

# **FAUJI CEMENT COMPANY LIMITED**

**Fauji Towers, Block-III, 68 Tipu Road, Chaklala, Rawalpindi, Pakistan**

**Fax No** : 051-9280416  
**E-mail** : secretary@fccl.com.pk  
**Website** : http://www.fccl.com.pk  
**Case No** : SECY/FCCL/2037/30

**Office** : 051-9280075  
**Exchange** : 051-9280081-83  
5763321-24  
**Dated** : 28 October 2019

**To:** Mr Hafiz Maqsood Munshi  
Manager, Companies & Securities Compliance - RAD  
Pakistan Stock Exchange Limited (PSX)  
Stock Exchange Building  
Stock Exchange Road Karachi-74000

**Subject:** Transmission of Quarterly Accounts for the Period Ended 30<sup>th</sup> Sep 2019

**Reference:** Section 237 of Companies Act 2017, PSX Notice no PSX/N-4403 dated 26<sup>th</sup> July 2018 and PSX Notice no PSX/N-4952 dated 29<sup>th</sup> August 2018.

Dear Sir,

1. In Compliance with above reference regulations, Quarterly Report of Company for the period ended 30<sup>th</sup> September 2019 has been transmitted to PSX through **PUCARS** on 28<sup>th</sup> October 2019 and is also available on Company's website. 15 Hard copies of this report will be submitted to PSX as per timeline indicated in above referred Notice of Pakistan Stock Exchange.

2. You may be inform the TRE Certificate Holders of the Pakistan Stock Exchange accordingly, please.

With regards,



Your's sincerely,

Brig Riaz Ahmed Gondal, SI(M), (Retd)  
Company secretary

- Copy to:**
- Company Law Division  
Corporatization & Compliance Department  
Securities and Exchange Commission of Pakistan  
NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad
  - Additional Registrar  
Company Registration Office, SECP  
State Life Building, 7 Blue Area, Islamabad
  - Mr Badiuddin Akbar  
Chief Compliance & Risk Officer  
Central Depository Company of Pakistan Limited  
CDC House, 99 B-B, Block B.S.M.C.H.S  
Main Shahrah-e-Faisal, Karachi -74400
  - Share Registrar, M/s Corplink (Pvt) Ltd, Wing Arcade,  
1-K, Commercial, Model Town, Lahore

First  
Quarterly  
Report  
**2019-20**



Re-engineering  
for Sustainable  
Future

**FAUJI CEMENT  
COMPANY LIMITED**

آزادی قیمتی ہے



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

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**Board of Directors**

Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd),  
 Lt Gen Muhammad Ahsan Mahmood, HI(M), (Retd),  
 Maj Gen Tahir Ashraf Khan, HI(M), (Retd)  
 Maj Gen Wasim Sadiq, HI(M), (Retd)  
 Maj Gen Naseer Ali Khan, HI(M), (Retd)  
 Mr Rehan Laiq  
 Mr Syed Iqtidar Saeed  
 Mr Jawaid Iqbal  
 Mr Zafar Iqbal Sobani  
 Ms Jahanara Sajjad Ahmad

**Chairman**  
**Chief Executive / MD**  
**Director**  
**Director**  
**Director**  
**Director**  
**Director**  
**Independent Director**  
**Independent Director**  
**Independent Director**

**Company Secretary**

Brig Riaz Ahmed Gondal, SI(M), (Retd)  
 Fauji Towers, Block III, 68 Tipu Road,  
 Chaklala, Rawalpindi  
 Tel: +092-051 9280075  
 Fax: +092-051 9280416  
 Email: secretary@fccl.com.pk

**Chief Financial Officer**

Mr Omer Ashraf  
 Tel: +092-051 5500157  
 Email: omer@fccl.com.pk

**Auditors**

M/s KPMG Taseer Hadi & Co,  
 Chartered Accountants  
 6<sup>th</sup> Floor, State Life Building No. 5  
 Jinnah Avenue, Blue Area, P.O. Box 1323  
 Islamabad, Pakistan  
 Tel: +092-051 282-3558  
 Fax: +092-051 2822671

**Legal Advisors**

M/s ORR Dignam & Co, Advocates  
 Marina Height, 2<sup>nd</sup> Floor 109 East  
 Jinnah Avenue, Islamabad  
 Tel: +092-051 2260517-8  
 Fax: +092-051 2260653

