FAUJI CEMENT

TRANSFORMING

TOWARDS A SUSTAINABLE FUTURE

ANNUAL REPORT 2022

COVER STORY

Transformation is essential, as nature manifests, for us. A particle of sand when given the right environment transforms into a pearl, a seed with nothing in it but with purpose and intention grows into a huge tree.

Transformation is a glorious phenomenon that helps us to survive and thrive. In an organization, transformation plays a critical part in enabling it to operate efficiently, supporting its business strategy. Transformation for FCCL means growing its capacity, adapting to new technologies, being socially and environmentally responsible and be ready to face future challenges strategically. Transformation for combating climate change and moving towards sustainable growth including working towards green energy.

ABOUT THIS REPORT

The Annual Report is designed to assist the readers to have a better understanding of the different aspects of our business by providing information detailing the Economy in general and Cement Industry in particular, company's performance in the outgoing year, and the outlook of the next year.. It encompasses the financial analysis, overview of governance, risk management framework & strategy, and resource allocation. The report also includes a comprehensive explanation of our business model supported by inputs, capitals invested, outputs, and outcomes. The report is divided into the following sections:

- Organizational Overview and External Environment
- Business Model and SWOT Analysis
- Strategy and Resource Allocation
- Risks and Opportunities
- Governance and Forward-Looking Statement
- Performance and Position
- Stakeholders Relationship and Engagement
- Sustainability and Corporate Social Responsibility
- Financial Statements
- Shareholders' information

SCOPE AND BOUNDARY

The report covers the period from 01 July 2021 to 30 June 2022, with the inclusion of prominent happenings during the year, the biggest of which is the Amalgamation of Askari Cement Limited with and into Fauji Cement and subsequent developments from the year end to the date of this report. Audited financial statements of the respective years have been utilized in order to derive vital financial information, and the financial statements presented are in compliance with the applicable IFRSs and directives issued under the Companies Act, 2017.

Presentation of information including the Chairman's Review, CEO's Review, Directors' Report, Audit Committee's Report and the Report on Compliance of Code of Corporate Governance, complies with the Companies Act, 2017, the Code of Corporate Governance Regulations and other reputable governance practices.

EXTERNAL ASSURANCE/REVIEWS

Financial statements are duly audited, and the Statement of Compliance with Code of Corporate Governance is accordingly reviewed by external auditors M/s KPMG Taseer Hadi & Co. (Chartered Accountants). FCCL will continue to strive to ensure compliance with the best practices in corporate reporting while maintaining its integrity, in order to provide truthful and authentic visibility of our business to all of our stakeholders.

We wish our readers a pleasant and informed read!

CONTENTS

IT GOVERNANCE AND CYBERSECURITY

ENVIRONMENTAL SUSTAINABILITY REPORT

PERFORMANCE & POSITION

STRIVING FOR EXCELLENCE IN FINANCE REPORTING

SHAREHOLDERS' INFORMATION

ORGANISATIONAL OVERVIEW & EXTERNAL ENVIRONMENT

At FCCL board, we have instituted a strong governance and legal framework that ensures compliance with applicable laws and regulations and is instrumental in achieving long-term sustainability and growth.

CHAIRMAN'S REVIEW

Dear Stakeholders,

I am delighted to present the review of the financial year 2021-22 that saw Fauji Cement Company Limited (FCCL) further consolidating its position as one of the leading Cement Company and a socially responsible corporate entity.

FCCL has a vibrant Board with three Committees of Audit, HR & R, and Investment. The Board held six meetings during the year to review and approve the periodic financial statements, annual budget, business plan and other important matters. The Committees also held regular meetings to perform their duties diligently under their respective terms of reference as approved by the Board. These provided strategic framework recommendations, to reinforce governance and to deliver the requisite guidance to management to maximize resource utilization.

As a Chairman, I ensured that the Board played its role to provide the strategic direction and support to the management team ensuring effective decision making and its subsequent implementation. My review report captures the overall performance of the Board and your Company.

The oversight provided by the Board ensured optimal use of resources, enhanced transparency and disclosures, and improvement of governance around various processes. The Board provided expeditious support and guidance to the management in creating value in short, medium and long-term.

This year, the elections for Board of Directors were held and the new Board members took up their responsibilities in December 2021. I thank the outgoing Directors for their immense contributions in navigating the Company's strategic direction successfully and wish them well in their future endeavors. I welcome the new Directors and look forward to their contributions to lead the future of the Company.

The Board highly appreciates that during the financial year under review, the Company's performance on both financial and various operational parameters has been par excellence. Initiatives by the management team on reducing the cost of fuel and power and taking significant steps to improve its renewable energy footprint, is praise worthy. Because of the sound strategy put in place by the Board and the subsequent efficient roll out by the management, it helped improve the overall retention and reduction in cost base. Thereby, ensuring that Fauji Cement Company Limited was able to achieve its best ever financial results. The advancement on the two major expansion projects in Nizampur and D.G. Khan is progressing well and the Board is maintaining a robust oversight over these projects.

In a significant positive development during the year under review, the two Cement Companies under the aegis of Fauji Foundation Trust merged successfully. The Lahore High Court, Rawalpindi Bench sanctioned the amalgamation of Askari Cement Limited (ACL) with and into Fauji Cement Company Limited (FCCL). I am pleased to share with you that after this efficacious merger, Fauji Cement Company Limited (FCCL) post its two expansions in hand, would become the third largest cement producer in the country and the second largest cement producer in the North zone. The merger will not only ensure a stronger balance sheet but also bring in various operational synergies and efficiencies for your Company.

At FCCL Board, we have instituted a strong governance and legal framework that ensures compliance with applicable laws and regulations and is instrumental in achieving long-term sustainability and growth.

In my role as Chairman, I continue to ensure that the Board is prioritizing and effectively steering the strategic direction of the Company. Risk analysis and mitigation are the key roles performed by the Board. Directors also contribute in governance related areas. The valuable inputs from independent Directors-the subject matter experts, are considered prior to concluding critical decisions.

I am pleased to report that the Board of Directors has performed its duties and responsibilities diligently and has contributed towards guiding the Company in its strategic matters.

The evaluation of the performance of the Board, Board Committees and individual Directors was carried out by PICG. The outcome of the evaluations would help the Board to further improve its performance in the coming years.

This Company has a record of accomplishment of its strong commitment to the improvement of society and the communities in which it operates. The Company has provided educational and vocational facilities to its related community along with meeting the basic healthcare needs in its area of operations. Moreover, the Company has maintained its focus towards a "Carbon Free Pakistan" as part of its green initiatives including use of solar power projects, waste heat recovery plants and carrying out extensive plantations.

On behalf of the Board of Directors, I would like to express my particular appreciation to all the shareholders for their continued support, valued input and confidence in the Board. I would also like to thank and appreciate the professional commitment and efforts of the CEO and the management team for implementing the Board's vision successfully.

I want to assure you that the Board will continue to play its role to safeguard your interest and lead the Company to a long-term sustainable value creation for all stakeholders.

Waqar Ahmed Malik
Chairman FCCL Board of Directors
Rawalpindi
20 September 2022

The period under review was the best performing year for Fauji Cement Company Limited during which we recorded the highest ever profit after tax of Rs. 7.1 billion showing a YoY growth of 105 % .

CHIEF EXECUTIVE / MANAGING DIRECTOR'S REVIEW

Dear Stakeholders,

I am pleased to present a review of the recently concluded financial year 2021-22. The year demonstrates our commitment towards making your Company one of the Country's top cement producers in terms of business growth and long term sustainable value creation.

Our focus to deliver the strategy to reduce our cost base, continuous improvement in operational excellence, improving retention enabled us to deliver another sterling performance fulfilling our commitment to create value for the stakeholders. The period under review was the best performing year for Fauji Cement Company Limited during which we recorded the highest ever profit after tax of Rs. 7.1 billion showing a YoY growth of 105 % . This was despite of the imposition of Super Tax of Rs 1.1 billion levied by the Government.

One of the key highlights of the year was the successful merger of Askari Cement Company (ACL) into Fauji Cement Company Limited (FCCL). This merger has led to FCCL having existing annual capacity of 6.4 Million tons and with ongoing two expansions, its annual capacity will increase to 10.4 Million Tons, with four different sites spread across Pakistan. This will enable Fauji Cement Company Limited to become the second largest in North and third largest Cement producer in Pakistan.

The financial year witnessed an unprecedented increase in prices of coal and oil compounded by internal turbulence resulting in sharp devaluation of PKR, increased inflation and high interest rates. This caused a drop in demand especially domestic sector as well as exports. The cement industry witnessed capacity utilization of 76% i.e., a decrease of 8% vs the same period last year. However, your Company managed to achieve better capacity utilization of 88%.

The Management continues its effort to reduce reliance on imported coal by maximizing local coal usage, which not only saves valuable foreign exchange but also provides livelihood for the local communities. These efforts have helped to reduce the coal import bill to the tune of Circa 5 Million USD per annum.

Your Company as a responsible corporate entity and in line with its core values of Health, Safety & Environment, continues its efforts to manage its impact on the environment it operates in. FCCL remains committed to contributing to the global cause of environment sustainability by reducing the greenhouse gas emissions (CO2) during its operations, improving its renewable energy portfolio and massive tree plantation campaigns. Focusing on alternate renewable energy solutions, all the sites have a combination of solar energy and utilization of its waste heat that the cement plants produce, to substitute 42% of its grid energy using fossil fuels to reduce the Carbon footprint on all its three sites. We take our commitment of "Make Pakistan Carbon Free" further by utilizing 5% Alternate Fuels instead of Fossil Fuel in FY 21-22 and are geared up to improve it further. Alongside, we have also minimized using underground water by building rainwater storage ponds to avoid depletion of aquafers and using the surface water sources.

We also consider CSR as an important and intrinsic part of our business culture and regularly contribute towards the improvement of the quality of life of the community around our plant sites in form of health, education and employment.

In line with the strategic vision provided by the Board and good HR practices, we have already revamped our compensation policies and implemented a pay-for performance system to inculcate a culture of competitiveness. We have also rolled out programs to develop succession and effective training plans to prepare the next generation of organizational leaders.

We are enormously upbeat about the prospects of the Pakistan Cement Industry. The industry is coming out of a challenging phase triggered by the pandemic and economic slowdown, but we expect to see many tailwinds going forward, particularly from the housing sector and public spending on hydro-dams infrastructure. The long term industry fundamentals remain unchanged, and as the economy picks up, the cement sector will continue to play a pivotal role in shaping the Pakistan's growth story.

The year ahead is going to be a very challenging one. The Management is focused in improving its cost base further, successful commissioning of the Nizampur expansion in Q4 2022, progress on the construction of its green field project at D.G. Khan and the implementation of SAP. In addition to the operational priorities, we will continue with organizational and HR transformational initiatives along with the focus on training, development and succession planning.

I assure my worthy stakeholders that we will continue with the same focus and out-of-the-box strategies to deliver another successful year.

On behalf of the Company Management and Employees, I would like to express my gratitude to all Stakeholders for their continued support and confidence. I would also like to thank the honorable Chairman and the Board Members for their guidance, personal involvement and professional commitment in helping us steer the Company in the right direction. I would also like to acknowledge the hard work, dedication and commitment of all the Employees without which it would not have been possible to achieve these results.

Qamar Haris Manzoor
CEO/MD FCCL
Rawalpindi
_ September 2022

YEAR AT A GLANCE

143rd BOD

JULY 8, 2021

BODs MEETING

Approval of Annual Budget for FY 2021-22

144th BOD

SEP 6, 2021

BODs MEETING

Approval of Annual Accounts for FY 2021-22

29th AGM

OCT 20, 2021

AGM

Shareholders Meeting

145th BOD

OCT 28, 2021

BODs MEETING

Approval of 1st Quarterly Account of FY 2021-22

146th BOD

NOV 21, 2021

SPECIAL BODs MEETING

Approval of Scheme of Amalgamation of ACL within into FCCL.

12th EOGM

DEC 09, 2021

EOGM

Election of Directors

147th BOD

FEB 21, 2022

BODs MEETING

Approval of Half-Yearly Accounts of FY 2021-22

13th EOGM

FEB 26, 2022

EOGM

Amalgamation of ACL within and into FCCL

148th BOD

APR 26, 2022

BODs MEETING

Approval of 3rd Quarterly Accounts of FY 2021-22

HIGHLIGHTS 2022

CEMENT PRODUCTION
5.66
MILLIONS TONS

CEMENT SALES
5.61
MILLIONS TONS

CEMENT SALES REVENUE
54,243
(RS IN MILLION)

CAPACITY UTILIZATION
88%

CONTRIBUTION TO NATIONAL EXCHEQUER
23,100
(RS IN MILLION)

INVESTMENT IN SOLAR POWER GENERATION
1,050
(RS IN MILLION)

RENEWABLE ENERGY GENERATION
42%
OF TOTAL REQUIREMENT

PROFIT AFTER TAX
7,113
(RS IN MILLION)

GEOGRAPHICAL LOCATIONS

BUSINESS UNITS	ADDRESS
HEAD OFFICE	Fauji Towers, Block III, 68 Tipu Road, Chaklala, Rawalpindi.
MARKETING	4th Floor, AWT Plaza, The Mall, Rawalpindi.
PLANTS	Near Village Jhang Bahtar, Tehsil Fateh Jang, District Attock. Near Wah Railway Station Tehsil Taxila, District Rawalpindi. Nizampur (Village Kahi) District Nowshera. Mauza Shadan ,Lund Chak Ladan Tehsil, District Dera Ghazi Khan, Greenfield Plant.

OUR MARKETS

PRINCIPAL ACTIVITY

Principal activity of the company is manufacturing and supply of different types of grey cement. The brands are approved on all major hydro power projects and are one of the most preferred among domestic consumers.

LOCAL MARKET

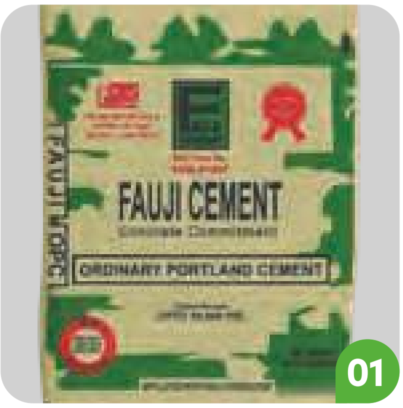
Company's customer base is divided in two main categories: -

- Dealers
- Mega Projects

Company has a wide network of dealers across Pakistan, mainly, based in the Northern and Central regions. Main portion of local dispatches are made through the aforesaid dealers network. Dispatches to projects are made directly across the country.

EXPORT MARKET

Primary export market of the company is Afghanistan owing to the location of the plants. During the year 5.5% of total dispatches are made to Afghanistan.



ORDINARY PORTLAND CEMENT (OPC)

- High early and compressive strength (28 Days) up to 10,000 PSI
- Pure composition of 95% clinker and 5% gypsum
- Very little loss on ignition and low insoluble residue
- Suitable for general construction, reinforced concrete structures, high rise buildings, pavements and pre-cast members
- Long lasting and durable

SULPHATE RESISTANT CEMENT (SRC)

- Highly effective against sulphate and chemicals
- Effective against salt contamination
- Improves durability of concrete
- Improves resistance of concrete when used in water logged and saline areas
- Useful for basements, foundations, sewerages and pipes
- High compressive strength (28 Days) 9,500 PSI

OUR PRODUCTS

Fauji Cement has two brands both catering different markets. FCCL accords top priority to its product quality and it has always remained our trademark. We produce top of the line Ordinary Portland Cement (OPC), Low Alkali Cement (LAC), Sulphate Resistant Cement (SRC), Low Heat of Hydration Cement (LHC), Mohafiz Cement and Pamir Cement (Green Cement). Our Laboratory is fully equipped with the latest and state of the art equipment which is in accordance with National and International Standards.

ORDINARY PORTLAND CEMENT (OPC)

LOW ALKALI CEMENT (LAC)

- High quality Alkali-Silica resisting cement, effectively reduces possible damage due to Alkali aggregate reactions
- Useful for dams, airports, retaining walls

PAMIR CEMENT GREEN CEMENT

- Environment friendly
- High quality and cost effective
- General purpose cement
- Best for masonry, plastering and flooring

LOW HEAT OF HYDRATION CEMENT (LHC)

- Extremely useful for mass concrete structures, large gravity dams, hydro power projects
- Effective for submerged and semi submerged structures including marine concrete works heavy retaining walls, roads, and chemical plants

SULPHATE RESISTANT CEMENT (SRC)

LOW ALKALI CEMENT (LAC)

GREEN CEMENT

VISION

To be a role model cement manufacturing Company, benefiting all stakeholders and fulfilling corporate social responsibilities while enjoying public respect and goodwill

MISSION

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

01 Corporate Responsibility

The key to corporate integrity lies with all of us. Everyone has a responsibility to uphold dedication to corporate ethics on daily basis. We all must:-

- Know and follow this code in letter and spirit.
- Know and comply with our professional obligations.
- Take responsibility of own conduct.
- Report violations of this code to management appropriately.

This statement defines broad corporate values that shape our business practices.

02 Legal / Compliance Obligations

The activities and operations of Fauji Cement Company will be carried out in strict compliance with all applicable laws and the highest ethical standards. Meeting our legal obligations and cooperating with local, national and international authorities lay a solid foundation for the corporate values. As individuals, employees must strive to be aware of and understand laws applicable to our business and area of responsibility.

03 Corporate Records

Company documents and records are part of the Company's assets and employees are charged with maintaining their accuracy and safety. Employees are required to use excellent record-management skills by recording information accurately and honestly and retaining records as long as necessary to meet business objectives and government regulations. Financial records must accurately reflect all financial transactions of the Company. No false, artificial or misleading entries shall be made in the books and records of the Company for any reason.

CULTURE, ETHICS & CODE OF CONDUCT

04 Confidentiality

Every employee is obligated to protect the Company's confidential information. All information developed or shared as a result of the business process is proprietary to the Company and must be treated as confidential.

05 Integrity and Honesty

Corporate integrity and honesty is the foundation of our business conduct code. By maintaining the highest level of corporate integrity through open, honest, and fair dealings, we earn trust for ourselves and from everyone with whom we come into contact. Our employees, holding the trust of the Company, are expected to uphold the highest professional standards.

06 Conflict of Interest

A conflict of interest exists when a personal interest or activity of an employee influences or interferes with employees' performance of duties, responsibilities or loyalties to the Company. All employees must avoid any personal or business influences or relationships that affect or appear to affect their ability to act in the best interests of the Company.

07 Respect for People and Team Work

We are dedicated to dignity and respect and we owe nothing less to each other. This high level of respect for one another enters into every aspect of our dealings with colleagues and those with whom we come into contact on each working day and reflects greatly on how our corporate culture is perceived. We know it well that none of us acting alone can achieve success.

08 Safety and Health

We all are responsible for maintaining a safe workplace by following safety and health rules and practices. We are responsible for immediately reporting accidents, injuries, and unsafe equipment, practices or conditions to a supervisor or other designated person. We are committed to keep our workplace free from hazards.

09 Corporate Image

Company's reputation and identity are among the Company's most valuable assets. As part of keeping and furthering the corporate image, we believe in conducting business legally, morally and ethically and in sharing the success that business brings. All employees, particularly those in management, are expected to conduct themselves in a manner that reflects positively on the Company's image and identity, both internally and externally. No one should act in a way, or make any statement, that adversely affects the reputation or image of the Company with employees, customers or the community at large.

It has been said that the essence of a successful and visionary Company is the ability to preserve its core values and to stimulate progress. Corporate ethics are the practice of our shared values. These shared values define who we are and what we can expect from each other. It is a code which applies to all employees and conforms to generally accepted best practices.

10 Unauthorized Use of Corporate Assets

Every employee is obligated to protect the assets of the Company. Company property such as office supplies, production equipment, products and buildings may not be used for personal reasons. Expenses may not be charged to the Company unless they are for Company's business.

11 Dedication to Quality

Our quality policy is an integral part of our business philosophy and we are committed to provide total customer satisfaction. We are committed to public for the supply of best quality Cement that fully conforms to the specifications and meets the customers' needs and expectations.

12 Stakeholders

Stakeholders are valuable partners for us with whom a long-term, fair and trustworthy relationship should be built and maintained with appropriate information disclosure. Shareholders own the Company. On the basis of their entrustment, we will exert our best efforts to protect their investment value and to maximize their benefit.

CORE VALUES

FINANCIAL RESPONSIBILITY

We ensure that the resources entrusted to us are utilized with utmost diligence and efficacy to achieve the best possible outcome.

CITIZENSHIP

We are committed to the wellbeing of the communities in the vicinity of our business, ensuring the highest standards of ethical conduct & environmental responsibility, and maintaining open discourse with the people and resources entrusted to us.

ACCOUNTABILITY

We believe in excellence. Our leaders set clear goals and expectations, provide support, and encourage two-way feedback in return for performance and results of an elite caliber.

PEOPLE

Our success is carved out by the collaboration of competent individuals, working in a safe and healthy environment that encourages and recognizes diversity, development, and teamwork.

CUSTOMERS

We value our customers and as such, strive to improve our products to meet their needs and expectations based on feedback.

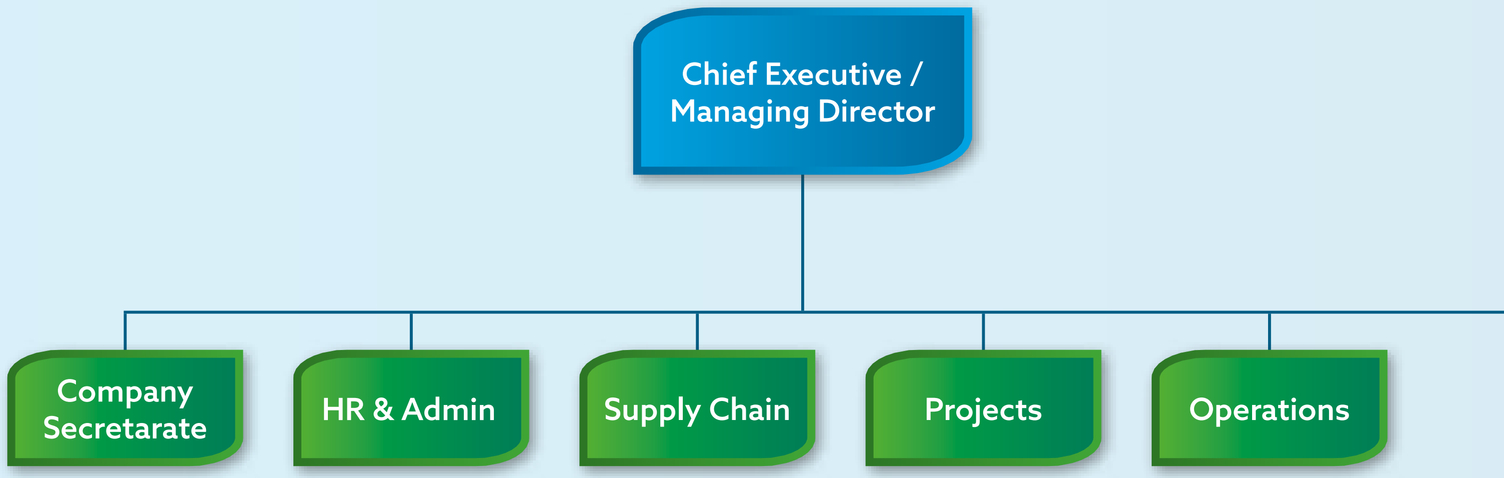
OWNERSHIP, OPERATING STRUCTURE AND INVESTMENTS

OWNERSHIP

Fauji Cement Company Limited is a public listed Company. The shares of the Company are traded on Pakistan Stock Exchange. Fauji Foundation holds 61.65% shareholding of the Company post the amalgamation of Askari Cement Limited with and into Fauji Cement Limited. The details of ownership is given in the Pattern of Shareholding section of this report.

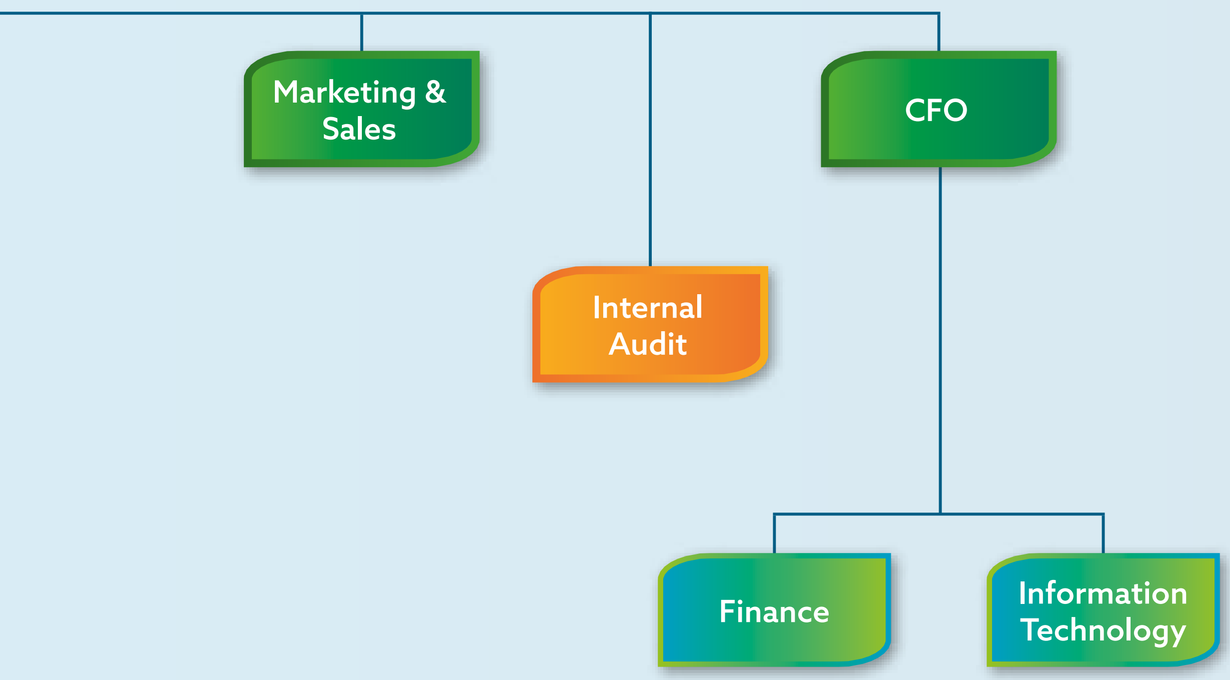
OPERATING STRUCTURE

The Company follows a functional vertical structure, where specialized departments are formed to perform different business functions. The employees in every department report to their respective managers/ department heads, and the department heads report to the Chief Executive Officer. The Board of Directors is responsible for setting the overall direction of the Company.



EQUITY INVESTMENTS

FCCL as part of finding new avenues for diversification has an equity investment in Foundation Solar Energy (Pvt) Limited. Foundation Solar Energy (Pvt) Ltd (FSEL) is a group company of Fauji Foundation that began its commercial operations in 2020 with a vision of "Green Pakistan". FSEL provides complete EPC solutions including site surveys, designing, engineering, and construction with O&M services. Solar power is a growing business in Pakistan and FSEL is committed to reduction of the overall energy cost of its customers through offering efficient solar solutions. FSEL has successfully commissioned and delivered 26 MW of projects during the first two years of operations.



OUR JOURNEY

1993
Incorporation of FCCL as public limited company

1997
Listing on all three stock exchanges of Pakistan
Start of plant operations (3,000 tpd clinker production capacity European cement manufacturing line) (Line I)

2005
Conversion of fuel from Furnace oil to Coal - Installation of 30 tph Coal Plant

2006
BMR to Increase clinker production capacity from 3,000 TPD to 3,700 TPD

2008
Commissioning of 5.4 MW dual fuel captive power plant

2010
Commissioning of 16.3 MW dual fuel Wartsilla power plant

2012
Commercial production of 2nd Line of 7,200 TPD clinker capacity of European origin

2015

Commissioning of 12 MW Waste Heat Recovery Power Plant (WHRP) on Line-II

2016

Highest ever Dividend payment in Company's History

2018

Capacity enhancement of Line-II from 7,200 TPD to 7,600 TPD

Commissioning of 9MW Waste Heat Recovery Power Plant (WHRP) on Line-I

Launching of new brand by the name of Muhafiz Cement

2019

Commissioning of 12.5 MW Solar Power Plant

2020

Commissioning of 2.5 MW Solar Power Plant

Shared services arrangement with Askari Cement Limited

2021

Announcement of Greenfield project at DG Khan

Commissioning of 2.5 MW solar power plant

2022

Amalgamation of ACL with and into FCCL

Commissioning of 2.5 MW Solar Power Plant with total of 20MW

Highest ever profit in Company's History

BOARD OF DIRECTORS

PROFILE OF DIRECTORS

Mr Waqar Ahmed Malik, Sitara-i-Imtiaz
Chairman

Mr. Waqar Ahmed Malik's corporate & business experience spans over 30 years across three continents. A specialist in Strategy, Corporate / Business leadership and Board Governance, his professional experience includes managing and leading businesses in the petrochemicals, consumer and the life sciences industry. He had a career spanning over 27 years with Fortune 500 companies. His career with the ICI Plc group based in the UK and then Akzo Nobel in the Netherlands provided him opportunity to work in Europe and the Americas. In Pakistan, he was the Country Head of ICI Plc's operations, the largest foreign investment in the chemical sector at the time. For over 10 years, he served as the Chief Executive Officer of ICI Pakistan Limited and also the CEO and Chairman of Lotte Pakistan limited (formerly Pakistan PTA Limited). He moved on from ICI Pakistan Limited in December 2012 post divestment of majority shareholding of the foreign sponsor in ICI Pakistan Limited to a local group. He has vast experience in managing functional teams as well as leading large and complex manufacturing-based operations as well as M & A activities.

Outside his career, his engagements were /are: member of the Board of Central Bank of Pakistan, Chairman Sui Southern Gas Company Limited, Member Board of OGDCL, Karachi Port Trust, Director IGI Insurance Limited, Director ENGRO Corp, Engro Polymer Chemicals Limited, TPL Direct Insurance and Chairman Noesis (Private) Limited.

He remained President of Overseas Investors Chamber of Commerce & Industry, Management Association of Pakistan, Director Pakistan Business Council, Trustee of Lahore University of Management Sciences, Duke of Edinburgh Trust & the Indus Valley School of Art. He is a trustee of I-care Pakistan; was awarded The Prince of Wales medal for his contribution as a Trustee of The Prince of Wales Pakistan Recovery Fund for 2010 flood victims (British Asian Trust).

Currently, he has taken over as MD Fauji Foundation and Chairman FCCL Board on 9th April 2020 and serving as Director in following companies:

- Mari Petroleum Company Limited
- Fauji Fertilizer Company Limited
- FFC Energy Limited
- Fauji Fresh n Freeze Limited
- Askari Bank Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Trans Terminal Limited
- Fauji Oil Terminal and Distribution Company Limited
- Fauji Infraavest Foods Limited
- Foundation Wind Energy-I Limited
- Foundation Wind Energy-II Limited
- Foundation Power Company Daharki Limited
- Fauji Kabirwala Power Company Limited
- Fauji Fertilizer Bin Qasim Limited
- FFBL Power Company Limited
- Daharki Power Holdings Limited

Mr Qamar Haris Manzoor
CEO & MD

Mr. Qamar Haris Manzoor has done his Masters in Chemical Engineering from US and holds over 37 years of experience in plant and project management. He started his career with ICI managing its Soda Ash Plant operations. He also worked on ICI's polyester plant in Pakistan in the Plant Operations and also held senior positions in Operation at Exxon Chemical Pakistan Ltd at their Fertilizer Plant. He also worked at ICI's PTA Plant as Director Manufacturing and managed various aspects of plant i.e. from Commissioning, Operations Management, Process Engineering, Project Engineering, HSE and other improvement projects. He has also been a technical advisor of Lotte for its growth strategies in Pakistan and contributed in setting up 48 MW Cogen Plant at Lotte's PTA Plant.

He then took over the role of Chief Executive Officer of El Paso Technology Pakistan Ltd and Chief Operating Officer of Habibullah Coastal Power Company. HABIBULLAH COASTAL POWER COMPANY (HCPC) is located in Quetta, Baluchistan. HCPC operates a combined cycle gas fired power plant with a design capacity of 140 MW. EL PASO TECHNOLOGY PAKISTAN LIMITED (EPTP) provides technical and managerial services to HCPC and also are the Operations and Maintenance Contractors of HCPC. EPTP also is responsible to Identify opportunities for growth in Power and Chemical sectors. This requires carrying out market studies, due diligence both financial and technical and presenting it to shareholders. He was also responsible to manage relationships with Government, regulators, Lenders and stakeholders to ensure smooth function of the business.

He also took the additional responsibility of Chief Executive Officer of Hawa Energy Limited, a 50 MW wind project. He successfully concluded the key contracts for the project and maintained liaison with regulators and relevant ministries/ government bodies to ensure timely approvals for the project to achieve Financial Close on time. Subsequently, he oversaw the project construction to ensure it's on cost and on time delivery. In his previous job, he worked as Chief Operating Officer of Naveena Group's Energy and Steel Projects. He played a leadership role to develop a green field project under the name of Naveena Steel Mills (Pvt) Ltd for a 300,000 TPA steel rebar plant at Port Qasim, Karachi. He also led the development of Lakeside Energy Pvt Ltd, a 50 MW wind project at Jhampir, Sindh, and was responsible to achieve financial close of the project along with securing the required regulatory approvals and conclusion of EPC contracts.

He took over as MD and CEO of Fauji Cement in June 2020 and is responsible to spearhead cement portfolio of Fauji Foundation.

He also serving as Director on the boards of FFBL, FPCL, FPCDL, FFCEL and Foundation Solar Energy.

PROFILE OF DIRECTORS

Dr Nadeem Inayat
Non-Executive Director

He is Board member of different public sector universities and has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics (PIDE).

He holds a Doctorate in Economics and has over 28 years of diversified domestic as well as international experience in the financial sector. He has vast experience in corporate governance, policy formulation and deployment, project appraisal, implementation, monitoring & evaluation, restructuring, and collaboration with donor agencies.

Besides being Director Investments Fauji Foundation he is on the Board of following entities:-

- Foundation University
- Fauji Fertilizer Bin Qasim Limited
- Fauji Akbar Portia Marine Terminals (Pvt.) Limited
- Fauji Oil Terminal & Distribution Company Limited
- Mari Petroleum Company Limited
- Daharki Power Holdings Limited
- Pakistan Maroc Phosphor S.A.
- Foundation Wind Energy I Limited
- Foundation Wind Energy II Limited
- Fauji Fresh n Freeze Limited
- Fauji Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- Askari Bank Limited
- Fauji Infraavest Foods Limited
- Noon Pakistan Limited

Major General Naseer Ali Khan, HI(M)(Retd)
Non-Executive Director

Joined the Board on October 01, 2019 Major General Naseer Ali Khan (Retd) was commissioned in The First (SP) Medium Regiment Artillery (FF) in 1983. He is a distinguished graduate of National Defence University Islamabad, US Army War College, French War College, Command and Staff College Quetta and School of Artillery Nowshera. He has three Masters and an M. Phil Degree to his credit.

During his military career, he held prestigious Command, Staff and Instructional assignment to include GSO-III and BM of Infantry Brigades, Command of SP Medium Artillery Regiment and DS at Command & Staff College Quetta and National Defence University Islamabad. He also served in Military Operations Directorate, GHQ on a key appointment. He commanded a Division Artillery and an Infantry Brigade in Operation Al-Mizan in South Waziristan and later, on promotion to the rank of Major General, served in HQ Southern Command as Chief of Staff. He commanded 8th Infantry Division and served in Strategic Plans Division as Director General Ops & Plans and Advisor (Ops Planning). Was awarded Hilal-e-Imtiaz (Military) by Government of Pakistan in 2015.

He is also member of Board of Directors of:-

- Foundation Power Company Dharki Limited
- Dharki Power Holding Limited
- Fauji Fertilizer Company Limited

Mr Syed Bakhtiyar Kazmi
Non-Executive Director

Mr Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectoral and functional strata within national and regional economies. The key areas of his specialization are fiscal policy and macroeconomic research, greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, outliers in accounting and finance, strategic level audit and assurance and tax reforms and strategic level advisory.

Mr Kazmi served KPMG for 35 years; last 25 years as a partner. As a partner he interacted with the leadership in almost every industry, understanding their vision, their insights, and most importantly on their business strategies. His rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients, pertaining to public and private sector organizations. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients, and a cross-functional integration with the advisory and taxation services that allowed a robust and comprehensive service delivery package to the clients. As an auditor and an advisor, Mr Kazmi successfully delivered his promise of providing best-in-class and integrity driven services. With his career progression, he branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He almost single handedly established advisory practice of KPMG in Islamabad about 2 decades ago which today arguably is the go to advisory in Islamabad. This initiative covered financial projections, feasibilities, information memorandums, internal audit assessments, HR assessments, manuals for processes and controls, valuations, and development advisory which included an assessment of the Punjab and Sindh governments.

Mr. Bakhtiyar Kazmi has served on a number of diverse forums / boards in the Private Sector, Public Sector & Civil Society Organization. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business and taxation mattes and issues, regularly published in reputable dailies. Mr Kazmi is an avid golfer and currently hold the position of captain of Islamabad golf club.

Mr Sami Ul Haq Khilji
Independent Director

Mr. Khilji is a retired Federal Secretary to the Government of Pakistan. Mr. Sami Ul Haq Khilji Joined the Fauji Cement Company six years. Mr. Khilji brings with his diverse and rich experience in field of Commerce, Infrastructure Development, Public Administration, and Human Resources Limited (FCCL) Board on 16 September 2020 as Non-Executive Director. His Illustrious career of public service spans over thirty Development. Criminal Justice, Financial Management, Internal Controls, Banking, Transport Planning, and Public Policy to the FCCL Board.

As member of the prestigious District Management Group (DMG). Mr. Khilji has admirably represented Pakistan in multinational and bilateral fora such as the United Nations, the World Bank, and various Climate Change Protocols. Regional Transport Agreements and in strengthening economic cooperation between Pakistan and allied Nations

In terms of academic Achievement he holds a Master degree in Development Economics from the University of Wisconsin, USA, in addition to a Masters in Sociology from the University of Punjab, Pakistan. His areas, Corporate Finance, Organization Behavior and Policy of Specialization include, but are not limited to, Project Management Foundation.

Presently Mr. Khilji is on the Board of Directors for Sindh Bank Limited and an Executive Director for MM Management Consultants, a private consulting firm.

PROFILE OF DIRECTORS

Mr Muhammad Tariq Khan
Independent Director

Tariq Khan was the Partner in charge of the Islamabad office of Baker Tilly Mehmood Idrees Qamar and an Expert Affiliate with Cambridge Advisors to Family Enterprise, a Boston based Advisory firm that is a market leader in its niche market of Family Business Strategy and Structuring.

Mr. Khan has had extensive management experience with major diversified family conglomerates and blue chip multinationals in a variety of executive roles. He has designed corporate and legal structures and strategies for several family groups and has implemented governance, reporting, portfolio management, and planning disciplines for them apart from leading five IPOs and multiple mergers, acquisitions and divestments and raising billions of dollars in financing.

Prior to returning to the accountancy profession and entering the family business arena, Mr. Khan worked for two blue chip multinational corporations. From 1984 to 1992 he was employed by the British multinational, ICI plc at that time the largest UK corporation, specializing in chemicals, petrochemicals, pharmaceuticals, advanced materials, fibers, plant protection, and paints. Based in Pakistan and seconded to England for three years, his main area of focus was finance, strategy, IT, and HR. After leaving ICI, Mr. Khan joined The Coca- Cola Company as Regional Finance Manager for Southwest Asia, a role that involved the consolidation of a fragmented bottler network in seven countries under a Singapore based 'anchor' bottler, along with handling finance and HR functions. This required significant negotiation skills and hands-on experience of corporate valuations, mergers and acquisitions, and corporate finance. After three years in that role, Mr. Khan was promoted to the role of CEO for the newly acquired bottling business in Pakistan, where a major requirement was to bring around culture change from a family-owned business to a multinational governance model.

In 1997, Mr. Khan joined the Tawoos Group, one of the largest family Groups in Oman as Group CFO and COO of the Investments Division. From there he moved to Dubai as head of Corporate Affairs for the Abdulla Al Ghurair Group, another business giant in the region, and after four years, he moved to Saudi Arabia, where over six years he worked for two large family groups, the Fawaz Al Hokair Group and the Safari Group as head of Strategy and CFO.

During the years that Mr. Khan has spent in the Middle East working with family businesses spanning over 50 business sectors, he led major initiatives, including structuring of corporate and family models, a number of very successful IPOs, mergers, divestments and acquisitions, significant debt financing and restructuring, and major ERP implementation.

After leaving employment in 2010, Mr. Khan joined the largest Family Advisory Partnership, Cambridge Advisors to Family Enterprise (now CFEG). While being associated with the Harvard based partnership, first as Principal and then as Expert Affiliate, Mr. Khan worked with a range of family businesses ranging from South America and the States to North Africa, South Asia, the Gulf and Levant and Asean. The work involved creating Governance Models, Protocols and Strategies for generally diversified businesses, and link them together to facilitate generational transition.

Mr. Khan earned his Bachelor of Arts degree in economics and statistics from Peshawar University and then became a Member of the Institute of Chartered Accountants in England and Wales, for which he completed his articles with Bourner Bullock, Chartered Accountants in London. Mr. Khan is also a Fellow of the Institute of Chartered Accountants of Pakistan.

Ms Naila Kassim
Independent Director

Ms.Naila Kassim is the Group Director HR for the house of Habib. In her capacity as the Group Director, she is responsible for formulating a strong talent and HR management strategy that encompasses recruitment, retention, organization development and record in sync with the business need along with ensuring succession planning for a healthy talent pool within the organization. She is also responsible for the Group Wide Management Trainee program across the industrial and banking sector across House of Habib.

Prior to her association with House of Habib she was the Group Head of HR & Communications of Engro Corp. Responsible for all strategic HR matters and the internal and external communications of the Engro brand and its subsidiaries consolidating the brand architecture for the Company as a whole. She has also initiated various human capital development programs that include championing diversity and driving employee engagement to deploy an enabling environment at Engro.

Prior to her association with Engro in 2010, Naila worked extensively with the leading giant chip manufacturer – Intel Corporation – where she was responsible for developing strategic programs to promote technology usage and penetration of IT in Pakistan, Thailand & Bangladesh. She was also instrumental in working with the world-wide teams in supporting the development of a new platform for the emerging markets. During her time at Intel Corporation she was heading the flagship CSR program to bring about technology aided learning in schools across Pakistan and Thailand. Naila worked with the Government of Pakistan to train a 100K teachers on using technology as a teaching tool and promoting project-based learning across both government and private schools in the country. She also launched the first WIMAX Pilot with the Ministry of IT in the country and launched various initiatives to make computers affordable with various financial institutions. In addition, she was also responsible for increasing technology adoption across the South Asian Markets.

Naila holds a Bachelor of Science degree having majored in Marketing from Southeastern University, Washington D.C. In her free time, she enjoys music, travelling and watching shows and movies.

Brig Abid Hussain Bhatti, SI(M), (Retd)
Company Secretary

Brigadier Abid Hussain Bhatti, SI (M), (Retd) is serving as Company Secretary of FCCL, since 7th June 2021. He was commissioned in Pakistan Army as an officer in 1987 in Corps of Signals. He is a veteran of First Gulf War, 1991. He holds an Electrical Engineering degree from UET, Lahore. In addition, he is a graduate of Command and Staff College, Quetta and National Defense University, Islamabad. During his 31 years of military career, he remained employed on various command, staff and instructional assignments. He has served as United Nations Military Observer in Democratic Republic of Congo. He also remained a Defense Attache' at Pakistan High Commission in Abuja, Nigeria. He has served as Commander Corps Signals in different Corps of Pakistan Army and also remained a Director General of a civil department. Holds a Master's degree in National Security and War Studies.

Mr Omer Ashraf
Chief Financial Officer

Mr Omer Ashraf joined FCCL in 2006 in the role of Chief Financial Officer. He is a Fellow member of the Institute of Chartered Accountants of Pakistan (FCA) with over 26 years of rich professional experience in managing finances, budget, tax planning, investor relations, project development, project financing and mergers and acquisitions. He was extensively involved in the Expansion of FCCL from a capacity of 3700 TPD to 11,500 TPD. During this period he also led the clean energy initiatives by the company including Waste Heat Recovery and Solar power plants.

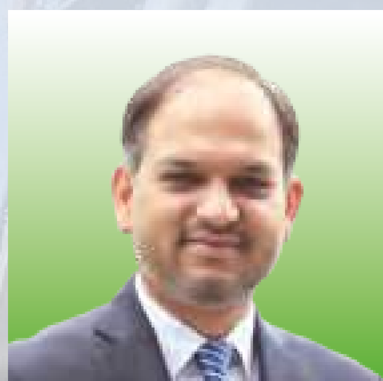
SENIOR MANAGEMENT

Mr Muhammad Tariq
Director Project

Mr Shoaib Akram
Director Operations &
Technical

Brig Aziz ul Hassan Usmani,
SI (M), (Retd)
GM Marketing and Sales

Brig Abdul Jabbar,
SI (M), (Retd)
GM HR & Admin



Syed Kamran Hassan
GM Supply Chain Management

COMPANY INFORMATION

COMPANY SECRETARY

Brig Abid Hussain Bhatti,
SI(M), (Retd)

Tel No. +92-51-9280075
Email: abid.hussain@fccl.com.pk

CHIEF FINANCIAL OFFICER

Mr Omer Ashraf

Tel No. +92-51-5500157
Email: omer@fccl.com.pk

GM HUMAN RESOURCE & ADMINISTRATION

Brig Abdul Jabar,
SI(M), (Retd)

Tel No. +92-51-9280084
Fax No. +92-51-9280416

Email: abdul.jabbar@fccl.com.pk

GM MARKETING & SALES

Brig Aziz ul Hassan Usmani,
SI(M), (Retd)
4th Floor, AWT Plaza, The Mall,
Rawalpindi-Pakistan

Tel No. +92-51-5523836,
+092-051-5528963-64,
Fax No. +92-51-5528965-66

Email: adminmkt@fccl.com.pk

GM SUPPLY CHAIN MANAGEMENT

Syed Kamran Hassan

Tel No. +92-51-9281549
Fax No. +92-51-9280416

Email: kamran.hassan@fccl.com.pk

LEGAL ADVISORS

M/s Orr Dignam & Co, Advocates

Marina Height ,2nd Floor 109 East
Jinnah Avenue, Islamabad

Tel No. +92-51-2260517-8

Fax No. +92-51-2260653

SHARES REGISTRAR

M/s Corplink (Pvt) Limited

Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel No. +92-042-35916714-19 &
+92-042-35869037
Fax No. +92-042-35869037

Email: corplink786@yahoo.com

FACTORY

Fauji Cement Company Limited

- Near Village Jhang Bahtar
  Tehsil Fateh Jang, District Attock

  Tel No. +92-0572-538047-48
  Fax No. +92-0572-538025
  Website http://www.fccl.com.pk

- Near Wah Railway Station Tehsil Taxila,
  District Rawalpindi Pakistan

  Tel No. +92-057-2520452-01
  Fax No. +92-057-2520451

- Nizampur, (Village Kahi),
  District Nowshera, Pakistan

  Tel No. +92-0923-690141-42
  Fax No. +92-0923-610650

- Mauza Shadan Lund Chak Ladan Tehsil and District Dera Ghazi Khan Greenfield Plant

REGISTERED OFFICE

Fauji Cement Company Limited

Fauji Towers, Block III, 68 Tipu
Road, Chaklala, Rawalpindi

Tel No. +92-51-9280081-83,
+92-51-5763321-24
Fax No. +92-51-9280416

Website http://www.fccl.com.pk

BANKERS OF THE COMPANY

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

AUDITORS

M/s KPMG Taseer Hadi & Co,

Chartered Accountants

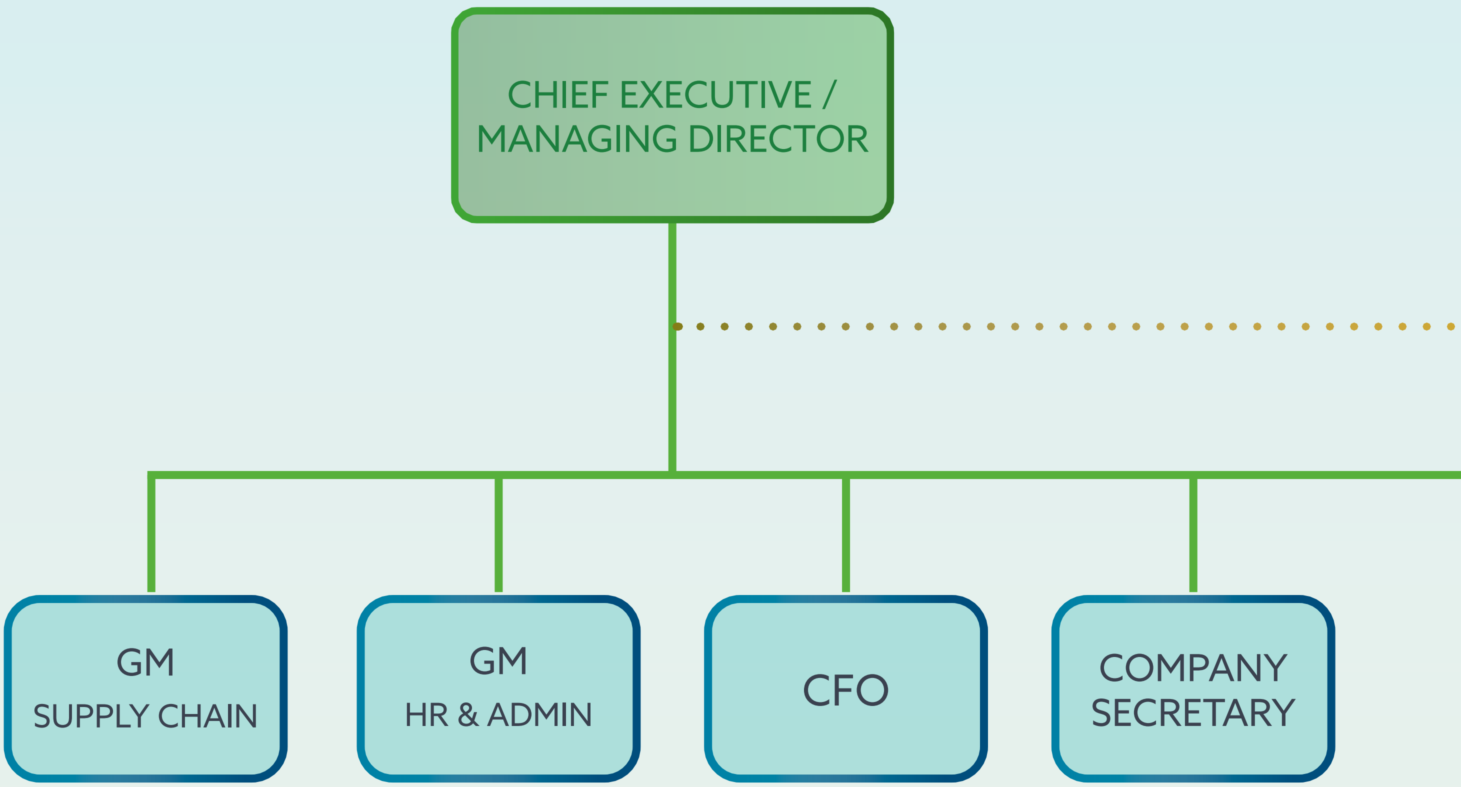
6th Floor, State Life Building No. 5
Jinnah Avenue, Blue Area,
P.O. Box 1323,
Islamabad Pakistan

Tel No. +92-51-282-3558
Fax No. +92-51-2822671

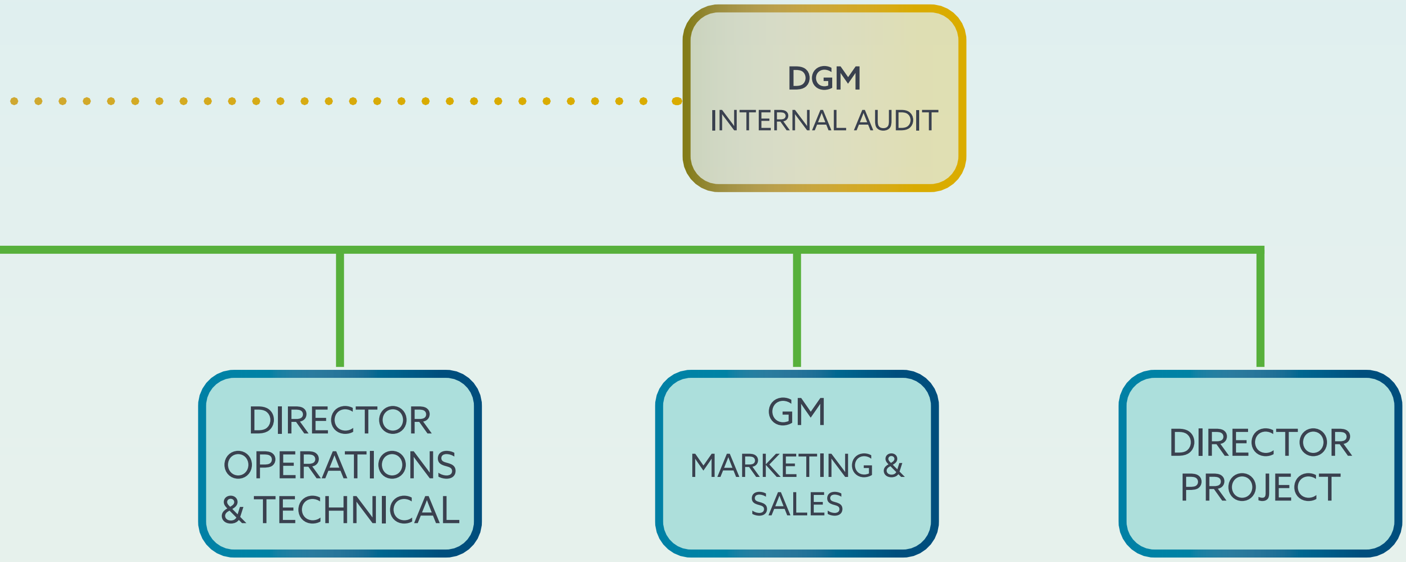
EMAIL FOR E-FILLING & E-SERVICES

Email: secretaryoffice@fccl.com.pk

ORGANIZATIONAL CHART



CFO	Chief Financial Officer
GM	General Manager
DGM	Deputy General Manager
HR & ADMIN	Human Resource & Administration


DGM
INTERNAL AUDIT
DIRECTOR
OPERATIONS
& TECHNICAL
GM
MARKETING &
SALES
DIRECTOR
PROJECT

HUMAN CAPITAL

2,226
No. of employees
at year end

2,034
Average
No. of employees
during the year

1,953
Factory Employees

EFFECT OF SEASONALITY ON BUSINESS

The overall production cycle of the company does not have any major seasonal impact. Cement sales are higher during spring and summer months as a result of longer days and extra construction activities, while business slows down slightly during the normal monsoon and winter seasons.

SIGNIFICANT CHANGES FROM PRIOR YEAR

The business environment that the Company operates in is an ever-changing and challenging one. High inflation, massive currency devaluation and increasing fuel and electricity prices have impacted the business environment in the country in general, and the cement industry in particular during the year. As a result the prices of cement in the market also saw historic highs which from a business perspective is not considered favorable as it impacts demand. On the cost side the management made extra ordinary efforts to use maximum Local coal substituting Imported Coal to lower fuel costs, increase Own power generation with the addition of Solar Power, FTE cost optimization and tight control over general expenses.

POSITION WITHIN THE VALUE CHAIN

The principal activity of the Company is manufacturing and sale of different types of cement.

