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Board of Directors



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



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



Mr. Qaiser Javed



Dr. Nadeem Inayat



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



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



Brig Raashid Wali Janjua (Retd), SI(M)



Brig Asmat Ullah Khan Niazi (Retd), SI(M)



Mr. Pervez Inam
Independent Director



Mr. Jawaid Iqbal
Independent Director



Brig Ch. Zafar Iqbal (Retd)
Company Secretary

Company Information

Board of Directors

Lt Gen Khalid Nawaz Khan (Retd), HI(M), Sitara-i-Esar
 Lt Gen Sardar Mahmood Ali Khan (Retd), HI(M)
 Mr. Qaiser Javed
 Dr. Nadeem Inayat
 Maj Gen Syed Jamal Shahid (Retd), HI(M)
 Maj Gen Muhammad Farooq Iqbal (Retd), HI(M)
 Brig Raashid Wali Janjua (Retd), SI(M)
 Brig Asmat Ullah Khan Niazi (Retd), SI(M)
 Mr. Pervez Inam
 Mr. Jawaid Iqbal

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

Company Secretary

Brig Ch Zafar Iqbal (Retd)
 Fauji Tower, Block III, 68 Tipu Road,
 Chaklala, Rawalpindi
 Tel: +092-051-9280075
 Fax: +092-051- 9280416
 E-mail: secretary1@fccl.com.pk

Chief Financial Officer

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

Auditors

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

Legal Advisors

M/s ORR Dignam & Co, Advocates
 3-A Street No 32, F-8/1 Islamabad
 Tel: +092-051-2260517-8
 Fax: +092-051-2260653

Shares Registrar

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

Sale & Marketing Department

Ist Floor, Aslam Plaza, 60 Adamjee
 Road, Saddar, Rawalpindi-Pakistan
 Tel: +092-051-5523836,
 Tel: +092-051-5528042, 5528960,
 Tel: +092-051-5528963-64,
 Fax: +092-051-5528965-66

Audit Committee

Mr. Qaiser Javed, (President)
 Dr. Nadeem Inayat, (Member)
 Maj Gen Muhammad Farooq Iqbal (Retd), HI(M), (Member)
 Mr. Pervez Inam, (Member)
 Brig Ch Zafar Iqbal (Retd), (Secretary)

Technical Committee

Brig Raashid Wali Janjua (Retd), SI(M), (President)
 Maj Gen Syed Jamal Shahid (Retd), HI(M), (Member)
 Maj Gen Muhammad Farooq Iqbal (Retd), HI(M), (Member)
 Brig Asmat Ullah Khan Niazi (Retd), SI(M), (Secretary)

Human Resource & Remuneration Committee

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

Factory

Near Village Jhang Bahtar, Tehsil Fateh Jang,
 District Attock
 Tel: 0572-538047-48 & 0572- 2538138
 Fax: 0572-538025

Company Website

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

Registered Office

Fauji Cement Company Limited
 Fauji Tower, Block III, 68 Tipu Road,
 Chaklala, Rawalpindi
 Tel: +092-051-9280081-83, +092-051-5763321-24
 +092-051-5500159,
 Fax: +092-051-9280416

Key Management



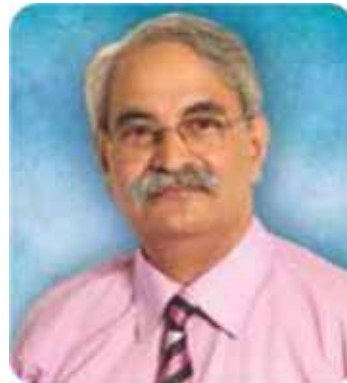
Mr. Muhammad Siddiq Khan
GM (Maintenance)



Mr. Omer Ashraf
Chief Financial Officer



Brig Ashfaq Ahmed (Retd)
GM (PHM)



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

Vision, Mission & Core Values



Our Mission

FCCL while maintaining its leading position in quality of cement maximizes profitability through reduced cost of production and enhanced share in domestic and international markets.

Our Vision

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



Core Values

Financial Responsibility

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



Citizenship

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



Accountability

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



People

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



Customers

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

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 was erected and its production started on 30th May 2011. The 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. POLYSIUSAG 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.

The Company has installed 10 MW Waste Heat Recovery Power Plant (WHRPP) 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 (Energy Conservation Company from China), where as construction, erection and commissioning contract was given to M/S EITEMAAD Engineering. WHRPP 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.



Operating Highlights

	Unit	2016	2015	2014	2013	2012	2011
Gross Profit Margin	%	45.72	37.69	34.70	31.82	26.63	17.35
Operating Profit Margin	%	41.58	34.25	31.67	28.79	24.23	12.48
Pre Tax Margin	%	39.07	30.47	25.72	19.32	8.39	10.29
After Tax Margin	%	26.78	22.08	14.98	13.13	4.80	8.98
Performance							
Return on total assets	%	18.28	13.48	8.94	6.92	1.80	1.32
Total assets turnover	Times	0.68	0.61	0.60	0.53	0.38	0.15
Fixed assets turnover	Times	0.92	0.78	0.73	0.65	0.44	0.18
Return on Paid up Share Capital	%	38.90	29.83	19.03	15.2	4.00	5.74
Leverage							
Debt Equity Ratio	Times	0.18	0.27	0.33	0.40	0.47	0.55
Current Ratio	Times	1.51	1.36	1.16	1.14	0.76	0.89
Quick Ratio	Times	1.40	1.17	0.84	0.92	0.58	0.80
Valuation							
Earnings per share (basic)	Rs	3.98	2.91	1.80	1.42	0.29	0.52
Breakup Value per share (basic)	Rs	13.36	13.09	11.86	11.97	10.44	15.89
Breakup Value per share (diluted)	Rs	NA	12.62	11.44	11.55	10.08	14.84
Dividend per share	Rs	1.75	1.00	0.75	1.25	-	-
Dividend payout Ratio	%	43.97	34.36	41.67	88.00	-	-
Market Price per share (average)	Rs	36.76	26.46	15.41	7.9	4.53	4.72
Historical Trends							
Trading Results							
Sales-net	Rs in 000	20,044,438	18,642,358	17,532,277	15,967,900	11,523,050	4,742,593
Gross Profit	Rs in 000	9,165,282	7,027,097	6,084,135	5,080,473	3,068,450	823,053
Operating Profit	Rs in 000	8,334,652	6,385,918	5,551,649	4,597,673	2,791,690	592,075
Profit before tax	Rs in 000	7,831,306	5,679,891	4,509,505	3,085,525	966,245	488,153
Profit after tax	Rs in 000	5,367,200	4,116,165	2,625,994	2,097,067	552,590	425,661
Financial Position							
Shareholders Equity	Rs in 000	18,427,855	17,418,984	15,788,187	15,936,361	13,905,105	11,014,017
Property plant & Equipment	Rs in 000	21,701,250	23,880,553	23,881,426	24,734,325	25,857,954	26,658,079
Working Capital	Rs in 000	2,538,488	1,683,219	705,851	629,660	(1,334,355)	(592,614)
Non current liabilities	Rs in 000	5,968,616	8,378,929	9,110,639	9,959,258	11,304,187	12,623,072

Directors' Report

General

1. The Directors of Fauji Cement Company Limited (FCCL) are pleased to present Annual Report together with Audited financial statements of the Company for the year ended 30th June 2016 and Auditors' Report thereon.

Market Overview

2. Industry dispatches for the FY 2015-16 were **38.87 Million MT** including **33.00 Million MT** domestic and **5.87 Million MT** exports. There is an increase of **9.80 %** in total dispatches of the Industry as compared to the previous year which were **35.40 Million MT** including **28.20 Million MT** domestic and **7.20 Million MT** exports. Growth in domestic dispatches remained **17 %** whereas export declined by **18.47 %**.

3. FCCL dispatched **2,808,460 MT** in FY 2015 -16 including **2,468,880 MT** domestic and **339,580 MT** exports. There is a growth of **8.4 %** in the total dispatches as compared to previous year. Capacity utilization of FCCL in FY 2015-16 remained **82%** as against **75%** in FY 2014-15.

Production Review

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

	2015-16	2014-15
a. Clinker (MT)	2,580,732	2,344,715
b. Cement (MT)	2,822,230	2,565,547



Financial Performance

5. Profitability Gross profit ratio was **45.72 %** as compared to **37.69 %** during the last year. FCCL earned a Profit after Tax of Rs. 5,367 Million as compared to the last year's Profit of Rs. 4,116 Million. Cost of production decreased by **14 %**. Company successfully managed debt servicing of Rs. 2.613 Billion during this Financial Year from Operational Cash Flows. Tax expense was higher in 2016 as compared to 2015 due to higher profit.

6. Contribution to National Exchequer FCCL contributed Rs. 6.352 Billion to the National Exchequer in the form of taxes and duties during the year under review. Concurrently, Fauji Cement earned USD 21 Million through export of cement.

7. 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	2016	2015	2014	2013	2012	2011
Operating Results	(Rs. in Million)					
Net Sales	20,044	18,642	17,532	15,968	11,523	4,744
Gross Profit	9,165	7,027	6,084	5,080	3,068	823
Operating Profit	8,335	6,386	5,552	4,598	2,792	592
Financial Charges	503	706	1,042	1,512	1,825	104
Profit after Taxation	5,367	4,116	2,626	2,097	553	426
Balance Sheet						
Shareholders' Equity	18,428	17,419	15,788	15,936	13,905	11,014
Fixed Assets	21,701	23,881	23,881	24,734	25,898	26,658
Long Term Loans including current portion	4,012	6,525	7,914	10,484	12,555	13,554
EPS (Rs)						
Basic	3.98	2.91	1.80	1.42	0.29	0.52
Diluted	3.94	2.91	1.80	1.42	0.29	0.34

9. Dividend. Based on the performance of the Company, Board is pleased to propose a final dividend of Rs 1.00 per share (10%) in respect of financial year ended 30th June 2016. This final dividend will be subject to the approval of shareholders in their meeting scheduled on 30th November 2016. Moreover, one interim dividends of Rs 1.75 per share was also paid during the year. Thus making the total cash dividend of Rs. 2.75 per share(27.5%) for the year.

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

11. Provident Fund. Value as on 30th June 2016 is given below:-

	Rs. in Million
a. Management Staff	299
b. Non-Management Staff	186

Best Practices of Corporate Governance

12. FCCL as a model corporate entity pursues perfection by adherence to the best corporate and ethical practices. Board practices of Corporate Governance as given in the listing regulations are being applied and implemented in true letter and spirit. All periodic financial statements of the Company were circulated to the Directors duly endorsed by Chief Executive Officer and Chief Financial Officer (CFO) for approval before publication. Quarterly unaudited financial statements along with Directors' Reviews were published and circulated to the shareholders and regulators within one month. Half yearly financial statements reviewed by the Auditors were circulated within two months. Audited annual financial statements along with consolidated financial statements are approved by the Board after the closing date and shall be presented to the shareholders in the Annual General Meeting on 30th November 2016 for approval.

13. Internal Control System. An internal control system is designed to provide reasonable assurance that the Company fulfills the compliance with policies, plans and laws, efficient use of resources, accomplishment of goals besides availability and integrity of financial and management information. The internal control system of FCCL is very comprehensive that is effectively implemented and monitored regularly. The Company has increased its emphasis on control procedures of each business unit to confirm that corporate policies are executed and corrections are applied as and when required.

14. Presentation of Financial Statements.

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

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. Books of Accounts. Proper books of accounts are maintained.

17. Compliance with IAS and IFRS. International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements.

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 Pakistan Stock Exchange. To fulfill this role, 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. External Auditors. KPMG Taseer Hadi & Co. Chartered Accountants have completed the annual audit for the year ended 30th June 2016 and will retire on conclusion of the Annual General Meeting. In view of the good corporate governance practices, the Board has recommended for approval by the shareholders duly endorsed by Audit Committee, the appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants as External Auditors of the Company for year ending 30th June 2017.

20. Shareholders' Information. To update shareholders about the operations, growth and state of affairs of the Company, the Management promptly disseminates all material information including announcement of interim and final results to the Pakistan Stock Exchanges (PSX). Quarterly, Half Yearly and Annual Financial Statements are accordingly circulated within stipulated time frame to all concerned. Likewise, notices and announcements of dividend are transmitted to all stakeholders and regulators within the time laid down in Code of Corporate Governance, Companies Ordinance 1984 and Listing Regulations of Pakistan Stock Exchange. These are also uploaded immediately on Company's website (www.fccl.com.pk).

21. Relations with Company Personnel. Relations between the management and the workers continued to be 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 staff in order to provide safe and conducive working environment.

22. Code of Conduct. The Company adheres to the best ethical standards in the conduct of business. Accordingly, Code of Conduct of the Company has been approved by the Board of Directors and placed on its website.

23. Whistle Blowing Policy. The Company is committed to achieve high standards of integrity, ethical values and accountability. Accordingly whistle blowing policy of the Company is approved by the Board of Directors which enables officers and employees to share their concerns for corrective measures.

24. Board's Evaluation. Pursuant to Code of Corporate Governance 2012, the Board of Directors approved a comprehensive mechanism for evaluation of Board's own performance. To meet the requirement, a comprehensive confidential questionnaire covering board's composition / scope, its objectives / functions, company's performance and monitoring, etc has been introduced. The Board evaluated all the factors in depth and found all the aspects up to the mark.

25. Related Party Transactions. The Company adheres to the highest ethical standards in the conduct of business. Policy on Related Party Transactions of the Company is approved by the Board of Directors and placed on website of the Company.

26. Disclosures. To the best of our knowledge, the Directors except Brig Asmat Ullah Khan Niazi (Retd), SI(M), Mr. Jawaid Iqbal, Mr. Pervez Inam and his spouse (declared beneficiary owners), Chief Executive/Managing Director(CE/MD), CFO, Company Secretary, Company Auditors, their spouses and their minor children have not undertaken any trading in shares of the Company during the FY 2015-16.

27. Role of Chairman. Leads the Board of Directors, represents the Group and acts as the overall custodian of the Group on behalf of the Board and the stakeholders. Responsible for ensuring the Board's effectiveness, he empowers the Board as a whole to play a full and constructive part in the development and determination of the Company's strategy and overall objectives. Chairman makes sure that development of Group's businesses and reputation of Company receive due attention from the Board.

28. Role of Chief Executive / MD. CE / MD is responsible for execution of Company's long term strategy with a view to create shareholders value. MD takes all day to day decisions to accomplish company's short and long term objectives / plans. He acts as a direct liaison between the Board and the company management. He also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public. CE / MD acts as a director, decision maker, leader, manager and executor. The communicator role involves interaction with the outside world, as well as the organization's management and

employees, the decision-making role involves high-level decisions about policy and strategy as an executor. As a leader of the Company, he motivates employees and inculcates requisite enthusiasm.

29. Social Environmental Policy. FCCL adheres to the highest ethical standards in the conduct of business. Accordingly, Social Environmental Policy of the Company has been approved by the Board of Directors and placed on the website of the Company.