**Share Registrar**

M/s Corplink (Pvt) Limited  
 Wings Arcade, 1-K, Commercial,  
 Model Town, Lahore  
 Tel: +092-042-35916714-19 & 35869037  
 Email: corplink786@yahoo.com  
 Fax: +092-042-35869037

**Marketing & Sales Department**

Brig Khizar Sultan Raja, SI(M), (Retd)  
 GM (Marketing & Sales)  
 1<sup>st</sup> Floor, Aslam Plaza, 60 Adamjee Road,  
 Saddar, Rawalpindi, Pakistan  
 Tel: +092-051-5523836,  
 +092-051-5528042  
 Office: +092-051-9271491  
 Fax Number : +092-051-5528965-66  
 Email: adminmkt@fccl.com.pk

**Procurement & Human Resource Department**

Brig Parvez Iqbal Malik, SI(M), (Retd)  
 GM Procurement & Human Resource  
 Tel: +92-051-9280084  
 Fax Number : +092-051-9280416  
 Email: Pervez.iqbal@fccl.com.pk

**Factory**

Fauji Cement Company Limited  
 Near Village Jhang Bahtar,  
 Tehsil Fateh Jang, District Attock  
 Tel Exchange : +092-0572-538047-48,  
 +092-0572- 2538138  
 Fax Number : +092-0572-538025

**Registered Office**

Fauji Cement Company Limited  
 Fauji Towers, Block III, 68 Tipu Road,  
 Chaklala, Rawalpindi  
 Tel Exchange : +092-051-9280081-83,  
 +092-051-5763321-24  
 Fax Number : +092-051-9280416  
 http://www.fccl.com.pk

**Company Website** <http://www.fccl.com.pk>

**Audit Committee**

(1) Ms Jahanara Sajjad Ahmed	<b>Chairperson</b>
(2) Mr Rehan Laiq	Member
(3) Maj Gen Wasim Sadiq, HI(M), (Retd)	Member
(4) Mr Jawaid Iqbal	Member
(5) Brig Riaz Ahmed Gondal, SI(M), (Retd)	<b>Secretary</b>

**Human Resource & Remuneration Committee**

(1) Mr Zafar Iqbal Sobani	<b>Chairman</b>
(2) Maj Gen Tahir Ashraf Khan, HI(M), (Retd)	Member
(3) Maj Gen Wasim Sadiq, HI(M), (Retd)	Member
(4) Mr Jawaid Iqbal	Member
(5) Brig Riaz Ahmed Gondal, SI(M), (Retd)	<b>Secretary</b>

**Technical Committee**

(1) Brig Raashid Wali Janjua, SI(M), (Retd)	<b>Chairman</b>
(2) Maj Gen Naseer Ali Khan, HI(M), (Retd)	Member
(3) Mr Rehan Laiq	Member
(4) Mr Muhammad Tariq, Snr GM (Plant)	<b>Secretary</b>

**Investment Committee**

(1) Mr Rehan Laiq	<b>Chairman</b>
(2) Mr Syed Iqtidar Saeed	Member
(3) Mr Zafar Iqbal Sobani	Member
(4) Mr Jawaid Iqbal	Member
(5) Brig Riaz Ahmed Gondal, SI(M), (Retd)	<b>Secretary</b>

**Bankers**

- United Bank Limited
- Allied Bank Limited
- Bank Al-Falah Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- Askari Bank Limited
- Standard Chartered Bank (Pak) Limited
- National Bank Limited
- Silk Bank Limited
- Bank of Punjab
- Faysal Bank Limited
- Bank Al-Habib Limited
- Al-Baraka Pakistan Limited
- Bank Islami Pakistan Limited

