

Quarterly Report March 31, 2022

# Inspiring Excellence through Strength



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# 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. Samad A. Habib	Member
Mr. Syed Salman Rashid	Member

## HR & Remuneration Committee

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

## Chief Operating Officer

Mr. Ahsan Anis

## Chief Financial Officer

Mr. Irfan Sikander Bawa

## Company Secretary

Mr. Salman Gogan

## 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

# DIRECTORS' REVIEW

The Directors of your Company present herewith their review along with the un-audited Condensed Interim Financial Information for the nine months period ended March 31, 2022.

## INDUSTRY OVERVIEW

The overall Cement industry's sales witnessed a decline by 6 percent to 40.8 million tons during the nine months period ended March 31, 2022, as compared to 43.3 million tons during the same period last year. The domestic sales figure of 36.17 million tons, during the same period remained in line with the volume of 36.18 million tons reported in the comparative period last year. However, the exports sales level has registered a decline of 35 percent which works out to a volume of 4.6 million tons versus 7.15 million tons realized during the same period last year.

The decline in overall sales volume was mainly attributed to the decline in export sales category due to volatility in the coal prices and international freight costs. The rise in coal prices coupled by spikes in international freight bills has forced the industry to increase the per bag price for export which has adversely affected the demand of Pakistan's cement which is not seen as competitive in the international markets.

For the period under review, the domestic sales in South Zone, where your Company is situated has increased by 12% to 6.2 million tons as compared to 5.5 million tons during the same period last year. Whereas, the export sales decreased by 24% to 3.9 million tons as compared to 5.2 million tons during the same period last year. As a result, the South Zone closed at a total dispatch of 10.2 million tons.

In the North Zone, the domestic sales declined by 2%, whereas the export sales declined by 64%. As a result, the North Zone recorded a net decline of 6%.

## BUSINESS PERFORMANCE

### Production & sales volume performance

The production and sales volume statistics of your Company for the nine months period ended March 31, 2022 together with the corresponding period are as under:

Particulars	Nine months period ended		
	March 31 2022	March 31 2021	Variance %
	In Tons		
Cement production	1,189,318	1,385,514	(14) %
Clinker production	1,435,880	1,825,972	(21)%
Clinker purchase	48,222	-	-

Particulars	Nine months period ended		
	March 31 2022	March 31 2021	Variance %
	In Tons		
Cement / clinker dispatches (Local)	1,263,744	1,233,333	2 %
Cement dispatches (Export)	76,409	157,661	(51) %
Clinker dispatches (Export)	418,969	479,730	(13) %
<b>Total</b>	<b>1,759,122</b>	<b>1,870,724</b>	<b>(6)%</b>

The production of clinker decreased by 390,092 metric tons. The overall capacity utilization of clinker stood at 60% as compared to 76% in the corresponding period.

The capacity utilization of new Line-III stood at 83% as compared to 105% in the corresponding period. The low utilization level was due to the fact that a component of the

new Line III of the Company's plant, fully covered under warranty, was damaged at the end of January 2022. Due to the warranty coverage, plan to carry out the repair work locally and the availability of the stock sufficient to cover over two-months' sale, no material financial impact was anticipated. The planned periodic maintenance of the plant was also performed during this period.

However, lately, the vendor informed the company that the damaged part needs to be imported as the local repairs could not achieve the desired level of satisfaction. Due to this turn of events the management feels that there might evolve a material issue as more time will be required to import the damaged part, resulting in significant delay in operations.

While the Line III is expected to resume its operations in a matter of few days as of this report date, the

Company remains operational throughout through its production Line II. Moreover the company is also supporting its sales dispatches by local purchase of clinker as well.

### Financial performance

An analysis of the key financial results of your Company for the nine months period ended March 31, 2022 is as under:

Particulars	Nine months period ended	
	March 31 2022	March 31 2021
	Rupees in '000	
Net sales revenue	13,348,926	10,782,458
Gross profit	2,236,789	2,419,456
Profit after tax	6,789	260,385
(Loss) / Earnings per share (Rupee)	(0.15)	0.14

### Net Sales Revenue

The net sales revenue increased by 22% during the period mainly due to increase in local selling prices. However, the export sales remained under pressure primarily due to unprecedented high freights and enhanced production costs owing to the ever increasing coal prices.

### Gross Profit

The Gross Margin of the Company reported at 17% as compared to 24% in the corresponding period primarily due to increase in production costs and timing difference in passing the impact to the consumers.

