

Third
Quarterly
Report



2019-20



Re-engineering
for Sustainable
Future

**FAUJI CEMENT
COMPANY LIMITED**

آزادی قیمتی ہے



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Board of Directors

Mr Waqar Ahmed Malik
 Lt Gen Muhammad Ahsan Mahmood, HI(M), (Retd)
 Maj Gen Abid Rafique, 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: +92-51-9280075
 Fax: +92-51-9280416
 Email: secretary@fccl.com.pk

Chief Financial Officer

Mr Omer Ashraf
 Tel: +92-51-5500157
 Email: omer@fccl.com.pk

Auditors

M/s KPMG Taseer Hadi & Co
 Chartered Accountants
 6th Floor, State Life Building No. 5
 Jinnah Avenue, Blue Area, P.O. Box 1323
 Islamabad, Pakistan
 Tel: +92-51-2823558
 Fax: +92-51-2822671

Legal Advisors

M/s ORR Dignam & Co, Advocates
 Marina Height, 2nd Floor 109 East
 Jinnah Avenue, Islamabad
 Tel: +92-51-2260517-8
 Fax: +92-51-2260653

Share Registrar

M/s Corplink (Pvt) Limited
 Wings Arcade, 1-K, Commercial
 Model Town, Lahore
 Tel: +92-42-35916714-19 & 35869037
 Fax: +92-42-35869037
 Email: corplink786@yahoo.com

Marketing & Sales Department

Brig Khizar Sultan Raja, SI(M), (Retd)
 GM (Marketing & Sales)
 1st Floor, Aslam Plaza, 60 Adamjee Road
 Saddar, Rawalpindi, Pakistan
 Tel Exchange: +92-51-5523836
 +92-51-5528042
 Office: +92-51-9271491
 Fax Number : +92-51-5528965-66
 Email: khizar.sultan@fccl.com.pk

Procurement & Human Resource Department

Brig Parvez Iqbal Malik, SI(M), (Retd)
 GM Procurement & Human Resource
 Tel: +92-51-9280084
 Fax Number : +92-51-9280416
 Email: pervez.iqbal@fccl.com.pk

Factory

Mr. Muhammad Tariq,
 Senior General Manager(Plant)
 Fauji Cement Company Limited
 Near Village Jhang Bahtar,
 Tehsil Fateh Jang, District Attock
 Tel Exchange : +92-572-538047-48
 Fax Number : +92-572-538025
 Email: muhammad.tariq@fccl.com.pk

Registered Office

Fauji Cement Company Limited
 Fauji Towers, Block III, 68 Tipu Road
 Chaklala, Rawalpindi
 Tel Exchange : +92-51-9280081-83
 +92-51-5763321-24
 Fax Number : +92-51-9280416
 http://www.fccl.com.pk

Audit Committee

(1) Ms Jahanara Sajjad Ahmad	Chairperson
(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)	Secretary

Human Resource & Remuneration Committee

(1) Mr Zafar Iqbal Sobani	Chairman
(2) Maj Gen Abid Rafique, 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)	Secretary

Technical Committee

(1) Mr Syed Iqtidar Saeed	Chairman
(2) Maj Gen Naseer Ali Khan, HI(M), (Retd)	Member
(3) Mr Rehan Laiq	Member
(4) Mr Muhammad Tariq, Snr GM (Plant)	Secretary

Investment Committee

(1) Mr Rehan Laiq	Chairman
(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)	Secretary

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 the condensed interim financial statement of Company for nine months period ended on 31st March 2020.
2. With the outbreak of Covid-19 Pandemic in the country, the company management has put in place necessary safety measures for its employees and stakeholders at all locations, as under:-
 - a. Training of all employees to observe the related precautionary measures.
 - b. Checking temperature of all employees/stakeholders, entering the premises at Plant/Head Office.
 - c. Installation of hand sanitizers at all important locations.
 - d. Disinfection of offices and important locations.
 - e. Bare minimum presence of employees in the Head office and Plant site.
 - f. Enforcement of concept of social distancing in true letter & spirit and imposing ban on shaking hands.
 - g. Introduction of attendance system through face-recognition at the Head Office and Plant site.
 - h. Adopting the practice of "Work from Home" in which video conferencing system was used for meetings and ERP access was granted to concerned employees.
3. **Overview – Cement Industry.** Overall industry dispatches during the nine months period of the year and corresponding period of last year are as under:-

S/No	Despatches	2019-20	2018-19	Variance (Million Tons)	Variance (%)
		(Million Tons)			
a.	Local	30.59	29.45	1.14	4
b.	Exports	6.45	5.13	1.32	26
c.	Total	37.04	34.58	2.46	7

Higher dispatches of South Region helped the industry to maintain its overall dispatches.