1. The Board of Directors is pleased to present its Review Report along with unaudited accounts of the Company for the 1<sup>st</sup> Quarter ended 30<sup>th</sup> September 2019.
2. During first quarter of FY 2019-20, the Company earned a net profit of **Rs. 293 Million** as compared to **Rs. 801 Million** in the same period of last year. Sales revenue stood at **Rs 4,243 Million** as compared to **Rs 5,342 Million** in corresponding period of last year showing a decrease of **21%**. The Company achieved capacity utilization of **79%** as compared to **90%** last year. The abrupt introduction of the axle load limitation has hampered dispatches and margins severely. Secondly the coming online of additional new capacities kept the retention prices constantly under pressure.
3. Cost of production on the other hand also increased by **6%** mainly due to the phenomenal increase of **36%** in WAPDA tariff, the hefty increase in royalty on limestone and clay of over **100%** and the increase in raw material and coal prices due to the axle load limitation. Both of these factors resulted in the decline in GP ratio from **27%** to **14%**.
4. Going forward, the Government needs to immediately take steps for increasing the infrastructure spending in the country, either that be through releasing Public Sector Development Programme (PSDP) on priority, focusing on establishing the new industrial zones under the second phase of CPEC and start the construction of the low cost housing projects. Secondly they need to resolve the issue of axle load so that this major impediment in dispatches and materials procurement is addressed thereby easing pressure on margins. The domestic dispatches are showing steady growth in the North from last year's level which is a good sign.
5. Work on our **2.5 MW** Solar Power Plant is in full swing which will help us to partially mitigate the effect of increase in WAPDA tariff. The **2<sup>nd</sup>** quarter just before start of winter is generally high in dispatches and we expect that as soon as the axle load issue is resolved we will be able to increase dispatches further with better margins.

On behalf of the Board of Directors



Lt Gen Syed Tariq Nadeem Gilani  
HI(M), (Retd)  
Chairman BODs FCCL



Lt Gen Muhammad Ahsan Mahmood  
HI(M), (Retd)  
Chief Executive & Managing Director

## ڈائریکٹرز کا تجزیہ

## پہلی سہ ماہی مالی سال 2019/20

۱۔ فوجی سینٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز نے جائزہ رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں جس میں 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے لیے کمپنی کے خیر آؤٹ شدہ مالیاتی حسابات بھی شامل ہیں۔

۲۔ مالی سال 2019-20 کی پہلی سہ ماہی میں کمپنی نے 293 ملین روپے کا منافع کمایا جو کہ گزشتہ برس کے اسی دورانیے میں 801 ملین روپے تھا۔ مصنوعات کی فروخت سے حاصل شدہ آمدنی 4,243 ملین روپے رہی جو پچھلے برس اسی دورانیے میں 5,342 ملین روپے تھی۔ یوں اس میں 21 فیصد کمی دیکھنے میں آئی۔ کمپنی کے پیداواری استعمال کی شرح 79 فیصد رہی جو گزشتہ برس اسی دورانیے میں 90 فیصد تھی۔ حکومت کی طرف سے گاڑیوں کے ایکسل لوڈ (Axle load) کی پابندی سے ترسیلات اور منافع میں مشکلات کا سامنا کرنا پڑا۔ جبکہ مارکیٹ میں نئی پیداواری صلاحیت میں اضافے کے باعث قیمتیں مسلسل دباؤ کا شکار رہی ہیں۔

۳۔ دوسری طرف پیداواری لاگت میں بھی 6 فیصد اضافہ ہوا ہے جس کی بڑی وجوہات میں واپڈا کے نرخوں میں 36 فیصد اضافہ، لاگت سٹون (Limestone) اور گاچی مٹی (clay) کی رائٹلی (royalty) میں 100 فیصد سے زائد اضافہ، ایکسل لوڈ کی پابندی کے باعث خام مال اور کونیلے کی قیمتوں میں اضافہ شامل ہے۔ ان دونوں وجوہات کے نتیجے میں کل منافع (Gross Profit) کی شرح 27 فیصد سے کم ہو کر 14 فیصد پر آگئی ہے۔

۴۔ مستقبل پر نگاہ ڈالیں تو حکومت کو چاہیے کہ ملک میں انفراسٹرکچر پر اخراجات کرنے کے اقدامات کرے، جس کے لئے ترجیحی بنیادوں پر پبلک سیکلرڈ ویلپمنٹ پروگرام (PDSP) جاری کئے جائیں، CPEC کے دوسرے مرحلے کے تحت صنعتی زون قائم کرنے پر توجہ دینی چاہیے اور کم خرچ پر گھر تیار کرنے کے منصوبوں پر تعہد راتی کام شروع کئے جائیں۔ دوسرے، انھیں چاہیے کہ ایکسل لوڈ (Axleload) کی پابندی جیسے تنازعات کا فوری حل نکالیں تاکہ خام مال اور مصنوعات کی فروخت پر منفی طور پر اثر انداز ہونے والی یہ رکاوٹ دور ہو اور منافع جات پر آنے والا دباؤ کم ہو سکے۔ مقامی فروخت میں شمالی زون میں گزشتہ برس کے مقابلے میں کچھ بہتری دیکھنے میں آ رہی ہے جو خوش آئند ہے۔

