Expanding horizons for growth

1st Quarterly Report
September 30,2020

POWER CEMENT
مضبوطی - چٹانوں جیسی

CONTENTS

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

External Auditors
A.F. Ferguson & Co. Chartered Accountants

Legal Advisor
HaiderMota & Co.
Advocates

Mr. Awais Aziz Advocate

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 Investitions-
und 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:
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Directors' Review

The Directors of your Company present herewith their review along with the un-audited Condensed Interim Financial Information for the first quarter ended September 30, 2020.

INDUSTRY OVERVIEW

The Cement industry dispatches during the quarter under review increased by 22 percent to 14 million tons from 11 million tons in the same period last year. Domestic despatches registered a healthy increase of 19 percent, increasing from 9 million tons to 11 million tons. Exports also showed encouraging growth increasing by 36 percent from 2 million tons to 2.7 million tons.

The local market in the South Zone, where your Company is situated, registered an increase of 9% whereas exports increased by 59%. Domestic dispatches were 1.4 million tons and exports were 2 million tons. As a result, the South Zone closed at total dispatches of 3.4 million tons recording an increase of 35%. In the Northern Zone, local dispatches increased by 20% and export demand for the same period declined by 10% recording a net growth of 18% as compared to the corresponding period.

BUSINESS PERFORMANCE

Production & sales volume performance

The production and sales volume statistics of your Company for the First Quarter ended September 30, 2020 together with the corresponding period is as under:

Particulars	First Quarter Ended		
	30 September 2020	30 September 2019	Variance %
	In Tons		
Cement production	**376,516**	90,401	316 %
Clinker production	**546,738**	38,051	1,337 %

Particulars	First Quarter Ended		
	30 September 2020	30 September 2019	Variance %
	In Tons		
Cement / clinker dispatches (Local)	**308,270**	83,334	270 %
Cement dispatches (Export)	**85,850**	2,295	3,641 %
Clinker dispatches (Export)	**180,027**	-	-
Total	**574,147**	85,629	570 %

During the period under review, owing to commencement of new 7700 TPD plant, the production of clinker and cement increased by 508,687 metric tons and 286,115 metric tons respectively increasing the capacity utilization to 95% as compared to 17% of the corresponding period.

Financial performance

An analysis of the key financial results of your Company for the First Quarter Ended September 30, 2020 is as under:

Particulars	First Quarter Ended	
	30 September 2020	30 September 2019
	Rs. ' 000	
Sales revenue	**3,258,446**	583,023
Gross Profit / (Loss)	**667,801**	(96,269)
(Loss) / Profit after tax	**(170,776)**	7,916
(Loss) / Earnings per share (Rupee)	**(0.17)**	0.007

Revenue

The net sales revenue increased by a staggering 459% in line with increase in sales volumes - 574,147 tons as compared to 85,629 during the corresponding period as both local and export markets performed considerably well on the back of enhancement of plant capacity.

Gross Profit

The Gross Margin of the Company stood at 20% as compared to a negative 17% during the corresponding period in line with the increase in sales revenue as well as reduced cost of sales per ton due to the newly installed cost-efficient plant.

Net Loss

The Company's net loss was mainly attributable to higher debt burden on account of mark-up expenses accrued on Line III debts.

FUTURE OUTLOOK

During the period under review, the growth in demand of cement has been due to recovery of COVID in Pakistan, the construction activities post monsoon and announcement of construction package. Full effects of construction package is yet to come which is likely to boost the demand of cement in the Country going forward.

Banks in Pakistan are now ready to provide long-term mortgage financing for purchase of houses as the SBP has advised them to build mortgage portfolio up to 5% of their total loans. This will be another factor for creating housing demand resulting in higher demand of cement on sustainable basis. Reduction in policy rate by 625 basis points to 7% will have a very positive effect on financial performance of the Company.