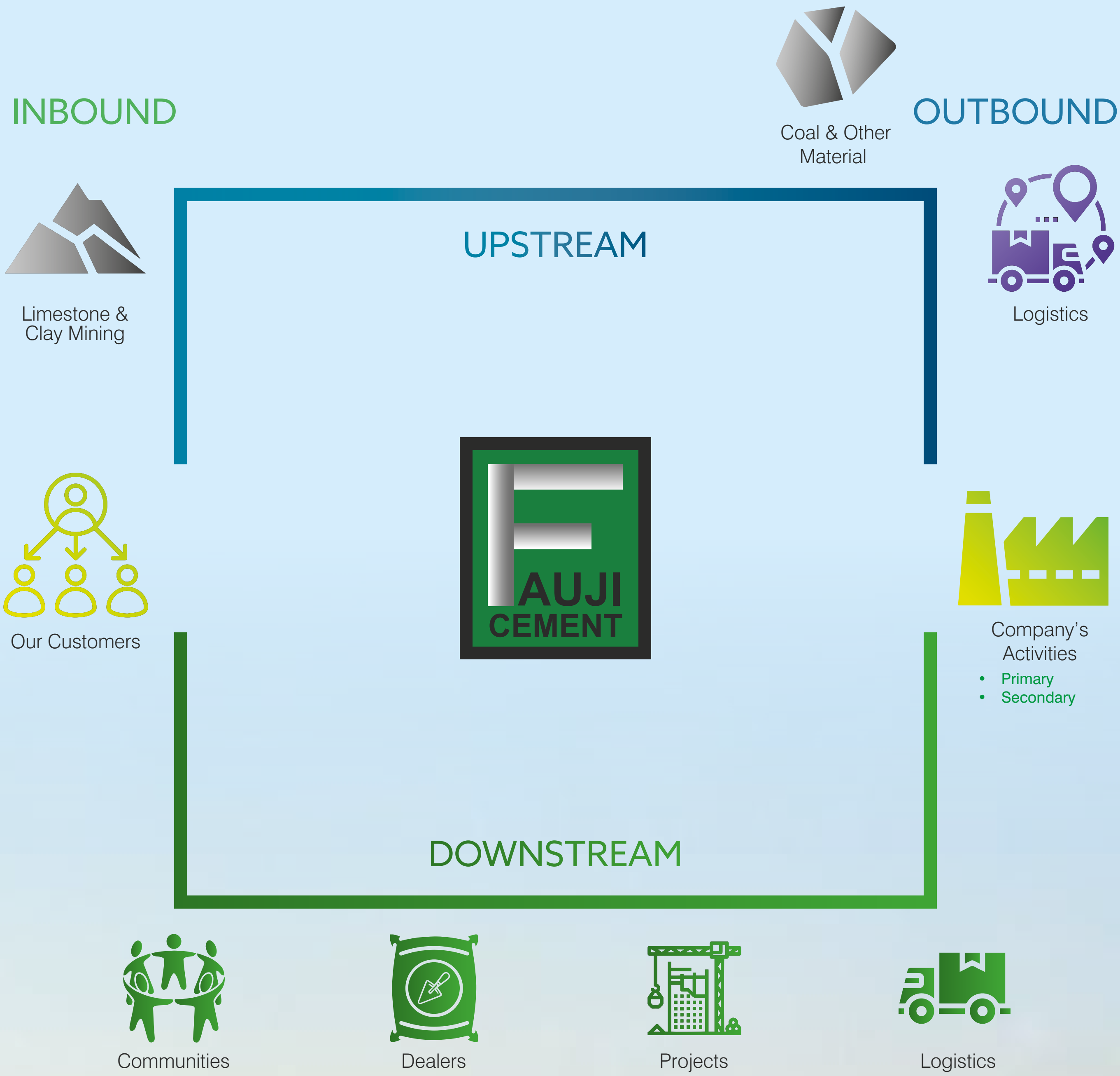
Cement is manufactured through the mixture of different earth materials to make a fine raw mix and then heating the raw mix at a very high temperature in a kiln and grinding the same to make cement. Main materials used are as under:

- Lime Stone
- Clay
- Laterite
- Gypsum

On the upstream part of value chain, Lime Stone and Clay is obtained from own quarry, mining of these items is done through a quarry contractor. Laterite and gypsum is purchased from different outside suppliers. Coal is the main fuel which includes Imported, Afghani and Local procured through the suppliers within and outside the country.

On the downstream part of the value chain are our dealers, transporters, projects and our communities.

UPSTREAM	COMPANY ACTIVITIES	DOWN STREAM
Inbound Extraction of limestone and clay from own quarry	Primary Activities • Production • Marketing and sales	Out Bound • Transporters involved in transportation. • Customers • Dealers • Projects • CSR Activities- Communities
Out bound Suppliers of: • Coal • Gypsum • Laterite • Other fuels • Transporters of imported materials/spares	Secondary Activities • Human Resource Management • Company Infrastructure-Legal, admin, finance, IT etc	


INBOUND
Coal & Other Material
OUTBOUND
Limestone & Clay Mining
UPSTREAM
Logistics
FAUJI CEMENT
Our Customers
Company's Activities
• Primary
• Secondary
DOWNSTREAM
Communities
Dealers
Projects
Logistics

SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

	FACTOR IMPACTING EXTERNAL ENVIRONMENT	COMPANY'S RESPONSE
P	**Political** • Political instability • Inconsistency in Government Policies	The Company closely monitors the macroeconomic policies, indicators and political developments, in order to respond accordingly.
E	**Economic** • Lower economic growth • Currency devaluation, and hike in inflation & interest rates • Reduced Government spending on PSDP • Income level of people	Lower economic growth and Government spending may adversely affect the Company's performance. Overall macroeconomic indicators including Government PSDP allocation is closely monitored. The Company continues to work on cost optimization and new, value-added products in order to minimize the impact of any economic slowdown.
S	**Social** • Corporate Social Responsibility (CSR) • Socio-economic development of the community	Socio-economic development of the community is essential for any business to sustain. Cognizant of this factor, the Company has consistently worked towards the development of the surrounding community. A considerable budget is allocated, and investments are made for CSR activities covering the health, education and environmental sectors.

	FACTOR IMPACTING EXTERNAL ENVIRONMENT	COMPANY'S RESPONSE
T	**Technological** • New technologies in manufacturing processes • Innovation in business processes	The Company has always strived to maintain the upgradation of its manufacturing facilities. The key focus is to consistently acquire the latest technology in all business processes, in order to avoid becoming technologically obsolete.
E	**Environmental** • Global environmental protection awareness • Environmental protection laws	According to its policy, the Company complies with all the local environmental laws. Beyond the regulatory compliance, the Company strives to conserve its natural capital. The Company's efforts including water conservation, biodiversity protection and the use of renewable energy sources to reduce its carbon footprint, are detailed in the Environmental Sustainability section of this report.
L	**Legal** • Compliance with applicable laws and regulations	The Company complies with all the applicable laws. Dedicated and experienced individuals ensure that all areas of the business adhere and comply with their respective laws.

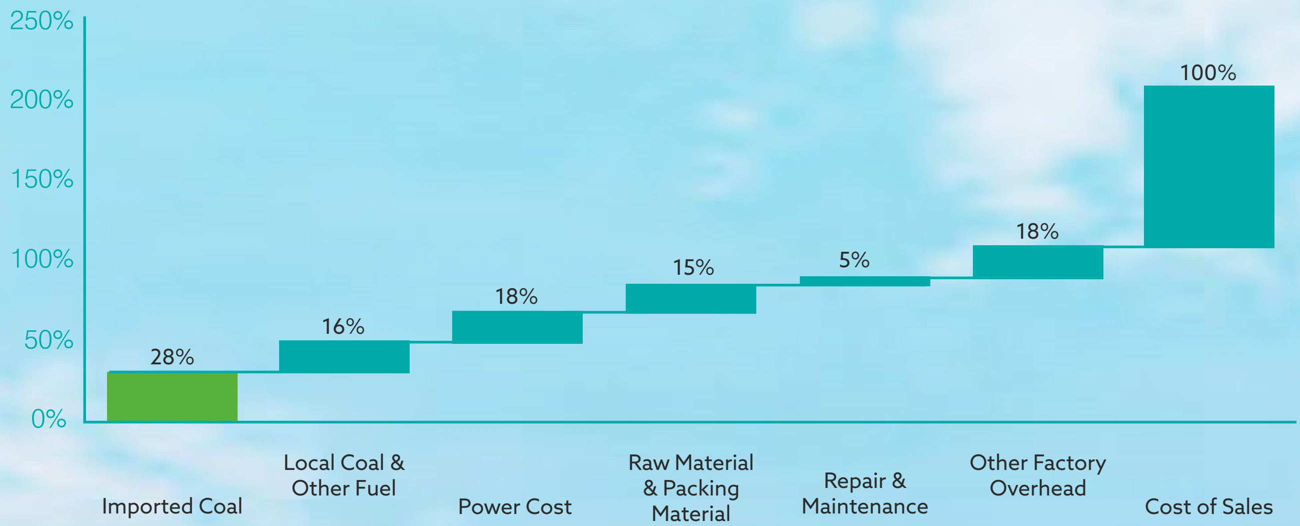
The external environment plays an integral role in the company's operational and financial performance. Our strategy aims to place the company in the best position in terms of the external environment, in order to effectively manage the risks and optimize the opportunities present and emerging in the political, economic, social, technological, environmental and legal arenas.

COMPOSITION OF LOCAL VERSUS IMPORTED MATERIALS

COMPOSITION OF LOCAL AND IMPORTED MATERIAL AND SENSITIVITY ANALYSIS DUE TO FOREIGN CURRENCY FLUCTUATIONS

Most of the raw materials for cement manufacturing are available locally. Company has to utilize imported coal as a fuel, which is the main imported material for cement manufacturing. Imported coal is main component representing 28% of total cost of sale of the Company. The Company is moderately sensitive to the foreign currency fluctuations. The management constantly monitors the international coal prices and exchange rates and takes necessary and timely steps to mitigate such impacts.

An increase in coal price by PKR 100 per ton effects the cost of production by PKR 12 per ton. The Cost of Sales of Company will increase by 1.20% and 2.40% in case of foreign currency fluctuation by 10% and 20% respectively.



COMPETITIVE LANDSCAPE AND MARKET POSITIONING

COMPETITION AND POTENTIAL OF NEW ENTRANT

The cement industry of Pakistan is a competitive industry comprising of multiple players spread across the country. Since raw material availability and logistics play a key role in this sector, hence the plants are located accordingly. There is free entry for anyone willing to invest and enter the industry with the usual challenges as for any new entrant in any industry. Each company has its own brand name in the market. Considering Pakistan has one of the lowest per capita consumption of cement in the world existing companies have been expanding their market share to keep up with the demand. In such a highly competitive environment, efficiency in cost and consumer satisfaction through quality products is the key to remain competitive.

To capitalize on its brand image of delivering quality products year after year and to expand its market outreach. The Company is putting up two new cement plants at Nizmapur and DG Khan.

POWER OF CUSTOMERS

One of the key elements of a business is customer base, it is affected by how many customers a company has, how significant each customer is, and how much it would cost a company to find new customers or markets for its product. As a norm, in cement industry in Pakistan, the sales are made through network of dealers and distributors.

Dealers and projects are two main categories of customers of the Company. A significant portion of Company's sales are made to different mega projects. Company's focus on quality and customer satisfaction is the base of customer relationship. Diversified & strong customer base and quality product gives the Company an edge over competitors in the Industry.

POWER OF SUPPLIERS

How easily the suppliers can drive up the cost of an input can put a business in difficult position through cost escalation, particularly, when it operates in highly competitive environment. This power of suppliers is affected by the number of suppliers of key inputs of Goods or services, how unique these inputs are, and how much it would cost a business to switch to another supplier.

Major raw materials of the Company are extracted from own quarries. Electricity is either generated through own sources or procured from National Grid. For rest of the materials, supplies and services, Company engages outside suppliers. For every critical item of supply, material and service Company has a wide base of suppliers. Company maintains a healthy relationship with suppliers by being competitive in rates, keeping its agreed commitments including their payments and resolving queries on timely basis. This helps the Company to maintain its wide supplier base and accordingly gives bargaining power with suppliers.

THREAT FROM SUBSTITUTE PRODUCTS

Cement is one of the main construction material being used globally. Threat of its substitution with new product is not significant.

AWARDS & CERTIFICATIONS

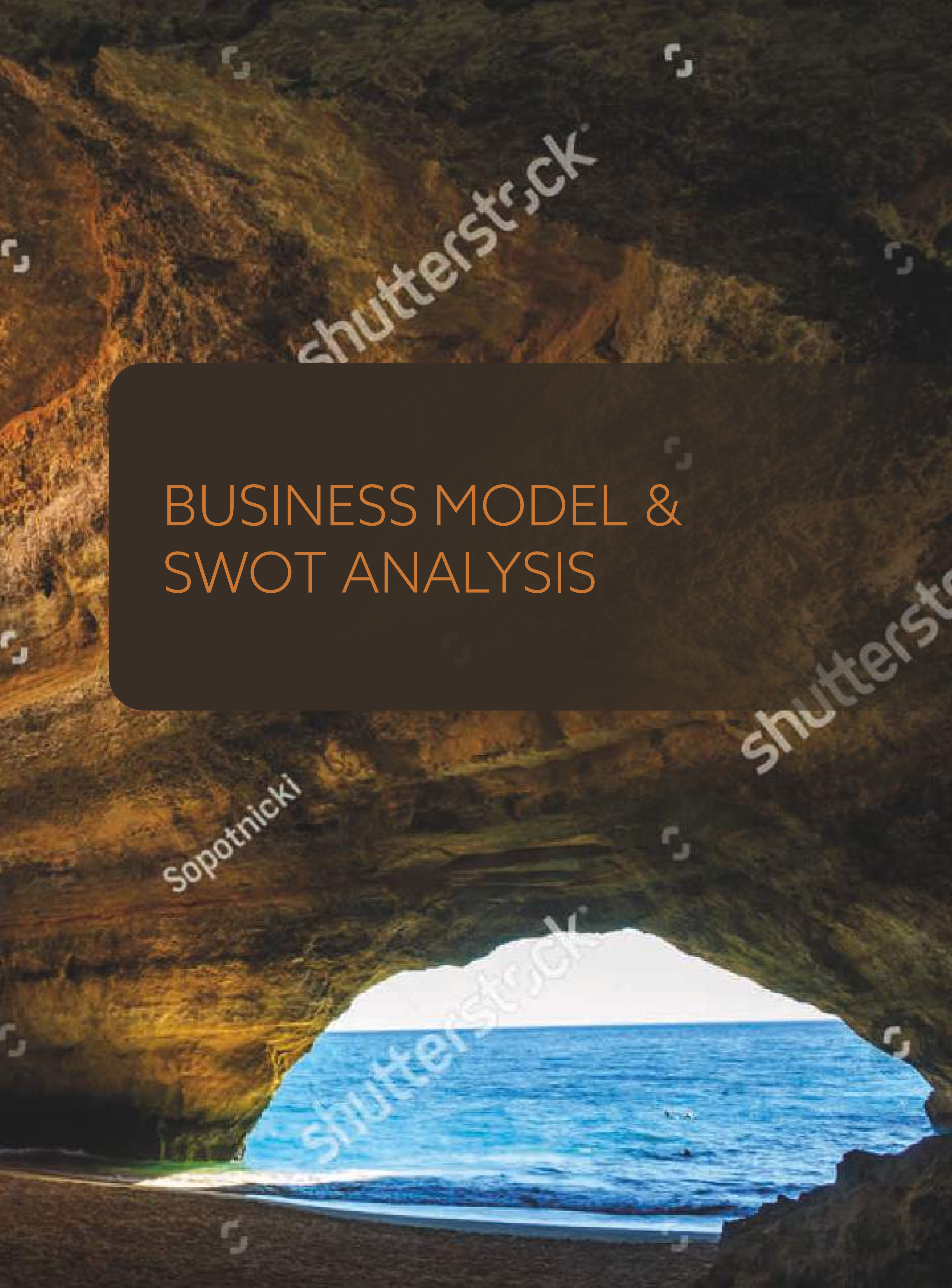
Honorable DG Environment Ms. Ambreen Sajid visited the FCCL Wah plant on May 20th and 21st 2022 along with officials from the Environmental Protection Agency (EPA) and Mines & Mineral Department. During the visit, Ms. Ambreen Sajid and her team witnessed the clean and green work environment and initiatives of Wah plant team towards environmental sustainability and community welfare. In recognition of the initiative, DG EPA and her team nominated FCCL Wah for the prestigious Best Performance Award.

Subsequently, FCCL Wah was invited to be a part of the symposium lined up with World Environment Day at Government College University Lahore on 6th June 2022. EPA Punjab organized the symposium in collaboration with GCU and World Health Organization (WHO). At the event, FCCL was awarded with the best performance award in recognition of its outstanding achievements towards furtherance of environment and community welfare initiatives.

Manager HSE Wah Plant received the award on behalf of Fauji Cement Company Limited.

Certificate of Merit for the Annual Report FCCL 2021

BUSINESS MODEL & SWOT ANALYSIS



OUR BUSINESS MODEL

BUSINESS ACTIVITY
How we differentiate ourselves in the market place

PRODUCTION

- Energy efficient European origin / Chinese Hybrid plants
- Continued investment on production facilities to enhance operational efficiencies

PREMIUM PRODUCT

- Strong emphasis on quality control
- Product innovation for specialized need
- Compliance to International Standards

SALES AND DISTRIBUTION

- Mega project sales
- Good relationship with customers

ADAPTABILITY AND INNOVATION

- Continued focus on new products development
- Capacity enhancement to meet the market demand

INPUTS / KEY ASSETS

FINANCIAL CAPITAL

- Equity Rs. 57.7 Billion
- Moderate leverage
- Total Assets Rs. 113.7 Billion

MANUFACTURED CAPITAL

- State of the Art Production Facilities
- Annual Capacity 6.4 Million tons of cement
- Multi fuel captive power generation of 80 MW

INTELLECTUAL CAPITAL

- An in-house fully integrated ERP
- Among our valuable assets are our brands Fauji and Askari

HUMAN CAPITAL

- A highly motivated and experienced team
- Social and Relationship Capital
- Network of 230 dealers across Pakistan
- Well reputed and preferred brands among the mega projects
- Relationship with all major financial institutions

NATURAL CAPITAL

- 20 MW solar energy captive power plants
- Major raw materials from own quarry

OUTPUT	OUTCOME

DIFFERENT TYPES OF CEMENT

- OPC
- Low Alkali/ Low heat cement
- SRC
- Green Cement

POWER GENERATION THROUGH WASTE HEAT RECOVERY

GREEN ENERGY - THROUGH SOLAR

Cost optimization through efficient production and optimal use of resources is key to our business model. We continuously seek opportunities to improve efficiency of our business processes to optimize cost, with the aim to create long-term value for all of our stakeholders.

INTERNAL

FINANCIAL CAPITAL

- Highest ever revenue of Rs. 54.2 Billion
- Healthy cash generation of Rs. 7.6 Billion through operations

MANUFACTURED CAPITAL

- Maximum capacity utilization
- 42% own power generation

INTELLECTUAL CAPITAL

- Implementation of SAP in progress

HUMAN CAPITAL

- Employee Training and development
- Low Turnover
- Engaged & motivated employees

EXTERNAL

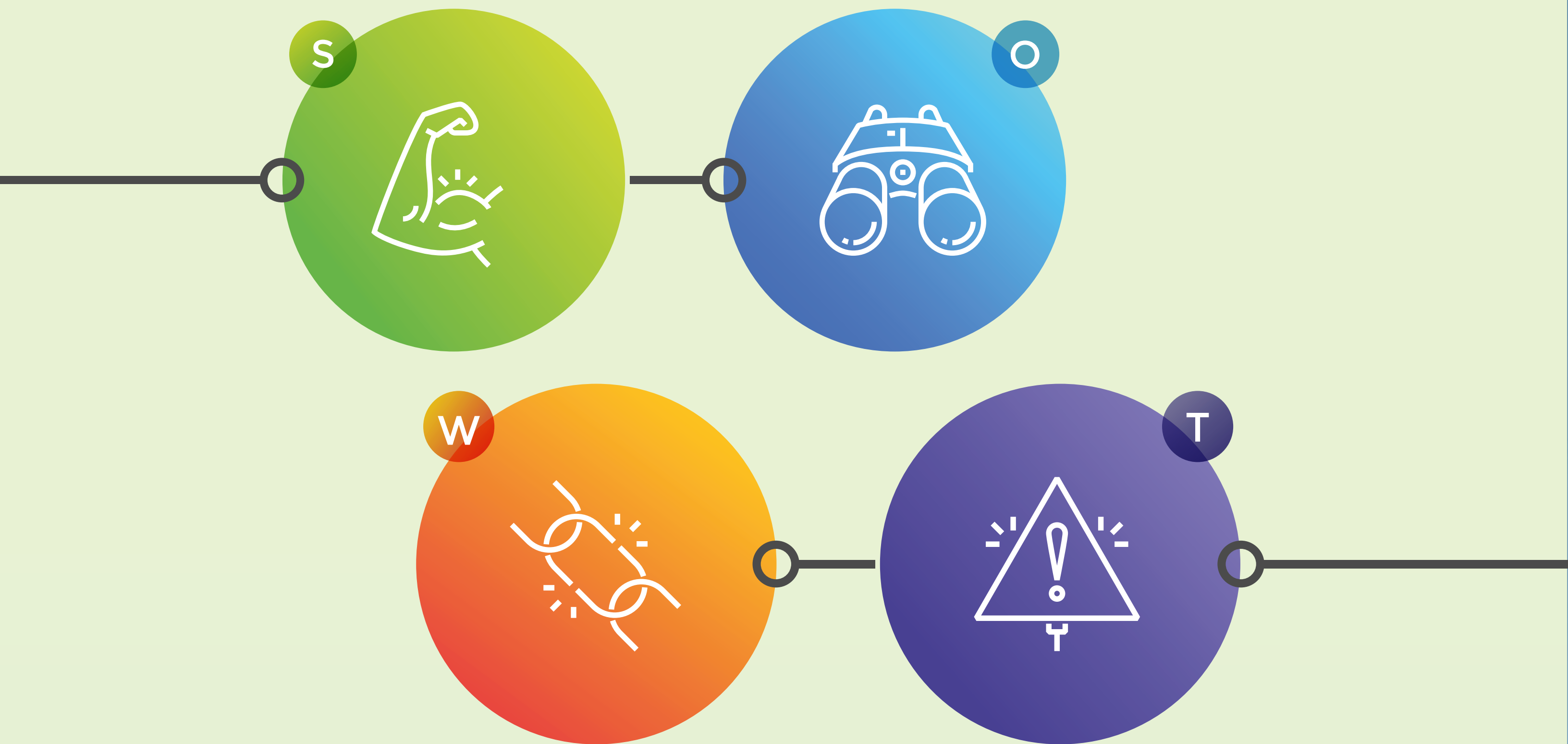
SOCIAL AND RELATIONSHIP

- Consumer satisfaction through quality protection
- CSR activities
- Contribution to national Exchequer Rs. 23.1 Billion

NATURAL CAPITAL

- Increase in Renewable energy production
- Manufacture of Green Cement to reduce clinker factor rate
- Recycling plant waste water for usage

SWOT ANALYSIS



STRENGTHS

- FCCL is among the premium quality brands in Pakistan's cement industry.
- Trusted for mega projects both private and public, fetching a premium price and optimal capacity utilization.
- State-of-the-art, energy-efficient production lines of European/Chinese Hybrid Technology.
- FCCL owns Captive multi-fuel/renewable energy generation power plants (Solar, Waste Heat Recovery and Multi Fuel generators).
- FCCL is an environmentally responsible corporate entity as evident from its investment in eco-friendly developments such as renewable energy generation, emission control equipment and water conservation.
- Significantly reduced dependency on imported coal as a result of increased utilization of local indigenous coal.
- Highly-qualified, motivated and dedicated workforce with a low turnover rate.
- Increased production capacity due to the amalgamation of ACL with and into FCCL. Post the two ongoing expansions poised to be the 3rd largest cement manufacturer in Pakistan.

WEAKNESSES

- Potential disadvantage for sea exports compared to south plants.

OPPORTUNITIES

- Significant growth opportunities in the domestic market due to Pakistan's low per capita cement consumption, growing population and increasing urbanization.
- CPEC presents a great opportunity for long-term growth of the industry.
- Continuous Government spending on infrastructure development and hydropower projects including major dams and various housing schemes.

THREATS

- Continuous pass on of input costs to consumers with ever high cement prices effecting demand
- Rising input costs due to the increase in Power, coal and other fuel prices, as well as the devaluation of PKR.
- Any resurgence of the COVID-19 Pandemic can have an adverse effect on cement demand.
- Slowdown in exports due to the political instability in Afghanistan.

STRATEGY AND RESOURCE ALLOCATION

STRATEGIC OBJECTIVES AND STRATEGIES TO ACHIEVE THE OBJECTIVES

At FCCL, we are aimed to create sustainable value for all stakeholders.

STRATEGIC OBJECTIVE	STRATEGIES IN PLACE OR INTENDED TO BE IMPLEMENTED TO ACHIEVE STRATEGIC OBJECTIVES	TIME HORIZON
To Enhance and maintain market share In medium term our focus will remain to enhance our market share in growing local market	• Amalgamation of Askari Cement Limited (ACL) with and into Fauji Cement Company Limited (FCCL) to help enhance market share. • Running Plants at optimum capacity to ensure availability of maximum product in the market. • Green field expansion project at DG Khan, as well as brown field projects at Nizampur to increase production capacity and make presence in central and south markets • R&D on new products taking into consideration the ever-changing market needs.	Medium Term
To maintain premium position in qualitycement production We strive to maintain our position in industry as premium cement manufacturer	• At all levels of production strict quality controls are in place. • Product innovation for specialized need and requirement. • As a norm, only renowned suppliers are selected for procurement of plant and machinery and equipment to maintain thequality standards.	Short Term
Cost optimization Cost optimization through efficient production and optimal use of resources	• Continuous investment on production facilities to enhance operational efficiencies. • Asset integrity plan in place. • Predictive maintenance of plant and machinery to minimize the unplanned stoppages and improve plant life. • Stringent cost controls at all levels of organization to minimize the fixed costs. • Maximization of cheaper, own power generation	Medium Term

STRATEGIC OBJECTIVE	STRATEGIES IN PLACE OR INTENDED TO BE IMPLEMENTED TO ACHIEVE STRATEGIC OBJECTIVES	TIME HORIZON

Sustainable Development
 	
We are focused more towards the economic development, social development and environmental protection for future generations
	• Company complies with all the National Environmental Quality Standards.
	• Focus on reduced CO2 emissions through:
	    • Use of cementitious materials/Green Cement.
	    • Renewable energy generation through solar and WHR power plants.
	    • Tree plantation for CO2 sequestration.
	    • Use of Alternate Fuel (AF).
	• Continuous work for the betterment and uplift of the surrounding communities in the fields of education, health care and employment.
	• Focus on water preservation through recycling and rain water harvesting
		Medium Term

Execution Excellence Our Aim is the pursuit of excellence in every sphere of operation	• Implementation of SAP is in progress. • Compliance with all regulatory requirements is a must in all spheres of business operations. • Key objective setting for all departments at all levels embedded with measurable KPI's.	Short Term

RESOURCE ALLOCATION PLAN TO IMPLEMENT THE STRATEGY

Optimal use of resources is our key to allocate resources in every sphere of operations. To achieve our strategic objective we manage and allocate key capitals against each strategic objective as under:

STRATEGIC OBJECTIVE	RESOURCE ALLOCATION
To Enhance and maintain market share	Financial Capital – For expansion project required finances are allocated through a mix of equity and debt Human Capital – A dedicated Project team, New product development team
To maintain premium position in quality cement production	Financial Capital – Continuous investment on manufactured capital Human Capital – A separate Quality Control Department
Cost optimization	Financial Capital – Continuous investment on manufactured capital Human Capital – Employees training and development Natural Capital – Investment in solar energy, Investment on water conservation, surface water usage and cheaper fuel.
Sustainable Development	Financial Capital - Investment in solar energy and surface water usage, considerable budget allocation for local communities, contribution to national exchequer in terms of taxes, Investment in manufactured capital for low emission and energy efficient plant and machinery Social and Relationship Capital – Development of local communities in terms of education, medical and clean water provision Natural Capital – Water conservation, Tree plantation, Reduced CO2 emission
Execution Excellence	Financial Capital – Investment in Employees training and development. Investment in SAP Intellectual Capital – Adherence to all regulatory laws and regulations

FINANCIAL CAPITAL STRUCTURE

FCCL has a Debt to Equity ratio of 43:57 Which has shown an increase as a result of the two new cement expansion projects. Company obtained long-term loans from commercial banks under Government subsidized schemes for the setting up cement plants and for renewable Energy along with normal Term finance loans. In addition, to meet working capital requirements Company maintains running finance lines with different banks.

THE EFFECT OF TECHNOLOGICAL CHANGE, SOCIETAL ISSUES AND ENVIRONMENTAL CHALLENGES ON THE COMPANY STRATEGY AND RESOURCE ALLOCATION

TECHNOLOGICAL CHANGE

Rapid technological changes across the globe are affecting the businesses. Cognizant with the fact, Company takes into account the latest developments in formulating strategies in every sphere of business operations.

Area	How Technological Change is Impacting Our Strategies	Resource Allocation
Production	Operational efficiencies, being the main factor of cost optimization, is being impacted with the development of new energy efficient and environment friendly technologies. The Company is acquiring latest technology equipment for its new cement line. Further, Company keeps upgrading its existing production facilities.	Financial Capital is allocated to embrace new technologies
Information Technology	System efficiencies without latest information technology tools is not possible to achieve. Upgradation of hardware on continues basis, acquiring latest software and implementation of SAP are a few examples.	Financial Capital is allocated to embrace new technologies

SOCIETAL ISSUES

Corporate social responsibility is the key element of the Company's strategic objective of sustainable development. FCCL believes in giving back to the society and accordingly the societal issues relating to education, health and employment are part of its strategic plans. The local communities in the fields of technical education, healthcare and job creation are some of the focus areas for management, for which purpose budget is allocated every year. Further details are given in the Corporate Social Responsibility section of the Directors' Report.

ENVIRONMENTAL CHALLENGES

FCCL admits that our environment faces various problems, and many of them exacerbate with time. The environmental challenges such as climate change, loss of ecosystem and water scarcity are posing threat to our planet at large and human beings in particular. Sustainable development is one of the strategic objectives of the Company. Strategies are formulated for water conservation, tree plantation, reduction of CO2 emissions, and clean & green energy generation.

SPECIFIC PROCESSES USED TO MAKE STRATEGIC DECISIONS

Strategic decisions are those that have implications on the competitive positioning of the Company. Since the strategic decisions are critical in nature and involve high level of uncertainties, the Company follows a structured process for identifying and making strategic decisions. All strategic decisions are put up by the management to the Board of Directors, who then review, provide valuable input, approve and monitor the implementation of decisions through its Committees. An Executive Committee of the Management is in place that helps put together strategies under the guidance of the Board of Directors. The specific process for strategic decision making of the Company is as under:

Sr #	Steps	Level of Management Involved
1	Identification of problem or opportunity	Management Executive Committee
2	Gathering of information	Middle Management
3	Evaluation of data, alternate scenario analysis, sensitivity analysis and recommendation of best option to Board Committees	Management Executive Committee
4	Evaluation and recommendation	Relevant Board Committees
5	Review and final approval	Board of Directors
6	Implementation and monitoring	Management Executive Committee/ Relevant Board Committees/Board of Directors

SPECIFIC PROCESSES USED TO ESTABLISH AND MONITOR THE CULTURE OF THE COMPANY

CULTURE ESTABLISHMENT

The Culture defines the collective values, norms and beliefs of an organization. Our core values are the foundation of our business and form a culture that promotes equality, fairness, health, safety, diversity and innovation, among others. These values are established and maintained over the years by the Governing Boards, Higher Management and Employees. We maintain a collaborative, inclusive, non-discriminative and safe work culture, and provide equal opportunities to all employees.

We have a 'Zero Tolerance' policy towards any kind of discrimination and harassment at the workplace based on the applicable laws and our internal directives. Our Codes of Business Conduct lay down acceptable professional behavior expected from our internal and external stakeholders.

CULTURE MONITORING

A formal code of conduct encompassing all of our cultural values, duly approved by the BOD is in place and communicated at all levels in the Company. Adherence to this code of conduct is compulsory for each and every employee of the Company.

COMPANY'S ATTITUDE TO RISK AND MECHANISM FOR ADDRESSING INTEGRITY AND ETHICAL ISSUES

At FCCL, we believe that risk is an integral and unavoidable component of business and we are committed to its management and minimization in a proactive and effective manner. To address integrity and ethical issues, a formal Whistle Blowing Policy duly approved by the Board of Directors is in place, that comprehensively covers all the aspects and encourages all stakeholders to remain alert in a transparent and efficient manner. The policy has adequate safe guards for the whistle blower, and complaints (if any) are investigated independently and appropriate actions are taken. These cases are shared with the Audit Committee and Board of Directors on quarterly basis.

KPI'S TO MEASURE THE ACHIEVEMENT AGAINST STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	KPI	FUTURE RELEVANCE
To Enhance and maintain market share	• Timely completion of new projects • Capacity Utilization • Market Share	Except project completion remaining, KPIs will remain relevant in future
To maintain premium position in qualitycement production	• Customer Satisfaction Index • Mega Project Sales Ratio	KPIs will remain relevant in future
Cost optimization	• Production • GP Ratio • Fixed cost to overall cost ratio	KPIs will remain relevant in future
Sustainable Development	• CSR expenditure • Water conservation • Green energy generation	KPIs will remain relevant in future
Execution Excellence	• Timely and flawless implementation of SAP without any business operation hindrances • Adherence to applicable laws and regulations • Meeting departmental KPIs	Except implementation of SAP remaining KPIs will remain relevant in future

CASH FLOW STRATEGY AND LIQUIDITY MANAGEMENT

The Company has the ability to generate sufficient cash flows to meet its liquidity requirements. It regularly monitors and projects its cash inflows and outflows. Long-term projects are funded through long-term financing and internal cash generation, while running finances are utilized for the Company's working capital requirements. Maximum utilization of cheaper finances is the key to cash flow management strategy, and any excess cash is utilized to create maximum value through short-term and long-term Investments.

SIGNIFICANT PLANS AND DECISIONS

The Company is setting up a green field cement manufacturing line in DG Khan and a brownfield cement manufacturing line at Nizampur each with a capacity of 2.05 million tons per annum. The Company is a going concern and does not plan on halting any of its operations.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PRIOR YEAR

At FCCL, we strive to align our strategies with the ever-changing business environment to achieve our key aim of value creation for all of our stakeholders, however, there is no significant change in our strategic objectives and related strategies.

RISK & OPPORTUNITIES

STATEMENT OF RISKS AND OPPORTUNITIES

		DESCRIPTION	RELATED OBJECTIVE	IMPACT	HOW WE MANAGE OR MITIGATE RISKS AND CREATE VALUE FROM KEY OPPORTUNITIES
Strategic	**Excess Supply in the Market**				
	Risk	**Due to Economic Slowdown and Cement Expansions there is an excess supply in the market** **SOURCE:** External **LIKELIHOOD:** Possible **PRIORITY:** Moderate	To enhance and maintain market share	Impact on Company: Drop in market Share and pressure on prices Capital being impacted: Financial Capital	• Maintaining Brand perception through delivering consistent and top quality products and be the trusted brand by local consumers and mega projects • Diversified products portfolio to keep our customer base wide and strong • Constant working on new value added construction products i-e tile bond etc.
	Related Opportunity	**Growing local and international markets**	To enhance and maintain market share	Capital being impacted: Financial Capital	• Expansions in Nizampur and DG Khan • Maximizing project sales • High consumer satisfaction
Financials	**Stagnant or decreasing sale Prices**				
	Risk	**Due to increasing capacity in the market there could be pressure on prices** **SOURCE:** External **LIKELIHOOD:** Possible **PRIORITY:** Moderate	Sustainable Margins	Impact on Company: Squeezed margins as a result of stagnant and decreasing sales prices while cost rises Capital being impacted: Financial Capital	• Manufacturing of low cost Green Cement with better margins • Efficiency in processes • Technology up gradation • Strategies for cost optimization – discussed in next point
	Related Opportunity	**Innovation** **Execution of excellence** **SOURCE:** Internal **PRIORITY:** High	Execution Excellence	Capital being impacted: Financial Capital, Human Capital	• Development of new products • Management excellence in all sphere of operations
	Increasing input costs				
	Risk	**High Cost of production with a risk that it may not be passed on due to market conditions** **SOURCE:** External **LIKELIHOOD:** Possible **PRIORITY:** Moderate	Cost Optimization	Impact on Company: Low profitability Capital being impacted: Financial Capital	• Increasing Own captive power generation through multiple sources including Waste heat recovery, Solar and Gas Generators • Close monitoring of prices and optimum stock building of coal and other raw materials • Higher utilization of Local coal and an optimum coal mix ratio to minimize fuel costs • Laying of water pipeline from nearby surface water source to save on water bill • Stringent monitoring and control of fixed expenses
	Related Opportunity	**Efficiency in processes** **New avenues for Cost savings** **SOURCE:** Internal **PRIORITY:** High	Cost Optimization	Capital being impacted: Financial Capital, manufactured capital	• Low Cost energy production • Efficiency in production through upgradation of plant and machinery

		DESCRIPTION	RELATED OBJECTIVE	IMPACT	HOW WE MANAGE OR MITIGATE RISKS AND CREATE VALUE FROM KEY OPPORTUNITIES
Financials	**Credit Risk**				
	Risk	**Customer may not be able to pay their obligation** **SOURCE:** External **LIKELIHOOD:** Possible **PRIORITY:** Moderate	Cost Optimization	Capital being impacted: Financial Capital,	• Established Credit policy with assigned limits • Analysis of credit worthiness of each customer individually by the management before extending any major credit • For risky debtors Bank Guarantees and LCs are established
	Exchange Rate Fluctuation				
	Risk	**Certain Operating and capital expenditure especially ongoing cement Expansions (Off shore Component) incurred by the company in foreign currencies. An adverse exchange rate movement can cause increased input costs** **SOURCE:** External **LIKELIHOOD:** Very Likely **PRIORITY:** Moderate	Efficiency	Capital being impacted: Financial Capital,	• Although, the currency market is highly unstable in Pakistan Wherever and whenever hedging arrangements are available i.e. mainly forward cover are made. • In case of USD, Company also has natural hedge as it imports and exports in the same currency which partially offsets the risk.
	Interest Rate Fluctuation				
	Risk	**Increased interest rates** **(Company has taken long term loans for Expansions a portion of which is variable rate and is subject to change)** **SOURCE:** External **LIKELIHOOD:** Very Likely **PRIORITY:** High	Efficiency	Impact on Company: High Financial Cost in case of increased interest rates Capital being impacted: Financial Capital,	• Due to good credit worthiness of the company best possible rates are obtained for regular credit lines • For its Expansions the Company has obtained maximum available subsidized fixed rate loans under TERF and LTFF to help to mitigate the risk high interest costs
	Related Opportunity	**Low cost finances arrangement** **SOURCE:** Internal **PRIORITY:** High	Cost Optimization	Capital being impacted: Financial Capital, human capital	• Cost saving through low cost financing for expansion project • Utilization of low cost financing for working capital requirements
Environmental	**Water Scarcity**				
	Risk	**Depleting underground water resources** **Strict measures taken by the District Authorities to ensure effective metering of water usage by the industry for billing.** **The possible risk of ground water supply being completely disconnected in the future** **SOURCE:** External – Government Authorities **LIKELIHOOD:** Possible **PRIORITY:** High	Cost Optimization/ Sustainable Development	Impact on Company: Production Loss Capital being impacted: Financial Capital, human capital	• Fauji cement has constructed three water storage ponds collecting mainly rain water and plant waste water to be used for plant water consumption Our plant is located in positive area where water table is high and is expected that ground water supply will not be disconnected by authorities • Laying of water pipeline from nearby water channel to use surface water is under progress
	Related Opportunity	**Water Conservation** **Process improvements** **SOURCE:** Internal **PRIORITY:** High	Cost Optimization/ Sustainable Development	Capital being impacted: Financial Capital, human capital	• Water conservation through recycling and rain harvesting • Surface water usage

		DESCRIPTION	RELATED OBJECTIVE	IMPACT	HOW WE MANAGE OR MITIGATE RISKS AND CREATE VALUE FROM KEY OPPORTUNITIES
Information Technology	**Disaster Management**				
	Risk	**Any natural disaster to database/ hardware of the Company resulting in information loss** **SOURCE:** External/ Internal **LIKELIHOOD:** Likely **PRIORITY:** High	Sustainable Development	Impact on Company: Information loss can have very serious impact on company's operation and severe financial and reputational loss could occur Capital being impacted: All capitals	• Company has the Hypervisor virtual environment at all offices. A dedicated HP server is deployed for live replication of business critical virtual machines (VMs) at each location. • These VMs are also being backup on daily basis to a separate storage device placed in respective location. • Business critical applications data is being replicated after every few minutes across the 3 locations of the company. Also, users at any location have the capability to connect to any other remote location through VPN.
COVID – 19 Outbreak Risks (an evolving challenge)	**Employees Health and Safety**				
	Risk	**Any Employee can get infected with the disease** **SOURCE:** External/ Internal **LIKELIHOOD:** Very Likely **PRIORITY:** High	Sustainable Development	Impact on Company: Hindrance in operations of the Company Capital being impacted: Human Capital, Financial Capital	• During Covid strict measures were enforced which kept the cases to minimal and Alhamdulillah there was no casualties. Thereafter all employees were encouraged to get vaccinated and we achieved 100% vaccinations • In case of Sick employees full medical support including leave is provided
	Related Opportunity	**Human knowledge development** **SOURCE:** Internal **PRIORITY:** High	Sustainable Development	Capital being impacted: Human Capital, Financial Capital	• Continued business operation during pandemic • Improvement in IT infrastructure
	Environmental	**Non-compliance of Environmental Laws** **SOURCE OF RISK:** External/Internal **LIKELIHOOD:** Remote **RISK PRIORITY:** High	Sustainable Development	The Company prioritizes the environmental sustainability in all its operations and activities. However, certain threats do prevail • Legal Exposure • Non-compliance of EQS/PEQS • New regulations e.g. water, CO2	• We are complying with all PEQS/NEQS. Various dust collecting equipment (Electrostatic Precipitators, Bag Filters) has been installed at the Plant at key dust producing units (Kiln, Raw Mills, Coal Mills, Cement Mills and Conveyor Belts). Extensive plantation of trees around manufacturing plants is undertaken for green belt development. Use of (cementitious) material in new products to reduce carbon foot print also contributing to environment.
Compliance/legal	**Adherence to applicable laws**				
	Risk	**Noncompliance with the applicable laws i-e** • **Companies Act 2017** • **Regulations issued by SECP, PSX and CDC** • **Labour Laws** • **Mining Laws** • **Intellectual Property Rights** **SOURCE:** External/ Internal **LIKELIHOOD:** Remote **PRIORITY:** High	Management Excellence/ Cost optimization	Impact on Company: • **Company can be penalized as per the relevant laws** • **Risk of litigation** Capital being impacted: Financial Capital	• Assignment of adherence of every applicable law to specific departments/ employees • Updating and educating employees about all applicable laws • Engagement of external consultants/ Lawyers for expert • advice and any litigation • Regular Coordination with all regulatory authorities SECP, PSX, CDC, EOBI, PESSI etc.
	Contract Management				
	Risk	• **Contractual liabilities/ penalties.** • **Financial loss for non performance of contractual obligations by contractor** **SOURCE:** External/ Internal **LIKELIHOOD:** Remote **PRIORITY:** Moderate	Cost optimization	Impact on Company: • **Litigations in case of disputes regarding the terms of contracts** • **Financial loss in case of nonperformance/ non provision of desired services/supplies** Capital being impacted: Financial Capital	• Vetting through reputed external legal councils in case of material contracts • Evaluation of technical terms and conditions by respective departments • Intense negotiations with the contractors

RISK MANAGEMENT FRAMEWORK AND RISK MANAGEMENT METHODOLOGY

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. 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. An ERM committee comprising the senior management and CEO is formed. ERM structure of the Company is as under:

LEVEL	KEY ROLES
BOD	• Development and effective implementation of risk management policy for managing risks
AUDIT COMMITTEE	• Provide direction and evaluate the operation of the ERM Committee • Review risk assessments prepared by the ERM Committee • Monitor emerging issues and share best practices
ERM COMMITTEE	• Overall risk management including the evaluation of risks associated with the new projects of the Company. This mainly includes the identification, evaluation and treatment of risks associated with the business of the Company and new projects. • Review and monitoring the existing controls and implement new controls wherever necessary for effective risk management.

RISK MANAGEMENT METHODOLOGY

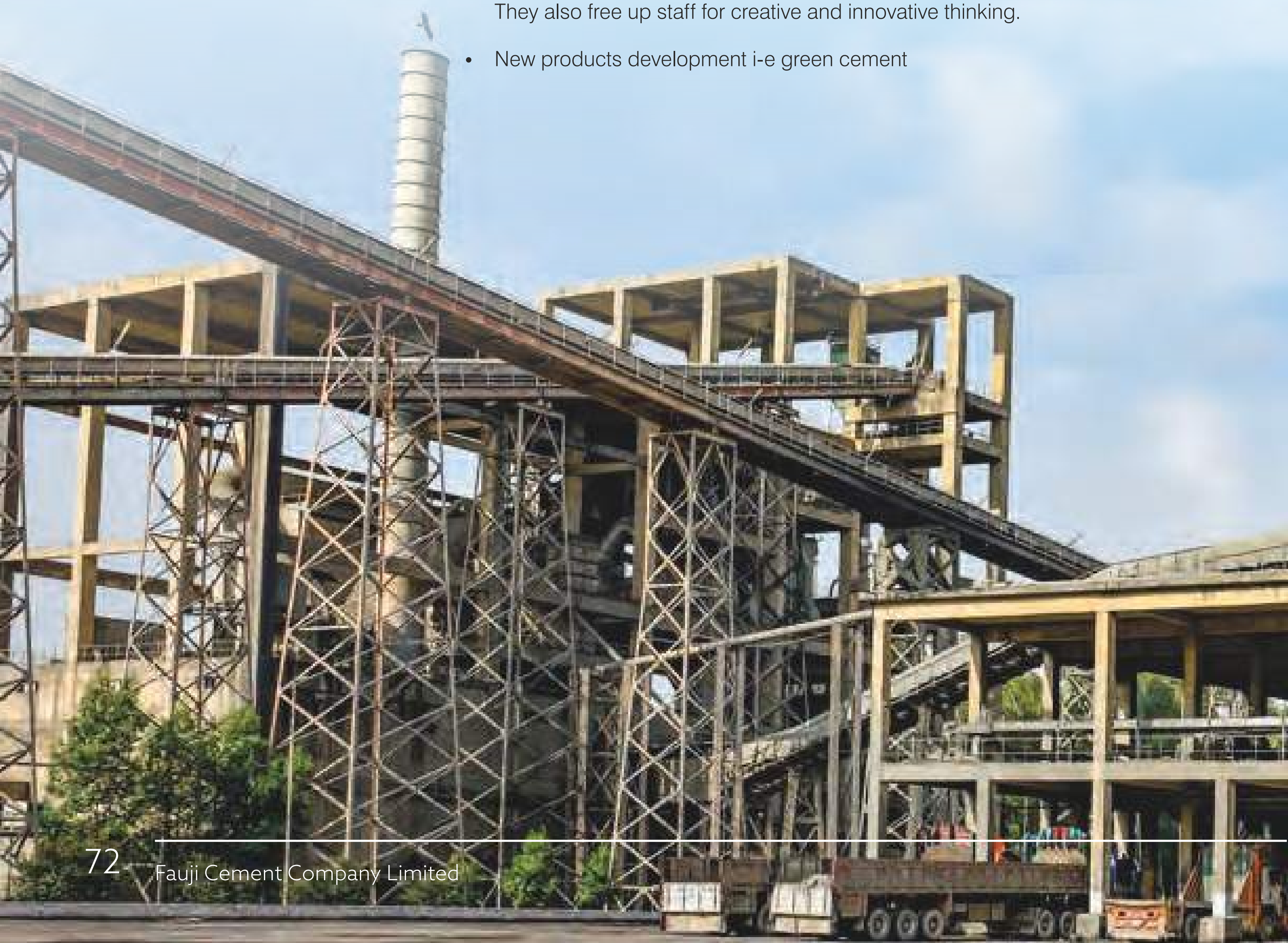
A five stage structured approach is being followed to manage risk in the Company:

- **Educating the stakeholders** – in terms of importance of risk management and developing a risk conscious culture
- **Identification of Risk** – in terms of its source i-e external and internal
- **Risk Assessment** – in terms of likelihood of occurrence and impact on Company
- **Responding to Risk** – tolerate, treat, transfer or terminate
- **Monitoring and Communication** – defined risk treatment along with activities to be performed

INITIATIVES TAKEN BY THE COMPANY IN PROMOTING AND ENABLING INNOVATION

Innovations are often a drive within the entrepreneurial sector in terms of economic success. The exploitation of innovation potential is of great importance today. Unlocking the innovative potential of our people and business more generally comes down to a combination of management approaches, shared values, strategy, and resources. Management has taken following initiatives to promote and enable innovation:

- Empowering employees to think about the tough problems and reward them for working towards solutions.
- Installation of solar power projects, which will provide clean energy, reduce reliance on imported fossil fuel and reduce energy costs for the Company.
- In-House Software products aren't just helpful with avoiding headaches - They also free up staff for creative and innovative thinking.
- New products development i-e green cement



ROBUST ASSESSMENT OF PRINCIPLE RISKS BY BOD

The Board of Directors conducts critical analysis of all risks that could threaten the business model, future performance, solvency or liquidity of the Company. The responsibility for monitoring and control of these risks has been delegated to the management of the Company. An ERM Committee is formed to implement and monitor the adherence with Risk Management Policy.

GOVERNANCE

CORPORATE GOVERNANCE

We are committed to achieving superior performance reflected in strong and sustained economic growth, with a high degree of integrity, adopting high ethical standards and best practices in corporate governance that go beyond simple adherence to laws and regulations.

At FCCL, Corporate Governance is considered as one of the most important elements which catalysts our growth cycle. Accountability of operations and transparency in disclosure helps win trust of stakeholders, which in turn, helps the Company take the next leap forward towards higher growth trajectory. And the cycle continues.

With this culture mind set in place, the Board plays a pivotal role in embedding and sustaining a culture of responsibility as custodians of the stakeholder value-creation.

Our Corporate Governance philosophy is aimed at creating and nurturing a valuable bond with stakeholders and create maximum value for them. We consider that our stakeholders trust in us, is a derivative of our core values of ethical practices, transparency, and accountability of our operations.

We maintain high levels of governance standards backed by our values, ethics and policies and measure our accomplishment in terms of our ability to meet shareholders' aspirations. No wonder, even in a difficult year, our inherent values provided us the shield to absorb external upheaval and continue to create value for all stakeholders.

PHILOSOPHY ON CORPORATE GOVERNANCE

We are always committed to the adoption of best governance practices and their adherence in true spirit. We abide by equitable treatment of all stakeholders, which have evolved over the years and helped us in maintaining their trust and appreciation. We continuously strive to achieve excellence in corporate governance through its values – Integrity, Commitment, Passion, which are reinforced at all, levels of the organization.

CODE OF CONDUCT

To ensure fairness, transparency, and uniformity within the organization, we follow a comprehensive Code of Conduct, to which all our organizational policies are also aligned.

BOARD DIVERSITY

We recognize and embrace the benefits of having a diverse Board to enhance quality of our performance.

COMMITMENT TO COMPLIANCE

We are committed to conducting our business in compliance with applicable laws, regulations, corporate policies and in accordance with high ethical standards, as embedded in our Code of Corporate Governance Regulations,2019, which is periodically ratified by all employees.

Living the principles in Our Code is key to our success and our ability to achieve our strategic vision. Inspiring and empowering our people to always do the right thing is fundamental to our vision of building and sustaining a better and stronger future. FCCL's commitment to compliance is clearly communicated by our company´s leadership. Our values and ethical standards are conveyed throughout our organization through communication campaigns, training, the values and principles behind Our Code and other corporate policies, and through internal meetings.

Furthermore, at FCCL, one of our core values is acting with Integrity. Acting with Integrity is necessary in our day-to-day interactions, as it is crucial for FCCL´s sustained success of fostering a workplace environment in which our people can thrive. The value of Acting with Integrity is even included as one of the five core competencies that are taken into consideration in employee´s performance evaluations.

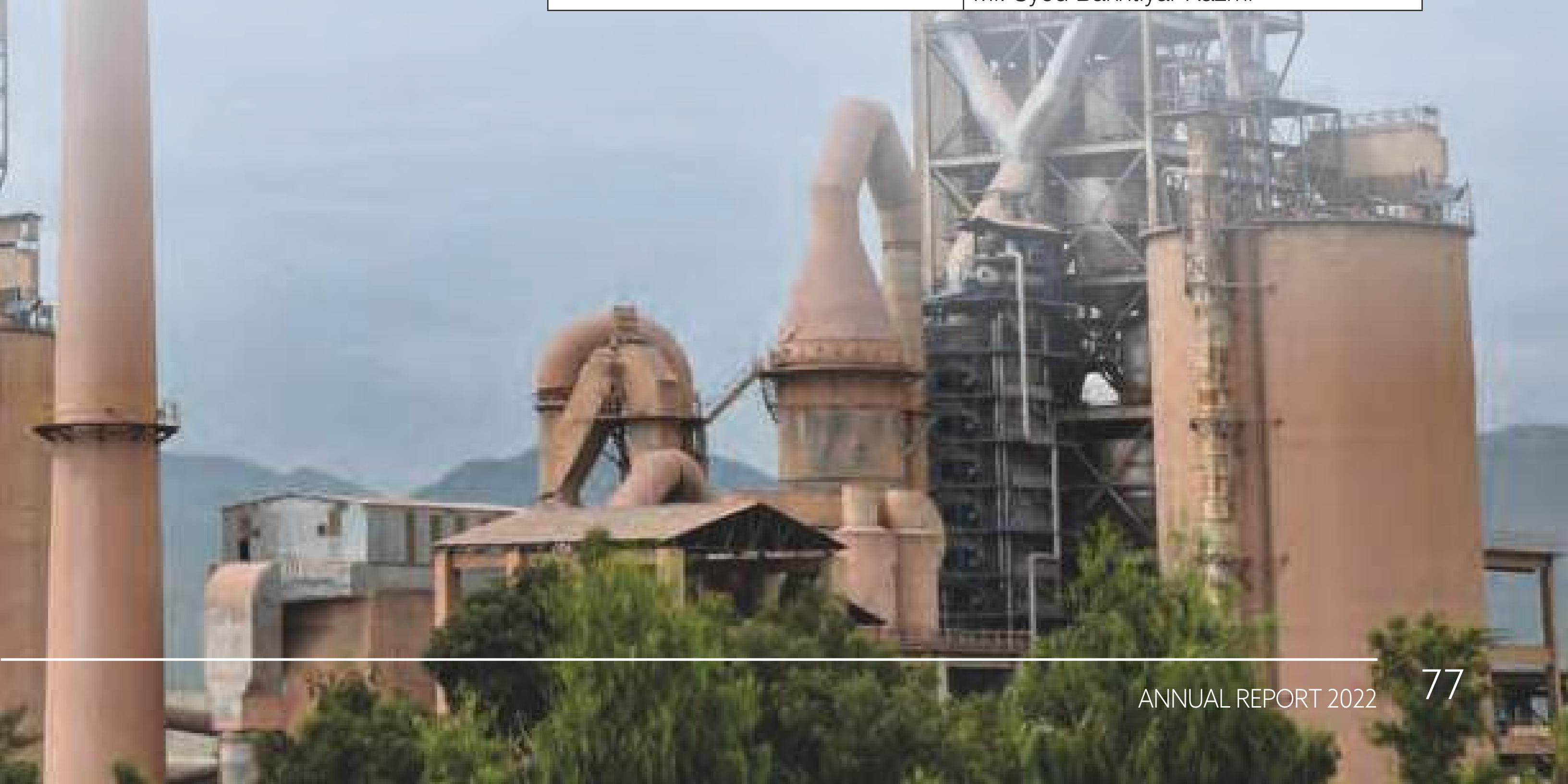
COMPOSITION OF THE BOARD

The total number of Director is 8 as per following:

Male: 7

Female: 1

Executive Directors (Male)	Mr. Qamar Haris Manzoor
Independent Directors (Male)	Mr. Sami Ul Haq Khilji Mr. Tariq Ahmed Khan
Independent Director (Female)	Ms. Naila Kassim
Non-Executive Director	Mr.Waqar Ahmed Malik Dr. Nadeem Inayat Maj.Gen Naseer Khan HI(M), (Retd) Mr. Syed Bakhtiyar Kazmi



DIRECTORS' REPORT

The Board of Directors are pleased to present to you the Annual Report of the Company along with the audited financial statements for the year ended June 30th 2022. Financial year 2022 marks a special milestone in the Company's Journey in becoming a leading cement producer in Pakistan post the successful merger of Askari Cement with and into Fauji Cement Company limited and that is duly reflected in the Financial Statements.

ECONOMIC OVERVIEW

The Covid outbreak which started in 2020 subsided in the 21-22 period with the increase in vaccinations globally as well as in Pakistan. In early 2022, the Russian-Ukraine conflict elevated global commodity prices, fueled inflation and domestic inflation rates further. Threats from high inflation, rising interest rates, lingering supply constraints, and mounting uncertainties affected the economic forecasts. Pakistan's real GDP growth for FY 22 was 5.97 percent however, underlying macroeconomic imbalances and associated domestic and international risks have dampened celebrations.

The exacerbated increase in the commodity prices brought in all time high inflation which forced SBP to aggressively increase Interest rates into double digits which will slow down Growth and is always negative for businesses. The tight fiscal space with the government has resulted in slashing Public sector infrastructure spending. The balance of payment crisis as a result of excessive imports has seen tightening of imports and a massive currency devaluation. Thus FY 22 ends with major challenges to be addressed in the next fiscal year.

CEMENT INDUSTRY OVERVIEW

After the robust growth witnessed in cement dispatches last year, FY 22 saw a slight slowdown. Overall dispatches of the industry were 52.9 Million Tons as compared to 57.4 Million Tons last year, a decline of 8%. The drop in dispatches is mainly attributable to cement exports. The Industry capacity utilization was recorded at 76 %

FY 22 also saw unprecedented increase in prices of Fuel (Coal and POL prices) and Energy primarily due to external global conflicts followed by sharp devaluation of PKR, increased inflation and high interest rates which resulted in ever high prices of Cement. While the manufacturers were able to pass on the cost increases this phenomenon is not considered conducive for growth for the cement demand as we have seen in the past.