### Net Profit

The Company realised after tax profit of PKR 6.8 million during the period under review as compared to PKR 260 million reported during the same period last year.

### FUTURE OUTLOOK

The global inflationary trend in the commodities has resulted in increase in coal prices which along with the freight charges forms and translate into major cost component of the cement processing activity.

The Construction package announced by the previous Federal Government for the construction industry coupled with various initiatives taken by the State Bank of Pakistan have given a boost to the housing and construction activities in the country. Construction of dams, hydropower projects, real

estate development and low cost housing schemes will help to maintain the demand of cement in the medium to long term periods. These signs and developments suggest a positive outlook for the Cement Industry in Pakistan. However, the escalation in current account deficit and downward pressure on currency present downside risks to an overall growth outlook. Considering the changing political scenario, there is an immense need to formulate industry-friendly policies to catch-up with the competition in the international markets as well as to increase its indigenous consumption.

In order to boost liquidity and profitability, the Management is focused on cost control measures and constantly fine tuning its underlying strategies accordingly. Your Company is working in all relevant areas including but not limited to use of alternative fuels, sources of energy and optimising operations of the plant to rationalise the operational costs.

Subsequent to the period, the Company has also entered into a twenty years (20) rental agreement with M/s. Burj Solar Energy (Private) Limited for obtaining a 7MW Solar Power Equipment to be housed at the Company's existing site. This is a part of the strategy to explore and secure alternate sources of energy in the longer run. A consignment carrying major equipment components has reached the site.

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 cost efficient sales mix to maximize profitability, continue mitigating market risks, engaging strategies to meet future challenges and achieve sustain business growth.

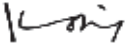
## ACKNOWLEDGEMENT

The Directors are grateful to the Company's stakeholders for their continued confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Shareholders, 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 the present shape to the Company.

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company and its contractors towards the successful completion of expansion project. 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



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**Muhammad Kashif Habib**  
Chief Executive Officer

Karachi: April 28, 2022



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**Nasim Beg**  
Chairman



# FINANCIAL STATEMENTS

THIRD QUARTERLY REPORT MARCH 31, 2022

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

		(Unaudited) March 31, 2022	(Audited) June 30, 2021
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	35,971,589	36,270,530
Right-of-use asset		27,815	37,086
Intangible asset		1,268	2,958
Long-term investments		25,777	24,873
Deferred tax asset		2,520,374	2,104,838
Long-term deposits		73,377	42,338
		<u>38,620,201</u>	<u>38,482,623</u>
<b>Current assets</b>			
Inventories	6	531,385	1,149,511
Stores, spares and loose tools	7	2,342,139	1,748,535
Trade receivables - considered good	8	336,200	275,250
Advances and other receivables - unsecured, considered good		572,400	385,427
Taxation - payments less provision		603,197	512,210
Trade deposits and short-term prepayments		101,994	63,440
Tax refunds due from government - sales tax		1,140,161	2,063,361
Derivative financial asset		1,223,406	529,816
Short-term investments		26,399	26,399
Cash and bank balances	9	198,554	255,106
		<u>7,075,835</u>	<u>7,009,055</u>
<b>TOTAL ASSETS</b>		<u><u>45,696,036</u></u>	<u><u>45,491,678</u></u>



Chief Financial Officer



Chief Executive Officer



Director



## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	Note	(Unaudited) March 31, 2022	(Audited) June 30, 2021
(Rupees in '000)			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
	10		
Ordinary shares		11,118,705	10,634,144
Cumulative preference shares		2,082,433	2,445,853
		<u>13,201,138</u>	<u>13,079,997</u>
<b>Reserves</b>			
<b>Capital Reserve</b>			
Share premium		739,493	739,493
Difference on conversion of cumulative preference shares into ordinary shares		(121,141)	-
<b>Revenue Reserve</b>			
Accumulated loss		(3,067,786)	(3,074,575)
		<u>10,751,704</u>	<u>10,744,915</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term financing - secured		17,062,978	18,403,048
Long-term trade and other payables		505,183	-
Long-term lease liability		27,412	31,675
Deferred grant income		-	1,997
Staff retirement benefits		109,409	108,965
		<u>17,704,982</u>	<u>18,545,685</u>
<b>Current liabilities</b>			
Trade and other payables		2,310,624	4,666,500
Advances from customers		1,002,099	606,381
Unclaimed dividend		126	126
Accrued mark-up		1,051,519	1,258,520
Short-term financing - secured		7,420,557	7,679,924
Loan from related parties		3,016,000	680,000
Current portion of long-term lease liability		8,513	11,755
Current portion of long-term financing		2,429,913	1,297,872
		<u>17,239,350</u>	<u>16,201,078</u>
		<u>34,944,332</u>	<u>34,746,763</u>
<b>TOTAL LIABILITIES</b>			
<b>Contingencies and commitments</b>			
	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>45,696,036</u>	<u>45,491,678</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2022 - UNAUDITED

