 2023	March 31, 2022
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	2,682,858	1,354,138
Gratuity paid		(25,365)	(35,498)
Income tax paid		(148,426)	(126,968)
Deposits received		11,000	-
Finance cost paid		(3,177,466)	(2,302,476)
		(3,340,256)	(2,464,942)
Net cash used in operating activities		(657,399)	(1,110,803)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(60,499)	(322,994)
Proceeds from sale of property, plant and equipment		1,134	10,800
Finance income		12,555	4,412
Net cash used in investing activities		(46,810)	(307,782)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loan		(274,136)	(248,360)
Repayment of syndicate loan		(2,111,903)	(946,926)
Proceeds from term loan		-	492,000
Proceeds / (repayment) of short term borrowing		4,181,073	(453,654)
Lease rentals paid		(12,451)	(11,315)
Proceeds of loan from related parties - net		-	2,336,000
Net cash generated from financing activities		1,782,583	1,167,747
Net increase / (decrease) in cash and cash equivalents		1,078,374	(250,839)
Cash and cash equivalents at the beginning of the period		(132,225)	(244,894)
Cash and cash equivalents at the end of the period	16	946,149	(495,733)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

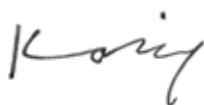
FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

	Issued, subscribed and paid up capital	Difference on conversion of cumulative preference shares into ordinary shares	Capital Reserve		Revenue Reserve	Contribution from associated undertakings	Total Equity
			Share Premium		Accumulated loss		
(Rupees in '000)							
Balance as at July 1, 2021	13,079,997	-	739,493		(3,074,575)	-	10,744,915
Total comprehensive income / (loss) for the period							
Profit for the period	-	-	-		6,789	-	6,789
Cumulative preference shares of Rs.10 each converted into 1.333 Ordinary Shares of Rs. 10 each during the year.	121,141	(121,141)	-		-	-	-
	121,141	(121,141)	-		6,789	-	6,789
Balance as at March 31, 2022	<u>13,201,138</u>	<u>(121,141)</u>	<u>739,493</u>		<u>(3,067,786)</u>	<u>-</u>	<u>10,751,704</u>
Balance as at July 1, 2022	13,201,138	(121,141)	739,493		(3,536,035)	7,000,000	17,283,455
Total comprehensive income for the period							
Profit for the period	-	-	-		553,427	-	553,427
Other comprehensive income for the period	-	-	-		-	-	-
	-	-	-		553,427	-	553,427
Balance as at March 31, 2023	13,201,138	(121,141)	739,493		(2,982,608)	7,000,000	17,836,882

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

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 listed on Pakistan Stock Exchange. The Company's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Jamshoro (Sindh).

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards 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 Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022.

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting and reporting 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, 2022. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2022.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2022.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
(Rupees in '000)			
Operating assets	5.1	34,669,931	35,306,841
Capital work-in-progress		88,090	88,090
Capitalisable stores and spares		242,728	252,121
		35,000,749	35,647,052

5.1 Operating assets

Opening net book value		35,306,841	35,926,941
Additions during the period / year - at cost			
Plant and machinery		47,525	166,093
Non factory building on leasehold land		-	9,459
Factory and laboratory equipment		16,105	9,148
Computers and peripherals		5,388	3,144
Office equipment		397	3,669
Furniture and fixtures		275	345
Vehicles		202	1,292
		69,892	193,150
Disposals during the period / year - Net book value		(287)	(548)
Depreciation for the period / year		(706,515)	(812,702)
		(706,802)	(813,250)
Closing net book value		34,669,931	35,306,841