30. Good Performance. Information Technology (IT) department is performing in accordance with the needs and requirements of the organization and provides support to the users.

31. Role of Board of Directors. Board exercises the powers conferred to it by Code of Corporate Governance, Companies Ordinance 1984 and Memorandum and Articles of Association of the Company through Board meetings which are held in every quarter for reviewing and approving the adoption of Company's financial statements coupled with review and adoption of Business plan.

32. Changes to the Board. Term of the directors elected in December 2012 expired in December 2015 and fresh elections were held for election of new Board through an Extraordinary General Meeting of the shareholders. The Board would like to record its appreciation for the valuable contributions rendered by the retiring director; Brig Raja Jahanzeb (Retd). Board also welcomed Mr. Jawaid Iqbal as newly elected director.

33. Change of Directors. Casual vacancies occurring on the board on 26th August 2015 and 31st March 2016 were filled up with in stipulated period on 27th August 2015 and 1st April 2016. Brig Muhammad Saeed (Retd) and Brig Dr. Gulfam Alam (Retd), SI(M) resigned from the Directorship of the Company during the year and Brig Raja Jahanzeb (Retd) and Brig Raashid Wali Janjua (Retd), SI(M) were appointed Directors in place of retiring ones. Board places on record its appreciation for the services rendered by the retiring Directors.

Note: Brig Raja Jahanzeb (Retd) resigned on 12th December 2015.

34. Attendance of Meetings. During this year, five meetings of Board of Directors were held with the attendance as under:-

<u>Ser</u>	<u>Name</u>	<u>Attendance</u>	<u>Remarks</u>
a.	Lt Gen Khalid Nawaz Khan (Retd),HI(M), Sitara i-Esar	5	
b.	Lt Gen Sardar Mahmood Ali Khan (Retd), HI(M)	5	
c.	Mr. Qaiser Javed	3	
d.	Dr. Nadeem Inayat	5	
e.	Maj Gen Syed Jamal Shahid (Retd),HI(M)	4	
f.	Maj Gen Muhammad Farooq Iqbal (Retd),HI(M)	5	
g.	Brig Asmat Ullah Khan Niazi (Retd),SI(M)	5	
h.	Brig Muhammad Saeed Khan (Retd)	0	Resigned on 26.8.2015
j.	Brig Raja Jhanzeb (Retd)	2	Joined on 27.8.2015 Resigned on 12-12-2015
k.	Brig Dr. Gulfam Alam (Retd),SI(M)	3	Resigned on 31.3.2016
l.	Brig Raashid Wali Janjua (Retd),SI(M)	2	Joined on 1.4.2016
m.	Mr. Pervez Inam	5	
n.	Mr. Jawaid Iqbal	1	

35. Board Committees. Following committees were constituted to work under the guidance of Board of Directors:-

- a. **Audit Committee** - Committee comprises four members including its Chairman. Three members are non-executive directors, while one is independent director. Brig Asmat Ullah Khan Niazi (Retd), SI(M), was Chairman of the Committee from 13 December 2015 till 10 August 2016. Thereafter Mr Qasir Javed was appointed as Chairman of Audit Committee 19th September 2016. Committee meets once in each quarter of the financial year. It reviews Company's interim and annual financial results, business plans and internal audit department reports prior to approval by Board of Directors. It also recommends appointment of external auditors and advises on the establishment and maintenance of the framework of internal control and appropriate ethical standards for the management of the Company. During the year, four meetings of the Audit Committee were held. Attendance by the members was as follows:-

(1)	Brig Asmat Ullah Khan Niazi (Retd),SI(M)	4	Resigned on 10-08-2016
(2)	Mr. Qaiser Javed	3	
(3)	Dr. Nadeem Inayat	2	
(4)	Brig Dr. Gulfam Alam (Retd),SI(M)	3	Resigned on 31-3-2016
(5)	Maj Gen Syed Jamal Shahid (Retd),HI(M)	3	Resigned on 22-4-2016
(6)	Maj Gen Muhammad Farooq Iqbal (Retd) HI(M)	-	Joined on 22-4-2016
(7)	Brig Raashid Wali Janjua (Retd),(SI(M)	1	Joined on 01-4-2016 Resigned on 22-4-2016
(8)	Mr Pervez Inam	-	Joined on 19-9-2016

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 Yearly financial statements were discussed.

- b. Technical Committee** - Committee comprises of three members including its Chairman. All members are non-executive directors. It reviews all technical matters pertaining to plant operations and capital expenditures of the Company. During the year, four meetings were held. Attendance by the members was as follows:-

(1)	Brig Dr. Gulfam Alam (Retd), SI(M)	3	Resigned on 31-3-2016
(2)	Maj Gen Muhammad Farooq Iqbal(Retd),HI(M)	4	
(3)	Brig Muhammad Saeed Khan (Retd)	1	Resigned on 26-8-2015
(4)	Maj Gen Syed Jamal Shahid(Retd),HI(M)	2	Joined on 22-4-2016
(5)	Brig Raashid Wali Janjua (Retd),(SI(M)	1	Joined on 22-4-2016
(6)	Brig Raja Jahanzeb Khan (Retd)	1	Resigned on 12-12-2015

Note: Brig Dr. Gulfam Alam (Retd), SI(M) was the chairperson of the committee up to 31-3-2016 and Brig Raashid Wali Janjua (Retd),(SI(M) became Chairman of the committee with effect from 1-4-2016

- c. Human Resource and Remuneration Committee.** Human Resource Committee was renamed as Human Resource and Remuneration (HR&R) Committee as per Code of Corporate Governance 2012. Committee has three members including its Chairman. All are Non-Executive Directors and Chairman of the committee is also a Non Executive Director, it reviews all HR related matters of the Company. Members are as follows:-

(1)	Maj Gen Syed Jamal Shahid (Retd),HI(M)
(2)	Dr. Nadeem Inayat
(3)	Brig Asmat Ullah Khan Niazi (Retd),SI(M)

Note: Dr. Nadeem Inayat was the chairperson of the committee up to 22-4-2016 and Maj Gen Syed Jamal Shahid (Retd),HI(M) became Chairman of the committee with effect from 23-4-2016

- 36. Pattern of Shareholding.** Pattern of shareholding of the company in accordance with Companies Ordinance 1984 and Code of Corporate Governance as at 30th June 2016 is attached at page number 75
- 37. Directors' Statement.** The financial statements prepared by the management present fairly its state of affairs, results of its operations, cash flows and change in equity. Proper books of accounts have been maintained. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards (IFRSs) as applicable in Pakistan have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- 38. Training of Directors.** In accordance with the requirements of Code of Corporate Governance to obtain Directors' Certification by 2016, all directors on FCCL Board are appropriately certified from approved institutions of SECP. Directors holding authorized certifications are as follows:-
- Lt Gen Khalid Nawaz Khan (Retd),HI(M),Sitara-i-Esar
 - Lt Gen Sardar Mahmood Ali Khan (Retd),HI(M)
 - Mr. Qaiser Javed
 - Dr. Nadeem Inayat
 - Maj Gen Syed Jamal Shahid (Retd),HI(M)
 - Maj Gen Muhammad Farooq Iqbal (Retd),HI(M)
 - Brig Asmat Ullah Khan Niazi (Retd),SI(M)
 - Brig Raashid Wali Janjua (Retd),SI(M)
 - Mr. Pervez Inam
 - Mr. Jawaid Iqbal

39. Board of Directors' Remuneration.

All Directors of the Company are Non Executive Directors except the CE/ MD. CE/ MD is paid fixed salary as per Company's HR Policies. Performance of the CE/ MD is evaluated against approved criteria by Human Resource and Remuneration Committee and recommended to the board for approval.

40. Code of Corporate Governance. Directors of the Company are aware of their responsibilities under the Code of Corporate Governance (the Code) incorporated in the Listing Regulations of PSX under instructions from the Securities and Exchange Commission of Pakistan (SECP). Company has taken all necessary steps to ensure Good Corporate Governance and full compliance of the Code. As part of compliance of the code, we confirm the following:-

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- c. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- d. The system of internal control is sound in design and has been effectively implemented and monitored.
- e. There are no significant doubts upon the company's ability to continue as a going concern.
- f. There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- g. As required by the Code, we have included the following information in this report:-

- (1) Statement of Pattern of Shareholding has been given on page number 75.
- (2) Statement of shares held by associated undertakings and related persons have been given on page number 80.
- (3) Statement of the Board Meetings held during the year and attendance by each director on page number 12.
- (4) Key operating and financial statistics for last six years have been given on page number 7.

41. Product Quality FCCL has always endeavored to produce the best quality cement in Pakistan and now markets top of the line OPC, Low Alkali Cement and Sulphate Resistant Cement (SRC). FCCL's Laboratory is fully equipped with latest and state of the art equipment in accordance with National and International Standards. As a policy, FCCL is focused on customers' satisfaction, employee's morale and fair deal to its partners in the business. Types of cement are:-

- a. **Ordinary Portland Cement.** Containing 95 % of a very high grade Clinker and 5% Gypsum with greater strength and increased fineness is the unique brand dominating the market. It conforms to the following standards:-
 - (1) **Pakistan Standard,**
PS 232-2008 ® -53 Grade.
 - (2) **American Standard,**
ASTM C-150 Type I & II
 - (3) **European Standard,**
EN 197-1/2000 CEM I, 42.5 N



- b. **Low Alkali Cement.** Fauji Cement Company produces Low Alkali Cement of a very superior quality. Greater strength, genuine cement contents, low expansion and Low Alkali contents distinct the product and is best suited for construction of Dams, Tunnels and Hydro Power Projects.



- c. **Sulphate Resistant Cement (SRC).** Fauji Sulphate Resistant Cement is in conformity with the national and international testing standards; it is an innovated product containing no silica sand which gives it exceptionally high compressive strength (more than 9200 psi in 28 days) and makes it outstanding amongst other brands. This type of SRC is not being manufactured in Pakistan. It prevents dampness rising in the walls and basements. SRC is best suited for Dams, Seawalls, Reservoirs, Sewerage lines, Water treatment plants, Wharfs and Harbors, Bathrooms, Roofs, Basements, etc.



42. **Fauji Cement and American Society for Testing and Materials (ASTM).** American Society for Testing and Materials (ASTM) classify grey cement into five major types. Out of five major types, Fauji Cement complies with the requirement of four types. Thus Fauji Cement is the only company in the Country producing four major types of cements according to ASTM Standards.

- 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 Cement in high demand by the Hydro Power Projects and other Mega Development Schemes in public and private sectors.

- b. **ISO 9001:2008.** Fauji Cement Company Limited is certified for compliance to the latest Quality Assurance Standards. The certification is audited by TUV Austria..



43. **Waste Heat Recovery Power Plant (WHRPP).**

Mindful of energy crisis in the country vis-à-vis its impact on Industrial sector, FCCL installed WHRPP with the designed generation capacity of 10 MW electricity through recycling of waste heat of the plant. WHRPP was setup by SINOMA Energy Conservation Company from China. It was commissioned on 14th May 2015 and since then:-

- Generated 69.5 Million units of cheaper electricity.
- Contributed to National Power Grid.
- Helped in reducing the stoppages of Line-2 due to WAPDA power breakdowns.
- Added value to sustainable environment by eliminating thousands tons of carbon dioxide emissions annually.
- Enabled in lowering the cost of production



44. Corporate Social Responsibilities and Sustainable Environment Care.

Fauji Cement Company Limited is playing a vital role for its social responsibility in neighboring areas. Due to heavy rains during monsoon season in 2015, ground water level rose in Khali village and most of the houses got partially damaged. FCCL compensated the villagers by paying Rs. 6.8 Million and 3400 cement bags for rehabilitation of the damaged houses.

a. Awards, Acknowledgment, Certifications. Management strongly believes in paying back a portion to the community in the area it operates. There is a pro-active approach towards fulfillment of Corporate Social Responsibility. FCCL has taken measures for sustainable environment, community development programs and employees welfare. Following awards amply manifest FCCL's contribution:-

(1) CSR Awards 2016. As an acknowledgment to the measures taken by Fauji Cement for fulfilling Corporate Social Responsibility, it has been awarded with the award for extraordinary steps.



(2) UNEP Acknowledgment. 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, FCCL has taken initiative to develop Fauji Technical Training Institute. First phase of the institute has been completed with all basic facilities for imparting education to apprentices, Trainees and FCCL own employees. In addition, the institute has a hostel with messing facilities for the students / apprentices.



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

- (1) Dress Cutting & Sewing (Domestic Version) 3 Months
- (2) Dress Cutting & Sewing (Industrial Version) 6 "
- (3) Hand Embroidery 3 "
- (4) Hand / Machine Knitting 3 "
- (5) Short Computer Courses (Summer Camp) 2 "
- (6) 102 students have completed various courses whereas 45 students are under going training.



- d. **Education.** Fauji Cement runs an English Medium Secondary School which imparts quality education to 510 students from class Prep to class 10th. Last year Danish Kaleem; a student of this school stood first in Tehsil Fateh Jhang. Five students were awarded Laptops by Punjab Government.



- e. **Children Park.** Management of FCCL felt the need of a recreational facility for the children of local community and decision was taken to establish a children's park. The park is maintained properly and children of local community are enjoying this facility.



- f. **Medical Facility.** Free medical treatment is extended to locals through Company Operational Medical Dispensary; equipped with necessary equipment and medicines. Two MBBS Doctors are available on 24 hours basis to extend treatment to patients. A well equipped Ambulance has also been placed to cater for timely evacuation of serious cases. Free of cost OPD functions on daily basis whereas emergencies are handled on 24/7 basis.



- g. **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 FCCL. Employee's participated actively in badminton and cricket.



- (3) **Health, Safety and Training.** Company Management accords due priority to Health, Safety and Training of its employees and accordingly keeps allocation in annual budget. Awareness about various safety aspects is also created through lectures / demonstrations to employee and others. Safety and protection gears equipment inducted at Plant provides adequate safety to all the employees. With regards to health regular medical checkups of all workers is done beside lectures on health by Medical Officer.



- (4) **Fire Safety.** Fire fighting and fire alarm systems have been installed to guard against any incident. Funds are allocated every year for up gradation and maintenance of the safety / fire fighting equipment. Another fire crash tender is planned to be added to the fire fighting squad of FCCL.

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

a. Environment Management System.

Environmental aspects are well considered and taken care of 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 this purpose.



Community willingly and actively participated in tree plantation campaign. 5000 plants were donated to District Environment

(3) **Construction of Sheds for Coal Storage.**

FCCL recently constructed three coal sheds to have the covered storage of coal in accordance with its total requirement of coal. Existing storage facility besides improving environment protection is helping to avoid wastage of coal through rains and wind storm.



Coal Sheds

(4) **Alternate Fuels.** Fauji Cement 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.



46. RLNG for Captive Power Plant

FCCL 5.4 MW Captive Power Plant was non operational due to stoppages of natural gas since May 2011. After import of LNG by the Government, management through its efforts got the required supply of RLNG restored and Plant is generating electricity since 30th June 2016.