	Note	Nine months period ended 31 March		Quarter ended 31 March	
		2022	2021 Restated	2022	2021 Restated
----- (Rupees in '000) -----					
Revenue from contracts with customers	12	13,348,926	10,782,458	4,072,919	4,101,284
Cost of sales		(11,112,137)	(8,363,002)	(3,654,065)	(3,199,525)
<b>Gross profit</b>		<b>2,236,789</b>	<b>2,419,456</b>	<b>418,854</b>	<b>901,759</b>
Selling and distribution expenses	13	(659,322)	(778,052)	(54,442)	(310,176)
Administrative expenses		(215,959)	(181,661)	(73,288)	(62,039)
Loss allowance on trade receivables		40,321	(8,865)	-	-
Other income		320,140	421,378	53,905	295,171
		(514,820)	(547,200)	(73,825)	(77,044)
<b>Operating profit</b>		<b>1,721,969</b>	<b>1,872,256</b>	<b>345,029</b>	<b>824,715</b>
Finance income		5,316	8,227	2,484	2,713
Finance cost		(2,099,285)	(1,938,761)	(781,100)	(665,572)
Finance cost - net		(2,093,969)	(1,930,534)	(778,616)	(662,859)
<b>(Loss) / profit before taxation</b>		<b>(372,000)</b>	<b>(58,278)</b>	<b>(433,587)</b>	<b>161,856</b>
Taxation		378,789	318,663	159,937	(6,015)
<b>Profit / (loss) after taxation</b>		<b>6,789</b>	<b>260,385</b>	<b>(273,649)</b>	<b>155,841</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive profit / (loss) for the period</b>		<b>6,789</b>	<b>260,385</b>	<b>(273,649)</b>	<b>155,841</b>
----- (Rupees) -----					
<b>Basic (loss) / earning per share</b>	14	<b>(0.15)</b>	<b>0.14</b>	<b>(0.31)</b>	<b>0.10</b>

The annexed notes from 1 to 19 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 AND QUARTER ENDED 31 MARCH 2022 - UNAUDITED

		Nine months period ended	
		2022	2021
		<b>31 March</b>	
		<u>2022</u>	<u>2021</u>
	Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	1,354,138	1,529,872
Gratuity paid		(35,498)	(24,832)
Income tax paid		(126,968)	(93,263)
Finance cost paid		(2,302,476)	(2,884,008)
		<u>(2,464,942)</u>	<u>(3,002,103)</u>
<b>Net cash used in operating activities</b>		<b>(1,110,803)</b>	<b>(1,472,231)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure - operations		(322,994)	(154,231)
Proceeds from sale of property, plant and equipment		10,800	1,545
Finance income received		4,412	7,400
<b>Net cash used in investing activities</b>		<b>(307,782)</b>	<b>(145,286)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Repayments) / proceeds from - term loan		(248,360)	500,942
Repayment of syndicate loan		(946,926)	(462,994)
Proceeds from term loan / additional syndicate loan		492,000	1,000,000
Expense incurred on issuance of preference shares		-	(13,479)
Repayment of short term borrowing		(453,654)	(218,882)
Lease rentals paid		(11,315)	(9,300)
Proceeds of loan from related parties		2,336,000	-
<b>Net cash generated from financing activities</b>		<b>1,167,747</b>	<b>796,287</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(250,839)</b>	<b>(821,229)</b>
Cash and cash equivalents at beginning of the period		<u>(244,894)</u>	<u>(310,650)</u>
<b>Cash and cash equivalents at end of the period</b>	16	<b><u>(495,733)</u></b>	<b><u>(1,131,879)</u></b>

The annexed notes from 1 to 19 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 AND QUARTER ENDED 31 MARCH 2022 - UNAUDITED

