



# FCCL

CONCRETE COMMITMENT



If Undelivered please return to:  
Company Secretary  
**Fauji Cement Company Limited**  
Fauji Towers Block III, 68 Tipu Road Chaklala  
Rawalpindi — Pakistan  
[www.fccl.com.pk](http://www.fccl.com.pk)



Produced by TOPNOTCH Communications  
Islamabad, Pakistan: 0333-5107598

FAUJI CEMENT COMPANY LIMITED

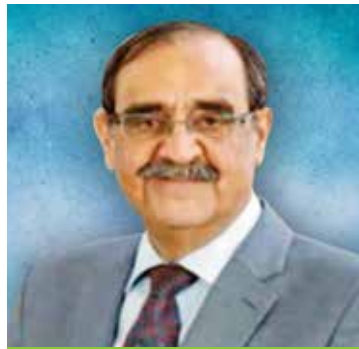
[www.fccl.com.pk](http://www.fccl.com.pk)

# Contents

2	Board of Directors
3	Company Information
4	Vision and Mission Statements
5	Company Profile
6	Key Operating Indicators
7	Directors' Report
18	Statement of Compliance
20	Review Report to the Members
21	Auditors' Report
22	Balance Sheet
24	Profit and Loss Account
25	Statement of Comprehensive Income
26	Cash Flow Statement
27	Statement of Changes in Equity
28	Notes to the Financial Statements
64	Pattern of Shareholding as on 30th June 2015
71	Notice of 23rd Annual General Meeting
73	Form of Proxy



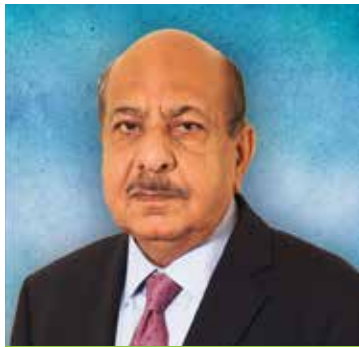
# Board of Directors



Lt Gen Khalid Nawaz Khan  
HI(M) Sitara-i-Esar (Retd), (Chairman)



Lt Gen Sardar Mahmood Ali Khan,  
HI (M) (Retd), (Chief Executive/MD)



Mr Qaiser Javed



Dr. Nadeem Inayat



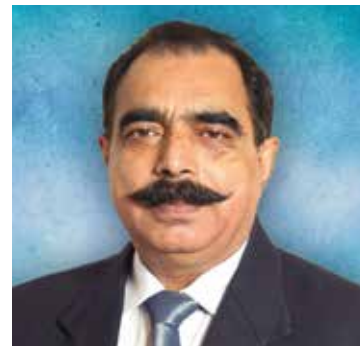
Maj Gen Syed Jamal Shahid HI (M) (Retd)



Maj Gen Muhammad Farooq Iqbal  
HI (M) (Retd)



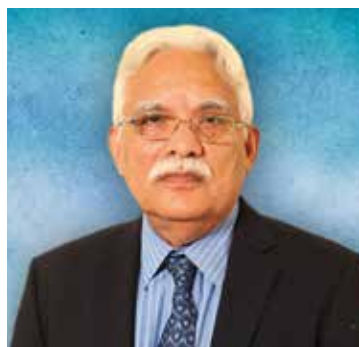
Brig Dr, Gulfam Alam, SI(M) (Retd)



Brig Muhammad Saeed Khan (Retd)



Mr Pervez Inam  
Independent Director



Brig Asmat Ullah Khan Niazi SI(M) (Retd)  
Independent Director



Brig Ch Zafar Iqbal (Retd)  
Company Secretary

# Company Information

## Board of Directors

Lt Gen Khalid Nawaz Khan  
HI (M) Sitara e Esar (Retd.)  
Lt Gen Sardar Mahmood Ali Khan  
HI (M) (Retd.) (CEO/MD)  
Mr. Qaiser Javed (Director)  
Dr. Nadeem Inayat (Director)  
Maj Gen Syed Jamal Shahid  
HI (M) (Retd.) (Director)  
Maj Gen Muhammad Farooq Iqbal  
HI (M) (Retd.) (Director)  
Brig Dr. Gulfam Alam, SI (M) (Retd.)  
(Director)  
Brig Muhammad Saeed Khan (Retd.)  
(Director)  
Brig Asmat Ullah Khan Niazi  
SI (M) (Retd.) (Independent Director)  
Mr. Pervez Inam (Independent Director)

## Company Secretary

Brig Ch. Zafar Iqbal (Retd.)  
Fauji Tower Block III  
68 Tipu Road Chaklala, Rawalpindi  
Tel: (051) 9280075  
Fax: (051) 9280416  
E-mail: secretary@fccl.com.pk

## Chief Financial Officer

Mr. Omer Ashraf  
Tel: (051) 5500157

## Human Resource Committee

Dr. Nadeem Inayat (President)  
Mr. Qaiser Javed (Member)  
Brig Muhammad Saeed Khan (Retd.)  
(Member)  
Brig Ch. Zafar Iqbal (Retd.) (Secretary)

## Audit Committee

Brig Asmat Ullah Khan Niazi SI (M)  
(Retd.) (President)  
Mr. Qaiser Javed (Member)  
Dr. Nadeem Inayat (Member)  
Maj Gen Syed Jamal Shahid HI (M)  
(Retd.) (Director)  
Brig Dr. Gulfam Alam, SI (M) (Retd.) (Director)  
Brig Ch. Zafar Iqbal (Retd.) (Secretary)

## Technical Committee

Brig Dr. Gulfam Alam SI (M) (Retd.)  
(President)

Maj Gen Muhammad Farooq Iqbal  
HI (M) (Retd.) (Director)  
Brig Muhammad Saeed Khan (Retd.)  
(Member)  
Mr. Rais Ahmed, Senior GM (Plant)  
(Secretary)

## Auditors

M/s KPMG Taseer Hadi & Co,  
Chartered Accountants  
Fax: (051) 2822671

## Legal Advisors

M/s ORR Dignam & Co, Advocates  
Fax: (051) 2260653

## Registration & Shares Transfer Officer

M/s CORPLINK (PVT) LIMITED  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore  
Tel: 042-35916714,  
35916719, 35839182  
Fax: 0425-35869037  
Email: corplink786@yahoo.com

## Registered Office/Head Office

Fauji Tower Block III  
68, Tipu Road, Chaklala, Rawalpindi  
Tel: 051-9280081-83,  
051-5763321-24, 051-5500159,  
Fax: 051-9280416

## Marketing and Sales Department

Ist Floor, Aslam Plaza, 60 Adamjee  
Road, Sadar, Rawalpindi-Pakistan  
Tel: (051) 5523836,  
Tel: (051) 5528042, 5528960,  
Tel: (051) 5528963-64,  
Fax: (051) 5528965-66

## Factory

Near Village Jhang Bahtar, Tehsil  
Fateh Jang District Attock  
Tel: 057-2538047-48, 2538138,  
2538148-49  
Fax: 057-2538025

## Company Website

<http://www.fccl.com.pk>

## Key Management



Mr. Rais Ahmed  
Senior GM (Plant)



Mr. Shahid Ghazanfar  
GM (Operation)



Mr. Siddiq Khan  
GM (Maintenance)



Mr. Omer Ashraf  
Chief Financial Officer



Brig Ashfaq Ahmed (Retd)  
GM (PHM)



Brig Muhammad Iqbal SI (M) (Retd)  
GM (Sales & Marketing)



**Accountability**

We expect superior performance and results. Our leaders set clear goals and expectations, are supportive and provide and seek frequent feedback.

**Customers**

We listen to our customers and improve our product to meet their present and future needs.

**Our Vision**

To be a role model cement manufacturing Company, benefiting all stakeholders and fulfilling Corporate Social Responsibilities while enjoying public respect and goodwill.

# VISION MISSION & VALUES

**Financial Responsibility**

We are prudent and effective in the use of the resources entrusted to us.

**People**

Our success depends upon high performing people working together in a safe and healthy workplace where diversity, development and teamwork are valued and recognized.

**Our Mission**

FCCL While maintaining its leading position in quality of cement maximize profitability through reduced cost of production and enhanced share in domestic and International markets.

**Citizenship**

We support the communities where we do business, hold ourselves to the highest standards of ethical conduct and environmental responsibility, and communicate openly with FCCL people and the resources entrusted to us.

## Company Profile

FCCL located at Jhang Bahtar, District Attock, is a leading producer of Pakistan Cement Industry and a major concern of Fauji Foundation. Incorporated as a public limited company, it started its operations in 1997 on commissioning of 3150 TPD F.L. Smidth Plant of DENMARK. Subsequently in 2005, the Plant capacity was enhanced to 3,885 TPD.

To cater for the expanding demand of Fauji Cement a new line of 7560 TPD has been erected and its production started on 30 May 2011. The new Plant is equipped with latest / state of art equipment and is also the first GERMAN plant of Pakistan Cement Industry. The Portland Cement produced at this plant is the finest in the Country. Major equipment suppliers were:

- a. POLYSIUS AG Germany
- b. LOESCHE GmbH Germany (Vertical Cement Mills)
- c. HAVOR & BOECKER Germany (Packing Plant)
- d. ABB Switzerland (Electrical Equipment and PLC)

In pursuance of its commitment to ENVIRONMENT, the Company installed in 2009 first ever Refuse Derived Fuel (RDF) Processing Plant at a cost of Rs. 320 million. It has not only provided economical fuel but demonstrated a better way of disposing Municipal Waste. In addition, this milestone achievement has shown the entire industrial sector the future path to follow.

FCCL management has recently installed 10 MW Waste Heat recovery Plant with a concept to convert waste heat into energy to promote sustainable environment and reduce load on national grid. The contract for engineering and equipment was awarded to M/S SINOMA Engineering, where as construction, erection and commissioning contract was given to M/S EITEMAAD Engineering. Waste Heat Recovery power plant was formally inaugurated on 14th may 2015.

FCCL is an ISO 9001:2008 and ISO 14001:2004 Certified Company with a total capacity of 11,445 TPD and a strong and longstanding tradition of service, reliability and quality.



# Key Operating Indicators

	%	2015	2014	2013	2012	2011	2010
<b>(Rs. In Million)</b>							
Gross Profit Margin	%	37.69	34.70	31.82	26.63	17.35	13.54
Operating Profit Margin	%	34.25	31.67	28.79	24.23	12.48	9.61
Pre Tax Margin	%	30.47	25.72	19.32	8.39	10.29	8.53
After Tax Margin	%	22.08	14.98	13.13	4.80	8.98	6.57
<b>Performance</b>							
Return on total assets	%	13.48	8.94	6.92	1.80	1.32	0.93
Total Assets turnover	Times	0.61	0.60	0.53	0.38	0.15	0.14
Fixed Assets turnover	Times	0.78	0.73	0.65	0.44	0.18	0.16
Return on Paid up Share Capital	%		19.03	15.2	4.00	5.74	3.37
<b>Leverage</b>							
Debt Equity Ratio	Times	0.27	0.33	0.40	0.47	0.55	0.57
Current Ratio	Times	1.36	1.16	1.14	0.76	0.89	0.63
Quick Ratio	Times	1.17	0.84	0.92	0.58	0.80	0.60
<b>Valuation</b>							
Earnings per share (basic)	Rs	2.91	1.80	1.42	0.29	0.52	0.31
Breakup Value per share (basic)	Rs	13.09	11.86	11.97	10.44	15.89	13.86
Breakup Value per share (diluted)	Rs	12.62	11.44	11.55	10.08	14.84	12.95
Dividend per share	Rs	1.00	0.75	1.25	-	-	-
Dividend payout Ratio	%	34.36	41.67	88.00	-	-	-
Market Price per share (average)	Rs	26.46	15.41	7.9	4.53	4.72	6.67
<b>Historical Trends</b>							
<b>Trading Results</b>							
Sales-net	Rs in 000	18,642,358	17,532,277	15,967,900	11,523,050	4,742,593	3,808,455
Gross Profit	Rs in 000	7,027,097	6,084,135	5,080,473	3,068,450	823,053	515,584
Operating Profit	Rs in 000	6,385,918	5,551,649	4,597,673	2,791,690	592,075	366,117
Profit before tax	Rs in 000	5,679,891	4,509,505	3,085,525	966,245	488,153	324,911
Profit after tax	Rs in 000	4,116,165	2,625,994	2,097,067	552,590	425,661	250,179
<b>Financial Position</b>							
Shareholders Equity	Rs in 000	17,418,984	15,788,187	15,936,361	13,905,105	11,014,017	9,610,685
Property plant & Equipment	Rs in 000	23,880,553	23,881,426	24,734,325	25,857,954	26,658,079	23,819,040
Working Capital	Rs in 000	1,683,219	705,851	629,660	(1,334,355)	(592,614)	(1,217,421)
Non current liabilities	Rs in 000	8,378,929	9,110,639	9,959,258	11,304,187	12,623,072	12,784,399

# Directors' Report

## General

- The Directors of Fauji Cement Company Limited (FCCL) are pleased to present the 23rd Annual Report together with audited financial statements of the Company for the year ended 30th June 2015 and Auditors' Report thereon.

## Market Overview

- Industry dispatches for the FY 2014-15 were **35.40 Million MT** including **28.20 Million MT** domestic and **7.20 Million MT** exports. There is an increase of **3.24 %** in total dispatches of the Industry as compared to the previous year, which were **34.28 Million MT** including **26.14 Million MT** domestic and 8.14 Million MT exports. The increase in the domestic dispatches is **7.88 %** and the decrease in exports is **11.55 %**.
- FCCL has dispatched **2,591,412 MT** for the FY 2014-15 including **2,207,016 MT** domestic and **384,396 MT** exports. There is a growth/increase of **5 %** in total dispatches as compared to the previous year. Capacity utilization of FCCL in FY 2014-15 has been **75 %** whereas in FY 2013-14 it was **72%**.