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

	Note	(Unaudited) March 31, 2023	(Audited) June 30, 2022
6. INVENTORIES			
		(Rupees in '000)	
Raw material		158,089	71,690
Packing material		190,858	95,548
Semi-finished goods		756,018	768,548
Work-in-process		20,544	21,978
Finished goods		378,297	406,208
		1,503,806	1,363,972
7. STORES, SPARES AND LOOSE TOOLS			
Stores		766,782	697,916
Coal		2,622,414	465,207
Spares		968,426	771,638
Loose tools		11,374	8,529
		4,368,996	1,943,290
Less: Provision for slow moving / obsolete stock		(18,991)	(18,991)
		4,350,005	1,924,299
8. TRADE RECEIVABLES - considered good			
Secured		415	404
Unsecured			
- Due from related party		16,649	-
- Others		370,030	325,297
		387,094	325,701
Less: Loss allowance on trade receivables		(92,085)	(92,085)
		295,009	233,616
9. CASH AND BANK BALANCES			
Cash at bank			
Conventional			
- In current accounts		206,243	29,231
- In savings accounts		-	7,565
		206,243	36,796
Islamic			
- In current accounts		635,095	87,587
- In savings accounts	9.1	104,059	91,358
		739,155	178,945
- Term Deposit Receipts		-	1,100
Cash in hand		752	934
		946,149	217,775

9.1 These carry profit rates ranging from 3.9% - 9.7% (June 30, 2022: 6% - 8%) per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

10. SHARE CAPITAL

10.1 Authorised share capital

(Unaudited) March 31, 2023	(Audited) June 30, 2022		(Unaudited) March 31, 2023	(Audited) June 30, 2022
----- (Number of Shares) -----			(Rupees in '000)	
1,390,000,000	1,390,000,000	Ordinary and Cumulative Preference Shares of Rs. 10 each	13,900,000	13,900,000

10.2 Issued, subscribed and paid-up capital

10.2.1 Ordinary Shares

Fully paid ordinary shares of Rs. 10 each issued:

1,051,234,846	1,051,234,846	For cash	10,512,348	10,512,348
840,000	840,000	For consideration other than cash	8,400	8,400
11,339,588	11,339,588	Bonus shares	113,396	113,396
48,456,054	48,456,054	Converted from preference shares	484,561	484,561
1,111,870,488	1,111,870,488		11,118,705	11,118,705

10.2.2 Cumulative Preference Shares

244,585,320	244,585,320	Fully paid Cumulative Preference Shares of Rs. 10 each	2,445,853	2,445,853
(36,342,043)	(36,342,043)	Converted to ordinary shares	(363,420)	(363,420)
208,243,277	208,243,277		2,082,433	2,082,433

10.3 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 March 31, 2023 the undeclared dividend on Cumulative Preference Shares amounted to Rs. 667.27 million (June 30, 2022: Rs 405.83 million).

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of the contingencies as disclosed in note 29 to the annual financial statements for the year ended June 30, 2022 except as mentioned below:

11.1.1 The Company received a notice under the Customs Act, 1969 and DTRE Rules by the Collector of Customs Hyderabad raising tax demand of Rs. 114.35 million on account of input goods imported and locally purchased by the Company. The notice was contested by the Company before the Collector of Customs (Adjudication) Quetta which was decided against the Company. The Company filed an appeal with the Customs Appellate Tribunal (Tribunal) in respect of the same and during the period the matter has been decided against the Company by the Tribunal. Thereafter, the Company has filed an appeal in the High Court of Sindh which is pending adjudication. Based on the advice of the legal advisor of the Company, the matter will be decided in favour of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

11.1.2 During the period, the Company received an order dated September 09, 2022 from Deputy Commissioner Inland Revenue raising tax demand of Rs. 1,182.33 million on account of inadmissible input tax for tax year 2020-2021. The company filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) which was decided in favor of the Company.