۵۔ ہمارے 2.5 میگا واٹ کے شمسی توانائی کے پلانٹ پر کام اپنے عروج پر ہے جو ہمیں واپڈا کے بڑھتے ہوئے نرخوں سے پیدا شدہ اثرات کو کسی حد تک کم کرنے میں مدد دے گا۔ دوسری سہ ماہی، جو موسم سرما کے آغاز سے ذرا پہلے ہوتی ہے، اس میں عام طور پر فروخت میں اضافہ دیکھنے میں آتا ہے اور ہمیں توقع ہے کہ جیسے ہی ایکسل لوڈ (Axle load) کا معاملہ حل ہوگا، ہم اپنی فروخت کو بہتر منافع کے ساتھ مزید بڑھانے کے قابل ہو سکیں گے۔

منجانب بورڈ آف ڈائریکٹرز



لیفٹننٹ جنرل محمد احسن محمود

ہلال امتیاز (ملٹری)، (ریٹائرڈ)

چیف ایگزیکٹو و مینجنگ ڈائریکٹر، فوجی سینٹ کمپنی لمیٹڈ



لیفٹننٹ جنرل سید طارق ندیم گیلانی  
ہلال امتیاز (ملٹری)، (ریٹائرڈ)

چیئرمین بورڈ آف ڈائریکٹرز، فوجی سینٹ کمپنی لمیٹڈ

راولپنڈی

21 اکتوبر 2019

	Note	Un-Audited 30 September 2019 Rupees'000	Audited 30 June 2019 Rupees'000
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	12,433,765	12,433,765
Reserves		7,722,756	8,464,797
		<b>20,156,521</b>	<b>20,898,562</b>
<b>NON - CURRENT LIABILITIES</b>			
Long term borrowings	5	211,890	317,835
Provision for compensated absences		73,613	71,216
Deferred taxation		3,887,854	3,925,740
		<b>4,173,357</b>	<b>4,314,791</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,649,683	948,864
Accrued liabilities		884,517	834,816
Security deposits		241,010	219,704
Advances from customers		371,735	324,300
Provision for compensated absences -current portion		36,536	20,399
Payable to employees' provident fund trust		12,764	11,832
Unclaimed dividend		41,070	43,747
Dividend payable		1,034,861	-
Markup accrued		17,345	39,021
Short term running finance	6	108,944	990,112
Current portion of long term borrowings	5	211,891	319,034
		<b>4,610,356</b>	<b>3,751,829</b>
		<b>28,940,234</b>	<b>28,965,182</b>

**CONTINGENCIES AND COMMITMENTS** 7

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

	Note	Un-Audited 30 September 2019 Rupees'000	Audited 30 June 2019 Rupees'000
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	8	22,900,881	23,202,930
Long term deposits		86,601	86,601
		<b>22,987,482</b>	<b>23,289,531</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		2,785,322	3,055,041
Stock in trade		938,160	944,022
Trade debts		1,122,661	947,046
Advances		59,866	36,176
Trade deposits, short term prepayments and balances with statutory authority		86,778	20,463
Interest accrued		93	398
Advance tax - net		330,624	261,998
Other receivables		16,196	7,660
Cash and bank balances	9	613,052	402,847
		<b>5,952,752</b>	<b>5,675,651</b>
		<b>28,940,234</b>	<b>28,965,182</b>



Chief Executive



Director



Chief Financial Officer

		Quarter Ended	
		30 September 2019	30 September 2018
		Rupees'000	Rupees'000
Note			
<b>Turnover-net</b>	10	4,243,012	5,342,268
Cost of sales	11	(3,651,658)	(3,944,708)
<b>Gross profit</b>		591,354	1,397,560
Distribution cost		(52,332)	(48,222)
Administrative expenses		(109,920)	(104,126)
Other operating expenses		(29,594)	(83,912)
Finance cost		(27,773)	(29,507)
Other income	12	29,893	7,013
<b>Profit before taxation</b>		401,628	1,138,806
Taxation			
- Current		(146,694)	(363,484)
- Deferred		37,886	25,889
		(108,808)	(337,595)
<b>Profit for the period</b>		292,820	801,211
Earnings per share - Basic and diluted (Rupees)		0.21	0.58

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

	Quarter Ended	
	30 September 2019 Rupees'000	30 September 2018 Rupees'000
Net profit after tax	292,820	801,211
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>292,820</b>	<b>801,211</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial Statement.