## Production Review

- Performance of the plant remained satisfactory. Comparative production figures are given as under:-

	2014-15	2013-14
a. Clinker (MT)	<b>2,344,715</b>	2,449,380
b. Cement (MT)	<b>2,565,547</b>	2,490,851



## Financial Performance

- Profitability.** Gross profit ratio was 38% as compared to 35% during last year. The Company earned a Profit after Tax of Rs. 4,116 Million as compared to the last year's profit of Rs. 2,626 Million. The cost of production decreased by 3%. The Company successfully managed debt servicing of Rs 3.1 Billion during this financial year from operational cash flows. The effective tax rate this year i.e 2015 is lower than last year mainly due to lower deferred tax as a result of reduction in corporate tax rates i.e from 33% in 2015 to 30% from 2018 onwards and also due to change in local to export sale ratio.
- Contribution to National Exchequer.** The Company contributed Rs. 6.024 Billion to the national exchequer in the form of taxes and duties during the year under review. Concurrently, Fauji Cement earned USD 27 Million through export of cement.
- Going Concern.** There is no doubt that the Company has the ability and strength to operate as a going concern.



8. **Financial Data of Last Six Years.** Key operating and financial data of last six years is tabulated below:-

Description	2015	2014	2013	2012	2011	2010
<b>Operating Results (Rs. In Million)</b>						
<b>Net Sales</b>	<b>18,642</b>	17,532	15,968	11,523	4,744	3,808
<b>Gross Profit</b>	<b>7,027</b>	6,084	5,080	3,068	823	516
<b>Operating Profit</b>	<b>6,386</b>	5,552	4,598	2,792	592	366
Financial Charges	<b>706</b>	1,042	1,512	1,825	104	41
<b>Profit after taxation</b>	<b>4,116</b>	2626	2,097	553	426	250
<b>Balance Sheet</b>						
Shareholder's Equity	<b>17,419</b>	15,788	15,936	13,905	11,014	9,611
Fixed Assets	<b>23,881</b>	23,881	24,734	25,898	26,658	23,819
Long Term Loans including current portion	<b>6,525</b>	7,914	10,484	12,555	13,554	12,980
<b>EPS (Rs)</b>						
Basic	<b>2.91</b>	1.80	1.42	0.29	0.52	0.31
Diluted	<b>2.91</b>	1.80	1.42	0.29	0.34	0.30

9. **Dividend.** The Board is pleased to recommend final cash dividend of Rs. 1.50 per ordinary share in addition to the interim dividend of Re. 1.00 per ordinary share already paid during the year 2014-15.

10. **Outstanding Statutory Dues.** The Company does not have any outstanding statutory dues except as shown in Note Number 8 to the Financial Statement.

11. **Provident Fund (in Million).** Value as on 30th June 2015 is given below:-

	Rs. In Million
a. Management Staff	248
b. Non-Management Staff	147

### Best Practices of Corporate Governance.

12. Best practices of corporate governance as given in the listing regulations are being applied / implemented in true letter and spirit.

### 13. Presentation of Financial Statement

The financial statements prepared by the Management present the Company's state of affairs, the results of its operations, cash flows and changes in equity in a fair and accurate manner.

*Our Values are  
Concrete  
Our Support is  
Absolute*



14. **Books of Account.** Proper books of account are maintained.
15. **Accounting Policies.** Appropriate accounting policies are consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
16. **Compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).** International Accounting Standards and International Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements.
17. **Internal Control System.** The system of internal control is sound in design. Its effective implementation and monitoring is ensured.
18. **Salient Aspects of Company's Control and Reporting Systems.** The Company complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. To fulfill this role, the Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditures, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting.
19. **Disclosures.** To the best of our knowledge, the Directors except Mr Pervez Inam and his spouse declared beneficiary owners, CEO, CFO, Company Secretary, Company Auditors, their spouses and their minor children have not undertaken any trading in shares of the Company during the FY 2014-15.

20. **Relations with Company Personnel.**

Relations between the management and the workers continued to be extremely cordial based on mutual respect and confidence contributing to optimal efficiency. The Company has allocated funds for Provident Fund and Profit Participation Fund for its employees. Considerable investment has been made for welfare of the staff in order to provide Safe and Healthy work environment.

21. **External Auditors.** The present Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants will stand retired at the conclusion of the 23rd Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee as External Auditors till conclusion of 24th AGM on existing terms and condition.

**Board Annual Evaluation**

22. This is the 1st year since the change in the Code of Corporate Governance as applicable to Listed Companies that we are reporting on the Annual Evaluation of the Board's own performance.
23. The Board has introduced a self evaluation criteria which is based on a questionnaire format and the following are covered:-
  - a. Membership Governance
  - b. Board Operations
  - c. Legal responsibilities
  - d. Financial over view and planning

24. Based on the feedback received from all the directors on the evaluation questionnaire, it has observed that all aspects are within the acceptable limits.

#### Board of Directors / Committees

25. The Board has delegated responsibility for operation and administration of the Company to the Chief Executive / Managing Director. The Board has constituted the following committees which work under the guidance of Board of Directors:-

- a. Audit Committee. b. Technical Committee. c. Human Resource Committee.



Board of Directors' at Plant Office after 108th Meeting of BODs held on 16th Feb 2015

26. **Attendance of Meetings.** During the year under review, attendance by each director is given below:-

Board of Directors	No of Meetings Attended
Lt Gen Muhammad Mustafa Khan HI (M) (Retd)	2
Lt Gen Khalid Nawaz Khan, HI (M) Sitara-e-Esar (Retd)	3
Lt Gen Sardar Mahmood Ali Khan, HI (M) (Retd)	5
Mr. Qaiser Javed	4
Dr. Nadeem Inayat	5
Maj Gen Syed Jamal Shahid, HI (M) (Retd)	5
Maj Gen Muhammad Farooq Iqbal HI (M) (Retd)	5
Brig Dr. Gulfam Alam SI (M) (Retd)	5
Brig Muhammad Saeed Khan (Retd)	5
Brig Asmat Ullah Khan Niazi SI (M) (Retd)	5
Mr. Max Kruse	-
Mr. Pervez Inam	1

<b>Audit Committee</b>	<b>No of Meetings Attended</b>
Brig Asmat Ullah Khan Niazi SI (M) (Retd)	5
Mr. Qaiser Javed	5
Dr. Nadeem Inayat	4
Maj Gen Syed Jamal Shahid, HI(M) (Retd)	5
Brig Dr. Gulfam Alam SI (M) (Retd)	5

<b>Human Resource Committee</b>	<b>No of Meetings Attended</b>
Dr. Nadeem Inayat	2
Mr. Qaiser Javed	1
Brig Muhammad Saeed Khan (Retd)	2

<b>Technical Committee</b>	<b>No of Meetings Attended</b>
Brig Dr. Gulfam Alam, SI(M) (Retd)	5
Maj Gen Muhammad Farooq Iqbal HI (M)(Retd)	5
Brig Muhammad Saeed Khan (Retd)	5

Note: Chief Financial Officer (CFO) and Internal Auditor were invariably invited to attend the meetings of Audit Committee. External Auditors were also invited to attend two meetings of Audit Committee, wherein, issues related to annual and half year's financial statements were discussed.

### Change of Chairman

27. On retirement of Lt Gen Muhammad Mustafa Khan, HI(M) (Retired), Lt Gen Khalid Nawaz Khan, HI(M), Sitar-i-Esar, (Retired) was appointed as Chairman of BODs of FCCL with effect from 02 January 2015. The Board while welcoming the new Chairman, also placed on record its appreciation for the commendable services rendered by Lt Gen Muhammad Mustafa Khan, HI(M) (Retired).

### Change of Directors

28. As a result of resignation tendered by Mr Max Kruse from Directorship, Mr Pervez Inam was appointed as Director of the Company with effect from 27th February 2015.

### Pattern of Share-holding

29. Pattern of share-holding as on 30th June 2015 is attached as Annex A.

### Product Quality

30. FCCL has always endeavored to produce the best quality cement in Pakistan and now markets top of the line OPC, low Alkaly and Sulphate Resistent Cement. FCCL Laboratory is fully equipped with latest and state of the art equipment in accordance with National and International Standards. As a company, FCCL is focused on customers' satisfaction, employee's morale and fair deal to its partners in the business. The company has a well designed and effectively practiced "Quality Control Policy".

a. **Quality Management System.** Procedures and systems are appropriately placed and implemented ensuring supply of high quality cement to customers. Diversification of products with higher standard of quality has placed Fauji Cements in high demand by the Hydro Power Projects and other mega development schemes in public and private sectors.

(1) **ISO 9001:2008.** Fauji Cement is certified for compliance to the latest Quality Assurance Standards. The certification is audited by TUV Austria.



**Waste Heat Recovery Power Plant**

31. Mindful of energy crisis in the country vis-à-vis its impact on Industrial sector, FCCL installed Waste Heat Recovery Power Plant with the designed capacity of generating 12 MW electricity through recycling of waste heat of the plant. The plant was setup by SINOMA Energy Conservation Company from China. Chinese engineers and FCCL project team worked hands in gloves and completed the project 40 days prior to the scheduled date. FCCL started generating its own electricity with effect from 20th March 2015. Lt Gen Khalid Nawaz Khan, HI (M) Sitara-i-Esar Retd and Lt Gen Sardar Mahmood Ali Khan, HI (M) (Retd) formally inaugurated the project on 14th May 2015.

Waste Heat Recovery Power Plant will help in:-

- a. Generating cheap electricity and thus reducing the cost of production
- b. Reducing load on national grid
- c. Operating line 2 together with integral captive power plant even during WAPDA power breakdowns.
- d. Keeping the environment clean by eliminating emissions of more than 32,000 tons of Carbon Dioxide annually.



**WHRPP Inauguration ceremony**





WHRPP Inauguration ceremony



Waste Heat Recovery Power Plant

**Corporate Social Responsibilities and Sustainable Environment Care**

- 32. Donation to IDPs. Rupees ten million were donated through Fauji Foundation to Prime Ministers' Relief Fund for IDPs of North Waziristan.
- 33. Care for the Social Responsibility is often portrayed as determined on economic growth. At Fauji Cement, we have laid that myth to rest.
  - a. Fauji Cement strongly believes in paying back a portion to the community in the area it operates.

FCCL Management has a pro-active approach towards fulfillment of Corporate Social Responsibility where it has safeguard measures for sustainable environment, community development programs and employees welfare steps. The measures taken by Fauji Cement Company have been acknowledged by the society and concerned authorities through different awards.

- (1) **CSR Awards 2015.** As an acknowledgement to the measures taken by Fauji Cement for fulfilling Corporate Social Responsibility, it has been awarded with the award for extraordinary steps.



Management Representative Mr. Amir Saleem, receiving CSR Award 2015

- (2) **Annual Environmental Excellence Awards 2014.** Fauji Cement Company has been awarded the environmental excellence award for the last 5 consecutive years. FCCL ensures implementation of active measures and essential safeguards to have sustainable environment for the next generations.



General Manager, Muhammad Siddiq Khan receiving 11th Annual Environmental Award 2014

- (3) **UNEP Acknowledgement.** United Nations Environment Program has also acknowledged tree Plantation being done by Fauji Cement with reference to "Billion Tree Campaign". The Company has plans to plant more than 50,000 Trees in next few years. This year FCCL successfully planted more than 6000 trees besides distribution of plants amongst local schools and community farmers.



**b. Technical Education and Skill Development.**

Realizing the importance of technically skilled manpower in development of any nation, FCCL has taken initiative to develop Fauji Technical Training Institute. First phase of the institute has been completed for imparting education to apprentices, Trainees and FCCL own employees. The institute has a hostel with messing facilities for the students.



c. **Woman Vocational Training Centre.** FCCL has developed the Woman Vocational Training Centre at the cost of Rs. 2.5 million. Free of cost training is imparted to women / girls of the surrounding area in following disciplines:-

- 1. Dress Cutting & Sewing (Domestic Version) 3 months
- 2. Dress Cutting & Sewing (Industrial Version) 6 months
- 3. Hand Embroidery 3 months
- 4. Hand / Machine knitting 3 months
- 5. Short Computer Courses (Summer Camp) 2 months



d. **Education Facilities.** English Medium Secondary School is being run by Fauji Cement with strength of 553 students from Class Nursery to Class 10. Continuous improvement measures are taken to up-grade and up-date the school to impart quality education.



e. **Children Park.** Management of FCCL felt need of recreational facility for the children of local community and decision was taken to establish a children park. The park has been completed and the local community children are enjoying the facility.







**f. Medical Facility.** Free medical treatment is extended to the local community through Company Operational Medical Dispensary. The facility is equipped with necessary equipment. Doctors (with MBBS degrees) including a lady Doctor are available to extend treatment to patients. A well equipped Ambulance has also been placed to cater for timely evacuation of serious cases.

**g. Road Works.** FCCL took the initiative to rebuild the road connecting adjacent villages. Rs. 47 Million have been spent on the project.



**h. Employees Welfare Activities**

(1) **Canteen for Company Employees.** Was up-graded to provide good quality food to the employees. Food is provided at subsidized rates to minimize impact of inflation on the employees.

(2) **Sports Gala.** Was organized for employees of Fauji cement as well as for the local community. Local players from adjacent villages and FCCL employees participated actively in volley ball and cricket.

(3) **Health and Safety.** Company Management accords due priority to health and safety of its employees and accordingly keeps the allocation in the annual budget. Besides measures taken at the plant, all employees are provided with personal protection equipment.

(4) **Fire Safety.** Fire fighting and fire alarm systems are installed to guard against any incident. Funds are allocated every year for upgradation and maintenance of the safety equipment.

**Management Systems**

34. Fauji Cement management is strongly committed to sustainable Environment and Quality Management. Measures instituted by the company have been well recognized by the society and independent certification authorities. The company is ISO Certified. TUV Austria are External Auditors for Integrated Management System, to ensure that Environment and Quality Management System of the company are kept to acceptable norms.