105%
Profit after tax increased

88%
Capacity Utilization

COMPANY'S PERFORMANCE

Company's cement dispatches during FY 22 were recorded at 5.6 million tons post-merger compared to last year's 3.5 million tons (Domestic 5,300,201 tons and Exports 306,673 tons). Despite challenging circumstances both internally and globally during the financial year, the company was able to deliver landmark achievements. The period under review was the best performing year for Fauji Cement Company Limited during which the Company 'delivered a record profit after tax of Rs. 7.1 billion, an improvement of 105 % from previous fiscal year. This was despite the imposition of Super Tax of Rs. 1.1 billion introduced in the budget for FY 23 but applicable for FY 22. With the successful implementation of the marketing strategy, the Company achieved a capacity utilization of 88% as compared to 76% of industry. The key figures for FY 22 are as follows:-

Particulars	2022	2021 Rs. 000	Change	% Change
Gross Revenue	73,420,865	34,206,154	39,214,711	115%
Net Revenue	54,243,118	24,271,285	29,971,833	123%
GP	14,399,267	6,064,405	8,334,862	137%
EBITDA	15,678,540	6,814,016	8,864,523	130%
PBT	11,528,093	5,107,692	6,420,401	126%
PAT	7,112,540	3,471,351	3,641,189	105%
EPS – Rs.	3.26	2.52	0.74	30%

The higher profits attained by the Company are a result of initiatives taken by the Management including:

1. Reduction in cost base with low reliance on imported coal and focus on local coal.
2. Reduction in the cost of power by increasing own power generation and improved retention, as well as increased foot print of green energy which has led to your company using 42% green energy of the total required power from the national grid.

KEY FINANCIAL ANALYSIS

Business Combination

The company has accounted for the transaction with Askari Cement under the Acquisition accounting method as prescribed by IFRS duly adopted by ICAP and approved by SECP for such transactions. The details are given in Notes 1.3 and 48 to the attached financial statements for detailed understanding of the readers.

Net Worth

Net worth of the Company increased by Rs. 34,460 Million and resultantly stood at Rs. 57,736 Million translating into a breakup value of Rs. 26.48 per share. The net worth registered an increase of 156 % in comparison to last financial year.

Long Term Loans and Deferred Government Grant

Long-term loans and Deferred Government Grant (including current portion) stood at Rs. 24,890 Million, which increased by Rs. 24,015 Million over previous financial year as a result of subsidized loan from ongoing cement expansions.

Deferred Tax Liabilities

Deferred Tax Liabilities stood at Rs. 7,433 Million, which increased by Rs. 3,473 Million over previous year mainly on account of liabilities acquired through business combination.

Loan from Parent - Unsecured

Loan received from parent (Fauji Foundation) stood at Rs. 7,387 Million obtained for cement expansion.

Short Term Borrowings

The Short-term borrowing balance stood at Rs. 3,218 Million which increase of Rs. 1,601 Million over previous financial year. The Company availed cheaper export re-finance facilities.

Trade & Other Payables and Accrued Liabilities

Trade & other payables were recorded at Rs. 6,917 Million at year-end and saw an increase of Rs. 5,095 Million compared to the last financial year, mainly due to higher payables to trade creditors, Workers' Profit Participation Fund, Workers' Welfare Fund and Federal Excise Duty on cement. Accrued liabilities stood at Rs. 4,321 Million and increased by Rs. 2,766 Million compared to previous financial year, as a result of a higher outstanding balance of water conservancy charges and marking fee.

Property, Plant & Equipment

The total value stood at Rs. 74,126 Million with a increase of Rs. 52,704 Million, includes assets acquired through business combination Rs. 26,891 Million and Capital Work In Progress on Expansion Projects Rs. 29,802 Million.

Intangibles

The Business Combination with Askari cement resulted creation of Intangibles comprising of goodwill, customer's relations and brand valuing at Rs. 11,030 Million, through an exercise of determining fair values of net assets acquired.

Stores, Spares and Loose Tools

The stores, spares and loose tools were valued at Rs. 11,939 Million with an increase of Rs. 7,688 Million compared to the previous financial year, owing to an increase in coal stock and its prices.

Short Term Investments and Cash & Bank Balances

Short term investments stood at Rs. 3,843 Million on account of high cash generation during the year, while Cash and Bank Balance stood at Rs. 2,307 Million compared to Rs. 901 Million during the previous financial year.

Contribution to National Exchequer

FCCL contributed PKR 23.1 Billion (in comparison to PKR 11.925 Billion for previous year) to the National Exchequer on account of income tax, excise duty, sales tax, and other government levies. Valuable foreign exchange to the tune of US $ 12.7 Million was generated by FCCL from export of Cement during the year.

Outstanding Statutory Dues

The Company does not have any outstanding statutory dues except as shown in Note 12 of the Financial Statements.

INFORMATION ABOUT DEFAULTS IN PAYMENTS OF DEBT

There is no default in payments of any long-term or short-term debt. All the debts of the Company including relevant finance costs are being repaid in accordance with the terms and conditions of the respective loan.

MATERIAL CHANGES AND COMMITMENTS

There is no material change and commitment affecting the financial position of the Company since the year end to the date of this report.

RISK MANAGEMENT

Risk management framework, methodology and key risks along with mitigating steps/ strategies can be found in the Risk & Opportunities Section of this Annual Report.

PROVIDENT FUND

The total value of this Fund, as of 30th June 2022, is given below:-

S/No	Category of Staff	Rs in Million
a.	Management staff	1,149
b.	Non- Management staff	771
Total		1,920

ELECTION OF BOARD DIRECTORS

Upon completion of the term of the Board of Directors on 12th December 2021, fresh elections were conducted on 9th December 2021 to elect seven (7) Directors during the 12th Extraordinary General Meeting of the shareholders. The Board placed on record its appreciation for contributions rendered by the outgoing Directors, i.e., Maj Gen Abid Rafique, HI(M),(Retd), Mr. Zafar Iqbal Sobani, Ms. Jahanara Sajjad Ahmad and Mr. Jawaid Iqbal. The Chairman also welcomed the new Directors, namely Mr. Tariq Ahmad Khan and Ms. Naila Kassim.

Old Board of Directors	New Board of Directors	Remarks
Mr. Waqar Ahmed Malik	Mr. Waqar Ahmed Malik	Re-Elected
Mr. Qamar Haris Manzoor	Dr. Nadeem Inayat	Re-Elected
Dr. Nadeem Inayat	Maj Gen Naseer Ali Khan, HI(M), (Retd)	Re-Elected
Maj Gen Naseer Ali Khan, HI(M), (Retd)	Syed Bakhtiyar Kazmi	Re-Elected
Maj Gen Abid Rafique, HI(M),(Retd)	Mr. Sami ul Haq Khilji	Re-Elected
Syed Bakhtiyar Kazmi	Mr. Tariq Ahmad Khan	Appointed
Mr. Sami ul Haq Khilji	Ms. Naila Kassim	Appointed
Mr. Zafar Iqbal Sobani		Retired
Mr. Jawaid Iqbal		Retired
Ms. Jahanara Sajjad Ahmad		Retired

Rs. 26.48

Break-up Value per Share

Rs. in Million

Rs. 74,126

Property, Plant & Equipment

Rs. in Million

Rs. 3,843

Short Term Investments

Rs. in Million

Rs. 2,307

Cash and Bank Balance

COMPOSITION OF THE BOARD

The diverse knowledge and expertise of the eight (08) member Board focuses on working in the best interest of all the stakeholders while simultaneously adding value to the Company.

TOTAL NUMBER OF DIRECTORS

Male	7
Female	1

COMPOSITION OF THE BOARD

Independent	3
Non- Executive	4
Executive (CEO)	1

MEETINGS OF THE BOARD OF DIRECTORS

Directors	Total No. of Meetings
Mr. Waqar Ahmed Malik, Chairman	5
Mr. Qamar Haris Manzoor	6
Dr. Nadeem Inayat	6
Maj Gen Naseer Ali Khan, HI(M), (Retd)	6
Maj Gen Abid Rafique, HI(M),(Retd)	4
Syed Bakhtiyar Kazmi	6
Mr. Sami ul Haq Khilji	5
Mr. Zafar Iqbal Sobani	4
Mr. Jawaid Iqbal	2
Mr. Tariq Ahmad Khan	2
Ms. Jahanara Sajjad Ahmad	4
Ms. Naila Kassim	2

VISION, MISSION AND CORPORATE STRATEGY BY THE BOARD

The Board, while ensuring the basic principles and ideology on which the Company was founded, approved an overall Corporate Strategy with vision and mission statements which will help steer the company in the right direction.

CEO'S PERFORMANCE REVIEW BY THE BOARD

CEO of the Company is appointed for a three year tenure, and the board regularly reviews and evaluates the CEO's performance as per targets assigned at the start of every financial year.

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Code of Corporate Governance.

CHAIRMAN'S REVIEW OF THE PERFORMANCE OF THE BOARD

The Chairman's review of the Board's overall performance and its efficacy in achieving the Company's objectives has been outlined in the 'Chairman's Review'

COMPLIANCE WITH BEST CORPORATE PRACTICES

In order to comply with the standards, the Board of Directors with the utilization of the requirements for code of corporate governance, has complied with the listing regulations of the Pakistan Stock Exchange and the requirements for the Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP) throughout the financial year 2021-2022.

This Annual Report 2022 comprises the report of the Board's Audit Committee on adherence to the code of corporate governance, Statement of compliance by the Chief Executive Officer of the company with the Code of Corporate Governance, besides the review report by the Company's Auditors.

SHAREHOLDING PATTERN

Statements showing the pattern of shareholding as of 30th June 2022, required vide Section 227(f) of the Companies Act, 2017 are annexed to this Report.

BOARD'S ROLE AND DECISION MAKING

With its primary focus being value addition for the shareholders of FCCL and mitigating the risks, the Board diligently follows the legal and regulatory framework in fulfilling its responsibilities. Being cognizant of its responsibilities, all powers are exercised responsibly and all decisions are diligently taken after thorough deliberations, based on detailed discussion and analysis. Under the Chairman the Board played its role to give the strategic direction and support to the Management Team ensuring effective decision making and its subsequent implementation.

ETHICS AND COMPLIANCE

At FCCL, the Board has instituted a strong governance and legal framework that ensures compliance with applicable laws and regulations and is instrumental in achieving long-term sustainability and growth. The Board has set up several Committees, to perform advisory and oversight functions. Committees are committed to provide strategic framework recommendations, to reinforce governance and to deliver the requisite guidance to management to maximize resource utilization. They are assigned to execute key initiatives including assessment of investments and refining capital structure. Ethics and integrity are a fundamental part of business operations, both internal and external. Accordingly, the code of conduct has been disseminated to all employees and is also available on the company's website. Additionally, the Audit Committee is regularly updated regarding the efficacy of internal controls and risk management policies.

SALIENT ASPECTS OF COMPANY'S CONTROL AND REPORTING SYSTEMS

The Company complies with all the requirements of the Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019. In this regard, the Board is responsible for ensuring implementation of corporate governance guidelines in the Company. This includes approval of strategic direction as recommended by the company management, approval & monitoring of capital expenditures, ensuring compliance with succession policies for senior management, establishing & monitoring the achievement of management's goals, integrity of internal controls, and approving/monitoring the financial & other reporting systems.

DIRECTOR TRAINING PROGRAM

Through the implementation of the best practices, the Company is conscious of the requirements indicated in Listed Companies (Code of Corporate Governance) Regulations 2019, while the Board members are appropriately certified under the Directors Training Program from SECP approved institutions.

EVALUATION OF THE BOARD'S PERFORMANCE

Committees and Directors

As required by the code of Corporate Governance, the performance of the Board is evaluated in the following areas: -

- Performance of the Board as a whole
- Performance of Board Committees
- Performance of the individual Directors of the Board

External Evaluation of the Board

In order to encourage transparency in the process, a third party assessment was conducted with assistance from PICG to evaluate the performance. Results accordingly shared to highlight the areas of improvement.

DIRECTORS ORIENTATION WORKSHOP

The Company prioritizes the professional development and grooming of its Board members and senior management. This was exhibited during the fruitful Directors Orientation Workshop organized through PICG during October 2021.

CORPORATE BRIEFING SESSION

The Briefing Session was arranged in October 2021 and was presented by the CFO. It broadly covered the company's financial and operational performance, which was followed by a detailed Q & A session by the analysts and other participants. The presentation of the session is available for access on the FCCL website.

HUMAN RESOURCE MANAGEMENT POLICY & SUCCESSION PLANNING

The Company acknowledges its Human Capital as a core component of its business sustainability and growth. We are committed to nurturing a diverse and inclusive culture that supports high productivity, aligning business objectives and embracing change to tackle the emerging challenges. FCCL Management is committed to drawing, recruiting, and training the talent to deliver the best of their potential. Dynamic and progressive employee-oriented programs ensure their retention and support the growth of their talent.

The Company has sustained a competitive position in the Cement Industry in its goal to become the employer of choice by giving a carrier growth path to employees and competitive benefits to achieve strategies that support the organization's business plan. This framework assisted in achieving the consistency in efforts towards sustainable contributions to initiate new projects within timelines. Additionally, the management strategy of linking compensation to both Company and individual performance nurtured prolific results, motivating employees to perform and use an outside-the-box approach in delivering efforts vital for the Company's success.

In consideration of endurance and permanence, the Company ensures that each department be led by a competent leader. Employees are trained to assume higher positions through a systematic succession planning based on the individual's attitude, performance, potential, qualification, level of expertise, teamwork, and professionalism. This succession policy is being updated on regular intervals. Annual appraisal system accompanied with bell curve methodology is being used to ensure a performance based culture.

POLICY FOR REMUNERATION OF DIRECTOR'S

The Board of Directors has approved a 'Remuneration Policy for Directors', the salient features of which are stated below:

- The Company will only pay remuneration fee to the members attending the Board and its Committee meetings.
- The remuneration fee of Directors is reviewed at intervals to ensure that they are in line with the input from the Board Members, as well as with fees prevailing in good corporate companies.
- A Director shall be provided or reimbursed for all traveling, boarding, lodging and other expenses, incurred by him/her for attending meetings of the Board, its Committees and/or General Meetings of the Company.
- The total amount of money paid to theDirectors during the year is indicated in Note 42 of the attached financial statements.

RELATED PARTY TRANSACTIONS

All related parties' transactions during the year were presented before the Audit Committee for review and recommended to the Board after deliberate consideration. All transactions were at arm's length basis, the details for which given are in Note 44 of the financial statements.

ANTI-HARASSMENT POLICY

During the year the Board approved a comprehensive Anti Harassment policies. The FCCL is committed to fostering a harassment-free workplace where all employees are treated with respect and dignity. FCCL will operate a zero tolerance policy for any form of harassment in the workplace, treat all incidents seriously and promptly investigate all allegations of harassment. Any person found to have harassed another will face disciplinary action, up to dismissal from service. All complaints of harassment will be taken seriously and treated with respect and in confidence. No issues were reported during the year.

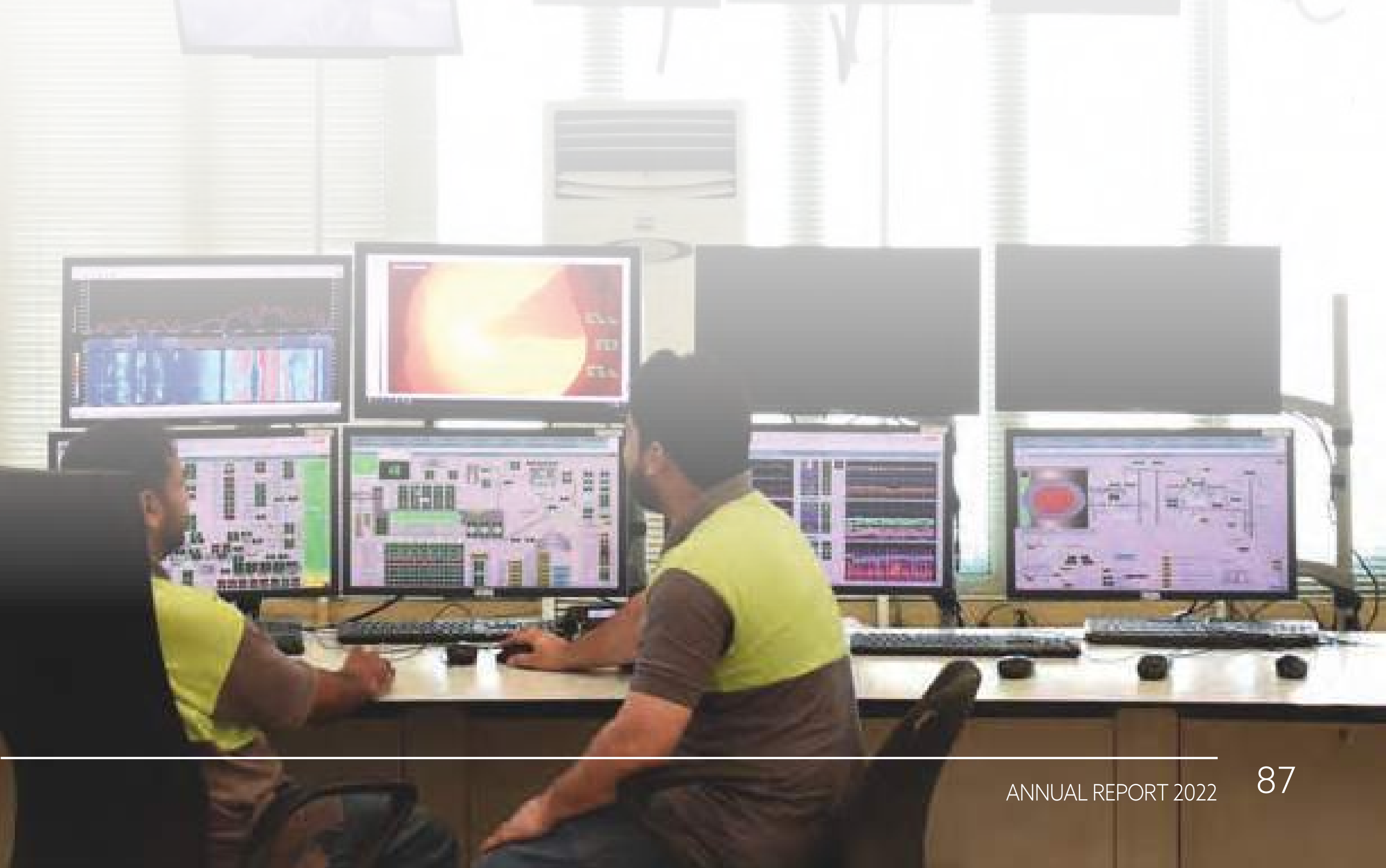
WHISTLE BLOWING POLICY

Transparency, Accountability, and Integrity are vital for the efficient management of operations. The Company's Whistle Blowing Policy comprehensively covers all aspects and encourages all stakeholders to remain alert in a transparent and efficient manner, with adequate safeguards in place for the whistle blower.

No significant issues were reported during the period under review. The minor issues reported did not qualify as whistle blowers, however, the complaints were duly addressed by the management on merit.

RELATIONS WITH COMPANY PERSONNEL

Relations between the company management and employees continued to remain cordial, based on mutual respect and trust. The FCCL Employees Provident Fund and FCCL Workers Profit Participation Fund are being maintained for the employees / workers. In addition to that, substantial investment has been made for the welfare of employees besides ensuring a safe and conducive working environment for them.



SAP

In order to benefit from the best practices and industry experience, SAP implementation was rolled out in March 2022 and is underway for entrance into a new Era of automation and IT-based operations. Through this implementation, we anticipate better performance, analytical capabilities and improved operating margins.

AMALGAMATION OF ASKARI CEMENT LIMITED WITH AND INTO FAUJI CEMENT COMPANY LIMITED

In this regard, a petition under section 279 to 282 and 285 was filed in Lahore High Court (LHC) and pursuant to the court order dated **13th January 2022** passed by LHC Rawalpindi Bench in **C.O.No. 01/2022**, the 13th Extra Ordinary General Meetings (**EOGM**) of the Members of Fauji Cement Company Limited and Askari Cement Limited were conducted on **26th February 2022**.

Approval of Shareholders

The draft scheme of the amalgamation of ACL with and into FCCL was approved by all the shareholders during the 13th Extraordinary General Meetings of FCCL and ACL held on 26th February 2022 at PC Hotel, Rawalpindi.

Court Order

Subsequently, the Lahore High court, Rawalpindi Bench passed the order on 2nd March 2022 under section 279 to 282 and 285 of the Companies Act, 2017 sanctioning the merger of Askari Cement Limited with and into Fauji Cement Company Limited, through the Scheme of Arrangement, so as to make the Scheme of Arrangement binding on Askari cement Limited and Fauji Cement Company Limited, as well the creditors and shareholders of the companies, along with all other persons.

Scheme of Arrangement-Highlights

- The entire ACL undertaking together with all its properties, assets, rights, trademarks, patents, liabilities and obligations is transferred to vest in FCCL.
- Share swap ratio has been determined as 5:1(5 shares of FCCL for every 1 share held in ACL)
- ACL has been dissolved without winding up.

Allotment of Shares

As per the Scheme of Arrangement dated 17th November 2021 for the merger of Askari Cement Limited with and into Fauji Cement Company Limited duly sanctioned by Lahore High Court, Rawalpindi Bench, FCCL allotted 800,493,615 ordinary shares of Rs. 10 each of FCCL credited as fully paid up to M/s. Fauji Foundation on 24th May 2022.

CORPORATE SOCIAL RESPONSIBILITY

Fauji Cement Company Limited is well-aware of and prioritizes its responsibility towards the local population, especially those in its vicinity. We have dedicated special funds towards the enhancement of children's education, technical & vocational skills of individuals and tree plantation in the area. In addition, people of neighboring villages are employed at the Plant sites and financial assistance is being provided to the poverty-stricken residents in the vicinity of the Plants.

CSR INITIATIVES

We pride ourselves in being a responsible corporate entity and hence, firmly believe in our contribution towards the fulfillment of society's needs. For this purpose, significant initiatives are under implementation to address the societal demands, especially those relevant to our local population.

Under the CSR vision, key focus areas of the Company are as under: -

- Education
- Health Care
- Water and Food
- Environmental Sustainability
- Creation of jobs for related communities

FAUJI MODEL SECONDARY SCHOOL-FCCL JHANG BAHTAR

One of the most prominent facilities at the Plant is the model school operated by FCCL as a means to provide quality education to the children of employees, as well as those of adjoining areas. The School houses numerous facilities including a state of the art Computer Centre, a well-stocked library and advanced laboratories. Regular functions, social work and tree plantation initiatives are a continuing feature of the School, duly attended by the senior management and the local notables. These efforts by the Company are aimed towards creating awareness and inculcating national sprit amongst the students.

Education plays a crucial role in the growth and development of individuals, and the progression of society as a whole. FCCL understands the depth of it and as a result, accords great importance to children's education, with the goal of significantly improving the literacy rate of the local community. To this purpose, Fauji Model Secondary School (FMSS) was established on 4th May 1998 in the vicinity of the FCCL Plant. Qualified and professional teachers with suitable experience have been employed to impart quality education to the students. Financially underprivileged and deserving students are given rebate in the tuition fee / school dues. Additionally, students attaining top results in the board examination are being awarded with laptops, tablets, and other attractive prizes.

With the intent to inculcate national spirit and create awareness among the students, we organize functions to celebrate important historic events, including the Independence Day and Pakistan Resolution Day. These occasions are graced by notables of the area as well as parents of students, and act as an opportunity for the distribution of awards to distinguished faculty members and talented students.

SCHOLARSHIPS AT FMSS

FMSS offers a generous scholarship scheme under which thirty (30) deserving students, comprising of fifteen (15) students carefully chosen on the basis of merit / academic performance and another fifteen (15) selected based on their lack of privilege and financial resources, are accommodated to benefit from the academic scholarships.

Education in the 21st century requires evolution and adaptation in order to stay relevant. In an effort to improve the expertise and teaching abilities of faculty members, FCCL acquired the services of an internationally renowned NGO, "Development in Literacy" during the year 2017-18. The School's Principal, senior faculty members and teachers of Montessori / Prep level were trained and as a result of the process, emerged with a further refined skillset.

SYSTEM FOUNDATION PROJECT - MATRIC DEGREE IN 2 YEARS

A distinctive academic initiative under the auspices of System Foundation Faisalabad, was launched at FCCL site as of April 1st 2019, with the goal of boosting literacy in the surrounding communities. The program is officially backed by the Government of Punjab, and entails the enrollment of the illiterate youth, aged between 15 to 30 years to avail the opportunity of attaining a Matriculation Degree in just 2 years. In the program's first graduating batch, 23 female students of surrounding villages have successfully passed out, while 27 students are currently enrolled for the ongoing course. This Project has been well received and appreciated by the community of the area.

FAUJI WOMEN VOCATIONAL TRAINING INSTITUTE - (FWVTI) - FCCL JHANG BAHTAR

The FCCL Women Vocational Training Institute (FWVTI) founded in May 2015 provides hundreds of female students residing in the vicinity of the Plant, with the opportunity to register themselves to avail quality vocational training free of cost, on Plant premises. A Basic Course of 07-month duration is run annually, that trains approximately 70-80 female students from the local community every year. The main focus of the course is to make the students proficient in the following works:-

- Drafting, Cutting & Tailoring
- Hand Embroidery
- Fashion Designing
- Color Theory
- Home Management

TECHNICAL EDUCATION AND SKILL DEVELOPMENT - FCCL JHANG BAHTAR

The Fauji Technical Training Institute (FTTI) was established at the Plant in the year 2014 by FCCL, as a means to impart technical education to the youth and enhance their skills. In collaboration with TEVTA Punjab, FCCL has conducted a number of technical courses at the institute, including both long and short courses. Details are as under: -

Apprenticeship Course (3 Years)

The Apprenticeship Program backed by TEVTA Punjab, is a rigorous training program with a duration of 3 years in which a total of 70 students with a Matric qualification in science or DAE, are trained to become skilled workers. Furthermore, 60 to 70 percent of the students are from the local community.

Short Courses (6 Months)

FCCL, with assistance from its affiliation with the Fauji Foundation Vocational & Technical Training Department, offers Short Training Courses in 4 distinct variants with the time duration of 6 months. The main aim is to upskill and equip the local youth to become the earning members of their families. A total of 60 students from the local community are inducted to undergo training in following four workshops:-

- Domestic Electrician Course
- Motor Winding Course
- Welding Course
- Instrument & Control Course

EDUCATION FCCL - WAH

FCCL Wah Colony provides the local community with the facility of 2 model schools (Boys & Girls) that have a total of 1265 students, 60% of whom belong to nearby neighborhoods. The schools offer a subsidized fee structure so children from nearby neighborhoods and employees' children receive quality education on the premises of the Plant. The school has a cutting-edge computer center, a well-stocked library, and advanced laboratories. Regular events, social service projects, and tree plantation campaigns are ongoing features of the school, that aim to educate students and foster a sense of nationalism. To boost morale, these events and activities are dutifully attended by senior management and prominent locals.

In addition to that, the schools are responsible for organizing celebratory events for Pakistan Resolution Day and Independence Day in order to inculcate a sense of pride and awareness among the youth. These events are attended by the parents of the students as well as local notables and utilized as an opportunity to award and appreciate outstanding faculty members and bright students.


Monday
Friday
Tuesday
Wednesday
Thursday

EDUCATION FCCL - NIZAMPUR

FCCL Nizampur firmly believes in motivating both the students, and the teachers of the nearby vicinity to participate in their extracurricular activities. In the last year, the following events were organized at the cost of FCCL Nizampur:

- Study tour of Students of Government Middle School Kahi
- Recreational Trip of Teaching Staff of Government Girls High School Kahi
- Installation of Green Sheet (Curtain)

SCHOLARSHIP TO STUDENTS OF UC KAHI - FCCL NIZAMPUR

In an effort to appreciate and encourage academically bright students, FCCL Nizampur offers an inclusive scholarship policy for the students of Union Council Kahi, which comprises 8 Villages housing 26 Schools and 2 Colleges. As a result of the policy, scholarships are awarded to the top three position holders (1st, 2nd, & 3rd) of class 5th to BA/ B.Sc. subject to securing 60% marks, which add up to a total of 132 students. The 1st position holder is awarded cash scholarship of Rs. 12,000/-, 2nd is awarded Rs. 9,600/- and 3rd is awarded Rs. 6,000/- thus amounting to approximately Rs.1,500,000/- worth of scholarship contributed by FCCL. Scholarships are awarded in a formal ceremony attended by students, their parents, teaching staff and Notables of the area.

HEALTH CARE / MEDICAL FACILITY - FCCL JHANG BAHTAR

Since March 2019, a novel Medical Dispensary with enhanced infrastructure and improved amenities has been running effectively on the premises of the plant and has provided free medical treatment (including medicines) to a total of **55,659 patients** (including FCCL employees, contractors, labor, and surrounding village patients) since its inception. In addition, the Medical Facility at FCCL Jhang Bahtar also provides an ambulance service for immediate and effective evacuation of critical patients to the main hospitals.

MEDICAL FACILITIES FOR LOCAL COMMUNITY

- Daily Medical Treatment
  - Free of cost OPD functions are conducted on a daily basis during working hours, whereas, emergencies are handled on a 24/7 basis.
  - In 2019 to 2022, a total of 55,659 patients have been given free treatment and free medicines, out of which 19,805 local patients were from Union Counsel Jhang area.
- One of the resident of Dhok Luqman, was provided free assistance of Rs. 150,000/-

FCCL prides itself in our enthusiastic and exemplary participation in tree plantation campaigns through the annual plantation and donation. This year, FCCL planted and donated approximately 12,000 trees & FCCL (Nizampur) donated 3000 orange plants

for eye surgery and medical treatment.

- Covid 19 Vaccination camp was setup by FCCL where approximately 400 FCCL employees were vaccinated.

HEALTH CARE / MEDICAL FACILITY - FCCL WAH CANTT

In 1997, FCCL fully funded and created a hospital with high-class amenities and infrastructure on the premises of the Plant that has been providing free medical care (including medicines) to the locals FCCL employees, contractors, workers, and residents. Additionally, an ambulance service is available for transporting seriously ill patients to the major hospitals. More recently, Covid 19 Vaccination camp was setup by FCCL where approximately 300 FCCL employees were vaccinated against the virus.

TREE PLANTATION AND ENVIRONMENT

Tree Plantation

FCCL prides itself in our enthusiastic and exemplary participation in tree plantation campaigns through the annual plantation and donation of thousands of plants in order to ensure a healthy environment in and around the FCCL plant and subsequently create a better ecological balance for local flora and fauna.

FCCL continues to raise its green bar to exceptional levels through the launch of multidimensional plantation campaigns. An initiative furthered by the invitation of Deputy Commissioner Attock, Assistant Commissioner Attock, A.D EPA Attock, and Inspector EPA Attock to several plantation events as chief guests along with media representatives to raise awareness on district level. In FY 2021-2022, FCCL planted and donated Approximately 12,000 trees on FCCL lands, to FCCL Employees and several Government Departments in District Attock in liaison with EPA Attock.

FCCL Nizampur often invites EPA and Officials of the District Forest Department to plantation events as chief guests. Last year, plantation with the aid of employees as well as families/ kids of the colony was successfully carried out at the cost of around Rs 500,000/, where different types of plants i.e., Pine, Alestonia, Sukh Chain, Conocorpus and Arjun etc. were planted.

The ample tree plantations will contribute significantly to oxygen generation and will prove helpful for carbon sequestration to cope with the ever increasing climate change factors. FCCL being a pioneer of the green initiatives in the cement sector, is aimed towards launching a massive tree plantation drive in the region for the continuation of the “Clean and Green Pakistan” Campaign.’

Distribution of Orange Plants

FCCL (Nizampur) donated 3000 orange plants worth Rs 450,000/- to the local community and Government colleges last year in a humble ceremony held at FCCL (Nizampur).

CHILDREN PARK

The Horticulture Administration Section of FCCL maintains the local recreational facility with utmost attention and expertise for the benefit of the community. Families & children from surrounding villages use this facility quite frequently. For added benefit, upgradation of the rose garden and flowering trees has been added to the park as a means to provide a more pleasant experience to the local community.

HONEY BEE FARMING - FCCL HORTICULTURE ORCHARDS

In a time of growing food insecurity due to factors such as climate change and the Coronavirus pandemic, honey bees as pollinating insects are contributing towards the improvement of the food production of 2 billion farmers worldwide helping to ensure food security for the world's population. In fact, to endorse the importance of honey bees, the United Nations has declared 20th May as World Honey Bee Day celebration. However, the population of Honey bees is declining with time, having adverse effects on the agriculture production Worldwide.

Among the countless fruitful initiatives of the FCCL Administration Horticulture team, are its efforts to promote benefits of the honey bee population in the local vicinity and ensure complete focus on biodiversity of the surrounding areas through the implementation of an expandable pilot project of a Honey Bee Farm at FCCL fruit orchards. This will assist in maintaining the ecological balance in local flora and fauna by increased pollination of crops and orchards in surrounding villages up to 3 kilometers and production of pure honey.

SOCIAL SUPPORT TO LOCAL COMMUNITY

Employment

The FCCL Jhang Bahtar Plant currently employs 142 people from local villages, the FCCL wah Plant presently employees 337 people from local villages, through a lack of requisite education and relevant skills means that the vast majority of them are daily wagers.

Ramadan Package for Widows

Every year during the Holy month of Ramadan, FCCL takes the initiative to distribute carefully curated packages containing essential food items to 110 widows of Union Council Jhang and surrounding villages. During Ramadan last year, 450 packages worth a total of PKR 2,500,000/- were distributed amongst the widows and poverty stricken members of community.

Job creation / Opportunities

The locals have the opportunity to run businesses and earn a livelihood as FCCL has made it permissible for them to operate Shops, Hotels, Tea Shops and Tuck Shops outside the Plant. To add to that, the local community also benefits from the movement of FCCL heavy travelling vehicles as it provides them with the opportunity to transport their business commodities through the same vehicles at affordable fares.

Welfare Projects

FCCL carried out the following vital welfare projects for the surrounding villages,

- Repair and maintenance of Mosque.
- Upgradation of Graveyard.
- Provision of clean drinking water supply.
- Donation of cement for construction of masjids / roads on required basis.
- Renovation / Uplifting of Truck Addas / washrooms / truck driver hotels amounting to Rs. 0.583 million worth of expenditure.

Establishment of Indus River View Spot and Recreational Program for Families/Children

Due to the remote location of FCCL Nizampur, there is an absence of, and a need for recreational facilities. To fulfil the said need of society, FCCL (Nizampur) has developed and fully funded/ resourced an Indus River View Point along with the successful execution of a recreational program for families and children, which was greatly appreciated by members of the community.

RECREATIONAL ACTIVITIES

Cricket Tournament during Ramadan

The regularly organized Sports Gala at the FCCL Plant is a popular event that aims to create goodwill amongst local populace and inculcate a culture of healthy sports among the employees and members of the local community. The event has an impressive turnout and covers a wide array of sports, but the hallmark of the sports activities is undoubtedly the Flood Light Cricket Tournament organized during Ramadan. The event hosts one Team from FCCL and 6-8 teams from the local villages who participate in the event to the best of their abilities. These iconic matches in specific, but the Sports Gala in general is an event greatly appreciated by the locals, which is evident by their overwhelming participation in the teams as well as attendance of matches.

FCCL - Wah

The company arranges well-organised and engaging physical activities in Officers Club with great enthusiasm (i.e. cricket, volley ball, badminton, basket, football matches / tournaments etc.). These events aim to encourage generosity among nearby people and inculcate a culture of sound games and sportsmanship among the workers and members of the local community.

FCCL - Nizampur

The Cricket Tournament is a vital activity for the youth of the area, especially owing to the positive impact it has on their growth and development. The said tournament is arranged by FCCL Nizampur on the FCCL Nizampur cricket ground on an annual basis, comprising the participation of about 32 teams including 2 teams of FCCL Nizampur. The winning team is awarded prizes through the Chief Guest mostly MPA or another notable of the area.

HEALTH AND SAFETY ENVIRONMENT

Fauji Cement Company upholds highest health and safety standards as its core value and top priority. To ensure safe working procedure, FCCL has successfully implemented key standards e.g. Permit to Work System, Laddar design & Safe use, Compressed Gas Management, Confined space procedure, Belt Conveyor Safety, Work at Height, Contractor Safety Management, and Energy Isolation etc. Furthermore, the competence of plant workforce enhanced significantly by implementing Orientation & Training program and Reward and Disciplinary Action.

RECOGNITION AND ENCOURAGEMENT OF WORKERS

FCCL plant management regularly recognizes the efforts of workforce who actively participated in value added initiatives which include many and not limited to the following:-

HSE Hazards Cycle (Identification, Reporting and Rectification through EMS).

- Development and manufacturing of Belt Rolling Machine.
- Designing and modification of clinker EP Dust Screw Conveyor.
- Refurbishment of Line 1 Kiln burner outer pipe.

SAFETY POSTER COMPETITION

FCCL HSE department held a poster competition with the aim to enhance safety awareness of FCCL Employees. Employees from all categories and designation participated in the competition. Employees were given leverage to sketch or draw their own poster along with their family so awareness about safety may be extended to their families too and they may have a creative time spent with their families.

HISTORICAL MILESTONE

FCCL (JB) Plant achieved a historical milestone of achieving 5 Million Safe Man-hours without Loss Time Injury (LTI) on 26th July 2022. Award ceremony of the achievement was held in which MD FCCL distributed certificates and prizes among deserving individuals in different categories/projects. MD FCCL thoroughly appreciated the moment and highlighted the determination and dedication of management to achieve further success for the esteemed organization in future.

AWARENESS PROGRAM

Furthermore FCCL HSE department in collaboration with medical team, conducted multiple awareness/ motivation sessions regarding COVID-19 vaccination, Heat Stress Management, Dengue eradication etc. throughout the plant. Special arrangement were made in COVID-19 pandemic and the concerns of workforce regarding the vaccine were addressed. Plant management motivated them to ensure protection against COVID-19 by receiving vaccine. FCCL has also arranged indoor vaccination facility for its employees, third party contractual workers and those employees having difficult access to nearest vaccination centers. Additionally, strict measures and SOPs were put in place to prevent the spread of pandemic disease (COVID-19), which proved very effective to ensure uninterrupted plant operations. As a result, FCCL intends achieving 100% vaccination of its employees and associated contractors.

WORKER PARTICIPATION & CONSULTATION

Moreover, HSE team took initiative to focus on worker participation and consultation to improve HSE culture at ground level which gave amazing results. FCCL established Oracle based “Hazard Identification (HI)” & “Visual Felt Leadership (VFL)” programs and set SMART targets for each employee at all levels to share their feedback liberally and generously in Employee Management System (EMS). Furthermore, these SMART targets reflect on annual performance of each employee along with mechanism of “HSE Reward and Disciplinary Action”.

INTEGRATED MANAGEMENT SYSTEM

With the aim to achieve excellence in HSEQ performance, ISO certification of HSEQ Management System was merged to Integrated Management System in 2019. Each year, FCCL invites market competent external body for detailed audit of its integrated management systems to get aligned with continual improvement.

Currently, FCCL is maintaining the following ISO Standards after IMS certification:

- ISO 9001: 2015 (Quality Management System).
- ISO 14001: 2015 (Environmental Management System).
- ISO 45001: 2018 (Occupational Health & Safety Management System).

CROSS-FUNCTIONAL APPROACH

In order to improve ownership of HSE matters by line managers, FCCL plant management took initiative for cross functional HSE culture by deploying HSE advisors from each department who performed on site hazard identification and immediate rectification, near miss reporting and HSE consultation during planned shutdowns.

HEALTH SURVEILLANCE

FCCL HSE team in coordination with Admin Medical team are committed in creating better, healthier and safer working conditions for employees explicitly susceptible to ill-health issues. For this cause, HSE team executes routine surveys and required vaccinations mentioned as:

- Audiometry (For workers exposed to high decibels).
- Spirometry (For workers exposed to fugitive dust).
- Hepatitis-B Vaccination (For workers exposed to Alternative Fuel).
- COVID-19 Vaccination Camp in coordination with Local Government.

INSTALLATION OF RCCBS & LOCK-OUT OF ELECTRICAL BREAKERS & DBS

Electrical team in coordination with HSE team has installed Residual Current Circuit breaker (RCCBs) to detect and trip against electrical leakage currents, thus ensuring protection against electric shock caused by indirect contacts.

All distribution boxes (DBs) have been locked to prevent unauthorized access and/or misuse to avoid any unwanted incident pertaining electricity.

Achieved 100% implementation of Lockout, Tagout and Tryout procedure plant wide at Machinery, Equipment and Process (MEPs) that utilize electrical energy to function as MEPs identified for LOTOTO are capable of unexpected start-ups which can be very dangerous causing serious bodily harm and/ or catastrophic consequences. Some of the circuit breakers are not designed for direct Lock-Out so in coordination with Electrical & PG team, Lock-Out devices/gadgets for Single and Three pole MCBs, MCCBs, Receptacles etc. have arranged.

FIREFIGHTING & EMERGENCY RESPONSE

Due to immense heat wave phenomena numerous fire events through the country. Similarly, small scale fire events happened near FCCL plant as well. FCCL Fire Fighting along with the security has successfully extinguished the fire and control its spread to the surrounding village. Detail of events as following:

Sr #	Location	Area Covered	Reason
1	FCCL JB near Magazine area	3000 m^2	Poacher ignited fire to extract honey from wild hive
2	FCCL JB near Solar Power Plant	300 m^2	Nearby poultry worker ignited fire to burn the waste

OUR INVESTMENT

INVESTMENT IN FOUNDATION SOLAR ENERGY (PVT) LTD (FSEL)

Foundation Solar Energy (Pvt) Ltd (FSEL) is a group company of Fauji Foundation that began its commercial operations in 2020 with a vision of “Green Pakistan”. FSEL provides complete EPC solutions including site surveys, designing, engineering, and construction with O&M services. Solar power is a growing business in Pakistan and FSEL is committed to reduction of the overall energy cost of its customers through offering efficient solar solutions. FSEL has successfully commissioned and delivered 26 MW of projects during the first two years of operations.

SIGNING CEREMONY OF FCCL & ACL SYNDICATED TERM LOAN FACILITIES WITH BANKING CONSORTIUM LED BY HBL

The signing ceremony for credit facilities for the path-breaking expansions by Fauji Cement Company Limited was held on 27th December 2021. Company as part of the Fauji Group have been at the forefront of infrastructure development in Pakistan. As a result, the expansions are in line with the Fauji Group's Vision to pay a role in the economic development and infrastructure footprint of the Nation.

The Syndicated Term Loan facilities of PKR 37,400 million from a banking consortium is led by HBL, while other members of the consortium include Faisal Bank Limited, Bank Alfalah Limited, National Bank of Pakistan, Bank of Punjab, Bank Al-Habib, Askari Bank, MCB Bank Limited, Habib Metropolitan Bank Limited, Bank of Khyber and First Women Bank Limited. The credit facilities extended to both the companies have a Tenure of 10 years and include SBP concessionary finance facilities i.e., TERF & LTFF.

The facilities with a combined project cost of approximately Rs 60 billion (including a Debt component of Rs.37.4 billion) will be used by the company to enhance production capacity to 10.4 million tons per annum, making it the second largest cement producer in the Region. The expansion projects of FCCL is situated at DG Khan (Punjab) and Nizampur (KPK) respectively, and will play a significant part in the social uplift of the areas along with job creation. The Signing ceremony was attended by Waqar Malik, MD & CEO - Fauji Foundation, Qamar Haris Manzoor, CEO FCCL, Muhammad Aurangzeb, President & CEO- HBL, Arif Usmani, President & CEO - NBP, Atif Bajwa, Director & CEO - BAFL, Atif Riaz Bokhari, President & CEO - AKBL, Mohsin Ali Nathani, President & CEO - HMBL and representatives of BOP, MCB, FBL, BAHL, BOK & FWB on 27th December 2021 in Karachi.

EXPANSION PROJECTS

Fauji Cement Company Limited (FCCL) is establishing a Green Field plant in Shadan Lund, which is a small city in between Dera Ghazi Khan and Taunsa Shareef with a capacity of 6,500 Tons per day clinker production.

M/s. Hefei Cement Research & Design Institute Corp. Ltd is the EPC (Engineering, Procurement & Construction) Contractor for the green field project. M/s. Sinoma Handan is the Construction Contractor.

The civil works on the site have commenced and the targeted commercial operations date is 2nd quarter of FY 24.

The other expansion project relates to putting up a 3rd line at the Nizampur plant having a capacity of 6,500 tons per day clinker production. the work on the project is in advance stages with bulk of the civil and mechanical works nearing completion. The targeted commercial operations date of the project is 2nd quarter of FY 23.

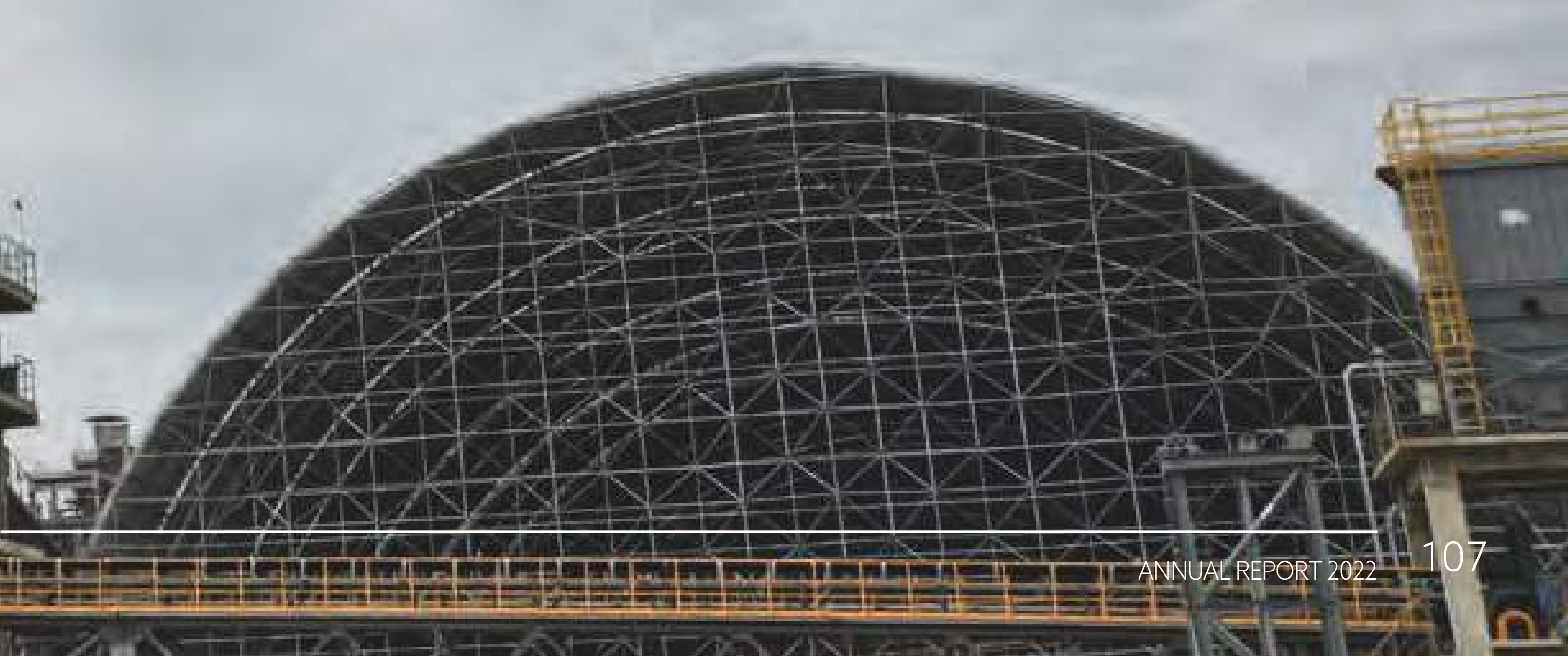
FUTURE OUTLOOK

Pakistan's economy continues to go through a boom and bust cycle with every bust bringing with it the challenges of high inflation prompting the central bank to increase interest rates and slowing down growth. The tight fiscal space faced by the government forces it to cut PSDP spending. This time again it's no different but is definitely more challenging. The rising inflation, deprecation of PKR and higher cost of construction is going to contribute towards a lower off take of cement. Additionally with new capacities of approx. 9 Million tons being added in the North region between Q2 FY23 and Q2 FY24 will keep capacity utilization lower. Exports to Afghanistan although are likely to improve but will depend on the stabilization of the country. The Company is in a strong position with its foot print in infrastructure projects and brand image to continue to perform better than the industry.

The Management will continue its efforts in improving its cost base to become the lowest cost producer, successful commissioning of the Nizampur expansion in Q2 FY23, progress on the construction of its green field project at D.G. Khan and the implementation of SAP.

ANALYSIS OF FORWARD LOOKING DISCLOSURE MADE IN PREVIOUS YEAR

Extract of Matter Reported in Previous Year's Statement.	Actual Results.
The management believes that the next year's outlook is positive with the background of COVID 19 receding and activities getting back to normal. This is also supported by the effect of initiatives taken by the Government for construction sector and work on Mega Dams.	Cement industry dispatches declined by 8% to 52.89 million tons during the year ended 30 June 2022 in comparison to 57.43 million tons during the same period last year mainly due to exports. The Company achieved capacity utilization of 88% as against 98% achieved during FY 21.
The cement prices which had bottomed out in last quarter are expected to improve and stabilize going forward.	Cement prices improved by 140% during FY 22 contributing to the increase in overall margins.
On the cost side, international coal prices are starting to increase in demand and fuel and utility prices are also likely to see an increase.	International coal prices increased considerably along with electricity prices during FY 22.



SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS / FORECASTS

Future forecast and projections are always subject to some degree of uncertainty and contains some assumptions. All projections and forecasting in the Company are made after critically analyzing the past trends, initiatives and decisions taken by management, current market conditions and prospective developments (either related to cement industry or to overall economy). As a part of decision making process, BOD and its Committees analyze critically the assumptions and data used by management for budgets and forecasts.

Internal information is retrieved through the well-equipped data base of the Company and external information is obtained from companies engaged in research, regulators, financial institutions and related trade organizations.

ACKNOWLEDGEMENT

The Directors of your Company express their deep appreciation to the valued shareholders, customers, financial institutions, government departments, dealers, contractors, foreign & local suppliers for their cooperation and Company's employees for their hard work and commitment under challenging environment.

For and on Behalf of FCCL Board

Waqar Ahmed Malik

Chairman Board of Directors FCCL
Rawalpindi
Dated: 20 September 2022

Qamar Haris Manzoor

CEO/MD FCCL
Rawalpindi
Dated: 20 September 2022

HUMAN CAPITAL

The Human Capital at FCCL is given noteworthy stature as our company acknowledges their integral contribution towards business growth and sustainability. FCCL prides itself in nurturing a diverse culture aligned with business objectives, high productivity, change, and the acceptance to cope with new challenges, in compliance with our core values.

Our company recognizes the importance of recruiting and investing in young and emerging talent for an agile work environment, in addition to developing a reliable workforce, and introducing fresh, innovative ideas that are essential for the company's success. FCCL is a proud Equal Employment Opportunity (EEO) company, as evident by a diverse workforce with no discrimination on the basis of gender, ethnicity or religion. We firmly believe in the integral role of diversity in encouraging novelty, innovation and new ideas in building strategies and policies within the company.

Our advocacy of women empowerment is evident through the prominent participation and representation of women in every department, as we acknowledge and appreciate their active contribution at different management levels including the managerial positions in the company. During the course of this year, several females have assumed the positions of Trainee Engineers at Plants and Management Trainee Officers at the Head office, and within the Marketing & Sales Department. In order to sustain and further enhance the role of women in the Company, we are counseling and training the newly hired, competent workforce, as well as implementing succession planning to prepare them in assuming higher positions.

HUMAN CAPITAL

The company organizes effective onboarding sessions to train and equip its employees with updated industry practices & policy / procedures through the transfer of knowledge under the expert supervision of engineers and management professionals of our company.

FCCL has a proactive Management that adheres to the finest practices in anticipating, analyzing and responding to emerging challenges, while ensuring that the company is capitalizing on the opportunity of an increased market share by focusing on diverse learning programs, comprised of trainings covering an array of areas, for its employees. During FY 2021-22, more then of 700 employees benefited from such in-house and outsourced opportunities through 100-plus training sessions, with emphasis on training needs assessment and succession planning. The learning and development section strives to provide the best opportunities to develop the talent pipeline under the expert guidance of both internal and external resources to impart knowledge, polish the employees' personal skills, share the finest practices, stimulate desired learning and encourage team building.

FCCL offers attractive Compensation & Benefits to its employees with emphasis on competitive pay programs and rewarding strategies aligned with the organization's business plan, which has in turn allowed the Company to maintain a competitive position in the Cement Industry. The company upholds fairness and transparency of the compensation system by ensuring the implementation of internal equity policies.

The utilization of an effective performance evaluation system allows the company to evaluate individual performance and its impact on the company's objectives, goals and overall success. The company encourages creativity and innovation amongst its employees in delivering sustainable efforts vital for the company's success, and uses rewards to motivate such practices.

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Fauji Cement Company Limited

Year Ended: 30 June 2022

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of Director is 8 as per following:-

   Male: 7

   Female: 1

2. The Composition of the Board is as follow:-

Executive Directors (Male)	Mr. Qamar Haris Manzoor
Independent Directors (Male)	Mr. Sami Ul Haq Khilji Mr. Tariq Ahmed Khan
Independent Director (Female)	Ms. Naila Kassim
Non-Executive Director	Mr. Waqar Ahmed Malik Dr. Nadeem Inayat Maj. Gen Naseer Ali Khan HI(M), (Retd) Syed Bakhtiyar Kazmi

3. The Directors have confirmed that none of them is serving as a Director on more than seven Listed Companies, including this Company.

4. 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.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or the Company maintains updating.

6. All the powers of the Board have been duly exercised and the Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations have taken decisions on relevant matters.

7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. Following Directors of the Board have completed Directors' Training Program:-

   a. Mr. Waqar Ahmed Malik

   b. Mr. Qamar Haris Manzoor

   c. Dr. Nadeem Inayat

   d. Maj Gen Naseer Ali Khan, HI(M), (Retd)

   e. Syed Bakhtiyar Kazmi

   f. Ms. Naila Kassim

   g. Mr. Tariq Ahmed Khan

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and head of Internal Audit, including their remuneration, terms, and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:-

a. Audit Committee

(1) Mr. Tariq Ahmed Khan
Chairman

(2) Syed Bakhtiyar Kazmi
Member

(3) Maj Gen Naseer Ali Khan,HI(M),(Retd)
Member

(4) Ms. Niala Kassim
Member

(5) Brig Abid Hussain Bhatti,SI(M),(Retd)
Secretary

b. Human Resource & Remuneration Committee

(1) Ms. Naila Kassim
Chairman

(2) Dr. Nadeem Inayat
Member

(3) Mr. Sami ul Haq Khilji
Member

(4) Brig Abid Hussain Bhatti,SI(M),(Retd)
Secretary

c. Investment Committee

(1) Dr. Nadeem Inayat
Chairman

(2) Mr. Qamar Haris Manzoor
Member

(3) Mr. Sami ul Haq Khilji
Member

(4) Maj Gen Naseer Ali Khan,HI(M),(Retd)
Member

(5) Brig Abid Hussain Bhatti,SI(M),(Retd)
Secretary

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (Quarterly/Half Yearly/ Yearly) of the Committees were as per following:-

a. Audit Committee - Quarterly

b. HR and Remuneration Committee - On required basis

c. Investment Committee - On required basis

15. The Board has set up an effective internal audit functions that is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Waqar Ahmed Malik
Chairman Board of Directors FCCL
Rawalpindi
Dated: 20 September 2022

Qamar Haris Manzoor
CEO/MD FCCL
Rawalpindi
Dated: 20 September 2022

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF FAUJI CEMENT COMPANY LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fauji Cement Company Limited for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered AccountantsIslamabad
Date: 30 Sep 2022
UDIN Number : CR202210240euVxlpDEt


عسکری سیمنٹ

BOARD COMMITTEES

The Board meetings were held in every quarter for approval of Company's financial statements. During this year, six Board meetings were held with the attendance as under:-

CHANGES TO THE BOARD

Mr. Tariq Ahmad Khan	13th Dec 2021
Ms/ Naila Kassim	13th Dec 2021

ATTENDANCE AT BOARD MEETINGS 2021-2022

DIRECTOR	STATUS	143RD	144TH	145TH	146TH	147TH	148TH	TOTAL NO. OF MEETINGS
Mr. Waqar Ahmed Malik,chairman	Non-Executive Director	✓	✓	✓		✓	✓	5
Mr. Qamar Haris Manzoor CEO, MD	Executive Director	✓	✓	✓	✓	✓	✓	6
Dr. Nadeem Inayat	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Maj Gen Abid Rafique, HI(M), (Retd)	Non-Executive Director	✓	✓	✓	✓			4
Maj Gen Naseer Ali Khan HI(M), (Retd)	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Mr. Syed Bakhtiyar Kazmi	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Mr. Zafar Iqbal Sobani	Independent Director	✓	✓	✓	✓			4
Mr. Sami Ul Haq khilji	Non-Executive Director	✓	✓	✓	✓		✓	5
Mr. Jawaid Iqbal	Independent Director	✓		✓				2
Ms. Jahanara Sajjad Ahmad	Independent Director	✓	✓	✓	✓			4
Mr. Tariq Ahmed Khan (Joined on 13th Dec 2021)	Independent Director					✓	✓	2
Ms. Naila Kassim (Joined on 13th Dec 2021)	Independent Director					✓	✓	2

ATTENDANCE AT AUDIT COMMITTEE 2021-2022

DIRECTOR	STATUS	27TH AUG 2021	21ST OCT 2021	17TH FEB 2022	18TH APRIL 2022	TOTAL NO. OF MEETINGS
Mr. Zafar Iqbal Sobani	Independent Director	✓	✓			2
Mr. Tariq Ahmed Khan	Independent Director			✓	✓	2
Dr. Nadeem Inayat	Non-Executive Director			✓		1
Maj Gen Naseer Ali Khan HI(M), (Retd)	Non-Executive Director			✓	✓	2
Mr. Syed Bakhtiyar Kazmi	Non-Executive Director	✓	✓	✓		3
Mr. Sami Ul Haq khilji	Non-Executive Director	✓	✓			2
Mr. Jawaid Iqbal	Independent Director		✓			1
Ms. Naila Kassim	Independent Director			✓	✓	2

TERMS OF REFERENCE - AUDIT COMMITTEE

The Board of Directors shall provide adequate resources and authority to enable the audit committee to carry out its responsibilities effectively. The terms of reference of the audit committee shall include the following:-

- Determination of appropriate measures to safeguard the company's assets.
- Review of annual and interim financial statements of the company including Director's Report, prior to their approval by the Board of Directors, focusing on:-
  - Major judgmental areas.
  - Significant adjustments resulting from the audit.
  - Going concern assumption.
  - Any changes in accounting policies and practices.
  - Compliance with applicable accounting standards.
  - Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019, as applicable, and other statutory and regulatory requirements.
  - All related party transactions.
- Review of preliminary announcements of results prior to external communication and publication.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review of management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company. The performance appraisal of head of internal audit shall be done jointly by the Chairman of the Audit Committee and the Chief Executive Officer.
- Consideration of major findings of internal investigations of activities characterized as fraud, corruption and abuse of power and management's response thereto.
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.

- Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports.

- Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body.

- Determination of compliance with relevant statutory requirements.

- Monitoring compliance with Listed Companies (Code of Corporate Governance) Regulations 2019, where applicable, and identification of significant violations thereof.

- Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.

- Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with Regulations. The Board shall give due consideration to the recommendations of the audit Committee and where it acts otherwise, it shall record the reasons thereof.

- To review whistle blowing cases reported under the Whistle Blowing Policy of the Company.

- The AC shall also review the annual business plan/ budget, including cash flow projections, forecasts and strategic plan before recommending it to the Board.

- In order to ensure the financial health of the company and to comment on the going concern status of the business, review of Key Performance Indicators (KPI) in comparison of the industry benchmark shall be carried out by the Committee.

- To review the effectiveness of risk management procedures and to present a report to the Board in this respect, the committee shall at least twice a year:-

  - Monitor and review all material controls (financial, operational, compliance).

  - Ensure that risk mitigation measures are robust along with integrity of financial information.

  - Ensure appropriate extent of disclosure of company's risk framework and internal control system in Directors' report.

  - The Committee shall review the vision and / or mission statement, monitor the effectiveness of the company's governance practices and overall corporate strategy for the company before adoption by the Board

- To critically review the technical aspects of feasibility studies submitted for new investments.
- To evaluate proposal regarding balancing, modernization and expansion of existing projects.
- To monitor the progress of ongoing projects with budgeted targets in order to identify “early warning signals” at the right time and suggest corrective measures in order to put the project on the right track.
- Consideration of any other issue or matter, as may be assigned by the Board of Directors.

ATTENDANCE AT HR & R COMMITTEE 2021/2022

DIRECTOR	STATUS	16TH OCT 2021	TOTAL NO. OF MEETING
Ms. Jahanara Sajjad Ahmad	Independent Director	✓	1
Dr. Nadeem Inayat	Non-Executive Director	✓	1
Mr. Sami Ul Haq Khilji	Non-Executive Director	✓	1
Mr. Jawaid Iqbal	Independent Director	✓	1

TERMS OF REFERENCE: HR & R COMMITTEE

- Recommend to the Board, for consideration and approval of a policy framework for determining remuneration of Directors (both Executive and Non-Executive Directors) and members of Senior Management.
- Undertaking annually a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant.
- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, development, compensation (including retirement Benefits) of Chief Operating Officer, CFO, Company Secretary and Head of Internal Audit.
- Consideration and approval on recommendations of Chief Executive Officer (CEOS on such / matters for key management / positions who report directly to CEO or Chief Operating Officer.
- Where Human Resource and Remuneration consultants are appointed. (The Committee will know they will make their credentials and a statement as to whether they have any other connection with the Company.

ATTENDANCE OF INVESTMENT COMMITTEE 2021

DIRECTOR	STATUS	21ST OCT 2021	TOTAL NO. OF MEETING
Dr. Nadeem Inayat	Non-Executive Director	✓	1
Mr. Qamar Haris Manzoo, CEO	Executive Director	✓	1
Ms. Jahanara Sajjad Ahmad	Independent Director	✓	1
Mr. Sami Ul Haq Khilji	Non-Executive Director	✓	1

TERMS OF REFERENCE - INVESTMENT COMMITTEE

The Committee has the following specific responsibilities:

- Make recommendations to the Board of Director regarding viable option for different project(s) within the existing available financial resources offering attractive returns.
- Make recommendations for the new avenues with respect to vertical and horizontal growth of the company.
- Review Management's proposals for investments, diversification in projects and feasibility studies and forward recommendations for the approval of the Board.
- Review proposals external growth opportunities, potential investments, as proposed by the Management.
- To evaluate performance of investments made in projects over the period and monitor progress of on-going projects in line with Board approvals.
- Review Management's proposals for strategic alliances with other entities/companies to achieve growth or diversification objectives of the Company.
- Provision of guidance to the management on all matters related to investment.

REPORT OF THE AUDIT COMMITTEE

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended June 30, 2022.

COMPOSITION OF THE AUDIT COMMITTEE

Audit Committee of the FCCL Board of Directors comprises of four directors. Two members of the Committee including the Chairman are independent, non-executive directors, whereas the other two are non-executive directors. After the Election of Directors five member Committee was formed out of which two were independent and non – executive Directors and three were non – executive Directors. During the year, Dr. Nadeem Inayat resigned as Member. All the Committee members are financially literate, who possess substantial insight related to finance, economics and business management.

Composition of the Audit Committee and TOR are given on Page 117 of the Report.

Chief Financial Officer of the Company attends the meeting of Audit Committee on invitation; Head Internal Audit is present in all the Committee meetings whereas External Auditors attend the meetings twice during the year as requirement of CCG.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee meetings were convened on quarterly basis to review and recommend financial statements for consideration and approval of the Board. In the same all the related party transactions were placed before the committee and on recommendation transactions were placed before the Board for approval.

Separate meetings were also held with the Company's external and internal auditors in compliance with the regulatory requirements.

In order to ensure transparency and independence of the Internal Audit function, the Head of Internal Audit reports directly to the Audit Committee. FCCL's annual internal audit plan is also approved by the Audit Committee and its progress reviewed on quarterly basis.

Minutes of the meetings were circulated to all members, directors, need of internal audit and on requirement to CFO prior to the meeting of the Board. Chairman highlights significant matters to be discussed during the Board.

Financial Statements. The Committee has concluded its annual review of the Company's performance, financial position and cash flows during 2022, and reports that:

The financial statements of FCCL for the year ended June 30, 2022 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.

These financial statements present a true and fair view of the state of affairs of the Company, results of operations, profits, cash flows and changes in equity of the Company and its subsidiaries for the year under review.

The auditors have issued unmodified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.

Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the financial statements.

A Director, Chief Executive Officer, and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by Chairman and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.

All related Party transactions have been reviewed by the Committee prior to approval by the Board.

The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the External Auditors of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the audit committee for information and review.

The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.

The Internal Audit function is responsible for providing assurance on the effectiveness and adequacy of internal control and risk management framework in managing risks within acceptable levels throughout the Company.

The types and detail of risks along with mitigation measures are disclosed in relevant section of the Annual Report.

INTERNAL AUDIT

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by internal audit function
- The Internal Audit function has carried out its assignments in accordance with annual audit plan approved by the Audit Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit wisdom and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution.

EXTERNAL AUDITORS

The statutory Auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignment of the Company's Financial Statements, and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2022 and shall retire on the conclusion of the 30th Annual General Meeting of the Company.

The Audit Committee has discussed the audit process and the observations, of the auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.

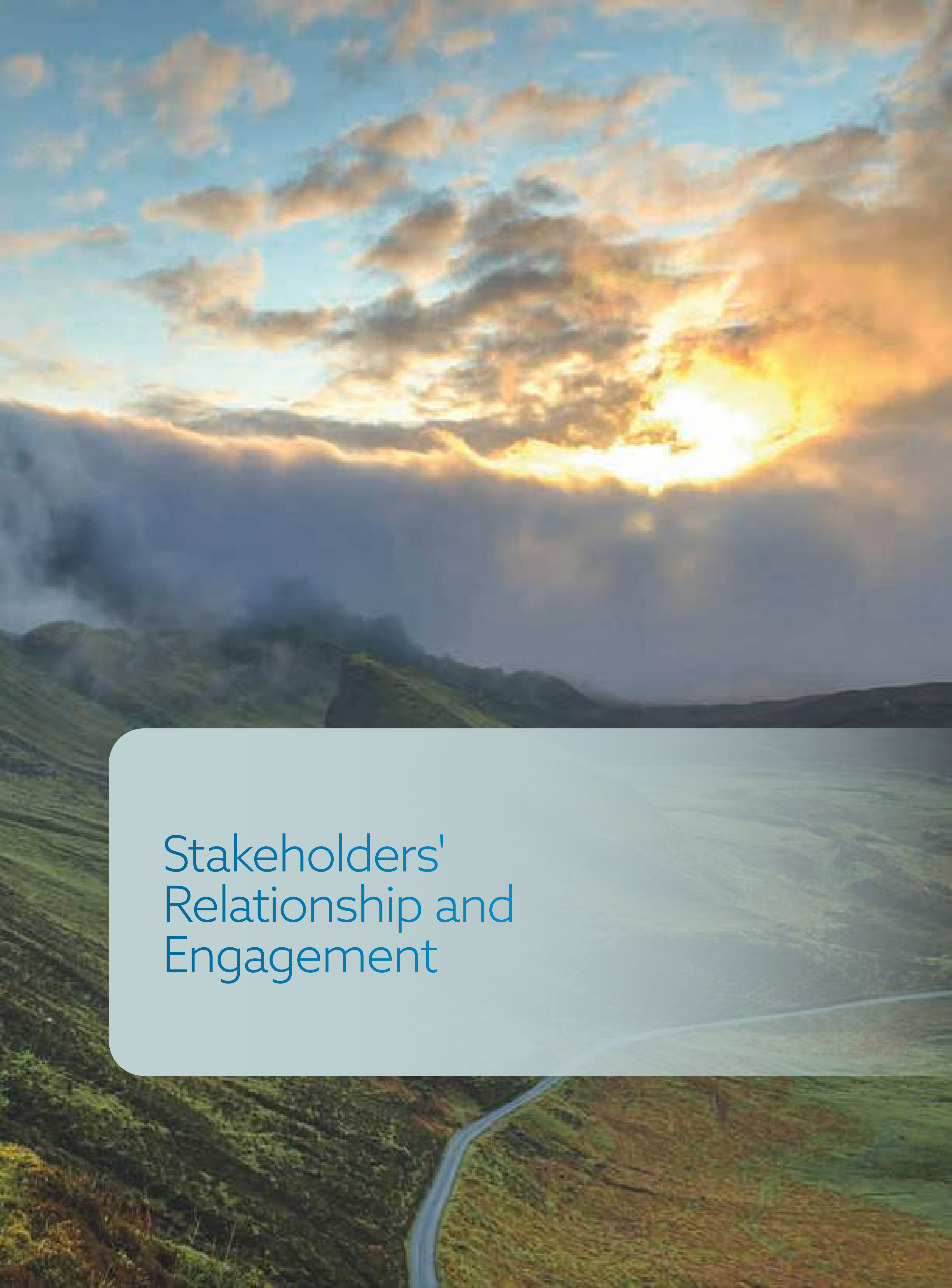
The Auditors met the Audit Committee twice during the course of Audit, the first meeting principally covered their Audit planning, new Accounting standards applicable for the current financial year and the key risk areas to be covered and the and the second meeting discussed Financial Statements.

Being eligible, KPMG Taseer Hadi & Co., Chartered Accountants have offered themselves to be reappointed as auditors for the financial year 2022 - 2023. However, Audit Committee recommended M/s A.F Ferguson & Co., Chartered Accountants as External Auditors of the Company for the year ending June 30, 2023.

CONCLUSION

The Committee has performed its duties and discharges its responsibilities in compliance with the Code and as per the Terms of Reference approved by the Board. The evaluation of the Committee was carried out by external independent consultant, Pakistan Institute of Corporate Governance.

Tariq Ahmad Khan
Chairman Audit Committee
Rawalpindi
20 September 2022



Stakeholders' Relationship and Engagement

STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

At FCCL we believe that sustainability can only be attained through creating value for all of stakeholders. We aim to maintain a responsible and ethical attitude in all of our business practices. Procedure for stakeholders’ engagement includes effective communication, good harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.

HOW WE IDENTIFY STAKEHOLDERS

We identify the stakeholder based on their relevance to our business. Stakeholders are categorized in two main categories i-e internal and external. Following are our key stakeholders:

Internal

- Our People
- Shareholders

External

- Customers & Suppliers
- Financial Institutions
- Local Community
- Regulators
- Analysts and Media

OUR PEOPLE

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training, development, and employee benefits.

SHAREHOLDERS

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework.

ANALYSTS AND MEDIA

Ads and campaigns are launched in media based on marketing requirements as this helps improve the Company's brand image.

REGULATORY BODIES

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory compliance. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance

CUSTOMERS

Sustaining and developing long-term relationships with our customers forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery.

SUPPLIERS

Efficient supplier network is a key for effective working capital management. To achieve this objective, we carefully select our suppliers and then honour our commitments with them to strengthen our bond with our suppliers and vendors. Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondence to resolve all queries for on time deliveries. Cooperation of our suppliers gives us an extra edge over our competitors.

STAKEHOLDERS ENGAGEMENT PROCESS

Stakeholder	Engagement Process	Frequency of engagement	Relationship and its effect on Company	Management of Relationship
Our people	At FCCL we take into account employees' opinion, concerns and values in shaping our strategies.	Continuous	At FCCL we consider Employees as key asset for the Company. Individuals' performance, motivation level, and satisfaction determine the value creation of the Company.	• Employees Training and development • Performance based monetary reward • Competitive compensation packages • Career Progression • Involvement in decision making process to upkeep the self-esteem
Shareholders	Meetings and information sharing as per applicable laws and regulation.	Periodic as per rules and regulations	Company is legally bound to engage its shareholders in decision making required as per Law.	Management of the Company considers shareholders as one of the most important stakeholders. Through open and honest communication at all shareholders' meetings management keeps shareholders informed about the operations and affairs of the Company.
Customers & Suppliers	Management of the Company keeps engaged with its customers and suppliers.	Continuous	Customers and supplier are the key elements of business supply chain.	A focal person is available at the relevant department to communicate with suppliers and customers and to address queries and issues. Customer satisfaction is one of our key goals
Financial Institutions	As per general business practice financial institutions are engaged through formal contracts depicting terms and conditions and cost of financial capital etc.	Continuous	Liquidity of the Company is managed through financial institutions, further they are providers of financial capital for business operations and projects.	Engagement with financial institution is managed through a separate treasury department. Company is engaged with all top financial institutions of the country.
Local Community	Management remains in close touch with Surrounding communities of plant site to understand their concerns, needs and steps required to resolve the issues	Continuous	As a responsible corporate citizen the Company feels that without the development of community the goal of sustainable development cannot be achieved	Provision of medical facilities, education, fresh water and employment to local communities
Regulators	Management remains in close contact with all regulatory authorities and complies with all related rules and regulations	Continuous	Non-compliance can attract penalties and hindrances in business operations. To develop a common understanding with regulators on application of rules and regulations is important for compliance.	Company complies with all the regulatory requirements, pays all duties and taxes in accordance with the relevant laws.
Analysts and media	Open and honest communication at meetings	Periodic	Beyond statutory requirement company feels it has responsibility to educate the community about business activities	Analyst briefing is arranged which is followed by question and answer session. Company's website also provides all latest information about of the company.

PARTICIPATION OF MINORITY SHAREHOLDERS AT GENERAL MEETINGS

The management of the Company firmly believes in encouraging and ensuring the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the Annual General meeting and appoint another member as his/her proxy instead.

The notice of General Meetings is sent to all shareholders at least 21 days before the date fixed for meeting. It is published in leading newspapers (in both Urdu and English languages) having Country- wise circulation.

They can suggest, propose, comment, record their reservations during the meeting, and enjoy full rights to propose and second any agenda item presented. They can demand the draft minutes of meeting within stipulated time, post the event and are privileged to object on any intended major investments, planned acquisitions, mergers and takeovers or any other corporate / capital restructuring.

INVESTOR RELATIONS SECTION ON FAUJI CEMENT'S WEBSITE

FCCL website provides comprehensive information regarding the Company in addition to requirements of the applicable regulatory framework. The 'investor relations' section is regularly updated to provide all information pertaining to dividend history, financial highlights, financial results and other requisite information. In compliance with the requirements of applicable regulatory framework and to better facilitate the stakeholders, the website is maintained in both English and Urdu languages. The Company's website may be accessed through the link www.fccl.com.pk.

The online pdf version of the report will be considered the most current version and takes precedence over any previously printed version. The online PDF version can be accessed at FCCL website.

ISSUES RAISED AT THE LAST AGM

FCCL remains committed to engage with its shareholders, to understand their concerns, devise appropriate strategies and deliver to their expectations.

During the last Annual General Meeting, we transparently briefed our shareholders about our performance. All points and questions raised at the meeting were addressed by the Chairman of the meeting to the satisfaction of the shareholders.

STAKEHOLDERS' ENGAGEMENT POLICY

At FCCL we are committed to engage every of our stakeholder by taking into account the level of relevancy with Company's Business. As a policy matter, we are open in communicating with stakeholders and honest in resolving their grievances in best possible way. We believe that Company's value depends on the trust placed in us by our stakeholders and promote engagement with them.

CORPORATE BRIEFING SESSION

FCCL continues to maintain a healthy relationship with the Investor community by holding regular Corporate Briefings. Corporate Briefing session was arranged in October 2021, and was presented by CFO. Mainly briefing broadly covered company's financial and operational performance, which was followed by detailed Q & A session by analyst and other participants. The brief summary of the session is available at FCCL website.

HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS COMPLAINTS

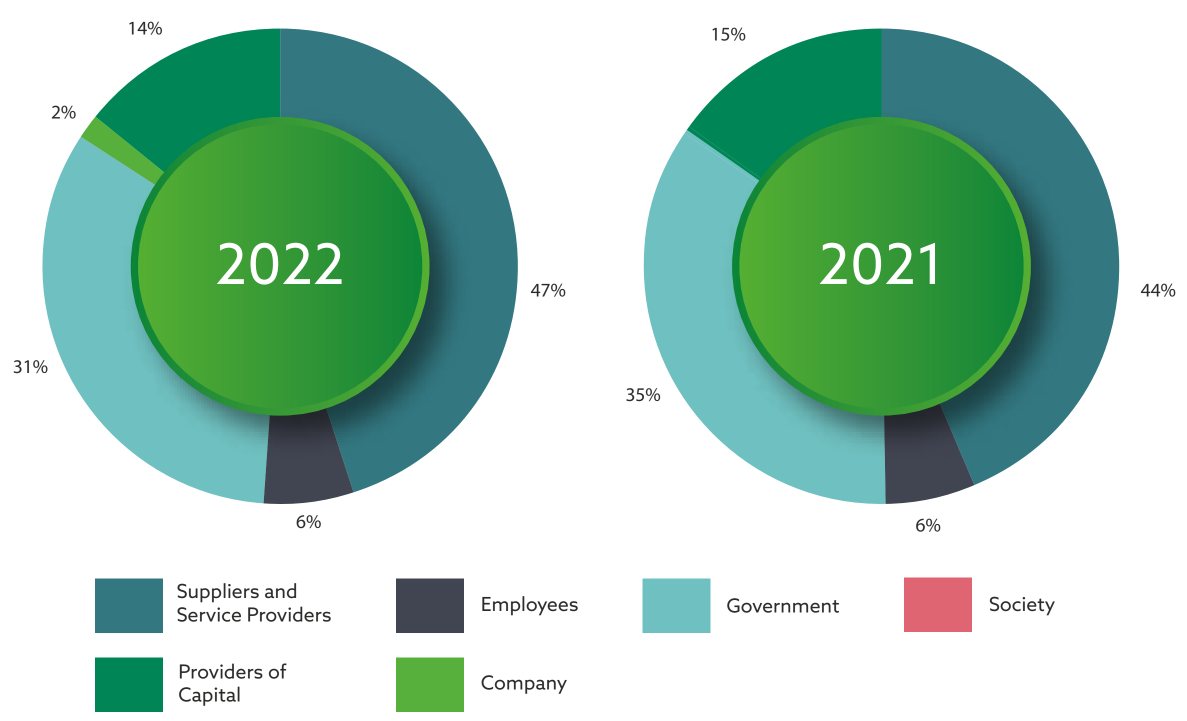
The management of the Company is committed in providing equal and fair treatment to all investors/ shareholders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors/ shareholders' complaints. Investor complaint and grievances/ queries form are available at Company's website. During the year, investors raised no significant complaint and query.

SHAREHOLDERS' INFORMATION

In order to update the shareholders about the operations, growth and state of affairs of the Company, the management promptly disseminates all material information including, but not limited to, announcement of interim and final results to Pakistan Stock Exchange. Quarterly, Half Yearly and Annual Financial Statements are circulated to all concerned within the stipulated timeframe. Likewise, notices and announcements of dividend are transmitted to all stakeholders and regulators within the time laid down in Listed Companies (Code of Corporate Governance) Regulations 2019 and Companies Act 2017. This entire information is also uploaded immediately on the Company's website (www.fccl. com.pk).

STATEMENT OF VALUE ADDITION

	2022 PKR in '000	%	2021 PKR in '000	%
Wealth Generated				
Gross Sales/ Revenues	73,420,865	100	34,206,154	100
Wealth Distribution				
To Suppliers and Service Providers				
Bought-in-Material and services	34,574,591	47	15,151,080	44
To Employees				
Salaries, Benefits & other costs	4,360,002	6	1,958,200	6
To Government				
Income Tax, Sales Tax, Excise Duty & Others	23,100,688	31	11,925,078	35
To Society				
Donations	13,340	-	7,790	-
To Providers of Capital				
Markup expenses on borrowed funds	1,201,612	2	109,623	-
To Company				
Depreciation, Amortization & Retained Profit	10,170,632	14	5,054,383	15
	73,420,865	100	34,206,154	100



IT Governance and Cybersecurity

IT GOVERNANCE POLICY

Information Technology Governance represents a significant investment as well as a significant enabler of Company's vision, requiring effective governance and planning. FCCL IT Governance Policy is responsible for implementation of strategies that ensure effective use of resources across the Company and is about putting in place a suite of policies & procedures that our workforce follows when they are accessing IT resources. Company's IT Governance Policy:

- Ensures that IT plans fit the current and ongoing needs of the Company and supports the Strategic Business Plan.
- Ensures that IT acquisitions are made for approved reasons in an approved way; based on appropriate and ongoing analysis. Ensuring that there is appropriate balance between costs, risks, long-term and short-term benefits.
- Enforces security standards when it comes to VPN use due to Work from Home conditions. Using VPN to access internal resources comes with responsibilities to uphold network security.
- Aligns IT strategies with business goals.
- Provides sufficient information and reports to support the decision making process for the management.
- Establishes effective and prudent IT project and IT resources management processes.
- Optimizes IT risk management to ensure the necessary protection of Company's operations.
- Maximizes end user's satisfaction level about IT services

EMPOWERING OUR EMPLOYEES

We have an ongoing focus on training to enable employees to acquire the attributes necessary to support performance, growth and success. Company continued to invest in development and Industry-based training provided through internal and external programs to attract, retain and grow the best people.

OPERATING IN COVID-19 ENVIRONMENT

Our Team continued to deliver extraordinary results despite another year of challenging circumstances due to the COVID-19 pandemic. We made sure that health and safety remained our number one priority throughout and supported employees with initiatives including remote work plans, to minimize operational disruptions and ensure the continuity of safe operations.

POLICY OF SAFETY OF RECORDS

Record retention and preservation policy of the Company extends beyond statutory and legal requirements. Physical record including books of account, documentation relating to secretarial, legal, contractual, taxation and other important matters is archived in secure and well-preserved manner.

Key features of our record safety policy are as under:-

- Contracts and documents of permanent nature are kept in fire proof lockers with restricted access to authorized persons.
- Storage of physical financial record at secure place with protection against physical deterioration, fire and natural disaster etc.
- IT related record is safeguarded in accordance with IT governance policy. Following are the key elements:-
    - Three well established data centers at all locations having G9 and G10 servers with live and real time replications are in place.

- A well-known brand of hardware firewalls with cloud sandboxing features are installed in all data centers.
- Installation of auto fire suppression system on all server rooms.
- Only authorized persons, as per IT policy, have physical access to server room. A log of all entries to server room is maintained through biometric access.

DISASTER RECOVERY PLANNING (DRP)

A comprehensive Disaster Recovery plan is in place and tested by the assigned experts of IT team. This enables the Company to continue its Information Technology related operations in case of any disaster, earthquake or fire in a near to zero downtime.

DATA SECURITY AND BACKUP PLAN

The Company regularly monitors IT controls for the security of data and information by implementing secure connections and firewalls.

To implement additional layer of data security, Company has very effective data backup plans scheduled at daily, fortnightly, monthly and yearly basis to its powerful QNAP NAS storage devices. The Company has well established data centers situated at head office, marketing office and Plant sites. These data centers are well equipped with latest HP servers having well configured virtual environment with live and real-time replications in place.

INVESTORS GRIEVANCE POLICY

FCCL in order to be has designated an investors section on website to handle Investor Relations & Grievance. The Company has a designated email ID as well as an online Complaint Form at its website for the Shareholders to lodge a complaint or query with the Management. Shareholders can also lodge a complaint or query using telephone, fax or conventional mail. This is to ensure that grievances notified by the shareholders are handled and resolved efficiently at appropriate level within shortest possible time frame.

ENTERPRISE RESOURCE PLANNING (ERP)

Since the era of paperless environment is approaching, and to cope with the multiple functions within a business unit, the need of integrated system is utmost. FCCL has very effective ERP software running at all offices of the company that integrates all business operations of the departments in an efficient manner, thus increasing productivity, decreasing errors, implementing control, providing transparency, and instant access to data thus meeting the real time reporting needs of the company management. ERP Software is in-house developed according to specific needs of the departments.

FCCL has also automated its plant control operations, picking real time data from plant equipment. Our team has developed the software by utilizing in-house resources. The kind of automation is the first ever attainment in Cement sector in Pakistan.

SAP

In order to get benefit from best practices and industry experience, SAP implementation has been rolled out in March 2022 and is underway to enter into a new Era of automation and IT based operations. Through this implementation, we anticipate better performance, analytical capabilities and improved operating margins.

RISK MANAGEMENT AND BUSINESS CONTINUITY

Business Continuity Management Strategy and Policy is in place. The application of risk management and business continuity management remains a priority for the Company. Risk management, having been reviewed and updated recently and is considered effective.

Verification & Remediation

Department performs independent assessments of the effectiveness of the Internal Control and the Risk Management process; it also assesses the effectiveness of mitigating actions and controls.

Monitoring & Reporting

Regular progress on the action plans are followed up by risk leads. Updates on mitigating actions, controls and overall risk exposure are reported to the senior management.

Risk identification & Assessment

Management evaluates the potential impacts and likelihood of the key risks which could have a material adverse effect on the current or future operations.

Risk mitigation

Department defines actions and/or controls to mitigate the key risks. Additionally, FCCL has a robust fraud prevention program in place to prevent, deter, and detect fraud. It includes Web Complaint Form, which enables employees anywhere in the world to anonymously exercise their whistleblowing rights and report any breach of the rules laid down in our Code of Business Conduct.

Verification & Remediation

Department performs independent assessments of the effectiveness of the Internal Control and the Risk Management process; it also assesses the effectiveness of mitigating actions and controls.

Monitoring & Reporting

Regular progress on the action plans are followed up by risk leads. Updates on mitigating actions, controls and overall risk exposure are reported to the Management.

INFORMATION TECHNOLOGY AND CYBER THREATS RISK

To prevent major risks related to critical IT infrastructure or applications operated either by the Company or its service providers, Department has established policies and procedures for IT security and governance as well as Internal Control standards. These include alternative data center, backup recovery procedures and cybersecurity measures to detect unusual activities in our networks. As constant vigilance and awareness throughout the organization is required, our personnel are continually trained to detect and mitigate cyber risks. Additionally, the measures to prevent new risks and impacts from occurring are continuously improved and updated

Environmental Sustainability Report

ENVIRONMENTAL SUSTAINABILITY REPORT

FCCL is an energy-intensive firm that is dedicated to its role in achieving accessible, clean energy on a global level to ultimately minimize greenhouse gas emissions, promote responsible consumption, and conserve resources through innovation while ensuring health and safety of its workforce.

As a highlight of its year, Fauji Cement Company Limited acquired and merged with Askari Cement Company Limited, thus enhancing the company's position in the realm of Environmental Sustainability by providing opportunities for knowledge exchange, innovation as well as sustainable development. FCCL's competence is amplified owing to indigenous resources, conservation skills, various regional climatic patterns and diverse measures implemented, that all play a collective and pivotal role in environmental protection and sustainable development.

EMISSION CONTROL AT STATIONARY SOURCES

TARGETS:

Significantly reduce waste/pollutant release to air, water & soil in order to minimize their adverse impact on human health and the environment.

FCCL JHANG BAHTAR

FCCL Jhang Bahtar has installed state of the art, 4 x Electrostatic Precipitators, 5 X Bag House Filters and 100 Bag Filters for the control of emissions. This equipment conserves our natural resources and brings the level of emission well below the national level and up to international / IFC world standards/ limits.

FCCL WAH

FCCL Wah has installed state of the art, bag house filter along with online continuous emission monitoring system (CEMS) (European brand Make: SICK) worth 30 Million Rupees for the control & continuous monitoring of emissions.

FCCL NIZAMPUR

FCCL Nizampur is controlling emissions with the help of the ultra-modern 4 x Electrostatic Precipitators, 5 X Bag House Filters and 100 Bag Filters for the control of emissions. For Line-III, there are separate 5 x Bag House Filters and 66 Bag Filters for the control of emissions.

FCCL prides itself in its use of cutting-edge, European-made emission control equipment to effectively curb the emissions, particularly dust emissions, produced in the process of cement manufacturing. To add to that, trees and plants can act as effective storage units for emissions resulting from cement kilns. The Environmental Protection Agency has established control limits on the emission of inorganic pollutants, which FCCL monitors to ensure compliance with using a certified, third-party laboratory at regular intervals. Furthermore, FCCL also ensures that its activities follow national and international environment standards.

Pollutants/Emission	Unit	Average Results	PEQS	IFC/World Bank
Particulate Matters	Mg/Nm^3	90	500	100
NOx	Mg/Nm^3	500	1200	600
CO	Mg/Nm^3	300	800	Nil
SOx	Mg/Nm^3	100	1700	400

RENEWABLE ENERGY GENERATION

TARGETS:

- Increase substantially the share of renewable energy in the global energy mix.
- Achieve the sustainable management and efficient use of natural resources.
- Substantially reduce waste generation through prevention, reduction, recycling, and reuse, to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.

The processes involved in cement manufacturing require energy in the form of heat and electricity. In the past, FCCL was obtaining this required energy from conventional sources. However, through a revolutionary Energy Transition, the company now uses mixed energy sources, paying particular attention to carbon neutrality as well as securing sufficient supply of alternative fuel besides enhancing renewable energy. Maximum electricity is generated from renewable sources including captive solar power plants and Waste Heat Recovery Power Plants (WHRPP).

CAPTIVE SOLAR POWER PLANTS:

The climate crisis is growing at an alarming rate and FCCL's understanding of the matter's gravity and the need for action is exhibited through its Captive Solar Power plant which has significantly minimized carbon emissions. In fact, FCCL has boosted the capacity of its Captive Solar Power plant from 15 MW to 20 MW at the Jhang Bahtar Plant and intends to install an 8.6 MW Solar Power plant at FCCL WAH Plant and an 11.5 MW Solar Power plant at FCCL Nizampur. These efforts incorporating renewable sources of energy will increase the collective capacity of the plants to 40.1 MW and the net clean renewable energy production will reach 60,180 MWH/year, hence avoiding approximately 31,522 tons of CO2 emissions per year and acting as significant strides towards FCCL's sustainability goals and combating climate change.

	FCCL Jang Bahtar	FCCL Wah	FCCL Nizampur
Capacity MW	20	8.6	11.5
Generation Annual (MWH)	30,100	12,870	17,210
CO_2 avoided (Tons)	15,766	6,741	9,015
FY 2021-2022	26,121.55	-	-

The use of Captive Solar Power Plants in the cement industry is relatively recent and FCCL Jhang Bahtar being the proud pioneer of the technology in Pakistan's Cement Sector, has significantly and exponentially minimized its carbon footprint on an annual basis. Impressively, FCCL Wah and FCCL Nizampur are following in the same footsteps of the clean energy enhancement paradigm with emphasis on its Socio-Environmental benefits in addition to energy generation. The efforts at all three plants will remarkably reduce FCCL's overall carbon footprint.

ENVIRONMENTAL SUSTAINABILITY REPORT

WASTE HEAT RECOVERY POWER PLANTS:

A prominent technological advancement with environmental benefits in the cement manufacturing industry is the utilization of waste heat for power generation as opposed to releasing it into the atmosphere, which ultimately leads to the heat island phenomena. FCCL has installed Waste Heat Recovery Power Plants (WHRPP) with varying capacities at each of its Plants, in order to reap benefits namely emission control, reduction in the local heat phenomena, electricity generation and carbon emission avoidance. In totality, Fauji Cement owns and operates four high-performance WHRPPs with a combined capacity of 40.5 MW at all three of the company's cement plants that have collectively generated an impressive 193,069 MWH of energy during the financial year 2021-22. Since this technology does not require the consumption of fossil fuel, the CO_2 emissions of all three of the plants have minimized by 101,130 tons annually.

	FCCL Jang Bahtar	FCCL WAH	FCCL Nizampur
Capacity MW	**21**	**7.5**	**12**
Generation 2021-2022 (MWH)	105,949	33,657	53,464
CO^2 avoided (Tons)	55,496	17,630	28,004

ALTERNATIVE FUEL (AF):

TARGETS:

- Significantly reduce waste/pollutant release to air, water & Soil in order to minimize their adverse impact on human health and the environment.
- Substantially reduce waste generation through prevention, reduction, recycling and reuse, to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production
- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

FCCL Jhang Bahtar prioritizes recycling by utilizing various waste materials and by-products from other industries as valuable alternative fuel to replace fossil fuels namely coal in cement manufacturing, in order to support the circular economy. This innovative transition not only minimizes CO2 emissions by reducing dependency on coal, but also contributes significantly to societal waste management by curbing the harmful impact of waste in landfills. Additionally, subject to the production demand, approximately 5% of thermal energy in FCCL Jhang Bahtar kilns has been obtained through the utilization of alternative fuels, a figure that is expected to rise with continued efforts. As a result of the substitution, CO2 emissions are minimized by 8,028 tons per year, contributing 2.4 % in co-combustion (Energy-Mix ratio) and replacing approximately 1.8 % of coal based on specific heat consumption.

INTRODUCTION OF GREEN CEMENT:

TARGETS:

- Significantly reduce waste/pollutant release to air, water & Soil in order to minimize their adverse impact on human health and the environment.

- Substantially reduce waste generation through prevention, reduction, recycling, and reuse, to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.
- Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

A noteworthy achievement of FCCL in the arena of environmental sustainability within Pakistan is that it introduced green products at its plants: Pamir Cement at FCCL Jang Bahtar and Askari Green at FCCL Nizampur respectively. These green products are made up of cementitious material and contain less clinker as compared to Ordinary Portland Cement (OPC), which helped minimize CO2 emissions at the FCCL Jang Bahtar Plant by 76,285 tons during the financial year 2021 – 22 and by 27,600 tons at the FCCL Nizampur Plant during the financial year 2021 – 22. As of now, research is being conducted to minimize the use of carbon intensive additives in order to reduce carbon emission from the calcination process without affecting cement quality, strength, and reliability.

TREE PLANTATION AND CO^2 SEQUESTRATION:

TARGETS:

- Substantially increase afforestation and reforestation
- Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods
- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

In order to combat the growing environmental crisis of deforestation, the process of afforestation is carried out on barren and broken land to increase ecosystem restoration and replenish freshwater aquifers to tackle flash floods, water scarcity, drinking water quality and biodiversity loss.

FCCL accords top priority to tree plantation as part of its environmental sustainability goals, especially since emissions from cement kilns can be sequestered and stored by trees & plants in order to effectively purify the air by absorbing CO2 from the surrounding atmosphere. The company takes pride in its enthusiastic participation in plantation drives and has donated thousands of deciduous plants to its employees and government officials among many others.

Aside from significantly improving air quality by purification, tree plantation plays a vital role in the protection of agricultural resources, humans, and animals by effectively reducing the impact of the heat waves through the natural process of transpiration. To combat the heat wave phenomena, FCCL has successfully organized plant-wide awareness sessions in order to protect against heat waves and provide mitigation measures.

PLANTATION DRIVE 2021-2022

In alignment with the company's goals towards achieving environmental sustainability, FCCL Jhang Bahtar has planted over 19,000 woody tree plants that absorb approximately 1,170 tons of CO2 from the atmosphere annually, along with more than 10,000 plants that it donated to DC office Attock among other government departments in district Attock during the year 2021-22. Furthermore, FCCL actively participates in environmental protection through its observation of events such as World Environment Day 2022 and FCCL's annual tradition of celebrating Independence Day on 14th August by planting trees in the nearby vicinity and distributing them among its employees and locals. These efforts highlight the importance of environmental sustainability and encourage employees to protect the 'only one earth'.

ENVIRONMENTAL SUSTAINABILITY REPORT

FCCL Wah has carried out plantation in three phases as following:

PHASE I. (COMPLETED)

- Lake view Orchard spread on 9 Acre area containing 1568 different fruit tree plants.
- Hill Side Orchard spread on 23 Acre area comprising 4076 different fruit tree plants.

PHASE II. (COMPLETED)

- Afforestation performed on 37 acres of Old Clay Land Area.
- Plantation of 64,000 native trees.

PHASE III. (IN PROGRESS)

- Extension of Hill Side Orchard.
- 19-acre areas of Hill Side Orchard developed and ready for plantation.
- 1500 Olive and 2000 Orange plants that will be added during the upcoming monsoon season.

Total Land in Possession for plants - 87 Acre (695 Kanals)

The aforementioned plantation campaigns have prominent long-term benefits for the environment and biodiversity by the provision of habitat for local flora & fauna, prevention of soil erosion, creation of natural water filters, provision of aesthetic value, improving air quality by sequestering approximately 1,855 tons of CO_2 and stabilizing the climate.

Similar to FCCL's other two plants, FCCL Nizampur has also made prominent efforts to help the company achieve its environmental sustainability goals through tree plantation drives resulting in the plantation of over 17,000 tree plants that absorb approximately 1,020 Tons of CO_2 from atmosphere annually, as well as its generous donation of thousands of deciduous plants to employees and government officials, among many others.

BIODIVERSITY PROTECTION:

TARGETS:

- Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity.
- Integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.

FCCL is a firm believer of constant improvement through enlightenment and hence, has started to conserve biodiversity by protecting and enhancing the reproduction of honeybees after being inspired by the World Environment Day 2020's theme of Biodiversity and the World Environment Day 2021's theme of Ecosystem Restoration. FCCL's primary reason for selecting the honeybee specie is its ability to enhance the pollination process and strengthen the local flora of the region. The strong ecological environment created as a result, becomes the habitat for a large number of wild animals, birds and other organisms that are vital for ecosystem restoration. Currently, both wild and domestic honeybees reinforce shelter at the FCCL Jhang Bahtar Plant.

FCCL is aware of its responsibility towards environmental protection and conservation and as a result, has extended its biodiversity efforts to the rest of its plants. To this end, a total of 87 acres of land at FCCL Wah has been converted to forest through afforestation technique to conserve and provide habitat to thousands of native plant species. As for FCCL Nizampur, detailed research work has been carried out regarding the potential of honeybees and aqua cultural development at the FCCL Nizampur plant, along with the goal of conserving honeybees of varying species in the Nizampur area.

ENVIRONMENTAL SUSTAINABILITY REPORT

WETLAND MANAGEMENT:

TARGETS:

- Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity.
- ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and dry lands.
- Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes.

As part of its wetland management programme, FCCL has developed several areas of broken land into wetlands as rainwater accumulates in the patches and facilitates restoration of ecosystem in the area. The efficacy of these efforts is evident as the flora and fauna of the area are flourishing, while the broken land is serving as a habitat for many native species. During the summer of 2021, a high number of bees' hives was observed along with the return of wild birds and FCCL strives to enhance biodiversity and reduce land degradation & desertification by protecting these species from poachers within its premises. On top of that, the wetland also promotes the regrowth of natural flora of the region, reinforcing water percolation into ground water aquifers, robust freshwater ecosystem and contributions towards climate mitigation.

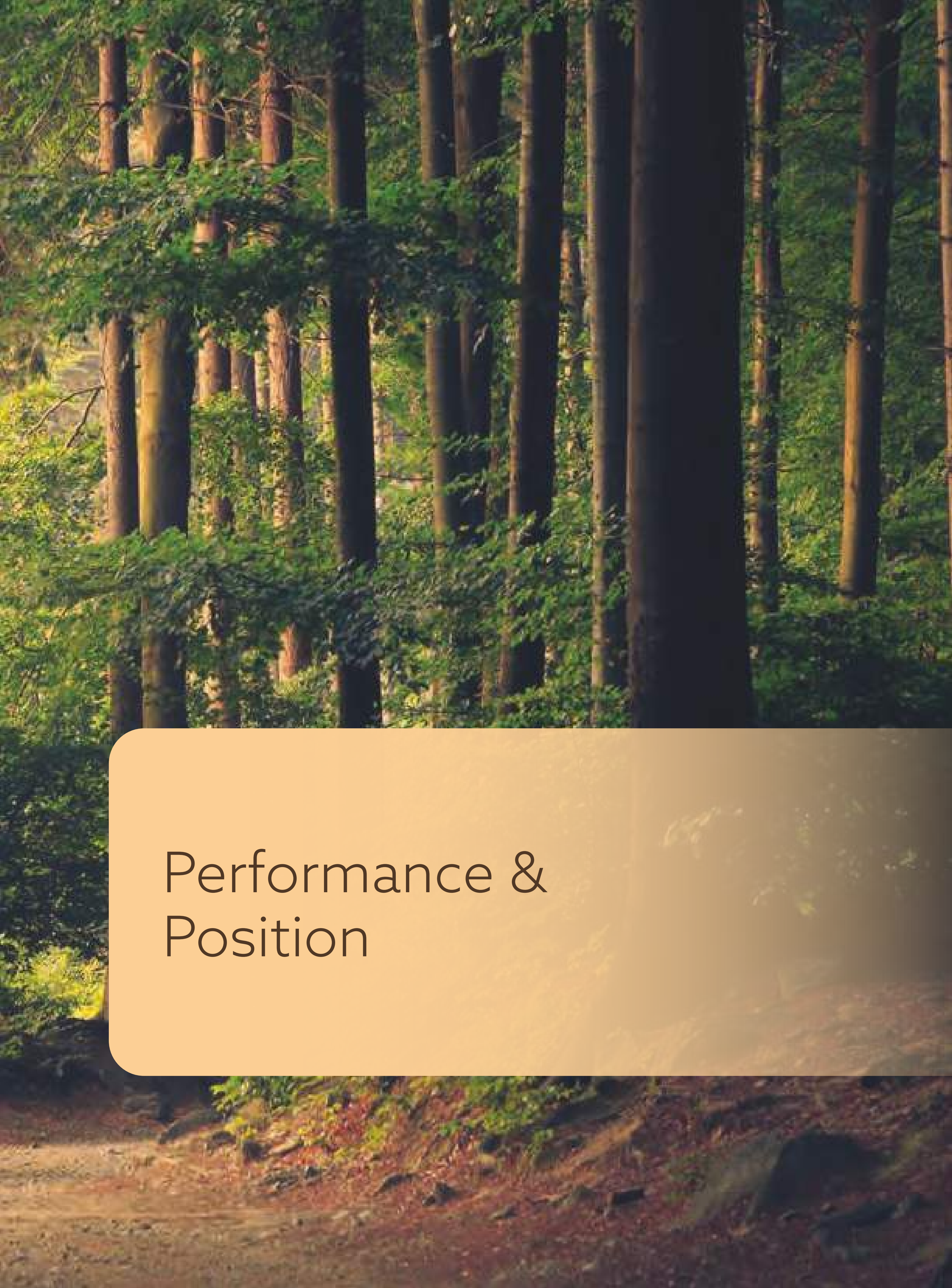
WATER CONSERVATION:

TARGETS:

- Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- implement integrated water resources management at all levels
- ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and dry lands

In further accordance with the United Nation's sustainable development goal of Clean Water and Sanitation, FCCL has improved its water conservation technique and significantly reduced dependency on the consumption of ground water for industrial purposes by an impressive 99.7 % which was exhibited by utilizing 65,163 m^3 from recycling of rainwater, Naika wastewater & WHR blow down water during the month of June. The Jhang Bahtar Plant in particular recycled and reused approximately 65.2 % of domestic wastewater and rainwater during the financial year 2021-22. As a result of FCCL's efforts, its net water footprint became approximately zero in May 2022 on the basis of groundwater, ultimately contributing towards an objective regarding the utilization of water resources initiated in 2019 – 20 through construction of rainwater harvesting ponds and implementation of water recycling techniques.

FCCL Wah has notably played its part in achieving the company's goal towards water conservation through the installation of an efficient water recycling system to effectively recycle process water (used for cooling) with minimum loss. Additionally, the reject water from WHR plant is utilized for activities such as horticulture to avoid wastage, thus reducing the dependency on fresh water resources. As for FCCL Nizampur, it has remarkably improved its water conservation techniques along with its ground water dependency by limiting ground water consumption for drinking purposes only and installing multiple water pumps for the provision of clean drinking water in Kahi, while only utilizing river water for plant processes. Similar to the activities of other FCCL plants, FCCL Nizampur also utilizes the reject water from the WHRPP for the purpose of showering roads and plants as well providing a water source for the fire-fighting vehicles to fill their tanks with. FCCL Nizampur's further contribution towards environmental sustainability is its notable development of several broken lands into wetlands as rainwater accumulates in the patches and facilitates restoration of ecosystem of the area. As of November 2021, FCCL Nizampur's net water footprint is down to zero on the basis of groundwater, majorly contributing towards the achievement of an objective focused on the sustainable utilization of water resources initiated in 2019–20.



Performance & Position

OPERATING RESULTS

	2022	2021	2020	2019	2018	2017
			(Rs in Million)			
PROFIT OR LOSS						
Net Sales	54,243	24,271	17,232	20,798	21,161	20,423
Gross Profit	14,399	6,064	649	5,323	5,036	4,438
Operating Profit	11,982	5,054	11,676	4,463	4,246	3,777
EBITDA	15,680	6,814	1,789	6,039	5,663	5,399
Finance Cost	1202	110	234	107	148	153
Profit / (loss) After Taxation	7,113	3,471	(59)	2,824	3,429	2,613
EPS / (LPS) (Rs)						
Basic	3.26	2.52	(0.04)	2.05	2.49	1.89
Diluted	3.26	2.52	(0.04)	2.05	2.49	1.89
STATEMENT OF FINANCIAL POSITION						
Shareholders' Equity	57,736	23,276	19,804	20,899	20,489	19,681
Property, plant and equipment	74,126	21,422	22,065	23,203	22,624	22,004
Long Term Loans and deffered grant including Current Portion	24,890	875	751	668	1,063	1,489

SUMMARY OF CASH FLOWS

	2022	2021	2020	2019	2018	2017
			Rupees'000			
Net cash generated from operating activities	7,567,564	5,739,097	1,013,426	5,557,926	3,219,300	2,230,215
Net cash (used in)/ generated from investing activities	(26,064,704)	(5,141,658)	(545,109)	2,025,362	(1,413,028)	482,432
Net cash generated from /(used in) from financing activities	19,345,923	(5,455)	(1,181,854)	(3,019,893)	(3,118,795)	(4,094,793)
Net increase / (decrease) in cash and cash equivalents	848,783	591,984	(713,537)	512,671	(1,312,523)	(1,382,146)
Cash and cash equivalents at beginning of the year	(716,009)	(1,307,993)	(594,456)	(1,107,127)	205,396	1,587,542
Cash and cash equivalents acquired through business combination	(1,044,390)	-	-	-	-	-
Cash and cash equivalents at end of the year	(911,616)	(716,009)	(1,307,993)	(594,456)	(1,107,127)	205,396

ECONOMIC VALUE ADDED

EVA is the relevant yardstick for measuring economic profits. EVA is the company's net operating profit after tax, after deducting the cost of capital.

Companies, which return higher than the cost of capital, create wealth for the shareholders.

	2022	2021	2020	2019	2018	2017
Cost of Capital						
Weighted Average Cost of Capital - %	16%	16%	18%	22%	17%	13%
Average Capital Employed (Rs'000)	86,976,824	22,511,907	18,686,392	20,545,319	19,913,099	20,759,401
Economic Value Added						
Net Profit After Tax (Rs'000)	7,112,540	3,472,351	(59,381)	2,824,298	3,429,464	2,613,211
Less: Cost of Capital (Rs'000)	13,637,966	3,529,867	3,344,864	4,478,880	3,305,574	2,761,000
Economic Value Added (Rs'000)	(6,525,426)	(57,516)	(3,404,245)	(1,654,582)	123,890	(147,789)

FREE CASH FLOWS

	2022	2021	2020	2019	2018	2017
			Rupees'000			
Net Cash generated from Operating Activities	7,567,564	5,739,097	1,013,426	5,557,926	3,219,300	2,230,215
Capital Additions & Investments	(26,064,704)	(5,141,658)	(545,109)	(2,025,760)	(1,413,028)	482,432
Free Cash Flows to the Company	(18,497,140)	597,439	468,317	3,532,166	1,806,272	2,712,647
Add : Net Debt	20,504,005	141,373	92,311	(426,176)	(426,176)	(2,527,052)
Free Cash Flows to the Equity Holders	2,006,865	738,812	560,628	3,105,990	1,380,096	185,595

STATEMENT OF CASH FLOWS DIRECT METHOD

FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees'000	2021 Rupees'000
Cash Flow from operating Activities		
Cash receipts from customers	70,523,298	23,872,325
Cash Paid to suppliers & employees	(59,414,793)	(17,000,974)
Compensated absences paid	(94,902)	(45,752)
Payment to Workers' (Profit) Participation Fund	(549,335)	(250,000)
Taxes paid	(2,896,704)	(836,502)
Net cash generated from operating activities	7,567,564	5,739,097
Cash flows from investing activities		
Additions in property, plant and equipment	(28,425,596)	(1,007,205)
Investment in associate	(50,000)	-
Short term investments - net	1,758,221	(4,284,022)
Proceeds from disposal of property, plant and equipment	23,250	103,243
Interest received on bank deposits	629,421	46,326
Net cash used in investing activities	(26,064,704)	(5,141,658)
Cash flows from financing activities		
Repayment of long term loans	(3,098,399)	(484,237)
Disbursements from new long term loans	17,059,404	625,610
Loan from parent	6,543,000	-
Lease payments	(171,588)	(50,413)
Dividend paid	(1,322)	(1,572)
Finance cost paid	(985,172)	(94,843)
Net cash used in financing activities	19,345,923	(5,455)
Net increase / (decrease) in cash and cash equivalents	848,783	591,984
Cash and cash equivalents at beginning of the year	(716,009)	(1,307,993)
Cash and cash equivalents acquired through business combination	(1,044,390)	-
Cash and cash equivalents at end of the year	(911,616)	(716,009)

QUARTER WISE PROFIT OR LOSS ANALYSIS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total (FY 2021-22)
			Rupees'000		
Turnover - net	6,935,729	8,308,819	7,679,191	31,319,379	**54,243,118**
Cost of sales	(4,825,771)	(5,951,293)	(5,730,340)	(23,336,448)	**(39,843,852)**
Gross profit	2,109,958	2,357,526	1,948,851	7,982,931	**14,399,266**
Other income	8,707	34,983	43,528	143,478	**230,696**
Selling and distribution expenses	(50,557)	(58,861)	(51,102)	(378,495)	**(539,015)**
Administrative expenses	(149,617)	(217,502)	(146,208)	(786,112)	**(1,299,439)**
Other expenses	(136,974)	(154,363)	(133,107)	(384,520)	**(808,964)**
Operating profit	1,781,517	1,961,783	1,661,962	6,577,283	**11,982,545**
Finance cost	(26,743)	(31,267)	(18,476)	(1,125,126)	**(1,201,612)**
Finance income	104,164	126,406	162,965	352,316	**745,851**
	77,421	95,139	144,489	(772,810)	**(455,761)**
Share of profit of associate	-	(3,629)	-	4,937 -	**1,308**
Taxation	(500,313)	(583,634)	(572,660)	(2,758,946)	**(4,415,553)**
Profit after tax	**1,358,625**	**1,469,659**	**1,233,791**	**3,050,463**	**7,112,538**
EPS - Basic & diluted (Rupees)	0.98	1.07	0.89	1.40	3.26

Fourth Quarter performance includes pre-merger Profit or Loss of Askari Cement Ltd.

KEY RATIO ANALYSIS

		2022	2021	2020	2019	2018	2017
PROFITABILITY RATIOS							
Return on Equity	%	12.32	14.91	(0.30)	13.51	16.74	13.28
Return on Capital Employed	%	0.13	15.55	(0.28)	13.11	16.05	12.65
Gross Profit Ratio	%	26.55	24.99	3.77	25.60	24.17	21.73
Net Profit to Sales	%	13.11	14.30	(0.34)	13.58	16.21	12.80
EBITDA Margin to Sales	%	28.91	28.07	10.38	29.04	26.76	26.44
Operating Leverage Ratio	%	1.17	208.40	5.75	(3.75)	1.10	(26.98)
LIQUIDITY RATIOS							
Current Ratio	Times	1.06	2.02	1.35	1.51	1.49	2.12
Quick/Acid Test Ratio	Times	0.92	1.83	1.12	1.26	1.20	1.72
Cash to Current Liabilities	Times	0.23	0.86	0.11	0.11	0.12	0.19
Cash Flow from Operations to Sales	Times	0.14	0.24	0.06	0.27	0.15	0.11
TURNOVER RATIOS							
No. of Days in Inventory	Days	22	24	23	26	26	18
No. of Days in Receivables	Days	13	19	19	19	20	17
Total Assets Turnover Ratio	Times	0.06	0.71	0.59	0.72	0.73	0.74
Fixed Assets Turnover Ratio	Times	0.08	1.13	0.78	0.90	0.94	0.93
INVESTMENT/MARKET RATIOS							
Earnings Per Share (EPS)	Rs	3.26	2.52	(0.04)	2.05	2.49	1.89
Price Earnings Ratio	Rs	5.54	7.96	-	10.38	11.59	21.81
Price to Book Ratio	Rs	0.35	0.81	0.74	1.01	1.37	2.05
Dividend Yield Ratio	%	-	-	-	7.05	4.70	4.23
Dividend Payout Ratio	%	-	-	-	73.17	40.16	47.62
Dividend per share - Cash	Rs	-	-	-	1.50	1.00	0.90
Break-up Value Per Share	Rs	26.48	16.87	14.35	15.15	14.85	14.26
Market value per share - at year end	Rs	14.17	23.00	16.88	15.73	22.85	41.03
Highest market value per share during the year	Rs	23.26	27.61	22.85	23.60	32.52	49.20
Lowest market value per share during the year	Rs	13.99	18.43	11.50	12.23	18.85	20.42

		2022	2021	2020	2019	2018	2017
CAPITAL STRUCTURE RATIOS							
Debt to Equity Ratio	Times	0.38	0.04	0.04	0.03	0.05	0.08
Weighted Average Cost of Debt	Times	0.07	0.07	0.11	0.09	0.07	0.05
Financial leverage ratio	Times	0.43	0.11	0.13	0.08	0.13	0.09
Debt to Equity Ratio - as per market value	Times	0.07	0.02	0.02	0.02	0.03	0.02
Interest Cover Ratio	Times	11	48	0.26	42	29	27
EMPLOYEE'S PRODUCTIVITY RATIOS							
Production per Employee	Tons	2,781	2,988	2,497	2,485	2,801	2,372
Gross Revenue per Employee	Rs '000	36,097	29,336	21,985	24,102	24,448	22,250
Staff Turnover Ratio	%	5.07	1.29	0.24	0.41	1.89	1.95
OTHERS							
Spares Inventory as % of Assets Cost	%	3.37	7.41	8.93	7.90	6.49	6.46
Maintenance Cost as % of Operating Expenses	%	4.46%	4.35%	4.40%	5.28%	4.62%	2.56%

PROFITABILITY RATIOS

Profitability ratios, except for Return on Capital Employed and Operating Leverage Ratio remained consistent from FY 2016-17 to FY 2021-22. Return on Capital Employed decreased in FY 2021-22 mainly on account of increase in average Debt and Equity as compared to FY 2016-17. Operating Leverage ratio improved during FY 2021-22 on account of increased sales revenue, financial cost and depreciation

LIQUIDITY RATIOS

Liquidity Ratios decreased during FY 2021-22 as compared to FY 2016-17 mainly due to increase in short term borrowings.