Captive Power Plant

Collapse of CF Silo Line-2

47. The Company's Line 2 was in normal operation on 29th May 2016 and Line 1 was under scheduled maintenance. At about 04:32 am suddenly cracks appeared in CF Silo followed by falling of concrete pieces which resulted in collapse of CF Silo. The accident caused following major damages:-

- a. **Line 1.** Gear Lubrication Room of Raw Mill, Substation Coal Mill Line 1 and Transport System of Coal Mill.
- b. **Line 2.** CF Silo, Coal Mill, EP Fan and EP Civil Structure and Stack.

48. FCCL Management started work on war footing and made Line 1 operational on Furnace Oil on 14th June 2016. Substation of Coal Mill of Line 1 was completely rehabilitated and the plant was run on Coal on 12th August 2016 and is operating as such since then.

49. FCCL Management started the rehabilitation procedure of Line 2 immediately. MD FCCL was empowered for initiation of rehabilitation works by a Special Board of Directors' Meeting held on 6th June, 2016. Progress is as follow:-

a. Civil Works

- (1) Dismantling of damaged Civil Structure has been completed.
- (2) Redesigning work of Civil structures has been completed by a reputed local firm. However, vetting of the designs is being done by a German Company Peter & Lochner.
- (3) Design expert from Peter and Lochner also visited FCCL to verify the Civil design of CF Silo.
- (4) Civil works for the Coal Mill has been started through a reputable local firm.

b. Mechanical Works

- (1) Orders have been placed almost for all the equipments/material and where required, letter of credit has also been established.
- (2) Experts from international firms have also visited helping in expediting the rehabilitation process. Experts from following firms have visited FCCL recently

(a) Polysius	Germany
(b) Flender	Germany
(c) Elex	Germany
(d) Peter and Lochner	Germany



Representative of Flender



Representative of ELEX (EP)



Representative of Polysius Inspecting the Mechanical Equipment



Representative of Peter and Lochner Inspecting the CF Silo

c. **Mechanical Fabrication.** Work is also proceeding at a good pace and we hope to complete it by mid December 2016.



Mechanical Fabrication work in progress

d. **Mechanical Erection.** Work has also started but it is in its initial stages. FCCL Management is putting in all out efforts to make Line 2 operational by end of March 2017 (InshaAllah).



Erection Work in Progress

e. **Insurance.** For insurance update please refer note 29 on page number 57 of the attached financial statement.



Board of Directors and Management at Head Office after 114th BODs Meeting

Acknowledgement

50. 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.

51. The Board is of the opinion that with sustained efforts and ALLAH's blessings, the Company after putting Line 2 operational, will continue on its way to success.

For and on behalf of the Board

Rawalpindi
28th October 2016

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

Statement of Compliance

With the Code of Cooperates governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 35 of Listing Regulation of Pakistan Stock Exchange Limited, 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.

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

1. The company encourages representation of independent, Executive and Non-Executive Directors representing minority interests on its board of directors. At present the board includes:

<u>Category</u>	<u>Names</u>
Independent Director	a. Mr. Pervez Inam b. Mr. Jawaid Iqbal
Executive Director	a. Lt Gen Sardar Mahmood Ali Khan(Retd) HI(M), (Chief Executive MD)
Non-Executive Directors	a. Lt Gen Khalid Nawaz Khan (Retd), HI(M) Sitara-i-Esar , (Chairman) b. Mr. Qaiser Javed c. Dr. Nadeem Inayat d. Maj Gen Syed Jamal Shahid (Retd),HI(M) e. Maj Gen Muhammad Farooq Iqbal (Retd), HI(M) f. Brig Raashid Wali Janjua (Retd),SI(M) g. Brig Asmat Ullah Khan Niazi (Retd),SI(M)

The independent directors meets the criteria of independence under clause i(b) of CCG

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. Two casual vacancies occurring on the Board on 26th August 2015 and 31st March 2016 were filled up by the directors on 27th Aug 2015 and 1st April 2016 with in stipulated period.
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 / shareholders.
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 Board arranged training programme for its directors Mr. Pervez Inam and Brig Asmat Ullah Khan Niazi (Retd), SI(M) during this year. All Directors of the Company have 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. 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 / MD 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 Board has formed an Audit Committee. It comprises four members, of whom three are Non-Executive Directors and one is an Independent Director. The Chairman of the committee is 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 a Human Recourse and Remuneration Committee. It comprises three members, 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 function which is considered suitably qualified and experience 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 Pakistan Stock Exchange(s).

22. Material / Price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange (s).
23. The Company has complied with the requirement relating to maintenance of register of person having access to inside information by designated Senior Management Officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



Rawalpindi
28th October 2016

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

Review Report to Members

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 2016 to comply with the requirements of Listing Regulation No. 5.19.24 of the Pakistan 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 and if it does not, 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm'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 arm'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 2016.

Islamabad
28th October 2016



KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement partner: Riaz Pesnani

Auditors' Report

We have audited the annexed balance sheet of **Fauji Cement Company Limited** ("the Company") as at 30 June 2016 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 above said 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 policies consistently applied except for the change stated in note 3.1 to the financial statements with which we concur;
 - (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 the 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 2016 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 the 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.



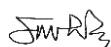
KPMG Taseer Hadi & Co.
Chartered Accountants
 Engagement Partner: Riaz Pesnani

Islamabad
28th October 2016

Balance Sheet as at 30 June 2016

	Note	2016 Rupees'000	2015 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	13,798,150	13,798,150
Reserves	5	4,629,705	3,620,834
		18,427,855	17,418,984
NON - CURRENT LIABILITIES			
Long term financing	6	1,486,178	4,000,119
Deferred liabilities	7	4,482,438	4,378,810
		5,968,616	8,378,929
CURRENT LIABILITIES			
Trade and other payables	8	1,968,031	2,055,628
Markup accrued		76,265	144,013
Short term borrowings	9	78,037	5,758
Current portion of long term financing	6	2,525,955	2,524,978
Provision for taxation - net	10	312,893	-
		4,961,181	4,730,377
		29,357,652	30,528,290
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive

	Note	2016 Rupees'000	2015 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	12	21,701,250	23,880,553
Long term advance		-	900
Long term deposits and prepayments	13	156,733	233,241
		21,857,983	24,114,694
CURRENT ASSETS			
Stores, spares and loose tools	14	2,177,367	1,965,411
Stock in trade	15	540,588	888,536
Trade debts	16	569,101	566,141
Advances	17	218,947	11,190
Trade deposits, short term prepayments and balances with statutory authority	18	16,593	375,563
Interest accrued		4,447	3,902
Other receivables	19	982,562	6,039
Short term investments	20	1,324,485	300,211
Cash and bank balances	21	1,665,579	2,296,603
		7,499,669	6,413,596
		29,357,652	30,528,290

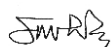


Director

Profit and Loss Account for the year ended 30 June 2016

	Note	2016 Rupees'000	2015 Rupees'000
Turnover - net	22	20,044,438	18,642,358
Cost of sales	23	(10,879,156)	(11,615,261)
Gross profit		9,165,282	7,027,097
Distribution cost	24	(208,777)	(141,018)
Administrative expenses	25	(312,108)	(271,629)
Other operating expenses	26	(578,543)	(419,918)
Finance cost	27	(503,346)	(706,027)
Other operating income	28	268,798	191,386
Impairment loss	29	-	-
Profit before taxation		7,831,306	5,679,891
Taxation	30	(2,464,106)	(1,563,726)
Profit for the year		5,367,200	4,116,165
Earnings per share - basic (Rupees)	31.1	3.98	2.91
Earnings per share - diluted (Rupees)	31.2	3.94	2.91

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive

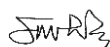


Director

Statement of Comprehensive Income for the year ended 30 June 2016

	2016 Rupees'000	2015 Rupees'000
Profit for the year	5,367,200	4,116,165
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,367,200	4,116,165

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive

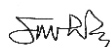


Director

Cash Flow Statement for the year ended 30 June 2016

	Note	2016 Rupees'000	2015 Rupees'000
Cash flows from operating activities			
Net profit before taxation		7,831,306	5,679,891
Adjustments for:			
Depreciation	12.2	1,357,090	1,291,054
Provision for compensated absences	7.1	43,309	22,840
Workers' (Profit) Participation Fund including interest	8.2	420,659	305,563
Workers' Welfare Fund	26	156,626	113,598
Finance cost	27	503,104	705,384
Gain on disposal of property, plant and equipment	28	(1,952)	(3,957)
Realized gain on short term investments		(56,746)	(15,876)
Unrealized gain on short term investments		(121)	(211)
Interest income including interest on long term advance		(116,553)	(155,019)
		<u>2,305,416</u>	<u>2,263,376</u>
Operating cash flows before working capital changes		10,136,722	7,943,267
Decrease/ (increase) in working capital			
Stores, spares and loose tools		(211,956)	50,925
Stock in trade		347,948	520,571
Long-term advance		900	900
Trade debts		(2,960)	14,073
Advances		(207,757)	39,224
Trade deposits and short term prepayments		(6,731)	765
Other receivables		2,981	14,546
Trade and other payables		(423,581)	338,438
		<u>(501,156)</u>	<u>979,442</u>
Cash generated from operations		9,635,566	8,922,709
Compensated absences paid	7.1	(27,548)	(21,614)
Payment to Workers' (Profit) Participation Fund	8.2	(15,162)	(332,732)
Taxes paid		(1,693,355)	(1,159,623)
Net cash generated from operating activities		<u>7,899,501</u>	<u>7,408,740</u>
Cash flows from investing activities			
Additions in property, plant and equipment excluding borrowing cost capitalized		(157,405)	(1,210,368)
Proceeds from disposal of property, plant and equipment		2,066	4,084
Additions in short term investments		(4,635,075)	(4,470,911)
Encashment of short term investments		3,667,668	4,186,787
Interest received on bank deposits and long term advance		116,008	151,290
Net cash used in investing activities		<u>(1,006,738)</u>	<u>(1,339,118)</u>
Cash flows from financing activities			
Disbursement of long term financing		-	1,059,453
Repayment of long term finances		(2,612,928)	(2,600,172)
Dividend paid on preference shares		(240,785)	(227,408)
Dividend paid on ordinary shares		(4,407,044)	(2,319,660)
Finance cost paid		(335,309)	(491,741)
Net cash used in financing activities		<u>(7,596,066)</u>	<u>(4,579,528)</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(703,303)</u>	<u>1,490,094</u>
Cash and cash equivalents at beginning of the year		<u>2,290,845</u>	<u>800,751</u>
Cash and cash equivalents at end of the year	32	<u>1,587,542</u>	<u>2,290,845</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive

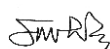


Director

Statement of Changes in Equity for the year ended 30 June 2016

	Share capital		Capital reserve		Revenue reserve	Total
	Ordinary	Preference	Discount on issue of shares	Hedging reserve	Un-appropriated profit	
	Rupees'000					
Balance at 01 July 2014	13,311,158	486,992	(1,364,385)	(157,765)	3,512,187	15,788,187
Total comprehensive income for the year						
Profit for the year	-	-	-	-	4,116,165	4,116,165
Total comprehensive income for the year	-	-	-	-	4,116,165	4,116,165
Transfer during the year	-	-	-	84,870	-	84,870
Transactions with owners of the Company						
<i>Distributions:</i>						
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 @ 1.00 per share	-	-	-	-	(1,331,116)	(1,331,116)
Total transactions with owners of the Company	-	-	-	-	(2,570,238)	(2,570,238)
Balance at 30 June 2015	13,311,158	486,992	(1,364,385)	(72,895)	5,058,114	17,418,984
Balance at 01 July 2015	13,311,158	486,992	(1,364,385)	(72,895)	5,058,114	17,418,984
Total comprehensive income for the year						
Profit for the year	-	-	-	-	5,367,200	5,367,200
Total comprehensive income for the year	-	-	-	-	5,367,200	5,367,200
Transfer during the year	-	-	-	53,021	-	53,021
Transactions with owners of the Company						
<i>Contributions and distributions:</i>						
Conversion of preference shares into ordinary shares (Note 4.2.1)	486,992	(486,992)	-	-	-	-
Final dividend 2015 @ Rs. 1.50 per share	-	-	-	-	(1,996,674)	(1,996,674)
Interim dividend 2016 @ 1.75 per share	-	-	-	-	(2,414,676)	(2,414,676)
Total transactions with owners of the Company	486,992	(486,992)	-	-	(4,411,350)	(4,411,350)
Balance at 30 June 2016	13,798,150	-	(1,364,385)	(19,874)	6,013,964	18,427,855

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive



Director

Notes to the Financial Statements for the year ended 30 June 2016**1. 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 Ordinance"). The Company commenced its business with effect from 22 May 1993. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of 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 the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, except for certain short term investments 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. Amounts presented in Pakistan Rupee have been rounded off to nearest of thousand.

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.

Notes to the Financial Statements for the year ended 30 June 2016

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 reviews the residual values and useful lives of property, plant and equipment on regular basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. Any change in such estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge, impairment and related deferred tax liability.

2.4.2 Provision for inventory obsolescence

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 Provision for doubtful receivables and advances

The carrying amounts of trade and other receivables and advances are assessed on a regular basis and if there is any doubt about the realisability of these receivables and advances, appropriate amount of provision is made.

2.4.4 Taxation

The Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Company's view differs from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Notes to the Financial Statements for the year ended 30 June 2016

2.4.5 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.

2.4.6 Impairment

2.4.6.1 Impairment of financial assets

In making an estimate of future cash flows of the Company's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

2.4.6.2 Impairment of non-financial assets

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.

2.4.6.3 Fair value of investments - held for trading

The fair value of investments "held for trading" are determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might affect carrying amount of investments "held for trading" with corresponding effect in unconsolidated profit and loss account.

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 2016:

Notes to the Financial Statements for the year ended 30 June 2016

-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 amortization 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.

-Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

-Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are 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.

Notes to the Financial Statements for the year ended 30 June 2016

-Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

-Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

-Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are 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). 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 on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. 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.

Notes to the Financial Statements for the year ended 30 June 2016

The above amendments are not likely to have an impact on Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change as mentioned in Note 3.1 below.

- 3.1** The Company has adopted the new standard, Fair Value Measurement (IFRS 13), from current reporting period including any consequential amendments to other standards:

IFRS 13 "Fair Value Measurement" became effective from financial periods beginning on or after 01 January 2015. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. The application of IFRS 13 does not have any impact on the financial statements of the Company except for certain additional disclosures.

3.2 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, tax losses, if any, adjusted for prior year effects.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are recognized for all major taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which 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 realized. 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.

Notes to the Financial Statements for the year ended 30 June 2016

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.

3.3 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.

3.4 Impairment

(i) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset and that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the obligor, a breach of contract such as default or delinquency in interest or principal payments, it's becoming probable that borrower will enter bankruptcy or other financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Financial Statements for the year ended 30 June 2016

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss account and reflected in as allowance against financial asset measured at amortised cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

(ii) **Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit and loss account.

An impairment 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 amortization, if no impairment loss had been recognised.

Notes to the Financial Statements for the year ended 30 June 2016

3.5 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realisable. 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.