4. **Overview - FCCL.** Capacity utilization achieved by Company during the period is **89%** as compared to **84%** in the same period last year. Company's dispatches during the period in comparison to the corresponding period of last year are as under:-

S/No	Despatches	2019-20	2018-19	Variance (Million Tons)	Variance (%)
		(Million Tons)			
a.	Local	2.11	2.08	0.03	1
b.	Exports	0.27	0.17	0.10	59
c.	Total	2.38	2.25	0.13	6

5. **Financial Performance.** Key financial results of Company, for this period in comparison to the corresponding period of last year, are tabulated below:-

S/No	Particulars	2019-20		2018-19	
		(Rupees in Thousand)			
a.	Turnover – net	13,481,638		15,644,101	
b.	Gross Profit	877,920		4,106,794	
c.	Profit before Tax	275,451		3,458,842	
d.	Net profit for the period	271,807		2,440,274	
e.	Earnings Per Share (EPS) *	0.20		1.77	

* (Rs. in thousands except EPS)

6. **Production Performance.** The production statistics of Company, for this period as compared to the corresponding period last year, are as under:-

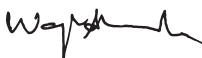
S/No	Particulars	2019-20	2018-19
a.	Cement Production (Tons)	2,373,866	2,244,581
b.	Clinker Production (Tons)	2,207,107	2,107,360

7. **Future Outlook**

- The slide in the cement prices as witnessed in the last six months continued in the 3rd quarter as well with prices going even below costs.
- During this quarter the country has come to a complete stand still due to the outbreak of the Covid 19 pandemic and the steps taken to ensure safety of the people of Pakistan, something which has badly hurt the industry and businesses. It will be a while after which we will be able to take stock of the Economic situation and assess the true impact it has had on an already slow growing economy.
- Some of the specific impacts it had on cement business is the abrupt stoppage of dispatches due to non-availability of transport and closure of most of the projects and markets. The dispatches to Afghanistan, our main export market, came to a complete halt with the closure of the Torkhum border, which continues to remain closed. This forced us to partially shutdown the Lines of production and meet limited requirement from existing clinker stock. Lately in the last two weeks, the situation has slightly improved for domestic dispatches in the backdrop of Government's incentive package for the Construction industry. We at FCCL feel that if present level of epidemic does not surge and the recently announced incentives by the Government of Pakistan to restart construction Industry materialise, the economic activity will improve with positive impact on sales of 4th quarter.
- We would like to assure all stakeholders/shareholders that the company continues to be financially stable and is able to meet all its financial commitments in these testing times and look forward for better times ahead.

8. **Acknowledgement.** Directors express their appreciation to the Financial Institutions that extended assistance in financing to the Company. Efforts of Company employees, staff and management also merit acknowledgement for their devotion and hard work.

On behalf of the Board of Directors



Waqar Ahmed Malik
Chairman FCCL Board
Rawalpindi
20th April 2020



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

ڈائریکٹرز کا تجزیہ

نومامی۔ مالی سال 2019/20

۱۔ بورڈ آف ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونے والے نومامی دورانیے کیلئے آپ کی کمپنی کے مختصر عبوری مالیاتی نتائج کے ساتھ اپنا تجزیہ پیش کرتے ہوئے فخر محسوس کر رہے ہیں۔

۲۔ ملک میں Covid-19 کی وبائی صورت حال میں کمپنی کی انتظامیہ نے اپنے ملازمین اور دیگر متعلقہ افراد کے لیے تمام مقامات پر درج ذیل ضروری حفاظتی اقدامات کئے ہیں:-