Chief Executive



Director



Chief Financial Officer

	Quarter Ended	
	30 September 2019 Rupees'000	30 September 2018 Rupees'000
<b>Cash flows from operating activities</b>		
Net profit before taxation	401,628	1,138,806
<b>Adjustments for:</b>		
Depreciation	411,600	378,437
Provision for compensated absences	20,513	10,388
Workers' (Profit) Participation Fund including interest and WWF	29,715	83,991
Finance cost (excluding interest on WPPF)	27,651	29,428
Gain on disposal of property, plant and equipment	(4,414)	(1,501)
Interest income including interest on long term deposit	(13,824)	(3,156)
	471,241	497,587
Operating cash flows before working capital changes	872,869	1,636,393
Decrease/ (increase) in working capital		
Stores and spares	269,719	653,998
Stock in trade	5,862	216,774
Trade debts	(175,615)	94,321
Advances	(23,690)	(6,109)
Trade deposits and short term prepayments	(66,315)	(385,060)
Other receivables	(8,536)	(1,247)
Trade and other payables	797,441	(27,993)
	798,866	544,684
Cash generated from operations	1,671,735	2,181,077
Compensated absences paid	(1,977)	(2,350)
Payment to Workers' (Profit) Participation Fund	(6,964)	(70,000)
Taxes paid	(215,320)	(40,633)
Net cash generated from operating activities	1,447,474	2,068,094
<b>Cash flows from investing activities</b>		
Additions in property, plant and equipment	(109,657)	(234,460)
Proceeds from disposal of property, plant and equipment	4,520	3,616
Interest received on bank deposits	14,129	4,187
Net cash used in investing activities	(91,008)	(226,657)
<b>Cash flows from financing activities</b>		
Repayment of long term financing	(213,088)	(213,088)
Dividend paid on ordinary shares	(2,677)	(70,346)
Finance cost paid	(49,328)	(45,110)
Net cash used in financing activities	(265,093)	(328,544)
<b>Increase in cash and cash equivalents</b>	1,091,373	1,512,893
<b>Cash and cash equivalents at beginning of the period</b>	(587,265)	(1,107,127)
<b>Cash and cash equivalents at end of the period</b>	504,108	405,766
Cash and cash equivalents comprise of the following:		
Cash and bank balances	613,052	652,065
Short term running finance	(108,944)	(246,299)
	504,108	405,766

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

Condensed Interim Statement of Change in Equity (Un - Audited)  
For the First Quarter Ended 30 September 2019

F C C L

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First Quarterly Report 2019-20

	Share capital		Revenue reserve		Total
	Ordinary shares	Discount on issue of shares	Accumulated profit		
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
<b>Balance as at 30 June 2018</b>	13,798,150	(1,364,385)	8,055,175		20,488,940
<b>Total comprehensive income</b>					
Profit for the period	-	-	801,211		801,211
<b>Total comprehensive income</b>					
<b>Transactions with owners of the Company</b>					
<b>Distributions:</b>					
Final dividend 2018: Rs 1.00 per share	-	-	(1,379,815)		(1,379,815)
<b>Balance as at 30 September 2018</b>	13,798,150	(1,364,385)	7,476,571		19,910,336
<b>Balance as at 30 June 2019</b>	13,798,150	(1,364,385)	8,464,797		20,898,562
<b>Total comprehensive income</b>					
Profit for the period	-	-	292,820		292,820
<b>Total comprehensive income</b>					
<b>Transactions with owners of the Company</b>					
<b>Distributions:</b>					
Final dividend 2019: Rs 0.75 per share	-	-	(1,034,861)		(1,034,861)
<b>Balance as at 30 September 2019</b>	13,798,150	(1,364,385)	7,722,756		20,156,521

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

## 1. STATUS AND NATURE OF BUSINESS

Fauji Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan on 23 November 1992 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and commenced its business with effect from 22 May 1993. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of different types of cement. The Company's registered office is situated at Fauji Towers, Block-III, 68-Tipu Road, Rawalpindi.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the quarter ended 30 September 2019 have been prepared in accordance with the requirements of International Accounting Standard 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. The disclosures in the condensed interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2019. Comparative statement of financial position is extracted from annual financial statements as of 30 June 2019 whereas comparative condensed interim profit or loss, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial statements for the quarter ended 30 September 2018.