**a. Environment Management System.** Environmental aspects are well considered and taken care in day to day business activities. Steps like plantation of 50,000 trees, development of Children Park, Installation of RDF plant and erection of Waste Heat Recovery Power Plant together with energy conservation measures are worth mentioning.

(1) **ISO 14001:2004.** Fauji Cement fully complies with national and International regulations pertaining to environmental aspects and is always conscious about industrial development impacting the environment. Fauji Cement is 14001:2004 certified by TUV Austria.



**(2) Environmental Awareness for Public.**

Tree Plantation Campaign with involvement of local community was carried out in order to create awareness for sustainable environment. Free of cost plants were provided to local schools and farmers for the purpose. Community willingly and actively participated in tree plantation campaign.



- b. Alternate Fuels.** FCCL is continuously striving to maximize replacement of fossil fuels with alternate / biomass fuels. Successful usages of Municipal Solid Waste (MSW) and poultry waste have reduced consumption of coal. Efforts are in hand in developing the feeding mechanism for alternate fuels at the Line - 2.



Lt Gen Sardar Mahmood Ali Khan, HI(M)  
(Retd), CEO/MD with Company Secretary and  
Plant Management

**Acknowledgement**

35. The Directors express their deep appreciation to valued Shareholders, Customers, Financial Institutions / Government Departments for their cooperation and Company's Employees for their hard work and commitment which has enabled the company to achieve exceptionally good operational results.
36. The Board is of the opinion that with sustained efforts and ALLAH's blessings, the Company will continue on its way to success.

For and on behalf of the Board

**Lt Gen Khalid Nawaz Khan**  
**HI (M) Sitara-e-Esar (Retd)**

Chairman

Rawalpindi  
01 September 2015

# Statement of Compliance with the Code of Corporate Governance

Name of Company : Fauji Cement Company Limited

Year ending : 30th June 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulation No 35 of Karachi Stock Exchange, listing regulation No 35 of Lahore Stock Exchange and Chapter XI of the Listing Regulation of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance (CCG).

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Brig Asmat Ullah Khan Niazi , SI(M) (Retd) Mr Pervez Inam
Executive Directors	Lt. Gen Sardar Mahmood Ali Khan, HI(M) (Retd)
Non-Executive Directors	1. Lt. Gen Khalid Nawaz Khan, HI(M) Sitara-i-Esar (Retd) (Chairman) 2. Mr. Qaiser Javed 3. Mr. Dr. Nadeem Inayat 4. Maj Gen Syed Jamal Shahid, HI(M) (Retd) 5. Maj Gen Muhammad Farooq Iqbal, HI(M) (Retd) 6. Brig Dr. Gulfam Alam, SI(M) (Retd) 7. Brig Muhammad Saeed Khan (Retd)

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or Non Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred during the period under review and filled within 90 days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors at FCCL Board are adequately trained to perform their duties. Lt Gen Muhammad Mustafa Khan (Retd) Ex Chairman, Mr. Qaiser Javed and Mr. Dr. Nadeem Inayat directors of the Company has obtained certificate under directors training program offered by institution that meets the criteria specified by SECP in the period under review.
10. The board has already approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of share holding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The company has formed an Audit Committee. It comprises five members, of whom all are non-executive directors and the Chairman of the committee is an Independent Director a non executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is also a non executive director.
18. The board has set up an effective internal audit department which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Lt Gen Khalid Nawaz Khan, HI (M) Sitara-e-Esar (Retd)  
Chairman Board of Directors FCCL



# Review Report

## To the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Fauji Cement Company Limited (the Company) for the year ended 30 June 2015 to comply with the requirements of Listing Regulation No. 35 of Karachi Stock Exchange Limited, Listing Regulation No. 35 of Lahore Stock Exchange Limited and Chapter XI of the Listing Regulations of Islamabad Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in ann.'s length transactions and transactions which are not executed at ann.'s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at ann.'s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

Islamabad  
01 September 2015



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Riaz Pesnani

# Auditors' Report

To the Members of Fauji Cement Company Limited

We have audited the annexed balance sheet of Fauji Cement Company Limited ("the Company") as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting polices consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Islamabad  
01 September 2015



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Riaz Pesnani



# BALANCE SHEET

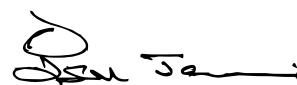
AS AT 30 JUNE 2015

	Note	2015 Rupees'000	2014 Rupees'000
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	<b>13,798,150</b>	13,798,150
Reserves	5	<b>3,620,834</b>	1,990,037
		<b>17,418,984</b>	15,788,187
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	6	<b>4,000,119</b>	5,362,998
Deferred liabilities	7	<b>4,378,810</b>	3,747,641
		<b>8,378,929</b>	9,110,639
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	<b>2,055,628</b>	1,725,648
Markup accrued		<b>144,013</b>	163,457
Short term borrowings - secured	9	<b>5,758</b>	42,232
Current portion of long term financing	6	<b>2,524,978</b>	2,551,169
		<b>4,730,377</b>	4,482,506
		<b>30,528,290</b>	29,381,332
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		

The annexed notes 1 to 36 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

	Note	2015 Rupees'000	2014 Rupees'000
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	11	23,880,553	23,881,426
Long term advance		900	1,800
Long term deposits and prepayments	12	233,241	309,749
		<b>24,114,694</b>	<b>24,192,975</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	13	1,965,411	2,016,336
Stock in trade	14	888,536	1,409,107
Trade debts	15	566,141	580,214
Advances	16	11,190	50,414
Trade deposits, short term prepayments and balances with statutory authority	17	375,563	268,545
Interest accrued		3,902	173
Other receivables	18	6,039	20,585
Other financial assets	19	300,211	-
Cash and bank balances	20	2,296,603	842,983
		<b>6,413,596</b>	<b>5,188,357</b>
		<b>30,528,290</b>	<b>29,381,332</b>

  
CHIEF EXECUTIVE

  
DIRECTOR



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees'000	2014 Rupees'000
<b>Turnover - net</b>	21	<b>18,642,358</b>	17,532,277
Cost of sales	22	<b>(11,615,261)</b>	(11,448,142)
<b>Gross profit</b>		<b>7,027,097</b>	6,084,135
Distribution cost	23	<b>(141,018)</b>	(125,106)
Administrative expenses	24	<b>(271,629)</b>	(225,957)
Other operating expenses	25	<b>(419,918)</b>	(333,504)
Finance cost	26	<b>(706,027)</b>	(1,042,144)
Other income	27	<b>191,386</b>	152,081
<b>Profit before taxation</b>		<b>5,679,891</b>	4,509,505
Taxation	28	<b>(1,563,726)</b>	(1,883,511)
<b>Profit for the year</b>		<b>4,116,165</b>	2,625,994
Earnings per share - Basic (Rupees)	29.1	<b>2.91</b>	1.80
Earnings per share - Diluted (Rupees)	29.2	<b>2.91</b>	1.80

The annexed notes 1 to 36 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2015

	2015 Rupees'000	2014 Rupees'000
Profit for the year	4,116,165	2,625,994
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>4,116,165</b>	<b>2,625,994</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR



# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

Note	2015 Rupees'000	2014 Rupees'000
<b>Cash flows from operating activities</b>		
Net profit before taxation	5,679,891	4,509,505
<b>Adjustments for:</b>		
Depreciation	1,291,054	1,269,247
Provision for compensated absences	22,840	23,346
Provision for slow moving spares	-	38,828
Workers' (Profit) Participation Fund including interest and WWF	419,161	332,631
Finance cost	705,384	1,041,792
Gain on disposal of property, plant and equipment	(3,957)	(8,358)
Interest income including interest on long term advance	(155,019)	(130,755)
	<b>2,279,463</b>	<b>2,566,731</b>
Operating cash flows before working capital changes	<b>7,959,354</b>	<b>7,076,236</b>
<b>Decrease/ (increase) in working capital</b>		
Stores and spares	50,925	(185,245)
Stock in trade	520,571	(428,015)
Long-term deposits and prepayments	-	127,406
Long-term advance	900	900
Trade debts	14,073	(374,412)
Advances	39,224	(37,494)
Trade deposits and short term prepayments	765	2,081
Other receivables	14,546	1,616
Trade and other payables	338,438	260,803
	<b>979,442</b>	<b>(632,360)</b>
Cash generated from operations	<b>8,938,796</b>	<b>6,443,876</b>
Compensated absences paid	(21,614)	(20,433)
Payment to Workers' (Profit) Participation Fund	(332,732)	(240,996)
Taxes paid	(1,159,623)	(328,540)
Net cash generated from operating activities	<b>7,424,827</b>	<b>5,853,907</b>
<b>Cash flows from investing activities</b>		
Additions in property, plant and equipment excluding borrowing cost capitalized	(1,210,368)	(496,184)
Proceeds from disposal of property, plant and equipment	4,084	88,194
Other financial assets	(300,211)	-
Interest received on bank deposits and long term advance	151,290	141,054
Net cash used in investing activities	<b>(1,355,205)</b>	<b>(266,936)</b>
<b>Cash flows from financing activities</b>		
Disbursement of long term financing	1,059,453	-
Repayment of long term finances	(2,600,172)	(2,613,483)
Dividend paid on preference shares	(227,408)	(210,687)
Dividend paid on ordinary shares	(2,319,660)	(2,654,711)
Finance cost paid	(491,741)	(849,825)
Net cash used in financing activities	<b>(4,579,528)</b>	<b>(6,328,706)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>1,490,094</b>	<b>(741,735)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>800,751</b>	<b>1,542,486</b>
<b>Cash and cash equivalents at end of the year</b>	<b>2,290,845</b>	<b>800,751</b>

30

The annexed notes 1 to 36 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

# STATEMENT OF CHANGES IN EQUITY

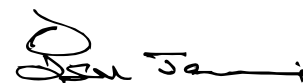
## FOR THE YEAR ENDED 30 JUNE 2015

	Share capital		Capital reserve		Revenue reserve	Total
	Ordinary	Preference	Discount on issue of shares	Hedging reserve	Un-appropriated profit	
	Rupees'000					
<b>Balance at 01 July 2013</b>	<b>13,311,158</b>	<b>486,992</b>	<b>(1,364,385)</b>	<b>(273,237)</b>	<b>3,775,833</b>	<b>15,936,361</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	2,625,994	2,625,994
<b>Total comprehensive income for the year</b>	-	-	-	-	2,625,994	2,625,994
Transfer during the year	-	-	-	115,472	-	115,472
<b>Transactions with owners of the Company</b>						
Dividend on preference shares @ Rs.4.67 per share	-	-	-	-	(227,408)	(227,408)
Final dividend 2013 @ Rs. 1.25 per share	-	-	-	-	(1,663,895)	(1,663,895)
Interim dividend 2014 @ Rs. 0.75 per share	-	-	-	-	(998,337)	(998,337)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(2,889,640)	(2,889,640)
<b>Balance at 30 June 2014</b>	<b>13,311,158</b>	<b>486,992</b>	<b>(1,364,385)</b>	<b>(157,765)</b>	<b>3,512,187</b>	<b>15,788,187</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	4,116,165	4,116,165
<b>Total comprehensive income for the year</b>	-	-	-	-	4,116,165	4,116,165
Transfer during the year	-	-	-	84,870	-	84,870
<b>Transactions with owners of the Company</b>						
Dividend on preference shares @ Rs. 4.94 per share	-	-	-	-	(240,785)	(240,785)
Final dividend 2014 @ Rs. 0.75 per share	-	-	-	-	(998,337)	(998,337)
Interim dividend 2015 @ Re. 1.00 per share	-	-	-	-	(1,331,116)	(1,331,116)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(2,570,238)	(2,570,238)
<b>Balance at 30 June 2015</b>	<b>13,311,158</b>	<b>486,992</b>	<b>(1,364,385)</b>	<b>(72,895)</b>	<b>5,058,114</b>	<b>17,418,984</b>

The annexed notes 1 to 36 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### I LEGAL STATUS AND OPERATIONS

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain financial instruments which are carried at the fair values.

#### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees (PKR) which is the Company's functional and presentation currency.

#### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

#### **2.4.1 Property, plant and equipment**

The Company regularly reviews useful life and residual value for the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

#### **2.4.2 Provision for inventory obsolescence and doubtful receivables**

The Company reviews the net realisable value of stock in trade and stores, spare parts and loose tools to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost to make the sales. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

#### **2.4.3 Taxation**

In making the estimates for income taxes payable by the Company, the management refers to the applicable law and the decisions of appellate authorities on pertinent issues in the past.

The Company regularly reviews the trend of proportion of incomes under Presumptive Tax Regime and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

#### **2.4.4 Provisions and contingencies**

A provision is recognized, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The un-winding of discount is recognized as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation can not be measured with sufficient reliability, it is disclosed as contingent liability.

#### **2.4.5 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### 2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. .
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements  
Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). These amendments are not likely to have an impact on Company's financial statements. The new cycle of improvements contain amendments to the following standards:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

#### 3.1 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in statement of comprehensive income or equity, in which case it is recognized in statement of comprehensive income or equity.

##### Current

Provision for current taxation is based on taxable income at the applicable rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

##### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is not recognised on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. The effect of the adjustment is charged or credited to income currently.

### 3.2 Property, plant and equipment

Property, plant and equipment except for freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost of property, plant and equipment includes acquisition cost, borrowing cost during construction phase of relevant asset and other directly attributable costs including trial run production expenses (net of income, if any). Transfers from capital work in progress are made to the relevant category of property, plant and equipment as and when the assets are available for use in the manner intended by the Company's management.

Depreciation is charged to income on the straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives at the rates specified in note 11. Depreciation on depreciable assets is commenced from the date the asset is available for use upto the date when the asset is disposed off.