3.6 Stock in trade

Stock of raw material, 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.

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.

3.7 Foreign currency translation

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.

3.8 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.

3.9 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.

Notes to the Financial Statements for the year ended 30 June 2016

3.10 Financial instruments

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: held to maturity, financial assets at fair value through profit or loss, available for sale investments and loans and receivables:

Investments at fair value through profit or loss - Held for trading

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 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 the unconsolidated profit and loss account. The Company recognizes the regular way purchase or sale of investments using settlement date accounting.

Loans and receivables

Loans and receivables comprise deposits, advances, cash and cash equivalents and trade and other receivables.

Deposits, advances, trade debts and other receivables

Deposits, advances and trade and other receivable are stated initially at the fair value, subsequent to initial recognition these are stated at their amortised cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The provision for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its trade debts and receivables that remain outstanding past their applicable payment terms and establishes provision and potential write-offs by considering factors such as historical experience, credit quality, and age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

Notes to the Financial Statements for the year ended 30 June 2016

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term running finance and call deposits with maturities of three months or less from the acquisition date and are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Non-derivative financial liabilities

The Company initially recognizes non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise markup bearing borrowings including long term financing, short term borrowings and trade and other payables.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Borrowing cost

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

3.12 Employees benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policies for other employee benefits are described below:

3.12.1 Provident fund (retirement benefit)

The Company also operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Company and employees at the rate of 10% of the basic salary, the fund is managed by its Board of Trustee. The contributions of the Company are charged to profit and loss account.

Notes to the Financial Statements for the year ended 30 June 2016

3.12.2 Compensated leave absences

The Company provides for compensated absences on the unavailed balance of privilege leaves of all its permanent employees in the period in which leave is earned. Provision for the year is charged to profit and loss account.

3.13 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.

3.14 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.

3.15 Dividend

Dividend on ordinary shares is recognized as a liability in the period in which it is declared.

3.16 Other income / Finance cost

Other income comprises interest income on funds invested, deposit accounts and advances, dividend income on investment in marketable securities and gain on disposal of property, plant and equipment. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities.

Finance cost comprises interest expense on borrowings and Workers' Profit Participation Fund, exchange losses and bank charges.

Notes to the Financial Statements for the year ended 30 June 2016

4 SHARE CAPITAL

4.1 Authorized share capital

Authorized share capital comprises of 1,451,300,813 (2015: 1,451,300,813) ordinary shares of Rs. 10 each and 48,699,187 (2015: 48,699,187) preference shares of Rs. 10 each.

4.2 Issued, subscribed and paid up capital

2016 Number '000	2015 Number '000		2016 Rupees '000	2015 Rupees '000
		Ordinary shares		
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
48,699	-	Ordinary shares of Rs. 10 each issued on conversion of preference shares (note 4.2.1)	486,992	-
1,379,815	1,331,116		13,798,150	13,311,158
		Preference shares		
-	48,699	Preference shares of Rs. 10 each issued at a discount of Rs. 3.85 per share - paid in cash	-	486,992
1,379,815	1,379,815		13,798,150	13,798,150

4.2.1 During the year, 48,699,187 preference shares held by Fauji Foundation have been converted into same number of ordinary shares without any further consideration.

4.2.2 Fauji Foundation holds 543,650,242 (2015: 494,951,055) ordinary 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 (2015: 93,750,000), 18,750,000 (2015: 18,750,000) and 18,750,000 (2015: 18,750,000) ordinary shares respectively of the Company at the year end.

Notes to the Financial Statements for the year ended 30 June 2016

5 RESERVES	2016 Rupees '000	2015 Rupees '000
Capital reserves		
Discount on issue of shares	(1,364,385)	(1,364,385)
Hedging reserve	(19,874)	(72,895)
Revenue reserves		
Un-appropriated profit	6,013,964	5,058,114
	4,629,705	3,620,834

6 LONG TERM FINANCING - SECURED

- Loans from banking companies (under mark up arrangements) - Conventional banks

Nature / Lender	Note	2016	2015	Rate of interest per annum	Outstanding installment	Interest payable
Rupees'000						
Syndicate Finance	6.1	672,727	1,345,455	6 month's KIBOR +0.40% (2015: 6 month's KIBOR +0.75%)	2 semi annual installments ending 16 February 2017	Semi annual
Citi Bank Europe Plc	6.2	1,532,997	2,979,689	6 month's LIBOR +0.70% (2015: 6 month's LIBOR +0.70%)	2 semi annual installments ending 7 May 2017	Semi annual
National Bank of Pakistan		750,000	964,286	6 month's KIBOR +0.75% (2015: 6 month's KIBOR +0.75%)	7 semi annual installments ending 19 July 2019	Semi annual
MCB Bank Limited		1,059,453	1,059,453	6 month's KIBOR +0.40% (2015: 6 month's KIBOR + 0.4%)	10 semi annual installments ending 21 July 2021	Semi annual
Faysal Bank Limited		-	71,429	Nil (2015: 6 month's KIBOR + 1%)	None	None
Habib Bank Limited		-	115,200	Nil (2015: 6 month's KIBOR + 0.75%)	None	None
Less: Unamortized portion of transaction cost		(3,044)	(10,415)			
		4,012,133	6,525,097			
Less: Current portion shown under current liabilities		(2,525,955)	(2,524,978)			
		1,486,178	4,000,119			

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, and Bank Al Habib Limited. During the year, outstanding portion of Bank of Khyber amounting to Rs 16.3 million and Soneri Bank Limited amounting to Rs 13.6 million has been taken over by Bank Al Habib Limited.

6.2 This foreign currency loan amounting to USD 14.63 million (2015: USD 29.26 million) is an Export Credit Agency (Euler Hermes Kreditversicherungs-AG (Hermes) backed term finance facility obtained from The Royal Bank of Scotland PLC. This foreign currency loan facility was 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.

Notes to the Financial Statements for the year ended 30 June 2016

- 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.

7	DEFERRED LIABILITIES	Note	2016 Rupees'000	2015 Rupees'000
	Provision for compensated absences	7.1	55,214	43,743
	Deferred taxation	7.2	4,427,224	4,335,067
			4,482,438	4,378,810
	7.1 Provision for compensated absences			
	Balance at beginning of the year		52,550	51,324
	Add: Charge for the year		43,309	22,840
			95,859	74,164
	Less: Amount paid during the year		(27,548)	(21,614)
			68,311	52,550
	Less: Amount transferred to current liabilities		(13,097)	(8,807)
			55,214	43,743

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.

7.2	Deferred taxation	2016 Rupees'000	2015 Rupees'000
	Deductible temporary differences		
	Unrealised exchange loss on foreign currency loan	(78,376)	(132,124)
	Provision for slow moving spares	(11,066)	(11,066)
	Taxable temporary difference		
	Excess of accounting book value of fixed assets over their tax base	4,225,981	4,478,257
	Excess of accounting book value of receivable over its tax base	290,685	-
		4,427,224	4,335,067

Notes to the Financial Statements for the year ended 30 June 2016

	Note	2016 Rupees'000	2015 Rupees'000
8 TRADE AND OTHER PAYABLES			
Creditors		117,959	157,147
Accrued liabilities		645,138	875,441
Retention money		40,828	123,121
Security deposits		104,409	90,940
Advances from customers	8.1	175,379	186,735
Workers' (Profit) Participation Fund	8.2	420,417	14,920
Workers' Welfare Fund		156,626	113,598
Federal excise duty payable		64,561	37,084
Sales tax payable (net)		74,413	64,414
Withholding tax		23,735	27,891
Other liabilities	8.3	107,588	95,170
Compensated absences	7.1	13,097	8,807
Dividend payable on preference shares to a related party		-	240,785
Unclaimed dividend		23,881	19,575
		1,968,031	2,055,628

8.1 This includes advances against cement sales to associated company amounting to Rs. 700,000 (2015: Nil).

	2016 Rupees'000	2015 Rupees'000
8.2 Workers' (Profit) Participation Fund (WPPF)		
Balance at beginning of the year	14,920	42,089
Interest on funds utilised in the Company's business	242	643
Allocation for the year	420,417	304,920
Payment to the fund during the year	(15,162)	(332,732)
	420,417	14,920
Allocation for the year is made up as follows:		
Profit for the year before tax, WPPF and WWF	8,408,349	6,098,409
Charge for the year at the rate of 5%	420,417	304,920

8.3 This includes payable to employee's retirement benefit fund (FCCL employee's provident fund) amounting Rs 8.2 million (2015: Nil).

9 SHORT TERM BORROWINGS (SECURED) - CONVENTIONAL BANKS

The Company has short term running finance facility limits to the tune of Rs. 1,775 million (2015: Rs. 2,680 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 7.24% - 7.52% per annum (2015: 7.83% - 11.37% 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 2016

10 PROVISION FOR TAXATION - NET	2016 Rupees'000	2015 Rupees'000
Opening balance at 01 July	(365,701)	591,635
Provision recognised during the year	2,371,949	933,689
Payments made during the year	(1,693,355)	(1,159,623)
Closing balance at 30 June	<u>312,893</u>	<u>(365,701)</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 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.
 - (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.

Notes to the Financial Statements for the year ended 30 June 2016

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 (2015: 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 ("Ordinance") 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. The Court has passed an order dated 24 August 2009 restraining CCP from taking any adverse action against the Company. An amended writ petition challenging applicability of Ordinance was filed on 01 October 2009 in the Court. Based on expert legal advice, the management is confident that the case will be decided in favour of the Company.

Notes to the Financial Statements for the year ended 30 June 2016

- e) The Company is contingently liable in respect of guarantees amounting to Rs. 341 million (2015: Rs. 421 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 30.1.

11.2 Commitments

11.2.1 The Company has opened letters of credit for the import of spare parts valuing Rs. 147 million (2015: Rs. 82 million).

11.2.2 The Company has capital commitments of Rs. 248 million (2015: Nil).

Notes to the Financial Statements for the year ended 30 June 2016

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building on freehold land	Plant and machinery	Stores 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:12.3)	Total
Cost												
Balance at 01 July 2014	148,452	5,113,847	25,294,991	33,688	11,311	60,822	85,917	25,299	158,726	27,855	360,768	31,321,676
Additions	-	880	-	-	3,952	4,671	7,746	3,178	33,389	-	1,236,492	1,290,308
Disposals/written off	-	-	-	-	(896)	(3,199)	(468)	(54)	(13,103)	-	-	(17,720)
Transfers	-	230,796	1,325,696	-	-	-	-	-	-	-	(1,556,492)	-
Balance at 30 June 2015	148,452	5,345,523	26,620,687	33,688	14,367	62,294	93,195	28,423	179,012	27,855	40,768	32,594,264
Balance as at 01 July 2015	148,452	5,345,523	26,620,687	33,688	14,367	62,294	93,195	28,423	179,012	27,855	40,768	32,594,264
Additions	4,771	-	25,357	-	2,237	10,452	1,982	6,889	9,773	-	95,944	157,405
Written off	-	(117,742)	(1,123,803)	-	-	-	-	-	-	-	-	(1,241,545)
Disposals	-	-	-	-	-	(2,098)	(5)	-	(5,811)	-	-	(7,914)
Transfers	-	86,315	25,788	-	-	-	-	-	3,970	-	(116,073)	-
Balance at 30 June 2016	153,223	5,314,096	25,548,029	33,688	16,604	70,648	95,172	35,312	186,944	27,855	20,639	31,502,210
Accumulated depreciation												
Balance at 01 July 2014	-	1,402,306	5,727,177	7,642	8,646	53,913	79,084	17,078	116,549	27,855	-	7,440,250
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/written off	-	-	-	-	(895)	(3,149)	(421)	(54)	(13,074)	-	-	(17,593)
Balance at 30 June 2015	-	1,612,151	6,775,255	10,886	8,731	55,498	81,598	19,828	121,909	27,855	-	8,713,711
Balance at 01 July 2015	-	1,612,151	6,775,255	10,886	8,731	55,498	81,598	19,828	121,909	27,855	-	8,713,711
Charge for the year	-	219,957	1,099,163	3,253	1,330	6,352	3,223	2,774	21,038	-	-	1,357,090
On written off	-	(22,783)	(239,258)	-	-	-	-	-	-	-	-	(262,041)
On disposals	-	-	-	-	-	(1,984)	(5)	-	(5,811)	-	-	(7,800)
Balance at 30 June 2016	-	1,809,325	7,635,160	14,139	10,061	59,866	84,816	22,602	137,136	27,855	-	9,800,960
Carrying amounts - 2016	153,223	3,504,771	17,912,869	19,549	6,543	10,782	10,356	12,710	49,808	-	20,639	21,701,250
Carrying amounts - 2015	148,452	3,733,372	19,845,432	22,802	5,636	6,796	11,597	8,595	57,103	-	40,768	23,880,553
Rates of depreciation (per annum)	-	4%-12%	4%-12%	10%	15%	33.33%	10%-15%	15%	20%-25%	10%	10%	

12.1 Detail of disposals during the year is as follows:

	Original cost	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal
	Rupees'000				
Laptop	64	57	56	(1)	As per Company's policy to Mr. Amir Saleem
Others (book value not exceeding Rs. 50,000 in aggregate)	7,850	57	2,010	1,953	
2016	7,914	114	2,066	1,952	
2015	17,720	127	4,084	3,957	

Notes to the Financial Statements for the year ended 30 June 2016

	Note	2016 Rupees'000	2015 Rupees'000
12.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	23	1,339,219	1,275,850
Distribution cost	24	4,574	4,054
Administrative expenses	25	13,297	11,150
		1,357,090	1,291,054
12.3 Capital work in progress			
Advance for motor vehicles		1,692	3,970
Others		18,947	36,798
		20,639	40,768
13 LONG TERM DEPOSITS AND PREPAYMENTS			
Islamabad Electric Supply Company Limited - non interest bearing		61,590	61,590
Sui Northern Gas Pipelines Limited - non interest bearing		25,011	25,011
Prepaid guarantee fee	13.1	70,132	146,640
		156,733	233,241
13.1	This represents premium paid to Euler Hermes Kreditversicherungs-AG (Hermes) for guarantee issued to a lender as a security against long term loan.		
14 STORES, SPARES AND LOOSE TOOLS			
Stores		805,960	773,308
Spares (Including items in transit of Rs. 165 million (2015: Rs. 29.3 million))		1,407,481	1,228,752
Provision for slow moving spares		(38,828)	(38,828)
		1,368,653	1,189,924
Loose tools		2,754	2,179
		2,177,367	1,965,411
15 STOCK IN TRADE			
Raw and packing material		125,247	145,147
Work in process		251,313	607,869
Finished goods		164,028	135,520
		540,588	888,536
16 TRADE DEBTS			
Unsecured			
Considered good		497,811	498,141
Considered doubtful		3,281	3,281
		501,092	501,422
Secured considered good		71,290	68,000
Less: Provision for doubtful debts		(3,281)	(3,281)
		569,101	566,141

Notes to the Financial Statements for the year ended 30 June 2016

17	ADVANCES		2016	2015
			Rupees'000	Rupees'000
	Advances - Considered good			
	To suppliers - non interest bearing		216,407	9,250
	To employees - non interest bearing		1,640	1,040
	Current portion of long term advance - interest bearing		900	900
			218,947	11,190
18	TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY		2016	2015
		Note	Rupees'000	Rupees'000
	Deposits		9,224	7,005
	Prepayments	18.1	7,369	2,857
	Advance tax -net		-	365,701
			16,593	375,563

18.1 This includes prepayment amounting to Rs. 1.2 million (2015: Rs. 1.1 million) paid to associated company - related party.