- الف۔ متعلقہ حفاظتی اقدامات پر عمل درآمد کے لیے تمام ملازمین کی تربیت۔
- ب۔ پلانٹ/ ہیڈ آفس کی حدود میں داخلے کے وقت تمام ملازمین اور دیگر متعلقہ افراد کا درجہ حرارت چک کرنا۔
- ج۔ تمام اہم مقامات پر ہینڈ سینیٹائزرز کی تنصیب۔
- د۔ اہم مقامات اور دفاتر کو جراثیم سے پاک کرنا۔
- ہ۔ ہیڈ آفس اور پلانٹ پر ممکن حد تک کم سے کم ملازمین کی موجودگی۔
- و۔ سماجی فاصلے کے تصور کا صحیح معنوں میں اطلاق اور مصالحتے پر پابندی۔
- ز۔ ہیڈ آفس اور پلانٹ پر چہرے کی شناخت کے ذریعے حاضری کا نظام۔
- ح۔ گھر سے کام کرنے کا طریقہ اپنانا جس میں میٹنگ کے لیے وڈیو کانفرنس کا نظام اپنا کر متعلقہ ملازمین کو ERP کی رسائی دینا۔

۳۔ عمومی جائزہ۔ سیمنٹ کی صنعت:- اس نومامی دورانیے میں اور گزشتہ برس اسی مدت میں ہونے والی سیمنٹ کی صنعت کی مجموعی ترسیلات کا موازنہ درج ذیل ہے:

نمبر شمار	فروخت	2019-20 (ملین ٹن)	2018-19 (ملین ٹن)	فرق (ملین ٹن)	فرق (%)
الف	مقامی	30.59	29.45	1.14	4
ب	برآمدات	6.45	5.13	1.32	26
ج	میزان	37.04	34.58	2.46	7

نوٹ:- جنوبی علاقے کی بڑی ترسیلات نے صنعت کی عمومی ترسیلات کا حجم برقرار رکھنے میں مدد دی۔

۴۔ عمومی جائزہ۔ فوجی سینٹ کمپنی۔ کمپنی کی پیداواری صلاحیت کے استعمال کی شرح 89 فیصد رہی جو گذشتہ برس اسی دورانیے میں 84 فیصد تھی۔ اس نو ماہی میں اور گذشتہ برس اسی دورانیے میں ہونے والی کمپنی کی سینٹ کی مجموعی ترسیلات کا موازنہ درج ذیل ہے:-

نمبر شمار	فروخت	2019-20 (ملین ٹن)	2018-19 (ملین ٹن)	فرق	فرق (%)
الف	مقامی	2.11	2.08	0.03	1
ب	برآمدات	0.27	0.17	1.10	59
ج	میزان	2.38	2.25	0.13	6

۵۔ مالی کارکردگی:- اس دورانیے میں کمپنی کے مالی حسابات کے کلیدی نتائج اور گذشتہ برس کے اسی دورانیے کے حسابات کا موازنہ نیچے دیا گیا ہے:-

نمبر شمار	تفصیل	مالی سال 2019-20	مالی سال 2018-19
الف	فروخت سے حاصل شدہ کل آمدنی*	13,481,638	15,644,101
ب	کل منافع*	877,920	4,106,794
ج	ٹیکس سے پہلے منافع*	275,451	3,458,842
د	ٹیکس کے بعد صافی منافع*	271,807	2,440,274
ہ	فی حصہ (شئیر) آمدنی*	0.20	1.77

* روپے ہزاروں میں ماسوائے فی حصہ آمدنی

۶۔ تجارتی کارکردگی:- اس دورانیے میں کمپنی کے پیداواری اعداد و شمار اور گذشتہ برس کے اسی مدت کے اعداد و شمار کا موازنہ نیچے دیا گیا ہے:-

نمبر شمار	تفصیل	2018-19	2017-18
الف	سینٹ کی پیداوار (ٹن میں)	2,373,866	2,244,581
ب	کلنکر کی پیداوار (ٹن میں)	2,207,107	2,107,360

۷۔ مستقبل کا جائزہ

الف۔ گزشتہ چھ مہینے میں سینٹ کی قیمتوں میں جو کمی دیکھی گئی وہ اس سہ ماہی میں بھی جاری رہی تھی کہ قیمتیں پیداواری لاگت سے بھی کم ہو گئیں۔