TURNOVER RATIOS

Turnover days remained consistent from FY 2016-17 to FY 2021-22. Decrease in Total Assets Turnover and Fixed Assets Turnover during FY 2021-22 as compared to FY 2016-17 is due to acquisition of Askari Cement Ltd assets through business combination.

INVESTMENT/MARKET RATIOS

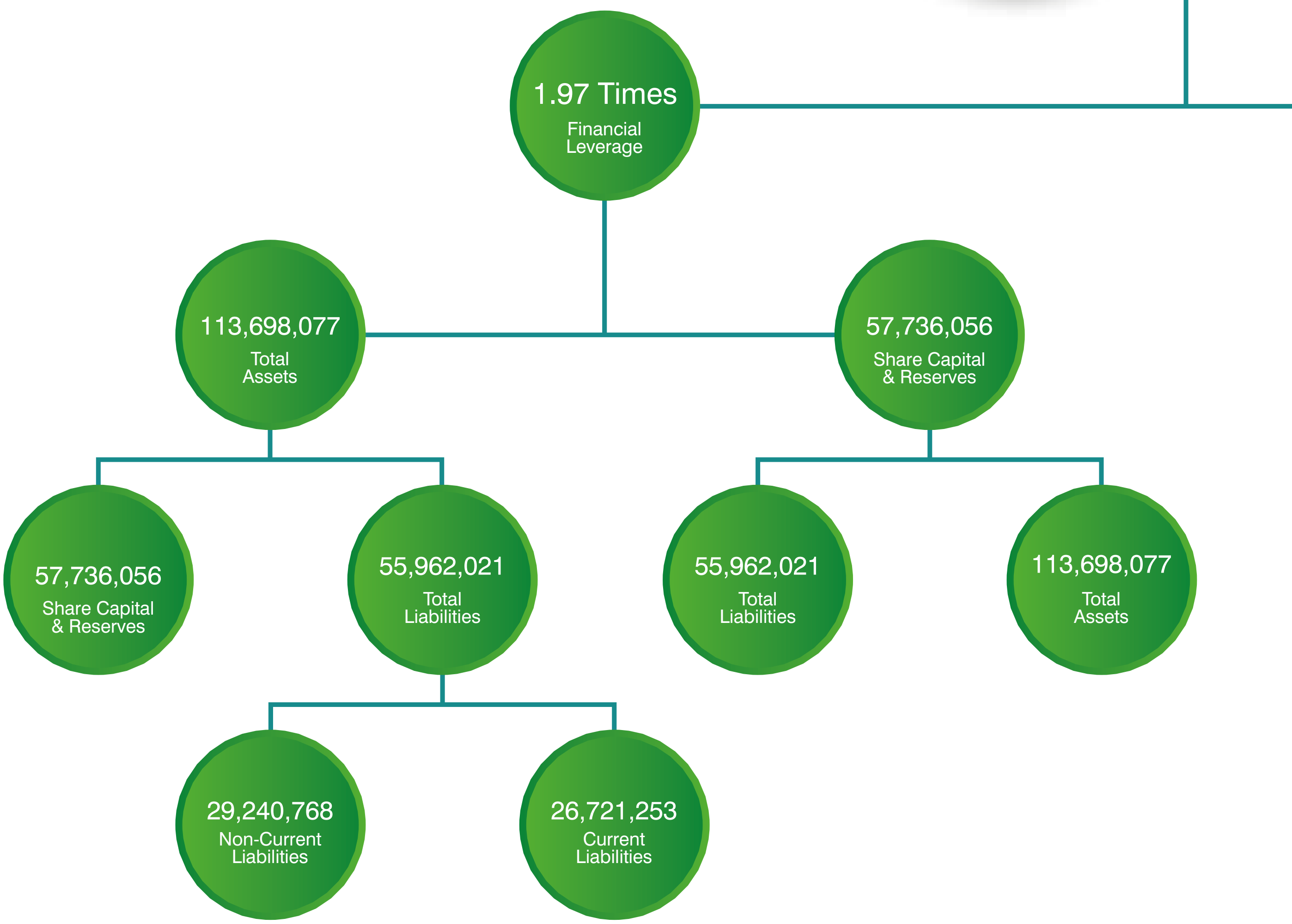
Breakup value per share showing positive trend during FY 2021-22 on account of increase in share capital and reserves.

CAPITAL STRUCTURE RATIOS

Debt Equity ratio increased in FY 2021-22 on account of additional borrowing for new expansion projects.

Increased finance cost as a result of additional borrowing and higher interest rates decreased Financial Leverage ratio during the year.

DUPONT ANALYSIS

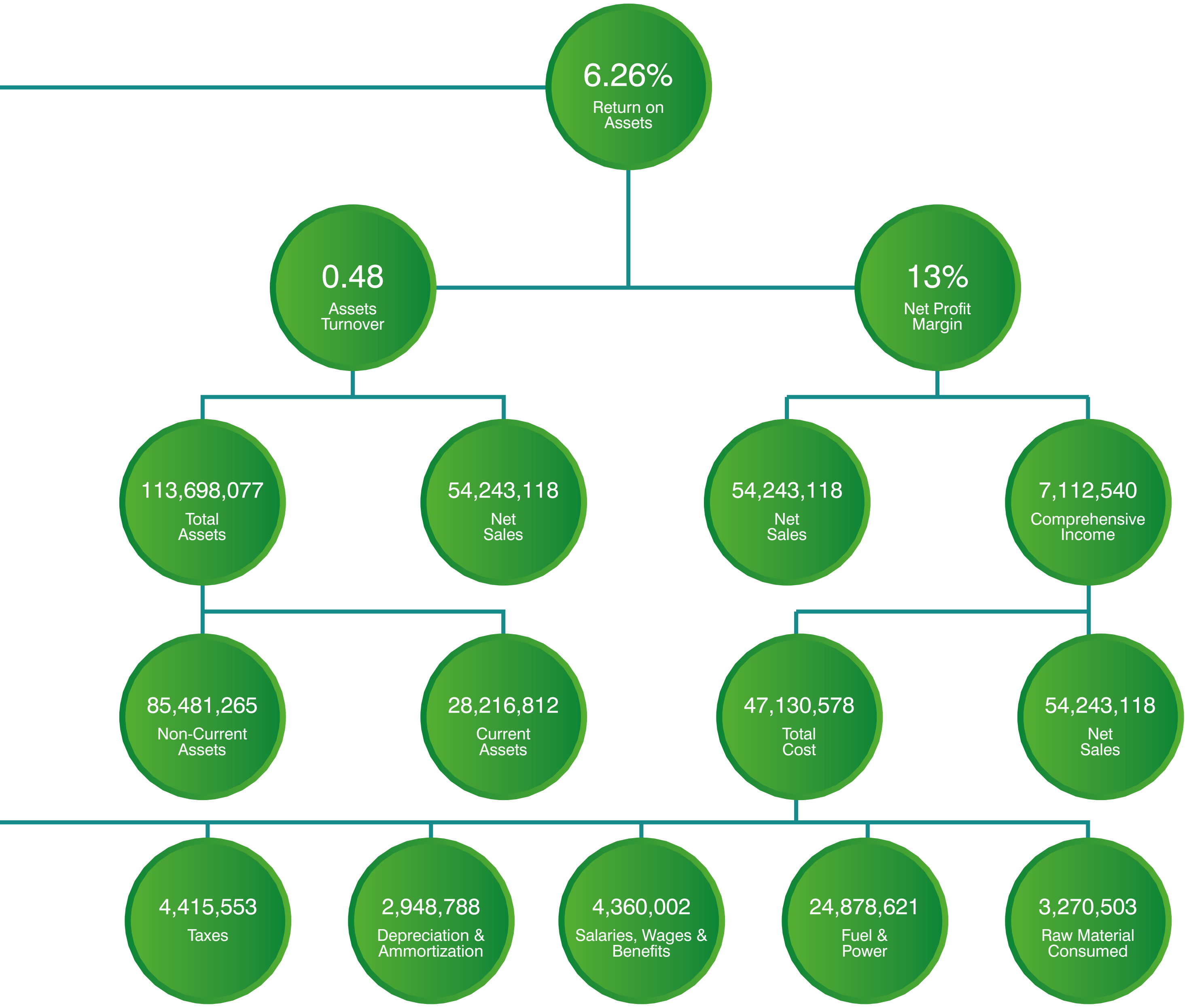


Year	Profit Margin (Net Profit/ Turnover	Assets Turnover (Turnover/Total Assets)	Financial Leverage (Total Assets/Total Equity)	ROE (Return On Equity)
	A	B	C	AxBxC
2022	13%	0.48	1.97	12%
2021	14%	0.71	1.46	15%
2020	-0.34%	0.59	1.48	-0.30%
2019	13.58%	0.72	1.39	14%
2018	16.21%	0.73	1.42	17%
2017	12.80%	0.74	1.41	13%

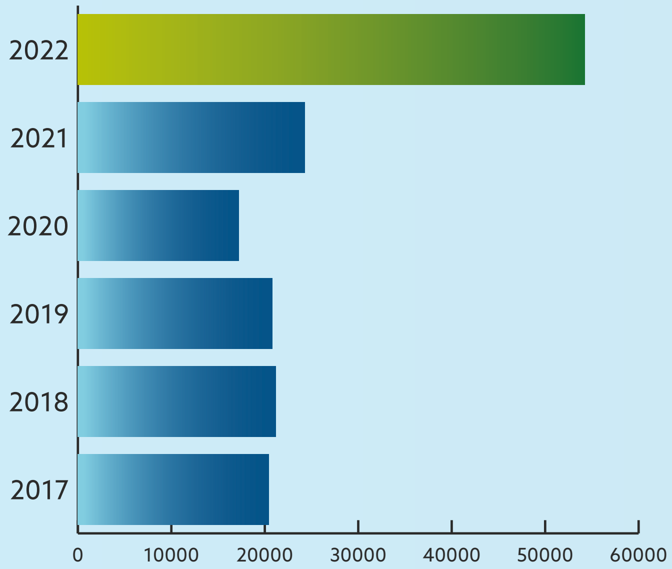
THE MAIN HIGHLIGHTS OF DUPONT ANALYSIS ARE AS FOLLOWS:

- The profit margins for the Company increased during current year on account of better retention and cost optimization.
- Assets Turnover of the company has decreased during the current year on account of acquisition of assets through business combination.

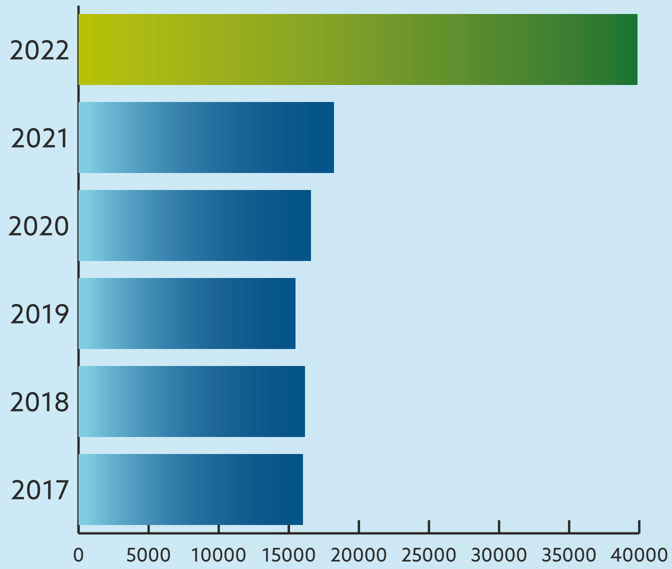
Return on Equity



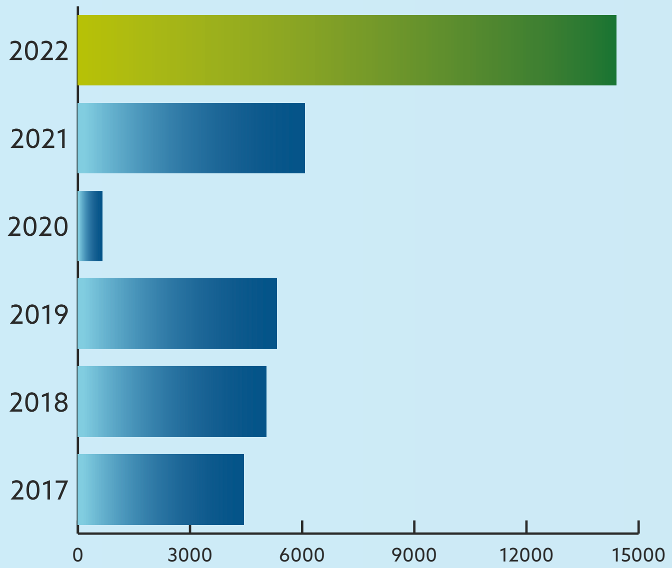
GRAPHICAL PRESENTATION OF FINANCIAL INFORMATION



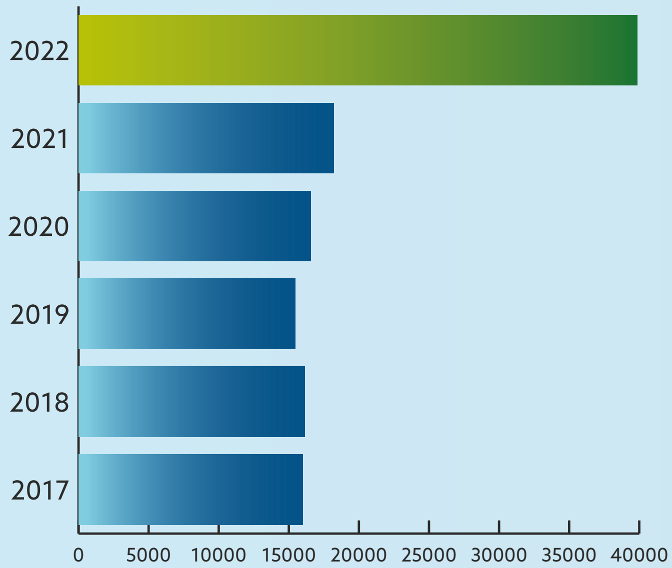
REVENUE



COST OF SALES

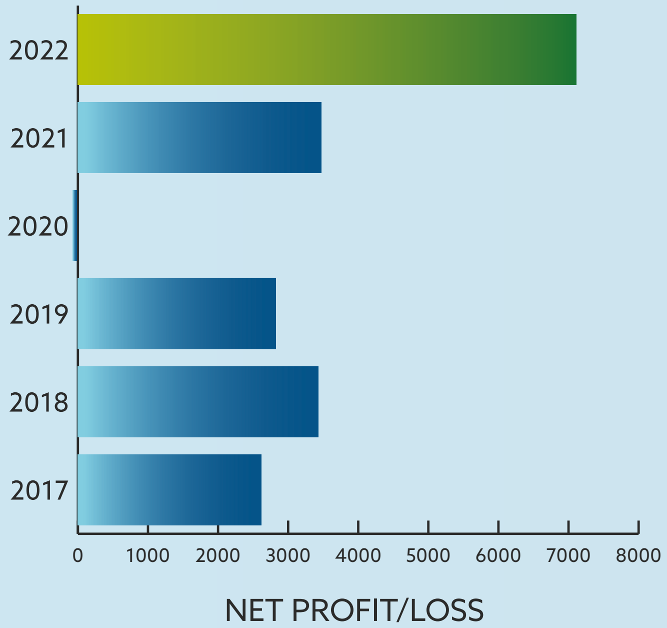


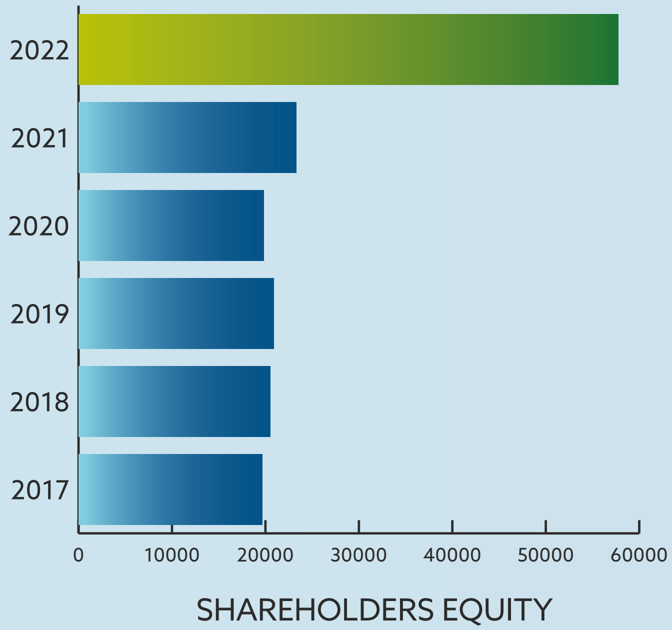
GROSS PROFIT

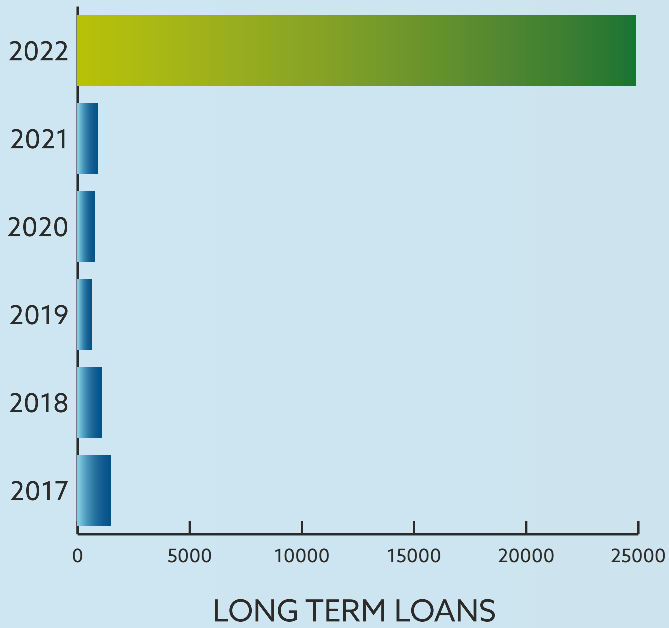


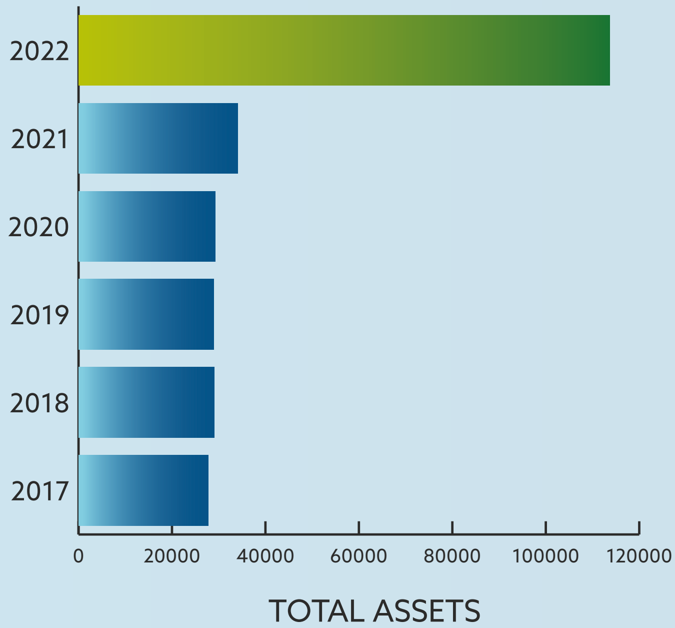
EBITDA

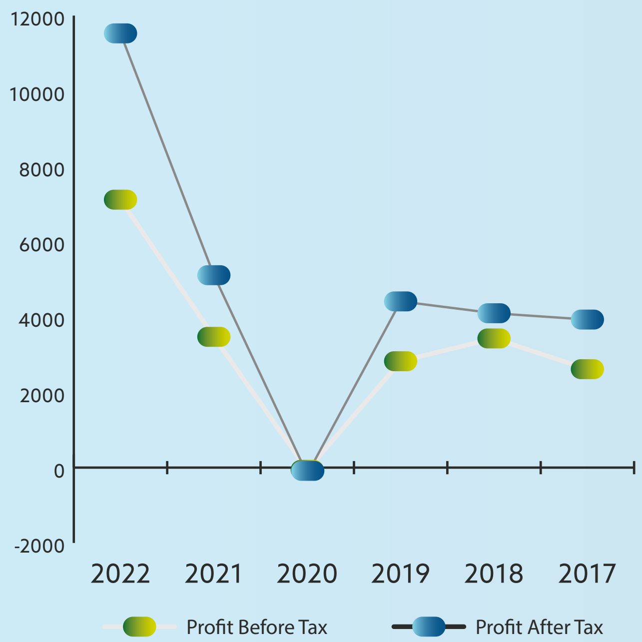
Rs. in Millions unless otherwise stated

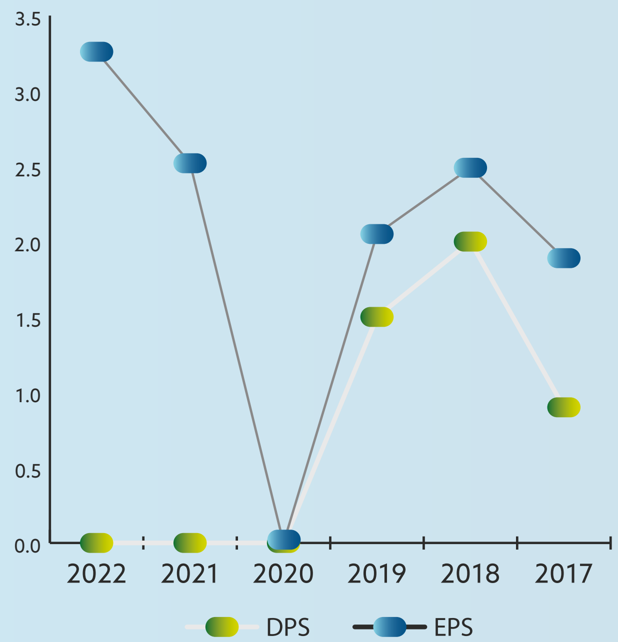

2022
2021
2020
2019
2018
2017
0
1000
2000
3000
4000
5000
6000
7000
8000
NET PROFIT/LOSS

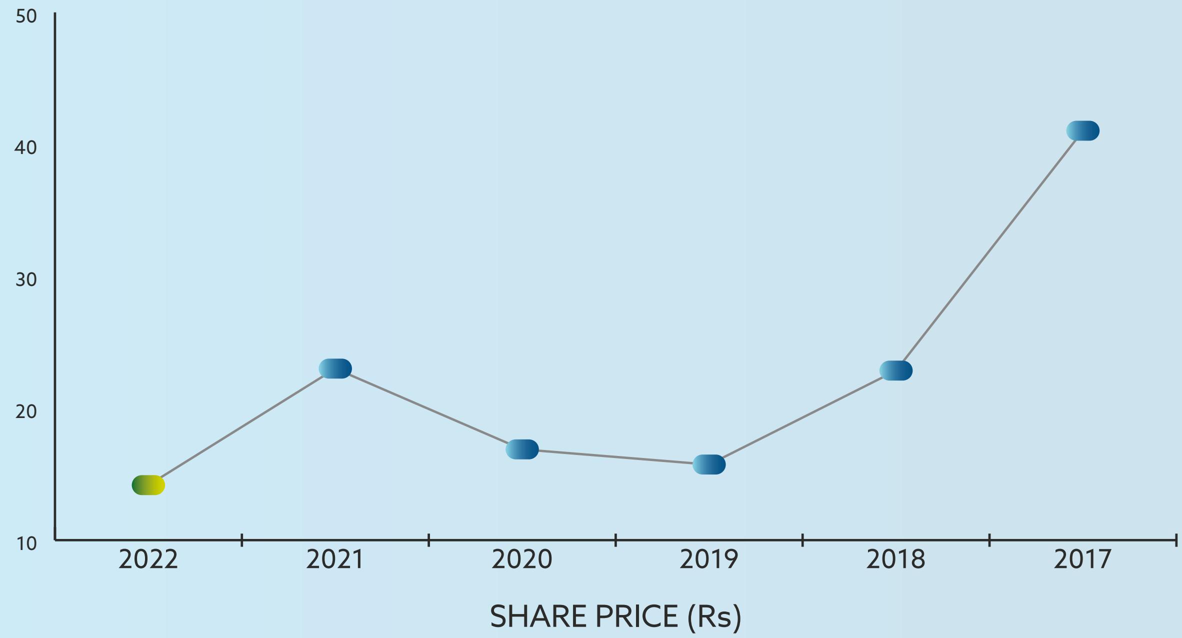

2022
2021
2020
2019
2018
2017
0
10000
20000
30000
40000
50000
60000
SHAREHOLDERS EQUITY


2022
2021
2020
2019
2018
2017
0
5000
10000
15000
20000
25000
LONG TERM LOANS


2022
2021
2020
2019
2018
2017
0
20000
40000
60000
80000
100000
120000
TOTAL ASSETS







Rs. in Millions unless otherwise stated

NOTES ON ANALYSIS

COMMENTS ON SIX YEAR STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

Revenue

Net revenues increased from PKR 20 billion in FY 2016-17 to PKR 54 billion in FY 2021-22 registering an increase of 170%. Upward surge in construction activity (both local & exports) along with better cement sale prices results in increased revenue. The company was able to meet demand in the market due to surplus production capacity.

Cost of sales

Cost of Sales increased from PKR 15.99 billion in FY 2016-17 to PKR 39.84 billion in FY 2021-22 showing an increase of 149%. This is mainly due to increase in fuel and gas prices, higher transportation cost on input material and increased packing material prices

Gross Profit

Gross Profit increased to PKR 14.4 billion in FY 2021-22 from PKR 4.44 billion in FY 2016-17 showing increase of 224%. This is mainly due to better cement sale prices.

Finance Cost

Finance cost increased during the year on account of additional long and short term borrowings.

Net Profit

Net Profit increased from PKR 2.6 billion in FY 2016-17 to PKR 7.1 billion in FY 2021-22.

COMMENTS ON SIX YEAR STATEMENT OF FINANCIAL POSITION ANALYSIS

Share Capital and Reserves

Share capital and Reserves increased from PKR 23.28 billion in FY 2020-21 to PKR 57.74 billion in FY 2021-22 mainly on account of increase in issued share capital and premium on shares issued during the year.

Non-current Liabilities

Non-current liabilities increased during the year due to increase in long term loans and deferred tax liabilities.

Current Liabilities

Current Liabilities increased from PKR. 6.2 billion in FY 2016-17 to PKR 26.7 billion in 2021-22 mainly due to increase in Loan from Parent, Trade and other payables and Accrued liabilities.

Non - Current Assets

Increased to PKR Rs 85.48 billion during FY 2021-22 from PKR to Rs 21.61 billion in FY 2020-21 on account of Capital Work on expansion project and acquisition through business combination.

Current Assets

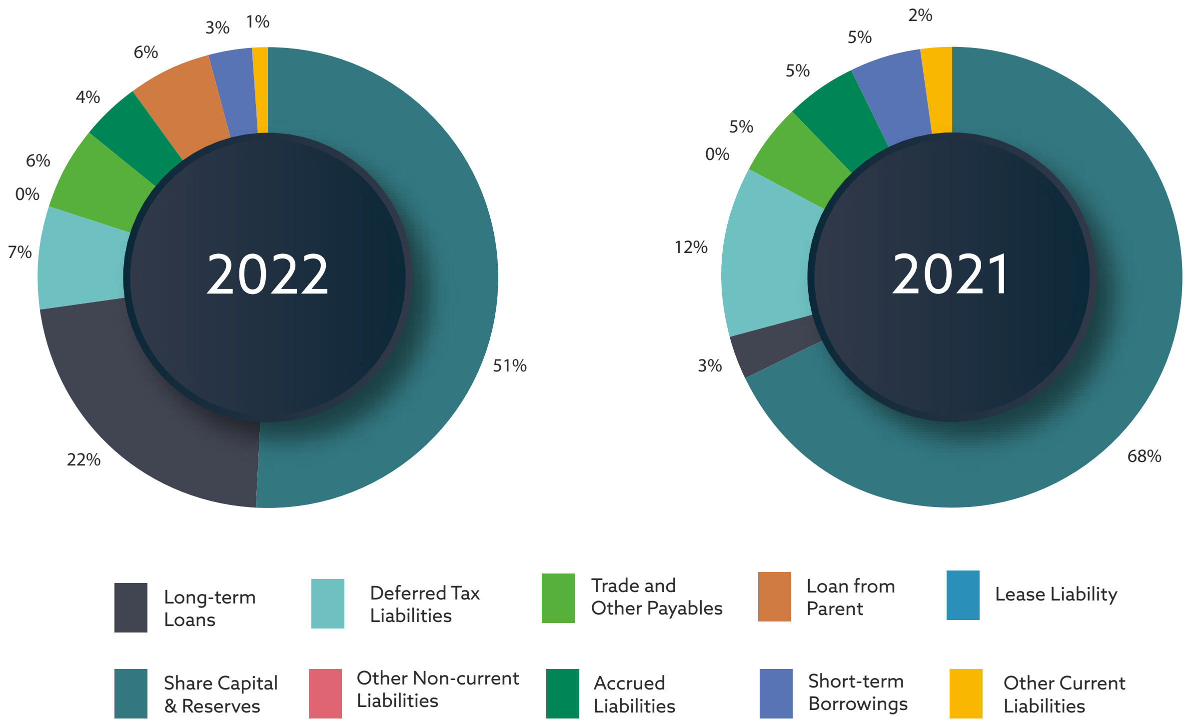
Increased from PKR 12.4 billion in FY 2020-21 to PKR 28.2 billion in FY 2021-22 due to increase in Stores, Spares and loose tools, trade debts and stock in trade.

COMMENTS ON SIX YEAR STATEMENT OF CASH FLOWS ANALYSIS

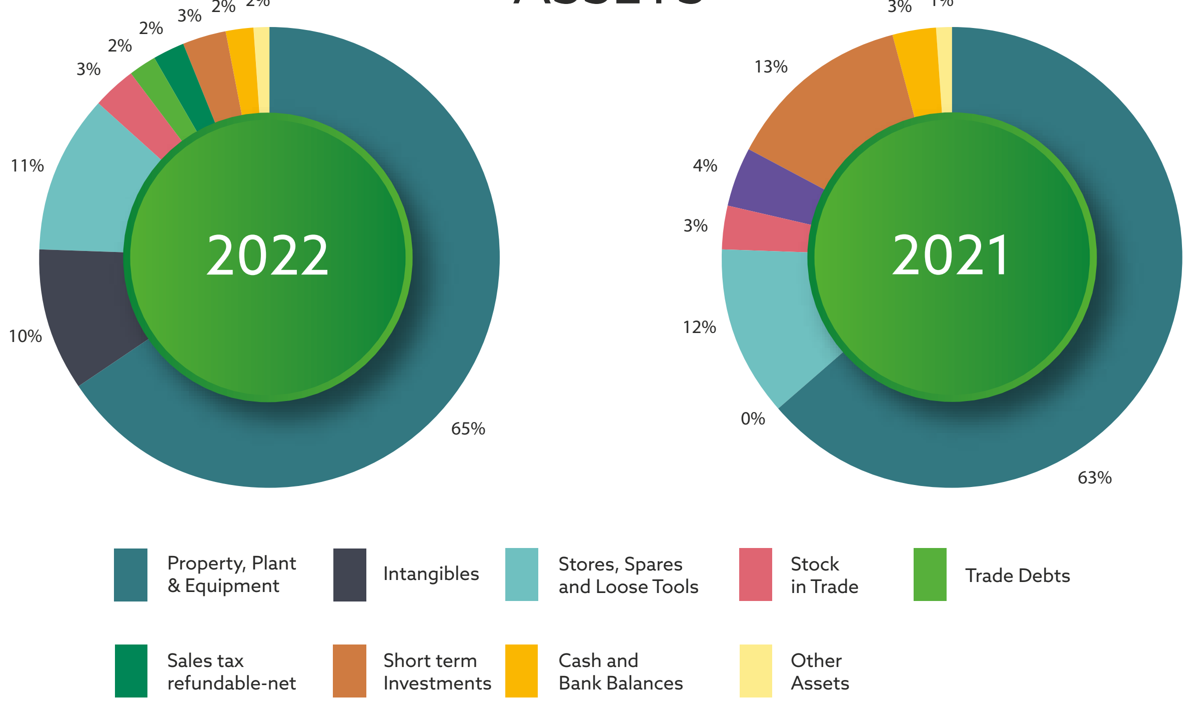
Cash flow generated by Company is showing improvement over the last year due to cash generation from operations.

STATEMENT OF FINANCIAL POSITION COMPOSITION

EQUITY AND LIABILITIES

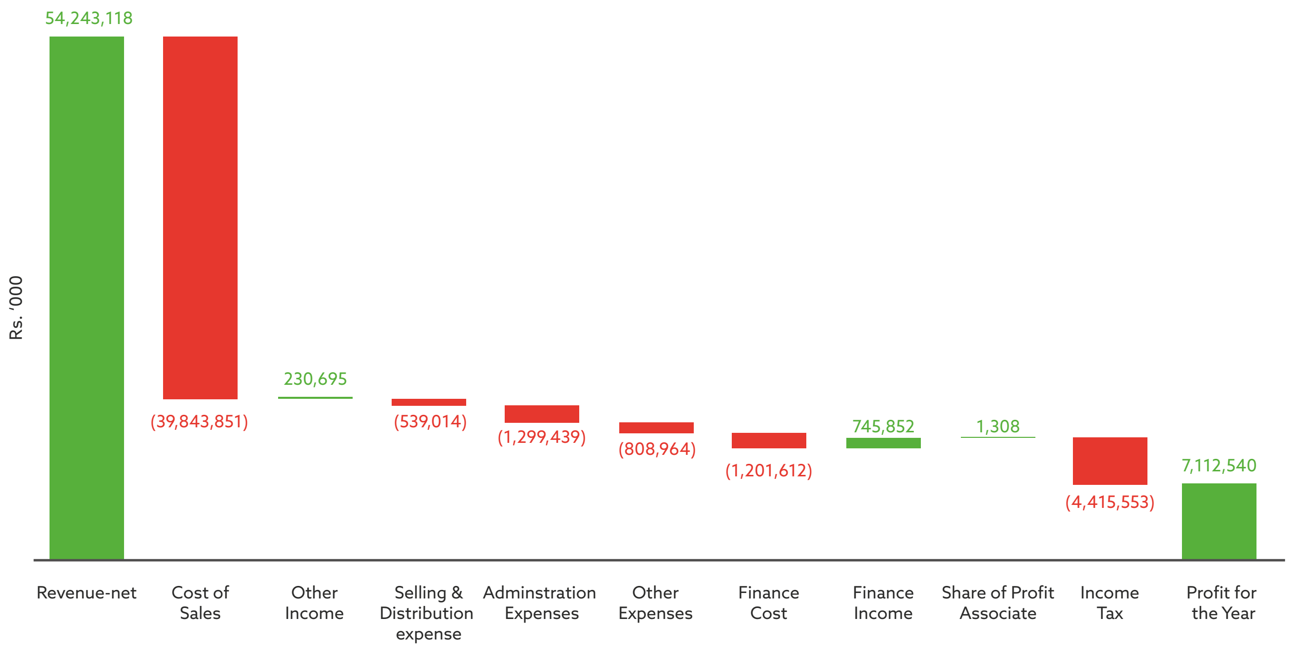


ASSETS

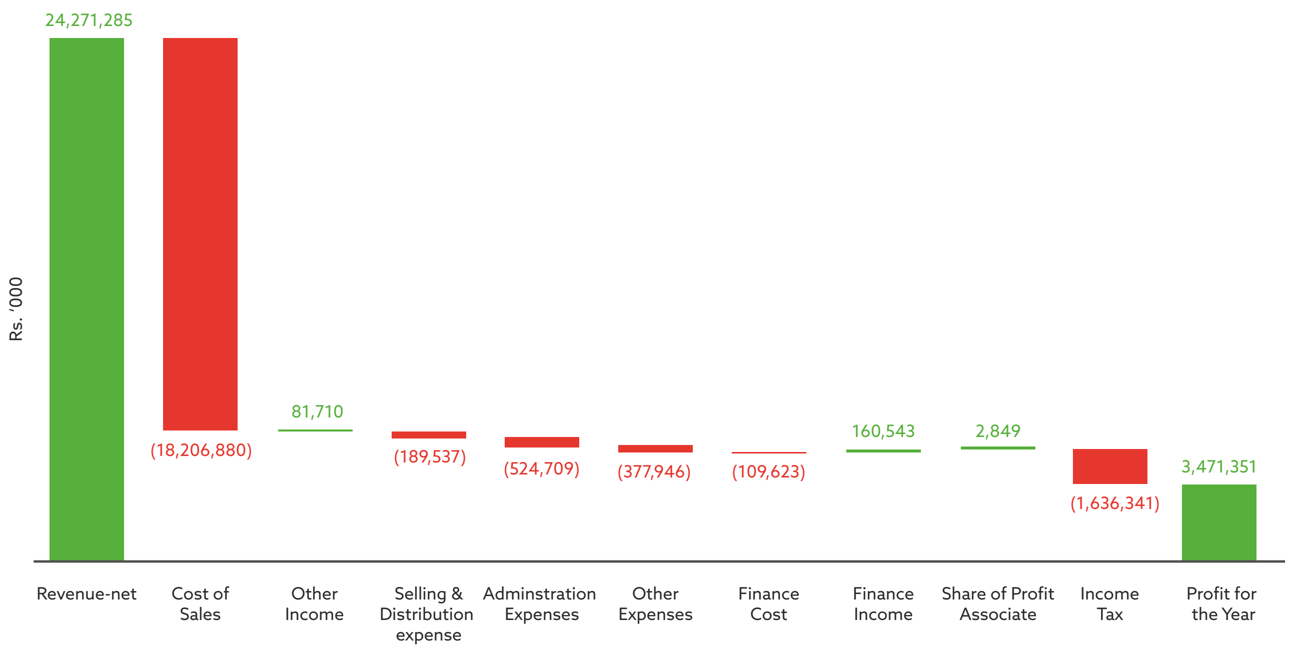


STATEMENT OF PROFIT OR LOSS COMPOSITION

2022



2021



HORIZONTAL ANALYSIS
STATEMENT OF PROFIT OR LOSS

	2022	2022 Vs 2021	2021	2021 Vs 2020
	Rupees'000	Increase/ (Decrease)	Rupees'000	Increase/ (Decrease)
Turnover - net	54,243,118	123%	24,271,285	41%
Cost of sales	(39,843,851)	119%	(18,206,880)	10%
Gross profit	14,399,267	137%	6,064,405	834%
Other income	230,695	182%	81,710	126%
Selling and distribution expenses	(539,014)	184%	(189,537)	-7%
Administrative expenses	(1,299,439)	148%	(524,709)	12%
Other expenses	(808,964)	114%	(377,946)	66,557%
Operating profit	11,982,545	137%	5,053,923	43,185%
Finance cost	(1,201,612)	996%	(109,623)	-53%
Finance income	745,852	365%	160,543	229%
Net finance income / (cost)	(455,760)	-995%	50,920	128%
Insurance claim	-	-	-	-
Share of profit of associate	1,308	-54%	2,849	100%
Profit / (loss) before taxation	11,528,093	126%	5,107,692	3,048%
Income tax (expense) / credit	(4,415,553)	170%	(1,636,341)	1,537%
Profit / (loss) for the year	7,112,540	105%	3,471,351	5,946%
Earnings / (loss) per share - Basic (Rupees)	3.26	29%	2.52	6,400%
Earnings / (loss) per share - Diluted (Rupees)	3.26	29%	2.52	6,400%

2020	2020 Vs 2019	2019	2019 Vs 2018	2018	2018 Vs 2017	2017
Rupees'000	Increase/ (Decrease)	Rupees'000	Increase/ (Decrease)	Rupees'000	Increase/ (Decrease)	Rupees'000
17,231,709	-17%	20,798,082	-2%	21,160,878	4%	20,423,356
(16,582,605)	7.2%	(15,474,771)	-3.6%	(16,046,291)	0%	(15,985,679)
649,104	-88%	5,323,311	4%	5,114,587	15%	4,437,677
36,134	-61%	92,947	4%	89,582	24%	72,372
(204,344)	-3%	(210,335)	-24%	(275,933)	66%	(166,361)
(468,651)	13%	(415,979)	8%	(385,602)	13%	(339,766)
(567)	-100%	(326,689)	5%	(311,184)	7%	(291,095)
11,676	-100%	4,463,255	5%	4,231,450	14%	3,712,827
(233,800)	119%	(106,758)	-28%	(147,813)	-3%	(152,960)
48,857	-12%	55,411	282%	14,512	-78%	64,512
(184,943)	-460%	51,347	-61%	133,301	51%	88,448
-		-	-	-	-100%	305,842
-		-	0%	-	0%	-
(173,267)	-104%	4,411,908	8%	4,098,149	4%	3,930,221
113,886	-107%	(1,587,610)	137%	(668,685)	-49%	(1,317,010)
(59,381)	-102%	2,824,298	-18%	3,429,464	31%	2,613,211
(0.04)	-102%	2.05	-18%	2.49	31%	1.89
(0.04)	-102%	2.05	-18%	2.49	31%	1.89

HORIZONTAL ANALYSIS
STATEMENT OF FINANCIAL POSITION

	2022	2022 Vs 2021	2021	2021 Vs 2020
	Rupees'000	Increase / Decrease	Rupees'000	Increase / Decrease
SHARE CAPITAL AND RESERVES				
Share capital	21,803,090	58%	13,798,150	-
Premium /(Discount) on issue of shares	17,978,520	-1418%	(1,364,385)	-
Unappropriated profits	17,954,446	66%	10,841,906	47%
Total equity	57,736,056	148%	23,275,671	0
NON - CURRENT LIABILITIES				
Long term loans-secured	19,555,997	3879%	491,502	10%
Employee benefits	179,291	118%	82,380	14%
Lease Liability	89,965	22%	73,593	28%
Deferred government grant	1,982,301	29903%	6,607	100%
Deferred tax liabilities - net	7,433,214	88%	3,960,489	9%
	29,240,768	534%	4,614,571	9%
CURRENT LIABILITIES				
Loan from Parent - unsecured	7,387,000	100%	-	-
Trade and other payables	6,917,149	280%	1,822,642	46%
Accrued liabilities	4,321,163	178%	1,554,895	49%
Security deposits payable	461,712	77%	260,652	3%
Contract liabilities	862,309	98%	435,097	18%
Employee benefits - current portion	80,756	287%	20,862	-16%
Payable to employees' provident fund trust	15,875	48%	10,714	-21%
Unclaimed dividend	37,157	-3%	38,479	-4%
Markup accrued	-	-	-	-
Short term borrowings	3,218,249	99%	1,616,787	-14%
Current portion of lease liability	68,332	177%	24,686	100%
Current portion of long term loans	2,985,087	726%	361,521	19%
Current portion of deferred government grant	366,464	2241%	15,654	-
Provision for taxation - net	-	-	-	-
	26,721,253	334%	6,161,989	19%
Total Equity and Liabilities	113,698,077	234%	34,052,231	17%
NON - CURRENT ASSETS				
Property, plant and equipment	74,126,315	246%	21,422,215	-3%
Right of use asset	132,263	48%	89,334	48%
Intangibles	11,029,756	100%	-	-
Long term deposits	126,274	46%	86,601	-
Advance against issue of shares	-	100%	-	-100%
Long term investment in associate	66,657	334%	15,349	100%
Long term advance	-	-	-	-
	85,481,265	295%	21,613,499	-3%
CURRENT ASSETS				
Stores, spares and loose tools - net	11,939,147	181%	4,250,754	21%
Stock in trade	3,697,721	211%	1,189,198	0%
Trade debts - net	2,412,758	66%	1,449,600	38%
Advances	193,629	325%	45,593	-38%
Sales tax refundable-net	2,650,804	-	-	-
Trade deposits, short term prepayments	22,559	-14%	26,147	32%
Interest accrued	-	-	-	-
Advance tax - net	975,108	983%	90,073	-84%
Other receivables	175,443	97%	88,890	301%
Short term Investments	3,843,310	-13%	4,397,699	
Cash and bank balances	2,306,633	156%	900,778	61%
	28,217,112	127%	12,438,732	78%
Total Assets	113,698,377	234%	34,052,231	17%

2020	2020 Vs 2019	2019	2019 Vs 2018	2018	2018 Vs 2017	2017
Rupees'000	Increase / Decrease	Rupees'000	Increase / Decrease	Rupees'000	Increase / Decrease	Rupees'000
13,798,150	-	13,798,150	-	13,798,150	-	13,798,150
(1,364,385)	-	(1,364,385)	-	(1,364,385)	-	(1,364,385)
7,370,555	-13%	8,464,797	5%	8,055,175	11%	7,247,360
19,804,320	-5%	20,898,562	2%	20,488,940	4%	19,681,125
118%						
447,327	41%	317,835	-50%	636,868	-40%	1,063,045
72,547	2%	71,216	11%	64,178	11%	58,014
57,656	100%	-	-	-	-	-
-	-	-	-	-	-	-
3,643,608	-7%	3,925,740	9%	3,600,638	-16%	4,281,496
4,221,138	-2.2%	4,314,791	0%	4,301,684	-20%	5,402,555
-	-	-	-	-	-	-
1,244,933	31%	948,864	-7%	1,024,758	72%	595,672
1,040,530	25%	834,816	46%	573,347	6%	539,085
253,940	16%	219,704	25%	176,339	28%	137,904
367,952	13%	324,300	32%	245,133	4%	234,644
24,708	21%	20,399	19%	17,107	12%	15,244
13,528	14%	11,832	24%	9,534	11%	8,625
40,051	-8%	43,747	-61%	111,561	312%	27,084
-	0%	-	-100%	35,980	-18%	43,991
1,869,167	87%	997,701	-39%	1,638,886	425%	312,441
23,737	100%	-		-	-	-
303,912	-13%	350,466	-18%	426,177	-	426,177
-	-	-		-	-	-
-	-	-	0%	-	-100%	327,672
5,182,458	38%	3,751,829	-12%	4,258,822	60%	2,668,539
29,207,916	0.8%	28,965,182	0%	29,049,446	5%	27,752,219
22,065,172	-5%	23,202,930	3%	22,624,413	3%	22,003,943
60,322	100%	-	-	-	-	-
-	-	-	-	-	-	-
86,601	-	86,601	-	86,601	0%	86,601
12,500	100%	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,224,595	-5%	23,289,531	3%	22,711,014	3%	22,090,544
3,505,809	15%	3,055,041	0%	3,067,684	40%	2,194,451
1,187,752	26%	944,022	-24%	1,244,805	16%	1,071,970
1,050,640	11%	947,046	-19%	1,168,343	2%	1,148,618
73,695	104%	36,176	-5%	37,927	-54%	83,001
-	-	-	-	-	-	-
19,843	-3%	20,463	-69%	66,669	25%	53,374
-	-	-	-100%	1,031	-61%	2,663
562,239	115%	261,998	127%	115,550	100%	-
22,169	189%	7,660	-93%	104,664	-82%	589,761
-	-	-	-	-	-	-
561,174	39%	403,245	-24%	531,759	3%	517,837
6,983,321	23%	5,675,651	-10%	6,338,432	12%	5,661,675
29,207,916	1%	28,965,182	0%	29,049,446	5%	27,752,219

VERTICAL ANALYSIS
STATEMENT OF PROFIT OR LOSS

	2022		2021	
	Rupees'000	%	Rupees'000	%
Turnover - net	54,243,118	100%	24,271,285	100%
Cost of sales	(39,843,851)	-73%	(18,206,880)	-75%
Gross profit	14,399,267	27%	6,064,405	25%
Other income	230,695	-	81,710	-
Selling and distribution expenses	(539,014)	-1%	(189,537)	-1%
Administrative expenses	(1,299,439)	-2%	(524,709)	-2%
Other expenses	(808,964)	-1%	(377,946)	-2%
Operating profit	11,982,545	22%	5,053,923	21%
Finance cost	(1,201,612)	-2%	(109,623)	-
Finance income	745,852	1%	160,543	1%
Net finance income/ (cost)	(455,760)	-1%	50,920	-
Insurance claim	-	-	-	
Share of profit of associate	1,308	-	2,849	-
(Loss) / profit before taxation	11,528,093	21%	5,107,692	21%
Income tax (expense) /credit	(4,415,553)	-8%	(1,636,341)	-7%
Profit / (Loss) for the year	7,112,540	13%	3,471,351	14%

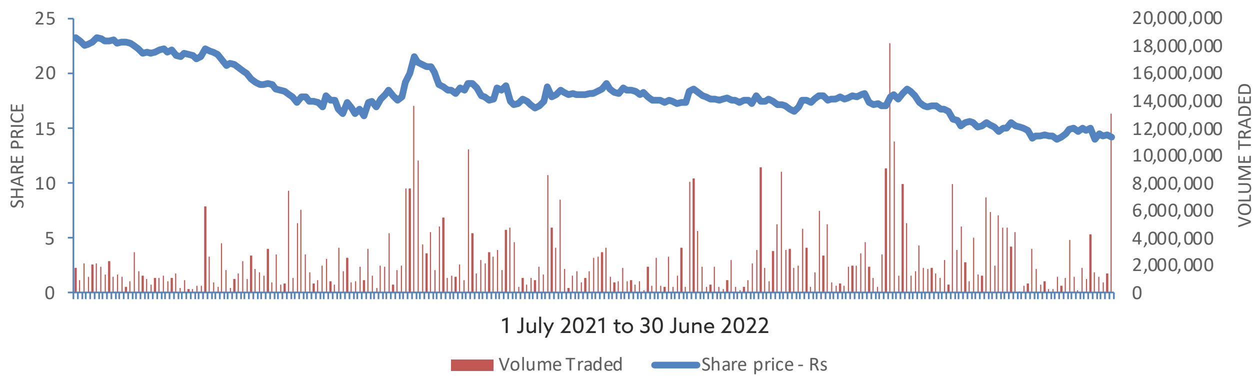
2020		2019		2018		2017	
Rupees'000	%	Rupees'000	%	Rupees'000	%	Rupees'000	%
17,231,709	100%	20,798,082	100%	21,160,878	100%	20,423,356	100%
(16,582,605)	-96%	(15,474,771)	-74%	(16,046,291)	-76%	(15,985,679)	-78%
649,104	4%	5,323,311	26%	5,114,587	24%	4,437,677	22%
36,134	-	92,947	-	89,852	-	72,372	-
(204,344)	-1%	(210,335)	-1%	(275,933)	-1%	(166,361)	-1%
(468,651)	-3%	(415,979)	-2%	(385,602)	-2%	(339,766)	-2%
(567)	-	(326,689)	-2%	(311,184)	-1%	(291,095)	-1%
11,676	-	4,463,255	21%	4,231,720	20%	3,712,827	18%
(233,800)	-1%	(106,758)	-1%	(147,813)	-1%	(152,960)	-1%
48,857	-	55,411	-	14,512	-	64,512	-
184,943	1%	51,347	-	133,301	1%	88,448	-
-	-	-	-	-	-	305,842	1%
-	-	-	-	-	-	-	-
(173,267)	-1%	4,411,908	21%	4,098,149	19%	3,930,221	19%
113,886	1%	(1,587,610)	-8%	(668,685)	-3%	(1,317,010)	-6%
(59,381)	0%	2,824,298	14%	3,429,464	16%	2,613,211	13%

VERTICAL ANALYSIS
STATEMENT OF FINANCIAL POSITION

	2022		2021	
	Rupees'000	%	Rupees'000	%
SHARE CAPITAL AND RESERVES				
Share capital	21,803,090	19%	13,798,150	41%
Premium /(Discount) on issue of shares	17,978,520	16%	(1,364,385)	-4%
Unappropriated profits	17,954,446	16%	10,841,906	32%
Total equity	57,736,056	51%	23,275,671	68%
Long term loans-secured	19,555,997	17%	491,502	1%
Employee benefits	179,291	-	82,380	-
Lease Liability	89,965	-	73,593	-
Deferred government grant	1,982,301	2%	6,607	-
Deferred tax liabilities - net	7,433,214	7%	3,960,489	12%
	29,240,768	26%	4,614,571	14%
Loan from Parent - unsecured	7,387,000	6%	-	-
Trade and other payables	6,917,149	6%	1,822,642	5%
Accrued liabilities	4,321,163	4%	1,554,895	5%
Security deposits payable	461,712	-	260,652	1%
Contract liabilities	862,309	1%	435,097	1%
Employee benefits - current portion	80,756	-	20,862	-
Payable to employees' provident fund trust	15,875	-	10,714	-
Unclaimed dividend	37,157	-	38,479	-
Markup accrued	-	-	-	-
Short term borrowings	3,218,249	3%	1,616,787	5%
Current portion of lease liability	68,332	-	24,686	-
Current portion of long term loans	2,985,087	3%	361,521	1%
Current portion of deferred government grant	366,464	-	15,654	-
Provision for taxation - net	-	-	-	-
	26,721,253	24%	6,161,989	18%
Total Equity and Liabilities	113,698,077	100%	34,052,231	100%
NON - CURRENT ASSETS				
Property, plant and equipment	74,126,315	65%	21,422,215	63%
Right of use asset	132,263	-	89,334	-
Intangibles	11,029,756	10%	-	-
Long term deposits	126,274	-	86,601	-
Advance against issue of shares	-	-	-	-
Long term investment in associate	66,657	-	15,349	-
	85,481,265	75%	21,613,499	63%
CURRENT ASSETS				
Stores, spares and loose tools - net	11,939,147	11%	4,250,754	12%
Stock in trade	3,697,721	3%	1,189,198	3%
Trade debts - net	2,412,758	2%	1,449,600	4%
Advances	193,629	-	45,593	-
Sales tax refundable-net	2,650,804	2%	-	-
Trade deposits, short term prepayments	22,559	-	26,147	-
Interest accrued	-	-	-	-
Advance tax - net	975,108	1%	90,073	-
Other receivables	175,443	-	88,890	-
Short term Investments	3,843,010	-	4,397,699	
Cash and bank balances	2,306,633	3%	900,778	3%
	28,216,812	25%	12,438,732	37%
Total Assets	113,698,077	100%	34,052,231	100%

2020		2019		2018		2017	
Rupees'000	%	Rupees'000	%	Rupees'000	%	Rupees'000	%
13,798,150	47%	13,798,150	48%	13,798,150	47%	13,798,150	50%
(1,364,385)	-5%	(1,364,385)	-5%	(1,364,385)	-5%	(1,364,385)	-5%
7,370,555	25%	8,464,797	29%	8,055,175	28%	7,247,360	26%
19,804,320	68%	20,898,562	72%	20,488,940	71%	19,681,125	71%
447,327	2%	317,835	1%	636,868	2%	1,063,045	4%
72,547	-	71,216	-	64,178	-	58,014	-
57,656	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,643,608	12%	3,925,740	14%	3,600,638	12%	4,281,496	15%
4,221,138	14%	4,314,791	15%	4,301,684	15%	5,402,555	19%
-	-	-	-	-	-	-	-
1,244,933	4%	948,864	3%	1,024,758	4%	595,672	2%
1,040,530	4%	834,816	3%	573,347	2%	539,085	2%
253,940	1%	219,704	1%	176,339	1%	137,904	-
367,952	1%	324,300	1%	245,133	1%	234,644	1%
24,708	-	20,399	-	17,107	-	15,244	-
13,528	-	11,832	-	9,534	-	8,625	-
40,051	-	43,747	-	111,561	-	27,084	-
-	-	-	-	35,980	-	43,991	-
1,869,167	6%	997,701	3%	1,638,886	-	312,441	1%
23,737	-	-	-	-	-	-	-
303,912	1%	350,466	1%	426,177	1%	426,177	2%
-	-	-	-	-	-	-	-
-	-	-	-	-	-	327,672	1%
5,182,458	18%	3,751,829	13%	4,258,822	15%	2,668,539	10%
29,207,916	100%	28,965,182	100%	29,049,446	100%	27,752,219	100%
22,065,172	76%	23,202,930	80%	22,624,413	78%	22,003,943	79%
60,322	-	-	-		-		-
-	-	-	-		-		-
86,601	-	86,601	-	86,601	-	86,601	-
12,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,224,595	76%	23,289,531	80%	22,711,014	78%	22,090,544	80%
3,505,809	12%	3,055,041	11%	3,067,684	11%	2,194,451	8%
1,187,752	4%	944,022	3%	1,244,805	4%	1,071,970	4%
1,050,640	4%	947,046	3%	1,168,343	4%	1,148,618	4%
73,695	-	36,176	-	37,927	-	83,001	-
-	-	-	-	-	-	-	-
19,843	-	20,463	-	66,669	-	53,374	-
-	-	-	-	1,031	-	2,663	-
562,239	2%	261,998	1%	115,550	-	-	-
22,169	-	7,660	-	104,664	-	589,761	2%
-	-	-	-	-	-	-	-
561,174	2%	403,245	1%	531,759	2%	517,837	2%
6,983,321	24%	5,675,651	20%	6,338,432	22%	5,661,675	20%
29,207,916	100%	28,965,182	100%	29,049,446	100%	27,752,219	100%

SHARE PRICE SENSITIVITY



SHARE PRICE SENSITIVITY

Shares of the Company are traded on Pakistan Stock Exchange. Share price is impacted by internal as well as external factors. Analysis of some key factors and their impact is as under:

PROFITABILITY

Share price of the Company is sensitive to the Company's profitability. The Company's operational and financial performance directly impacts Company's share price. Reduced selling prices and increased input costs can impact adversely the profitability and accordingly could have negative impact on share market price of the Company.