ACKNOWLEDGEMENT

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

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

Muhammad Kashif Habib	Nasim Beg
Chief Executive Officer	Chairman

Karachi: October 29, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 30 SEPTEMBER 2020

	Note	Unaudited 30 September 2020	Audited 30 June 2020
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	37,063,792	37,222,552
Intangible assets		4,859	5,493
Right of use assets		45,182	48,194
Long-term investments		15,321	15,077
Deferred tax assets		847,507	753,425
Long-term deposits		24,159	24,159
		38,000,820	38,068,900
CURRENT ASSETS			
Stores, spares and loose tools		987,046	1,413,852
Stock-in-trade	5	609,581	737,152
Trade debts - unsecured, considered good		357,369	418,745
Advances and other receivables - unsecured, considered good		2,795,038	2,641,148
Trade deposits and short-term prepayments		35,305	47,069
Tax refunds due from government		1,500,764	1,500,764
Short-term investments		27,899	27,899
Cash and bank balances	6	429,708	339,436
		6,742,710	7,126,065
TOTAL ASSETS		44,743,530	45,194,965
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	7		
Ordinary shares		10,634,144	10,634,144
Cumulative preference shares		2,445,853	-
Share premium		730,691	749,063
Advance against preference rights issue		-	523,754
Capital reserves			
Hedging reserve		632,832	447,724
Revenue reserves			
Accumulated loss		(3,297,067)	(3,126,291)
		11,146,453	9,228,394
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	8	17,274,911	16,312,174
Lease liabilities		42,565	45,032
Deferred Grant Income		5,092	7,079
Staff retirement benefits		98,409	94,931
		17,420,977	16,459,216
CURRENT LIABILITIES			
Loan from previous sponsors		735	735
Trade and other payables	9	5,238,656	5,830,748
Unclaimed dividend		126	126
Accrued mark-up		1,698,104	1,777,146
Short-term financing		8,170,893	8,321,808
Loan from related party - unsecured		418,894	1,922,099
Current portion of lease liabilities		8,507	7,772
Current portion of long-term financing		640,185	1,646,921
		16,176,100	19,507,355
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		44,743,530	45,194,965

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Chief Financial Officer	Chief Executive Officer	Director

CONDENSED INTERIM STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Note	Quarter Ended 30 September 2020	30 September 2019
		(Rupees in '000)	
Sales - net	11	3,258,446	583,023
Cost of sales	12	(2,590,645)	(679,292)
Gross profit / (loss)		667,801	(96,269)
Selling and distribution expenses	13	(344,270)	(35,609)
Administrative expenses	14	(40,054)	(46,211)
Other operating income / (expenses)		13,128	12,317
		(371,196)	(69,503)
Operating profit / (loss)		296,605	(165,772)
Finance income		1,152	5,017
Finance costs		(638,221)	(129,295)
Finance costs - net		(637,069)	(124,278)
Loss before tax		(340,464)	(290,050)
Taxation	15	169,668	297,966
(Loss) / profit after taxation		(170,776)	7,916
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges - effective portion of changes in fair value		260,716	(122,209)
Related deferred tax		(75,608)	35,441
Other comprehensive income / (loss) for the period - net of tax		185,108	(86,768)
Total comprehensive Income / (loss) for the period		14,332	(78,852)
(Loss) / earnings per share - basic and diluted		---------------- (Rupee) ----------------	
	16	(0.17)	0.007

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Chief Financial Officer	Chief Executive Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Note	Quarter Ended 30 September 2020	30 September 2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	17	**698,935**	(607,579)
Gratuity paid		**(1,478)**	(42,103)
Income tax paid		**(24,963)**	(39,664)
Financial charges paid		**(717,263)**	(25,087)
		(743,704)	(106,854)
Net cash used in from operating activities		**(44,769)**	(714,433)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure - Operations		**(89,590)**	(114,831)
Capital expenditure - Project Line III		**-**	(2,778,895)
Interest received		**1,152**	4,772
Net cash used in investing activities		**(88,438)**	(2,888,954)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loan		**(43,998)**	(43,998)
Proceeds / (repayments) from related parties - unsecured		**(1,230,000)**	1,501,000
Proceeds from preference rights issue		**1,648,392**	-
Net cash generated from financing activities		**374,394**	1,457,002
Net decrease / (increase) in cash and cash equivalents		**241,187**	(2,146,385)
Cash and cash equivalents at beginning of the period		**(7,982,373)**	(4,279,803)
Cash and cash equivalents at end of the period	18	**(7,741,185)**	(6,426,188)