ب۔ اس سہ ماہی میں کرونا وائرس کی وبائی صورت حال کے باعث اور پاکستانی عوام کے تحفظ کے لیے عمل میں لائے گئے اقدامات کے باعث پورا ملک بالکل مفلوج ہو کر رہ گیا ہے جس کی وجہ سے صنعت اور تجارت کو بری طرح نقصان پہنچا ہے۔

ج۔ سینٹ کے کاروبار پر اس صورت حال کے جو چند مخصوص اثرات ہوئے ہیں ان میں سینٹ کی ترسیلات کی اچانک بندش ہے جو ٹرانسپورٹ کی عدم دستیابی اور زیادہ تر پراجیکٹ اور مارکیٹیں بند ہونے کے باعث ہوئی۔ افغانستان جو ہماری برآمدات کی اہم ترین مارکیٹ ہے، طورخم کی سرحد بند ہونے کے باعث وہاں کی برآمدات بالکل معطل ہو گئیں، اور یہ بندش تا حال جاری ہے۔ اس صورت حال نے مجبور کر دیا کہ پلانٹ کی دونوں لائنیں جزوی طور پر بند کر دی جائیں اور سینٹ کی محدود ضروریات کو گلنگرے سے پورا کر لیا جائے۔ بعد میں گزشتہ دو ہفتوں کے دوران صورت حال میں کچھ بہتری آئی ہے جس کی وجہ حکومت کی طرف سے تعمیرات کی صنعت کو دیا جانے والا امدادی پیکج ہے۔ ان اقدامات سے ترسیلات، پیداواری صلاحیت کے 70 سے 75 فیصد تک آگئی ہیں اور ہم سال رواں کی چوتھی سہ ماہی میں اس صورت حال میں مزید بہتری کی توقع رکھتے ہیں۔ ہم فوجی سینٹ کمپنی کی طرف سے یہ سمجھتے ہیں کہ اگر وبائی صورت حال مزید نہ بڑھی اور حکومت پاکستان کی طرف سے اعلان کی گئی حالیہ مراعات پر عمل درآمد ہو گیا تو کاروباری سرگرمیاں بہتر ہو جائیں گی جس سے چوتھی سہ ماہی میں سینٹ کی فروخت پر مثبت اثرات مرتب ہوں گے۔

د۔ ہم اپنے تمام متعلقین اور شراکت داروں کو یقین دلاتے ہیں کہ کمپنی کا مالی استحکام جاری و ساری ہے اور یہ آزمائش کے ان دنوں میں اپنی تمام تاملی ذمہ داریوں سے عہدہ برآ ہونے کی پوری صلاحیت رکھتی ہے اور مستقبل میں اچھے دنوں کی توقع رکھتی ہے۔

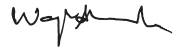
۸۔ اظہار تشکر۔ ڈائریکٹران اُن مالی اداروں کو خراج تحسین پیش کرتے ہیں جنہوں نے مالی معاملات میں کمپنی کی معاونت کی۔ کمپنی کے ملازمین، سٹاف اور انتظامیہ کی محنت اور خلوص پر مبنی کوششیں بھی بجا طور پر تحسین کی مستحق ہیں۔

مخائب بورڈ آف ڈائریکٹرز



لیفٹیننٹ جنرل محمد احسن محمود، ہلال امتیاز (ملری)، (ریٹائرڈ)

چیف ایگزیکٹو و مینجنگ ڈائریکٹر



وقار احمد ملک

چیرمین بورڈ آف ڈائریکٹرز، فوجی سینٹ کمپنی لمیٹڈ

راولپنڈی

20 اپریل 2020ء

	Note	Un-Audited 31 March 2020 Rupees'000	Audited 30 June 2019 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	12,433,765	12,433,765
Reserves		7,701,743	8,464,797
		20,135,508	20,898,562
NON - CURRENT LIABILITIES			
Long term borrowings	5	319,786	317,835
Provision for compensated absences		79,961	71,216
Deferred taxation		3,858,552	3,925,740
		4,258,299	4,314,791
CURRENT LIABILITIES			
Trade and other payables		1,447,349	948,864
Accrued liabilities		924,096	834,816
Security deposits		253,749	219,704
Advances from customers		283,033	324,300
Provision for compensated absences -current portion		12,190	20,399
Payable to employees' provident fund trust		13,972	11,832
Unclaimed dividend		40,212	43,747
Markup accrued		59,445	39,021
Short term running finance	6	2,329,646	990,112
Current portion of long term borrowings	5	211,890	319,034
		5,575,582	3,751,829
		29,969,389	28,965,182
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