11.2 Commitments

Commitments against letter of guarantees
Ijarah rentals

(Unaudited) March 31, 2023	(Audited) June 30, 2022
(Rupees in '000)	
10,436,000	7,557,880
122,550	83,789
10,558,550	7,641,669

12. SALES-NET

Local Sales
Sales tax
Federal excise duty
Commission

Export Sales
Freight on export

(Unaudited) March 31, 2023	(Unaudited) March 31, 2022
(Rupees in '000)	
20,831,238	14,750,935
(3,325,067)	(2,410,533)
(1,937,343)	(1,895,292)
(188,736)	(193,574)
15,380,092	10,251,536
6,488,157	3,482,022
(355,123)	(384,632)
6,133,034	3,097,390
21,513,126	13,348,926

13. These include Rs. 1,043.34 million (March 31, 2022: Rs 570.5 million) incurred in respect of export sales.

14. EARNINGS / (LOSS) PER SHARE

14.1 BASIC

Profit after taxation attributable to ordinary shareholder

Adjustment for cumulative preference share dividend

Profit / (loss) after taxation for calculation of basic earnings / (loss) per share

Weighted average number of ordinary shares outstanding at the end of period (in thousands)

Basic earnings / (loss) per share (Rupee)

(Unaudited) March 31, 2023	(Unaudited) March 31, 2022
(Rupees in '000)	
553,427	6,789
(261,437)	(169,756)
291,990	(162,967)
1,111,870	1,088,670
0.26	(0.15)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

15. CASH GENERATED FROM OPERATIONS

	(Unaudited) March 31, 2023	(Unaudited) March 31, 2022
	(Rupees in '000)	
Loss before taxation	(120,332)	(372,000)
Adjustment for:		
Depreciation and amortisation	716,210	638,530
Finance cost on short-term financing	659,338	575,095
Finance cost on long-term financing	2,112,060	1,524,190
Exchange loss / (gain) - net	198,087	(41,395)
Gain on modification of liability	-	(261,253)
Gain on disposal of property, plant & equipment	(848)	(10,252)
Grant income	(1,997)	(7,002)
Reversal of allowance on trade receivables	-	(40,321)
Finance income	(13,528)	(5,316)
Provision for gratuity	43,283	35,118
	3,712,605	2,407,394
Operating profit before working capital changes	3,592,273	2,035,394
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(2,425,706)	(593,604)
Inventories	(139,834)	618,126
Trade receivables	(61,393)	(20,628)
Advances and other receivables	677,014	736,227
Short-term investments	(96,100)	-
Trade deposits and short-term prepayments	(76,380)	(69,593)
	(2,122,399)	670,527
Increase / (decrease) in current liabilities	1,212,984	(1,351,783)
Net cash generated from operations	2,682,858	1,354,138

16. CASH AND CASH EQUIVALENTS

	(Unaudited) March 31, 2023	(Unaudited) March 31, 2022
	(Rupees in '000)	
Cash and bank balances	946,149	198,554
Short-term financing	-	(694,287)
	946,149	(495,733)

Note

9

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Transactions with related parties			(Unaudited) March 31, 2023	(Unaudited) March 31, 2022
Name of the related party	Relationship	Transactions during the period	(Rupees in '000)	
Aisha Steel Mills Limited	Associated company by virtue of common directorship	- Sale of goods	441	581
		- Payment received	447	571
Safe Mix Concrete Limited	Associated company by virtue of common directorship	- Sale of goods	374,697	42,596
		- Payment received	371,507	53,305
Javedan Corporation Limited	Associated company by virtue of common directorship	- Sale of goods	74,681	11,758
		- Payment received	38,021	8,941
Rotocast Engineering Company (Private) Limited	Associated company by virtue of common directorship	- Services received	17,431	9,374
		- Lease rental	12,449	15,090
		- Payments made	27,012	24,777
		- Loan received	-	100,000
		- Contribution received	456,000	-
		- Mark-up accrued	-	2,754
		- Mark-up paid	-	2,843
Arif Habib Corporation Limited	Associated company by virtue of common directorship	- Loan received	-	750,000
		- Mark-up accrued	-	3,407
		- Mark-up paid	16,180	-
		- Guarantee commission accrued	424	661
		- Guarantee commission paid	636	826
Memon Health & Education Foundation	Associated company by virtue of common directorship	- Sale of goods	4,669	6,815
		- Payment received	4,575	6,607
Arif Habib Equity (Private) Limited	Associated company by virtue of common directorship	- Markup accrued	246,673	159,579
		- Markup paid	253,987	217,033
		- Loan repaid	309,013	308,890
		- Contribution received	550,000	-
Mr. Arif Habib	Substantial shareholder	- Loan received	-	1,486,000
		- Markup accrued	-	5,246
		- Markup paid	1,263	1,263
		- Contribution repaid	1,006,000	-
EFU Life Assurance Limited	Associated company by virtue of common directorship	- Services received	3,750	5,410
		- Payments made	3,750	5,017