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Chief Financial Officer **Chief Executive Officer** **Director**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Share Capital			Capital Reserve	Revenue Reserve	
	Issued, subscribed and paid up capital	Share Premium	Advance against preference rights issue	Hedging Reserve	Accumulated profit / (loss)	Total Equity
	(Rupees in '000)					
Balance as at 01 July 2019	**10,634,144**	**750,714**	**-**	**351,081**	**485,601**	**12,221,540**
Profit for the period	-	-	-	-	7,916	7,916
Other comprehensive income for the period	-	-	-	(86,768)	-	(86,768)
Total comprehensive income for the period	-	-	-	(86,768)	7,916	(78,852)
Balance as at 30 Sep 2019	**10,634,144**	**750,714**	**-**	**264,313**	**493,517**	**12,142,688**
Balance as at 01 July 2020	**10,634,144**	**749,063**	**523,754**	**447,724**	**(3,126,291)**	**9,228,394**
Loss for the period	-	-	-	-	(170,776)	(170,776)
Issuance costs	-	(18,372)	-	-	-	(18,372)
Preference shares issued	2,445,853	-	(523,754)	-	-	1,922,099
Other comprehensive income for the period	-	-	-	185,108	-	185,108
Total comprehensive income for the period	2,445,853	(18,372)	(523,754)	185,108	(170,776)	1,918,059
Balance as at 30 Sep 2020	**13,079,997**	**730,691**	**-**	**632,832**	**(3,297,067)**	**11,146,453**

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Chief Financial Officer **Chief Executive Officer** **Director**

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the first quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2020.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited 30 September 2020 (Rupees in '000)	Audited 30 June 2020 (Rupees in '000)
Operating assets	4.1	36,625,816	13,371,372
Capital work-in-progress - Civil Works	4.2	-	2,953,427
Capital work-in-progress - Plant and Machinery	4.3	-	18,699,777
Capital work-in-progress - Waste Heat Recovery System	4.4	-	1,760,338
Capitalisable stores and spares	4.5	437,975	437,638
		37,063,792	37,222,552

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Unaudited 30 September 2020 (Rupees in '000)	Audited 30 June 2020 (Rupees in '000)
4.1 Operating assets		
Opening written down value	13,371,372	5,145,979
Additions during the period / year - at cost		
Land - lease hold	8,500	109,400
Plant and Machinery	15,365	26,389
Plant and Machinery-Cement Production and Dispatch Plant Line III (CPD)	-	8,093,009
Plant and Machinery-Clinker Production Line III (CP)	18,758,420	-
Factory building on leasehold land	5,776	-
Waste Heat Recovery System (WHRS)	1,760,338	-
Non Factory building on leasehold land	2,958,009	105,404
Leasehold Improvement	-	-
Factory and laboratory equipment	-	4,353
Computers and peripherals	636	1,929
Office equipment	473	3,019
Furniture and fixtures	-	11,281
Vehicles	1,305	202
	23,508,823	8,354,986
Written down value of deletions during the period / year	(37)	(3,242)
Depreciation for the period / year	(254,342)	(126,351)
	(254,379)	(129,593)
Closing written down value	36,625,816	13,371,372
4.2 Capital work-in-progress - Civil Works		
Opening balance	2,953,427	2,375,317
Additions	-	578,110
Transferred to property, plant and equipment	(2,953,427)	-
Closing balance	-	2,953,427
4.3 Capital work-in-progress - Plant and Machinery		
Opening balance	18,699,777	24,992,300
Additions	-	1,800,486
Transferred to operating fixed assets	(18,699,777)	(8,093,009)
Closing balance	-	18,699,777

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Note	Unaudited 30 September 2020	Audited 30 June 2020
		(Rupees in '000)	
4.4 Capital work-in-progress - Waste Heat Recovery System			
Opening balance		**1,760,338**	-
Additions		**-**	1,760,338
Transferred to property, plant and equipment		**(1,760,338)**	-
Closing balance		**-**	1,760,338
4.5 Capitalisable stores and spares			
Opening balance		**437,638**	422,902
Additions during the period / year		**23,117**	28,375
Transferred to property, plant and equipment		**(22,780)**	(13,639)
Closing balance		**437,975**	437,638
5. STOCK-IN-TRADE			
Raw material		**28,832**	46,186
Packing material		**88,180**	118,901
Work-in-process		**307,328**	310,723
Finished goods		**185,240**	261,342
		609,581	737,152
6. CASH AND BANK BALANCES			
Cash in hand		**875**	878
Cash with banks:			
- In current accounts		**118,515**	228,043
- In savings accounts	6.1	**102,135**	102,415
- Term deposits	6.2	**208,183**	8,100
		429,708	339,436

6.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 4% - 8% (30 June 2020: 6.5% - 12%).