	Note	Un-Audited 31 March 2020 Rupees'000	Audited 30 June 2019 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	8	22,659,346	23,202,930
Long term deposits		86,601	86,601
		22,745,947	23,289,531
CURRENT ASSETS			
Stores, spares and loose tools		3,595,571	3,055,041
Stock in trade		1,416,565	944,022
Trade debts		1,059,584	947,046
Advances		88,131	36,176
Trade deposits and short term prepayments		57,907	20,463
Advance tax - net		526,029	261,998
Interest accrued		164	398
Other receivables		24,035	7,660
Cash and bank balances	9	455,456	402,847
		7,223,442	5,675,651
		29,969,389	28,965,182



Chief Executive



Director



Chief Financial Officer

	Note	Three months ended		Nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Rupees'000	Rupees'000	Rupees'000	Rupees'000
Turnover - net	10	3,924,575	5,212,959	13,481,638	15,644,101
Cost of sales	11	(4,030,408)	(4,123,660)	(12,603,718)	(11,537,307)
Gross profit / (loss)		(105,833)	1,089,299	877,920	4,106,794
Distribution cost		(47,767)	(53,880)	(151,977)	(144,259)
Administrative expenses	12	(97,894)	(102,446)	(360,602)	(294,834)
Other operating expenses		20,625	(65,132)	(14,445)	(254,894)
Finance cost		(69,514)	(21,867)	(149,536)	(75,248)
Other income	13	20,465	37,955	74,091	121,283
Profit/ (loss) before taxation		(279,918)	883,929	275,451	3,458,842
- Current		65,764	(310,405)	(70,832)	(1,122,490)
- Deferred		3,772	42,954	67,188	103,922
Income tax expense		69,536	(267,451)	(3,644)	(1,018,568)
Profit/ (loss) for the period		(210,382)	616,478	271,807	2,440,274
Earnings/ (loss) per share - basic & diluted (Rupees)		(0.15)	0.45	0.20	1.77

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

	Three months ended		Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Profit/ (loss) for the period	(210,382)	616,478	271,807	2,440,274
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/ (loss) for the period	(210,382)	616,478	271,807	2,440,274

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

	31 March 2020 Rupees'000	31 March 2019 Rupees'000
Cash flows from operating activities		
Profit before tax	275,451	3,458,842
Adjustments for:		
Depreciation	1,253,119	1,135,548
Provision for compensated absences	39,557	36,639
Workers' (Profit) Participation Fund including interest and Workers' Welfare Fund	14,386	254,793
Finance cost (excluding interest on WPPF)	149,405	75,169
Gain on disposal of property, plant and equipment	(4,413)	(16,966)
Interest income	(37,250)	(45,683)
	1,414,804	1,439,500
Operating cash flows before working capital changes	1,690,255	4,898,342
Decrease / (increase) in working capital		
Stores, spares and loose tools	(540,530)	27,617
Stock in trade	(472,543)	(110,662)
Trade debts	(112,538)	543,219
Advances	(51,955)	(539)
Trade deposits and short term prepayments	(37,444)	31,629
Other receivables	(16,375)	95,229
Trade and other payables	491,064	412,100
Accrued liabilities	89,280	75,638
Security deposits	34,045	43,013
Advances from customers	(41,267)	75,559
Payable to employees' provident fund trust	2,140	2,069
	(656,123)	1,194,872
Cash generated from operations	1,034,132	6,093,214
Compensated absences paid	(39,021)	(34,861)
Payment to Workers' (Profit) Participation Fund	(6,964)	(60,471)
Taxes paid	(334,864)	(1,044,206)
Net cash generated from operating activities	653,283	4,953,676
Cash flows from investing activities		
Additions to property, plant and equipment	(709,641)	(1,527,417)
Proceeds from disposal of property, plant and equipment	4,519	22,592
Interest received on bank deposits	37,484	46,521
Net cash used in investing activities	(667,638)	(1,458,304)
Cash flows from financing activities		
Repayment of long term financing	(319,034)	(426,177)
Proceeds against loan	213,841	-
Dividend paid on ordinary shares	(1,038,396)	(1,447,993)
Finance cost paid	(128,981)	(97,156)
Net cash used in financing activities	(1,272,570)	(1,971,326)
Net (decrease)/ increase in cash and cash equivalents	(1,286,925)	1,524,046
Cash and cash equivalents at beginning of the period	(587,265)	(1,107,127)
Cash and cash equivalents at end of the period	(1,874,190)	416,919
Cash and cash equivalents comprise of the following:		
Cash and bank balances	455,456	600,290
Short term running finance	(2,329,646)	(183,371)
	(1,874,190)	416,919