GOVERNMENT POLICIES AND MACRO-ECONOMIC INDICATORS

The share price of the Company is directly related to overall macroeconomic conditions of the country. Further, Government's overall and, specifically, cement sector related policies have a direct impact on business and profitability and accordingly on share price of the Company. Favorable policies have positive impact on share price and vice versa.

MARKET RISK – INVESTOR SENTIMENTS AND MARKET PERFORMANCE

Apart from systematic risk, the market share price is also exposed to all the risks of the platforms it is trading on. The Beta of FCCL with respect to Pakistan Stock Exchange is 1.20.

SEGMENTAL REVIEW OF BUSINESS

The Company has only one business segment i.e cement manufacturing. Its primary product is grey cement. 92% of total sales of the Company are in local market. Local customer base of the Company can be segregated into two main categories that is dealers and Institutional sales i.e projects having an overall share of 70% and 30% respectively. Primary Export market of the Company is Afghanistan where Company dispatched 8% of its sales during the year.


FAUJI
OPC

METHODS AND ASSUMPTIONS USED IN COMPILING INDICATORS

HOW WE IDENTIFY AND DEFINE A KPI

At FCCL all of our strategies and activities to execute those strategies are aligned with our vision and mission. The measurable desired outcome of every strategy is part of strategy making process at all levels. Following method is used in compiling KPIs:

KEY PERFORMANCE INDICATORS

The Company's performance is effectively reflected by KPIs which are regularly monitored and analyzed to better gauge the performance of the Company. Following key financial and non-financial KPIs are identified:

FINANCIAL

KPIs	How we measure a KPI– method and assumption
Capacity Utilization	It represents the percentage of total dispatches to the rated capacity of production lines
Turnover	It represents the total sales less Govt. duties and rebates and commissions to dealers
GP Margin	It is the difference of net revenue and cost of sales, it represents the profits earned by the Company from its core operations
Profit after tax	This is the profit earned after deducting all expenses including taxation and accounting for all incomes
EPS	It measures the net earnings of the Company against the total outstanding shares
Return on Invested Capital	It is calculated by dividing Profit After Tax with shareholders' equity plus long term loans

NON-FINANCIAL

KPIs	Related Capital
Compliance with regulatory framework	Social and relationship
Environmental protection	Natural
Water conservation	Natural
Employee satisfaction and well being	Human
Responsibility towards society	Social and relationship/ natural
Stakeholder engagement	Social and relationship

Analysis on non-financial KPIs is discussed in sustainability and stakeholder engagement sections of this report.

Striving for Excellence in Finance Reporting

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Fauji Cement Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Fauji Cement Company Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2022 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Following are the key audit matters:

<table>
<tr><th>S. No.</th><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>1</td><td>Recognition of Revenue:
Refer notes 3.7 and 31 to the financial statements.
The Company is engaged in the production and sale of cement. The Company recognized net revenue of Rs. 54,243,118 thousand for the year ended 30 June 2022.
We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</td><td>Our audit procedures to assess the recognition of revenue, amongst others, included the following:
• obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;
• comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;
• comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;
• comparing the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.
• assessing the appropriateness of accounting policy for revenue recognition and comparing with the applicable accounting and reporting standards; and
• assessing the adequacy of disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.</td></tr>
<tr><td>2</td><td>Additions to property, plant and equipment
Refer to notes 2.4.1, 3.2 and 17 to the financial statements.
The Company has made significant additions to property, plant and equipment of Rs. 28,081,005 thousand on construction of production line-III at Nizampur (Brownfield) and DG Khan (Greenfield) and on installation of 20.56 MW solar power plant along with acquisition of other assets.
We identified additions to property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria.</td><td>Our audit procedures to assess the additions to property, plant and equipment included the following:
• testing, on sample basis, the nature of costs incurred on property, plant and equipment with supporting documentation, and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting and reporting standards;
• assessing the appropriateness of accounting policy related to capitalization of property, plant and equipment and comparing with applicable accounting and reporting standards;
• inspecting supporting documents for the date of capitalization when the assets were ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date; and
• assessing the adequacy of disclosures related to property, plant and equipment as required under the accounting and reporting standards as applicable in Pakistan.</td></tr>
</table>

S. No.	Key audit matter	How the matter was addressed in our audit
3	**Business combination** Refer to notes 1.3, 3.20 and 48 to the financial statements. During the year, pursuant to the decision of the Honorable High Court dated 02 March 2022, Askari Cement Limited "ACL" amalgamated with and into the Company with effect from 01 July 2021 through the transfer to and vesting in the Company of the entire undertaking of ACL, the allotment of 800,493,615 fully paid ordinary shares of the Company to Fauji Foundation and the dissolution, without winding up, of ACL. The accounting for this transaction was complex due to the significant judgements and estimates that are required to determine the values of the consideration transferred and the identification and measurement of the fair values of the assets acquired and liabilities assumed. Due to the size and complexity of the acquisition, we considered this to be a key audit matter.	Our audit procedures in this area included, amongst others: • inspecting minutes of the meeting of the Board of Directors and shareholders of the Company for the approval of the transaction; • inspecting approvals obtained by the Company from the relevant authorities in respect of the acquisition; • inspecting the Scheme of Arrangement and the decision of the Honorable High Court to obtain an understanding of the transaction, establish the transaction date and other key terms; • inspecting report of management valuation experts in support of the acquisition price and fair valuation of assets acquired and liabilities assumed; • obtaining and inspecting the audited financial statements of ACL as of and for the year ended 30 June 2021 to assess the appropriateness of carrying amounts of assets acquired and liabilities assumed other than those intangible assets identified by management expert on the acquisition date; • involving our own valuation specialists to support us in challenging the valuations produced by the management experts, assessing the appropriateness of the fair value of the acquisition price and the methodology used to identify the assets and liabilities acquired; in particular: • the methodologies adopted and key assumptions used in valuing the tangible assets by comparing them with market information and quoted prices for similar assets; • the key assumptions used to determine the fair value of the customer relationship intangible asset, which included recalculating historical customer retention rates and growth trends, and reconciling underlying data to customer contracts and relationship databases; and • the key assumptions used to determine the fair value of the brand, which included benchmarking of the royalty rate sourced from publicly available information and paid online domains, appropriateness of income tax rates and effective discount rate; and • assessing the adequacy and appropriateness of the related disclosures in the financial statements as required under the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2022 but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However,

future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a. Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b. the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d. No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Ubbaid Ullah.

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.Chartered Accountants
Islamabad
Date: 30 **Sep** 2022
UDIN Number : AR202210240P3rkzoSWB

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 Rupees'000	2021 Rupees'000
EQUITY & LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	**21,803,090**	13,798,150
Premium/(discount) on issue of shares	5	**17,978,520**	(1,364,385)
Unappropriated profit		**17,954,446**	10,841,906
		57,736,056	23,275,671
NON-CURRENT LIABILITIES			
Long term loans - secured	6	**19,555,997**	491,502
Employee benefits	7	**179,291**	82,380
Lease liabilities	8	**89,965**	73,593
Deferred government grant	9	**1,982,301**	6,607
Deferred tax liabilities - net	10	**7,433,214**	3,960,489
		29,240,768	4,614,571
CURRENT LIABILITIES			
Loan from Parent - unsecured	11	**7,387,000**	-
Trade and other payables	12	**6,917,149**	1,822,642
Accrued liabilities		**4,321,163**	1,554,895
Security deposits payable	13	**461,712**	260,652
Contract liabilities	14	**862,309**	435,097
Employee benefits - current portion	7	**80,756**	20,862
Payable to employees' provident fund trust		**15,875**	10,714
Unclaimed dividend		**37,157**	38,479
Short term borrowings - secured	15	**3,218,249**	1,616,787
Current portion of lease liability	8	**68,332**	24,686
Current portion of long term loans	6	**2,985,087**	361,521
Current portion of deferred government grant	9	**366,464**	15,654
		26,721,253	6,161,989
TOTAL EQUITY AND LIABILITIES		**113,698,077**	34,052,231
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 49 form an integral part of these financial statements.

	Note	2022 Rupees'000	2021 Rupees'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	**74,126,315**	21,422,215
Right of use asset	18	**132,263**	89,334
Intangibles	19	**11,029,756**	-
Long term deposits	20	**126,274**	86,601
Long term investment in associate	21	**66,657**	15,349
		85,481,265	21,613,499
CURRENT ASSETS			
Stores, spares and loose tools - net	22	**11,939,147**	4,250,754
Stock in trade	23	**3,697,721**	1,189,198
Trade debts - net	24	**2,412,758**	1,449,600
Advances	25	**193,629**	45,593
Sales tax refundable-net	26	**2,650,804**	-
Trade deposits and short term prepayments	27	**22,559**	26,147
Advance tax - net		**975,108**	90,073
Other receivables	28	**175,443**	88,890
Short term investments	29	**3,843,010**	4,397,699
Cash and bank balances	30	**2,306,633**	900,778
		28,216,812	12,438,732
TOTAL ASSETS		**113,698,077**	34,052,231

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	**2022 Rupees'000**	2021 Rupees'000
Revenue - net	31	54,243,118	24,271,285
Cost of sales	32	(39,843,851)	(18,206,880)
Gross profit		14,399,267	6,064,405
Other income	33	230,695	81,710
Selling and distribution expenses	34	(539,014)	(189,537)
Administrative expenses	35	(1,299,439)	(524,709)
Other expenses	36	(808,964)	(377,946)
Operating profit		11,982,545	5,053,923
Finance cost	37	(1,201,612)	(109,623)
Finance income	38	745,852	160,543
Net finance (cost)/ income		(455,760)	50,920
Share of profit of associate	21	1,308	2,849
Profit before taxation		11,528,093	5,107,692
Income tax expense	39	(4,415,553)	(1,636,341)
Profit for the year		7,112,540	3,471,351
Earnings per share - basic and diluted (Rupees)	40	3.26	2.52

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees'000	2021 Rupees'000
Profit/ (loss) for the year	7,112,540	3,471,351
Other comprehensive income for the year	-	-
Equity accounted investee - share of other comprehensive income	-	-
Total comprehensive income for the year	7,112,540	3,471,351

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees'000	2021 Rupees'000
Cash flows from operating activities			
Profit before tax		**11,528,093**	5,107,692
Adjustments for:			
Depreciation on property, plant and equipment	17.2	**2,705,692**	1,574,032
Depreciation on right of use asset	18	**45,751**	25,519
Amortization on intangibles	19	**198,700**	-
Provision for compensated absences	7	**107,740**	51,739
Workers' (Profit) Participation Fund including interest	12.1	**616,399**	274,049
Workers' Welfare Fund	36	**179,363**	102,097
Finance cost excluding exchange loss	37	**1,039,914**	109,623
Exchange loss	37	**161,412**	-
Gain on disposal of property, plant and equipment	33	**(1,653)**	(27,113)
Share of profit of equity accounted investee-net of tax	21	**(1,308)**	(2,849.00)
Investment and bank deposit income		**(818,099)**	(190,135)
		4,233,911	1,916,962
Operating cash flows before working capital changes		**15,762,004**	7,024,654
Changes in			
Long term deposits		**(15,973)**	-
Stores, spares and loose tools		**(5,585,138)**	(744,945)
Stock in trade		**(810,691)**	(1,446)
Trade debts		**(561,200)**	(398,960)
Advances		**(69,687)**	28,102
Trade deposits and short term prepayments		**3,588**	(6,304)
Other receivables		**107,141**	(66,721)
Sales tax refundable-net		**(2,650,804)**	-
Trade and other payables		**2,872,047**	533,250
Accrued liabilities		**1,699,315**	432,678
Security deposits payable		**75,963**	6,712
Contract liabilities		**276,779**	67,145
Payable to employees' provident fund trust		**5,161**	(2,814)
		(4,653,499)	(153,303)
Cash generated from operating activities		**11,108,505**	6,871,351
Compensated absences paid	7	**(94,902)**	(45,752)
Payment to Workers' (Profit) Participation Fund	12.1	**(549,335)**	(250,000)
Taxes paid		**(2,896,704)**	(836,502)
Net cash generated from operating activities		**7,567,564**	5,739,097
Cash flows from investing activities			
Addition in property plant and equipment - other than markup paid on Islamic mode of financing		**(28,425,596)**	(1,007,205)
Investment in associate		**(50,000)**	-
Short term investments - net		**1,758,221**	(4,284,022)
Proceeds from disposal of property, plant and equipment	17.1	**23,250**	103,243
Income received against income deposits and investments - conventional		**629,421**	46,326
Net cash used in investing activities		**(26,064,704)**	(5,141,658)
Cash flows from financing activities			
Repayment of long term loans		**(3,098,399)**	(484,237)
Disbursements from new long term loans		**17,059,404**	625,610
Loan from parent		**6,543,000**	-
Lease payments		**(171,588)**	(50,413)
Dividend paid		**(1,322)**	(1,572)
Finance cost paid		**(985,172)**	(94,843)
Net cash generated from / (used in) financing activities		**19,345,923**	(5,455)
Net increase in cash and cash equivalents		**848,783**	591,984
Cash and cash equivalents at beginning of the year		**(716,009)**	(1,307,993)
Cash and cash equivalents acquired through business combination		**(1,044,390)**	-
Cash and cash equivalents at end of the year	41	**(911,616)**	(716,009)

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Capital reserve	Revenue reserve	Total
	Ordinary shares	(Discount)/ Premium on issue of shares	Unappropriated profit	
	Rupees'000			
Balance at 01 July 2020	13,798,150	(1,364,385)	7,370,555	19,804,320
Total comprehensive income for the year				
Profit for the year	-	-	3,471,351	3,471,351
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	3,471,351	3,471,351
Balance at 30 June 2021	13,798,150	(1,364,385)	10,841,906	23,275,671
Balance at 01 July 2021	**13,798,150**	**(1,364,385)**	**10,841,906**	**23,275,671**
Total comprehensive income for the year				
Profit for the year	**-**	**-**	**7,112,540**	**7,112,540**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**7,112,540**	**7,112,540**
Shares issued pursuant to amalgamation (Note - 5)	**8,004,940**	**19,342,905**	**-**	**27,347,845**
Balance at 30 June 2022	**21,803,090**	**17,978,520**	**17,954,446**	**57,736,056**

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. COMPANY AND ITS OPERATIONS

1.1 Fauji Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan on 23 November 1992 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Company commenced its business with effect from 22 May 1993. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of different types of cement.

The geographical location and address of the Company’s business units, including plants is as under:

- The Company's registered office is situated at Fauji Towers, Block-III, 68-Tipu Road, Rawalpindi.
- The Company's marketing and sales office is situated at AWT Plaza, The Mall, Rawalpindi.
- The Company's manufacturing facilities are located at:
- Village Jhang Bahtar, Tehsil Fateh Jang in district Attock
- Railway Station Wah in district Rawalpindi
- Village Kahi, Nizampur in district Nowshera

1.2 The Company is in the process of setting up two Cement Manufacturing Plants with production capacity of 2.05 million tons per annum each at Nizampur and Dera Ghazi Khan. For this purpose, the Company has entered into agreements with M/s Hefei Cement Research & Design Institute Corporation Limited for supply of offshore equipment and M/s Sinoma Handan Engineering Company Private Limited for construction related services. Refer Note 16.2 (b) for detail of commitments in this regard.

1.3 Amalgamation of Askari Cement Limited with the Company

Askari Cement Limited ("ACL") was a public company incorporated in Pakistan in 1990 under the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017). It was principally engaged in the manufacturing and sale of different types of cement. It had two production facilities situated at Wah and Nizampur.

During the year, a scheme of arrangement for amalgamation of ACL with and into the Company was approved through resolutions passed by Board of Directors of both Companies during their meetings held on 17 November 2021. The scheme of arrangement was also approved by the members of both companies in their Extra Ordinary General Meetings held on 27 February 2022. The scheme was sanctioned by the Honourable Lahore High Court ("the Court") through its order dated 02 March 2022. The effective date of amalgamation was 01 July 2021 i-e the date at which all assets and liabilities of ACL be vested with the Company.

Scheme of Amalgamation

- In respect of every 01 ordinary share of ACL, the Company shall issue 05 ordinary shares of the Company to ACL shareholders within 30 days of Completion Date i-e the date of filing of court order with the Joint Registrar of Companies, Islamabad. Refer Note 4 & 5 for issued number of shares.
- All assets and properties of ACL, including, without limitation, properties of all kinds and by whatever title held and whether movable or immovable or tangible or intangible including leasehold assets be transferred to and vested to the Company with effect from 01 July 2021.
- The Company shall follow acquisition accounting, for financial statements purposes, under International Financial Reporting Standards, as applicable in Pakistan, to account for all assets and liabilities of ACL on acquisition date i-e 01 July 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Pursuant to the Scheme and the Company's early adoption of the accounting standard issued by the Institute of Chartered Accountants of Pakistan on "Accounting for Common Control Transactions" as notified by Securities and Exchange Commission under SRO 53 (I)/2022 dated 12 January 2022, the Company has followed acquisition accounting in accordance with the requirements of International Financial Reporting Standard 3 "Business Combinations" to present the amalgamation.

In accordance with the requirements of applicable IFRSs Comparative figures for financial year 2021 is not revised and represent the pre acquisition assets, liabilities and results of the Company.

Detail of net identifiable assets acquired, liabilities assumed and the resulting goodwill at the date of acquisition is stated in Note 48.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement and preparation

These financial statements have been prepared under historical cost convention except for short term investments and long term and short term deposits which are carried at fair value, lease liability which is measured at present value and long term investment which is stated using equity accounting.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees (PKR) which is the Company's functional currency. Amounts presented in PKR have been rounded-off to nearest thousand, unless other wise stated.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements 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 realizable value of stock in trade and stores, spare and loose tools to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost to make the sales.

2.4.3 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.

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.

Taking cognizance of the latest developments across the Pakistan and Afghanistan border, the Company has revised its estimate of income expected to fall under presumptive tax regime. Had there been no change in the estimate of income expected to fall under presumptive tax regime, the profit after tax for the year would have been lower by Rs. 55,429 thousand and the balance of deferred tax liabilities - net would have been lower by the same amount.

2.4.4 Provisions

A provision is recognized in the statement of financial position 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 determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

2.4.5 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but 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 cannot be measured with sufficient reliability.

2.4.6 Impairment of intangible assets

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes.

Impairment reviews of intangible assets with indefinite useful life are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense in profit or loss and is not subsequently reversed.

2.4.7 Business combination

The Company accounts for business combination using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The Company is in the process of assessing the potential impact of the adoption of this amendment on the financial statements of the Company, however, the impact is expected to be immaterial in the context of overall financial statements.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Except stated above, these amendments are not likely to have an impact on the 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 early adoption of the accounting standard issued by the Institute of Chartered Accountants of Pakistan on " Accounting for Common Control Transactions" as notified by Securities and Exchange Commission under SRO 53 (I)/2022 dated 12 January 2022. Significant accounting policies of the Company are as follows:

3.1 Income tax

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

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax assets and liabilities are offset if certain criteria is met.

Deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- 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.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. 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; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if certain criteria are met.

3.2 Property, plant and equipment

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

Depreciation is charged to income on the straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives at the rates specified in note 17. Depreciation on depreciable assets is commenced from the date the asset is available for use upto the date when the asset is disposed off or written 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 statement of 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 statement of profit or loss.

3.3 Investments in associated undertaking (equity accounted investment)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Interest in associates is accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the statement of profit or loss and comprehensive income of equity accounted investees, until the date on which significant influence ceases. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.4 Impairment

(i) Non - derivative financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Company considers a financial asset to be in default when:

- the counter party is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the carrying amount of the assets and charged to profit or loss.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amounts of any goodwill allocated to CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, 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 recognized.

3.5 Inventories

Inventories comprises of stores, spares and loose tools and stock in trade.

3.5.1 Stores, spares and loose tools

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

3.5.2 Stock in trade

Stock of raw material, work in process and finished goods are valued at the lower of weighted average cost and net realizable value. Stock of packing material is valued at weighted average cost less impairment, if any. Cost of work in process and finished goods comprises cost of direct materials, labour and directly allocatable 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.

3.6 Foreign currency transactions and 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 statement of financial position 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 amortized cost in the functional currency at beginning of the year, adjusted for effective interest and payments during the year, and amortized cost in foreign currency translated at the exchange rate at statement of financial position date. Exchange differences are included in the statement of profit or loss.

3.7 Revenue recognition

Revenue associated with the sale of cement and clinker (shariah compliant business) is measured based on the consideration specified in customer order forms excluding discounts, rebates and government levies. Revenue from contracts with customers is recognized when or as the company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of cement and clinker coincides with the title passing to the customer and customer taking physical possession. The Company physically satisfies its performance obligations at a point in time in the amount of revenue recognized relating to performance. There is only one performance obligation i.e. sale of cement and clinker and there is no element of variable consideration. For sale of cement and clinker the transfer of control usually occurs on delivery of goods to the customer.

Generally for such sales, the customer has no right of return. The Company does not have any obligations for return of cement and clinker.

For credit sales collection of revenue associated with the sale of cement and clinker is due on average of 30 days following sale while for other sales advance receipts from customers are obtained prior to satisfaction of performance obligation i.e. transfer of promised good.

3.8 Financial instruments

3.8.1 Classification

The Company classifies its financial assets on initial recognition in the following categories: at amortized cost, at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial asset, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

(c) Fair value through profit or loss

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company irrevocably designates a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3.8.2 Recognition and measurement

Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.8.3 Subsequent measurement and gains and losses

(i) Financial assets at amortized costs	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
(ii) Financial assets at FVOCI	Debt investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. Equity investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
(iii) Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets of the Company include trade debts, other receivables, cash and bank balances, long term deposits, trade deposits and short term investments.

3.8.4 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. The financial liabilities of the Company includes long term loans, lease liability, creditors, retention money, other liabilities, payable to employees provident fund trust, accrued liabilities, security deposit payable, unclaimed dividend and short term borrowings.

3.8.5 Derecognition

(i) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.9 Borrowing cost

Borrowing costs are recognized 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 capitalized as part of the cost of that asset.

3.10 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:

3.10.1 Defined contribution plan - Provident fund (retirement benefit)

The Company 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 Trustees. The contributions of the Company are charged to statement of profit or loss.

3.10.2 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 statement of profit or loss.

3.11 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or 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 or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.12 Provisions

A provision is recognized in the statement of financial position 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 statement of financial position date and adjusted to reflect current best estimate.

3.13 Share capital and dividend

Ordinary shares are classified as equity and recognized at their face value. Dividend distribution to the shareholders is recognized as liability in the period in which it is declared.

3.14 Finance income and finance cost

Finance income comprises interest income on funds invested, deposit accounts and dividend income on investment in marketable securities. 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, Workers' Profit Participation Fund and lease, exchange losses and bank charges.

3.15 Fair value measurement

'Fair value' is the 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.16 Leases

3.16.1 Right of use asset

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.16.2 Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c. amounts expected to be payable under a residual value guarantee; and
d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.17 Government grant

The Company recognizes government grants as deferred income at fair value when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, term deposit receipts and short term borrowings under mark-up arrangements, used by the Company in the management of its short-term commitments.

3.19 Operating segments

The Board of Directors of the Company, which is chief operating decision-maker, is responsible for allocating resources and assessing Company's performance and operations has identified one reportable segment. Accordingly, these financial statements have been prepared on the basis of single reportable segment. Revenue from external customers along with local and export sales is disclosed in note 26. The Company only makes export sales to one foreign country. Revenue from transaction with a single customer did not exceed 10% of Company's total revenue. All the assets of the Company are based in Pakistan.

3.20 Business Combination

The Company accounts for business combination using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent gain is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.21 Intangible assets and goodwill

Goodwill:

Goodwill arises on the acquisition of subsidiary or business and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense in profit or loss and is not subsequently reversed.

Other intangible assets:

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Impairment reviews of intangible assets with indefinite useful lives are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful lives of intangible assets are given in note 19.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4 SHARE CAPITAL

4.1 Authorized share capital

Authorized share capital comprises of 2,500,000,000 (2021: 1,500,000,000) ordinary shares of Rs. 10 each.

4.2 Issued, subscribed and paid up capital

2022 Number '000	2021 Number '000		**2022 Rupees '000**	2021 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	48,699	Ordinary shares of Rs. 10 each issued on conversion of preference shares	**486,992**	486,992
800,494	-	Ordinary shares of Rs. 10 each issued pursuant to amalgamation of Askari Cement Limited with and into the Company (refer note 1.3)	**8,004,940**	-
2,180,309	1,379,815		**21,803,090**	13,798,150

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4.2.1 Fauji Foundation, the Parent, holds 1,344,144 thousand (2021: 543,650 thousand) ordinary shares of the Company at the year end. In addition Fauji Fertilizer Company Limited and Fauji Oil Terminal & Distribution Company Limited are related parties that hold 93,750 thousand (2021: 93,750 thousand) and 18,750 thousand (2021: 18,750 thousand) ordinary shares respectively of the Company at the year end, whereas 11 thousand (2021: 4,343 thousand) shares are held by Directors of the Company.

4.2.2 All ordinary share holders have same rights regarding voting, board election, right of first refusal and block voting.

5 PREMIUM/(DISCOUNT) ON ISSUE OF SHARES

	Note	2022 Rupees '000	2021 Rupees '000
Discount on issue of shares		**(1,364,385)**	(1,364,385)
Premium on issue of shares	5.1	**19,342,905**	-
		17,978,520	(1,364,385)

5.1 This represents the excess of fair value (Rs.34.16) over face value (Rs. 10) of 800,494 number of shares issued pursuant to amalgamation of Askari Cement Limited with and into the Company. Refer note 48.1.1 for fair value per share of the Company as on effective date of amalgamation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

6 LONG TERM LOANS - SECURED

6.1 Loans from banking companies (under mark up arrangements)

Lender	Note	2022 Rupees '000	2021 Rupees '000	Rate of interest per annum	Outstanding installments	Interest payable
Syndicate term finance - I	6.1.1	**558,333**	-	6 month's KIBOR + 1.55%	1 semi annual installments payable in July 2022	Semi annual
Syndicate term finance - II	6.1.2	**700,000**	-	6 month's KIBOR + 0.30%	7 semi annual installments ending September 2025	Semi annual
Syndicate term finance - III	6.1.3	**2,800,000**	-	6 month's KIBOR + 0.30%	7 semi annual installments ending November 2025	Semi annual
Syndicate term finance - IV	6.1.4	**1,697,542**	-	6 month's KIBOR +1.25%	7 semi annual installments ending October 2025	Semi annual
Temporary economic relief facility (TERF)-I Syndicate term finance IV	6.1.5	**481,250**	-	3.50%	7 semi annual installments ending December 2025	Quarterly
Salary refinance facility	6.1.6	**156,844**	-	0.4%	2 quarterly installments ending October 2022	Quarterly
Syndicate term finance -V	6.1.7	**6,991,213**	-	6 month's KIBOR + 0.90%	14 semi annual installments ending May 2031	Semi annual
Long term financing facility (LTFF)-Syndicate term finance V	6.1.8	**3,162,898**	-	3.5% & 5.5%	14 semi annual instalments ending May 2031	Quarterly
Temporary economic relief facility (TERF)-II Syndicate term finance V	6.1.9	**4,900,000**	-	2.5%	16 semi annual instalments ending May 2032	Quarterly
SBP renewable energy finance-I	6.1.10	**745,000**		3.75%	40 quarterly instalments ending December 2033	Quarterly
SBP renewable energy finance-II	6.1.11	**153,411**	197,243	4.25% (2021: 4.25%)	07 semi annual installments ending October 2025	Quarterly
SBP renewable energy finance-III	6.1.12	**215,866**	239,851	3.75% (2021: 3.75%)	16 quarterly installments ending October 2026	Quarterly
SBP salary refinance	6.1.13	**144,486**	433,457	0.35% & 0.40% (2021: 0.35% & 0.40%)	02 quarterly installments ending October 2022	Quarterly
Temporary economic relief facility (TERF)-III Syndicate term finance VI	6.1.14	**1,166,798**	-	2.25%	16 semi annual installments ending April 2032	Quarterly
Long term financing facility (LTFF-II)-Syndicate term finance VI	6.1.15	**596,415**	-	3.25%	16 semi annual installments ending April 2032	Quarterly
SBP renewable energy finance	6.1.16	**201,833**	-	3.75%	16 semi annual installments ending April 2032	Quarterly
		24,671,889	870,551			
Less: current portion shown under current liabilities		**(2,478,065)**	(356,788)			
deferred portion of grant income		**(2,458,745)**	(22,261)			
Transaction cost		**(179,082)**	-			
		19,555,997	491,502			

	2022 Rupees '000	2021 Rupees '000
Current portion		
Current portion of long term financing	**2,478,065**	356,788
Markup accrued	**507,022**	4,733
	2,985,087	361,521

NOTES TO THE FINANCIAL STATEMENTS

6.1.1 This facility is obtained from the consortium of National Bank of Pakistan, Allied Bank Limited, United Bank Limited and Faysal Bank Limited and is secured against pari passu charge by way of hypothecation over all present and future current and fixed assets (excluding land and building), mortgage by way of deposit of title deeds on the land measuring 3,498 kanals and 01 Marla to the extent of Rs. 10 billion with a 25% margin and corporate guarantee from Fauji Foundation covering annual repayments of principal and markup.

6.1.2 This facility is obtained from the consortium of Askari Bank Limited (related party), Faysal Bank Limited and Bank Al Habib Limited and is secured against pari passu charge by way of hypothecation over all present and future current and fixed assets of the Company (excluding land and building) with a 25% margin. This includes loan amounting to Rs 280,000 thousand under Islamic mode of financing.

6.1.3 This facility is obtained from the consortium of Allied Bank Limited, United Bank Limited, Faysal Bank Limited and The Bank of Khyber and is secured against pari passu charge by way of hypothecation over all present and future current and fixed assets of the Company (excluding land and building) with a 25% margin. This includes loan amounting to Rs 280,000 thousand under Islamic mode of financing.

6.1.4 This facility is obtained from the consortium of Bank Al Habib Limited and Dubai Islamic Bank and is secured against pari passu charge by way of hypothecation over all present and future current and fixed assets of the Company (excluding land and building) with a 25% margin. This includes loan amounting to Rs 437,500 thousand under Islamic mode of financing.

6.1.5 This facility is obtained from Bank Al Habib Limited in accordance with the concessionary relief facility (TERF) of State Bank of Pakistan for setting up new industrial units vide IH&SMEFD Circular letter No 1 dated 17 March 2020 as amended from time to time and is secured against pari passu charge by way of hypothecation over all present and future current and fixed assets of the Company (excluding land and building) with a 25% margin.

6.1.6 This represents loan obtained from Allied Bank Limited under the State bank of Pakistan refinance scheme for repayment of wages and salaries in accordance with IH&SMEFD circular letter No 6 of 2020 dated 06 April 2020 and is secured by first pari passu charge over current and fixed assets of the Company (excluding land and building)

6.1.7 This facility is obtained from consortium of Habib Bank Limited, National Bank of Pakistan, Bank Al Falah Limited and Faysal Bank Limited for setting of new cement production line at Nizampur and is secured against hypothecation charge over all present and future current and fixed assets (excluding land and building) of the Company, mortgage charge inclusive of 25% margin over all present immovable assets (inclusive of land and building) and lien on import documents. This includes loan amounting to Rs 1,557,556 thousand under Islamic mode of financing.

6.1.8 This represents draw down against Long Term Finance Facility (LTFF) from consortium of Habib Bank Limited, National Bank of Pakistan, Bank Al Falah Limited and Faysal Bank Limited in accordance with the State Bank of Pakistan long term financing facility (LTFF) for setting up new industrial units being sub limit of Syndicate Term Finance V. This includes loan amounting to Rs 1,489,941 thousand under Islamic mode of financing.

6.1.9 This facility is obtained from consortium of Habib Bank Limited, National Bank of Pakistan, Bank Al Falah Limited and Faysal Bank Limited being sub limit of Syndicate Term Finance V in accordance with the concessionary relief facility (TERF-II) of State Bank of Pakistan for setting up new industrial units vide IH&SMEFD Circular letter No 1 dated 17 March 2020 as amended from time to time being sub limit of Syndicate Term Finance-V. This includes loan amounting to Rs 1,000,000 thousand under Islamic mode of financing.

6.1.10 This represents SBP Renewable Energy Finance Category - 1 (REFF) from Askari Bank Limited (related party) and is secured against pari passu charge over all present and future current and fixed assets (excluding land and building) with 25% margin.

6.1.11 This represents SBP Renewable Energy Finance from Allied Bank Limited and is secured against pari passu charge over all present and future current and fixed assets (excluding land and building) with 25% margin.

6.1.12 This represents SBP Renewable Energy Finance from United Bank Limited and is secured against pari passu charge over all present and future current and fixed assets (excluding land and building) with 25% margin.

6.1.13 This represents loan obtained from Allied Bank Limited under the State bank of Pakistan refinance scheme for repayment of wages and salaries in accordance with # IH&SMEFD circular letter No 6 of 2020 dated 06 April 2020 and is secured by first pari passu charge over current and fixed assets of the Company (excluding land and building).

6.1.14 This facility is obtained from consortium of Habib Bank Limited, First Women Bank Limited, Bank Al Falah Limited, Faysal Bank Limited and Askari Bank Limited (a related party) for setting of new cement production line at D.G.Khan in accordance with the concessionary relief facility (TERF) of State Bank of Pakistan for setting up new industrial units vide IH&SMEFD Circular letter No 1 dated 17 March 2020 as amended from time to time and is secured against hypothecation charge over all present and future current and fixed assets (excluding land and building) of the Company, mortgage charge inclusive of 25% margin over all present immovable assets (inclusive of land and building) and lien on import documents.

6.1.15 This facility is obtained from consortium of Habib Bank Limited, First Women Bank Limited, Bank Al Falah Limited, Faysal Bank Limited and Askari Bank Limited (a related party) for setting of new cement production line at D.G.Khan in accordance with the State Bank of Pakistan long term financing facility (LTFF) for setting up new industrial units and is secured against hypothecation charge over all present and future current and fixed assets (excluding land and building) of the Company, mortgage charge inclusive of 25% margin over all present immovable assets (inclusive of land and building) and lien on import documents. This includes loan amounting to Rs 119,283 thousand under Islamic mode of financing.

6.1.16 This represents SBP Renewable Energy Finance from Bank of Punjab and is secured against pari passu charge over all present and future current and fixed assets (excluding land and building) with 25% margin.

6.2 Undrawn long term loan facilities

Company has undrawn long term loan facilities at year end amounting to Rs 20,621 million (2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

7	EMPLOYEE BENEFITS	Note	2022 Rupees'000	2021 Rupees'000
	Balance at beginning of the year		103,242	97,255
	Addition due to business combination		143,967	-
	Charge for the year		107,740	51,739
			354,949	148,994
	Payment made		(94,902)	(45,752)
		7.2	260,047	103,242
	Less: amount transferred to current liabilities		(80,756)	(20,862)
			179,291	82,380

7.1 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 This includes Rs. 4.64 million (2021: Rs. 4.64 million) payable to key management personnel of the Company.

8	LEASE LIABILITIES	2022 Rupees'000	2021 Rupees'000
	Balance at the beginning of the year	98,279	81,393
	Acquisition through business combination	203,142	-
	Modification of lease	-	14,953
	Additions during the year	-	39,578
	Lease settled during the year	(114,462)	-
	Payments made during the year	(57,126)	(50,413)
	Interest on lease liability	28,464	12,768
	Balance at end of the year	158,297	98,279
	Shown under current liabilities	(68,332)	(24,686)
		89,965	73,593

The Company has recognized lease liabilities at the present value of the remaining lease payments using the Company's incremental borrowing rates at inception or modification of lease dates ranging from 7.5 % to 16.13%.

For contractual maturity of remaining lease commitments refer note 43.5.

9 DEFERRED GOVERNMENT GRANT

	Note	2022 Rupees'000	2021 Rupees'000
Opening Balance		22,261	-
Acquired through business combination		25,606	-
Recognised during the year	9.1	2,478,824	51,853
Amortized during the year		(177,926)	(29,592)
		2,348,765	22,261
Less: Current portion shown under current liabilities		(366,464)	(15,654)
		1,982,301	6,607

9.1 This represents the difference of fair value and amount of loan received against Temporary Economic Relief Facility (TERF) of State Bank of Pakistan for setting up new industrial units vide IH&SMEFD Circular letter No 1 dated 17 March 2020 as amended from time to time.

	2022 Rupees'000	2021 Rupees'000
10 DEFERRED TAX LIABILITIES - NET	**7,433,214**	3,960,489

10.1 The movement in deferred tax is as follows:

	Opening Balance as on 01 July	Acquired through business combination	Recognized in profit or loss	Closing balance
	Rupees'000			
2022				
Deductible temporary difference				
Provision for slow moving spares	**(10,824)**	**-**	**(1,338)**	**(12,162)**
Lease liability	**(2,493)**	**-**	**(5,662)**	**(8,155)**
Tax losses	**-**	**(327,892)**	**327,892**	**-**
Minimum tax	**-**	**(374,310)**	**374,310**	**-**
Alternative corporate tax	**-**	**(30,037)**	**30,037**	**-**
Taxable temporary difference				
Property, plant and equipment	**3,973,806**	**2,927,902**	**436,033**	**7,337,741**
Intangibles	**-**	**-**	**115,790**	**115,790**
	3,960,489	**2,195,663**	**1,277,062**	**7,433,214**
2021				
Deductible temporary difference				
Provision for slow moving spares	(10,134)	-	(690)	(10,824)
Lease liability	(2,420)	-	(73)	(2,493)
Tax losses	-	-	-	-
Minimum Tax	(169,229)	-	169,229	-
Alternative Corporate tax	-	-	-	-
Taxable temporary difference				
Property, plant and equipment	3,825,391	-	148,415	3,973,806
Intangibles	-	-	-	-
	3,643,608	-	316,881	3,960,489

11 LOAN FROM PARENT - UNSECURED	2022 Rupees '000	2021 Rupees '000
Acquired through business combination	**844,000**	-
Received during the year	**6,543,000**	-
	7,387,000	-

This represents the amount received from Fauji Foundation, the parent, in accordance with project financing agreement with Askari Cement Limited (now merged with the Company) for expansion project at Nizampur. The loan is unsecured, interest free and payable on demand subject to Company's lenders approval. Fauji Foundation may convert this loan into ordinary shares of the Compnay at any time during the term of the agreement at mutally agreed terms and conditions.

12 TRADE AND OTHER PAYABLES

	Note	2022 Rupees'000	2021 Rupees'000
Creditors		**2,683,210**	863,038
Retention money		**2,549,004**	32,691
Workers' (Profit) Participation Fund (WPPF)	12.1	**91,113**	24,049
Workers' Welfare Fund (WWF)		**206,326**	120,177
Federal excise duty payable		**803,166**	307,090
Sales tax payable (net)		**-**	188,957
Withholding tax payable		**87,418**	112,958
Other liabilities		**496,912**	173,682
		6,917,149	1,822,642

12.1 Workers' (Profit) Participation Fund (WPPF)

	2022 Rupees'000	2021 Rupees'000
Balance at beginning of the year	**24,049**	-
Interest on funds utilized in the Company's business	**286**	-
Allocation for the year	**616,113**	274,049
Payment to the fund during the year	**(549,335)**	(250,000)
	91,113	24,049
Allocation for the year is made up as follows:		
Profit for the year before tax, WPPF and WWF	**12,322,261**	5,480,989
Charge for the year at the rate of 5%	**616,113**	274,049

13 SECURITY DEPOSITS PAYABLE

This represents unutilizable security deposits received from customers and suppliers kept in a separate bank account as required under Section 217(2) of the Companies Act, 2017. These have not been utilized by the Company.

14 CONTRACT LIABILITIES

This represents advances received from customers in ordinary course of business.

15 SHORT TERM BORROWINGS (SECURED)

	Note	2022 Rupees'000	2021 Rupees'000
Short term borrowings-Conventional	15.1	**2,870,811**	1,609,236
Short term borrowings-Islamic	15.1	**300,000**	-
Markup accrued		**47,438**	7,551
		3,218,249	1,616,787

15.1 The Company has short term running finance facility limits to the tune of Rs. 7,930 million (2021: Rs. 3,180 million) from banking companies including facility of Rs. 800 million (2021: Rs 500 million) obtained under Islamic mode of financing. These facilities are secured against first pari passu and ranking 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 1 month KIBOR to 6 month KIBOR plus 0.25% to 1% (2021: 1 month KIBOR to 3 month KIBOR plus 0.25% to 0.75%) per annum of the utilized amount and payable on a quarterly basis.

16 CONTINGENCIES AND COMMITMENTS

16.1 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 14 May 1992 against an undertaking provided by the the Company. Subsequent to the release of plant and machinery, the Custom Authorities raised a demand in respect of aforesaid items which are considered by the Federal Board of Revenue (FBR) as not qualifying for the concessionary rate of duty. After dismissal of customs appeal from Supreme Court of Pakistan on 25 April 2019, the Custom Authorities issued fresh show cause notice of Rs. 455 million in September 2020 to the Company without providing the details/ description of subjected items and including some items which were never contested before which are patently time barred. On 18 December 2020 Collector Customs decided the case in favour of customs with directions to provide the Company complete GD wise detail depicting the items and relevant duties applicable on subjected items, which is not yet provided to the Company. The Company filed an appeal before Custom Appellate Tribunal on 17 February 2020 against the order of Collector Customs, which is still pending, on the grounds of time limitation and on the basis that Company is not being informed about the alleged duties, basis or facts which may form the basis of proceedings against the Company in aforesaid show cause notice. The Company also filed a stay application before Sindh High Court (SHC) in July 2020 and SHC vide order dated 26 February 2021 accepted the case that no recovery be initiated during pendency of the Appeal at Custom Appellate Tribunal. Based on the expert opinion, the management of the Company is confident for a favorable outcome.

b) On 16 July 2021, Custom Authorities have issued a recovery notice for payment of default surcharge and penalty amounting to Rs. 1.373 billion related to the principal amount Rs 337 Million which was paid by the Company in accordance with the decision of Honourable Supreme Court of Pakistan dated 15 June 2021. The Company responded to the Custom Authorities with the plea that penalty or default surcharge can not be imposed without judicial determination by the Courts and that the Company has not failed deliberately to pay the tax due and also the order of Honourable Supreme Court of Pakistan did not impose any penalty or default surcharge on the Company in this regard. Further, the interim stay orders were granted by the Honourable High Court during the pendency of the litigation. Based on expert opinion, management is confident for a favourable outcome without adverse financial impact.

c) Competition Commission of Pakistan (CCP) has issued a show cause notice dated 28 October 2008 to 21 cement manufacturers (including the Company) under section 30 of the Competition Ordinance, 2007 ("Ordinance") and imposed a penalty of Rs 499 million on the Company. The cement manufacturers (including the Company) have filed a petition in Lahore High Court (Court) and challenged the CCP proceedings and penalty in the Court. An amended writ petition challenging applicability of Ordinance was filed on 01 October 2009 in the Court. After numerous hearings, Lahore High Court dismissed the case on 26 October 2020. Against the said dismissal, Company has filed an appeal in Supreme Court of Pakistan which is still pending. Meanwhile Competition Appellate Tribunal (CAT) on the directions of Supreme Court of Pakistan issued notice dated 18 October 2017 for refiling of appeal in CAT after removal of deficiencies. The Company filed the appeal in CAT on 13 December 2017 and also filed another constitutional petition in Sindh High Court (SHC) on 6 January 2018 challenging the vires of Section 42, 43 and 44 of Competition Act 2010. Based on expert legal advice, the management is confident that the case will be decided in favour of the Company.

d) For FY 2013, FY 2014, FY 2015 and FY 2016 DCIR created demand of sales tax amounting to Rs. 15.4 million, 19.9 million, 13.7 million and 16.5 million respectively. Without giving opportunity of being heard, DCIR created aforesaid demand by disallowing the rightfully claimed input tax credit of the Company on spare parts and fuel purchases. Commissioner Inland Revenue (Appeals) upheld the orders of DCIR. The Company filed appeals before ATIR on 16 October 2017 against the orders of Commissioner Inland Revenue (Appeals) whereby proceedings are under way. Based on expert opinion, management is confident of favorable outcome.

e) On finalization the audit of sales tax of the Company for FY 2017 DCIR has levied sales tax amounting to Rs. 102 million, mainly, on insurance claim received by the Company against loss of property, plant and equipment through his order dated 31 October 2019. The Company filed appeal before CIR (Appeals) against the aforesaid order. The CIR (Appeals) disposed off the appeal through order in appeal dated 27 December 2019 and upheld the action of DCIR. The Company filed appeal before ATIR against the order of CIR (Appeals). ATIR annulled the case for fresh notification vide its order dated 09 September 2020. Department filed reference in Islamabad High Court (IHC) against the order of ATIR. IHC remanded back the case to ATIR through its order dated 19 January 2021 to re-issue the order after taking into account directions of the Court. Based on expert opinion, management is confident of favorable outcome.

f) DCIR through his orders dated 15 April 2022 imposed sales tax amounting to Rs. 517 million alleging that the Company had claimed input sales tax, for period from August 2016 to April 2021, on invoices issued by suspended suppliers. The Company filed an appeal against the aforesaid order before CIR (Appeals) dated 14 May 2022, where the case is pending for adjudication. Based on expert opinion, management is confident of favorable outcome.

g) AdCIR vide order dated 29 June 2016 disallowed the determined refunds of previous years which company claimed, based on certificate issued by the Commissioner after determination and created demand of Rs. 70 million. The Company filed an appeal before CIR (Appeals) who vide his order dated 17 January 2017 remanded back the case to AdCIR to allow the Company the refunds claimed by it. While giving the appeal effects, AdCIR did not follow the directions of CIR (Appeals). The Company filed another appeal before CIR (Appeals) and, he once again, remanded the case back to AdCIR vide Order dated 26 March 2019 with specific directions to allow the refunds after necessary verification. AdCIR issued appeal effects vide order dated 25 June 2021 and rejected the claim of the company. The company filed appeal before CIR (Appeals) dated 29 July 2021 which is pending for adjudication.

h) For tax year 2015, DCIR raised a demand of income tax amounting to Rs. 535 million through order dated 30 June 2021 by alleging the Company that it has suppressed its production. The DCIR's decision is based on an assumed ratio of lime stone consumption per unit of cement produced without considering the actual norms of production. The Company has filed an appeal before the CIR (Appeals) dated 29 July 2021 where the case is pending for adjudication. Based on expert opinion, management is confident of favorable outcome.

i) For tax year, 2016 the AdCIR issued amended assessment order dated June 15, 2017 under section 122(5A). In this respect, the Company has filed rectification application before AdCIR for allowance relating to WPPF and normal / initial depreciation in respect of finance cost and exchange loss capitalized by him. AdCIR issued rectified order dated September 7, 2017 whereby depreciation in respect of finance cost was allowed. The Company has filed appeal and stay application before CIR(A) against aforesaid order of AdCIR. The CIR (Appeals) on disposing off the Company's appeal vide order dated October 18, 2017, upheld the disallowances made by the DCIR relating to capitalisation of finance cost and exchange loss and ACT brought forward from TY 2015 and remanded back the issue of minimum tax and WPPF. In response to appellate order dated October 18, 2017, AdCIR has issued an appeal effect order dated December 29, 2017 in which he has allowed WPPF paid amounting to Rs. 420.42 million and excess minimum tax in respect of tax year 2012 amounting to Rs. 36.39 million. The Company filed rectification application dated May 30, 2019 requesting the AdCIR to allow adjustment of minimum tax aggregating to Rs. 305.59 instead of Rs. 36.39 for excess minimum tax paid by it in tax years 2012, 2013 and 2014. AdCIR rejected the application of the Company. The Company filed an appeal before CIR (A) on 16 March 2020. CIR (A) upheld the order of AdCIR through his order in appeal dated 25 May 2021. The Company has filed an appeal before ATIR dated 28 July 2021 which is pending for adjudication. Based on expert opinion, management is confident of favorable outcome.

j) For tax year 2020, AdCIR revised the assessment of the Company and created demand of Rs. 240 million by disallowing certain deductions of rightfully claimed expenses trough his order dated 11 August 2021. Company has filed an appeal against the order of AdCIR before CIR (Appeals) dated 08 September 2021 where the case is pending for adjudication. Based on expert opinion, management is confident of favorable outcome.

k) For the Tax Year 2014, the AdCIR amended the Company's assessment and created a demand of Rs. 34 million. The Company filed an appeal before CIR(A) against the order of ADCIR. The CIR(A) remanded back the case to assessing officer for re-assessment on issue non-deduction of tax on commission paid and confirmed the action of ACIR on account of addition of long outstanding trade and other payables. The Company has filed an appeal before ATIR dated 03 September 2019 against the order of CIR(A) which is pending adjudication till date. Based on expert opinion, management is confident of favorable outcome.

l) For the Tax Year 2015, the ADCIR amended Company's assessment and created a demand of Rs. 48 million. The Company has filed an appeal before CIR(A) against the order of ADCIR. CIR(A) decided the case partially in favor of the Company and partially against the Company. Both the Company and Department filed appeals before ATIR against the decision of CIR(A), which are pending adjudication. Based on expert opinion, management is confident of favorable outcome.

m) For Tax Year 2017, the Company's case was selected for audit by Federal Board of Revenue u/s 214(c) of the Ordinance. Further, the DCIR amended the Company's assessment and created tax demand of Rs. 39 million on certain issues. The Company has filed an appeal before CIR(A) which has been concluded however the order of CIR(A) is awaited.

n) For tax year 2018, DCIR issued a demand of Rs. 36 million through his order dated 01 June 2022 by disallowing certain rightfully claimed deductions. Company is in process of filing appeal before CIR (Appeals) against the order of DCIR.

o) The Company is contingently liable in respect of guarantees amounting to Rs. 661 million (2021: Rs. 475 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.

p) There are no contengecies of Foundation Solary Energy (Private) Limited (equity accounted investee) at reporting date.

16.2 Commitments

a) The Company has opened letters of credit for the import of plant and machinery, coal and spare parts valuing Rs. 21,832 million (2021: Rs. 18,812 million).

b) The Company has capital commitment of Rs. 22,428 million (2021: Rs. 19,400 million) in respect of new cement manufacturing lines.

c) There are no commitments of Foundation Solary Energy (Private) Limited (equity accounted investee) at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold land (Note 17.3)	Buildings 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 equipment	Road and related development	Capital work in progress (Note 17.5)	Total
							Rupees'000						
Cost													
Balance at 01 July 2020	360,282	6,768,444	29,897,084	33,688	19,944	91,443	121,147	46,929	237,675	-	27,855	2,808	37,607,299
Additions	-	-	529,447	-	575	6,780	5,720	17	32,349	-	-	432,317	1,007,205
Disposals	-	-	(68,856)	-	(22)	(1,499)	(887)	(871)	(36,842)	-	-	-	(108,977)
Write off	-	-	(41,552)	-	-	-	-	-	-	-	-	-	(41,552)
Transfers	-	-	230,230	-	-	-	-	-	2,808	-	-	(233,038)	-
Balance at 30 June 2021	360,282	6,768,444	30,546,353	33,688	20,497	96,724	125,980	46,075	235,990	-	27,855	202,087	38,463,975
Balance as at 01 July 2021	**360,282**	**6,768,444**	**30,546,353**	**33,688**	**20,497**	**96,724**	**125,980**	**46,075**	**235,990**	**-**	**27,855**	**202,087**	**38,463,975**
Acquisition through business combination	**6,858,125**	**4,280,160**	**12,030,648**	**49,028**	**32,196**	**31,319**	**121,087**	**94,448**	**98,496**	**45,663**	**99,752**	**3,150,414**	**26,891,336**
Additions	**51,865**	**4,256**	**296,433**	**481,514**	**5,836**	**16,378**	**13,105**	**19,327**	**43,559**	**-**	**-**	**27,493,323**	**28,425,596**
Disposals	**-**	**-**	**-**	**-**	**(155)**	**(3,201)**	**(160)**	**-**	**(33,882)**	**-**	**-**	**-**	**(37,398)**
Transfers leased vehicles (Note 18)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66,488**	**47,974**	**-**	**-**	**114,462**
Transfers	**-**	**22,269**	**927,493**	**-**	**-**	**-**	**-**	**-**	**44,681**	**-**	**49,211**	**(1,043,654)**	**-**
Balance at 30 June 2022	**7,270,272**	**11,075,129**	**43,800,927**	**564,230**	**58,374**	**141,220**	**260,012**	**159,850**	**455,332**	**93,637**	**176,818**	**29,802,170**	**93,857,971**
Accumulated depreciation													
Balance at 01 July 2020	-	2,893,940	12,208,909	27,124	16,533	82,529	98,333	36,108	150,796	-	27,855	-	15,542,127
Charge for the year	-	244,320	1,275,946	656	1,480	7,262	5,883	3,340	35,145	-	-	-	1,574,032
On disposals	-	-	(29,723)	-	(22)	(1,370)	(887)	(561)	(26,600)	-	-	-	(59,163)
On write off	-	-	(15,236)	-	-	-	-	-	-	-	-	-	(15,236)
Balance at 30 June 2021	-	3,138,260	13,439,896	27,780	17,991	88,421	103,329	38,887	159,341	-	27,855	-	17,041,760
Balance at 01 July 2021	**-**	**3,138,260**	**13,439,896**	**27,780**	**17,991**	**88,421**	**103,329**	**38,887**	**159,341**	**-**	**27,855**	**-**	**17,041,760**
Charge for the year	**-**	**550,680**	**1,994,426**	**656**	**6,380**	**18,890**	**24,549**	**18,424**	**72,334**	**9,364**	**9,989**	**-**	**2,705,692**
On disposals	**-**	**-**	**-**	**-**	**(156)**	**(2,811)**	**(159)**	**-**	**(12,670)**	**-**	**-**	**-**	**(15,796)**
On write off	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2022	**-**	**3,688,940**	**15,434,322**	**28,436**	**24,215**	**104,500**	**127,719**	**57,311**	**219,005**	**9,364**	**37,844**	**-**	**19,731,656**
Carrying amounts - 2022	**7,270,272**	**7,386,189**	**28,366,605**	**535,794**	**34,159**	**36,720**	**132,293**	**102,539**	**236,327**	**84,273**	**138,974**	**29,802,170**	**74,126,315**
Carrying amounts - 2021	360,282	3,630,184	17,106,457	5,908	2,506	8,303	22,651	7,188	76,649	-	-	202,087	21,422,215
Rates of depreciation (per annum) - %	-	4%-21%	3%-21%	10%	15%	33%	10%-15%	15%	20%-25%	5%-33%	10%		

17.1 Detail of property, plant and equipment disposed

	Cost	Book value	Sale proceeds	Gain	Mode of disposal	Particular of Purchaser	Relationship with Company
		Rupees'000					
Motor vehicle	2,600	2,546	2,609	63	As per Company policy	Lt. Col. Ali Nawaz Janjua	Ex-employee of the Company
Motor vehicle	2,414	2,293	2,777	484	As per Company policy	Muhammad Shehryar Khan	Ex-employee of the Company
Motor vehicle	1,273	1,209	1,603	394	As per Company policy	Khalil ur Rehman	Ex-employee of the Company
Motor vehicle	1,523	1,447	1,780	333	As per Company policy	Muhammad Naeem Khan	Ex-employee of the Company
Motor vehicle	1,268	1,035	1,508	473	As per Company policy	Saifullah Cheema	Ex-employee of the Company
Motor vehicle	1,417	1,157	1,431	274	As per Company policy	Shoaib Ahmad	Ex-employee of the Company
Other assets with individual book value not exceeding Rs. 500,000	26,903	11,910	11,542	(368)			
	37,398	**21,597**	**23,250**	**1,653**			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		Note	2022 Rupees'000	2021 Rupees'000
17.2	**Depreciation charge for the year has been allocated as follows:**			
	Cost of sales	32	**2,658,965**	1,555,500
	Selling and distribution expenses	34	**11,867**	5,512
	Capital work in progress		**7,168**	-
	Administrative expenses	35	**27,692**	13,020
			2,705,692	1,574,032

17.3 Freehold land

Freehold land of the Company is located at village Jhang Bahtar, tehsil Fateh Jang, district Attock, Railway station Wah, district Attock and village Kahi, Nizampur, district Nowshera measuring 15,909 kanals (2021: 4,976 kanals).