6.2 This includes term deposit certificates placed with local banks and carry profit at declared rates of 4% - 8% (30 June 2020: 6.5% - 12.5%) per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

7. SHARE CAPITAL

7.1 Authorized share capital

(Un-audited) 30 September 2020	(Audited) 30 June 2020		(Un-audited) 30 September 2020	(Audited) 30 June 2020
--------(Number of Shares)-------			-------- (Rupees in '000) --------	
1,310,000,000	1,310,000,000		**13,100,000**	13,100,000

7.2 Issued, subscribed and paid-up capital

(Un-audited) 30 September 2020	(Audited) 30 June 2020		(Un-audited) 30 September 2020	(Audited) 30 June 2020
--------(Number of Shares)-------			-------- (Rupees in '000) --------	
		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
1,063,414,434	1,063,414,434		**10,634,144**	10,634,144

7.3 Cumulative Preference Shares

(Un-audited) 30 September 2020	(Audited) 30 June 2020		(Un-audited) 30 September 2020	(Audited) 30 June 2020
--------(Number of Shares)-------			-------- (Rupees in '000) --------	
244,585,320	-	Cumulative Preference Shares of Rs. 10 each	**2,445,853**	-

7.3.1 Cumulative Preference Shares are non-redeemable but convertible into Ordinary Shares, after one year from the date of issuance. For the purpose of conversion, the number of Ordinary Shares to be issued to the Preference Shareholders shall be determined by using the conversion ratio of 1.33 (based on conversion price of Rs 7.5 per ordinary shares).

7.3.2 The rate of preferential dividend on 244,585,320 (June 2020: Nil) Cumulative Preference Shares of Rs. 10 each is 6 Month KIBOR plus 1.5%. This is only payable from profits for that financial year or from accumulated profits/ reserves, subject to approval by the Board of Directors, however, the entitlement of Dividend shall not lapse if no Dividend is paid within that year and shall be carried forward to subsequent year(s) .

7.3.3 Therefore, cumulative dividend amounting to Rs. 9 million (June 2020: Nil) is not accounted for in these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Note	Unaudited 30 September 2020	Audited 30 June 2020
		(Rupees in '000)	
8. LONG-TERM FINANCING			
Long-Term Loan	8.1 & 8.1.1	**17,915,096**	17,959,095
Less: current maturity shown under current liabilities		**(640,185)**	(1,646,921)
		17,274,911	16,312,174

8.1 This represents funded / Musharaka contribution amount drawn (from a syndicate of 16 local banks/ FIs) under the 7,700 TPD expansion project syndicate finance facility, led by NBP as Investment Agent. The said facility has now been restructured to a tenor of 10 years including grace period of 4 years. i.e 8 mark-up payments during the grace period and subsequent 12 installments including both principal and mark-up. The local syndicate facility now carries mark - up at the rate of 6 months KIBOR plus 1.50% (30 June 2020: 6 months KIBOR plus 2.25%) per annum calculated on daily product basis with mark-up / principal repayment falling due on semi - annual basis. The facility is secured through first pari passu charge over current / fixed assets of the Company along with additional collaterals.

The aggregate funded amount of the aforementioned facility which has not been availed from syndicate as at the reporting date amounts to NIL (30 June 2020: NIL).

8.1.1 This includes 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 DEG ,OFID and ICD respectively. The Company has executed cross currency swaps with the 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.

8.1.2 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

8.1.3 During the period restructuring package with the local banks was executed.The local syndicate has revised the terms of the existing Syndicate Term Finance Facility, which include the following:

i) Downward revision of profit rate to 1.5% from 2.25% per annum.

ii) Enhancement of grace period for principal repayments from January 2021 to July 2022. Existing repayment schedule has also been revised to step up installment plan of the facility - current maturity has been presented in these financial statement in accordance with these revised terms.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	Unaudited 30 September 2020	Audited 30 June 2020
	(Rupees in '000)	
9. TRADE AND OTHER PAYABLES		
Trade creditors	**515,371**	511,049
Project Line III creditors	**950,590**	950,590
Payable against Waste Heat Recovery System	**1,685,216**	1,709,016
Bills payable	**198,722**	563,905
Bills payable Line III	**994,243**	973,704
Accrued liabilities	**416,253**	437,590
Royalty payable on raw material	**4,101**	15,475
Excise duty payable on raw material	**3,849**	8,953
Advance from customer	**193,666**	274,131
Retention money payable	**1,130**	1,130
Federal Excise Duty payable	**201,795**	259,342
Workers' Welfare Fund (WWF)	**5,012**	5,012
Withholding tax payable	**20,931**	76,734
Current Portion of deferred Income - government grant	**9,275**	9,725
Leave encashment payable	**33,741**	34,392
Others	**4,760**	-
	5,238,656	5,830,748

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no change in the status of the contingencies as disclosed in note 23.1 to the annual financial statements for the year ended June 30, 2020.