The cost of replacing a major item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The cost of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposals with the carrying amount of property, plant and equipment and are recognized on net basis within "other income" in profit or loss.

### 3.3 Impairment

#### Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

no impairment loss had been recognised. For non-financial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognised in profit and loss account.

### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

### 3.4 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realisable value less impairment, if any. Cost is determined using weighted average method except for items in transit which is determined on the basis of cost incurred upto the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognised. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

### 3.5 Stock in trade

Stock of raw material, except for those in transit, work in process and finished goods are valued at the lower of average cost and net realizable value. Stock of packing material is valued at moving average cost less impairment, if any. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon less impairment, if any.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to be incurred in order to make a sale.

### 3.6 Foreign currency transactions

Transactions in foreign currencies are translated into functional currency at exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at beginning of the year, adjusted for effective interest and payments during the year, and amortised cost in foreign currency translated at the exchange rate at balance sheet date. Exchange differences are included in the profit and loss account.

### 3.7 Revenue recognition

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of commission. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer; recovery of the consideration is probable, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Scrap sales and miscellaneous receipts are recognised on realised amounts. Profit on deposits and advances is accounted for on a time proportion basis using the applicable rate of interest.

### 3.8 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis.

### 3.9 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost as the case may be. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instrument. The Company recognises the regular way of purchase or sale of financial assets using settlement date accounting.

#### Trade and other payables

Liabilities for trade and other amounts payable are initially recognised at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using effective interest method.

#### Trade debts and other receivables

Trade debts and other receivables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

#### Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.10 Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred except where

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

### 3.11 Staff retirement benefits

#### Provident fund

The Company operates a defined contributory provident fund scheme for permanent employees. Monthly contributions are made to the fund @ 10% of the basic salary both by the Company and employees. The Company's contribution is charged to the profit and loss account.

#### Compensated absences

The Company also provides for compensated absences to its employees on unavailed leaves according to the Company's policy. Charge for the year is included in profit and loss account.

### 3.12 Other financial assets

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as fair value through profit or loss-held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in profit or loss.

### 3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances at banks, running finances and short term highly liquid investments with maturity of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

### 3.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

### 3.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the

profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

### 3.16 Dividend

Dividend on ordinary shares is recognized as a liability in the period in which it is declared. Dividend on preference shares is recognized as a liability when the conditions as agreed with the preference shareholders are fulfilled.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 4 SHARE CAPITAL

#### 4.1 Authorized share capital

This represents 1,451,300,813 (2014: 1,451,300,813) ordinary shares of Rs. 10 each and 48,699,187 (2014: 48,699,187) preference shares of Rs. 10 each.

#### 4.2 Issued, subscribed and paid up capital

2015 Number '000	2014 Number '000		2015 Rupees '000	2014 Rupees '000
		<b>Ordinary shares</b>		
171,311	171,311	Ordinary shares of Rs. 10 each-paid in cash	1,713,105	1,713,105
199,433	199,433	Ordinary shares of Rs. 10 each issued at a discount of Rs. 3.85 per share - paid in cash	1,994,325	1,994,325
322,546	322,546	Ordinary shares of Rs. 10 each issued at a premium of Rs. 6 per share-paid in cash	3,225,465	3,225,465
637,826	637,826	Ordinary shares of Rs. 10 each issued at a discount of Rs. 5 per share-paid in cash	6,378,263	6,378,263
<u>1,331,116</u>	<u>1,331,116</u>		<u>13,311,158</u>	<u>13,311,158</u>
		<b>Preference shares (note 4.2.1)</b>		
48,699	48,699	Preference shares of Rs. 10 each issued at a discount of Rs. 3.85 per share - paid in cash	486,992	486,992
<u>1,379,815</u>	<u>1,379,815</u>		<u>13,798,150</u>	<u>13,798,150</u>

4.2.1 Preference shares are convertible into ordinary shares only, at any time at Rs. 10 each without further payment, such conversion being irreversible once exercised and having the same rights as ordinary shares in the Company including pari passu voting rights with ordinary shares.

4.2.2 Fauji Foundation holds 494,951,055 (2014: 494,951,055) ordinary shares and 48,699,187 (2014: 48,699,187) preference shares of the Company at the year end. In addition Fauji Fertilizer Company Limited, Fauji Fertilizer Bin Qasim Limited and Fauji Oil Terminal & Distribution Company Limited hold 93,750,000 (2014: 93,750,000), 18,750,000 (2014: 18,750,000) and 18,750,000 (2014: 18,750,000) ordinary shares respectively of the Company at the year end.

### 5 RESERVES

#### Capital reserves

Discount on issue of shares

Hedging reserve

#### Revenue reserves

Un-appropriated profit

	2015 Rupees'000	2014 Rupees'000
Discount on issue of shares	(1,364,385)	(1,364,385)
Hedging reserve	(72,895)	(157,765)
Un-appropriated profit	<u>5,058,114</u>	<u>3,512,187</u>
	<u>3,620,834</u>	<u>1,990,037</u>

## 6 LONG TERM FINANCING - Secured

### - Loans from banking companies-under mark up arrangements

Lender	Note	2015 Rupees'000	2014	Rate of interest per annum	Outstanding installment	Interest payable
Syndicate Finance	6.1	<b>1,345,455</b>	2,018,182	"6 month's KIBOR + 0.75% (2014: 6 month's KIBOR +0.75%)"	4 semi annual installments ending 16 February 2017	Semi annual
Citi Bank Europe Plc	6.2	<b>2,979,689</b>	4,333,495	"6 month's LIBOR + 0.70% (2014: 6 month's LIBOR +0.80%)"	4 semi annual installments ending 7 May 2017	Semi annual
National Bank of Pakistan		<b>964,286</b>	1,178,572	"6 month's KIBOR + 0.75% (2014: 6 month's KIBOR +1.35%)"	9 semi annual installments ending 19 July 2019	Semi annual
Faysal Bank Limited		<b>71,429</b>	214,286	"6 month's KIBOR + 1% (2014: 6 month's KIBOR + 1%)"	1 semi annual installment ending 7 December 2015	Semi annual
Habib Bank Limited		<b>115,200</b>	192,000	"6 month's KIBOR + 0.75% (2014: 6 month's KIBOR +1%)"	3 semi annual installments ending 29 July 2016	Semi annual
MCB Bank Limited		<b>1,059,453</b>	-	"6 month's KIBOR + 0.40%"	10 semi annual installments ending 22 July 2021	Semi annual
Less: Unamortized portion of transaction cost		<b>(10,415)</b>	(22,368)			
		<b>6,525,097</b>	7,914,167			
Less: Current portion shown under current liabilities		<b>(2,524,978)</b>	(2,551,169)			
		<b>4,000,119</b>	5,362,998			

- 6.1 This is a syndicated term finance facility obtained from consortium of banks consisting of Allied Bank Limited, United Bank Limited, Bank Alfalah Limited, Bank of Khyber, Bank Al Habib Limited and Soneri Bank Limited.
- 6.2 This foreign currency loan amounting to USD 29.26 million (2014: USD 43.88 million) is an Export Credit Agency (Euler Hermes Kreditversicherungs-AG (Hermes)) backed term finance facility obtained from The Royal Bank of Scotland PLC. During the year this foreign currency loan facility has been transferred by Royal Bank of Scotland Plc to Citi Bank Europe Plc in accordance with the terms of financing agreement. The terms and conditions pertaining to the repayment structure and other terms of loan remain unchanged.
- 6.3 The above facilities are secured by way of creation of 1st pari passu mortgage over the immovable property of the Company and hypothecation charge over all current and future assets of the Company with 25% margin. Allied Bank Limited is the security trustee and inter creditor agent on behalf of all the first pari passu lenders.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees'000	2014 Rupees'000
<b>7 DEFERRED LIABILITIES</b>			
Provision for compensated absences	7.1	43,743	42,611
Deferred taxation	7.2	4,335,067	3,705,030
		<b>4,378,810</b>	<b>3,747,641</b>
<b>7.1 Provision for compensated absences</b>			
Balance at beginning of the year		51,324	48,411
Add: Charge for the year		22,840	23,346
		<b>74,164</b>	71,757
Less: Amount paid during the year		(21,614)	(20,433)
		<b>52,550</b>	51,324
Less: Amount transferred to current liabilities		(8,807)	(8,713)
		<b>43,743</b>	42,611

As per the rules of compensated absences, unavailed leaves up to 30 days are payable at the time of retirement. Compensated absences over and above the period of 30 days are paid to the employees as per the Company policy. Therefore the balance of unavailed compensated absences over that period has been transferred to current liabilities. Actuarial valuation has not been carried out as the impact is considered immaterial.

	2015 Rupees'000	2014 Rupees'000
<b>7.2 Deferred taxation</b>		
Deductible temporary differences		
Unused tax losses representing unabsorbed depreciation	-	(749,606)
Unrealised exchange loss on foreign currency loan	(132,124)	(169,276)
Provision for slow moving spares	(11,066)	(11,746)
Taxable temporary difference		
Excess of accounting book value of fixed assets over their tax base	4,478,257	4,635,658
	<b>4,335,067</b>	<b>3,705,030</b>

	Note	2015 Rupees'000	2014 Rupees'000
<b>8 TRADE AND OTHER PAYABLES</b>			
Creditors		157,147	170,463
Accrued liabilities		875,441	667,952
Retention money		123,121	27,948
Security deposits		90,940	83,497
Advances from customers		186,735	198,538
Workers' (Profit) Participation Fund	8.1	14,920	42,089
Workers' Welfare Fund		113,598	118,151
Federal excise duty payable		37,084	12,623
Sales tax payable (net)		64,414	36,260
Withholding tax		27,891	15,661
Other liabilities		95,170	106,563
Compensated absences	7.1	8,807	8,713
Dividend payable on preference shares to a related party		240,785	227,408
Unclaimed dividend		19,575	9,782
		<b>2,055,628</b>	<b>1,725,648</b>
<b>8.1 Workers' (Profit) Participation Fund (WPPF)</b>			
Balance at beginning of the year		42,089	40,644
Interest on funds utilised in the Company's business		643	352
Allocation for the year		304,920	242,089
Payment to the fund during the year		(332,732)	(240,996)
		<b>14,920</b>	<b>42,089</b>
Allocation for the year is made up as follows:			
Profit for the year before tax, WPPF and WWF		6,098,409	4,841,784
Charge for the year at the rate of 5%		304,920	242,089

## 9 SHORT TERM BORROWINGS - secured

The Company has short term running finance and morahaba facility limits to the tune of Rs. 2,680 million (2014: Rs. 3,480 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. These facilities carry markup ranging from 7.83%-11.37% per annum (2014: 10.19%-11.38% per annum) of the utilized amount and payable on a quarterly basis. Allied Bank Limited is the security trustee and inter creditor agent on behalf of all the first pari passu lenders.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### 10 CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

- a) The Custom Authorities allowed release of plant and machinery imported by the Company at concessionary rates of duty in terms of SRO 484(1)/92 dated May 14, 1992 against an undertaking provided by the Company. Subsequent to the release of plant and machinery, the Custom Authorities raised a demand of Rs. 828.343 million in respect of items which are considered by the Federal Board of Revenue (FBR) as not qualifying for the concessionary rate of duty. The status of the cases included in the above amount are as follows:
- (i) The custom case of Rs. 337.227 million was decided in the Company's favour by the Honorable Sindh High Court (SHC). On an appeal filed by the custom authorities to Honorable Supreme Court of Pakistan against decision of SHC, the matter was referred back by the Honorable Supreme Court to custom authorities for review. Thereafter, the Deputy Collector, then Collector (Appeals) and finally Custom Appellate Tribunal decided the case against the Company and the Company has filed an appeal before Sindh High Court.
  - (ii) Case for Rs. 15.797 million was decided by the Honourable Supreme Court of Pakistan against the Company. Review Petition filed by the Company against the decision of Supreme Court of Pakistan has been dismissed by the Court. Thereafter, Custom Authorities raised a demand of Rs. 808 million against which a petition was filed by the Company before Sindh High Court.
  - (iii) Case for Rs. 87.442 million is pending before the SHC.
  - (iv) Demand for Rs. 39.285 million is pending with the Custom Authorities.
  - (v) A demand of Rs. 20.257 million has been raised by the Assistant Collector of Customs on September 21, 2004 and the Company has asked for details of this claim.
  - (vi) Remaining amount of Rs. 328.34 million has been claimed by Custom Authorities by revising the total demand of custom duty as being short levied as per letter No. SI/NISC/IB/191/96-VI dated 31 December 1999.

The Company filed an application before FBR under Section 47A of the Sales Tax Act, 1990 and Section 195C of the Customs Act, 1969 for constitution of an Alternate Dispute Resolution Committee (ADRC) on the above cases. The proceedings of ADRC were concluded and final recommendations were forwarded to FBR, which were in the Company's favour. FBR has informed the Company that recommendations of ADRC are not acceptable and advised the Company to plead the cases in court of law. The management of the Company is confident of a favourable outcome, since the management believes that the goods imported by the Company (against which the purported duties have been assessed) were covered by statutory exemption issued

by the Ministry of Finance in 1992, the grant of which was confirmed by the custom authorities through various documents obtained from the appropriate authorities.