These condensed interim financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange .

## 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements for the year ended 30 June 2019 except for the following:

IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has adopted IFRS 16 during the period. The adoption of IFRS 16 does not have any material impact on these condensed interim financial statements.

## 4. SHARE CAPITAL

There is no change in composition of issued, subscribed and paid up share capital of the Company from 30 June 2019.

<b>5. LONG TERM BORROWINGS-SECURED</b>		<b>Un-audited</b>	<b>Audited</b>
<b>- From banking companies (conventional banks) Note</b>		<b>30 September</b>	<b>30 June</b>
		<b>2019</b>	<b>2019</b>
		<b>Rupees'000</b>	<b>Rupees'000</b>
Term finance facilities	5.1	423,781	636,869
Less: Current portion shown under current liabilities		(211,891)	(319,034)
		<b>211,890</b>	<b>317,835</b>
<b>5.1 Movement in this account during the period/ year is as follows:</b>			
Opening balance		636,869	1,063,046
Principal repayment during the period/ year		(213,088)	(426,177)
Closing balance	5.1.1	423,781	636,869

5.1.1 The markup rates, facility limits, securities offered are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2019.

## 6. SHORT TERM RUNNING FINANCE (SECURED) - CONVENTIONAL AND ISLAMIC BANKS

The Company has short term running finance facility limits to the tune of Rs. 2,350 million (30 June 2019: Rs. 2,580 million) from banking companies. These facilities are secured against first pari passu charge and ranking charge by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin. The markup rates are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2019.

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

There is no change in the contingent liabilities as reported in the financial statements for the year ended 30 June 2019.

### 7.2 Commitments

The company has opened Letters of Credit for the import of spare parts valuing Rs. 217 million (30 June 2019: Rs. 368 million).

7.3 The Company has capital commitments of Rs. 142 million (30 June 2019: Rs. 23 million).

<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		<b>Un-audited</b>	<b>Audited</b>
		<b>30 September</b>	<b>30 June</b>
		<b>2019</b>	<b>2019</b>
		<b>Rupees'000</b>	<b>Rupees'000</b>
Opening book value		23,202,930	22,624,413
Additions during the period/ year		109,657	2,104,621
Written down value of disposals		(106)	(5,647)
Depreciation for the period/year		(411,600)	(1,520,457)
Closing book value		<b>22,900,881</b>	<b>23,202,930</b>

	<b>Un-audited 30 September 2019 Rupees'000</b>	<b>Audited 30 June 2019 Rupees'000</b>
<b>9. CASH AND BANK BALANCES</b>		
Cash at banks		
Deposit accounts - Conventional banks	526,754	281,741
Deposit accounts - Islamic banks	7,871	4,412
Current accounts - Conventional banks	77,511	116,046
Current accounts - Islamic banks	404	438
	<b>612,540</b>	<b>402,637</b>
Cash in hand	512	210
	<b>613,052</b>	<b>402,847</b>
	<b>Quarter Ended</b>	
	<b>30 September 2019 Rupees'000</b>	<b>30 September 2018 Rupees'000</b>
<b>10. TURNOVER - NET</b>		
The disaggregation of turnover from contracts with customers is as follows:		
Sales - Local	6,115,648	7,069,575
- Export	387,379	478,933
	<b>6,503,027</b>	<b>7,548,508</b>
Less: - Sales tax	989,495	1,128,801
- Excise duty	1,269,430	1,076,140
- Export development surcharge	1,090	1,299
	<b>2,260,015</b>	<b>2,206,240</b>
	<b>4,243,012</b>	<b>5,342,268</b>

