

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

On behalf of the Board of Directors



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



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