- b) A claim for damages amounting to Euros 833,120 equivalent Pak Rs. 93.77 (2014: Rs. 111.75) million was in a tribunal of Arbitrators by the supplier of plant and machinery against which the Company had filed a counter claim of Euros 410,914 equivalent Pak Rs. 46.25 (2014: Rs. 55.12) million and Rs. 11.824 million (less the aggregate sum of equivalent Pak Rs. 21.33 million previously recovered/ adjusted by the Company). In the arbitration proceedings between the supplier and the Company, awards were passed by each arbitrator appointed by each party. As a result of the difference in opinion of the two arbitrators, the matter was referred to an umpire, on whose recommendations the supplier filed the award in the Court of Senior Civil Judge Islamabad, for the same to be made a rule of court. The Court dismissed the supplier's case in February 2014. The management believes that the Company has strong grounds to argue the case in the court and accordingly, no liability has been accounted for in these financial statements.
- c) The Company is contesting a claim of damages amounting to Rs. 19.75 million filed by a supplier of plant and machinery arising from encashment by the Company of bank guarantee amounting to Rs. 5.32 million which is appearing under payables in these financial statements. Islamabad High Court stayed the case in 2009 for appointment of arbitrators to decide the matter. Under the law, it was the responsibility of the supplier to appoint/ nominate its arbitrator but it has not yet appointed any arbitrator to resolve the matter.
- d) Competition Commission of Pakistan (CCP) has issued a show cause notice dated October 28, 2008 to 21 cement manufacturers (including the Company) under section 30 of the Competition Ordinance, 2007 and imposed a penalty of Rs. 266 million on the Company. The cement manufacturers (including the Company) have filed a review petition in Lahore High Court (Court) and also challenged the CCP order in the Court. Based on expert legal advice, the management is confident that the case will be decided in favour of the Company.
- e) The Company is contingently liable in respect of guarantees amounting to Rs. 421 million (2014: Rs. 426 million) issued by banks on behalf of the Company in the normal course of business. These guarantees are secured against margin/lien on bank deposits and against first pari passu ranking charge by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin.
- f) For tax related contingencies refer note 28.1

## 10.2 Commitments

The Company has opened letters of credit for the import of spare parts valuing Rs. 82 million (2014: Rs. 121 million).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### II PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building on freehold land	Plant and machinery	Store held for capital expenditure	Office equipment	Computers	Electric installation and other equipment	Furniture and fittings	Motor vehicles	Quarry road and development	Capital work in progress (Note:11.2)	Total
	Rupees'000											
<b>Cost</b>												
Balance at 01 July 2013	148,452	509,140	25,286,447	33,688	11,029	56,603	84,880	22,782	155,285	27,855	6932	30,930,093
Additions	-	1,140	9,4924	-	794	4835	1,395	2,533	20,160	-	370,403	496,184
Disposals/written off	-	-	(86,380)	-	(512)	(616)	(358)	(16)	(16,719)	-	-	(104,601)
Transfers	-	1,6567	-	-	-	-	-	-	-	-	(1,6567)	-
<b>Balance at 30 June 2014</b>	<b>148,452</b>	<b>5,113,847</b>	<b>25,294,991</b>	<b>33,688</b>	<b>11,311</b>	<b>60,822</b>	<b>85,917</b>	<b>25,299</b>	<b>158,726</b>	<b>27,855</b>	<b>360,768</b>	<b>31,321,676</b>
<b>Balance as at 01 July 2014</b>	<b>148,452</b>	<b>5,113,847</b>	<b>25,294,991</b>	<b>33,688</b>	<b>11,311</b>	<b>60,822</b>	<b>85,917</b>	<b>25,299</b>	<b>158,726</b>	<b>27,855</b>	<b>360,768</b>	<b>31,321,676</b>
Additions	-	880	-	-	3,952	4,671	7,746	3,178	33,389	-	1,236,492	1,290,308
Disposals	-	-	-	-	(896)	(3,199)	(468)	(54)	(13,103)	-	-	(17,720)
Transfers	-	230,796	1,325,696	-	-	-	-	-	-	-	(1,556,492)	-
<b>Balance at 30 June 2015</b>	<b>148,452</b>	<b>5,345,523</b>	<b>26,620,687</b>	<b>33,688</b>	<b>14,367</b>	<b>62,294</b>	<b>93,195</b>	<b>28,423</b>	<b>179,012</b>	<b>27,855</b>	<b>40,768</b>	<b>32,594,264</b>
<b>Depreciation</b>												
Balance at 01 July 2013	-	1,196,227	4,701,408	4,398	8,337	50,240	76,907	14,777	115,619	27,855	-	61,957,68
Charge for the year	-	206,079	1,033,091	3,244	821	4,289	2,534	2,316	16,873	-	-	1,269,247
On disposals/written off	-	-	(7,322)	-	(512)	(616)	(357)	(15)	(15,943)	-	-	(24,765)
<b>Balance at 30 June 2014</b>	<b>-</b>	<b>1,402,306</b>	<b>5,727,177</b>	<b>7,642</b>	<b>8,646</b>	<b>53,913</b>	<b>79,084</b>	<b>17,078</b>	<b>116,549</b>	<b>27,855</b>	<b>-</b>	<b>7,440,250</b>
<b>Balance at 01 July 2014</b>	<b>-</b>	<b>1,402,306</b>	<b>5,727,177</b>	<b>7,642</b>	<b>8,646</b>	<b>53,913</b>	<b>79,084</b>	<b>17,078</b>	<b>116,549</b>	<b>27,855</b>	<b>-</b>	<b>7,440,250</b>
Charge for the year	-	209,845	1,048,078	3,244	980	4,734	2,935	2,804	18,434	-	-	1,291,054
On disposals	-	-	-	-	(895)	(3,149)	(421)	(54)	(13,074)	-	-	(17,593)
<b>Balance at 30 June 2015</b>	<b>-</b>	<b>1,612,151</b>	<b>6,775,255</b>	<b>10,886</b>	<b>8,731</b>	<b>55,498</b>	<b>81,598</b>	<b>19,828</b>	<b>121,909</b>	<b>27,855</b>	<b>-</b>	<b>8,713,711</b>
<b>Carrying amounts - 2015</b>	<b>148,452</b>	<b>3,733,372</b>	<b>19,845,432</b>	<b>22,802</b>	<b>5,636</b>	<b>6,796</b>	<b>11,597</b>	<b>8,595</b>	<b>57,103</b>	<b>-</b>	<b>40,768</b>	<b>23,880,553</b>
Carrying amounts - 2014	148,452	3,711,541	19,567,814	26,046	2,665	6,909	6,833	8,221	42,177	-	360,768	23,881,426
Rates of depreciation	-	4%-8%	4%-8%	4%	15%	33.33%	10%-15%	15%	20%-25%	10%		

	Note	2015 Rupees'000	2014 Rupees'000
<b>11.1 Depreciation charge for the year has been allocated as follows:</b>			
Cost of sales	22	1,275,850	1,257,196
Distribution cost	23	4,054	4,576
Administrative expenses	24	11,150	7,475
		<b>1,291,054</b>	<b>1,269,247</b>
<b>11.2 Capital work in progress</b>			
Waste Heat Recovery project	11.2.1	-	347,146
Others		40,768	13,622
		<b>40,768</b>	<b>360,768</b>

**11.2.1** The Company declared commencement effective 01 May 2015 of 10 MW of Waste Heat Recovery Project. Accordingly, the Company has transferred the cost related thereto to operating assets. Borrowing cost amounting to Rs. 80 million (2014: Nil) has been capitalized at the rate of 9.65% (2014: Nil) during the year.

**11.3** Aggregate of assets disposed off having book value of less than Rs 50,000 is as follows:

	Original cost	Book value	Sale proceeds / compensation received	Gain	Mode of disposal
	Rupees'000				
<b>2015</b>	<b>17,720</b>	<b>127</b>	<b>4,084</b>	<b>3,957</b>	Company's policy/auction
2014	104,601	79,836	88,194	8,358	

	Note	2015 Rupees'000	2014 Rupees'000
<b>12 LONG TERM DEPOSITS AND PREPAYMENTS</b>			
Islamabad Electric Supply Company Limited		61,590	61,590
Sui Northern Gas Pipelines Limited		25,011	25,011
Prepaid guarantee fee	12.1	146,640	223,148
		<b>233,241</b>	<b>309,749</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12.1 This represents premium paid to Euler Hermes Kreditversicherungs-AG (Hermes) for guarantee issued to a lender as a security against long term loan for construction of new cement manufacturing line.

	2015 Rupees'000	2014 Rupees'000
<b>13 STORES, SPARES AND LOOSE TOOLS</b>		
Stores	812,136	893,916
Spares (Including items in transit of Rs. 29.3 million (2014: Rs. 31.1 million)	<b>1,189,924</b>	1,159,787
Provision of slow moving spares	<b>(38,828)</b>	(38,828)
	<b>1,151,096</b>	1,120,959
Loose tools	<b>2,179</b>	1,461
	<b>1,965,411</b>	2,016,336
<b>14 STOCK IN TRADE</b>		
Raw and packing material	<b>145,147</b>	215,990
Work in process	<b>607,869</b>	976,816
Finished goods	<b>135,520</b>	216,301
	<b>888,536</b>	1,409,107
<b>15 TRADE DEBTS</b>		
<b>Unsecured</b>		
Considered good	<b>498,141</b>	533,378
Considered doubtful	<b>3,281</b>	3,281
	<b>501,422</b>	536,659
<b>Secured considered good</b>	<b>68,000</b>	46,836
Less: Provision for doubtful debts	<b>(3,281)</b>	(3,281)
	<b>566,141</b>	580,214
<b>16 ADVANCES</b>		
Advances - Considered good		
To suppliers	<b>9,250</b>	48,967
To employees	<b>1,040</b>	547
Current portion of long term advance	<b>900</b>	900
	<b>11,190</b>	50,414

	Note	2015 Rupees'000	2014 Rupees'000
<b>17</b>			
<b>TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY</b>			
Deposits		<b>7,005</b>	7,940
Prepayments	17.1	<b>2,857</b>	2,687
Advance tax-net		<b>365,701</b>	257,918
		<b>375,563</b>	268,545
<b>17.1</b>	This includes balance paid to associated company amounting to Rs 1.1 million (2014: Nil)		
<b>18</b>			
<b>OTHER RECEIVABLES</b>			
Other receivables - Considered good		<b>4,132</b>	1,518
Margin on letter of guarantee		<b>1,907</b>	19,067
		<b>6,039</b>	20,585
<b>19</b>			
<b>OTHER FINANCIAL ASSETS</b>			

These are classified as fair value through profit or loss-held for trading and are made in money market funds. Fair value of these investments are determined using quoted market price.

	Note	2015 Rupees'000	2014 Rupees'000
<b>20</b>			
<b>CASH AND BANK BALANCES</b>			
Cash at banks			
Deposit accounts	20.1	<b>2,184,612</b>	758,166
Current accounts		<b>111,817</b>	84,788
		<b>2,296,429</b>	842,954
Cash in hand		<b>174</b>	29
		<b>2,296,603</b>	842,983
<b>20.1</b>			

- Balances with banks include Rs. 88.1 million (2014: Rs. 83.5 million) in respect of security deposits received.
- Deposits of Rs. 4 million (2014: Rs. 4 million) with banks are under lien for letters of guarantee issued on behalf of the Company.
- This includes Term Deposit Receipts (TDRs) amounting to Rs. 1,287 million (2014: Rs. 500 million) carrying interest rate of 7- 7.4 % p.a. (2014: 10 - 10.5 % p.a.).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees'000	2014 Rupees'000
<b>21 TURNOVER - NET</b>			
Sales - Local		20,283,533	18,555,629
- Export		2,467,801	2,750,619
		<b>22,751,334</b>	21,306,248
Less: Sales tax		3,174,035	2,941,426
Excise duty		928,189	824,950
Export development surcharge		6,752	7,595
		<b>4,108,976</b>	3,773,971
		<b>18,642,358</b>	17,532,277
<b>22 COST OF SALES</b>			
Raw materials consumed		841,118	866,133
Packing material consumed		945,898	890,604
Stores and spares consumed		26,003	35,637
Provision for slow moving spares		-	38,828
Salaries, wages and benefits (including retirement benefits of Rs. 37.7 million (2014 : Rs. 35.9 million))		909,382	788,964
Rent, rates and taxes		20,280	18,964
Insurance		106,141	98,684
Fuel consumed		3,958,388	4,367,340
Power consumed		2,601,733	2,954,173
Depreciation	11.1	1,275,850	1,257,196
Repairs and maintenance		424,586	490,044
Technical assistance		2,618	1,870
Vehicle running and maintenance expenses		26,951	26,534
Printing and stationery		2,480	3,286
Travelling and conveyance		13,093	13,817
Communication, establishment and other expenses		15,815	13,861
		<b>11,170,336</b>	11,865,935
Add: Opening work-in-process		976,816	638,144
Less: Closing work-in-process		(607,869)	(976,816)
Cost of goods manufactured		<b>11,539,283</b>	11,527,263
Add: Opening finished goods		216,301	141,182
Less: Closing finished goods		(135,520)	(216,301)
		<b>11,620,064</b>	11,452,144
Less: Own consumption capitalized		(4,803)	(4,002)
		<b>11,615,261</b>	11,448,142

	Note	2015 Rupees'000	2014 Rupees'000
<b>23 DISTRIBUTION COST</b>			
Salaries, wages and benefits (including retirement benefits of Rs. 4.8 million (2014 : Rs. 4.5 million))		<b>89,353</b>	78,068
Export freight and other charges		<b>23,944</b>	20,658
Travelling and entertainment		<b>3,564</b>	1,894
Vehicle running and maintenance expenses		<b>2,580</b>	3,226
Rent, rates and taxes		<b>4,009</b>	4,085
Repairs and maintenance		<b>359</b>	936
Printing and stationery		<b>1,491</b>	1,703
Depreciation	11.1	<b>4,054</b>	4,576
Communication, establishment and other expenses		<b>5,606</b>	5,257
Advertisement and sale promotion expenses		<b>5,801</b>	4,443
Insurance		<b>257</b>	260
		<b>141,018</b>	125,106
<b>24 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits (including retirement benefits of Rs. 10.1 million (2014: Rs. 9.7 million))		<b>202,288</b>	175,639
Travelling and entertainment		<b>6,781</b>	2,719
Vehicle running and maintenance expenses		<b>8,533</b>	10,382
Insurance		<b>863</b>	757
Rent, rates and taxes		<b>8,451</b>	3,193
Repairs and maintenance		<b>1,000</b>	542
Printing and stationery		<b>3,647</b>	2,467
Communication, establishment and other expenses		<b>12,118</b>	13,040
Legal and professional charges		<b>5,107</b>	5,371
Depreciation	11.1	<b>11,150</b>	7,475
Donations	24.1	<b>11,691</b>	4,372
		<b>271,629</b>	225,957