	Quarter Ended	
	30 September 2019 Rupees'000	30 September 2018 Rupees'000
<b>11. COST OF SALES</b>		
Raw material consumed	359,773	333,260
Packing material consumed	287,177	289,009
Stores and spares consumed	9,673	12,127
Salaries, wages and benefits	391,776	362,945
Rent, rates and taxes	5,678	6,435
Insurance	36,285	12,197
Fuel consumed	1,290,168	1,432,622
Power consumed	606,182	640,387
Depreciation	406,558	372,728
Repairs and maintenance	89,390	272,532
Technical assistance	821	8,740
Printing and stationery	979	1,865
Traveling and conveyance	13,702	9,667
Vehicle running and maintenance expenses	3,987	4,634
Communication, establishment and other expenses	22,094	13,510
Water conservancy charges	67,355	-
	<b>3,591,598</b>	<b>3,772,658</b>
Add: Opening work-in-process	524,636	808,315
Less: Closing work-in-process	(443,162)	(609,317)
Cost of goods manufactured	<b>3,673,072</b>	<b>3,971,656</b>
Add: Opening finished goods	206,537	186,546
Less: Closing finished goods	(227,553)	(230,904)
	<b>3,652,056</b>	<b>3,927,298</b>
Less: Own consumption	(398)	(4,255)
Export freight and other charges	-	21,665
	<b>3,651,658</b>	<b>3,944,708</b>
<b>12. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Income from deposits and advances		
- Conventional banks	13,690	2,917
- Islamic banks	134	239
	<b>13,824</b>	<b>3,156</b>
<b>Income from non financial assets</b>		
Gain on disposal of property, plant and equipment	4,414	1,501
Other income	11,655	2,356
	<b>29,893</b>	<b>7,013</b>

### 13. RELATED PARTY TRANSACTIONS

There is no change in relationship with related parties during the period. Significant transactions with related parties are as follows:

	Quarter Ended	
	30 September 2019 Rupees'000	30 September 2018 Rupees'000
<b>Transactions and balances with related parties</b>		
<b>Fauji Foundation</b>		
Sale of Cement	799	215
Advance against sale of cement	2,580	2,758 *
Payment for use of medical facilities	524	102
Payment for clearance of shipments	-	74
Donation paid through Fauji Foundation	4,700	4,000
Payment of rent and utilities	3,991	3,926
Dividend payable on ordinary shares	407,738	543,650
Dividend payable to Fauji Fertilizer Company Limited	70,312	93,750
Dividend payable to Fauji Fertilizer Bin Qasim Limited	14,062	18,750
Dividend payable to Fauji Oil Terminal and Distribution Company Limited	14,062	18,750
Balance at Askari Bank Limited (AKBL)	145	3,182 *
Profit received from AKBL	94	33
<b>Transactions with other related parties</b>		
Payments made into Employees' Provident Fund	13,187	11,861
Payment of director's fee	1,650	870
Remuneration including benefits and perquisites to Chief Executive	5,688	5,099
Remuneration including benefits and perquisites to key management personnel	12,376	10,640

\* Comparative figures are as at 30 June 2019

### 14. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

14.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments	Note	Carrying amount		Fair value			
		Amortized	FVTPL	Total	Level 1	Level 2	Level 3
		Rs' 000					
<b>30 September 2019</b>							
<b>Financial assets not measured at fair value 14.1.1</b>							
Long term deposits		-	86,601	86,601	-	86,601	86,601
Trade debts - net of impairment loss		1,122,661	-	1,122,661	-	-	-
Trade deposits		-	9,625	9,625	-	9,625	9,625
Interest accrued		93	-	93	-	-	-
Other receivables		16,196	-	16,196	-	-	-
Cash and bank balances		613,052	-	613,052	-	-	-
		<u>1,752,002</u>	<u>96,226</u>	<u>1,848,228</u>	<u>-</u>	<u>96,226</u>	<u>96,226</u>
<b>Financial liabilities not measured at fair value</b>							
Long term borrowings (including current portion)		423,781	-	423,781	-	-	-
Creditors		415,048	-	415,048	-	-	-
Accrued liabilities		884,517	-	884,517	-	-	-
Retention money		280,278	-	280,278	-	-	-
Security deposits		241,010	-	241,010	-	-	-
Other liabilities		139,549	-	139,549	-	-	-
Unclaimed dividend		41,070	-	41,070	-	-	-
Dividend payable		1,034,861	-	1,034,861	-	-	-
Short term running finance		108,944	-	108,944	-	-	-
		<u>3,569,058</u>	<u>-</u>	<u>3,569,058</u>	<u>-</u>	<u>-</u>	<u>-</u>



**15. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 21 October 2019.

**16. GENERAL**

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



Chief Executive



Director



Chief Financial Officer



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### Company Secretary

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