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

	Share capital	Discount on issue of shares	Revenue reserve	Total
			Un-appropriated profit	
	Rupees '000			
Balance at 01 July 2018	13,798,150	(1,364,385)	8,055,175	20,488,940
Total comprehensive income for the period				
Profit for the period	-	-	2,440,274	2,440,274
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,440,274	2,440,274
Transactions with owners of the Company				
Distributions:				
Final dividend 2018 @ Rs 1.00 per share	-	-	(1,379,815)	(1,379,815)
Interim dividend 2019 @ Rs 0.75 per share	-	-	(1,034,861)	(1,034,861)
Total transactions with owners of the Company	-	-	(2,414,676)	(2,414,676)
Balance at 31 March 2019	13,798,150	(1,364,385)	8,080,773	20,514,538
Balance at 01 July 2019	13,798,150	(1,364,385)	8,464,797	20,898,562
Total comprehensive income for the period				
Profit for the period	-	-	271,807	271,807
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	271,807	271,807
Transactions with owners of the Company				
Distributions:				
Final dividend 2019 @ Rs 0.75 per share	-	-	(1,034,861)	(1,034,861)
Total transactions with owners of the Company	-	-	(1,034,861)	(1,034,861)
Balance at 31 March 2020	13,798,150	(1,364,385)	7,701,743	20,135,508

The annexed notes 1 to 17 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 (Repealed with the enactment of the Companies Act, 2017 on 30 May 2017). The Company 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. The Company's manufacturing facilities are located at village Jhang Bahar, Tehsil Fateh Jang in district Attock.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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.

The disclosures in the condensed interim financial statements do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2019. Comparative statement of financial position is extracted from audited annual financial statements as of 30 June 2019 whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from un-audited condensed interim financial statements for the nine months period ended 31 March 2019.

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2019 except for the changes as indicated below:

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 applied IFRS 16 using the modified retrospective approach. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset. For lease term less than 1 year and lease containing low value assets the Company has applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of lease term. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company's leased assets primarily comprise of leased office spaces. The adoption of IFRS 16 does not have any material impact on these condensed interim financial statements.

3.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting

from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

4 SHARE CAPITAL

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

5	LONG TERM BORROWINGS	Note	Un-audited	Audited
			31 March 2020	30 June 2019
			Rupees'000	Rupees'000
- From banking companies (conventional banks)				
	Term finance facilities - secured	5.1	531,676	636,869
	Less: Current portion shown under current liabilities		(211,890)	(319,034)
			319,786	317,835
5.1	Movement in this account during the period/ year is as follows:			
	Opening balance		636,869	1,063,046
	Loan received during the period		213,841	-
	Principal repayment during the period/ year		(319,034)	(426,177)
			531,676	636,869

5.2 The markup rates, facility limits, securities offered for the term finance facilities are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2019 except that Company has availed a new loan for solar power project which is secured against ranking charge by way of hypothecation over the present and future assets of the Company (excluding land and building) and carrying markup rate of 4.25%.

6 SHORT TERM RUNNING FINANCE

The Company has short term running finance facility limits to the tune of Rs. 2,980 million (30 June 2019: Rs. 2,580 million) from banking companies. These facilities are secured against first pari passu 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 except that Company has availed Export Re-finance and FE-25 facilities carrying mark-up rate of 3.00% and 4.5%, respectively.

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 except following:

While concluding the sales tax audit of the Company for the period from July 2016 to June 2017, DCIR raised a demand of Rs. 102 million through Order in Original No. 07 of 2019 dated 31 October 2019. Company filed appeal before CIR (Appeals) against the aforesaid order. CIR (Appeals) upheld the order of DCIR. Company has filed appeal before ATIR against the order of CIR (Appeals) where the case is pending for adjudication.