**24.1** This includes Rs. 0.5 million (2014: Rs. 0.5 million) donated to Foundation University Phase - I DHA Islamabad. The following directors' interest in the university is limited to the extent of their involvement as directors:

2015	2014
Lt Gen (R) Khalid Nawaz Khan, HI(M)	Lt Gen (R) Muhammad Mustafa Khan, HI(M)
Maj Gen (R) Muhammad Farooq Iqbal , HI(M)	Mr. Qaiser Javed
Dr. Nadeem Inayat	Dr. Nadeem Inayat

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees'000	2014 Rupees'000
<b>25 OTHER OPERATING EXPENSES</b>			
Auditors' remuneration:			
Annual audit		1,150	1,000
Half yearly review		160	140
Out of pocket expenses		29	25
Other certifications		61	60
		<b>1,400</b>	1,225
Workers' (Profit) Participation Fund	8.1	<b>304,920</b>	242,089
Workers' Welfare Fund		<b>113,598</b>	90,190
		<b>419,918</b>	333,504
<b>26 FINANCE COST</b>			
Interest and other charges on long and short term borrowings		<b>550,967</b>	827,495
Proceeds on realisation of derivative/ changes in fair value of derivative		-	(135,798)
Swap fee		-	307,368
Interest on Workers' Profit Participation Fund		<b>643</b>	352
Exchange loss on revaluation of loan		<b>139,696</b>	27,208
Bank charges and commission		<b>14,721</b>	15,519
		<b>706,027</b>	1,042,144
<b>27 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposit accounts		<b>154,982</b>	130,704
Interest on long term advance		<b>37</b>	51
Gain on re-measurement of investments classified as fair value through profit or loss-held for trading		<b>16,087</b>	-
		<b>171,106</b>	130,755
<b>Income from assets other than financial assets</b>			
Gain on disposal of property, plant and equipment		<b>3,957</b>	8,358
Others		<b>16,323</b>	12,968
		<b>191,386</b>	152,081

	2015 Rupees'000	2014 Rupees'000
<b>28 TAXATION</b>		
Current		
For the year	<b>933,765</b>	175,323
Prior	<b>(76)</b>	-
	<b>933,689</b>	175,323
Deferred	<b>630,037</b>	1,708,188
	<b>1,563,726</b>	1,883,511
Accounting profit for the year (Rupees '000)	<b>5,679,891</b>	4,509,505
Applicable tax rate	<b>33%</b>	34%
Income tax at applicable rate (Rupees '000)	<b>1,874,364</b>	1,533,232
Tax effect of change in proportion of export sales to local sales (Rupees '000)	<b>441,135</b>	317,750
Minimum tax (Rupees '000)	-	147,892
Tax effect of change in tax rate (Rupees '000)	<b>(529,290)</b>	-
Tax effect of income taxable under final tax regime (Rupees '000)	<b>(222,831)</b>	(210,640)
Tax effect on permanent differences (Rupees '000)	<b>349</b>	95,277
	<b>1,563,726</b>	1,883,511

**28.1** Assessments of the Company upto Assessment Year 2002-2003 were finalized by the taxation officer mainly by treating advances received from customers as deemed income and curtailing administrative expenses claimed by the Company. The appeals filed by the Company have been decided by the Appellate authorities for the most part in the Company's favour up to and including Assessment Years 2001-2002. For Assessment Year 2002-2003 appeal filed by the Company was rejected by the Commissioner Inland Revenue (Appeals) accordingly additions amounting to Rs. 19.27 million were upheld. Company's appeal against the appellate order of the Commissioner Inland Revenue (Appeals) is pending before the Appellate Tribunal.

For the Tax Year 2005, expenses amounting to Rs. 65.49 million claimed on account of transportation charges were disallowed by the Assistant Commissioner Inland Revenue for non withholding of income tax from payments made to the vendors. The Commissioner Inland Revenue (Appeals) upheld the order of the Assistant Commissioner Inland Revenue. The Company filed appeal before the Appellate Tribunal against the appellate order of the Commissioner Inland Revenue (Appeals). While disposing off the appeal, the Appellate Tribunal has decided the case in Company's favour, thereby demand created by Assistant Commissioner Inland Revenue has become null and void. The Department has filed a reference to the Islamabad High Court against the order of Appellate Tribunal.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Further, the assessment for the Tax Year 2010 has been rectified by the Commissioner Inland Revenue under Section 221 of the Income Tax Ordinance 2001. For the Tax Year 2011, the Deputy Commissioner Inland Revenue [DCIR] charged income tax and default surcharge amounting to Rs. 2.49 million on alleged non withholding of income tax on various payments made by the Company. The Commissioner Inland Revenue (Appeals) upheld the order of the DCIR and Company's appeal is now pending disposal with the Appellate Tribunal.

For the Tax Year 2011 and 2012 DCIR computed alleged sales on the basis of formula issued by PCSIR and levied additional tax amounting to Rs. 14.96 million and Rs. 62.64 million respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) who remanded back the case to DCIR to pass a speaking order after going through the facts of the case. The Company has filed appeals with the Appellate Tribunal where the proceedings are underway for both tax years.

The Company has filed appeal before Commissioner Inland Revenue (Appeals) against the order in original of DCIR for the recovery of Sales Tax, Federal Excise Duty and Special Excise Duty amounting to Rs 312 million for the period from 01 July 2010 to 30 June 2012. Commissioner Inland Revenue (Appeals) remanded the case back to DCIR to pass a speaking order after going through the facts of the case. While giving appeal effect to the order of Commissioner Inland Revenue (Appeals), the DCIR changed the basis on which earlier assessment was made and increased the demand to Rs. 340 million. The Company filed the appeal before Commissioner Inland Revenue (Appeals) against the order of DCIR. On disposing off the Company's appeal, the Commissioner Inland Revenue (Appeals) held that the basis adopted by DCIR is no more in field as the matter has already been decided by the superior appellate authorities and therefore attained finality. Accordingly, the issue is decided in favour of the Company and demand ceases to exist. However, the Department has filed an appeal to Appellate Tribunal against the decision of Commissioner Inland Revenue (Appeals) and the case is not yet fixed for hearing.

Tax returns filed by the Company for Tax Years 2009, 2013 and 2014 stand assessed in terms of Section 120 of the Ordinance. However, tax authorities are empowered to amend the assessment at any time within 5 years from the end of the financial year in which the return was filed.

No provision has been made in these financial statements other than those mentioned above in respect of outstanding issues as management is confident of a favourable outcome.

**28.2** Change in applicable income tax rate from 34% to 33% is due to change in relevant Income Tax laws.

	2015	2014
<b>29 EARNINGS PER SHARE</b>		
<b>29.1 Basic</b>		
Profit after taxation (Rupees '000)	<b>4,116,165</b>	2,625,994
Less: Dividend on preference shares (Rupees '000)	<b>(240,785)</b>	(227,408)
Profit attributable to ordinary shareholders (Rupees '000)	<b>3,875,380</b>	2,398,586
Weighted average number of ordinary shares outstanding during the year (Numbers '000)	<b>1,331,116</b>	1,331,115
Earnings per share (EPS) - basic (Rupees)	<b>2.91</b>	1.80
<b>29.2 Diluted</b>		
Profit attributable to ordinary shareholders (Rupees '000)	<b>3,875,380</b>	2,398,586
Weighted average number of ordinary shares outstanding during the year (Numbers '000)	<b>1,331,116</b>	1,331,115
Earnings per share - diluted (Rupees)	<b>2.91</b>	1.80

Effect of convertible preference shares is not included in diluted EPS calculation since the effect is anti-dilutive.

	2015 Rupees'000	2014 Rupees'000
<b>30 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>2,296,603</b>	842,983
Short term running finances	<b>(5,758)</b>	(42,232)
	<b>2,290,845</b>	800,751

### 31 REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the year for remuneration, including benefits and perquisites, are as follows:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Managing Director		Executives	
	2015 Rupees'000	2014 Rupees'000	2015 Rupees'000	2014 Rupees'000
Managerial remuneration	18,150	19,455	330,413	281,334
Provident fund	510	602	12,102	10,956
Compensated absences	755	722	7,113	6,778
Utilities and upkeep	944	830	31,880	29,516
	<b>20,359</b>	21,609	<b>381,508</b>	328,584
No of persons	1	1	126	130

**31.1** In addition, the above were provided with free medical facilities in panel hospitals only. The Managing Director and certain executives were also provided Company's maintained cars and household equipment in accordance with the Company's policy.

**31.2** Meeting fee of non-executive directors charged during the year was Rs. 2.8 million (2014: Rs. 3.1 million), number of non-executive directors 8 (2014: 8).

**31.3** Remuneration of Managing Director for last year includes remuneration of both existing Managing Director and previous Managing Director, who retired in February 2014.

### 32 Financial instruments

The Company has exposure to the following risks arising from financial instruments:

Credit risk

Liquidity risk

Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management

framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 32.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, advances and deposits, interest accrued, other receivables, margin on letter of guarantee, other financial assets and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2015 Rupees'000	2014 Rupees'000
Long term advance		1,800	2,700
Long term deposit	12	86,601	86,601
Trade debts - net of provision	15	566,141	580,214
Deposits	17	7,005	7,940
Interest accrued		3,902	173
Other receivables	18	6,039	20,585
Other financial assets	19	300,211	-
Bank balances	20	2,296,429	842,954
		<b>3,268,128</b>	<b>1,541,167</b>

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with end - user customers and represents debtors within the country .

The Company's most significant customer is an end user (Mega construction project) from whom Rs. 125 million (2014: Rs. 132 million) was outstanding and which is included in total carrying amount of trade debtors as at 30 June 2015.

Certain trade debts are secured against letter of guarantee and security deposits. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts.

The Company limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit rating and given that the



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Company only has placed funds in the banks with high credit ratings, management does not expect any counter party to fail to meet its obligations.

### Impairment losses

The aging of trade debts at the reporting date was:

	<b>2015 Gross</b>	<b>2015 Impairment</b>	2014 Gross	2014 Impairment
	Rupees'000		Rupees'000	
Past due 1-30 days	407,819	-	384,483	-
Past due 31-60 days	95,450	-	129,182	-
Past due 61-90 days	21,446	-	44,861	-
Over 90 days	44,707	3,281	24,969	3,281
	<u>569,422</u>	<u>3,281</u>	<u>583,495</u>	<u>3,281</u>

The movement in allowance for impairment in respect of trade debts during the year was as follows:

	<b>2015</b>	2014
	Rupees'000	
Balance at 1 July	3,281	3,281
Impairment loss adjustment	-	-
Balance at 30 June	<u>3,281</u>	<u>3,281</u>

Based on past experience, the management believes that no further impairment allowance is necessary in respect of carrying amount of trade debts.

The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

### 32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing

of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Company maintains lines of credit as mentioned in note 9 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Five years onwards
<b>2015</b>							
Rupees '000							
Long term loans and mark-up accrued	6,668,976	(7,236,236)	(1,455,157)	(1,356,833)	(2,697,211)	(1,393,863)	(333,172)
Trade and other payables	1,602,179	(1,602,179)	(1,602,179)	-	-	-	-
Short term borrowings and mark-up accrued	5,892	(5,892)	(5,892)	-	-	-	-
	<u>8,277,047</u>	<u>(8,844,307)</u>	<u>(3,063,228)</u>	<u>(1,356,833)</u>	<u>(2,697,211)</u>	<u>(1,393,863)</u>	<u>(333,172)</u>
<b>2014</b>							
Long term loans and mark-up accrued	8,077,490	(8,644,489)	(1,465,691)	(1,431,003)	(2,690,504)	(2,950,148)	(107,143)
Trade and other payables	1,309,274	(1,309,274)	(1,309,274)	-	-	-	-
Short term borrowings and mark-up accrued	42,366	(42,366)	(42,366)	-	-	-	-
	<u>9,429,130</u>	<u>(9,996,129)</u>	<u>(2,817,331)</u>	<u>(1,431,003)</u>	<u>(2,690,504)</u>	<u>(2,950,148)</u>	<u>(107,143)</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

**32.2.1** The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark-up rates have been disclosed in note 6 and 9 to these financial statements.

### 32.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 32.3.1 Currency risk

#### Exposure to Currency Risk

The Company is exposed to currency risk in respect of long term loan, credits and retention money which is denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2015		2014	
	Rupees '000	US Dollar '000	Rupees '000	US Dollar '000
Long term loan	2,979,689	29,256	4,333,495	43,883
Trade and other payables	207,672	2,039	98,500	1,000

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2015	2014	2015	2014
US Dollars	100.30	99.05	101.85	98.75

#### Sensitivity

An increase of 3% in exchange rate at the reporting date would have decreased profit or loss by the amounts shown below.

	2015		2014	
	Profit or loss		Profit or loss	
	Gross exposure	Net of tax exposure	Gross exposure	Net of tax exposure
	Rupees '000			
Long term loan and trade and other payables	95,622	64,067	130,003	85,802

A 3% decrease in exchange rate would have had an equal but opposite effect to the amount shown above.

### 32.3.2 Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of interest rate exposure arises from short and long term borrowings from banks and deposits with banks. At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount	
	2015 Rupees'000	2014 Rupees'000
<u>Fixed rate instruments</u> Financial assets	2,186,412	760,866
<u>Variable rate instruments</u> Financial liabilities	6,541,270	7,978,767

#### Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to interest rate risk on its fixed rate instruments

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	100 basis points Rupees '000	100 basis points Rupees '000
<b>Cash flow sensitivity (net)</b>		
Variable rate instruments	(19,001)	19,001
30 June 2015	(19,001)	19,001
		Rupees '000
Variable rate instruments	(20,481)	20,481
30 June 2014	(20,481)	20,481

#### Market price risk

For investments at fair value through profit or loss-held for trading a 3% increase/decrease in market price at reporting rate would have increased/decreased profit for the year by Rs 9 million (2014: Nil).