19	OTHER RECEIVABLES		2016	2015
		Note	Rupees'000	Rupees'000
	Insurance claim	29	979,504	-
	Other receivables - Considered good		1,151	4,132
	Margin on letter of guarantee		1,907	1,907
			982,562	6,039

20 SHORT TERM INVESTMENTS

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. This includes funds invested in an islamic income fund amounting to Rs 151 million (2015: Nil).

21	CASH AND BANK BALANCES		2016	2015
		Note	Rupees'000	Rupees'000
	Cash at banks			
	Deposit accounts - Conventional banks	21.1, 21.3 & 21.4	569,545	2,184,612
	Current accounts - Conventional banks		41,449	111,617
	Current accounts - Islamic banks		100	200
			611,094	2,296,429
	Banking instrument in hand - Conventional banks	21.5	52,001	-
	Banking instrument in hand - Islamic banks	21.5	1,002,029	-
	Cash in hand		455	174
			1,665,579	2,296,603

Notes to the Financial Statements for the year ended 30 June 2016

- 21.1** Balances with banks include Rs. 104.4 million (2015: Rs. 90.9 million) in respect of security deposits received from customers.
- 21.2** Deposits of Rs. 4 million (2015: Rs. 4 million) with banks are under lien for letters of guarantee issued on behalf of the Company.
- 21.3** This includes Term Deposit Receipts (TDRs) amounting to Rs. 93.6 million (2015: Rs. 1,287million).
- 21.4** Deposit accounts carry mark-up ranging from 4.6% to 7.38% (2015: 5.25% to 9%) per annum.
- 21.5** This represents Pay Order issued in favour of Fauji Cement Company Limited.

22	TURNOVER - NET	Note	2016	2015
			Rupees'000	Rupees'000
	Sales - Local		22,444,001	20,283,533
	- Export		2,128,910	2,467,801
			24,572,911	22,751,334
	Less: - Sales tax		3,490,330	3,174,035
	- Excise duty		1,032,713	928,189
	- Export development surcharge		5,430	6,752
			4,528,473	4,108,976
			20,044,438	18,642,358

Notes to the Financial Statements for the year ended 30 June 2016

	Note	2016 Rupees'000	2015 Rupees'000
23 COST OF SALES			
Raw materials consumed		918,941	841,118
Packing material consumed		914,326	945,898
Stores and spares consumed		42,166	26,003
Salaries, wages and benefits (including retirement benefits of Rs. 59.7 million (2015 : Rs. 37.7 million))		1,088,910	909,382
Rent, rates and taxes		21,764	20,280
Insurance		93,135	106,141
Fuel consumed		3,739,333	3,958,388
Power consumed		1,710,382	2,601,733
Depreciation	12.2	1,339,219	1,275,850
Repairs and maintenance		578,608	424,586
Technical assistance		15,354	2,618
Vehicle running and maintenance expenses		21,445	26,951
Printing and stationery		4,356	2,480
Travelling and conveyance		18,519	13,093
Communication, establishment and other expenses		25,093	15,815
Clinker purchases		19,564	-
		10,551,115	11,170,336
Add: Opening work-in-process		607,869	976,816
Closing work-in-process -unadjusted		(266,094)	-
Raw meal stock lost		14,781	-
Less: Closing work-in-process - adjusted		(251,313)	(607,869)
Cost of goods manufactured		10,907,671	11,539,283
Add: Opening finished goods		135,520	216,301
Less: Closing finished goods		(164,028)	(135,520)
		10,879,163	11,620,064
Less: Own consumption		(7)	(4,803)
		10,879,156	11,615,261

Notes to the Financial Statements for the year ended 30 June 2016

24	DISTRIBUTION COST	Note	2016 Rupees'000	2015 Rupees'000
	Salaries, wages and benefits (including retirement benefits of Rs. 7.4 million (2015 : Rs. 4.8 million))		123,959	89,353
	Export freight and other charges		59,937	23,944
	Travelling and entertainment		1,701	3,564
	Vehicle running and maintenance expenses		2,391	2,580
	Rent, rates and taxes		4,404	4,009
	Repairs and maintenance		896	359
	Printing and stationery		1,188	1,491
	Depreciation	12.2	4,574	4,054
	Communication, establishment and other expenses		4,373	5,606
	Advertisement and sale promotion expenses		5,069	5,801
	Insurance		285	257
			208,777	141,018
25	ADMINISTRATIVE EXPENSES			
	Salaries, wages and benefits (including retirement benefits of Rs. 15.3 million (2015: Rs. 10.1 million))		239,273	202,288
	Travelling and entertainment		9,756	6,781
	Vehicle running and maintenance expenses		7,153	8,533
	Insurance		1,032	863
	Rent, rates and taxes		9,101	8,451
	Repairs and maintenance		1,097	1,000
	Printing and stationery		3,807	3,647
	Communication, establishment and other expenses		15,664	12,118
	Legal and professional charges		8,298	5,107
	Depreciation	12.2	13,297	11,150
	Donations	25.1	3,630	11,691
			312,108	271,629

25.1 This includes Rs. 0.5 million (2015: Rs. 0.5 million) donated to Foundation University (related party) Phase - I DHA Islamabad. The following directors' interest in the university is limited to the extent of their involvement as directors:

2016	2015
Lt Gen (R) Khalid Nawaz Khan, HI(M)	Lt Gen (R) Khalid Nawaz Khan, HI(M)
Maj Gen (R) Muhammad Farooq Iqbal, HI(M)	Maj Gen (R) Muhammad Farooq Iqbal, HI(M)
Dr. Nadeem Inayat	Dr. Nadeem Inayat

Notes to the Financial Statements for the year ended 30 June 2016

		2016	2015
	Note	Rupees'000	Rupees'000
26 OTHER OPERATING EXPENSES			
Auditors' remuneration:			
Annual audit		1,219	1,150
Half yearly review		180	160
Out of pocket expenses		30	29
Other certifications		71	61
		1,500	1,400
Workers' (Profit) Participation Fund	8.2	420,417	304,920
Workers' Welfare Fund		156,626	113,598
		578,543	419,918
27 FINANCE COST			
Interest and other charges on long and short term borrowings- Conventional banks		387,559	550,967
Interest on Workers' Profit Participation Fund		242	643
Exchange losses - net		98,658	139,696
Bank charges and commission - Conventional banks		16,887	14,721
		503,346	706,027
28 OTHER OPERATING INCOME			
Income from financial assets			
Income from deposits, advance and investments			
- Conventional banks		136,007	155,019
- Islamic banks		18,390	-
Gain on re-measurement of investments classified as fair value through profit or loss -held for trading			
- Conventional funds		55,353	16,087
- Islamic funds		1,514	-
		211,264	171,106
Income from non financial assets			
Gain on disposal of property, plant and equipment		1,952	3,957
Other income		55,582	16,323
		268,798	191,386
29 IMPAIRMENT LOSS			
Loss on property, plant and equipment		979,504	-
Less: Insurance claim receivable		(979,504)	-
		-	-

Notes to the Financial Statements for the year ended 30 June 2016

On 29 May 2016 the CF Silo of one of cement manufacturing lines having capacity of 7,200 tons per day (Line II) of the Company was collapsed. As a result the coal mill of line II, a substation of coal mill of line I (having capacity of 3,700 MT clinker per day) and some equipment of raw milling area of line II were destroyed. The carrying value of these assets have been de-recognized.

The Company had insured the above assets under machinery break-down policy and have lodged a claim of Rs. 1,466 million out of which a claim of Rs. 313 million has not been acknowledged by the insurers pertaining to civil work. Other than this, the claim for this event has not been disputed by the insurers and the Company has an unconditional right under the insurance contract to claim the compensation for the loss. Further, subsequent to the balance sheet date the insurers have already paid partial compensation of Rs. 300 million out of the claim amount to enable the Company to procure the machinery and the balance of the insurance claim amount will be released to the Company as and when the Company incurs the expense for replacement and rehabilitation of the plant. Since the management is in process of determining the eventual cost of replacement and rehabilitation which will form the basis of final amount of insurance claim, the compensation receivable from the insurance company has been recognized to the extent of carrying value of assets destroyed.

30 TAXATION	2016 Rupees'000	2015 Rupees'000
Current		
For the year	2,372,334	933,765
Prior year	(385)	(76)
	2,371,949	933,689
Deferred	92,157	630,037
	2,464,106	<u>1,563,726</u>
Accounting profit for the year (Rupees '000)	7,831,306	5,679,891
Applicable tax rate	32%	33%
Income tax at applicable rate (Rupees '000)	2,506,018	1,874,364
Tax effect of change in proportion of export sales to local sales (Rupees '000)	-	441,135
Tax effect of change in tax rate (Rupees '000)	-	(529,290)
Tax effect of income taxable at lower rates (Rupees '000)	(250,162)	(347,936)
Tax effect of permanent differences (Rupees '000)	4,952	432
Effect of super tax	203,683	125,098
Prior year charge	(385)	(76)
	2,464,106	<u>1,563,726</u>

30.1 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

Notes to the Financial Statements for the year ended 30 June 2016

the Company was rejected by the Commissioner Inland Revenue (Appeals) accordingly additions amounting to Rs. 19.27 million and credit claimed amounting to Rs 1.3 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.

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. The Company filed appeal before Appellate Tribunal. The Appellate Tribunal set aside the appeal by allowing the expenses to the extent reconciled with payments of advance tax at import stage and balance to verify. The Department has filed a reference to the Islamabad High Court against the order of Appellate Tribunal.

For Tax Year 2014 DCIR conducted the audit of income tax affairs of the Company and raised, subsequent to the year end, income tax demand amounting to Rs. 269 million which is mainly related to Alternate Corporate Tax. DCIR has recalculated the accounting profit of the Company after adjustment of certain disallowances and accordingly recalculated the liability of Alternate Corporate Tax. The Company has filed appeal before the Commissioner Inland Revenue (Appeals) and the case is not yet fixed for hearing.

Tax returns filed by the Company for Tax Years 2013 and 2015 stand assessed in terms of Section 120 of the Income Tax Ordinance, 2001. 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.

The Company filed appeal before Commissioner Inland Revenue (Appeal) 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

Notes to the Financial Statements for the year ended 30 June 2016

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.

The DCIR has levied sales tax along with the default surcharge amounting to Rs. 14.9 million on sale of motor vehicles and proceeds from insurance claim against loss of machinery during financial year 2015. The Company has filed appeal before the Commissioner Inland Revenue (Appeals) and the case is not yet fixed for hearing.

The DCIR has conducted audit of sales tax affairs of the Company for the period from 01 July 2013 to 30 June 2014 and has disallowed input sales tax amounting to Rs. 0.59 million on brustage of paper bags and levied additional sales tax amounting to Rs. 309 million on a purchase made from an unregistered person the amount of which was not entered in the sales tax return correctly due to glitch in the software system of FBR.. The Company has filed appeal before the Commissioner Inland Revenue (Appeals) and the case is not yet fixed for hearing.

31 EARNINGS PER SHARE	2016	2015
31.1 Basic		
Profit after taxation (Rupees '000)	5,367,200	4,116,165
Less: Dividend on preference shares (Rupees '000)	-	(240,785)
Profit attributable to ordinary shareholders (Rupees '000)	5,367,200	3,875,380
Weighted average number of ordinary shares (Numbers'000)	1,347,349	1,331,116
Earnings per share - basic (Rupees)	3.98	2.91
31.2 Diluted		
Profit attributable to ordinary shareholders (Rupees '000)	5,367,200	3,875,380
Weighted average number of ordinary shares (Numbers'000)	1,347,349	1,331,116
Adjustment for conversion of preference shares (Numbers'000)	16,233	-
Weighted average number of ordinary shares in issue during the year (Numbers '000)	1,363,582	1,331,116
Earnings per share - diluted (Rupees)	3.94	2.91

Notes to the Financial Statements for the year ended 30 June 2016

32 CASH AND CASH EQUIVALENTS	Note	2016 Rupees'000	2015 Rupees'000
Cash and bank balances	21	1,665,579	2,296,603
Short term borrowings	9	(78,037)	(5,758)
		<u>1,587,542</u>	<u>2,290,845</u>

33 REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts recognised during the year on account of remuneration, including benefits and perquisites, are as follows:

	Managing Director		Executives	
	2016	2015	2016	2015
	Rupees'000			
Managerial remuneration	16,474	15,175	301,055	213,829
Bonus	3,421	2,975	141,896	116,584
Provident fund	584	510	17,079	12,102
Compensated absences	818	755	10,867	7,113
Utilities and upkeep	508	944	40,870	31,880
	<u>21,805</u>	<u>20,359</u>	<u>511,767</u>	<u>381,508</u>
Number of persons	1	1	194	126

33.1 In addition, the Managing Director and executives were provided with free medical facilities and Company's maintained cars as per Company's policy.

33.2 Meeting fee of non-executive directors charged during the year was Rs. 2.5 million (2015: Rs. 2.8 million) and number of non-executive directors at year end were 8 (2015: 8).