	Unaudited 30 September 2020	Audited 30 June 2020
	(Rupees in '000)	
10.2 Commitments		
Commitments against open letter of credit for:		
Coal	**364,111**	144,393
Stores and spares	**126,184**	117,028
	490,295	261,421
Commitments against letter of guarantees	**5,392,000**	5,392,000
Ijarah rentals	**71,083**	65,419
	5,953,378	5,718,840

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	(Unaudited) Quarter Ended	
	30 September 2020	30 September 2019
	(Rupees in '000)	
11. SALES - NET		
Local	2,832,056	876,903
Export - Clinker	827,728	-
Export-Cement	637,072	26,900
	4,296,856	903,803
Less :		
Sales tax	(503,363)	(154,113)
Federal excise duty	(461,511)	(166,667)
Export Freight Charges	(73,536)	-
	(1,038,410)	(320,780)
	3,258,446	583,023
12. COST OF SALES		
Salaries, wages and other benefits including retirement benefits	106,293	97,837
Raw materials consumed	171,939	16,210
Packing material consumed	183,263	40,817
Stores, spares and loose tools	55,316	33,719
Fuel and power	1,667,419	274,090
Insurance	17,658	2,522
Repairs and maintenance	42,806	14,160
Depreciation	245,701	19,437
Other production overheads	20,753	16,111
	2,511,148	514,903
Work in process		
Opening	310,723	480,056
Purchases	-	64,928
Closing	(307,328)	(343,832)
	3,395	201,152
Cost of goods manufactured	2,514,544	716,055
Finished goods		
Opening	261,342	52,663
Closing	(185,240)	(89,426)
	76,102	(36,763)
	2,590,645	679,292

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	(Unaudited) Quarter Ended	
	30 September 2020	30 September 2019
	(Rupees in '000)	
13. SELLING AND DISTRIBUTION EXPENSES		
Salaries, wages and other benefits including retirement benefits	18,003	13,384
Export expenses	279,787	13,919
Advertisement	657	1,599
Depreciation	6,799	528
Marking fee	2,299	2,898
Incentives and commission on local sales	34,888	1,378
Others	1,837	1,903
	344,270	35,609
14. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits including retirement benefits	17,046	15,064
Travelling and conveyance	105	296
Printing and stationery	915	140
Repair and maintenance	1,294	52
Legal and professional charges	1,259	368
Auditor's remuneration	394	368
Rent, rates and taxes	1,296	9,395
Postage, telephone and telegram	510	886
Entertainment	2,100	2,219
Ijarah payments	3,705	2,717
Fees and subscription	3,429	4,384
Depreciation and Amortization	4,854	4,809
Charity and donation	515	901
Miscellaneous	2,632	4,612
	40,054	46,211

15 TAXATION

The Company qualifies for tax credit under section 65E of the Income Tax Ordinance 2001 for its investment in property, plant and equipment relating to 'Cement Production and Packing Plant' being financed through equity. The results of operations of 'Clinker Plant' and 'Cement Production and Packing Plant' are as follows:

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	2020			
	Clinker	Cement	Internal Transfers	Total
	Rupees '000			
Sales - net	2,007,871	2,504,254	(1,253,679)	3,258,446
Cost of sales	(1,966,350)	(1,877,974)	1,253,679	(2,590,645)
Gross Profit	**41,521**	**626,280**	**-**	**667,801**
Selling and distribution expenses	(216,512)	(127,758)	-	(344,270)
Administrative expenses	(9,271)	(30,783)	-	(40,054)
Other operating (expenses) / income	3,038	10,089	-	13,128
	(222,744)	(148,452)	-	(371,196)
Operating (loss) / Profit	**(181,224)**	**477,828**	**-**	**296,605**
Finance income	1,152	-	-	1,152
Finance costs	(638,221)	-	-	(638,221)
Finance costs - net	(637,068)	-	-	(637,068)
(Loss) / profit before tax	**(818,292)**	**477,828**	**-**	**(340,464)**