7.2 Commitments

The Company has opened letters of credit for the import of spare parts valuing Rs. 139 million (30 June 2019: Rs. 368 million).

8 PROPERTY, PLANT AND EQUIPMENT

	Un-audited	Audited
	31 March 2020	30 June 2019
	Rupees'000	Rupees'000
Opening book value	23,202,930	22,624,413
Additions during the period / year	709,641	2,104,621
Written down value of disposals	(106)	(5,647)
Depreciation for the period / year	(1,253,119)	(1,520,457)
Closing book value	22,659,346	23,202,930

9 CASH AND BANK BALANCES

Cash at bank		
Deposit accounts (including security deposit)		
- conventional banks	376,059	281,741
Deposit accounts - islamic banks	5,892	4,412
Current accounts - conventional banks	68,072	116,046
Current accounts - islamic banks	4,309	438
	454,332	402,637
Cash in hand	1,124	210
	455,456	402,847

10	TURNOVER - NET	Three months ended		Nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Rupees'000	Rupees'000	Rupees'000	Rupees'000
The disaggregation of turnover from contracts with customers is as follows:					
Sales - Local	5,743,338	7,245,437	19,484,161	21,136,768	
- Export	427,193	148,850	1,388,731	982,521	
	6,170,531	7,394,287	20,872,892	22,119,289	
Less: - Sales tax	930,624	1,140,912	3,161,232	3,353,003	
- Excise duty	1,314,071	1,039,923	4,226,117	3,119,424	
- Export development surcharge	1,261	493	3,905	2,761	
	2,245,956	2,181,328	7,391,254	6,475,188	
	3,924,575	5,212,959	13,481,638	15,644,101	

- 10.1 Revenue recognised during the period amounting to Rs. 324 million (2018: Rs. 245 million) was included in the advances from customers balance at the beginning of the period.

11	COST OF SALES	Three months ended		Nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Rupees'000	Rupees'000	Rupees'000	Rupees'000
Raw material consumed	343,632	242,393	1,206,713	974,001	
Packing material consumed	311,246	289,586	978,247	851,723	
Stores and spares consumed	13,559	22,056	32,602	48,415	
Salaries, wages and benefits	359,354	398,609	1,094,752	1,055,446	
Rent, rates and taxes	5,235	6,419	17,166	18,980	
Insurance	37,162	12,522	110,661	36,721	
Fuel consumed	1,599,390	1,241,282	5,060,315	4,586,248	
Power consumed	661,143	520,797	2,158,071	1,789,057	
Depreciation	422,424	369,837	1,237,530	1,119,019	
Repairs and maintenance	200,848	295,803	510,910	730,725	
Technical assistance	5,707	22,398	6,977	40,586	
Printing and stationery	420	1,056	1,939	4,854	
Traveling and conveyance	10,085	12,240	35,944	36,798	
Vehicle running and maintenance expenses	5,981	5,261	15,963	15,563	
Other directly attributable expenses	9,146	10,633	28,356	37,400	
Water conservancy charges	64,917	146,972	223,067	219,762	
	4,050,249	3,597,864	12,719,213	11,565,298	
Add: Opening work-in-process	696,949	1,310,387	524,636	808,315	
Less: Closing work-in-process	(931,892)	(883,675)	(931,892)	(883,675)	
Cost of goods manufactured	3,815,306	4,024,576	12,311,957	11,489,938	
Add: Opening finished goods	269,459	263,298	206,537	186,546	
Less: Closing finished goods	(188,772)	(171,922)	(188,772)	(171,922)	
Less: Own consumption	(112)	(1,174)	(895)	(6,478)	
Freight expenses on cement despatches	134,527	8,882	274,891	39,223	
	4,030,408	4,123,660	12,603,718	11,537,307	

- 12 This includes an amount of Rs 50 million paid to Fauji Foundation (a related party) on account of contribution for electro medical equipment for their health projects.