	Issued, subscribed and paid up capital	Advance against preference right issue	Difference on conversion of cumulative preference shares into ordinary shares	Capital reserve Share premium	Revenue reserves Accumulated loss	Total equity
	(Rupees in '000)					
Balance as at July 1, 2020	10,634,144	523,754	-	749,063	(3,428,326)	8,478,635
<b>Total comprehensive income / (loss) for the period</b>						
Preference shares issued	2,445,853	(523,754)	-	-	-	1,922,099
Profit for the period - restated	-	-	-	-	260,385	260,385
Issuance cost of preference shares - net of tax	-	-	-	(9,570)	-	(9,570)
<b>Total comprehensive income / (loss) for the period</b>	2,445,853	(523,754)	-	(9,570)	260,385	2,172,914
Balance as at March 31, 2021 - restated	<u>13,079,997</u>	<u>-</u>	<u>-</u>	<u>739,493</u>	<u>(3,167,941)</u>	<u>10,651,549</u>
Balance as at July 1, 2021	13,079,997	-	-	739,493	(3,074,575)	10,744,915
<b>Total comprehensive income / (loss) for the period</b>						
Loss 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>-</u>	<u>(121,141)</u>	<u>739,493</u>	<u>(3,067,786)</u>	<u>10,751,704</u>

The annexed notes from 1 to 19 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, 2022 - UNAUDITED

### 1. STATUS AND NATURE OF BUSINESS

Power Cement Limited (the Company) was established 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. 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; 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 2021.

#### 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, 2021. 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, 2022. 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.

### 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, 2021.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2022 - UNAUDITED

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated 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

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, 2021.

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, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	35,481,909	35,926,941
Capital work-in-progress		84,890	-
Capitalisable stores and spares		404,790	343,589
		<u>35,971,589</u>	<u>36,270,530</u>
<b>5.1 Operating assets</b>			
Opening written down value		35,926,941	13,371,372
<b>Additions during the period / year - at cost</b>			
Plant and machinery		171,160	22,170,999
Land - lease hold		-	22,982
Factory building on leasehold land		2,629	1,368,164
Factory and laboratory equipment		8,566	2,380
Computers and peripherals		1,882	4,169
Office equipment		2,748	2,108
Furniture and fixtures		232	473
Vehicles		647	1,768
		187,864	23,573,043
Disposals during the period - Net book value		-	(1,493)
Write off during the period / year		(548)	(30,892)
Depreciation for the period		(632,349)	(985,089)
		(632,897)	(1,017,474)
Closing written down value		<u>35,481,909</u>	<u>35,926,941</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2022 - UNAUDITED

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
Note	----- (Rupees in '000) -----	
<b>6 STOCK-IN-TRADE</b>		
Raw material	120,578	107,618
Packing material	130,278	147,619
Work-in-process	210,569	747,945
Finished goods	69,961	146,329
	<u>531,385</u>	<u>1,149,511</u>
<b>7 STORES, SPARES AND LOOSE TOOLS</b>		
Stores	645,689	433,566
Coal	936,812	752,461
Spare parts	763,134	567,372
Loose tools	10,023	8,655
	<u>2,355,658</u>	<u>1,762,054</u>
Provision for slow moving / obsolete stock	<u>(13,519)</u>	<u>(13,519)</u>
	<u>2,342,139</u>	<u>1,748,535</u>
<b>8 TRADE DEBTS - Considered good</b>		
Unsecured		
- Due from related parties	11,772	51,780
- Others	412,473	351,835
	<u>424,244</u>	<u>403,615</u>
Less: Provision for doubtful debts	<u>(88,044)</u>	<u>(128,365)</u>
	<u>336,200</u>	<u>275,250</u>
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand	957	939
Cash with banks:		
- In current accounts	92,043	146,066
- In savings accounts	9.1 103,954	106,001
- Term deposit receipts (TDRs)	9.2 1,600	2,100
	<u>198,554</u>	<u>255,106</u>

9.1 The mark-up rate on the savings and deposit accounts included in cash and bank balances ranges from 5% to 10.5% (June 30, 2021: 3.5% to 5%) per annum.

9.2 This includes term deposit certificates placed with local banks and carry profit at declared rates of 6.5% - 11% (June 30, 2021: 4.07% - 7.20%) per annum.





## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE NINE MONTHS ENDED MARCH 31, 2022 - UNAUDITED

11.1.2 The DCIR passed order vide no. 05/07/2020 dated December 27, 2019 creating demand of Rs.13.05 million along with penalty of Rs. 0.65 million. The Company filed appeal 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 period, 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. Since no reply from the officer received therefore the management has filed appeal against the impugned order before CIR-Appeals on August 25, 2021.

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.