	(Unaudited) Quarter Ended	
	30 September 2020	30 September 2019
	(Rupees in '000)	

16. (LOSS) / EARNINGS PER SHARE

16.1 BASIC

(Loss) / Profit after taxation	**(170,776)**	7,916
Adjustment for cumulative preference share dividend	**(9,171)**	-
(Loss) / profit after taxation for calculation of basic (loss) / earning per share	**(179,947)**	7,916
Number of shares	**1,063,414,434**	1,063,414,434
Basic earning per share in rupee	**(0.17)**	0.007

16.2 DILUTED

Diluted earning per share has not been presented for quarter ended Sep 30, 2020 as it has anti-dilutive effect on earning per share.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	(Unaudited) Quarter Ended	
	30 September 2020	30 September 2019
	(Rupees in '000)	
17. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**(340,464)**	(290,050)
Adjustment for:		
Depreciation and amortization	**257,354**	25,845
Finance cost on short term borrowings	**183,050**	129,295
Finance cost on long term loan	**455,171**	-
Exchange (gain) / loss on bills payable	**(10,637)**	(12,267)
Finance income	**(1,152)**	(5,017)
Provision for gratuity	**4,956**	9,766
	888,741	147,622
Operating profit / (loss) before working capital changes	**548,277**	(142,428)
Decrease / (increase) in current assets		
Stores, spares and loose tools	**426,806**	(505,405)
Stock-in-trade	**127,571**	72,782
Trade debts	**61,376**	(40,344)
Advances and other receivables	**131,788**	(12,345)
Trade deposits	**11,764**	(31,695)
	759,305	(517,007)
(Decrease) / increase / in trade and other payables	**(608,648)**	51,856
Net cash generated from / (used in) operations	**698,935**	(607,579)
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	**429,708**	335,590
Short term borrowings	**(8,170,893)**	(6,761,778)
	(7,741,185)	(6,426,188)

19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated undertakings, other related group companies and persons, 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 at arms' length terms. Details of transactions / balances with related parties are as follows:

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	(Unaudited) Quarter Ended 30 September 2020	30 September 2019
	(Rupees in '000)	
Transactions with related parties		
Aisha Steel Mills Limited		
- Sale of goods	189	-
- Payment received	-	115
Safe Mix Concrete Limited		
- Sale of goods	8,933	11,310
- Payment received	6,160	-
Javedan Corporation Limited		
- Sale of goods	3,861	17,003
- Payment received	11,370	-
Rotocast Engineering Company (Private) Limited		
- Services received	2,157	4,074
- Rent accrued	3,430	6,859
- Payments made	3,730	10,487
Arif Habib Corporation Limited		
- Loan received	232,000	416,000
- Loan paid	232,000	-
- Mark-up accrued	206	9,300
- Guarantee commission accrued	635	397
- Guarantee commission paid	446	421
Arif Habib Equity (Private) Limited		
- Loan received	730,000	-
- Mark-up accrued	61,788	85,803
- Mark-up paid	178,957	85,140
- Shares subcribed	730,000	-
Sponsor - Mr. Arif Habib		
- Loan received	-	1,501,000
- Loan paid	1,230,000	-
- Mark-up accrued	10,886	-
- Shares subcribed	796,959	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	(Unaudited) Quarter Ended 30 September 2020	30 September 2019
	(Rupees in '000)	
EFU Life Assurance Limited		
-Services received	3,001	2,641
-Payments made	3,001	2,641
Fatima Packaging Limited		
- Purchase of goods	52,763	18,040
- Payment made	90,064	3,773
Key managenent personnel		
-Remuneration and other benefits	55,238	37,183
-Advances disbursed to employees	5,079	-
-Advances repaid by employees	1,761	2,174
Staff retirement benefit fund		
-Charge during the period	4,956	9,766
-Contribution during the period	1,478	42,103

	(Unaudited) 30 September 2020	(Audited) 30 June 2020
	(Rupees in '000)	
Balances with related parties		
Aisha Steel Mills Limited		
- Trade (payable) / receivable	(76)	(265)
Safe Mix Concrete Limited		
- Trade receivable	43,334	40,561
Javedan Corporation Limited		
- Trade receivable	18,618	26,128
- Other receivable	39	39
Rotocast Engineering Company (Private) Limited		
- Amount payable against services received	(165)	(2,022)
Arif Habib Corporation Limited		
- Mark-up and guarantee commission payable	842	446
Arif Habib Equity (Private) Limited		
- Loan payable including mark-up	1,903,228	2,020,397