34 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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

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

Notes to the Financial Statements for the year ended 30 June 2016

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

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

Notes to the Financial Statements for the year ended 30 June 2016

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

On-balance sheet financial instruments	Note	Carrying amount		Fair value					
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2016									
Financial assets measured at fair value									
Short term investments		1,324,485	-	-	1,324,485	1,324,485	-	-	1,324,485
Financial assets not measured at fair value 34.2									
Long term advance		-	-	-	-	-	-	-	-
Long term deposit	13	-	86,601	-	86,601	-	-	-	-
Trade debts - net of provision	16	-	569,101	-	569,101	-	-	-	-
Advances		-	900	-	-	-	-	-	-
Deposits	18	-	9,224	-	9,224	-	-	-	-
Interest accrued		-	4,447	-	4,447	-	-	-	-
Other receivables	19	-	982,562	-	982,562	-	-	-	-
Cash and bank balances	21	-	1,665,579	-	1,665,579	-	-	-	-
		-	3,318,414	-	3,317,514	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing - secured	6 & 34.2	-	-	4,015,177	4,015,177	-	-	-	-
Creditors	8 & 34.2	-	-	117,959	117,959	-	-	-	-
Accrued liabilities	8 & 34.2	-	-	645,138	645,138	-	-	-	-
Retention money	8 & 34.2	-	-	40,828	40,828	-	-	-	-
Security deposits	8 & 34.2	-	-	104,409	104,409	-	-	-	-
Other liabilities	8 & 34.2	-	-	107,588	107,588	-	-	-	-
Unclaimed dividend	8 & 34.2	-	-	23,881	23,881	-	-	-	-
Dividend payable on preference shares	8 & 34.2	-	-	-	-	-	-	-	-
Compensated absences	8 & 34.2	-	-	13,097	13,097	-	-	-	-
Markup accrued	34.2	-	-	76,265	76,265	-	-	-	-
Short term borrowings - secured	34.2	-	-	78,037	78,037	-	-	-	-
		-	-	5,222,379	5,222,379	-	-	-	-

Notes to the Financial Statements for the year ended 30 June 2016

On-balance sheet financial instruments	Note	Carrying amount		Fair value					
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2015									
Rupees '000									
Financial assets measured at fair value									
Short term investments		300,211	-	-	300,211	300,211	-	-	300,211
Financial assets not measured at fair value									
Long term advance		-	1,800	-	1,800	-	-	-	-
Long term deposit	13	-	86,601	-	86,601	-	-	-	-
Trade debts - net of provision	16	-	566,141	-	566,141	-	-	-	-
Deposits	18	-	7,005	-	7,005	-	-	-	-
Interest accrued	19	-	3,902	-	3,902	-	-	-	-
Other receivables		-	6,039	-	6,039	-	-	-	-
Cash and bank balances	21	-	2,296,603	-	2,296,603	-	-	-	-
		-	2,968,091	-	2,968,091	-	-	-	-
Financial liabilities not measured at fair value									
Long term financing - secured	6 & 34.2	-	-	6,535,512	6,535,512	-	-	-	-
Creditors	8 & 34.2	-	-	157,147	157,147	-	-	-	-
Accrued liabilities	8 & 34.2	-	-	875,441	875,441	-	-	-	-
Retention money	8 & 34.2	-	-	123,121	123,121	-	-	-	-
Security deposits	8 & 34.2	-	-	90,940	90,940	-	-	-	-
Other liabilities	8 & 34.2	-	-	95,170	95,170	-	-	-	-
Unclaimed dividend	8 & 34.2	-	-	19,575	19,575	-	-	-	-
Dividend payable on preference shares	8 & 34.2	-	-	240,785	240,785	-	-	-	-
Compensated absences	8 & 34.2	-	-	8,807	8,807	-	-	-	-
Markup accrued	34.2	-	-	144,013	144,013	-	-	-	-
Short term borrowings - secured	34.2	-	-	5,758	5,758	-	-	-	-
		-	-	8,296,269	8,296,269	-	-	-	-

Notes to the Financial Statements for the year ended 30 June 2016

- 34.2** The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 34.3** The Company has exposure to the credit risk, market risk and liquidity risk from its use of financial instruments.

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.

34.4 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, Short term investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

The Company's credit risk exposures is categorized under the following headings:

Trade debts and other receivables

The Company's exposure to credit risk is influenced mainly by the individual's characteristics of each customers/dealers. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment terms and conditions are offered. Credit limits are established for each customer, which are regularly reviewed and approved by the management. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Notes to the Financial Statements for the year ended 30 June 2016

Concentration of credit risk

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2016	2015
	(Rupees' 000)	
From Government institutions	86,601	88,401
Banks and financial institutions	4,014,003	2,600,542
Others	540,940	579,185
	4,641,544	3,268,128

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.

Credit quality of trade debtors

The credit quality of the Company's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

Trade debts	2016	2015
	Rupees' 000	
Counterparties without external credit ratings existing customers with no default in the past	569,101	566,141

Impairment losses

The aging of trade debts at the reporting date was:

	2016		2015	
	Gross Impairment		Gross Impairment	
	Rupees' 000		Rupees' 000	
Past due 1-30 days	325,729	-	407,819	-
Past due 31-60 days	106,215	-	95,450	-
Past due 61-90 days	76,285	-	21,446	-
Over 90 days	64,153	3,281	44,707	3,281
	572,382	3,281	569,422	3,281

Notes to the Financial Statements for the year ended 30 June 2016

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

	2016 Rupees '000	2015
Balance at 1 July	3,281	3,281
Impairment loss adjustment	-	-
Balance at 30 June	3,281	3,281

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.

Cash at Bank

The Company held cash at bank of Rs. 1,665 million as at 30 June 2016 (2015: Rs. 2,296 million). Cash at bank is held with banks and financial institution, which are rated A-2 to A1+ based on PACRA rating.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2016 Rupees '000	2015
Long term advance		-	900
Long term deposits	13	86,601	86,601
Trade debts - net of provision	16	569,101	566,141
Advance		900	900
Deposits	18	9,224	7,005
Interest accrued		4,447	3,902
Other receivables	19	982,562	6,039
Short term investments	20	1,324,485	300,211
Bank balances	21	611,094	2,296,429
		3,588,414	3,268,128

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. 185 million (2015: Rs. 125 million) was outstanding and which is included in total carrying amount of trade debtors as at 30 June 2016.

Notes to the Financial Statements for the year ended 30 June 2016

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 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.

	2016 (Rupees' 000)	2015
Long term advance		
Counterparties with external credit ratings of A+	-	1,800
Long term deposit		
Counterparties with external credit ratings of A+	25,011	25,011
Counterparties without external credit ratings	61,590	61,590
Deposits		
Counterparties without external credit ratings	9,224	7,005
Interest accrued		
Counterparties with external credit ratings A-2 to A1+	4,447	3,902
Other receivables		
Counterparties with external credit ratings AA+ to A1+	1,021,854	1,907
Counterparties without external credit ratings	(39,292)	4,132
Short term investments		
Counterparties without external credit ratings AA(f) to A(f)	1,324,485	300,211
Bank balances		
Counterparties without external credit ratings	611,094	2,296,429

34.5 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.

Notes to the Financial Statements for the year ended 30 June 2016

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
2016	Rupees '000						
Long term loans and mark-up accrued	4,088,398	(4,310,212)	(1,286,362)	(1,367,357)	(506,741)	(1,043,807)	(105,945)
Trade and other payables	1,052,900	1,052,900	1,052,900	-	-	-	-
Short term borrowings	78,037	78,037	78,037	-	-	-	-
	<u>5,219,335</u>	<u>(3,179,275)</u>	<u>(155,425)</u>	<u>(1,367,357)</u>	<u>(506,741)</u>	<u>(1,043,807)</u>	<u>(105,945)</u>
2015							
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	5,758	(5,758)	(5,758)	-	-	-	-
	<u>8,276,913</u>	<u>(8,844,173)</u>	<u>(3,063,094)</u>	<u>(1,356,833)</u>	<u>(2,697,211)</u>	<u>(1,393,863)</u>	<u>(333,172)</u>

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

The maturity analysis of cross currency swap reflects the cash flow associated with derivatives which are cash flow hedges that are expected to occur and impact profit and loss account.

34.5.1 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.

34.6 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.

34.6.1 Foreign Currency risk

The PKR is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than PKR. The Company's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items; and
- Transactional exposure in respect of non functional currency expenditure and revenues.

Notes to the Financial Statements for the year ended 30 June 2016

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as part of overall risk management strategy. The Company does not enter into forward exchange contracts.

	2016		2015	
	Rupees '000	USD '000	Rupees '000	USD '000
Long term loan	1,532,997	14,628	2,979,689	29,256
Trade and other payables	104,800	1,000	207,672	2,039

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate	
	2016	2015	2016	2015
US Dollars	103.33	100.3	104.80	101.85

Sensitivity

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

	2016		2015	
	Profit or loss Gross exposure	Net of tax exposure	Profit or loss Gross exposure	Net of tax exposure
	Rupees '000			
Long term loan	49,134	33,411	95,622	64,067

A 3% decrease in exchange rate would have had an equal but opposite effect to the amount shown above. The above mentioned risk is mitigated through derivative financial instrument.

34.6.2 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:

Notes to the Financial Statements for the year ended 30 June 2016

	2016	2015	Carrying Amount	
			2016	2015
	Effective interest rates		Rupees '000	
<u>Fixed rate instruments</u>				
Financial assets	4.6% - 7.38%	5.25% - 9%	570,445	2,186,412
<u>Variable rate instruments</u>				
	2016	2015		
	Effective interest rates			
Financial liabilities	6 month's KIBOR + 0.40% to 1%	6 month's KIBOR + 0.40% to 1%	4,093,214	6,541,270

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 2015.

	Profit or loss	
	100 basis points increase	100 basis points decrease
	Rupees '000	
Cash flow sensitivity (net)		
Variable rate instruments 30 June 2016	(12,802)	12,802
Variable rate instruments 30 June 2015	(19,001)	19,001

34.6.3 Market price risk

For investments at fair value through profit or loss-held for trading a 3% increase/decrease in market price at reporting date would have increased/decreased profit for the year by Rs. 40 million (2015: Rs. 9 million).

Sensitivity analysis – equity price risk

For quoted investments classified as held for trading, a 1 percent increase in market price at reporting date would have increased profit or loss by Rs. 1,324 (2015: Rs. 300) thousand; an equal change in the opposite direction would have decreased profit or loss by the same amount. The analysis is performed on the same basis for 2015 and assumes that all other variables remain the same.

Notes to the Financial Statements for the year ended 30 June 2016

	Level 1	Level 2	Level 3
	Rupees '000		
Assets carried at fair value			
2016			
Financial assets at fair value			
through profit or loss - held for trading	1,324,485	-	-
2015			
Financial assets at fair value			
through profit or loss - held for trading	300,211	-	-

The carrying value of financial assets and liabilities reflected in unconsolidated financial statements approximate their respective fair values.

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.

34.7 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.

Notes to the Financial Statements for the year ended 30 June 2016

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.

35 RELATED PARTY TRANSACTIONS AND BALANCES

Fauji Foundation holds 39.40% (2015: 35.87%) ordinary 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 and transactions with related parties are shown in note 4, 8.1, 18.1 and 25.1 to the financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these financial statements are as follows:

	2016 Rupees'000	2015 Rupees'000
Transactions and balances with associated undertakings/ companies due to common directorship		
- Sale of cement	12,085	8,431
- Payment for use of medical facilities	328	404
- Payment on account of clearance of shipments	498	178
- Preference dividend paid	240,785	227,408
- Dividend paid on ordinary shares	2,120,377	1,095,852
- Payment of rent and utilities	11,672	13,403
- Balance at Askari Bank Limited (AKBL) - deposit account	407	578
- Profit received from deposit account (AKBL)	68	97
- Investment made in Askari Investment Management Limited (AIML)	853,952	-
- Bonus units / dividend received from investment in AIML	3,993	-
- Investment matured during the year from AIML	655,954	-
- Unrealized gain from investment at AIML	26	-
- Balance at AIML - mutual fund	202,017	-
Employees Funds		
- Payments made into the fund	35,721	36,321
Others		
- Remuneration to key management personnel (other than Managing Director)	69,418	52,504

Notes to the Financial Statements for the year ended 30 June 2016

36 PLANT CAPACITY AND ACTUAL PRODUCTION	2016	2015 Metric Tons
Current installed capacity	<u>3,433,500</u>	3,433,500
Actual production	<u>2,822,230</u>	<u>2,565,547</u>

Difference is due to supply demand situation of the market.

37 EMPLOYEES PROVIDENT FUND TRUST

Size of the Fund (Rupees'000)	<u>453,593</u>	<u>394,793</u>
Cost of investments made (Rupees'000)	<u>394,274</u>	<u>348,328</u>
Percentage of investments made (%)	<u>86.92</u>	<u>88.23</u>
Fair value of investments (Rupees'000)	<u>422,066</u>	<u>369,988</u>

Breakup of investments is as follows:

	2016		2015	
	Rupees'000	% of full	Rupees'000	% of full
NSC Saving Certificates	227,893	58	17,893	5
Term deposits in different banks	400	-	183,000	53
Term finance certificates	4,990	1	25,935	7
Mutual funds	160,991	41	121,500	35
	<u>394,274</u>	<u>100</u>	<u>348,328</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.

38 GENERAL

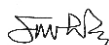
38.1 Facilities of letters of guarantee and letters of credit

Facilities of letters of guarantee and letters of credit amounting to Rs. 315 million and Rs. 2,900 million (2015: Rs. 315 million and Rs. 3,250 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.

38.2 Number of persons employed

	2016 Numbers	2015 Numbers
Employees at year end (Numbers)	1,259	1,241
Average employees during the year (Numbers)	1,250	1,194

38.3 These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 28th October 2016.



Chief Executive



Director

Pattern of Share-holding

No. of Shareholders	Share Holding		Total Shares Held
	From	To	
348	1	100	12,035
1425	101	500	675,017
1688	501	1,000	1,661,177
2949	1,001	5,000	8,936,515
1118	5,001	10,000	9,344,919
440	10,001	15,000	5,797,085
340	15,001	20,000	6,430,181
233	20,001	25,000	5,557,639
146	25,001	30,000	4,210,465
77	30,001	35,000	2,558,930
99	35,001	40,000	3,870,739
48	40,001	45,000	2,087,744
151	45,001	50,000	7,487,861
23	50,001	55,000	1,225,050
32	55,001	60,000	1,882,500
22	60,001	65,000	1,388,768
41	65,001	70,000	2,815,557
32	70,001	75,000	2,375,764
26	75,001	80,000	2,065,500
22	80,001	85,000	1,838,642
17	85,001	90,000	1,499,570
9	90,001	95,000	841,000
121	95,001	100,000	12,083,200
11	100,001	105,000	1,140,970
12	105,001	110,000	1,307,500
10	110,001	115,000	1,131,775
7	115,001	120,000	828,000
20	120,001	125,000	2,480,748
10	125,001	130,000	1,284,040
7	130,001	135,000	939,000
6	135,001	140,000	821,500
4	140,001	145,000	573,000
28	145,001	150,000	4,187,500
3	150,001	155,000	458,701
4	155,001	160,000	631,917
3	160,001	165,000	486,490
2	165,001	170,000	340,000
5	170,001	175,000	875,000
7	175,001	180,000	1,246,130
3	180,001	185,000	551,000
1	185,001	190,000	185,500
4	190,001	195,000	778,000
24	195,001	200,000	4,793,500
6	200,001	205,000	1,221,723
4	205,001	210,000	833,000
4	210,001	215,000	860,000
5	215,001	220,000	1,084,040
7	220,001	225,000	1,570,500
1	225,001	230,000	228,000
4	230,001	235,000	930,500
1	235,001	240,000	239,000
6	240,001	245,000	1,463,500
10	245,001	250,000	2,494,500