11.1.3 The Company based on 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.

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	----- (Rupees in '000) -----	
<b>11.2 Commitments</b>		
Commitments against open letter of credit for:		
Coal	-	1,840,596
Stores and spares	53,191	157,248
	<u>53,191</u>	<u>1,997,844</u>
Commitments against letter of guarantees	6,724,565	6,702,700
Ijarah rentals	71,861	56,584
	<u>6,849,617</u>	<u>8,757,128</u>
	(Un-audited) Nine months period ended 31 March	
	2022	2021
	----- (Rupees in '000) -----	

## 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local Sales	14,750,935	11,653,801
Sales tax	(2,410,533)	(2,054,618)
Federal excise duty	(1,895,292)	(1,845,680)
Commission	(193,574)	(172,617)
	<u>10,251,536</u>	<u>7,580,885</u>
Export Sales	3,482,022	3,355,803
Freight on export	(384,632)	(154,230)
	<u>3,097,390</u>	<u>3,201,573</u>
	<u>13,348,926</u>	<u>10,782,458</u>

13. This include Rs. 570.5 million (March 31, 2021: Rs 495.2 million) incurred in respect of export sales.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2022 - UNAUDITED

	(Un-audited) Nine months period ended 31 March	
	2022	2021
	----- (Rupees in '000) -----	
<b>14. EARNINGS / (LOSS) PER SHARE</b>		
<b>14.1 BASIC</b>		
Profit after taxation attributable to ordinary shareholder	6,789	260,385
Adjustment for cumulative preference share dividend	(169,756)	(116,625)
Profit / (loss) after taxation for calculation of basic earnings / (loss) per share	(162,967)	143,760
Weighted average number of ordinary shares outstanding at the end of period (in thousands)	1,088,670	1,063,414
Basic (loss) / earnings per share (Rupee)	(0.15)	0.14
<b>15. CASH GENERATED FROM OPERATIONS</b>		
Loss before taxation	(372,000)	(58,278)
<b>Adjustment for:</b>		
Depreciation and amortisation	638,530	770,467
Finance cost on short-term financing	575,095	589,885
Finance cost on long-term financing - operations	1,524,190	1,348,876
Exchange gain - net	(41,395)	(10,137)
Gain on modification of liability	(261,253)	-
Gain on disposal of fixed assets	(10,252)	(1,321)
Grant Income	(7,002)	(7,750)
Loss allowance on trade receivables	(40,321)	8,865
Loss on derivative financial asset	-	259,721
Finance income	(5,316)	(8,227)
Provision for gratuity	35,418	29,734
	2,407,394	2,980,112
<b>Operating profit before working capital changes</b>	2,035,394	2,921,834
<b>Decrease in current assets</b>		
Stores, spares and loose tools	(593,604)	262,299
Inventories	618,126	(257,565)
Trade receivables	(20,628)	119,851
Advances and other receivables	736,227	472,921
Deposits and prepayments	(69,593)	(59,504)
	670,527	538,002
Decrease in current liabilities	(1,351,783)	(1,929,965)
<b>Net cash generated from operations</b>	1,354,138	1,529,872
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	198,554	316,983
Short term borrowings	(694,287)	(1,448,862)
	(495,733)	(1,131,879)

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED MARCH 31, 2022 - UNAUDITED

### 17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties which are related to the Company in pursuit of IAS 24 'Related Party Disclosures' including associates, staff retirement benefit plans and key management personnel are considered for disclosure of related party transactions.