13 OTHER INCOME	Three months ended		Nine months ended	
	31 March 2020 Rupees'000	31 March 2019 Rupees'000	31 March 2020 Rupees'000	31 March 2019 Rupees'000
Income from financial assets				
Income from deposits				
- Conventional banks	12,479	14,937	36,950	37,151
- Islamic banks	48	5,550	300	8,532
	12,527	20,487	37,250	45,683
Income from non financial assets				
Gain on disposal of property, plant and equipment	-	-	4,414	16,966
Other	7,938	17,468	32,427	58,634
	20,465	37,955	74,091	121,283

14 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Nine months ended	
	31 March 2020 Rupees'000	31 March 2019 Rupees'000
Transactions and balances with related parties		
Fauji Foundation		
Sale of cement	10,661	6,186
Advance against sale of cement	2,357	2,758 *
Donation paid through Fauji Foundation	4,700	4,000
Donation paid for medical equipment	50,000	-
Payment of rent and utilities	4,636	11,920
Payment for use of medical facilities	1,365	849
Payment on account of clearance of shipments	-	114
Dividend paid on ordinary shares	407,738	543,650
Transactions with other related parties		
Balance at Askari Bank Limited (AKBL)	9,560	3,182 *
Profit received from AKBL	777	182
Dividend paid to Fauji Fertilizer Company Limited	70,312	93,750
Dividend paid to Fauji Fertilizer Bin Qasim Limited	14,062	18,750
Dividend paid to Fauji Oil Terminal and Distribution Company Limited	14,062	18,750
Payment to FFBL Power Company Limited for purchase of coal	91,122	-
Payments made into Employees' Provident Fund	39,914	36,520
Directors' fee	3,500	1,790
Remuneration including benefits and perquisites to Chief Executive	19,620	17,969
Remuneration including benefits and perquisites to key management personnel (other than Chief Executive)	50,490	46,149

* This represents balance as at 30 June 2019

15 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).

15.1 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			Total
		Amortized Cost	FVTPL	Level 1	Level 2	Level 3	
Rs' 000							
Financial assets not measured at fair value							
	15.1.1						
Long term deposits		-	86,601	-	-	86,601	86,601
Trade debts - net of impairment loss		1,059,584	-	-	-	1,059,584	-
Trade deposits		-	9,740	-	-	9,740	9,740
Interest accrued		164	-	-	-	164	-
Other receivables		24,035	-	-	-	24,035	-
Cash and bank balances		455,456	-	-	-	455,456	-
		1,539,239	96,341	-	-	1,635,580	96,341
Financial liabilities not measured at fair value							
Long term borrowings (including current portion)		531,676	-	-	-	531,676	-
Creditors		416,991	-	-	-	416,991	-
Accrued liabilities		924,096	-	-	-	924,096	-
Retention money		49,054	-	-	-	49,054	-
Security deposits		253,749	-	-	-	253,749	-
Other liabilities		152,231	-	-	-	152,231	-
Unclaimed dividend		40,212	-	-	-	40,212	-
Short term running finance		2,329,646	-	-	-	2,329,646	-
		4,697,655	-	-	-	4,697,655	-

On-balance sheet financial instruments	Note	Carrying amount		Fair value				
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
Rs' 000								
Financial assets not measured at fair value								
Long term deposits		-	86,601	86,601	-	-	86,601	86,601
Trade debts - net of impairment loss		947,046	-	947,046	-	-	-	-
Trade deposits		-	13,255	13,255	-	-	13,255	13,255
Interest accrued		398	-	398	-	-	-	-
Other receivables		7,660	-	7,660	-	-	-	-
Cash and bank balances		402,847	-	402,847	-	-	-	-
		<u>1,357,951</u>	<u>99,856</u>	<u>1,457,807</u>	-	-	<u>99,856</u>	<u>99,856</u>
Financial liabilities not measured at fair value								
Long term financing (including current portion)		636,869	-	636,869	-	-	-	-
Creditors		310,154	-	310,154	-	-	-	-
Accrued liabilities		834,816	-	834,816	-	-	-	-
Retention money		318,225	-	318,225	-	-	-	-
Security deposits		219,704	-	219,704	-	-	-	-
Other liabilities		109,289	-	109,289	-	-	-	-
Unclaimed dividend		43,747	-	43,747	-	-	-	-
Short term running finance		990,112	-	990,112	-	-	-	-
		<u>3,462,916</u>	-	<u>3,462,916</u>	-	-	-	-

15.1.1 The Company has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

16. 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 20 April 2020.

17. 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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CORRUPTION**

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No To Corruption



Company Secretary

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