### 32.4 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

		2015		2014	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Rupees '000					
<b>Assets carried at amortized cost</b>					
Long term advance		1,800	1,800	2,700	2,700
Long term deposit	12	86,601	86,601	86,601	86,601
Trade debts - net of provision	15	566,141	566,141	580,214	580,214
Deposits	17	7,005	7,005	7,940	7,940
Interest accrued		3,902	3,902	173	173
Other receivables	18	6,039	6,039	20,585	20,585
Cash and bank balances	20	2,296,603	2,296,603	842,983	842,983
		<u>2,968,091</u>	<u>2,968,091</u>	<u>1,541,196</u>	<u>1,541,196</u>
<b>Assets carried at fair value</b>					
Other financial assets		<u>300,211</u>	<u>300,211</u>	-	-
<b>Liabilities carried at amortized cost</b>					
Long term financing - secured	6	6,535,512	6,535,512	7,936,535	7,936,535
Creditors	8	157,147	157,147	170,463	170,463
Accrued liabilities	8	875,441	875,441	667,952	667,952
Retention money	8	123,121	123,121	27,948	27,948
Security deposits	8	90,940	90,940	83,497	83,497
Other liabilities	8	95,170	95,170	122,224	122,224
Dividend payable	8	260,360	260,360	237,190	237,190
Markup accrued		144,013	144,013	163,457	163,457
Short term borrowings - secured	9	5,758	5,758	42,232	42,232
		<u>8,287,462</u>	<u>8,287,462</u>	<u>9,451,498</u>	<u>9,451,498</u>

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	Rupees '000		
<b>2015</b>			
Other financial assets	300,211	-	-
<b>2014</b>			
Other financial assets	-	-	-

### 32.5 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods.

#### Non - derivative financial assets.

The fair value of non - derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

#### Investments at fair value through profit or loss-held for trading

The fair value of investments held for trading is determined by reference to their quoted closing repurchase price at the reporting date.

#### Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### 32.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity and monitors that the Company has appropriate mix of capital and debt. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratios under the financing agreements.

## 33 RELATED PARTY TRANSACTIONS

Fauji Foundation holds 37.18 % ordinary shares and 100% preference shares of the Company at the year-end. Therefore all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which the directors are able to exercise influence and employees' funds. Balances with related parties are disclosed elsewhere in the financial statements. Transactions with related parties are as follows:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 Rupees'000	2014 Rupees'000
<b>Transactions with associated undertakings/companies due to common directorship</b>		
- Sale of cement	8,431	6,297
- Payment for use of medical facilities	404	198
- Payment on account of clearance of shipments	178	246
- Preference dividend paid	227,408	210,687
- Dividend paid on ordinary shares	1,095,852	1,252,402
- Payment of rent and utilities	13,403	7,334
<b>Employees Funds</b>		
- Payments made into the fund	36,321	34,165
<b>Others</b>		
- Remuneration to key management personnel (other than Managing Director)	52,504	41,017
<b>34 PLANT CAPACITY AND ACTUAL PRODUCTION</b>	<b>2015</b>	<b>2014</b>
	<b>Metric Tons</b>	<b>Metric Tons</b>
Current installed capacity	<u>3,433,500</u>	<u>3,433,500</u>
Actual production	<u>2,565,547</u>	<u>2,490,851</u>
Difference is due to supply demand situation of the market.		
<b>35 EMPLOYEES PROVIDENT FUND TRUST</b>	<b>2015</b>	<b>2014</b>
Size of the Fund (Rupees'000)	<u>394,793</u>	<u>320,928</u>
Cost of investments made (Rupees'000)	<u>348,328</u>	<u>286,923</u>
Percentage of investments made (%)	<u>88.23</u>	<u>89.40</u>
Fair value of investments (Rupees'000)	<u>369,988</u>	<u>299,980</u>

	2015		2014	
	Rupees '000	% of full	Rupees '000	% of full
Defense Saving Certificates	17,893	5	17,893	6
Term deposits in different banks	183,000	53	231,579	80
Term finance certificates	25,935	7	35,951	13
Mutual funds	121,500	35	1,500	1
	<u>348,328</u>	<u>100</u>	<u>286,923</u>	<u>100</u>

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

**36 GENERAL**

**36.1 Facilities of letters of guarantee and letters of credit**

Facilities of letters of guarantee and letters of credit amounting to Rs. 315 million and Rs. 3,250 million (2014: Rs. 315 million and Rs. 3,650 million) respectively are available to the Company. Letters of guarantees are secured by way of hypothecation charge on present and future assets of the Company (excluding land and building) and lien on bank deposits/ margin.

	<b>2015</b> Rupees'000	2014 Rupees'000
<b>36.2 Number of persons employed</b>		
Employees on year end (Number)	<b>1,241</b>	1,146
Average employees during the year (Number)	<b>1,194</b>	1,104

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

36.4 These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 01<sup>st</sup> September 2015.

  
CHIEF EXECUTIVE

  
DIRECTOR





Pattern of Shareholding

4. No. of Shareholders	From	To	Total Shares Held
303	1	100	10,301
1448	101	500	689,680
1734	501	1,000	1,711,285
3146	1,001	5,000	9,664,574
1192	5,001	10,000	10,050,866
418	10,001	15,000	5,513,994
350	15,001	20,000	6,584,468
236	20,001	25,000	5,655,459
161	25,001	30,000	4,625,344
84	30,001	35,000	2,803,184
100	35,001	40,000	3,891,375
40	40,001	45,000	1,729,980
150	45,001	50,000	7,464,221
44	50,001	55,000	2,326,050
45	55,001	60,000	2,653,209
29	60,001	65,000	1,829,333
36	65,001	70,000	2,486,550
31	70,001	75,000	2,315,500
19	75,001	80,000	1,506,500
28	80,001	85,000	2,345,545
23	85,001	90,000	2,028,270
9	90,001	95,000	836,000
111	95,001	100,000	11,089,000
9	100,001	105,000	928,403
11	105,001	110,000	1,194,750
11	110,001	115,000	1,250,025
9	115,001	120,000	1,074,000
13	120,001	125,000	1,618,800
7	125,001	130,000	896,530
6	130,001	135,000	803,500
9	135,001	140,000	1,241,249
6	140,001	145,000	857,000
20	145,001	150,000	2,998,367
4	150,001	155,000	619,000
4	155,001	160,000	630,667
3	160,001	165,000	490,990
2	165,001	170,000	333,630
5	170,001	175,000	875,000
7	175,001	180,000	1,247,500
2	180,001	185,000	370,000
2	190,001	195,000	383,999
29	195,001	200,000	5,797,500
8	200,001	205,000	1,619,585
7	205,001	210,000	1,457,000
3	210,001	215,000	645,000
4	215,001	220,000	874,100
3	220,001	225,000	669,700
6	225,001	230,000	1,376,000
2	230,001	235,000	466,500
3	235,001	240,000	720,000
2	240,001	245,000	488,000
12	245,001	250,000	2,996,000
3	250,001	255,000	757,242
3	260,001	265,000	795,000
3	265,001	270,000	802,000
4	270,001	275,000	1,096,000

4. No. of Shareholders	From	To	Total Shares Held
3	275,001	280,000	829,500
3	280,001	285,000	851,500
1	285,001	290,000	290,000
1	290,001	295,000	295,000
14	295,001	300,000	4,200,000
3	300,001	305,000	912,000
2	305,001	310,000	612,209
1	310,001	315,000	312,600
2	315,001	320,000	636,200
2	320,001	325,000	647,500
2	325,001	330,000	652,500
1	330,001	335,000	334,000
2	335,001	340,000	680,000
2	340,001	345,000	688,500
6	345,001	350,000	2,099,500
1	350,001	355,000	352,000
1	355,001	360,000	358,500
2	365,001	370,000	736,500
2	370,001	375,000	750,000
1	375,001	380,000	380,000
1	385,001	390,000	387,935
12	395,001	400,000	4,797,500
2	400,001	405,000	804,600
2	405,001	410,000	813,500
1	410,001	415,000	415,000
2	415,001	420,000	834,440
1	425,001	430,000	428,000
1	435,001	440,000	436,000
4	445,001	450,000	1,796,350
1	450,001	455,000	454,500
1	460,001	465,000	461,500
1	465,001	470,000	467,226
1	475,001	480,000	480,000
15	495,001	500,000	7,499,500
3	500,001	505,000	1,507,000
2	505,001	510,000	1,016,000
2	515,001	520,000	1,040,000
2	520,001	525,000	1,050,000
1	530,001	535,000	533,000
2	535,001	540,000	1,080,000
1	540,001	545,000	543,500
5	545,001	550,000	2,749,964
1	585,001	590,000	588,500
1	590,001	595,000	590,500
2	595,001	600,000	1,200,000
1	600,001	605,000	600,100
1	605,001	610,000	607,500
1	610,001	615,000	613,000
1	615,001	620,000	620,000
1	625,001	630,000	626,500
1	630,001	635,000	634,000
1	635,001	640,000	636,500
2	645,001	650,000	1,300,000
1	650,001	655,000	650,500
2	660,001	665,000	1,325,100
1	670,001	675,000	675,000

4. No. of Shareholders	From	To	Total Shares Held
1	690,001	695,000	695,000
7	695,001	700,000	4,900,000
2	720,001	725,000	1,446,183
1	745,001	750,000	750,000
1	750,001	755,000	755,000
1	785,001	790,000	790,000
1	795,001	800,000	800,000
1	805,001	810,000	810,000
1	810,001	815,000	815,000
1	845,001	850,000	850,000
1	855,001	860,000	860,000
1	865,001	870,000	870,000
1	870,001	875,000	875,000
1	875,001	880,000	878,000
1	890,001	895,000	893,000
1	895,001	900,000	900,000
2	905,001	910,000	1,814,500
1	970,001	975,000	975,000
2	975,001	980,000	1,954,550
9	995,001	1,000,000	9,000,000
2	1,015,001	1,020,000	2,038,800
1	1,025,001	1,030,000	1,025,450
1	1,045,001	1,050,000	1,050,000
1	1,065,001	1,070,000	1,069,694
1	1,070,001	1,075,000	1,074,000
1	1,100,001	1,105,000	1,100,250
1	1,110,001	1,115,000	1,115,000
1	1,120,001	1,125,000	1,125,000
3	1,145,001	1,150,000	3,445,000
2	1,195,001	1,200,000	2,398,000
1	1,210,001	1,215,000	1,211,300
1	1,235,001	1,240,000	1,235,500
2	1,245,001	1,250,000	2,499,000
2	1,395,001	1,400,000	2,800,000
1	1,455,001	1,460,000	1,456,000
6	1,495,001	1,500,000	8,996,000
1	1,520,001	1,525,000	1,521,500
1	1,570,001	1,575,000	1,572,365
1	1,575,001	1,580,000	1,580,000
1	1,600,001	1,605,000	1,603,500
1	1,645,001	1,650,000	1,650,000
1	1,735,001	1,740,000	1,739,500
1	1,740,001	1,745,000	1,744,833
1	1,745,001	1,750,000	1,750,000
1	1,780,001	1,785,000	1,784,000
1	1,795,001	1,800,000	1,796,400
1	1,835,001	1,840,000	1,837,000
6	1,995,001	2,000,000	12,000,000
1	2,095,001	2,100,000	2,100,000
1	2,275,001	2,280,000	2,277,080
1	2,310,001	2,315,000	2,312,500
1	2,385,001	2,390,000	2,388,000
1	2,390,001	2,395,000	2,392,502
1	2,460,001	2,465,000	2,461,734
1	2,510,001	2,515,000	2,514,000
1	2,635,001	2,640,000	2,638,000

4. No. of Shareholders	From	To	Total Shares Held
	2,770,001	2,775,000	2,771,867
	2,855,001	2,860,000	2,857,000
	2,905,001	2,910,000	2,909,000
	3,030,001	3,035,000	3,033,000
	3,175,001	3,180,000	3,180,000
	3,180,001	3,185,000	3,184,000
	3,185,001	3,190,000	3,186,000
	3,245,001	3,250,000	3,246,000
	3,455,001	3,460,000	3,459,500
	3,495,001	3,500,000	3,500,000
	3,515,001	3,520,000	3,519,500
	3,785,001	3,790,000	3,790,000
	3,845,001	3,850,000	3,847,000
	4,070,001	4,075,000	4,075,000
	4,245,001	4,250,000	4,247,500
	4,370,001	4,375,000	4,373,000
	4,780,001	4,785,000	4,781,400
	4,950,001	4,955,000	4,952,767
	4,965,001	4,970,000	4,969,750
	5,200,001	5,205,000	5,204,000
	5,340,001	5,345,000	5,344,000
	5,470,001	5,475,000	5,473,000
	5,855,001	5,860,000	5,860,000
	5,860,001	5,865,000	5,863,750
	5,980,001	5,985,000	5,983,000
	5,995,001	6,000,000	6,000,000
	6,965,001	6,970,000	6,969,100
	7,400,001	7,405,000	7,401,100
	8,145,001	8,150,000	8,150,000
	8,765,001	8,770,000	8,769,500
	9,785,001	9,790,000	9,790,000
	10,455,001	10,460,000	10,456,500
	10,795,001	10,800,000	10,800,000
	10,980,001	10,985,000	10,982,060
	13,250,001	13,255,000	13,252,500
	14,295,001	14,300,000	14,300,000
	15,485,001	15,490,000	15,487,899
	17,065,001	17,070,000	17,066,500
	17,435,001	17,440,000	17,440,000
	18,195,001	18,200,000	18,197,500
2	18,745,001	18,750,000	37,500,000
	21,305,001	21,310,000	21,309,000
	21,440,001	21,445,000	21,441,000
	23,030,001	23,035,000	23,032,000
	25,720,001	25,725,000	25,722,000
	34,740,001	34,745,000	34,740,500
	48,695,001	48,700,000	48,699,187
	93,745,001	93,750,000	93,750,000
	494,950,001	494,955,000	494,951,055
10,230			1,379,815,025