No. of Shareholders	Share Holding		Total Shares Held
	From	To	
4	250,001	255,000	1,004,841
3	255,001	260,000	769,500
5	260,001	265,000	1,321,500
3	265,001	270,000	803,000
4	270,001	275,000	1,095,500
2	275,001	280,000	554,500
1	280,001	285,000	285,000
13	295,001	300,000	3,896,500
2	300,001	305,000	609,000
2	305,001	310,000	613,000
1	310,001	315,000	315,000
2	315,001	320,000	637,700
2	320,001	325,000	642,500
4	325,001	330,000	1,314,000
1	330,001	335,000	330,209
1	340,001	345,000	341,000
9	345,001	350,000	3,145,000
2	350,001	355,000	708,000
1	355,001	360,000	357,500
5	370,001	375,000	1,866,970
3	375,001	380,000	1,135,500
1	380,001	385,000	383,500
2	390,001	395,000	787,000
11	395,001	400,000	4,393,000
2	400,001	405,000	810,000
2	405,001	410,000	814,000
2	410,001	415,000	822,000
1	435,001	440,000	437,500
1	440,001	445,000	445,000
3	445,001	450,000	1,345,350
1	450,001	455,000	451,600
1	470,001	475,000	470,500
1	475,001	480,000	476,000
1	480,001	485,000	480,500
1	485,001	490,000	488,000
12	495,001	500,000	5,996,500
1	500,001	505,000	500,500
1	505,001	510,000	510,000
1	515,001	520,000	520,000
2	520,001	525,000	1,050,000
3	525,001	530,000	1,586,303
2	540,001	545,000	1,086,500
4	545,001	550,000	2,197,000
1	570,001	575,000	575,000
1	585,001	590,000	590,000
1	590,001	595,000	590,500
3	595,001	600,000	1,800,000
2	605,001	610,000	1,216,000
1	625,001	630,000	626,500
1	630,001	635,000	633,000
1	645,001	650,000	650,000
1	650,001	655,000	650,100
1	655,001	660,000	655,500
2	665,001	670,000	1,339,100

No. of Shareholders	Share Holding		Total Shares Held
	From	To	
1	670,001	675,000	675,000
1	680,001	685,000	684,800
1	695,001	700,000	700,000
1	700,001	705,000	701,000
1	720,001	725,000	721,500
3	745,001	750,000	2,240,064
1	750,001	755,000	755,000
1	770,001	775,000	774,000
1	790,001	795,000	795,000
3	795,001	800,000	2,400,000
1	815,001	820,000	816,294
1	825,001	830,000	826,183
2	865,001	870,000	1,735,050
1	875,001	880,000	880,000
2	895,001	900,000	1,800,000
1	925,001	930,000	926,500
1	945,001	950,000	947,000
1	955,001	960,000	958,631
7	995,001	1,000,000	7,000,000
1	1,000,001	1,005,000	1,004,500
1	1,010,001	1,015,000	1,015,000
3	1,025,001	1,030,000	3,078,450
2	1,040,001	1,045,000	2,086,000
1	1,045,001	1,050,000	1,050,000
1	1,100,001	1,105,000	1,100,250
1	1,105,001	1,110,000	1,106,500
1	1,110,001	1,115,000	1,111,300
1	1,145,001	1,150,000	1,150,000
1	1,150,001	1,155,000	1,151,000
1	1,170,001	1,175,000	1,175,000
1	1,195,001	1,200,000	1,196,000
1	1,205,001	1,210,000	1,205,020
1	1,225,001	1,230,000	1,225,500
1	1,245,001	1,250,000	1,250,000
1	1,280,001	1,285,000	1,284,500
1	1,295,001	1,300,000	1,297,000
1	1,305,001	1,310,000	1,306,000
2	1,335,001	1,340,000	2,676,500
1	1,345,001	1,350,000	1,347,365
1	1,400,001	1,405,000	1,401,000
1	1,435,001	1,440,000	1,440,000
1	1,460,001	1,465,000	1,461,000
4	1,495,001	1,500,000	6,000,000
1	1,505,001	1,510,000	1,510,000
1	1,540,001	1,545,000	1,540,500
2	1,595,001	1,600,000	3,200,000
1	1,720,001	1,725,000	1,723,000
1	1,735,001	1,740,000	1,739,500
2	1,795,001	1,800,000	3,600,000
1	1,830,001	1,835,000	1,833,000
1	1,835,001	1,840,000	1,840,000
1	1,885,001	1,890,000	1,889,500
7	1,995,001	2,000,000	13,999,500
1	2,050,001	2,055,000	2,052,500

No. of Shareholders	Share Holding		Total Shares Held
	From	To	
2	2,140,001	2,145,000	4,284,000
1	2,195,001	2,200,000	2,200,000
1	2,410,001	2,415,000	2,413,000
1	2,435,001	2,440,000	2,436,500
1	2,440,001	2,445,000	2,442,502
1	2,485,001	2,490,000	2,486,500
3	2,495,001	2,500,000	7,500,000
1	2,535,001	2,540,000	2,536,867
1	2,930,001	2,935,000	2,934,876
1	3,115,001	3,120,000	3,116,000
1	3,285,001	3,290,000	3,286,000
1	3,330,001	3,335,000	3,333,500
1	3,335,001	3,340,000	3,340,000
1	3,355,001	3,360,000	3,360,000
1	3,360,001	3,365,000	3,361,000
1	3,395,001	3,400,000	3,400,000
1	3,890,001	3,895,000	3,891,500
1	4,025,001	4,030,000	4,029,352
1	4,240,001	4,245,000	4,244,000
1	4,255,001	4,260,000	4,256,000
1	4,545,001	4,550,000	4,546,500
1	4,575,001	4,580,000	4,576,500
1	4,970,001	4,975,000	4,970,250
1	5,095,001	5,100,000	5,096,500
1	5,100,001	5,105,000	5,104,500
1	5,200,001	5,205,000	5,204,000
1	5,255,001	5,260,000	5,256,000
1	6,555,001	6,560,000	6,555,500
1	6,670,001	6,675,000	6,673,000
1	6,860,001	6,865,000	6,863,750
1	7,475,001	7,480,000	7,477,500
1	7,560,001	7,565,000	7,563,054
1	7,955,001	7,960,000	7,958,100
1	8,295,001	8,300,000	8,300,000
1	8,735,001	8,740,000	8,736,500
1	9,785,001	9,790,000	9,790,000
1	10,455,001	10,460,000	10,456,500
1	13,460,001	13,465,000	13,463,560
1	14,495,001	14,500,000	14,500,000
1	14,655,001	14,660,000	14,657,000
1	15,195,001	15,200,000	15,200,000
1	15,810,001	15,815,000	15,810,500
2	18,745,001	18,750,000	37,500,000
1	19,095,001	19,100,000	19,097,500
1	19,790,001	19,795,000	19,791,000
1	21,440,001	21,445,000	21,441,000
1	23,930,001	23,935,000	23,933,000
1	27,560,001	27,565,000	27,563,500
1	27,715,001	27,720,000	27,716,000
1	28,465,001	28,470,000	28,647,500
1	48,695,001	48,700,000	48,699,187
1	93,745,001	93,750,000	93,750,000
1	494,950,001	494,955,000	494,951,055
9,905			1,379,815,025

CATEGORIES WISE SHAREHOLDING

as at June 30, 2016

<u>Ser #</u>	<u>Shareholder's Category</u>	<u>No of Shareholders</u>	<u>Share Held</u>	<u>Percentage</u>
1	Directors, Chief Executive Officers, and their spouse and minor children	10	547,857	0.0397%
2	Associated Companies, undertakings and Related Parties (Parent Company)	5	674,900,242	48.9124%
3	NIT and ICP	0	0	0.0000%
4	Banks Development Financial Institutions, Non Banking Financial Institutions	25	51,153,000	3.7072%
5	Insurance Companies	21	60,153,916	4.3596%
6	Modarabas and Mutual Funds	59	66,538,012	4.8222%
7	General Public			
	a. Local		358,584,036	25.9878%
	b. Foreign	9,548	267,000	0.0194%
8	Others (to be specified)			
	a. Investment Companies	5	372,500	0.0270%
	b. Joint Stock Companies	129	62,227,583	4.5098%
	c. Pension Funds	8	8,878,376	0.6434%
	d. Foreign Companies	45	91,149,584	6.6059%
	e. Others	50	5,042,919	0.3655%
	Total	9,905	1,379,815,025	100.0000%
9	Share holders holding => 10% or more of the total capital (Committee of Admin Fauji Foundation)		543,650,242	39.4002%

FINANCIAL CALENDAR

The Company follows the period of 1 July 2016 to 30 June 2017 as the Financial Year.

Financial Result will be announced as per the following tentative schedule:-

a.	First Quarter Ending September 30, 2016	Last week of October 2016
b.	Secind Quarter Ending December 31, 2016	Last week of February 2017
c.	Third Quarter Ending March 31, 2017	Last week of April 2017
d.	Year Ending June 30, 2017	Last Week of September 2017
f.	Annual General Meeting	Thursday, October 26, 2017

Ser	Name	No. of Shares Held
1	<u>Directors and their Spouse and Minor Children (Name Wise Detail):</u>	547,857
a.	MR. QAISER JAVED	1
b.	DR. NADEEM INAYAT	1
c.	LT GEN SARDAR MAHMOOD ALI KHAN (RETD), HI(M)	1
d.	MAJ GEN MUHAMMAD FAROOQ IQBAL (RETD), HI(M)	1
e.	LT GEN KHALID NAWAZ KHAN (RETD), HI(M), SITARA-I-ESAR	1
f.	MAJ GEN SYED JAMAL SHAHID (RETD), HI (M)	1
g.	BRIG RAASHID WALI JANJUA (RETD), SI (M)	1
h.	MR. PERVEZ INAM (CDC)	446,350
i.	MR. JAWAID IQBAL (CDC)	7,500
j.	BRIG ASMAT ULLAH KHAN NIAZI (RETD) SI(M)	500
k.	MRS. YASMEEN PERVEZ W/O MR. PERVEZ INAM (CDC)	93,500
2	Associated Companies, Undertakings and Related Parties	674,900,242
a.	COMMITTEE OF ADMIN. FAUJI FOUNDATION (CDC)	494,951,055
b.	FAUJI FOUNDATION	48,699,187
c.	FAUJI FERTILIZER BIN QASIM LIMITED	18,750,000
d.	FAUJI OIL TERMINAL & DISTRIBUTION	18,750,000
e.	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000
3	NIT and ICP	Nil
4	Banks, Development Finance Institutions, Non Banking Finance Companies,	51,153,000
5	Insurance Companies	60,153,916
6	Modarabas and Mutual Funds	66,538,012
7	Genral Public (Local+ Foreign)	358,851,036
8	Others (to be specified)	167,670,962
a.	INVESTMENT COMPANIES	372,500
b.	JOINT STOCK COMPANIES	62,227,583
c.	PENSION FUNDS	8,878,376
d.	FOREIGN COMPANIES	91,149,584
e.	OTHERS	5,042,919
	Total Paid Up capital	1,379,815,025
9	Shareholders holding ten percent(10%) or more voting interest in the listed company	
a.	COMMITTEE OF ADMIN. FAUJI FOUNDATION	543,650,242
10	Shareholders holding five percent (5%)or more voting interest in the listed company	
b.	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000

Catagories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2016

Ser	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	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
		674,900,242	4891.2371%

Mutual Funds (Name Wise Detail)

1	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT (CDC)	38,000	0.0028
2	CDC - TRUSTEE AKD INDEX TRAKER FUND (CDC)	159,250	0.0115
3	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	5,256,000	0.3809
4	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	958,631	0.0695
5	CDC -TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	112,000	0.0081
6	CDC -TRUSTEE ALFALAH GHP INCOME FUND - MT (CDC)	3,500	0.0003
7	CDC -TRUSTEE ALFALAH GHP INCOME MULTIPIER FUND - MT (CDC)	1,500	0.0001
8	CDC -TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	55,000	0.0040
9	CDC -TRUSTEE ALFALAH GHP STOCK FUND (CDC)	123,000	0.0089
10	CDC -TRUSTEE ALFALAH GHP VALUE FUND (CDC)	19,000	0.0014
11	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	185,000	0.0134
12	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	329,000	0.0238
13	CDC - TRUSTEE ASKARI HIGH YEILD SECHME - MT (CDC)	248,500	0.0180
14	CDC - TRUSTEE ATLAS INCOME FUND - MT (CDC)	548,500	0.0398
15	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	1,510,000	0.1094
16	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	2,500,000	0.1812
17	CDC - TRUSTEE DAWOOD ISLAMIC FUND (CDC)	50,000	0.0036
18	CDC - TRUSTEE FAYSAL SAVING GROWTH FUND - MT (CDC)	215,500	0.0156
19	CDC - TRUSTEE FRIST CAPITAL MUTUAL FUND (CDC)	70,500	0.0051
20	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND (CDC)	50,000	0.0036
21	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND (CDC)	147,500	0.0107
22	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	40,000	0.0029
23	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	816,294	0.0592
24	CDC - TRUSTEE LAKSON EQUITY FUND (CDC)	526,470	0.0382
25	CDC - TRUSTEE LAKSON INCOME FUND - MT (CDC)	500	0.0000
26	CDC - TRUSTEE LAKSON TACTICAL FUND (CDC)	96,500	0.0070
27	CDC - TRUSTEE MCB DCF INCOME FUND (CDC)	46,000	0.0033
28	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	100,000	0.0072
29	CDC - TRUSTEE MEEZAN BANALCED FUND (CDC)	2,436,500	0.1766
30	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	27,563,500	1.9976
31	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT (CDC)	26,000	0.0019
32	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	655,500	0.0475
33	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND (CDC)	2,486,500	0.1802
34	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I (CDC)	270,500	0.0196
35	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II (CDC)	392,000	0.0284
36	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND (CDC)	1,723,000	0.1249
37	CDC - TRUSTEE NAFA MULTI ASSET FUND (CDC)	100,000	0.0072
38	CDC - TRUSTEE NAFA STOCK FUND (CDC)	4,576,500	0.3317
39	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	2,536,867	0.1839
40	CDC - TRUSTEE NIT INCOME FUND - MT (CDC)	548,500	0.0398

Ser	Name	No. of Shares Held	Percentage
41	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	4,244,000	0.3076
42	CDC - TRUSTEE NIT-EQUITY MARKET OPPRTUNITY FUND (CDC)	3,361,000	0.2436
43	CDC - TRUSTEE PICIC INCOME FUND - MT (CDC)	411,500	0.0298
44	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND (CDC)	125,000	0.0091
45	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT (CDC)	193,000	0.0140
46	CDC-TRUSTEE NITIPF EQUITY SUB-FUND (CDC)	100,000	0.0072
47	CDC-TRUSTEE NITPF EQUITY SUB-FUND (CDC)	90,000	0.0065
48	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND (CDC)	30,000	0.0022
49	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND (CDC)	25,000	0.0018
50	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRERESSIVE FUND (CDC)	50,000	0.0036
51	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCED FUND (BF) (CDC)	50,000	0.0036
		66,201,012	4.7978

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

1	MR. QAISER JAVED	1	0.0000
2	DR. NADEEM INAYAT	1	0.0000
3	LT GEN SARDAR MAHMOOD ALI KHAN HI(M) (RETD)	1	0.0000
4	MAJ GEN MUHAMMAD FAROOQ IQBAL (RETD)	1	0.0000
5	LT GEN KHALID NAWAZ KHAN (RETD)	1	0.0000
6	MAJ GEN SYED JAMAL SHAHID HI (M) (RETD)	1	0.0000
7	BRIG RAASHID WALI JANJUA SI (M) (RETD)	1	0.0000
8	MR. PERVEZ INAM (CDC)	446,350	0.0323
9	MR. JAWAID IQBAL (CDC)	7,500	0.0005
10	BRIG ASMAT ULLAH KHAN NIAZI (RETD)	500	0.0000
11	MRS. YASMEEN PERVEZ W/O MR. PERVEZ INAM (CDC)	93,500	0.0068
		547,857	0.0397

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

120,522,292 8.7347%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)**

1	COMMITTEE OF ADMIN. FAUJI FOUNDATION	543,650,242	39.4002
2	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000	6.7944
		637,400,242	4619.4615%

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	MAJ GEN SYED JAMAL SHAHID (RETD) ,HI(M)	0	1
2	BRIG ASMAT ULLAH KHAN NIAZI(RETD) ,SI(M)	0	500
3	BRIG RAASHID WALI JANJUA (RETD) SI(M)	0	1
4	MR. JAWAID IQBAL	0	7,500

NOTICE OF 24TH ANNUAL GENERAL MEETING

Notice is hereby given that **24th Annual General Meeting** of the shareholders of Fauji Cement Company Limited (FCCL) will be held at Hotel Pearl Continental The Mall, Rawalpindi, on **30th November 2016 (Wednesday) at 10:00 a.m** to transact the following business:-

ORDINARY BUSINESS

1. To confirm the Minutes of 9th Extra Ordinary General Meeting held on 4th December 2015.
2. To consider and adopt the Annual Audited Accounts of the company together with the Directors' and Auditors' Reports for the year ended 30th June 2016.
3. To consider and approve payment of final dividend of Rs.1.00 per ordinary share i.e 10% as recommended by the Board of Directors to those who are shareholders as at close business on 4th December 2016. It is in addition to the interim cash dividend of Rs. **1.75** per share i.e **17.5 %** already paid to shareholders, thus making a total cash dividend of Rs. **2.75** per share **27.5%** for the year ending 30th June 2016.
4. To appoint Statutory Auditors of the Company for the year ending 30th June 2017 and fix their remuneration. The present Auditor **M/s KPMG Taseer Hadi and Co**, Chartered Accountants, retired and being eligible, offered themselves for reappointment.