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

Transactions with related parties - Continued

Name of the related party	Relationship	Transactions during the period	(Unaudited) March 31, 2023	(Unaudited) March 31, 2022
			(Rupees in '000)	
Fatima Packaging Limited	Associated company by virtue of common directorship	- Purchase of goods	729,225	336,388
		- Payments made	576,281	323,855
Fatima Fertilizer Company Limited	Associated company by virtue of common directorship	- Purchase of goods	-	7,283
		- Payments made	-	7,258
FLSmith A/S	Related party by virtue of nominee director	- Purchase of goods	147,122	-
		- Payments made	133,203	-
Key management personnel	Key management	- Remuneration and other benefits	245,099	180,744
		- Advances disbursed to employees	35,870	14,843
		- Advances repaid by employees	30,788	14,666
Pakistan Stock Exchange Limited	Associated company by virtue of common directorship	- Services received	2,327	2,514
		- Payments made	2,327	2,514
Pakarab Fertilizer Company Limited	Associated company by virtue of common directorship	- Purchase of goods	4,040	5,830
		- Payments made	5,731	2,955
Staff retirement benefit fund	Staff benefit plan	- Charge during the period	43,283	35,118
		- Contribution during the period	25,365	35,498

Balances with related parties

	(Unaudited) March 31, 2023	Audited June 30, 2022
(Rupees in '000)		
Aisha Steel Mills Limited		
- Advance from customer	(68)	(62)
Safe Mix Concrete Limited		
- Advance from customer	(3,702)	(6,892)
Javedan Corporation Limited		
- Trade receivable / (Advance) from customer	16,649	(20,011)
- Other receivable	-	39
Memon Health & Education Foundation		
- Advance from customer	(192)	(286)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2023 - UNAUDITED

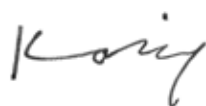
	(Unaudited) March 31, 2023	Audited June 30, 2022
	(Rupees in '000)	
Balances with related parties - Continued		
Rotocast Engineering Company (Private) Limited		
- Amount payable / (Advanced) against services received	3,073	(1,377)
- Contribution	<u>1,236,000</u>	<u>780,000</u>
Arif Habib Corporation Limited		
- Guarantee commission payable	-	212
Arif Habib Equity (Private) Limited		
- Loan payable (including mark-up)	1,103,840	1,491,314
- Contribution	<u>550,000</u>	<u>-</u>
Mr. Arif Habib		
- Mark-up payable	292,722	293,985
- Contribution	<u>5,214,000</u>	<u>6,220,000</u>
EFU Life Assurance Limited		
- Trade payables / (Advance)	-	(672)
FLSmidth A/S		
- (Advance) against goods purchased	<u>(19,450)</u>	<u>(33,154)</u>
Fatima Packaging Limited		
- Amount payable against goods purchased	<u>191,022</u>	<u>38,078</u>
Pakarab Fertilizer Company Limited		
- Amount payable against goods purchased	-	1,691
Key management personnel		
- Advances to employees	<u>46,994</u>	<u>41,722</u>
Staff retirement benefit fund		
- Payable to gratuity fund	<u>154,188</u>	<u>136,270</u>

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements has been authorized for issue on April 26, 2023 by the Board of Directors.



Chief Financial Officer



Chief Executive Officer










Director










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Arif Habib Centre,
23, M.T. Khan Road, Karachi
Tel: 021-32468231-8
www.powercement.com.pk