			(Unaudited)	
			March 31, 2022	March 31, 2021
			----- (Rupees in'000) -----	
Transactions with related parties				
Name of the related party	Relationship	Transactions during the period		
Aisha Steel Mills Limited	Associated company by virtue of common directorship	- Sale of goods	581	1,122
		- Payment received	571	1,310
Safe Mix Concrete Limited	Associated company by virtue of common directorship	- Sale of goods	42,596	69,107
		- Payment received	53,305	67,246
Javedan Corporation Limited	Associated company by virtue of common directorship	- Sale of goods	11,758	8,591
		- Payment received	8,941	26,341
Memon Health & Education Foundation	Associated company by virtue of common directorship	- Sale of goods	6,815	-
		- Payment received	6,607	-
Rotocast Engineering Company (Private) Limited	Associated company by virtue of common directorship	- Services received	9,374	8,327
		- Lease rental	15,090	10,289
		- Loan received	100,000	780,000
		- Loan paid	-	780,000
		- Mark-up accrued	2,754	-
		- Mark-up paid	2,843	-
		- Payments made	24,777	15,924
Arif Habib Corporation Limited	Associated company by virtue of common directorship	- Loan received	750,000	462,000
		- Loan paid	-	462,000
		- Mark-up accrued	3,407	921
		- Mark-up paid	-	206
		- Guarantee commission accrued	661	1,591
		- Guarantee commission paid	826	1,656
Arif Habib Equity (Private) Limited	Associated company by virtue of common directorship	- Funds received against shares	-	730,000
		- Loan paid	508,890	154,445
		- Mark-up accrued	159,579	172,836
		- Mark-up paid	217,033	296,719
		- Shares subscribed	-	730,000
Sponsor - Mr. Arif Habib	Sponsor	- Loan received	1,486,000	300,000
		- Loan paid	-	1,948,895
		- Mark-up accrued	5,246	18,877
		- Mark-up paid	1,263	-
		- Shares subscribed	-	796,959
EFU Life Assurance Limited	Associated company by virtue of common directorship	- Services received	5,410	3,001
		- Payments made	5,077	3,001
Allied Rental Modaraba	Associated company by virtue of common directorship	- Services received	-	2,164
		- Payments made	350	1,814
Fatma Fertilizer Company Limited	Associated company by virtue of common directorship	- Purchase of goods	7,283	833
		- Payments made	7,258	833
Fatima Packaging Limited	Associated company by virtue of common directorship	- Purchase of goods	336,388	385,899
		- Payments made	323,855	353,806

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE NINE MONTHS ENDED MARCH 31, 2022 - UNAUDITED

Transactions with related parties			(Unaudited)	
Name of the related party	Relationship	Transactions during the period	March 31, 2022	March 31, 2021
			(Rupees in '000)	
Key management personnel	Key management	-Remuneration and other benefits	180,744	117,125
		-Advances disbursed to employees	14,843	11,769
		-Advances repaid by employees	14,666	6,079
Pakistan Stock Exchange Limited	Associated company by virtue of common directorship	-Services received	2,514	5,772
		-Payments made	2,514	5,772
Pakarab Fertilizer Company Limited	Associated company by virtue of common directorship	-Purchase of goods	5,830	-
		-Payments made	2,955	-
Staff retirement benefit fund	Staff benefit plan	-Charge during the period	35,118	29,734
		-Contribution during the period	35,498	24,832
			(Un-audited) March 31, 2022	(Audited) 30 June 2021
			(Rupees in '000)	
<b>Balances with related parties</b>				
<b>Aisha Steel Mills Limited</b>				
- Advance received			(62)	(71)
<b>Safe Mix Concrete Limited</b>				
- Trade receivable			32,116	42,826
<b>Javedan Corporation Limited</b>				
- Trade receivable			11,771	8,954
<b>Memon Health &amp; Education Foundation</b>				
- Trade payable			58	(149)
<b>Rotocast Engineering Company (Private) Limited</b>				
- Amount payable against services received			783,555	683,957
<b>Arif Habib Corporation Limited</b>				
- Guarantee commission payable			211	376
- Loan payable			750,000	-
- Mark-up payable			3,407	-
<b>Arif Habib Equity (Private) Limited</b>				
- Loan payable (including mark-up)			1,432,375	1,798,719
<b>Sponsor - Mr. Arif Habib</b>				
- Loan payable			1,486,000	-
- Mark-up payable			297,968	293,985
<b>EFU Life Assurance Limited</b>				
- Amount payable against services received			393	-
<b>FLSmidth A/S</b>				
- Amount payable against goods purchased			-	921,098
<b>Allied Rental Modaraba</b>				
- Amount payable against services received			-	350
<b>Fatima Fertilizer Company Limited</b>				
- Amount payable against goods purchased			-	(25)
<b>Fatima Packaging Limited</b>				
- Amount payable against goods purchased			82,498	69,964
<b>Pakarab Fertilizer Company Limited</b>				
- Amount payable against goods purchased			2,875	-
<b>Key management personnel</b>				
- Advances to employees			43,638	43,460
<b>Staff retirement benefit fund</b>				
- Payable to gratuity fund			109,409	108,965

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2022 - UNAUDITED

### 18. OPERATING SEGMENTS

18.1 This condensed interim financial statements have been prepared on the basis of single reporting segment.

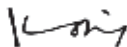
18.2 All non-current assets of the Company as at March 31, 2022 are located in Pakistan.

### 19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements has been authorized for issue on April 28, 2022 by the Board of Directors.



Chief Financial Officer



Chief Executive Officer



Director












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23, M.T. Khan Road, Karachi  
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