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	539,857	0.0391%
5.2 Associated Companies, undertakings and related parties. (Parent Company)	674,900,242	48.9124%
5.3 NIT and ICP	0	0.0000%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	13,760,800	0.9973%
5.5 Insurance Companies	45,103,672	3.2688%
5.6 Modarabas and Mutual Funds	93,960,929	6.8097%
5.7 Share holders holding 10% or more	543,650,242	39.4002%
5.8 General Public	354,172,684	25.6681%
5.9 Others (to be specified)		
1- Investment Companies	2,357,000	0.1708%
2- Joint Stock Companies	68,713,644	4.9799%
3- Pension Funds	6,095,500	0.4418%
3- Foreign Companies	95,399,710	6.9139%
4- Others	24,810,987	1.7981%

**Categories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2015**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

1	COMMITTEE OF ADMIN. FAUJI FOUNDATION (CDC)	494,951,055	35.8708
2	FAUJI FOUNDATION (Preference Shares)	48,699,187	3.5294
3	FAUJI FERTILIZER BIN QASIM LIMITED	18,750,000	1.3589
4	FAUJI OIL TERMINAL & DISTRIBUTION	18,750,000	1.3589
5	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000	6.7944

**Mutual Funds (Name Wise Detail)**

1	BMA FUNDS LIMITED (CDC)	300,000	0.0217
2	PRUDENTIAL STOCK FUND LTD. (CDC)	500	0.0000
3	PRUDENTIAL STOCKS FUND LTD. (03360) (CDC)	15,000	0.0011
4	CDC -TRUSTEE AKD INDEXTRAKER FUND (CDC)	157,500	0.0114
5	CDC -TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	5,983,000	0.4336
6	CDC -TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	1,149,000	0.0833
7	CDC -TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	8,150,000	0.5907
8	CDC -TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	634,000	0.0459
9	CDC -TRUSTEE ALFALAH GHP INCOME FUND - MT (CDC)	53,500	0.0039
10	CDC -TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	340,000	0.0246
11	CDC -TRUSTEE ALFALAH GHP STOCK FUND (CDC)	893,000	0.0647
12	CDC -TRUSTEE ALFALAH GHP VALUE FUND (CDC)	88,000	0.0064
13	CDC -TRUSTEE APF-EQUITY SUB FUND (CDC)	20,000	0.0014
14	CDC -TRUSTEE APF - EQUITY SUB FUND (CDC)	175,000	0.0127
15	CDC -TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	900,000	0.0652
16	CDC -TRUSTEE ATLAS STOCK MARKET FUND (CDC)	800,000	0.0580
17	CDC -TRUSTEE FAYSAL ASSET ALLOCATION FUND - MT (CDC)	461,500	0.0334
18	CDC -TRUSTEE FAYSAL INCOME & GROWTH FUND - MT (CDC)	58,500	0.0042
19	CDC -TRUSTEE FAYSAL SAVING GROWTH FUND - MT (CDC)	878,000	0.0636
20	CDC -TRUSTEE FRIST CAPITAL MUTUAL FUND (CDC)	119,000	0.0086
21	CDC -TRUSTEE FIRST HABIB INCOME FUND - MT (CDC)	502,500	0.0364
22	CDC -TRUSTEE FIRST HABIB STOCK FUND (CDC)	60,000	0.0043
23	CDC -TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	124,500	0.0090
24	CDC -TRUSTEE HBL PF EQUITY SUB FUND (CDC)	176,500	0.0128
25	CDC -TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	60,000	0.0043
26	CDC -TRUSTEE JS LARGE CAP FUND (CDC)	1,750,000	0.1268
27	CDC -TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	200,000	0.0145
28	CDC -TRUSTEE KSE MEEZAN INDEX FUND (CDC)	1,069,694	0.0775
29	CDC -TRUSTEE LAKSON EQUITY FUND (CDC)	1,796,400	0.1302
30	CDC -TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	208,500	0.0151
31	CDC -TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	3,459,500	0.2507
32	CDC -TRUSTEE MEEZAN BALANCED FUND (CDC)	2,388,000	0.1731
33	CDC -TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	2,771,867	0.2009
34	CDC -TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	4,247,500	0.3078
35	CDC -TRUSTEE NIT-EQUITY MARKET OPPRTUNITY FUND (CDC)	3,246,000	0.2352
36	CDC -TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND (CDC)	400,000	0.0290
37	CDC -TRUSTEE PAKISTAN STRATEGIC ALLOCATION FUND (CDC)	400	0.0000

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

38	CDC -TRUSTEE PIML ISLAMIC EQUITY FUND (CDC)	340,000	0.0246
39	CDC -TRUSTEE PIML STRATEGIC MULTI ASSET FUND (CDC)	506,000	0.0367
40	CDC -TRUSTEE PIML VALUE EQUITY FUND (CDC)	284,500	0.0206
41	CDC -TRUSTEE UBL ASSET ALLOCATION FUND (CDC)	860,000	0.0623
42	CDC -TRUSTEE UBL RETIREMENT SAVING FUND - EQUITY SUB FUND (CDC)	1,020,000	0.0739
43	CDC -TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	3,186,000	0.2309
44	CDC -TRUSTEE MEEZAN ISLAMIC FUND (CDC)	34,740,500	2.5178
45	CDC -TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	1,400,000	0.1015
46	CDC-TRUSTEE AL-AMEEN ISLAMIC RET.SAV.FUND-EQUITY SUB FUND(CDC)	909,000	0.0659
47	CDC -TRUSTEE PAK INT.ELEMENT ISLAMIC ASSET ALLOCATION FUND (CDC)	1,000,000	0.0725
48	MC FSL -TRUSTEE JS GROWTH FUND (CDC)	3,500,000	0.2537
49	MC FSL -TRUSTEE JS KSE-30 INDEX FUND (CDC)	28,068	0.0020
50	MCBFSL -TRUSTEE JS VALUE FUND (CDC)	500,000	0.0362
51	MCBFSL -TRUSTEE NAMCO BALANCED FUND (CDC)	1,249,000	0.0905
52	MCBFSL -TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND (CDC)	100,000	0.0072
53	MCBFSL -TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND (CDC)	100,000	0.0072
54	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRERESSIVE FUND (CDC)	50,000	0.0036
55	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCED FUND (CDC)	50,000	0.0036

**Directors and their Spouse and Minor Children (Name Wise Detail):**

1	DR.NADEEM INAYAT	1	0.0000
2	MR.QAISER JAVED	1	0.0000
3	BRIG DR.GULFAM ALAM (RETD)	1	0.0000
4	BRIG MUHAMMAD SAEED KHAN (RETD)	1	0.0000
5	LT GEN SARDAR MAHMOOD ALI KHAN HI(M) (RETD)	1	0.0000
6	MAJ GEN MUHAMMAD FAROOQ IQBAL (RETD)	1	0.0000
7	LT GEN KHALID NAWAZ KHAN (RETD)	1	0.0000
8	MR.PERVEZ INAM (CDC)	446,350	0.0323
9	MRS.YASMEEN PERVEZ W/O MR.PERVEZ INAM (CDC)	93,500	0.0068

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

65,460,972 4.7442%

**Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)**

1	FAUJI FOUNDATION (ORDINARY + PREFERENCE SHARES)	543,650,242	39.4002
2	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000	6.7944

**All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:**

S.No	NAME	SALE	PURCHASE
1	LT GEN KHALID NAWAZ KHAN (RETD)	0	1

## NOTICE OF 23<sup>rd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Company will be held at 1000 hours 29<sup>th</sup> September 2015 (Tuesday) at Hotel Pearl Continental The Mall, Rawalpindi, to transact the following business:-

1. To confirm the Minutes of 22<sup>nd</sup> Annual General Meeting held on 23<sup>rd</sup> September 2014.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and the Auditors' Reports for the Year ended 30<sup>th</sup> June 2015.
3. To appoint Statutory Auditors of the Company and fix their remuneration.
4. To approve payment of Final cash Dividend of Rs. 1.50 per share for the year ended 30<sup>th</sup> Jun 2015 as recommended by the Board of Directors to those who are share holders as at close of business on 25<sup>th</sup> September 2015.
5. Any other business with the permission by the Chairman.

By order of the Board

Place: Rawalpindi  
Date: 01st September 2015

Brig Ch Zafar Iqbal (Retd)  
Company Secretary

### NOTES

1. The Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September 2015 to 29<sup>th</sup> September 2015 (both days inclusive). Transfers received at the Share Registrar office M/s Corplink (Pvt) Ltd, Wings Arcade, I K Commercial, Model Town Lahore, at close of business on 22<sup>nd</sup> September 2015 will be treated in time for the entitlement of cash dividend and to attend the Annual General Meeting.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in place of the member. Proxies, in order to be effective, must be received at the Registered Office located at Fauji Towers, Block III, 68 Tipu Road, Chaklala, Rawalpindi, Pakistan duly stamped and signed, not less than 48 hours before the Meeting.  
A member may not appoint more than one proxy. A copy of shareholder's attested CNIC must be attached with the proxy form.
3. CDC Account Holders are required to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:-
  - (a) For Attending the Meeting
    - i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original computerized national identity card or original passport at the time of attending the Meeting.
    - ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signatures of the nominee shall be produced at the Meeting.





(b) For Appointing Proxies

- i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
  - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
  - iv. The Proxy shall produce his/her original CNIC or original passport at the time of Meeting.
  - v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures shall be submitted along with proxy form to the Company.
4. Members are requested to promptly notify any change in their address.
  5. As per SECP directives, the future dividend warrants of the share holders whose CNICs are not available with the Share Registrar could be withheld. All share holders having physical share holding are advised to submit copies of their valid Computerised National Identity Cards (CNIC) to the Share Registrar at the above address.
  6. Under the law, Share holders are entitled to receive their cash dividends directly in their bank accounts instead of receiving the same physically. Share holders having physical holding and desiring to use the option may submit their request to the Company's Share Registrar. The share holders having CDC account may approach CDC for the same.
  7. For any other information, please contact Ph: 051-9280075, Fax No: 051 – 9280416.

E-mail: [secretary@fcl.com.pk](mailto:secretary@fcl.com.pk)

Web Site: [www.fcl.com.pk](http://www.fcl.com.pk)

# Form of Proxy – 23<sup>rd</sup> Annual General Meeting

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being Member (s) of Fauji Cement Company Limited hold \_\_\_\_\_  
Ordinary Shares hereby appoint Mr./Mrs./Miss of \_\_\_\_\_  
\_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as my / our proxy in my / our absence to attend and vote for me/us  
and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Tuesday, 29<sup>th</sup>  
September 2015 and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day \_\_\_\_\_ 2015.

Signed by \_\_\_\_\_

Said in the presence of:-

(1) Name \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_ N.I.C No: \_\_\_\_\_

(2) Name \_\_\_\_\_ Address: \_\_\_\_\_ N.I.C. No: \_\_\_\_\_

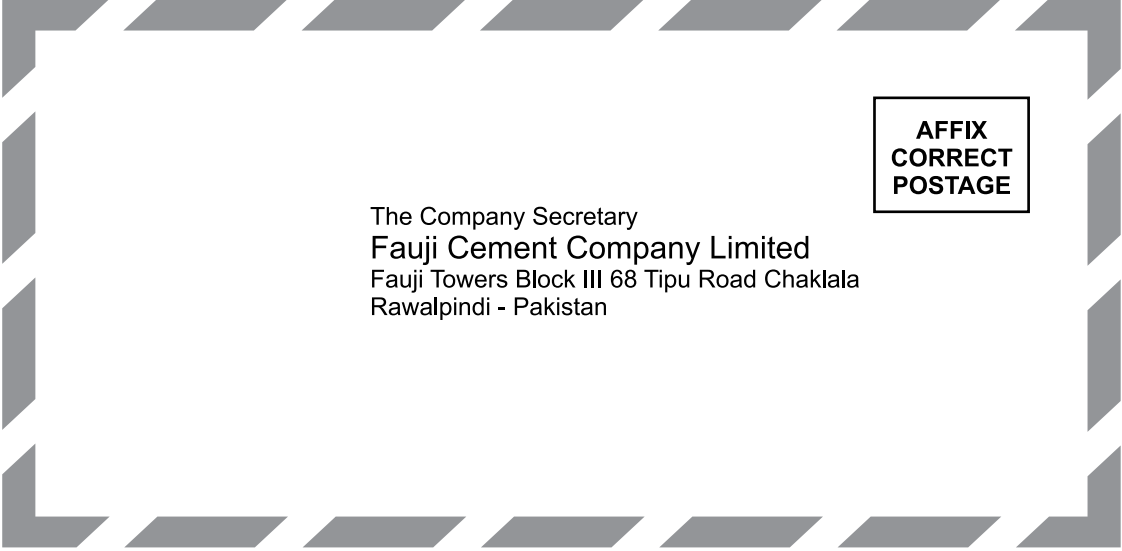
Folio No	CDC Account #	
	Participant I.D.	Account #

Signature on  
Five Rupees  
Revenue Stamp

The signature should agree with the specimen registered with the Company

## IMPORTANT:

1. This Form of proxy, duly completed and signed, must be received at the registered office of the Company, at Fauji Towers Block III, 68 Tipu Road Chaklala Rawalpindi - Pakistan, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.



The Company Secretary  
**Fauji Cement Company Limited**  
Fauji Towers Block III 68 Tipu Road Chaklala  
Rawalpindi - Pakistan

**AFFIX  
CORRECT  
POSTAGE**