SPECIAL BUSINESS

5. To alter clause **V** of the Memorandum of Association and Article **5**, of the Articles of Association of the Company pertaining to the Authorized Capital and to adopt the following resolution, with or without modification, as a Special Resolution:

RESOLVED that clause **V** of the Memorandum of Association and Article **5** of the Articles of Association be substituted as follows:

"The Authorized Capital of the Company is Rs. 15,000,000,000 (Rupees Fifteen Billion Only) divided into 1,500,000,000 ordinary shares of Rs.10/- each with rights, privileges and conditions attaching thereto as provided by the Articles of Association of the Company from time to time, with power to increase and reduce the Capital of the Company and to divide the shares into several classes of shares and issue shares of higher or lower denomination subject to any permission required under the law."

"FURTHER RESOLVED that Company Secretary be and is hereby authorized and empowered to do or cause to be done all acts, deeds and things that may be necessary to give effect to this resolution."

"ALSO RESOLVED that in case of any omission or mistake if pointed out by the Commission (SECP) and any other competent authority in the aforesaid resolutions Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in letter and spirit"

6. To alter Articles of Association of the Company and to substitute Article 37, 50 and 52 and to pass the following resolution, with or without modification, as a Special Resolution:

RESOLVED that Article **37, 50 and 52** of the Articles of Association be substituted as follow:

37(1) QUORUM AT GENERAL MEETINGS

Ten (10) members present in person representing not less than twenty five percent (25%) of the total voting power, either of their own account or as proxies, shall be a quorum for a general meeting.

37(2) VIDEO CONFERENCE FACILITIES FOR GENERAL MEETING

The Company may provide video conference facility to its members for attending General Meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city

50(1) PROXY

A person may be appointed as proxy and shall be qualified to vote even if he / she is not a member. Moreover, a corporation or a company being a member of the Company may by a resolution of the Directors authorize any of its officials or any other person to act as its representative at any meeting of the Company. Subject to the provisions of these Articles an agent duly authorized under a power of attorney shall be entitled to be present and vote on behalf of his appointer notwithstanding that such agent may not be a member of the Company.

50(2) E-VOTING

A member may exercise his vote at a meeting by electronic means in the manner prescribed by the Securities and Exchange Commission of Pakistan from time to time.

52. INSTRUMENT OF PROXY

The instrument of the proxy shall be in any one of the following forms:[Forms in the Statement of Material facts.]

“FURTHER RESOLVED that Company Secretary be and is hereby authorized and empowered to do or cause to be done all acts, deeds and things that may be necessary to give effect to this resolution.”

“ALSO RESOLVED that in case of any omission or mistake if pointed out by the Commission (SECP) and any other competent authority in the aforesaid resolutions Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in letter and spirit”.

ANY OTHER BUSINESS

7. To transact any other business of the Company with permission of the Chairman.

By order of the Board



Rawalpindi
28th October, 2016

Brig Ch Zafar Iqbal (Retd)
Company Secretary

NOTES

1. The Share Transfer Books of the Company shall remain close from 24th November 2016 to 30th November 2016 (both days inclusive) for attending the Annual General Meeting. For entitlement of dividend the same will also remain closed from 5th December 2016 to 11th December 2016 (both days inclusive). No transfer will be accepted for registration during the period.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a person / representative as proxy to attend and vote in place of a member at the meeting. 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 time of holding the Meeting. A member may not appoint more than one proxy. Attested valid copy of the Computerized National Identity Card (**CNIC**) of the shareholder's must be attached with the proxy form. The CDC Sub account holders are required to follow the under mentioned guidelines as laid down in Circular No 1 of 26th January 2000 issued by the Securities & Exchange Commission of Pakistan (**SECP**):-

a. **For Attending the Meeting**

- (1) In case of individuals, the account holder or sub-account holder shall authenticate his / her identity by showing his / her original valid CNIC or original passport at the time of attending the Meeting.
- (2) In case of Corporate Entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures of the nominee shall be produced at the time of meeting.

b. **For Appointing Proxies**

- (1) In case of individuals, the account holder or sub-account holder shall submit the Proxy Form as per the above requirement.
- (2) The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (3) Attested copies of valid CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- (4) Proxy shall produce his / her original CNIC or original passport at the time of meeting.
- (5) 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 Registered Address of the Company.

3. **Change in Address.** Members are requested to promptly notify to our Share Registrar M/s Coplink (Pvt) Ltd any change in their address.

4. **Submission of CNIC copy for Payment of Final Cash Dividends 2015-16.** As per direction of SECP (SRO No 831(i) 2012 of 5th July 2012, CNIC number is mandatory for the issuance of Final Dividend Warrant 2015-16. The all shareholders, who have yet not submitted copy of their CNIC, are once again requested to submit the valid copy of their CNIC to our Share Registrar.

5. **Payment of Cash Dividend Electronically (E.Dividend).**In accordance with the SECP Circular No 18 of 2012 dated 5th June 2012 to transfer the amount of dividend directly into Bank Accounts. Shareholders are requested to provide detail of Bank Account (CDC account holders to their respective members and Physical Shareholders to Company or our Share Registrar).

6. **Placement of Financial Accounts on Company Website** The Annual Audited Financial Statement for the year ending 30th June 2016 and Quarterly Accounts for the First Quarter ending 30th September 2016 have been made available on the company website (www.fccl.com.pk)

7. **Confirmation for filling status of Income Tax Return for application of revised rates pursuant to the provision of Finance Act 2016.**

a.. Pursuant to the provision of Finance Act 2016, effective 1st July 2016, reforms have been made with regards to deduction of income tax. For cash dividend, the rates of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:-

- (1) Rate of tax deduction for Filer Income Tax Returns **12.50%**
- (2) Rate of tax deduction for Non Filer of Income Tax Returns **20.00%**

b. In case of joint account, each holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing to the company by sending following details on the registered address of the company and the members who have deposited their shares into Central Depository Company of Pakistan (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange or and or to CDC if maintaining CDC investor account. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio CDs ID/A/C #	Total Shares	Principal Shareholder		Joint shareholder	
			Name and CNIC #	Shareholding proportion (No of Shares)	Nam and CNIC #	Shareholding proportion (No of Shares)

- c. The CNIC Number / NTN detail is now mandatory and is required for checking the tax status as per Active Tax Payer List (**ATL**) issued by Federal Board of Revenue (FBR) from time to time.
8. **STATEMENT AS REQUIRED BY SECTION 160(1) (B) OF THE COMPANIES ORDINANCE, 1984**
- a. Agenda Item No. 5 to alter clause V of the Memorandum of Association and Article 5 of the Article of Association of the Company and to Substitute Memorandum clause V and Article 5.
- b. Agenda Item No. 6 to alter Article of Association of the company and to Substitute Articles 37, 50 and 52. Vide SECP SRO 43(I)/2016 dated 22 January 2016 for Companies E-Voting Regulations 2016. To give effect to conversion of Preference Shares in to Ordinary Shares and the Companies E-Voting Regulation 2016, shareholder's approval is being sought to amend the Memorandum and Article of Association of the Company to enable E-voting rights of the shareholders. The Board of Directors has recommended alteration in the Article of Association by inserting new Article 37(1), 37(2), 50(1), 50(2) and 52 is part of the resolution mentioned in the notice.
- c. Directors have no interest, direct or indirect in the said Special Business.
9. **For any other information please contact the following address:-**

REGISTERED OFFICE

Fauji Cement Company Limited
 Fauji Towers, Block-III, 68 Tipu Road, Chaklala,
 Rawalpindi, Pakistan
Tel: +92-051-9280081-83
Email: secretary1@fccl.com.pk
Website: www.fccl.com.pk

SHARE REGISTRAR

M/s Corplink (Pvt) (Ltd)
 Wing Arcade 1-K .Commercial,
 Model Town Lahore
Tel +92-042-35916714-19 ,04235839182
Fax: +092-042-35869037
Email: corplink786@gmail.com
 shares@corlink.com.pk
Website :www.Corplink.com.pk

FAUJI CEMENT COMPANY LIMITED

STATEMENT OF MATERIAL FACTS UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON 30TH NOV 2016

The Board of Directors have recommended that the proposals should be presented before the shareholders of the Company at the Annual General Meeting for alterations in the Memorandum and Articles of Association of the Company so as to meet the requirements of Companies Ordinance, 1984 / Rules / Regulations made there under from time to time. In this regard following alteration in the Memorandum and Articles of Association will be placed before the shareholders at the Annual General Meeting for consideration and approval with or without modification by Special Resolutions.

a. **ALTERATIONS IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION WITH RESPECT TO AUTHORISED CAPITAL**

It is proposed to alter Clause V of the Memorandum of Association and Article 5, of the Articles of Association of the Company pertaining to the Authorized Capital and to adopt the following resolution, with or without modification as a Special Resolution: **“RESOLVED** that Clause V of the Memorandum of Association and Article 5 of the Articles of Association be substituted as follows:

“The Authorized Capital of the Company is Rs. 15,000,000,000 (Rupees Fifteen Billion Only) divided into 1,500,000,000 Ordinary Shares of Rs.10/- each with Rights, Privileges and Conditions attaching thereto as provided by the Articles of Association of the Company from time to time, with power to increase and reduce the Capital of the Company and to divide the shares into several classes of shares and issue shares of higher or lower denomination subject to any permission required under the law”.

“FURTHER RESOLVED that the Company Secretary be and is hereby authorized and empowered to do or cause to be done all acts, deeds and things that may be necessary to give effect to this Resolution”.

“ALSO RESOLVED that in case of any omission or mistake if pointed out by the Commission (SECP) and any other competent authority in the aforesaid resolutions the Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in letter and spirit”.

b. **ALTERATION IN VARIOUS ARTICLES OF ARTICLES OF ASSOCIATION**

In order to comply with the requirements laid down in the Companies Ordinance, 1984, SECP Regulations, Code of Corporate Governance and Directives of the Securities and Exchange Commission of Pakistan, it is proposed to alter the Articles of Association of the Company and to substitute Article 37, 50 and 52 with new Articles and to pass the following Resolution, with or without modification, as a Special Resolution.:

RESOLVED that Article 37, 50 and 52 of the Articles of Association be substituted as follow:

37(1) **QUORUM AT GENERAL MEETINGS**

Ten (10) members present in person representing not less than twenty five percent 25% of the total voting power, either of their own account or as proxies, shall be a quorum for a General Meeting.

37(2) **VIDEO CONFERENCE FACILITIES FOR GENERAL MEETINGS**

The Company may provide Video Conference facility to its members for attending general meeting at places other than the town in which General Meeting is taking place after considering the geographical dispersal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, provide their consent to participate in the meeting through Video Conference at least ten (10) days prior to date of meeting, the Company shall arrange Video Conference facility in that city subject to availability of such facility in that city

50(1) **PROXY**

A person may be appointed as proxy and shall be qualified to vote even if he / she is not a member. Moreover, a corporation or a company being a member of the Company may by a resolution of the Directors authorize any of its officials or any other person to act as its representative at any meeting of the Company. Subject to the provisions of these Articles an agent duly authorized under a power of attorney shall be entitled to be present and vote on behalf of his appointer notwithstanding that such agent may not be a member of the Company.

50(2) **E-VOTING**

A member may exercise his vote at a meeting by electronic means in the manner as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time.

52. **INSTRUMENT OF PROXY**

The instrument of Proxy shall be in any one of the following forms:-

FAUJI CEMENT COMPANY LIMITED

(1) Option 1

Appointing other person as Proxy

I / We _____ of _____ being a member of Fauji Cement Company Limited and holder of _____ Ordinary Shares as per
(Number of shares)

Registered Folio No _____ hereby appoint Mr. _____ of _____ or failing whom Mr. _____ as my / our proxy to vote for me / us and on my / our behalf at the (Annual General Meeting / Extraordinary General Meeting, as the case may be) of the Company to be held on _____ and at any adjournment thereof. Signed under my / our this _____ day of _____, 2016.

Signature should agree with the specimen
signature registered with the Company

Signed in the presence of:-

(Signature of Witness)

(Signature of Witness)

FAUJI CEMENT COMPANY LIMITED

(2) Option 2

E-voting as per The Companies (E-voting) Regulations, 2016.

I / We, _____ of _____, being a member of Fauji Cement Company Limited, _____ holder of _____ Ordinary Share(s) as per Register Folio No. _____ hereby opt for E-voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise E-voting as per the Companies E-voting Regulations 2016 and hereby demand for poll for Resolutions.

My secured email address is _____, please send login details, password and electronic signature through email.

Signature should agree with the specimen
signature registered with the Company

Signed in the presence of:-

(Signature of Witness)

(Signature of Witness)

FURTHER RESOLVED that the Company Secretary of the Company be and is hereby authorized and empowered to do or cause to be done all acts, deeds and things that may be necessary to give effect to this resolution”.

“**ALSO RESOLVED that** in case of any omission or mistake if pointed out by the Commission (SECP) and any other competent authority in the aforesaid resolutions the Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in letter and spirit”.



**AFFIX
CORRECT
POSTAGE**

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