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

	(Unaudited) 30 September 2020	(Audited) 30 June 2020
	(Rupees in '000)	
Sponsor - Mr. Arif Habib		
- Loan payable	418,894	1,922,099
- Mark-up payable	285,467	274,581
- Advance against preference rights issue	-	523,754
Fatima Packaging Limited		
- Amount payable	29,841	67,141
FLSmidth A/S		
- Amount payable	994,243	973,704
Key managenent personnel		
- Advances to employees	40,890	37,573
Staff retirement benefit fund		
- Payable to gratuity fund	98,409	94,931

20. GENERAL

Figures have been rounded off to the nearest of thousand rupees.

21. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on October 29, 2020 by the Board of Directors.

Chief Financial Officer	Chief Executive Officer	Director

مستقبل کی پیش بینی

جائزہ مدت کے دوران پاکستان میں COVID-19 سے بحالی، مون سون کے موسم کے بعد تعمیراتی سرگرمیوں اور تعمیراتی پیکیج کے اعلان کے بعد سیمنٹ کی طلب میں اضافہ ہوا۔ تعمیراتی پیکیج کے مکمل اثرات ابھی آنے باقی ہیں جس سے توقع ہے کہ مستقبل میں ملکی کی سیمنٹ کی طلب میں اضافہ ہوا۔

بینک اب گھروں کی خریداری کے لئے طویل مدتی قرضوں کے اجراء پر کاربند ہیں کیونکہ SBP نے ہاؤس finance کو کل قرضوں کا 5 فیصد کرنے کا مشورہ دیا ہے۔ یہ ایک دیگر عنصر ہوگا جس سے گھروں کی طلب میں اضافہ کی وجہ سے سیمنٹ کی طلب پائیدار بنیادوں پر بلند ہو جائے گی۔ پالیسی نرخوں کا 6.25 فیصد کم ہو کر 7 فیصد ہونے کی وجہ سے کمپنی کی مالیاتی کارکردگی پر انتہائی مثبت اثرات مرتب ہونگے۔

اعتراف

ڈائریکٹران کمپنی کے تمام مستفیدان کے مسلسل اعتماد اور سرپرستی پر ان کے انتہائی مشکور ہیں۔ ہم اپنے کاروباری اداروں، بینکاروں اور مالیاتی اداروں کے لئے ستائش ریکارڈ پر لانا چاہتے ہیں اور ان کے اعتماد اور بھروسے پر ان کے مشکور ہیں۔ ہم وزرات مالیات، وزارت صنعت و پیداوار، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے مسلسل تعاون اور رہنمائی پر ان کے مشکور ہیں جس کے نتیجے میں طویل سفر طے کر کے کمپنی موجودہ شکل میں پہنچی ہے۔

جو لوگ کمپنی کے لئے اور اس کے ساتھ کام کرتے ہیں ان کی کوششوں کی بڑے پیمانے عکاسی ادارے کے نتائج میں ہوتی ہے۔ ڈائریکٹران مکمل طور پر کمپنی کے ملازمین اور اس کے ٹھیکیداروں کی توسیعی پروجیکٹ کی کامیاب تکمیل کے لئے ان کی اجتماعی معاونت کو تسلیم کرتے ہیں۔ انتظامیہ کی اہم معاملات میں رہنمائی اور تعاون کے لئے ہم آڈٹ اور دیگر کمیٹیوں کے ممبران کے قابل قدر معاونت اور متحرکانہ کردار کو سراہتے ہیں۔

برائے ومنجانب

محمد کاشف حبیب
چیف ایگزیکٹو ڈائریکٹر

نسیم بیگ
چیئرمین

کراچی: 29 اکتوبر 2020

زیر جائزہ مدت کے دوران نئے TPD 7700 پلانٹ کے آغاز سے کلنکر اور سیمنٹ کی پیداوار میں بالترتیب 508,687 میٹرک ٹن اور 286,115 میٹرک ٹن اضافہ ہوا جس سے پیداوای گنجائش 95 فیصد رہی جبکہ گزشتہ مدت میں 17 فیصد تھی۔

مالیاتی کارکردگی

آپ کی کمپنی کے بنیادی مالیاتی نتائج کا تجزیہ برائے مختتمہ مدت 30 ستمبر 2020 درج ذیل ہے:

تفصیل	پہلی سہ ماہی مدت مختتمہ	
	30 ستمبر 2020	30 ستمبر 2019
	Rupees in '000	
آمدن فروخت	3,258,446	583,023
خام منافع/(خسارہ)	667,801	(96,269)
(خسارہ)/منافع بعد از ٹیکس	(170,776)	7,916
(خسارہ)/آمدن فی حصص (روپے)	(0.17)	0.007

آمدن

خالص آمدن فروخت میں حجم فروخت کے نتیجے میں 459 فیصد اضافہ ہوا جو کہ 574,147 ٹن رہی جبکہ گزشتہ سال اسی مدت میں 85,629 ٹن تھی جس کی وجہ مقامی اور برآمدی مارکیٹ کی قابل ذکر کارکردگی کے ساتھ ساتھ پلانٹ کی پیداواری گنجائش میں اضافہ تھا۔

خام منافع

کمپنی کا خام منافع 20 فیصد رہا جبکہ گزشتہ سال اسی مدت میں منفی 17 فیصد تھا جس کی وجہ آمدن فروخت میں اضافہ کے ساتھ ساتھ نئے تنصیب شدہ ارزاں پیداواری قیمت کے حامل پلانٹ کے نتیجے میں ہونے والی فی ٹن لاگت فروخت میں کمی تھی۔

خالص خسارہ

کمپنی کے خالص خسارہ کی بنیادی وجہ Line III قرضوں پر بھاری مارک اپ کے اخراجات تھے۔

ڈائریکٹران کا جائزہ

آپ کی کمپنی کے ڈائریکٹران غیر آڈٹ شدہ اختصاری عبوری مالیاتی گوشوارے برائے مختتمہ مدت 30 ستمبر 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

صنعتی جائزہ

سیمنٹ کی صنعت کی ترسیلات زیر جائزہ سہ ماہی کے دوران 22 فیصد اضافہ کے ساتھ 14 ملین ٹن رہیں جبکہ گزشتہ سال اسی مدت میں 11 ملین ٹن تھیں۔ مقامی ترسیلات میں 19 فیصد کا صحت مند اضافہ ہوا جو کہ 9 ملین ٹن سے بڑھ کر 11 ملین ٹن ہو گئیں۔ برآمدات میں بھی 36 فیصد کا حوصلہ مند اضافہ ہوا جو کہ 2 ملین ٹن سے بڑھ کر 2.7 ملین ٹن تک پہنچ گئیں۔

ساؤتھ زون جہاں آپ کی کمپنی واقع ہے، اس کی مقامی مارکیٹ میں 9 فیصد اضافہ ہوا جبکہ برآمدات میں 59 فیصد اضافہ ہوا۔ مقامی ترسیلات 14 ملین ٹن رہیں اور برآمدات 2 ملین ٹن رہیں۔ جس کے نتیجے میں ساؤتھ زون میں کل ترسیلات 3.4 ملین ٹن پر بند ہوئیں جس سے 35 فیصد اضافہ کی عکاسی ہوتی ہے۔ ناردن زون میں مقامی ترسیلات میں 20 فیصد اضافہ ہوا اور اسی مدت میں برآمدات میں 10 فیصد کمی ہوئی اس طرح گزشتہ مدت کی بہ نسبت 18 فیصد خالص نمو دیکھی گئی۔

کاروباری کارکردگی

پیداوار اور فروخت کے حجم کی کارکردگی

آپ کی کمپنی کے پہلی سہ ماہی مدت مختتمہ 30 ستمبر 2020 کے ساتھ گزشتہ مدت کے پیداوار اور فروخت کے حجم کے اعداد و شمار درج ذیل ہیں:

تفصیل	30 ستمبر 2020	30 ستمبر 2019	فرق
	ٹن میں		(فیصد)
سیمنٹ کی پیداوار	376,516	90,401	316 %
کلنکر کی پیداوار	546,738	38,051	1,337 %

تفصیل	30 ستمبر 2020	30 ستمبر 2019	فرق
	ٹن میں		(فیصد)
سیمنٹ/کلنکر کی تفصیلات (مقامی)	308,270	83,334	270 %
سیمنٹ کی ترسیلات (برآمدات)	85,850	2,295	3,641 %
کلنکر کی ترسیلات (برآمدات)	180,027	-	-
کل	**574,147**	**85,629**	**570 %**


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