17.4 Immovable fixed assets

The immovable fixed assets of the Company comprises of freehold land and buildings are located as disclosed in note 17.3 of the financial statements.

		Note	2022 Rupees'000	2021 Rupees'000
17.5	**Capital work in progress**			
	Expansion projects	1.2	**28,839,605**	136,011
	Solar power projects		**828,830**	-
	Advance for capital expenditures		**19,900**	65,090
	Others		**113,835**	986
			29,802,170	202,087

17.6 Borrowing cost amounting to Rs. 567,225 thousand (2021: Nil) is captalized during the year at captalization rate of 8.98% (2021: Nil). This includes the markup paid on Islamic mode of financing amounting to Rs.243,038 thousand (2021: Nil)

		2022 Rupees'000	2021 Rupees'000
18	**RIGHT OF USE ASSET**		
	Balance at beginning of the year	**89,334**	60,322
	Acquisition through business combination	**203,142**	
	Leased vehicles transferred to owned	**(114,462)**	
	Modification of lease	**-**	14,953
	Additions during the year	**-**	39,578
	Depreciation	**(45,751)**	(25,519)
	Balance at end of the year	**132,263**	89,334

18.1 Rate of depreciation for right of use assets is 20%-33% (2021: 20%-33%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		Note	2022 Rupees'000	2021 Rupees'000
19	**INTANGIBLES**			
	Goodwill	48.4	**6,541,456**	-
	Customer relationships	19.1	**1,788,300**	-
	Brand	19.2	**2,700,000**	-
			11,029,756	-

	Goodwill	Customer relationships (Note 19.1)	Brand (Note 19.2)	Total
		Rupees'000		
Cost				
Balance at 01 July 2021	-	-	-	-
Acquired through business combination	6,541,456	1,987,000	2,700,000	11,228,456
Additions during the year	-	-	-	-
Balance at 30 June 2022	**6,541,456**	**1,987,000**	**2,700,000**	**11,228,456**
Accumulated amortisation and impairment losses				
Balance at 01 July 2021	-	-	-	-
Amortization for the year	-	198,700	-	198,700
Balance at 30 June 2022	-	198,700	-	198,700
Carrying amounts - 2022	6,541,456	1,788,300	2,700,000	11,029,756
Carrying amounts - 2021	-	-	-	-
Useful life/ amortization rate(%) (Note 19.3)	-	10 years / 10%	-	-

19.1 This represents the value that Company expects to receive through the customers relationship of Askari Cement Limited. It is valued by using the generally accepted multi-period excess earning method (refer note 48.3.1).The management has estimated useful life of the Customer Relationships to be ten years starting from the date of acquisition.

19.2 This represents brand acquired through business combination and is recognised on the basis of economic benefit expected to be derived through its use. The value of this intangible has been determined by using the generally accepted relief from royalty method (refer note 48.3.1). As a going concern, the Company is expected to achieve the benefit of brand indefinitely as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. Management intends to continue the brand to market its products in the perpetuity.

19.3 The remaining useful life of customer relationship is 9 whole years.

19.4 **Impairment testing of goodwill and brand**

The recoverable amount of goodwill and brand is tested for impairment annually based on its value in use, determined by discounting the future cash flows to be generated by Askari Cement Limited. The key assumptions used in the estimation of value in use were as follows:

Discount rate	11%
Terminal value growth rate	4%
Growth rate - revenues	4%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

This discount rate represents estimate of rate implicit in relevant market for the same currency in which the cash flows arise. Ten years of free equity cash flows were included in the discounted cash flow model, and thereafter on the basis of terminal value growth rate.

Growth rate was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced in the recent years and the estimated sales volume and price growth.

Following the impairment testing, management concludes that recoverable amount of investment exceeds its carrying value. However, in the future years, any adverse movement in the key assumptions may lead to reduction in recoverable amount.

		2022 Rupees'000	2021 Rupees'000
20	**LONG TERM DEPOSITS - Non interest bearing**		
	Islamabad Electric Supply Company Limited	**86,194**	61,590
	Multan Electric Supply Company Limited	**15,069**	-
	Sui Northern Gas Pipelines Limited	**25,011**	25,011
		126,274	86,601
21	**LONG TERM INVESTMENT IN ASSOCIATE**		
	Balance at beginning of the year	**15,349**	12,500
	Investment made during the year	**50,000**	-
		65,349	12,500
	Share of profit for the year	**1,308**	2,849
		66,657	15,349

21.1 This represents 6,250 (30 June 2021: 1,250) thousand number of ordinary shares representing 62.5% (30 June 2021: 25%) shareholding in Foundation Solar Energy (Private) Limited (FSEL) incorporated in Pakistan. The reporting date of FSEL is 30 June. Cost of investment is Rs. 62,500 (30 June 2021: 12,500) thousand. The risk associated with the investment is limited to the carrying amount of investment.

21.2 As per terms of agreement between shareholders of FSEL, the Company in its capacity as a shareholder, surrendered its voting rights and any other rights available to it under the applicable laws irrevocably and unconditionally to the other shareholder for:

- election and appointment of directors against its shareholding in the Company; and
- any decision that requires approval of the Shareholders as per applicable laws.

Since the Company neither has control nor exercises or control majority voting rights in FSEL, accordingly FSEL is not a subsidiary of the Company. Accordingly, the results of FSEL have not been consolidated in the financial statements of the Company.

21.3 **Summary financial information of equity accounted investee**

Financial information of FSEL as included in its own financial statements for the year ended 30 June 2022 which has been used for accounting under equity method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees'000	2021 Rupees'000
Current assets	**680,342**	122,345
Non-current assets	**30,303**	13,291
Total Assets	**710,645**	135,636
Current liabilities	**597,748**	(77,404)
Non-current liabilities	**-**	-
Total Liabilities	**597,748**	(77,404)
Net assets	**112,897**	58,232
Revenues	**988,328**	820,736
Profit for the year	**4,664**	15,635
Reconciliation of net assets of associate to the carrying amount of equity accounted investee		
Net assets of associate	**112,897**	58,232
Share of net assets of associate	**70,560**	14,558
Elimination of unrealized profit	**(3,903)**	-
Profit of associate before equity investment	**-**	791
	66,657	15,349

22 STORES, SPARES AND LOOSE TOOLS - NET

	2022 Rupees'000	2021 Rupees'000
Stores	**8,103,805**	1,726,032
Spares (Including items in transit of Rs. 491 million (2021: Rs. 41 million))	**3,817,941**	2,559,351
Provision for slow moving spares	**(38,828)**	(38,828)
	3,779,113	2,520,523
Loose tools	**56,229**	4,199
	11,939,147	4,250,754

23 STOCK IN TRADE

	2022 Rupees'000	2021 Rupees'000
Raw and packing material	**973,018**	413,570
Work in process	**2,098,340**	629,288
Finished goods	**626,363**	146,340
	3,697,721	1,189,198

24 TRADE DEBTS - NET

	2022 Rupees'000	2021 Rupees'000
Unsecured		
Considered good	**2,388,678**	1,393,425
Considered doubtful	**3,281**	3,281
	2,391,959	1,396,706
Secured - considered good	**24,080**	56,175
Less: Impairment loss on trade debts	**(3,281)**	(3,281)
	2,412,758	1,449,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

			2022	2021
25	**ADVANCES**		**Rupees'000**	Rupees'000
	Advances - considered good			
	To suppliers - non interest bearing		**184,673**	39,763
	To employees against expenditures - non interest bearing		**8,956**	5,830
			193,629	45,593

26 SALES TAX REFUNDABLE-NET

This mainly includes the sales tax paid at import stage against imports for new expansion projects. This amount is adjustable against the future output sales tax of the Company.

			2022	2021
27	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**	**Note**	**Rupees'000**	Rupees'000
	Trade deposits		**14,925**	19,335
	Short term prepayments		**7,634**	6,812
			22,559	26,147
28	**OTHER RECEIVABLES**			
	Other receivables - considered good		**173,536**	86,983
	Margin on letter of guarantee		**1,907**	1,907
			175,443	88,890
29	**SHORT TERM INVESTMENTS**			
	Amortized cost - conventional	29.1	**250,000**	-
	At fair value through profit or loss - conventional	29.2	**3,593,010**	4,397,699
			3,843,010	4,397,699

29.1 These carry markup at 6 month's KIBOR+2.25% per annum.

29.2 This represents investments in open ended mutual funds and are measured at fair value through profit or loss. Fair value of these investments is determined using quoted repurchase price.

			2022	2021
30	**CASH AND BANK BALANCES**	**Note**	**Rupees'000**	Rupees'000
	Cash at bank			
	Deposit accounts - Conventional banks	30.1 & 30.2	**516,064**	271,303
	Deposit accounts - Islamic banks	30.2	**328**	432,469
	Term deposit receipts - Conventional banks	30.2	**1,623,936**	-
	Term deposit receipts - Islamic banks		**13,950**	-
	Current accounts - Conventional banks		**151,770**	193,379
	Current accounts - Islamic banks		**14**	3,417
			2,306,062	900,568
	Cash in hand		**571**	210
			2,306,633	900,778

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

30.1 Deposits of Rs. 4 million (2021: Rs. 4 million) with banks are under lien for letters of guarantee issued on behalf of the Company.

30.2 These carry mark-up ranging from 6.3% to 15% (2021: 2.6% to 6.9%) per annum.

30.3 The Company has business relationship with Islamic banks in ordinary course of business.

		2022	2021
31	**REVENUE - NET**	**Rupees'000**	Rupees'000
	Revenue from external customers		
	Sales - Local	**71,430,397**	32,735,882
	- Export	**1,990,468**	1,470,272
		73,420,865	34,206,154
	Less: - Sales tax	**11,231,599**	5,129,939
	- Excise duty	**7,940,009**	4,800,823
	- Export development surcharge	**6,139**	4,107
		19,177,747	9,934,869
		54,243,118	24,271,285

31.1 Revenue from external customers is net of rebates amounting to Rs. 834.3 million (2021: Rs. 379 million).

31.2 Revenue recognised during the year includes Rs. 585.5 million (2021: Rs. 311.9 million) which was shown as contract liabilities at the beginning of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		Note	2022 Rupees'000	2021 Rupees'000
32	**COST OF SALES**			
	Raw materials consumed		**3,270,503**	1,769,471
	Packing material consumed		**2,717,539**	1,322,235
	Stores and spares consumed		**767,217**	52,715
	Salaries, wages and benefits	32.1	**3,409,524**	1,471,689
	Rent, rates and taxes		**60,822**	28,822
	Insurance		**228,170**	138,214
	Fuel consumed		**17,790,062**	7,097,161
	Power consumed		**7,088,559**	2,834,231
	Depreciation	17.2	**2,658,965**	1,555,500
	Repairs and maintenance		**1,091,449**	770,427
	Technical assistance		**35,847**	13,306
	Vehicle running and maintenance expenses		**49,874**	16,975
	Printing and stationery		**6,405**	2,486
	Travelling and conveyance		**87,272**	36,947
	Communication, establishment and other expenses		**249,662**	64,059
	Water conservancy charges		**158,368**	281,863
			39,670,238	17,456,101
	Add: Opening work-in-process		**629,288**	779,940
	Acquired through business combination		**1,088,106**	-
	Less: Closing work-in-process		**(2,098,340)**	(629,288)
	Cost of goods manufactured		**39,289,292**	17,606,753
	Add: Opening finished goods		**146,340**	138,345
	Acquired through business combination		**239,785**	-
	Less: Closing finished goods		**(626,363)**	(146,340)
			39,049,054	17,598,758
	Less: Own consumption		**(269,512)**	(376)
	Add: Cost to complete the contract - Freight charges		**1,064,309**	608,498
			39,843,851	18,206,880

32.1 This includes retirement benefits of Rs. 174.3 million (2021: Rs. 77.4 million).

		Note	2022 Rupees'000	2021 Rupees'000
33	**OTHER INCOME**			
	Gain on disposal of property, plant and equipment		**1,653**	27,113
	Deferred grant		**72,247**	29,592
	Others		**156,795**	25,005
			230,695	81,710

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		Note	2022 Rupees'000	2021 Rupees'000
34	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages and benefits	34.1	**270,898**	158,520
	Travelling and conveyance		**4,248**	1,856
	Vehicle running and maintenance expenses		**9,868**	3,134
	Rent, rates and taxes		**127**	3,126
	Repairs and maintenance		**1,441**	757
	Printing and stationery		**1,781**	1,726
	Depreciation	17.2	**11,867**	5,512
	Depreciation on right of use asset		**15,253**	4,108
	Amortization		**198,700**	-
	Communication, establishment and other expenses		**13,425**	5,148
	Advertisement and sale promotion expenses		**10,808**	5,105
	Insurance		**598**	545
			539,014	189,537

34.1 This includes retirement benefits of Rs. 27.2 million (2021: Rs. 9.6 million).

		Note	2022 Rupees'000	2021 Rupees'000
35	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	35.1	**679,580**	327,991
	Travelling and conveyance		**6,218**	2,731
	Vehicle running and maintenance expenses		**20,724**	6,712
	Insurance		**2,206**	1,286
	Rent, rates and taxes		**1,449**	236
	Repairs and maintenance		**1,830**	10,711
	Printing and stationery		**7,138**	3,909
	Communication, establishment and other expenses		**48,064**	23,837
	Legal and professional charges		**24,762**	12,691
	Management consultancy fee		**205,769**	17,384
	Cost charged by Fauji Foundation		**150,518**	75,000
	Depreciation	17.2	**27,692**	13,020
	Depreciation on right of use asset		**36,311**	21,411
	Merger expenses		**73,838**	-
	Donations	35.2 & 44	**13,340**	7,790
			1,299,439	524,709

35.1 This includes retirement benefits of Rs. 26.1 million (2021: Rs. 21.1 million).

35.2 During the year the Company has paid donation amounting to Rs. 1 million (2021: Nil) to Aalam Bibi Trust. None of the director has any interest in aforesaid donee. Refer note 44 for donations paid to Fauji Foundation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		Note	2022 Rupees'000	2021 Rupees'000
36	**OTHER EXPENSES**			
	Auditors' remuneration:			
	Annual audit		**1,657**	1,454
	Half yearly review		**300**	225
	Out of pocket expenses		**47**	37
	Special purpose Audit / Statutory certifications		**11,484**	84
			13,488	1,800
	Workers' Profit Participation Fund	12.1	**616,113**	274,049
	Workers' Welfare Fund		**179,363**	102,097
			808,964	377,946
37	**FINANCE COST**			
	Interest and other charges on long and short term borrowings			
	- Conventional banks		**942,110**	78,704
	- Islamic banks		**24,363**	640
			966,473	79,344
	Interest on Workers' Profit Participation Fund		**286**	-
	Finance cost related to lease		**28,465**	12,768
	Exchange Loss - net		**161,412**	-
	Bank charges and commission - Conventional banks		**44,976**	17,511
			1,201,612	109,623
38	**FINANCE INCOME**			
	Income from financial assets			
	Income from deposits and investments			
	- Conventional banks		**139,800**	39,571
	- Islamic banks		**9,289**	6,755
			149,089	46,326
	Gain on re-measurement of investments classified as fair value through profit or loss-held for trading - Conventional funds		**188,678**	4,999
	Dividend and bonus received on investments classified as fair value through profit or loss-held for trading - Conventional funds		**408,085**	109,218
			745,852	160,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		Note	2022 Rupees'000	2021 Rupees'000
39	**INCOME TAX EXPENSE**			
	Current			
	For the year		**3,498,565**	1,320,955
	Prior year		**(360,074)**	(1,495)
			3,138,491	1,319,460
	Deferred	10.1	**1,277,062**	316,881
			4,415,553	1,636,341
	Accounting profit for the year		**11,528,093**	5,107,692
	Applicable tax rate (%)		**29%**	29%
	Income tax at applicable rate		**3,343,147**	1,481,231
	Tax effect of income taxable at lower rates		**(196,871)**	(111,537)
	Super tax		**1,096,607**	-
	Impact of change in tax rate for future years when temporary differences settled		**585,843**	-
	Tax effect of change in proportion of export sales to local sales		**(55,429)**	252,552
	Prior year adjustment		**(360,074)**	(1,495)
	Other		**2,330**	15,590
			4,415,553	1,636,341

39.1 Tax assessments up to and including tax year 2021 have been finalized. However, the tax authorities are empowered to reopen these assessments within five years from the end of the financial year in which the returns were filed.

39.2 For tax related contingencies refer note 16.1.

		2022	2021
40	**EARNINGS PER SHARE (BASIC AND DILUTED)**		
	Profit after tax (Rs. '000)	**7,112,540**	3,471,351
	Profit attributable to ordinary shareholders (Rs. '000)	**7,112,540**	3,471,351
	Weighted average number of ordinary shares (Numbers '000)	**2,180,309**	1,379,815
	Earnings per share - basic (Rupees)	**3.26**	2.52

40.1 There is no dilution effect on earnings per share of the Company.

41 **CASH AND CASH EQUIVALENTS**

Cash, cash equivalents and short-term borrowings (used for cash management purposes) include the following for the purposes of statement of cash flows.

	Note	2022 Rupees'000	2021 Rupees'000
Cash and bank balances	30	**2,306,633**	900,778
Short term borrowings - secured	15	**(3,218,249)**	(1,616,787)
		(911,616)	(716,009)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2022	2021	**2022**	2021
	Rupees'000			
Managerial remuneration	**29,162**	13,212	**582,389**	253,541
Bonus	**14,899**	3,456	**285,968**	114,335
Provident fund	**1,836**	804	**33,613**	14,612
Compensated absences	**1,202**	611	**23,605**	9,522
Utilities and upkeep	**1,836**	804	**86,801**	37,439
	48,935	18,887	**1,012,376**	429,449
Number of persons	**1**	1	**176**	77

42.1 Chief Executive, key management personnel and certain executives are provided with Company maintained cars.

42.2 Meeting fee of non-executive directors charged during the year was Rs. 7.1 million (2021: Rs. 4.9 million). Number of non-executive directors at year end were 7 (2021: 9).

42.3 Number of persons include those who worked part of the year.

43 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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

On-balance sheet financial instruments	Note	Carrying amount			Fair value			
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
30 June 2022					Rupees '000			
Financial assets not measured at fair value								
Trade debts - net of impairment loss	24	2,412,758	-	2,412,758	-	-	-	-
Other receivables	28	175,443	-	175,443	-	-	-	-
Short term investments	29	250,000	-	250,000	-	-	-	-
Cash and bank balances	30	2,306,633	-	2,306,633	-	-	-	-
		5,144,834	-	5,144,834	-	-	-	-
Financial assets measured at fair value								
Long term deposits	20	-	126,274	126,274	-	-	126,274	126,274
Trade deposits	27	-	14,925	14,925	-	-	14,925	14,925
Short term investments	29	-	3,593,010	3,593,010	3,593,010	-	-	3,593,010
		-	3,734,209	3,734,209	3,593,010	-	141,199	3,734,209
Financial liabilities not measured at fair value								
Long term loans (including current portion)	6	22,541,084	-	22,541,084	-	-	-	-
Lease liability (including current portion)	8	158,297	-	158,297	-	-	-	-
Loan from Parent - unsecured	11	7,387,000	-	7,387,000	-	-	-	-
Creditors	12	2,683,210	-	2,683,210	-	-	-	-
Retention money	12	2,549,004	-	2,549,004	-	-	-	-
Other liabilities	12	496,912	-	496,912	-	-	-	-
Payable to employees' provident fund trust		15,875	-	15,875				
Accrued liabilities		4,321,163	-	4,321,163	-	-	-	-
Security deposits payable	13	461,712	-	461,712	-	-	-	-
Unclaimed dividend		37,157	-	37,157	-	-	-	-
Short term borrowings - secured	15	3,218,249	-	3,218,249	-	-	-	-
		43,869,663	-	43,869,663	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

On-balance sheet financial instruments	Note	Carrying amount			Fair value			
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
					Rupees '000			
30 June 2021								
Financial assets not measured at fair value								
Trade debts - net of impairment loss	24	1,449,600	-	1,449,600	-	-	-	-
Other receivables	28	88,890	-	88,890	-	-	-	-
Cash and bank balances	30	900,778	-	900,778	-	-	-	-
		2,439,268	-	2,439,268	-	-	-	-
Financial assets measured at fair value								
Long term deposits	20	-	86,601	86,601	-	-	86,601	86,601
Trade deposits	27	-	19,335	19,335	-	-	19,335	19,335
Short term investments	29	-	4,397,699	4,397,699	4,397,699	-	-	4,397,699
		-	4,503,635	4,503,635	4,397,699	-	105,936	4,503,635
Financial liabilities not measured at fair value								
Long term loans (including current portion)	6	853,023	-	853,023	-	-	-	-
Lease liability (including current portion)	8	98,279	-	98,279	-	-	-	-
Creditors	12	863,038	-	863,038	-	-	-	-
Retention money	12	32,691	-	32,691	-	-	-	-
Other liabilities	12	173,682	-	173,682	-	-	-	-
Payable to employees' provident fund trust		10,714	-	10,714				
Accrued liabilities		1,554,895	-	1,554,895	-	-	-	-
Security deposits payable	13	260,652	-	260,652	-	-	-	-
Unclaimed dividend		38,479	-	38,479	-	-	-	-
Short term borrowings - secured	15	1,616,787	-	1,616,787	-	-	-	-
		5,502,240	-	5,502,240	-	-	-	-

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

43.3 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.

43.4 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, deposits, other receivables, margin on letter of guarantee, short tern investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

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

Trade debts and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customers/dealers. The Company has established a credit policy under which each new customer is analyzed 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.

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:

	2022	2021
	(Rupees' 000)	
From government institutions	126,274	86,601
Banks and financial institutions	5,899,072	5,298,267
Others	2,603,126	1,557,825
	8,628,472	6,942,693

Credit quality of financial assets

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 VIS Credit Rating Company Limited (formerly JCR - VIS Credit Rating Company Limited). 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 their obligations.

Trade debts	**2022**	2021
	Rupees' 000	
Counterparties without external credit ratings with no default in the past	2,412,758	1,449,600

Impairment loss

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross	**Impairment**	Gross	Impairment
	Rupees' 000		Rupees' 000	
Past due 1-30 days	**1,576,999**	**-**	993,145	-
Past due 31-60 days	**384,219**	**-**	314,947	-
Past due 61-90 days	**258,126**	**-**	136,303	-
Over 90 days	**196,695**	**3,281**	8,485	3,281
	2,416,039	**3,281**	1,452,880	3,281

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

	2022	2021
	Rupees '000	
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 company has no material expected credit loss under IFRS 9 'Financial Instruments' on trade debts at the year end.

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 which point the amount considered irrecoverable is written off against the financial asset directly.

Cash at Bank

The Company held cash at bank of Rs. 2,306 million at 30 June 2022 (2021: Rs. 901 million). Cash at bank is held with banks and financial institution, which are rated AA+ to A.

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		Rupees '000	
Long term deposits	20	126,274	86,601
Trade debts - net of provision	24	2,412,758	1,449,600
Trade deposits	27	14,925	19,335
Other receivables	28	175,443	88,890
Short term investments	29	3,593,010	4,397,699
Bank balances	30	2,306,062	900,568
		8,628,472	6,942,693

Geographically there is no concentration of credit risk.

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

The Company's most significant customer is an end user from whom Rs. 796 million (2021: Rs. 504 million) was outstanding and which is included in total carrying amount of trade debtors as at 30 June 2022.

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

	2022	2021
	Rupees' 000	
Long term deposits		
Counterparties with external credit ratings of AA-	25,011	25,011
Counterparties without external credit ratings	101,263	61,590
Trade deposits		
Counterparties without external credit ratings	14,925	19,335
Other receivables		
Counterparties with external credit ratings of A-	453	497
Counterparties without external credit ratings	174,990	88,393
Short term investments		
Counterparties with external credit ratings from AA+ to AA	3,593,010	4,397,699
Bank balances		
Counterparties with external credit ratings from AA+ to A	2,306,062	900,568

43.5 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 optimizing 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 letters of credit as mentioned in note 16.2 to the financial statements.

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

	Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five years	Five years onwards
2022			Rupees '000			
Long term loans (including current portion)	**22,541,084**	**34,069,796**	**4,652,665**	**5,129,677**	**13,341,735**	**10,945,719**
Lease liability (including current portion)	**158,297**	**172,809**	**76,421**	**60,835**	**25,605**	**9,948**
Loan from Parent - unsecured	**7,387,000**	**7,387,000**	**7,387,000**	-	-	-
Trade and other payables	**5,729,126**	**5,729,126**	**5,729,126**	-	-	-
Accrued liabilities	**4,321,163**	**4,321,163**	**4,321,163**	-	-	-
Security deposits payable	**461,712**	**461,712**	**461,712**	-	-	-
Payable to employees' provident fund trust	**15,875**	**15,875**	**15,875**	-	-	-
Unclaimed dividend	**37,157**	**37,157**	**37,157**	-	-	-
Short term borrowings - secured	**3,218,249**	**3,218,249**	**3,218,249**	-	-	-
	43,869,663	**55,425,266**	**25,899,368**	**5,190,512**	**13,379,719**	**10,955,667**
2021						
Long term loans (including current portion)	853,023	916,541	370,309	249,966	296,266	-
Lease Liability (including current portion)	98,279	117,894	34,386	47,028	36,480	-
Trade and other payables	1,069,411	1,069,411	1,069,411	-	-	-
Accrued liabilities	1,554,895	1,554,895	1,554,895	-	-	-
Security deposits payable	260,652	260,652	260,652	-	-	-
Payable to employees' provident fund trust	10,714	10,714	10,714	-	-	-
Unclaimed dividend	38,479	38,479	38,479	-	-	-
Short term borrowings - secured	1,616,787	1,616,787	1,616,787	-	-	-
	5,502,240	5,585,373	4,955,633	296,994	332,746	-

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

43.5.1 The contractual cash flows relating to long term borrowings have been determined on the basis of expected mark-up rates. The mark-up rates have been disclosed in note 6 to these financial statements.

43.6 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 instruments' supply and demand of securities and liquidity in the market. The Company is exposed to currency risk, interest rates risks and price risks.

43.6.1 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.

Transactional exposure in respect of non functional currency monetary items

Financial assets and liabilities which are 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 statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

The following significant exchange rate applied during the year:

	2022	2021	**2022**	2021
	Average rates		**Balance sheet date rate**	
US Dollars	**181.08**	162.83	**204.60**	157.55
Euro	**200.72**	188.125	**214.09**	187.34

Transactional exposure in respect of non functional currency expenditures 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.

Sensitivity

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

	2022		2021	
	Profit or loss		Profit or loss	
	Gross exposure	**Net of tax exposure**	Gross exposure	Net of tax exposure
	Rupees '000			
Trade and other payables	**51,174**	**36,333**	-	-

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

43.6.2 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 date of statement of financial position, the interest rate profile of the Company's interest bearing financial instruments is:

	Effective interest rates		Carrying Amount (Rupees '000)	
	2022	2021	**2022**	2021
Fixed rate instruments				
Financial assets	**6.3% - 15%**	2.6% - 6.9%	**2,154,278**	703,772
Financial liabilities	**0.35%- 5.50%**	0.35%- 4.25%	**13,024,801**	1,620,551
Variable rate instruments				
Financial assets	**6 month KIBOR +2.25%**	-	**250,000**	-
Financial liabilities	**1 month KIBOR to 6 month KIBOR +0.25% to 1.55%**	1 month KIBOR & 3 month KIBOR +0.25% to 0.75%	**14,865,337**	866,787

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit or loss.

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 2021.

	Profit or loss	
	100 basis points increase	**100 basis points decrease**
	Rupees '000	
Cash flow sensitivity (net)		
Variable rate instruments	**(21,549)**	**21,549**
30 June 2022	**(21,549)**	**21,549**
Variable rate instruments	(1,412)	1,412
30 June 2021	(1,412)	1,412

43.6.3 Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis-price risk

For investments classified as fair value through profit or loss (held for trading), a 1% increase in market price at reporting date would have increased profits by Rs. 35,930 thousand (2021: Rs. 43,977 thousand) an equal change in opposite direction would have decreased the profit by the same amount.

43.7 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves amounting to Rs. 21,803 millions (2021: Rs. 13,798 millions) and Rs. 36,041 million (2021: Rs. 9,477 million), respectively, by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

44 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, staff retirement funds and key management personnel.

Related party	Basis of relationship	Percentage of shareholding %
Fauji Foundation	Shareholder	61.65
Fauji Fertilizer Company Limited	Shareholder / Common directorship	4.30
Fauji Oil Terminal and Distribution Company Limited	Shareholder / Common directorship	0.86
Askari Bank Limited	Common directorship	Nil
Foundation Solar Energy (Pvt) Limited	Common directorship	Nil
Mari Petroleum Company Limited	Common directorship	Nil
Employees' provident fund trust	Provident fund trust	Nil

Balances and transactions with related parties are disclosed in note 7.2, 11 and 42 to the financial statements. Transactions and balances with related parties other than those disclosed elsewhere in these financial statements are as follows:

Transactions and balances with related parties	**2022 Rupees'000**	2021 Rupees'000
Fauji Foundation		
- Sale of cement	**80,325**	-
- Payable against sale of cement	**1,965**	-
- Receipt of loan	**6,543,000**	-
- Payment for use of medical facilities	**4,126**	2,272
- Payable for use of medical facilities	**9**	326
- Payment of rent and utilities	**37,829**	50,529
- Payable against office rent and utilities	**1,915**	-
- Donation paid through Fauji Foundation	**12,340**	7,580
- Consultancy charges paid through Fauji Foundation	**-**	10,547
- Payable against cost charged	**33,119**	15,224
- Payment against cost charged	**154,374**	59,776
- Payable against letter of support fee	**31,788**	-
- Payment against letter of support fee	**120,863**	-
Foundation Solar Energy (Pvt) Limited		
- Payment against supply of solar equipment and services	**1,020,674**	240,881
- Payable against supply of solar equipment	**83,429**	-
- Payment against issue of shares	**50,000**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Transactions and balances with related parties	2022 Rupees'000	2021 Rupees'000
Mari Petroleum Company Limited		
- Purchase of crude oil	-	177,967
- Payment against supply of crude oil	106,628	71,841
- Payable against supply of crude oil	-	106,126
Askari Bank Limited		
- Balance in bank accounts	136,929	204,732
- Loan payable	745,000	-
- Export re-finance payable	700,000	-
- Bank charges	6,145	-
- Interest paid on export re-finance	16,165	-
- Interest paid on loans	70,674	-
- Profit received on deposit accounts	14,696	451
Employees Funds		
- Payments made into the fund	128,546	58,389
Others		
- Remuneration to key management personnel (other than Chief Executive)	144,343	63,929

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

45 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities				Equity		Total
	Short term borrowings used for cash management purposes	Lease liability	Long term loan	Loan from the parent	Share capital	Unappropriated profits	
	Rupees'000						
Balance at 01 July 2021	1,616,787	98,279	853,023	-	13,798,150	10,841,906	27,208,145
Lease liability on right of use asset	-	-	-		-	-	-
Acquired through business combination	-	203,142	9,840,332	844,000	-	-	10,887,474
Changes from financing cash flows							-
Disbursements from new long term loans	-	-	17,059,404	6,543,000	-	-	23,602,404
Repayment of loan	-	-	(3,098,399)	-	-	-	(3,098,399)
Finance cost paid for the year	-	-	(985,172)	-	-	-	(985,172)
Lease payments	-	(171,588)	-	-	-	-	(171,588)
Deferred grant	-	-	(2,458,745)	-	-	-	(2,458,745)
Dividend paid	-	-	-		-	(1,322)	(1,322)
Total changes from financing cash flows	-	(171,588)	10,517,088	6,543,000	-	(1,322)	16,887,178
Other changes							
Liability related							
Net decrease in short term borrowings	1,601,462	-	-	-	-	-	1,601,462
Finance cost expense for the year	-	28,465	1,330,641	-	-	-	1,359,106
Total liability related other changes	1,601,462	28,465	1,330,641	-	-	-	2,960,568
Equity related							
Total comprehensive income for the year	-	-	-	-	-	7,112,540	7,112,540
Change in unclaimed dividend	-	-	-	-	-	1,322	1,322
Total equity related other changes	-	-	-	-	-	7,113,862	7,113,862
Balance at 30 June 2022	3,218,249	158,298	22,541,084	7,387,000	13,798,150	17,954,446	54,169,753

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities			Equity		Total
	Short term borrowings used for cash management purposes	**Lease liability**	**Long term loan**	**Share capital**	**Unappropriated profits**	
			Rupees'000			
Balance at 01 July 2020	1,869,167	81,393	751,239	13,798,150	7,370,555	23,870,504
Lease liability on right of use asset	-	54,531	-	-	-	54,531
Changes from financing cash flows						
Disbursements from new long term loans	-	-	625,610	-	-	625,610
Repayment of loan	-	-	(484,237)	-	-	(484,237)
Finance cost paid for the year	-	-	(94,843)	-	-	(94,843)
Lease payments	-	(50,413)	-	-	-	(50,413)
Dividend paid	-	-	-	-	(1,572)	(1,572)
Total changes from financing cash flows	-	(50,413)	46,530	-	(1,572)	(5,455)
Other changes						
Liability related						
Net increase in short term borrowings	(276,470)	-	-	-	-	(276,470)
Finance cost expense for the year	24,090	12,768	55,254	-	-	92,112
Total liability related other changes	(252,380)	12,768	55,254	-	-	(184,358)
Equity related						
Total comprehensive income for the year	-	-	-	-	3,471,351	3,471,351
Change in unclaimed dividend	-	-	-	-	1,572	1,572
Total equity related other changes	-	-	-	-	3,472,923	3,472,923
Balance at 30 June 2021	1,616,787	98,279	853,023	13,798,150	10,841,906	27,208,145

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

46	PLANT CAPACITY AND ACTUAL PRODUCTION - CEMENT	2022 Metric Tons	2021 Metric Tons
	Current installed capacity	**6,363,000**	3,559,500
	Actual production	**5,657,076**	3,483,466

Difference is due to demand supply situation of the market.

47 EMPLOYEES PROVIDENT FUND TRUST

All the investments out of aforementioned provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

48 AMALGAMATION OF ASKARI CEMENT LIMITED WITH AND INTO THE COMPANY

Consequent to amalgamation of Askari Cement Limited ("ACL") with and into the Company with effect from 01 July 2021, Company assumed the management control of ACL from effective date with acquisition of whole share capital of ACL. During the year, ACL contributed Rs. 22,079 million in the Company's revenues and Rs. 3,268 million in profit before tax.

48.1 Fair value of consideration transferred

	Note	Amount Rupees'000
Ordinary shares of the Company issued to ACL shareholder (Nos.000)		**800,494**
Fair value per share (Rs.)	48.1.1	**34.16**
Fair value of consideration transferred (Rs.000)		**27,347,845**

48.1.1 Following three methods are used for valuation of the Company:

a) **Discounted cashflow method (DCF)**
DCF method involves computation of present value of free cashflow stream after taking and then discounting these at a rate of return reflecting both time value of money as well as investment specific risks.

b) **Market approach**
The market approach capitalizes the future earnings of an enterprise at an appropriate multiple, which reflects the purchaser's required rate of return, risks inherent in the business, future growth possibilities etc.

c) **Cost approach**
Under this approach the valuation is determined by adjusting the carrying values of all assets and liabilities on the balance sheet date to reflect the fair values.
Average of above three methods is used for calculating fair value per share at acquisition date.

48.2 Acquisition related costs

The Company incurred acquisition related costs amounting to Rs.73,838 thousand. These are included in administrative expenses.

48.3 Identifiable assets acquired and liabilities assumed

For the purpose of acquisition accounting, fair values of acquired net assets of ACL were measured provisionally at the date of acquisition. During the year, the Company carried out an exercise to firm up the fair values of net assets acquired, including identification of certain intangible assets, to complete the acquisition accounting within a period of twelve months from the date of acquisition in accordance with IFRS 03 "Business Combinations".

Recognized amounts of assets acquired and liabilities assumed as on acquisition date are as under:

	Amount Rupees'000
Property, plant and equipment	**26,891,336**
Brand	**2,700,000**
Customers relationship	**1,987,000**
Right of use assets	**203,142**
Stores, spares and loose tools	**2,103,255**
Stock in trade	**1,697,832**
Trade debts	**401,958**
Advances, deposits and prepayments	**102,049**
Other receivables	**193,694**
Short term investments	**1,014,854**
Advance tax - net	**1,220,036**
Cash and bank balances	**219,904**
Loan from Parent - unsecured	**(844,000)**
Long term loans - secured	**(9,840,333)**
Lease liability	**(203,142)**
Deferred tax liability - net	**(2,195,663)**
Employee benefits	**(143,967)**
Trade and other payables	**(3,437,272)**
Short term borrowings - secured	**(1,264,294)**
Total identifiable net assets acquired	**20,806,389**

48.3.1 Measurement of fair values of assets and liabilities

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset acquired	Valuation technique
Property, plant and equipment	*Market comparison and cost techniques:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the intangibles in the form of operational benefit and brands acquired, by excluding any cash flows related to contributory assets. *Relief from royalty method:* The relief from royalty approach is based on the concept that if a company owns a specific intangible asset, e.g. a trademark or technology, it does not have to “rent” one and is therefore “relieved” from paying a royalty.

Asset acquired	**Valuation technique**
Stores, spares and loose tools	Fair value assessment of these assets has been carried out to capture inflationary (or deflationary) adjustments considering their utilization, obsolescence and remaining lives.
Stock in trade	*Market comparison techniques:* The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on efforts required to complete and sell the inventories.
Liabilities assumed	Except for deferred tax liabilities and lease liabilities, all other liabilities are measued using 'Discounted cash flows' - The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. Deferred tax liabilities arising from the assets acquired and liabilities assumed in the acquisition of ACL have been recognised in accordance with IAS 12 'Income Taxes'. The Company has accounted for the potential tax effects of temporary differences and carryforwards of ACL that exist at the acquisition date or arose as a result of the acquisition in accordance with IAS 12.
Right of use assets and lease liabilities	Right of use assets and lease liabilities for leases identified in accordance with IFRS 16 in which ACL was the lessee are measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease were a new lease at the acquisition date.

48.3.2 Recognized amounts of receivables represent the contractual cashflows of receivables and it is expected that the whole contractual cashflows will be recovered in due course of time.

48.4 Goodwill

Goodwill arising from the acquisition has been recognized as under:

	Amount Rupees'000
Consideration transferred	**27,347,845**
Fair value of identifiable net assets	**(20,806,389)**
Goodwill	**6,541,456**

Goodwill recognised on the acquisition relates to the expected growth, cost synergies and the value of ACL's workforce which cannot be separately recognised as an intangible asset. The recognized goodwill is deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

49 GENERAL

49.1 Facilities against letters of guarantee and letters of credit

This includes the Letter of Guarantee and Letter of Credit facilities extended to the Company by various banks to the extent of Rs. 661 million and Rs. 47,458 million (2021: Rs. 316 million and Rs. 24,300 million) respectively. The letter of Guarantees are secured against first pari passu hypothecation charge over present and future assets of the Company (excluding land and building) and lien over bank deposits.

49.2 Number of persons employed	2022 Numbers	2021 Numbers
Total employees of the Company at year end	2,226	1,113
Average employees of the Company during the year	2,034	1,166

49.3 Subsequent event

The Board of Directors of the Company in their meeting held on 20 September 2022 proposed bonus shares of 12.5% (i.e 12.5 ordinary shares for every 100 ordinary shares held by shareholders of the Company). These financial statements do not reflect the proposed final dividend on ordinary shares as payable, which will be accounted for in the statement of changes in equity as an appropriation from unappropriated profit in the year ending 30 June 2023.

49.4 Comparative figures

In accordance with the requirements of applicable IFRSs, comparative figures for financial year 2021 is not revised and represent the pre acquisition assets, liabilities and results of the Company.

49.5 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 20 September 2022.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS

Disclosure	Reference
Fair value of Property, Plant and Equipment.	NA
Segment analysis of segment revenue, segment results and profit before tax.	NA There are no multiple operating segments
Reconciliation of weighted average number of shares for calculating EPS and diluted EPS.	NA The Company has only ordinary shares and has not issued share capital during the year
Particulars of significant/ material assets and immovable property including location and area of land.	Note-17
Disclosure of product wise data mentioning, product revenue, profit etc.	NA
Disclosure of discounts on revenue.	NA
Sector wise analysis of deposits and advances.	NA
Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations.	NA
Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP.	NA
Summary of significant transactions and events that have affected the company's financial position and performance during the year.	Note 1.2 & 1.3
Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	NA The Company follows historical cost model
Distribution of shareholders (Number of shares as well as category wise, e.g. Promoter, Directors/ Executives or close family member of Directors/Executives etc.).	Given in Category of Shareholders
Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding	Given in Category of Shareholders
Particulars where company has given loans or advances or has made investments in foreign companies or undertakings.	NA No such loans and investments
Accounts Receivable in respect of Export Sales - Name of company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties.	NA No such receivables
Treasury shares in respect of issued share capital of a company.	NA No treasury shares issued by the Company
In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought.	Note 16

NA represents "Not Applicable to the Company."

SHAREHOLDERS' INFORMATION

FOR THE YEAR ENDED 30 JUNE 2022

PATTERN OF SHAREHOLDING

1.1 Name of the Company FAUJI CEMENT COMPANY LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at 30-06-2022

	------Shareholding------		
No. of Shareholders	From	To	Total Shares Held
458	1	100	16,287
1856	101	500	874,389
2035	501	1,000	1,997,598
3795	1,001	5,000	11,392,369
1411	5,001	10,000	11,663,762
558	10,001	15,000	7,337,617
424	15,001	20,000	7,999,644
325	20,001	25,000	7,696,684
193	25,001	30,000	5,525,835
115	30,001	35,000	3,813,691
137	35,001	40,000	5,301,663
72	40,001	45,000	3,118,145
163	45,001	50,000	8,069,460
61	50,001	55,000	3,236,254
63	55,001	60,000	3,713,500
42	60,001	65,000	2,669,822
36	65,001	70,000	2,474,450
27	70,001	75,000	1,995,764
41	75,001	80,000	3,237,885
21	80,001	85,000	1,755,500
22	85,001	90,000	1,950,500
15	90,001	95,000	1,401,310
128	95,001	100,000	12,772,245
15	100,001	105,000	1,536,000
12	105,001	110,000	1,295,000
7	110,001	115,000	799,646
13	115,001	120,000	1,542,000
32	120,001	125,000	3,951,373
13	125,001	130,000	1,663,671
6	130,001	135,000	802,000
4	135,001	140,000	559,500
8	140,001	145,000	1,141,000
32	145,001	150,000	4,793,000
4	150,001	155,000	613,000
9	155,001	160,000	1,418,167
11	160,001	165,000	1,799,490
6	165,001	170,000	1,020,000

PATTERN OF SHAREHOLDING

	------Shareholding------		
No. of Shareholders	From	To	Total Shares Held
8	170,001	175,000	1,388,500
11	175,001	180,000	1,959,500
5	180,001	185,000	915,000
3	185,001	190,000	568,300
2	190,001	195,000	383,000
38	195,001	200,000	7,586,500
6	200,001	205,000	1,224,500
4	205,001	210,000	830,791
4	210,001	215,000	860,000
4	215,001	220,000	876,600
9	220,001	225,000	2,019,146
3	225,001	230,000	686,500
4	230,001	235,000	932,000
2	235,001	240,000	478,000
3	240,001	245,000	735,000
12	245,001	250,000	3,000,000
3	250,001	255,000	759,500
3	255,001	260,000	776,000
4	260,001	265,000	1,050,000
3	265,001	270,000	802,999
4	270,001	275,000	1,098,500
4	275,001	280,000	1,112,500
1	280,001	285,000	284,500
2	285,001	290,000	576,500
2	290,001	295,000	590,000
10	295,001	300,000	2,993,237
2	300,001	305,000	607,500
1	305,001	310,000	306,045
2	310,001	315,000	629,000
2	315,001	320,000	633,200
4	320,001	325,000	1,300,000
2	325,001	330,000	655,100
1	335,001	340,000	340,000
13	345,001	350,000	4,538,850
3	355,001	360,000	1,072,000
1	360,001	365,000	360,500
3	370,001	375,000	1,120,626
2	375,001	380,000	758,500
1	380,001	385,000	380,500
1	390,001	395,000	391,000

	------Shareholding------		
No. of Shareholders	From	To	Total Shares Held
14	395,001	400,000	5,598,000
1	400,001	405,000	404,000
2	405,001	410,000	818,000
2	410,001	415,000	823,111
5	420,001	425,000	2,117,500
1	425,001	430,000	430,000
2	445,001	450,000	900,000
2	455,001	460,000	918,000
1	460,001	465,000	462,000
1	465,001	470,000	469,500
2	475,001	480,000	955,500
2	480,001	485,000	966,000
13	495,001	500,000	6,500,000
1	505,001	510,000	506,000
1	515,001	520,000	518,500
2	520,001	525,000	1,046,000
2	525,001	530,000	1,060,000
1	535,001	540,000	535,500
1	545,001	550,000	550,000
1	550,001	555,000	552,000
2	560,001	565,000	1,124,500
1	565,001	570,000	568,000
1	570,001	575,000	575,000
2	575,001	580,000	1,155,500
3	585,001	590,000	1,765,000
1	590,001	595,000	590,500
6	595,001	600,000	3,600,000
1	600,001	605,000	603,500
1	605,001	610,000	607,500
1	615,001	620,000	620,000
1	620,001	625,000	622,000
1	625,001	630,000	627,440
2	630,001	635,000	1,267,000
1	655,001	660,000	660,000
1	665,001	670,000	666,500
1	675,001	680,000	676,000
1	685,001	690,000	686,500
2	695,001	700,000	1,400,000
1	700,001	705,000	705,000
2	705,001	710,000	1,414,500

PATTERN OF SHAREHOLDING

	------Shareholding------		
No. of Shareholders	From	To	Total Shares Held
1	710,001	715,000	711,000
1	720,001	725,000	721,500
1	735,001	740,000	735,500
1	740,001	745,000	745,000
3	745,001	750,000	2,240,376
1	750,001	755,000	755,000
2	755,001	760,000	1,516,000
1	765,001	770,000	769,500
1	790,001	795,000	791,000
4	795,001	800,000	3,200,000
1	800,001	805,000	805,000
2	805,001	810,000	1,618,500
1	810,001	815,000	812,000
1	840,001	845,000	843,500
1	845,001	850,000	849,500
1	855,001	860,000	857,500
1	880,001	885,000	883,500
3	895,001	900,000	2,700,000
2	900,001	905,000	1,805,100
1	915,001	920,000	920,000
1	945,001	950,000	949,683
1	950,001	955,000	954,100
9	995,001	1,000,000	9,000,000
1	1,010,001	1,015,000	1,015,000
1	1,020,001	1,025,000	1,022,000
1	1,025,001	1,030,000	1,027,500
1	1,040,001	1,045,000	1,041,000
2	1,045,001	1,050,000	2,100,000
1	1,070,001	1,075,000	1,074,000
1	1,095,001	1,100,000	1,100,000
1	1,110,001	1,115,000	1,111,300
1	1,135,001	1,140,000	1,140,000
3	1,145,001	1,150,000	3,450,000
1	1,160,001	1,165,000	1,164,000
2	1,210,001	1,215,000	2,428,000
1	1,220,001	1,225,000	1,220,500
2	1,235,001	1,240,000	2,476,000
2	1,245,001	1,250,000	2,500,000
4	1,295,001	1,300,000	5,200,000
1	1,345,001	1,350,000	1,350,000

	------Shareholding------		
No. of Shareholders	From	To	Total Shares Held
1	1,395,001	1,400,000	1,400,000
1	1,405,001	1,410,000	1,409,500
1	1,465,001	1,470,000	1,470,000
2	1,495,001	1,500,000	3,000,000
1	1,515,001	1,520,000	1,519,750
1	1,595,001	1,600,000	1,600,000
1	1,620,001	1,625,000	1,625,000
1	1,645,001	1,650,000	1,650,000
1	1,745,001	1,750,000	1,750,000
1	1,755,001	1,760,000	1,758,000
1	1,795,001	1,800,000	1,800,000
1	1,825,001	1,830,000	1,826,000
1	1,875,001	1,880,000	1,877,000
1	1,925,001	1,930,000	1,927,000
1	1,995,001	2,000,000	2,000,000
2	2,050,001	2,055,000	4,104,000
1	2,170,001	2,175,000	2,175,000
1	2,295,001	2,300,000	2,300,000
1	2,470,001	2,475,000	2,470,875
1	2,495,001	2,500,000	2,500,000
1	2,650,001	2,655,000	2,651,000
1	2,665,001	2,670,000	2,666,499
1	2,795,001	2,800,000	2,800,000
1	2,810,001	2,815,000	2,812,002
1	2,890,001	2,895,000	2,895,000
1	2,895,001	2,900,000	2,900,000
1	2,970,001	2,975,000	2,973,000
1	3,050,001	3,055,000	3,050,500
1	3,205,001	3,210,000	3,209,000
1	3,275,001	3,280,000	3,280,000
1	3,295,001	3,300,000	3,300,000
1	3,580,001	3,585,000	3,581,000
1	3,650,001	3,655,000	3,651,867
1	3,735,001	3,740,000	3,738,000
1	3,780,001	3,785,000	3,783,500
1	3,990,001	3,995,000	3,992,500
1	4,005,001	4,010,000	4,010,000
1	4,025,001	4,030,000	4,029,352
2	4,095,001	4,100,000	8,196,000
1	4,810,001	4,815,000	4,812,000

PATTERN OF SHAREHOLDING

	------Shareholding------		
No. of Shareholders	From	To	Total Shares Held
1	4,995,001	5,000,000	5,000,000
1	5,320,001	5,325,000	5,322,500
1	5,555,001	5,560,000	5,557,500
1	5,825,001	5,830,000	5,828,000
1	5,850,001	5,855,000	5,853,000
1	6,140,001	6,145,000	6,142,500
1	6,415,001	6,420,000	6,417,000
1	6,485,001	6,490,000	6,485,500
1	6,625,001	6,630,000	6,626,500
1	6,995,001	7,000,000	7,000,000
1	7,500,001	7,505,000	7,501,500
1	8,615,001	8,620,000	8,617,000
1	8,995,001	9,000,000	9,000,000
1	9,150,001	9,155,000	9,152,000
1	9,785,001	9,790,000	9,790,000
1	10,745,001	10,750,000	10,749,000
1	15,060,001	15,065,000	15,063,000
1	15,330,001	15,335,000	15,331,500
1	18,745,001	18,750,000	18,750,000
1	19,870,001	19,875,000	19,873,000
1	21,730,001	21,735,000	21,734,250
1	22,385,001	22,390,000	22,385,463
1	30,730,001	30,735,000	30,730,500
1	34,130,001	34,135,000	34,131,500
1	44,685,001	44,690,000	44,685,500
1	93,745,001	93,750,000	93,750,000
1	494,950,001	494,955,000	494,951,055
1	849,190,001	849,195,000	849,192,802
12,589			**2,180,308,640**

CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG)

AS ON JUNE 30, 2022

Sr. No.	Name	No. of Shares Held	%
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	COMMITTEE OF ADMIN. FAUJI FOUNDATION (CDC)	494,951,055	22.7010
2	FAUJI FOUNDATION	849,192,802	38.9483
3	FAUJI OIL TERMINAL & DISTRIBUTION	18,750,000	0.8600
4	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000	4.2998
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE AKD INDEX TRAKER FUND (CDC)	188,300	0.0086
2	CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND (CDC)	270,000	0.0124
3	CDC - TRUSTEE AL HABIB STOCK FUND (CDC)	70,000	0.0032
4	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	126,500	0.0058
5	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	900,000	0.0413
6	CDC - TRUSTEE APF-EQUITY SUB FUND (CDC)	485,000	0.0222
7	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	857,500	0.0393
8	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND (CDC)	883,500	0.0405
9	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	6,142,500	0.2817
10	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	10,749,000	0.4930
11	CDC - TRUSTEE AWT ISLAMIC STOCK FUND (CDC)	160,000	0.0073
12	CDC - TRUSTEE FAYSAL MTS FUND - MT (CDC)	458,000	0.0210
13	CDC - TRUSTEE HBL INCOME FUND - MT (CDC)	2,500	0.0001
14	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	2,470,875	0.1133
15	CDC - TRUSTEE LAKSON EQUITY FUND (CDC)	1,220,500	0.0560
16	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND (CDC)	36,500	0.0017
17	CDC - TRUSTEE LAKSON TACTICAL FUND (CDC)	88,500	0.0041
18	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	2,973,000	0.1364
19	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	34,131,500	1.5654
20	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	245,000	0.0112
21	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	5,322,500	0.2441
22	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	200,000	0.0092
23	CDC - TRUSTEE NBP BALANCED FUND (CDC)	479,500	0.0220
24	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	260,500	0.0119
25	CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND (CDC)	198,500	0.0091
26	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND (CDC)	1,927,000	0.0884
27	CDC - TRUSTEE NBP ISLAMIC STOCK FUND (CDC)	3,581,000	0.1642
28	CDC - TRUSTEE NBP SARMAYA IZAFA FUND (CDC)	709,000	0.0325
29	CDC - TRUSTEE NBP STOCK FUND (CDC)	6,417,000	0.2943
30	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND (CDC)	1,240,000	0.0569
31	CDC - TRUSTEE MEEZAN DEDICATED EQUITY FUND (CDC)	230,000	0.0105
32	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	5,557,500	0.2549

CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG)

AS ON JUNE 30, 2022

Sr. No.	Name	No. of Shares Held	%
33	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND (CDC)	20,000	0.0009
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MAJ GEN NASEER ALI KHAN (RETD)	1	0.0000
2	MR. WAQAR AHMED MALIK	1	0.0000
3	MR. QAMAR HARIS MANZOOR (CDC)	9,000	0.0004
4	DR. NADEEM INYAT	1	0.0000
5	MR. SAMI UL HAQ KHILJI	1	0.0000
6	SYED BAKHTIYAR KAZMI	1	0.0000
7	MS. NAILA KASSIM	1	0.0000
8	MR. TARIQ AHMAD KHAN (CDC)	2,000	0.0001
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		137,647,434	6.3132%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	COMMITTEE OF ADMIN. FAUJI FOUNDATION	1,344,143,857	61.6492

FINANCIAL CALENDAR – 2022/2023

The Company's Financial Year start from 1st July and end at 30th Jun each year. Tentative schedule for announcement of financial results in 2022/2023 is as under:-

a.	Annual General Meeting	-	21st October 2022
b.	1st Quarter ending 30th September 2022	-	3rd week of Oct 2022
c.	2nd Quarter ending 30th December 2022	-	Last week of Feb 2023
d.	3rd Quarter ending 31st March 2023	-	Last week of Apr 2023
e.	Annual Accounts year ending 30th June 2023	-	Last week of August 2023

CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2022

Ser	Categories of Shareholders	No of shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor childern	8	11,006	0.0005%
2	Associated Companies, undertakings and related parties. (Parent Company)	4	1,456,643,857	66.8091%
3	NIT and ICP	4	9,194,367	0.4217%
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	19	79,501,000	3.6463%
5	Insurance Companies	15	47,780,434	2.1915%
6	Modarabas	7	1,160,500	0.0532%
	Mutual Funds	33	88,601,175	4.0636
8	**General Public**			
	a. Local	12,246	361,325,726	16.5722%
	b. Foreign	28	455,126	0.0209%
9	Others (to be specified)			
	1- Investment Companies	5	758,000	0.0348%
	2- Joint Stock Companies	150	110,344,182	5.0609%
	3- Pension Funds	14	9,205,500	0.4222%
	4- Foreign Companies	7	9,979,499	0.4577%
	5- Others	49	5,348,268	0.2453%
	Total	**12,589**	**2,180,308,640**	**100%**
10	**Shareholders Holding 10% or more of the Total Capital**			
	Committee of Admin Fauji Foundation		1,344,143,857	61.6492
11	**Shareholders Holding 5% or more of the Total Capital**			
	Committee of Admin Fauji Foundation		1,344,143,857	61.6492
			1,344,143,857	**61.6492**

12 **During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:**

Ser	Name	Sale	Purchase
1	Mr. Tariq Ahmad Khan	0	2,000

NOTICE OF ANNUAL GENERAL MEETING

30th Annual General Meeting (AGM) of the shareholders of Fauji Cement Company Limited (FCCL) will be held at Pearl Continental Hotel, The Mall, Rawalpindi on 21st October 2022 (Friday) at 1530 hours to transact the following business:-

Ordinary Business

1. To confirm the minutes of 12th and 13th Extraordinary General Meeting held on 9th December 2021 and 26th February 2022 respectively.
2. To consider, approve and adopt Annual Audited Accounts of the Company together with the Directors' and Auditors' Reports for the year ended 30th June 2022.
3. To appoint Statutory Auditors of the Company and fix their remuneration for the year ending 30th June 2023.

Special Business

4. To consider and approve the bonus shares @12.5% (12.5 bonus shares for every 100 shares held) for the year ended 30 June 2022 as recommended by the Board of Directors. In order to give effect to the aforesaid, if thought fit pass with or without modification the following resolutions as Special Resolutions:-

   RESOLVED THAT a sum of Rs. 2,725,385,800 be utilized out of the share premium account of the Company and applied towards issue of 272,538,580 ordinary shares of Rs. 10 each to be allotted as fully paid bonus shares in the proportion of 12.5 ordinary shares for every 100 ordinary shares, i.e. 12.5% held by a shareholder of the Company.

   FURTHER RESOLVED THAT the above bonus shares shall rank pari passu in all respects with the existing ordinary shares of the Company, as regards future dividend and in all other respects.

   FURTHER RESOLVED THAT fractional entitlements of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to a charitable institution as permissible under the law.

   FURTHER RESOLVED THAT the Chief Executive Officer and Secretary of the Company, be and are hereby jointly and / or severally authorized to give effect to above resolutions and to do and cause to be done all acts, deeds and things that may be necessary, incidental or required for issue, allotment and distribution of the said bonus shares and payment of sale proceeds of the fractional shares.

5. To consider and approve increase in authorised capital of the company, for this purpose, to adopt the following resolutions, with or without modifications, as Special Resolutions:-

   RESOLVED as and by way of Special Resolution that the authorised share capital of the Company be and is hereby increased to Rs. 50,000,000,000/- (Pak Rupees Fifty Billion) by the creation of 2,500,000,000 (Two billion and Five Hundred Million) ordinary shares of Rs. 10/- each, such new shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company, and that accordingly:

a Object V of the Memorandum of Association of the Company be and is hereby amended to read as follows:-

“V. The authorised capital of the Company is Rs. 50,000,000,000/ (Rupees Fifty Billion Only) divided into (5,000,000,000) (Five Billion) 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.

b Article 4 of the Articles of Association of the Company be and is hereby amended to read as follows:

“4. The Authorized Capital of the Company is Rs. 50,000,000,000/ (Rupees Fifty Billion Only) divided into (5,000,000,000) (Five Billion) ordinary shares of Rs. 10/- each with rights, privileges and conditions attaching thereto as provided by the Memorandum of Association and 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.

Other Business

6. To transact any other business with permission of the Chairman.

By Order of FCCL Board of Directors

Rawalpindi
Dated: 30 September 2022

Brig Abid Hussain Bhatti, SI(M), (Retd)
Company Secretary

Enclosure: Statement of Material Facts covering the above mentioned Special Business, as required under Section 134(3) of the Companies Act 2017.

NOTICE OF ANNUAL GENERAL MEETING

Notes

1. The Share Transfer Books of the Company will remain closed from 15th October to 21st October 2022 (both days inclusive) for the purpose of attending AGM.
2. A member of the Company entitled to attend and vote at this Meeting may appoint any shareholder as his / her proxy to attend and vote on his / her behalf. The instrument appointing proxy must be received at the registered office of the Company duly stamped and signed, not later than 48 hours before the time for holding the meeting. A member cannot appoint more than one proxy. Attested copy of the shareholder's Computerized National Identity Card (CNIC) must be attached with the Form. For any other relevant aspects, contents of section 137 of Companies Act, 2017 will apply.
3. CDC Account Holders will further have to follow the undermentioned guidelines, as laid down in Circular No. 1 of 2000 of SECP dated 26th January 2000:-

   a For Attending the Meeting

   (1.) In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original CNIC or original Passport at the time of attending the meeting.

   (2.) Member registered on Central Depository Company (CDC) are also requested to bring their particulars, ID number and account number in Central Depository System (CDS).

   (3.) In case of corporate entity, the Board of Directors' Resolution/ Power of Attorney with specimen signature and attested copy of valid CNIC of the nominee shall be produced at the time of meeting.

   (4.) The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. EMD/ MISC/82/2012-77 dated 15th February 2021, has directed the Listed Companies to arrange participation of shareholders in AGM through videos link, webinar, zooming etc, in addition to allowing physical attendance by the members. This direction has been issued to safeguard the shareholders against the continuing threat posed by the COVID-19 pandemic and to protect their wellbeing.

   (5.) The video link of meeting shall be sent to the members on their registered email addresses.

   b For Appointing Proxies

   (1.) In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in-group account and their registration details are uploaded as per the Regulations, 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 CNIC or Passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.

(4.) The 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 signature shall be submitted along with Proxy Form to the Company.

4. Availability of Annual Audited Financial Statement

   a In accordance with the provisions of Section 223 of the Companies Act 2017, the Audited Financial Statements of the Company for the year which ended on 30th June 2022, are available on the Company's website (http://www.fccl.com.pk).

   b In accordance with SRO 470 (I) / 2016 dated 31st May 2016, SECP has allowed the Companies to circulate the Annual Audited Financial Statements, Auditors' Report and Directors' Report to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 25th Annual General Meeting held on 30th October 2017. Accordingly, the Annual Report of FCCL for the year which ended on 30th June 2022 is being dispatched to the shareholders through CD. However, if any shareholder, in addition, desires to get the hard copy of Annual Audited Financial Statements, Auditors' Report and Directors' Report the same shall be provided free of cost within seven working days of receipt of such request.

   c For convenience of shareholders, a "Standard Request Form" for provision of Annual Audited Financial Accounts are available on the Company's website (http://www.fccl.com.pk).

5. Notice of AGM & Annual Accounts through Email

   a Pursuant to Notification vide SRO. 787(1)/2014 dated 8th September 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (E-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect, members are hereby requested to convey their consent via e-mail on a standard request form, which is available at the Company website i.e. (http://www.fccl.com.pk).

   b Please ensure that your e-mail has sufficient rights and space available to receive such e-mail, which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Company Shares Registrar of any change in the registered e-mail address.

6. Unclaimed /Unpaid Dividends

   Shareholders, who by any reason, could not claim their unclaimed/unpaid dividend are

NOTICE OF ANNUAL GENERAL MEETING

advised to contact our Shares Registrar M/s Corplink (Pvt) Limited at Wing Arcade, 1-K, Commercial, Model Town, Lahore to collect / enquire about their Unclaimed / Unpaid dividends, if any.

7. Deposit of Physical Shares In to CDC Account

   a As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., 30th May 2017.

   b The Shareholders having physical shareholding are encouraged to open CDC sub account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

8. Provision of International Banking Account Number (IBAN Detail)

   "Under the provisions of Section 242 of the Companies Act, 2017 and SECP's Circular No 421(I) 2018 dated 19th March 2021, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Further, vide its letter dated 19th March 2021, SECP has directed all the listed companies to pursue its shareholder to obtain International Bank Account Number (IBAN) detail.

9. Submission of the CNIC/ NTN Details (Mandatory)

   In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated 18th August 2011 and SRO 83(1)/ 2012 dated 5th July 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Shareholders who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Shares Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to Regulator till such time they provide the valid copy of their CNIC as per law.

10. Video Conference Facility

   a In accordance with the provisions of Section 132 and 134 of the Companies Act, 2017, on the demand, received at least seven days before the date of meeting, of members residing in a city, who hold at least 10% or more shareholding, video-link facility will be provided to such members enabling them to participate in the AGM. They will be entertained subject to availability of such facility in that city.

   b Subject to the fulfilment of the above conditions, members shall be informed of the venue, 2 days before the date of the General Meeting along with complete information necessary to access the facility. In this regard, please send a duly signed request as per format given in para 7c at the registered address of the Company 7 days before holding of General Meeting.

c For convenience of shareholders, a "Consent Form" for provision of Video link facility is available on the Company's website.

11. Change of Address. Members are requested to notify any change in their addresses immediately. For any further assistance, the members may contact the Company or the Share Registrar at the following address:-

a Registered Office - FCCL

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

b FCCL Registrar

M/s Corplink (Pvt) Limited
Wings Arcade 1-K, Commercial
Model Town Lahore, Pakistan
Tel :+92-042-35916714-19,35839182
Email: corplink786@gmail.com,
Website: http://www.corplink.com.pk

STATEMENT OF MATERIAL FACTS

UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

BONUS SHARES

The Board of Directors has recommended to the members of the Company to declare dividend by way of issue of fully paid bonus shares @12.5% for the year ended June 30, 2022 and thereby capitalize a sum of Rs. 2,725,385,800/-. The Directors have also recommended that all the fractional bonus shares shall be consolidated into whole shares and sold in the stock market and net proceeds form which sale, once realized, shall be donated to a charitable institution as permissible under the law.

INCREASE IN AUTHORISED CAPITAL

At present the authorised capital of the Company is Rs. 25 Billion divided into 2.5 billion ordinary shares of Rs.10/- each. The paid up capital stands at Rs. 2.1 billion. In order to meet the future capital needs as well as capitalization of reserves, it is proposed that the authorised capital be raised to the level of Rs. 50 billion divided into 5 billion ordinary shares of Rs. 10/- each.

FAUJI CEMENT COMPANY LIMITED

PROXY FORM

30TH ANNUAL GENERAL MEETING – 21ST OCTOBER 2022

I/we __________________ of _______________being a member(s) of Fauji Cement Company Limited, holding ________ordinary shares as per Registered Folio No /CDC Account No ______.____ hereby appoint Mr./Mrs./Miss__________________of (full address)_______________________ or failing him / her Mr./Mrs/Miss ________________(address) ____________________ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on 21st October 2022 (Friday) and /or any adjournment thereof.

Please affix Rupees Fifty revenue Stamp

____

Signature of Shareholders

(The signature should agree with the Specimen registered with the Company)

Signed this ___day of ___2022.

Signature of Proxy _____________

Witnesses:-

1. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____
   ____
   CNIC/Passport No ____________________

2. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____
   ____
   CNIC/ Passport No ____________________

Notes

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as attending, speaking and voting at the meeting, as are available to a member.
2. Proxy shall authenticate his/her identity by showing his / her Computerized National Identity card (CNIC) or original passport and bring folio number (if members) at the time of attending the meeting.
3. In order to be effective, the instructions/proxy forms must be received at the Company's Registered Office address at FCCL Head Office, Fauji Towers, Block-3, 68 Tipu Road, Chaklala, Rawalpindi not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signatures names, address, CNIC numbers given on the form.
4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shallbe furnished with the proxy form.
5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

URDU SECTION

پراکسی فارم

30واں سالانہ اجلاس عام۔21اکتوبر2022

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔بحثیت فوجی سیمنٹ کمپنی لمیٹڈ کے رکن (اراکین)۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔عام حصص بمطابق رجسٹرڈ فولیونمبر/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔اپنی جانب سے محترم/محترمہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کوتقرر کرتا/کرتی ہوں۔ان کا مکمل پتہ۔۔۔۔۔۔۔۔۔۔۔اوران کی عدم موجودگی میں محترم/محترمہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کاتقرر کرتا/کرتی ہوں۔ان کا مکمل پتہ ۔۔۔۔۔۔۔۔۔۔رجسٹرڈ فولیونمبر/سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہے) ۔۔۔۔۔۔۔۔۔۔۔۔۔۔کواپنی/ہماری عدم موجودگی میں کمپنی کے **21 اکتوبر 2022 بروز جمعہ** ہونے والے سالانہ اجلاس عام میں شرکت کرنے،حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا پراکسی مقرر کرتا ہوں/کرتے ہیں۔

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

دستخط شیئر ہولڈر

دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

پچاس روپے مالیت کے ریونیو ٹکٹ

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

دستخط پراکسی

آج بروز۔۔۔۔۔۔۔بتاریخ۔۔۔۔۔۔۔۔۔۔۔2022 کو دستخط کئے گئے

گواہان:۔

گواہ نمبر۔ا	**گواہ نمبر۔۲**
دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	پتہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
شناختی کارڈ /پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔	شناختی کارڈ /پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

اطلاع

ا۔ ایک رکن جو اجلاس میں حاضر ہونے اور ووٹ ڈالنے کا اہل ہے اپنی جگہ کسی اور شیئر ہولڈر کو اپنے نمائندے کے طور پر مقرر کرسکتا ہے جو ایسے حقوق جیسے حاضر ہونے، بات کرنے اور اجلاس میں ووٹ ڈالنے کیلئے اہل ہوجائیگا رگی جیسے حقوق ایک رکن کو دستیاب ہیں۔

۲۔ نمائندہ اجلاس میں حاضری کے وقت اپنی شناخت کا ثبوت اپنا کمپیوٹرائزقومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر ظاہر کرے گا رگی اور فولیو نمبرز (اگر ممبر ہے) بھی ہمراہ لائے گا رگی۔

۳۔ پراکسی فارم موثر ہونے کی غرض سے فوجی سیمنٹ کمپنی لمیٹڈ، ہیڈ آفس،فوجی ٹاور، بلاک۔ ۶۸،۳ ٹیپو روڈ، چکلالہ راولپنڈی، پاکستان پر اچھی طرح دستخط اور مہر اور دو اشخاص کی گواہی مع ان کے دستخط، نام، پتہ اور شناختی کارڈ نمبر جو فارم پر دیا گیا ہے۔اجلاس کے انعقاد سے زیادہ سے زیادہ 48 گھنٹے قبل موصول ہونا لازمی ہے۔

۴۔ اگر معاملہ افراد کا ہے۔تومستفید ہونے والے افراد کے تصدیق شدہ اپنا کمپیوٹرائز قومی شناختی کارڈ یا اصل پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ہمراہ بھیجنے ہوں گے۔

۵۔ کارپوریٹ ادارے کی صورت بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نمونہ دستخط پراکسی (Proxy) فارم کے ساتھ کمپنی کو پیش کیا جائے گا۔

ب۔ **FCCL رجسٹرار**

میسرز کارپلنک (پرائیویٹ) لمیٹڈ،
ونگز آرکیڈ، 1-K، کمرشل
ماڈل ٹاؤن، لاہور، پاکستان۔
ٹیلی فون: 35839182 ,19-35916714-042-92+
ای میل: corplink786@gmail.com
ویب سائٹ: http://www.corplink.com.pk

اصل حقائق کی دستاویز زیر سیکشن (3)134، کمپنیز ایکٹ، 2017

بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ کمپنی کے ممبران کو 30 جون 2022 کو ختم ہونے والے مالی سال کے ذیل میں مکمل ادائیگی کے ساتھ 12.5 فیصد کی شرح سے بونس شیئرز جاری کیے جائیں اور اس طرح مبلغ -/2,725,385,800 روپے منظور شدہ سرمائے میں شامل کیے جائیں۔ ڈائریکٹرز نے یہ بھی سفارش کی ہے کہ بونس شیئرز میں سے مکمل شیئرز سے اوپر ریزگاری والے حصوں کو جمع کر کے مکمل شیئرز بنائے جائیں اور انھیں سٹاک مارکیٹ میں فروخت کر کے ان سے حاصل شدہ آمدنی جو جمع ہوگی، اسے کسی خیراتی ادارے کو قانون کے تحت عطیہ کر دیا جائے۔

منظور شدہ سرمائے میں اضافہ

اس وقت کمپنی کا منظور شدہ سرمایہ مبلغ 25 ارب روپے ہے جو 2.5 ارب کے شیئرز میں منقسم ہے جس میں ہر شیئر کی مالیت -/10 روپے ہے۔ ادا شدہ سرمایہ 2.1 ارب روپے تک پہنچتا ہے۔ مستقبل میں سرمائے کی ضرورت پورا کرنے کے لیے اور ذخائر کو کمپنی کے منظور شدہ سرمائے میں بدلنے کے لیے، تجویز پیش کی جاتی ہے کہ کمپنی کے منظور شدہ سرمائے کی سطح 50 ارب روپے تک بڑھائی جائے جو -/10 روپے مالیت کے 5 ارب عمومی شیئرز میں تقسیم ہو۔

اطلاع برائے 30واں سالانہ اجلاس عام

داران کو ان کے رجسٹرڈ پتوں پر نوٹس بھجوا دیے ہیں اور اخبارات میں اشاعت کے ذریعے بھی ان سے درخواست کی گئی ہے کہ اپنے کلیم جمع کرائیں۔

7۔ **فزیکل شیئرز کو CDC اکاؤنٹ میں جمع کرانا**

الف۔ کمپنیز ایکٹ، 2017 کے سیکشن 72 کے تحت، ہر موجودہ لسٹڈ کمپنی کے لیے لازم ہے کہ وہ کمیشن کی اعلان کردہ تاریخ سے اور اس کے مقرر کردہ طریقے کے مطابق اپنے فزیکل شیئرز کو بک انٹری فارم (CDC اکاؤنٹ) میں بدل دے۔

ب۔ ایسے شراکت داران جن کے پاس فزیکل شیئرز ہیں انھیں ترغیب دی جاتی ہے کہ کسی بھی بروکر یا سرمایہ کار اکاؤنٹ کے ساتھ CDC کا ذیلی اکاؤنٹ کھولیں اور اپنے فزیکل شیئرز کو غیر کاغذی شکل میں تبدیل کرلیں، اس سے انھیں کئی طرح کی سہولت حاصل ہوگی جس میں انھیں حفاظت کے ساتھ رکھنا اور ان کی محفوظ خرید و فروخت شامل ہیں کیونکہ پاکستان سٹاک ایکسچینج کے موجودہ ضابطوں کے تحت فزیکل شیئرز کی خرید و فروخت کی اجازت نہیں۔

8۔ **انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN) کی تفصیلات کی فراہمی**

کمپنیز ایکٹ، 2017 کے سیکشن 242 اور SECP کے سرکلر نمبر 2018(I)421 مؤرخہ 19 مارچ 2021 کے تحت، کسی لسٹڈ کمپنی کے لیے یہ لازم ہے کہ اپنے شراکت داروں کو منافع جات کی ادائیگی صرف شراکت دار کے مجاز بینک اکاؤنٹ میں الیکٹرانک طریقے سے کرے۔ مزید برآں، SECP نے اپنے خط مؤرخہ 19 مارچ 2021 میں ہدایت کی ہے کہ تمام لسٹڈ کمپنیاں اپنے شراکت داروں سے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) کی تفصیلات حاصل کریں۔

9۔ **CNIC/NTN کی تفصیلات کی فراہمی (لازمی)**

سکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے نوٹیفکیشن بذریعہ SRO 779(1)/2011 مؤرخہ 18 اگست 2011 اور SRO 83(1)/2012 مؤرخہ 5 جولائی 2012 کے تحت، منافع جات کی اطلاع کے کاغذات پر رجسٹرڈ ممبر یا اس کے مجاز شخص کا CNIC نمبر موجود ہونا چاہیے، ماسوا بچوں کے یا کاروباری اداروں کے۔ اسی طرح جن شراکت داروں نے تاحال اپنے مؤثر CNIC یا ادارہ ہونے کی صورت میں اپنے NTN کی نقل کمپنی کو فراہم نہیں کی، ان سے گزارش کی جاتی ہے کہ یہ نقول کمپنی کے شیئرز رجسٹرار کے پاس جمع کروائیں۔ عمل درآمد نہ ہونے کی صورت میں کمپنی، نگران ادارے کے علم میں لا کر، منافع جات کی دستاویزات کو روک سکتی ہے تاوقتیکہ ممبر قانون کے مطابق اپنے CNIC کی نقل فراہم کردے۔

10۔ **وڈیو کانفرنس کی سہولت**

الف۔ کمپنیز ایکٹ، 2017 کے سیکشن 132 اور 134 کے تحت، کسی شہر میں رہنے والے ممبران جن کے پاس 10 فیصد یا اس سے زیادہ شیئرز ہوں، ان کی طرف سے میٹنگ کی تاریخ سے کم از کم سات دن قبل درخواست موصول ہونے پر انھیں وڈیو لنک کی سہولت فراہم کی جائے گی تا کہ وہ سالانہ اجلاسِ عام میں شریک ہو سکیں۔ انھیں یہ سہولت اسی صورت میں دی جا سکے گی اگر اس شہر میں مذکورہ سہولت کی فراہمی کے اسباب دستیاب ہوں۔

ب۔ مذکورہ بالا تقاضے پورے ہونے کی صورت میں، ممبران کو سالانہ اجلاسِ عام کے انعقاد سے 2 دن پہلے اس سہولت سے فائدہ اٹھانے کے لیے مقررہ جگہ اور دیگر تمام مطلوبہ معلومات فراہم کی جائیں گی۔ اس سلسلے میں، از راہِ کرم پیرا 10 (ج) میں دیے گئے فارمیٹ کے مطابق ایک درخواست جو باقاعدہ دستخط شدہ ہو، سالانہ اجلاسِ عام کے انعقاد سے سات دن قبل کمپنی کے رجسٹرڈ پتے پر ارسال کیجیے۔

ج۔ شراکت داران کی سہولت کے لیے، وڈیو لنک کی سہولت حاصل کرنے کے لیے ایک "رضامندی کا فارم"، کمپنی کی ویب سائٹ پر دستیاب کر دیا گیا ہے۔

11۔ **پتے کی تبدیلی:** ممبران سے گزارش ہے کہ ان کے پتے میں کسی طرح کی تبدیلی کی صورت میں فوری طور پر آگاہ کریں۔ مزید معاونت کے حصول کے لیے، ممبران کمپنی یا شیئرز رجسٹرار سے درج ذیل پتوں پر رابطہ کر سکتے ہیں:

الف۔ **رجسٹرڈ آفس — FCCL**

کمپنی سیکرٹری،
فوجی سیمنٹ کمپنی لمیٹڈ،
فوجی ٹاور، بلاک—III، 68 ٹیپو روڈ،
چکلالہ، راولپنڈی، پاکستان۔
ٹیلی فون: +92-051-9280081-83
ویب سائٹ: http://www.fccl.com.pk

گیا ہے جس میں سے ہر شیئر کی قیمت -/10 روپے ہے اور ہر شیئر کے ساتھ وہ تمام حقوق، مراعات اور شرائط منسلک ہیں جن کی وضاحت کمپنی کے 'آرٹیکلز آف ایسوسی ایشن' میں وقتاً فوقتاً کی گئی ہے اور جس کے ساتھ کمپنی کے سرمائے کو بڑھانے اور کم کرنے اور شیئرز کو مختلف زمروں میں تقسیم کرنے اور زیادہ یا کم مالیت کے شیئرز جاری کرنے کے اختیارات دیے گئے ہیں جو قانون کے تحت درکار مزید کسی اجازت سے مشروط ہیں۔''

(ب) کمپنی کے 'آرٹیکلز آف ایسوسی ایشن' کی شق 4 میں درج ذیل ترمیم کی جائے اور اسے یوں پڑھا جائے :

"4۔ کمپنی کا منظور شدہ سرمایہ -/50,000,000,000 روپے (مبلغ پچاس ارب روپے) ہے، جسے 5,000,000,000 (پانچ ارب) عمومی شیئرز میں تقسیم کیا گیا ہے جس میں سے ہر شیئر کی قیمت -/10 روپے ہے اور ہر شیئر کے ساتھ وہ تمام حقوق، مراعات اور شرائط منسلک ہیں جن کی وضاحت کمپنی کے 'آرٹیکلز آف ایسوسی ایشن' میں وقتاً فوقتاً کی گئی ہے اور جس کے ساتھ کمپنی کے سرمائے کو بڑھانے اور کم کرنے اور شیئرز کو مختلف زمروں میں تقسیم کرنے اور زیادہ یا کم مالیت کے شیئرز جاری کرنے کے اختیارات دیے گئے ہیں جو قانون کے تحت درکار مزید کسی اجازت سے مشروط ہیں۔''

دیگر امور

6۔ چیئرمین کی اجازت سے کمپنی کے دیگر کسی طرح کے امور پر غور کرنا۔

بحکم بورڈ آف ڈائریکٹرز، فوجی سیمنٹ کمپنی لمیٹڈ
بریگیڈیر (ر) عابد حسین بھٹی، ستارۂ امتیاز (ملٹری)
کمپنی سیکریٹری

راولپنڈی
مؤرخہ :30 ستمبر، 2022

منسلک دستاویزات:

مذکورہ بالا خصوصی امور سے متعلق کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے تحت اصل حقائق پر مبنی تحریری دستاویز

نوٹ

1۔ میٹنگ میں شرکت کرنے کے لیے کمپنی کے شیئرز کی منتقلی کے کھاتہ جات 15 اکتوبر سے 21 اکتوبر 2022 (دونوں دن سمیت) بند رہیں گے۔

2۔ میٹنگ میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا رکن اپنی جگہ کسی دوسرے شخص کو بطور پراکسی، میٹنگ میں شرکت کرنے اور اپنی جگہ ووٹ دینے کے لیے مقرر کرسکتا ہے۔ پراکسی کے تقرر کی دستاویز جس پر باقاعدہ دستخط اور مہر موجود ہو میٹنگ کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہوجانی چاہیے۔ کوئی ممبر ایک سے زیادہ پراکسی مقرر نہیں کرسکتا۔ شراکت دار کے کمپیوٹرائزڈ شناختی کارڈ (CNIC) کی مصدقہ نقل فارم کے ساتھ لازماً منسلک کی جائے۔ مزید کسی متعلقہ معاملے پر کمپنیز ایکٹ، 2017 کا سیکشن 137 لاگو ہوگا۔

3۔ CDC اکاؤنٹ رکھنے والوں کو درج ذیل رہنما اصولوں کی پیروی کرنا ہوگی جیسا کہ SECP کے 2000 کے سرکلر نمبر 1 مؤرخہ 26 جنوری 2000 میں بیان کیے گئے ہیں:۔

الف۔ <u>میٹنگ میں شرکت کے لیے</u>

(1) ایک فرد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/ یا ایسا شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اَپ لوڈ کی گئی ہیں، میٹنگ میں شرکت کے وقت اپنی شناخت کے ثبوت کے طور پر اپنا اصل CNIC یا اصل پاسپورٹ دکھائے گا۔

(2) سنٹرل ڈیپازٹری کمپنی (CDC) میں رجسٹرشدہ ممبران سے بھی درخواست ہے کہ اپنے کوائف، آئی ڈی نمبر اور سنٹرل ڈیپازٹری سسٹم (CDS) میں اپنا اکاؤنٹ نمبر ساتھ لائیں۔

(3) کاروباری ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ جس پر مقررہ دستخط ہوں اور میٹنگ کے وقت نامزد فرد کے مؤثر CNIC کی مصدقہ نقل بھی

اطلاع برائے 30واں سالانہ اجلاس عام

فوجی سیمنٹ کمپنی لمیٹڈ کے شراکت داران کا 30واں سالانہ اجلاسِ عام (AGM) بمقام پرل کانٹی نینٹل ہوٹل، دی مال، راولپنڈی، بتاریخ 21 اکتوبر 2022 (جمعہ) بوقت 1530 بجے منعقد ہوگا جس میں درج ذیل امور طے کیے جائیں گے:

عمومی امور

1۔ 9 دسمبر 2021 اور 26 فروری 2022 کو منعقد ہونے والے بالترتیب 12ویں اور 13ویں غیر معمولی اجلاسِ عام کی کارروائی کی توثیق کرنا۔

2۔ 30 جون 2022 کو ختم ہونے والے مالی سال کے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس اور ڈائریکٹرز اور آڈیٹرز کی رپورٹ کو زیرِ غور لانا اور ان کی منظوری دینا۔

3۔ 30 جون 2023 کو ختم ہونے والے مالی سال کے لیے کمپنی کے منظور شدہ آڈیٹرز کا تقرر کرنا اور ان کے معاوضے کا تعین کرنا۔

خصوصی امور

4۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے 12.5 فیصد کے حساب سے بونس شیئرز (ہر 100 شیئرز کے حامل شراکت دار کے لیے 12.5 بونس شیئرز) کو زیرِ غور لانا اور ان کی منظوری دینا۔ مندرجہ بالا امر پر عمل درآمد کے لیے، اگر موزوں سمجھا جائے تو درج ذیل قرارداد کو ترمیم کے ساتھ یا بلا ترمیم خصوصی قرارداد کے طور پر منظور کرنا:۔

یہ طے پایا کہ مبلغ 2,725,385,800 روپے کی رقم کمپنی کے پریمیم اکاؤنٹ سے استعمال کی جائے اور اسے 10 روپے کی قدر والے 272,538,580 عمومی شیئرز میں 12.5 فیصد عمومی شیئرز کی شرح سے تقسیم کیا جائے یعنی کمپنی کے شراکت دار کو ہر 100 شیئرز رکھنے پر 12.5 عمومی شیئرز دیے جائیں۔

مزید یہ طے پایا کہ مذکورہ بالا بونس شیئرز کی قدر ہر اعتبار سے، جس میں آئندہ منافع کی تقسیم اور دیگر تمام امور شامل ہیں، کمپنی کے موجودہ عمومی شیئرز کے برابر ہوگی۔

مزید یہ طے پایا کہ تمام شراکت داران کے مکمل شیئرز سے اوپر ریزگاری والے حصوں کو جمع کر کے پورے شیئرز بنائے جائیں گے اور انھیں سٹاک مارکیٹ میں فروخت کر کے ان سے حاصل ہونے والی آمدنی کو قانون کے تحت کسی خیراتی ادارے کو عطیہ کر دیا جائے گا۔

مزید یہ طے پایا کہ چیف ایگزیکٹو آفیسر اور کمپنی سیکرٹری باہم مل کر یا انفرادی طور پر مذکورہ بالا قرارداد کو عملی شکل دینے میں مختلف امور، معاہدے یا دیگر چیزیں جو ضروری سمجھی جائیں، اور ایسے کام جو مذکورہ بونس شیئرز کو جاری کرنے، ان کی تفویض اور ان کی تقسیم کے لیے درکار ہوں اور ریزگاری شیئرز سے حاصل ہونے والی آمدنی کو خرچ کرنے کے مجاز بنائے جاتے ہیں۔

5۔ کمپنی کے منظور شدہ سرمائے میں اضافے کو زیرِ غور لانا اور اس کی منظوری دینا اور اس مقصد کے لیے، درج ذیل قراردادوں کو ترمیم کے ساتھ یا بلا ترمیم خصوصی قرارداد کے طور پر منظور کرنا:—

یہ طے پایا کہ اس خصوصی قرارداد کے ذریعے 2,500,000,000 (دو ارب، پچاس کروڑ) نئے عمومی شیئرز تخلیق کر کے کمپنی کا منظور شدہ سرمایہ بڑھا کر -/50,000,000,000 روپے (مبلغ پچاس ارب پاکستانی روپے) کر دیا جائے، جس میں ہر عمومی شیئر کی قیمت مبلغ -/10 روپے فی شیئر ہو، اور یہ نئے تخلیق کردہ شیئرز ہر اعتبار اور ہر لحاظ سے کمپنی کے پہلے سے موجود عمومی شیئرز کے مساوی ہوں، اور اس کے مطابق:

(الف) کمپنی کے 'میمورنڈم آف ایسوسی ایشن' کی شق V میں درج ذیل ترمیم کی جائے اور اسے یوں پڑھا جائے:

"V۔ کمپنی کا منظور شدہ سرمایہ -/50,000,000,000 روپے (مبلغ پچاس ارب روپے) ہے، جسے 5,000,000,000 (پانچ ارب) عمومی شیئرز میں تقسیم کیا

مستقبل کا جائزہ

پاکستان کی معیشت تیزی سے بڑھ رہی ہے اور ہر قدم اپنے ساتھ بلند افراطِ زر کے چیلنجز کو لے کر آ رہا ہے جس نے مرکزی بینک کو شرح سود میں اضافہ کرنے اور ترقی کی رفتار کو سست کرنے پر راغب کیا ہے۔ حکومت کو درپیش تنگ مالیاتی گنجائش اسے PSDP کے اخراجات میں کمی کرنے پر مجبور کرتی ہے۔ اس بار بھی صورت حال مختلف نہیں ہے لیکن یقینی طور پر پہلے سے زیادہ سخت ہے۔ بڑھتی ہوئی مہنگائی، پاکستانی روپے کی قدر میں کمی اور تعمیرات کی زیادہ لاگت سیمنٹ کی طلب کو کم کرنے کا باعث ہو سکتی ہے۔ اس کے علاوہ مالی سال 2022اور 2023 کی پہلی سہ ماہی میں شمالی زون میں 9 ملین ٹن کی صلاحیت کے نئے پلانٹ فعال ہونے کے باعث صلاحیت کے استعمال کی شرح کم رہے گی۔ افغانستان کو برآمدات میں بہتری کا امکان ہے لیکن اس کا انحصار ملک کے استحکام پر ہوگا۔ کمپنی انفراسٹرکچر کے منصوبوں میں اپنی مصنوعات کے حجم اور برانڈ امیج کے ساتھ سیمنٹ کی دیگر صنعت کے مقابلے میں مستحکم پوزیشن میں ہے۔

سب سے کم لاگت پر سیمنٹ کی پیداوار دینے والا ادارہ بننے کے لیے اپنے اخراجات کی بنیاد کو بہتر بنانے کے لیے، مالی سال 2022 کی دوسری سہ ماہی میں نظام پور کی توسیع کا کامیاب آغاز کرنے کے لیے، ڈیرہ غازی خان میں اپنے گرین فیلڈ پروجیکٹ کی تعمیر پر پیش رفت میں اور SAP کے نفاذ کے ضمن میں کمپنی انتظامیہ اپنی کوششیں جاری رکھے گی۔

گذشتہ سال پیش کیے گئے مستقبل کے جائزے کا تجزیہ

گذشتہ سال کی رپورٹ میں بیان کیا گیا اقتباس	حقیقی نتائج
انتظامیہ کا خیال ہے کہ آئندہ سال کے تخمینے مثبت ہیں جس کا پس منظر یہ ہے کہ کرونا کی وبا کا اثر کم ہو رہا ہے اور تمام سرگرمیاں واپس بحالی کی طرف آ رہی ہیں۔ تعمیرات کے شعبے اور بڑے ڈیموں کی تعمیر کے سلسلے میں حکومتی اقدامات اس امر کو مزید تقویت دیتے ہیں۔	سیمنٹ کی صنعت کی ترسیلات 30 جون 2022 کو ختم ہونے والے مالی سال میں گذشتہ سال کے 57.43 ملین ٹن کے مقابلے میں 8 فیصد کم ہو کر 52.89 ملین ٹن پر آ گئیں جس کی بڑی وجہ برآمدات میں کمی ہے۔
سیمنٹ کی قیمتیں جو گذشتہ سہ ماہی میں بالکل نچلی سطح پر آ گئی تھیں ان کے مستحکم ہونے اور مزید بہتر ہونے کی توقع ہے۔	سیمنٹ کی قیمتوں میں مالی سال 2022 کے دوران بہتری آئی جس سے مجموعی طور پر منافع جات میں اضافہ ہوا۔
اخراجات کی ضمن میں، کوئلے کی بین الاقوامی قیمتوں میں اضافے کا آغاز ہو رہا ہے اور ایندھن اور دیگر اشیا کی قیمتوں میں بھی اضافے کا امکان ہے۔	مالی سال 2022 کے دوران کوئلے کی بین الاقوامی قیمتوں میں اچھا خاصا اضافہ دیکھنے میں آیا ہے اور اس کے ساتھ ساتھ بجلی کی قیمتیں بھی بڑھی ہیں۔

معلومات کے ذرائع اور آئندہ کے تخمینے اور پیش گوئیاں

مستقبل کے تخمینے اور پیش گوئیاں ہمیشہ کسی حد تک غیر یقینی صورتحال پر منحصر ہوتے ہیں اور اس میں کچھ مفروضے بھی شامل ہوتے ہیں۔ کمپنی کی طرف سے پیش کیے جانے والے تمام تخمینے اور پیش گوئیاں ماضی کے رجحانات، کمپنی انتظامیہ کی طرف سے کیے گئے اقدامات اور فیصلوں، مارکیٹ کی حالیہ صورت حال اور ممکنہ پیش رفت (سیمنٹ کی صنعت سے یا مجموعی معیشت سے متعلق) کا تنقیدی تجزیہ کرنے کے بعد پیش کی جاتی ہیں۔ فیصلہ سازی کے عمل کے ایک حصے کے طور پر، بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیاں بجٹ اور پیش گوئیوں کے لیے کمپنی انتظامیہ کی طرف سے استعمال کیے گئے مفروضوں اور ڈیٹا کا تنقیدی جائزہ لیتی ہیں۔

اندرونی معلومات کمپنی کے عمدگی سے لیس ڈیٹا بیس کے ذریعے حاصل کی جاتی ہیں اور بیرونی معلومات تحقیق میں مصروف کمپنیوں، نگران اداروں، مالیاتی اداروں اور متعلقہ تجارتی تنظیموں سے حاصل کی جاتی ہیں۔

اظہارِ تشکر

آپ کی کمپنی کے ڈائریکٹرز اس صبر آزما ماحول میں اپنے قابل قدر شراکت داروں، خریدار کرم فرماؤں، مالیاتی اداروں، حکومتی محکمہ جات، ڈیلرز، کنٹریکٹرز، مقامی اور بین الاقوامی سپلائرز کو ان کی معاونت پر اور کمپنی کے ملازمین کو ان کی محنت اور لگن پر تہ دل سے خراج تحسین پیش کرتے ہیں۔

وقار احمد ملک
چیئرمین بورڈ آف ڈائریکٹرز، فوجی سیمنٹ کمپنی لمیٹڈ
راولپنڈی
تاریخ: 20 ستمبر 2022ء

قمر حارث منظور
چیف ایگزیکٹو آفیسر/ منیجنگ ڈائریکٹر، فوجی سیمنٹ کمپنی لمیٹڈ
راولپنڈی
تاریخ: 20 ستمبر 2022ء

چیف ایگزیکٹو/ منیجنگ ڈائریکٹر کی جائزہ رپورٹ

ہم پاکستان میں سیمنٹ کی صنعت کے مستقبل کے امکانات کے بارے میں نہایت پُرامید ہیں۔ یہ صنعت کرونا وبا اور معاشی سُست روی کے باعث پیدا ہونے والے نامساعد حالات سے باہر آرہی ہے، اور ہم آگے چل کر خاص طور پر رہائشی منصوبوں اور ڈیموں سے متعلق تعمیرات پر حکومتی اقدامات کے باعث کئی طرح سے موافق صورت حال کی توقع رکھتے ہیں۔ سیمنٹ کی صنعت کے طویل المدت بنیادی امور میں کوئی تبدیلی نہیں آئی، اور جیسے ہی معیشت کی صورت حال بہتر ہوتی ہے، یہ صنعت پاکستان کی معاشی نمو میں نمایاں کردار ادا کرنے لگے گی۔

آنے والا سال بہت سے چیلنج اپنے ساتھ لا رہا ہے۔ کمپنی انتظامیہ کمپنی کے اخراجات کو مزید کم کرنے، نظام پور کے توسیعی منصوبے کو 2022 کی چوتھی سہ ماہی میں مکمل کر کے چالو کرنے، ڈیرہ غازی خان میں اپنے گرین فیلڈ پراجیکٹ پر کام کو آگے بڑھانے اور SAP کے اطلاق پر اپنی پوری توجہ مبذول کیے ہوئے ہے۔ سیمنٹ پلانٹ کے چلانے سے متعلق اپنی ترجیحات کے ساتھ ساتھ ہم اپنے ادارے کے انتظامی معاملات اور افرادی قوت کی صورت حال کو مزید بہتر بنانے کے اقدامات بھی جاری رکھیں گے جس میں تربیت، ادارہ جاتی بہتری اور مستقبل کی قیادت کی منصوبہ بندی بھی شامل ہے۔

میں اپنے قابلِ قدر متعلقین کو یقین دلاتا ہوں کہ ہم اسی توجہ اور روایتی اندازِ فکر سے ہٹ کر اقدامات کرنے کے اس سلسلے کو جاری رکھیں گے تا کہ کمپنی آئندہ سال بھی ایسی ہی اعلیٰ کارکردگی کا مظاہرہ کر سکے۔

ے کمپنی کی انتظامیہ اور ملازمین کی طرف سے، میں تمام متعلقین کے لیے ان کی قابل قدر معاونت، تائید اور حوصلہ افزائی پر اپنی مخلصانہ شکر گزاری اور تحسین کے جذبات پیش کرتا ہوں۔ میں محترم المقام چیئرمین اور بورڈ کے ممبران کی طرف سے ان کی بروقت رہنمائی، ذاتی دلچسپی اور پیشہ ورانہ عزم پر ان کا شکریہ ادا کرتا ہوں جس سے کمپنی کی معاملات صحیح رخ پر رواں دواں رکھنے میں مدد ملی۔ میں کمپنی کے ملازمین کی محنت، لگن اور پیشہ ورانہ عزم کا اعتراف اور تحسین کرنا چاہتا ہوں جس کے بغیر ایسے نتائج کا حصول ممکن نہیں تھا۔

قمر حارث منظور، فوجی سیمنٹ کمپنی لمیٹڈ
چیف ایگزیکٹو آفیسر/ منیجنگ ڈائریکٹر

چیف ایگزیکٹو/ منیجنگ ڈائریکٹر کی جائزہ رپورٹ

محترم شراکت داران!

مجھے حال ہی میں مکمل ہونے والے مالی سال 22-2021 کے جائزے پر مشتمل یہ رپورٹ پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔ اس سال کا جائزہ اس امر کا غماز ہے کہ ہم آپ کی کمپنی کو کاروباری نمو اور سرمائے کی قدر میں طویل المدت پائیدار اضافے کے حصول میں کس درجہ کوشاں ہیں۔

کمپنی کے اخراجات کم کرنے، کمپنی کے پیشہ ورانہ افعال کو بہتر بنانے، منافع جات میں اضافہ کرنے پر اپنی توجہ مبذول رکھنے کے باعث ہم اس قابل ہوئے ہیں کہ کمپنی نے ایک بار پھر بے مثال کارکردگی کا مظاہرہ کیا ہے اور ہم کمپنی کے متعلقین کے سرمائے کی قدر میں اضافہ کرنے کے اپنے وعدے کی تکمیل کر سکے ہیں۔ زیرِ جائزہ سال فوجی سیمنٹ کمپنی لمیٹڈ کا بہترین کارکردگی کا سال تھا جس کے دوران کمپنی نے بعد از ٹیکس 7.1 ارب روپے کا منافع کمایا جو سالانہ 105 فیصد شرحِ نمو ظاہر کرتا ہے۔ یہ کارکردگی اس کے باوجود ہے کہ حکومت نے 1.1 ارب روپے کا سُپر ٹیکس بھی عائد کر دیا تھا۔

اس سال کے اہم واقعات میں سے ایک عسکری سیمنٹ کمپنی (ACL) اور فوجی سیمنٹ کمپنی لمیٹڈ (FCCL) کا انضمام ہے۔ اس انضمام کے باعث FCCL کی موجودہ سالانہ پیداواری صلاحیت 6.4 ملین ٹن تک پہنچ گئی ہے اور دو توسیعی منصوبوں کی تکمیل کے بعد پورے پاکستان میں چار مختلف مقامات پر موجودگی کے ساتھ اس کی سالانہ پیداواری صلاحیت 10.4 ملین ٹن تک پہنچ جائے گی۔ اس توسیع سے فوجی سیمنٹ کمپنی لمیٹڈ شمالی زون کی دوسری بڑی اور پاکستان بھر کی تیسری بڑی سیمنٹ پیدا کرنے والی کمپنی بن جائے گی۔

اس مالی سال کے دوران کوئلے اور تیل کی قیمتوں میں ایسا اضافہ دیکھنے میں آیا جو اس سے پہلے کبھی نہ ہوا تھا، علاوہ ازیں ملک میں داخلی ہنگامہ خیزی کا نتیجہ روپے کی قدر گرنے، افراطِ زر اور شرحِ سُود میں اضافے کی صورت میں سامنے آیا۔ اس کی وجہ سے سیمنٹ کی طلب میں خاص طور پر مقامی سطح پر اور اس کے ساتھ ساتھ برآمدات میں بھی کمی دیکھنے میں آئی۔ سیمنٹ کی صنعت میں پیداواری صلاحیت کے استعمال کی شرح 76 فیصد رہی، یعنی پچھلے برس کے اسی دورانیے کے مقابلے میں 8 فیصد کمی دیکھنے میں آئی۔ تاہم آپ کی کمپنی نے پیداواری صلاحیت کے استعمال کی شرح بہتر یعنی 88 فیصد رکھنے میں کامیابی حاصل کی۔

کمپنی انتظامیہ درآمدی کوئلے پر اپنا انحصار کم کر کے مقامی کوئلے کے استعمال کو ممکن حد تک زیادہ کرنے کی مسلسل کوشش مصروف ہے جس سے نہ صرف قیمتی زرِ مبادلہ کی بچت ہو گی بلکہ مقامی آبادیوں کے روزگار میں بھی اضافہ ہو گا۔ ان کوششوں کے باعث کوئلے کی درآمد کے اخراجات تقریباً 5 ملین امریکی ڈالر سالانہ تک نیچے آ گئے ہیں۔

آپ کی کمپنی ایک ذمہ دار کاروباری ادارہ ہونے کی حیثیت سے اور صحت، تحفظ اور ماحولیات کے حوالے سے اپنی بنیادی اقدار کی پیروی میں اپنے گرد و نواح کے ماحول پر اپنے اثرات کو مثبت بنانے میں کوشاں رہتی ہے۔ FCCL ماحولیاتی تحفظ کے عالمی نصب العین میں اپنا کردار ادا کرنے کے عزم پر کاربند رہتے ہوئے اپنے پلانٹ کے چلنے کے دوران کاربن ڈائی آکسائیڈ کے مضر اخراج کو کم کر کے، دوبارہ قابلِ استعمال توانائی کے ذرائع کا استعمال اور استعداد بڑھا کر اور بڑے پیمانے پر شجر کاری مہم کے ذریعے اپنا حصہ شامل کرنے کی کوشش کر رہی ہے۔ ایک متبادل کے طور پر دوبارہ قابلِ استعمال توانائی کے حصول پر توجہ مبذول کر کے تمام پلانٹس پر شمسی توانائی کو بجلی کے استعمال میں شامل کیا جا رہا ہے اور سیمنٹ پلانٹ سے خارج ہونے والی زائد حرارت کو بھی استعمال کیا جا رہا ہے۔ اس سے حیاتیاتی ایندھن سے حاصل ہونے والی توانائی کے 42 فیصد حصے کی جگہ متبادل توانائی استعمال ہو رہی ہے جس سے تینوں پلانٹس پر کاربن کا اخراج کم ہو گیا ہے۔ ہم ''پاکستان کو کاربن سے پاک بنائیں'' کے اپنے عزم کو آگے بڑھاتے ہوئے مالی سال 22-2021 کے دوران حیاتیاتی ایندھن کی بجائے متبادل توانائی کا استعمال 5 فیصد تک کر چکے ہیں اور اسے مزید بڑھانے پر پیش رفت کر رہے ہیں۔ اس کے ساتھ ساتھ، ہم نے بارش کے پانی کے بڑے تالاب بنا کر اور زمین کے اوپر موجود دیگر ذرائع کے استعمال سے زیرِ زمین سے حاصل شدہ پانی کے استعمال کو بھی کم سے کم کر دیا ہے تاکہ زیرِ زمین پانی کے ذخائر کم نہ ہو جائیں۔

ہم CSR کو بھی اپنی کاروباری تہذیب کا اہم اور لازمی حصہ گردانتے ہیں اور صحت، تعلیم اور روزگار کی سہولتوں کی فراہمی سے اپنے گرد و نواح کی آبادیوں میں معیارِ زندگی کو بہتر بنانے کی کوششوں میں باقاعدگی سے اپنا کردار ادا کرتے ہیں۔

کمپنی کے کاروباری لائحہ عمل کے حوالے سے بورڈ کی فراہم کردہ رہنمائی اور افرادی قوت سے متعلق بہترین اقدامات کے پیروی میں ہم نے ملازمین کو ادا کیے جانے والے زرِ تلافی کی پالیسی کو از سرِ نو مرتب کیا ہے اور ایک مسابقت کا کلچر پیدا کرنے کے لیے کارکردگی پر انعامات کا نظام لاگو کیا ہے۔ ہم نے کاروباری جانشینی اور مؤثر تربیت کے پروگرام شروع کیے ہیں تاکہ ہم مستقبل کے انتظامی قائدین کی نئی نسل تیار کر سکیں۔

چیئرمین کی جائزہ رپورٹ

بورڈ، اس کی ذیلی کمیٹیوں اور انفرادی حیثیت میں ڈائریکٹرز کی کارکردگی کی جانچ PIGG کی طرف سے کی گئی ہے۔ اس جانچ کے نتائج سے بورڈ کو آئندہ برسوں میں اپنی کارکردگی کو بہتر بنانے میں مدد ملے گی۔

کمپنی کا ریکارڈ ہے کہ جہاں وہ کام کر رہی ہے، اس معاشرے اور اس میں بسنے والے طبقات کی حالت بہتر بنانے میں اپنے مضبوط عزم کو پورا کرتی ہے۔ کمپنی نے اپنے گردونواح میں بسنے والی آبادی کو تعلیم اور پیشہ ورانہ تربیت کی فراہمی کے ساتھ ساتھ صحت کی بنیادی سہولتیں بھی فراہم کی ہیں۔ مزید برآں کمپنی نے ''کاربن سے پاک پاکستان'' کے مشن کی طرف اپنی توجہ مبذول رکھی ہوئی ہے جو اس کے ماحول دوست اقدامات کا حصہ ہے جس میں شمسی توانائی کے پراجیکٹ، مشینری سے پیدا شدہ گرمی کی شدت کو کم کرنے کے پلانٹ اور وسیع شجرکاری شامل ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے، میں خاص طور پر کمپنی کے تمام متعلقین کو ان کی مستقل معاونت، قیمتی آراء اور بورڈ پر اعتماد رکھنے پر خراجِ تحسین پیش کرنا چاہتا ہوں۔ میں چیف ایگزیکٹو آفیسر اور کمپنی انتظامیہ کی پیشہ ورانہ وابستگی اور کوششوں پر ہدیہ تہنیت اور ممنونیت پیش کرتا ہوں کہ اس نے بورڈ کی بصیرت کو کامیابی کے ساتھ عملی جامہ پہنایا۔

میں آپ کو یقین دلانا چاہتا ہوں کہ بورڈ آپ سب کے مفادات کے تحفظ اور طویل المدت پائیدار ترقی کے حصول کے لیے کمپنی کی رہنمائی کرنے میں اپنا کردار ادا کرتا رہے گا۔

وقار احمد ملک

چیئرمین بورڈ آف ڈائریکٹر، فوجی سیمنٹ کمپنی لمیٹڈ

راولپنڈی، 20 ستمبر 2022ء

چیئرمین کی جائزہ رپورٹ

محترم متعلقین!

میرے لیے یہ امر نہایت مسرت کا باعث ہے کہ میں مالی سال 22-2021 کا یہ جائزہ آپ کے سامنے پیش کر رہا ہوں جس میں یہ ظاہر ہو رہا ہے کہ فوجی سیمنٹ کمپنی لمیٹڈ (FCCL) نے سیمنٹ کی پیداوار میں ایک برتر مقام کے حامل اور سماجی اعتبار سے ایک ذمہ دار کاروباری ادارے کی اپنی حیثیت کو مزید بہتر بنایا ہے۔

FCCL کا ایک مؤثر بورڈ ہے جس کی تین کمیٹیاں آڈٹ، افرادی قوت اور سرمایہ کاری پر مشاورت اور رہنمائی کے لیے تشکیل دی گئی ہیں۔ اس سال میں بورڈ نے اپنے چھے اجلاس منعقد کیے جس میں مقررہ دورانیے کے مالی گوشوارے، سالانہ بجٹ، کاروباری منصوبہ بندی اور دیگر اہم امور کا جائزہ لیا گیا اور منظوری دی گئی۔ کمیٹیوں نے بھی بورڈ سے منظور شدہ اپنے قواعد وضوابط کے مطابق اپنے فرائض کی بجا آوری کے لیے اپنے اجلاس باقاعدگی سے منعقد کیے۔ اس سے کمپنی انتظامیہ کو ادارہ جاتی لائحہ عمل سے متعلق وہ سفارشات فراہم ہوئیں جن سے انتظامی امور میں تقویت اور رہنمائی ملی جس سے وسائل کے استعمال کو ہر ممکن حد تک بہتر بنایا جاسکا۔

بطور چیئرمین، میں نے اس امر کو یقینی بنایا کہ انتظامی ٹیم کو اپنا لائحہ عمل مرتب کرنے کے ضمن میں رہنمائی اور معاونت فراہم کرنے میں بورڈ اپنا کردار کرے تاکہ مؤثر فیصلہ سازی اور بعدازاں اس کا اطلاق یقینی بنایا جاسکے۔ میری یہ جائزہ رپورٹ بورڈ اور آپ کی کمپنی کی مجموعی کارکردگی کا احاطہ کرتی ہے۔

بورڈ کی نگرانی نے وسائل کے بہترین استعمال، معلومات اور شفافیت کی بہترین سطح قائم کرنے اور مختلف افعال میں انتظامی معاملات کی بہتری کو یقینی بنایا۔ بورڈ نے قلیل، درمیانی اور طویل مدت کے منصوبوں کی قدر میں اضافے کے لیے انتظامیہ کو فوری معاونت اور مشاورت فراہم کی۔

اس برس بورڈ آف ڈائریکٹرز کے انتخابات منعقد ہوئے اور بورڈ کے نئے ممبران نے دسمبر 2021 میں ذمہ داریاں سنبھالی ہیں۔ میں سبک دوش ہونے والے ڈائریکٹرز کی ان گراں قدر خدمات پر تشکر کا اظہار کرتا ہوں جو انھوں نے کمپنی کے لائحہ عمل کو درست رخ پر رکھنے میں سرانجام دی ہیں اور مستقبل میں ان کی کامیابیوں کے لیے دعاگو ہوں۔ میں نئے ڈائریکٹرز کا خیر مقدم کرتا ہوں اور کمپنی کے مستقبل کو خوب سے خوب تر بنانے میں ان سے بہترین خدمات کی توقع رکھتا ہوں۔

بورڈ نہایت خراجِ تحسین پیش کرتا ہے کہ زیرِ جائزہ مالی سال میں کمپنی کی کارکردگی مالی اور مختلف عملی معاملات کے اعتبار سے اعلیٰ ترین رہی۔ انتظامیہ کی ٹیم کی طرف سے ایندھن کے اخراجات میں کمی اور دوبارہ قابلِ استعمال توانائی کی صلاحیت بہتر بنانے کے ضمن میں کیے گئے نمایاں اقدامات لائقِ تعریف ہیں۔ بورڈ کی طرف سے مرتب کیے گئے مستحکم لائحہ عمل اور بعدازاں انتظامیہ کی طرف سے اس پر مؤثر عمل درآمد کی وجہ سے اخراجات میں کمی اور منافع جات میں بہتری لانے میں معاونت ملی ہے۔ اسی سے فوجی سیمنٹ کمپنی لمیٹڈ کے لیے اپنی تاریخ کے بہترین مالی نتائج کا حصول یقینی ہوا ہے۔ نظام پور اور ڈیرہ غازی خان میں اپنی توسیع کے بڑے منصوبوں پر پیش رفت عمدگی سے جاری ہے اور بورڈ ان منصوبوں پر اپنی مستحکم نگاہ رکھے ہوئے ہے۔

زیرِ جائزہ سال میں ایک نمایاں مثبت پیش رفت میں فوجی فاؤنڈیشن ٹرسٹ کے تحت کام کرنے والی دو سیمنٹ کمپنیوں کا انضمام کامیابی سے مکمل ہوا۔ لاہور ہائی کورٹ کے راولپنڈی بنچ نے عسکری سیمنٹ لمیٹڈ (ACL) کو فوجی سیمنٹ کمپنی لمیٹڈ (FCCL) میں ضم کرنے کی منظوری دی۔ مجھے آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ اس مؤثر انضمام کے بعد، فوجی سیمنٹ کمپنی لمیٹڈ (FCCL)، دو زیرِ تکمیل توسیعی منصوبوں کی تکمیل کے بعد ملک کی تیسری بڑی اور شمالی زون کی دوسری بڑی سیمنٹ پیدا کرنے والی کمپنی بن جائے گی۔ اس انضمام سے آپ کی کمپنی کے نہ صرف مالی گوشوارے مستحکم ہوں گے بلکہ عملی اشتراک اور بہتر کارکردگی کی کئی صورتیں بھی سامنے آئیں گی۔

FCCL کے بورڈ میں ہم نے مضبوط انتظامی اور قانونی ڈھانچا تشکیل دیا ہے جو قابلِ اطلاق قوانین اور ضابطوں کی تکمیل کو یقینی بناتا ہے اور طویل المدت استحکام اور نمو کے حصول میں بھی معاون ہے۔

چیئرمین کی حیثیت سے، میں اس امر کو یقینی بنائے ہوئے ہوں کہ بورڈ کمپنی کے لائحہ عمل کی سمت پر توجہ رکھنے اور اسے ترجیح دینے پر مامور رہے۔ ممکنہ خدشات کا تجزیہ کرنا اور ان کے اثرات کو کم کرنا کا لائحہ عمل طے کرنا بورڈ کے کلیدی امور میں شامل ہے۔ ڈائریکٹرز انتظامی نوعیت کے امور میں بھی معاونت کرتے ہیں۔ اہم ترین فیصلوں سے قبل، آزاد ڈائریکٹرز، جو اپنے اپنے شعبے کے ماہرین ہیں، ان کی طرف سے دی گئی قیمتی آراء زیرِ غور لائی جاتی ہیں۔

مجھے یہ بتاتے ہوئے مسرت محسوس ہو رہی ہے کہ بورڈ آف ڈائریکٹرز نے اپنے فرائض اور ذمہ داریاں بہ حسن وخوبی ادا کی ہیں اور کمپنی کو اپنا لائحہ عمل طے کرنے سے متعلق رہنمائی میں اپنا کردار ادا کیا ہے۔