

**Fecto Cement Limited**  
**Annual Report 2000**

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**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

**CHAIRMAN**

Mr. Mohammed Asad Fecto

**CHIEF EXECUTIVE**

Mr. Mohammed Yasin Fecto

**DIRECTORS**

Mr. Ghulam Mohammed A. Fecto

Mr. Mohammed Ilyas Khan

Mr. Muhammad Nasim Khan

Mr. Muhammad Umer Memon

Mr. Safdar Abbas Morawala

Mr. A. Rauf Chandio

Mr. Afaq Jamal Hussain

Mr. Abdul Jaleel Shaikh

**SECRETARY**

Mr. Abdul Aleem, FCA

**AUDITORS**

Taseer Hadi Khalid & Co.

Chartered Accountants

Rahim Iqbal Rafiq & Company

Chartered Accountants

Nisar Law Associates

51, Mozang Road

**LEGAL ADVISOR**

Lahore

**REGISTERED OFFICE**

35-Darulaman Housing Society  
Block 7/8, Shahra-e-Faisal  
Karachi

**FACTORY**

**MARKETING OFFICE**

Sangjani, Islamabad  
2nd Floor, Majeed Plaza  
Bank Road, Saddar  
Rawalpindi

**SHARE REGISTRAR OFFICE**

Uni Corporate & Financial Services  
Westland Trade Centre  
Opposite Flyover, Shaheed-e-Millat Road  
Karachi

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 19th Annual General Meeting of the Members of the Company will be held at Registered Office, 35-Darulaman Housing Society, Block 7/8, Shahra-e-Faisal, Karachi on Friday, December 22, 2000 at 10.00 a.m. to transact the following businesses:

**ORDINARY BUSINESSES**

1. To confirm the Minutes of the 18th Annual General Meeting held on December 31, 1999.
2. To receive and adopt the Annual Audited Accounts for the year ended June 30, 2000 together with the Directors' and Auditors' Reports thereon.
3. To approve 10% cash dividend as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration. The present Auditors Messrs Taseer Hadi Khalid & Co., Chartered Accountants and Messrs Rahim Iqbal Rafiq & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment.
5. To elect seven directors in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a period of three years commencing January 01, 2001.

The number of elected directors fixed by the Board of Directors under Section 178 of the Companies Ordinance, 1984 is seven.

The following retiring directors being eligible offer themselves for re-election:

Mr. Ghulam Mohammed A. Fecto  
Mr. Mohammed Asad Fecto  
Mr. Muhammad Nasim Khan  
Mr. Safdar Abbas Morawala

Mr. Mohammed Yasin Fecto  
Mr. Mohammed Ilyas Khan  
Mr. Muhammad Umer Memon

**SPECIAL BUSINESS**

6. To consider and approve the remuneration payable to the Chief Executive and one Working Director and in this respect to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT the monthly remuneration of Chief Executive and one Working Director be fixed at Rs. 150,000 each plus all other benefits available to executives in accordance with the Company's Rules, commencing January 01, 2001"

7. To transact any other business with the permission of the Chair.

By Order of the Board

(ABDUL ALEEM)  
Company Secretary

Karachi: November 20, 2000

**Notes:**

1. The Share Transfer Books of the Company will remain closed from Wednesday, December 13, 2000 to Friday, December 22, 2000 (both days inclusive).
2. A Member entitled to attend, speak and vote at this meeting may appoint another Member as his/her proxy to attend, speak and vote on his/her behalf.
3. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time appointed for the Meeting. A Member shall not be entitled to appoint more than one proxy. If a Member appoints more than one proxy and more than one instrument of proxy are deposited by a Member with the Company, all such instruments shall be rendered invalid.

**4. GUIDELINES FOR CDC ACCOUNT HOLDERS ISSUED BY SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

**For personal attendance: -**

(i) 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 National Identity Card (NIC) at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**For appointing proxy**

(i) 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.

(ii) Attested copies of NIC of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his/her original NIC at the time of the meeting.

5. Members are requested to notify any change in their address immediately.
6. Members should quote their Folio Number in all correspondence and at the time of attending the Meeting.
7. Any person who seeks to contest the election to the office of Directors shall, file with the Company, not later than Fourteen (14) days before the date of the meeting, a notice of his intention to offer himself for election as Director in terms of Section 178 of the Companies Ordinance, 1984.

#### STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

The Chief Executive and full time Working Director will be interested in the business of fixing their remuneration to the extent the remuneration will be payable to them.

#### DIRECTORS' REPORT TO THE MEMBERS

##### Dear Members

Your Directors are pleased to present their report along with the audited accounts for the year ended June 30, 2000.

The cement industry continues to suffer due to depressed market conditions and excess supply. These factors have adversely affected the operating efficiency of almost all the cement units including your company. However, due to adoption of effective marketing strategy by the management, the financial results of the company have shown improvement during the year.

##### OPERATING PERFORMANCE

The production and despatches for the year under review are as follows:

	<i>2000</i>	<i>1999</i>
	<i>Tonnes</i>	
Production		
Clinker	445,380	467,000
Cement	458,619	496,210
Despatches	458,120	497,969

##### OPERATING RESULT

The excess production capacity in the country, which has created glut of cement and the adverse economic conditions prevalent in the country, compelled the management to continue the marketing strategy adopted last year in order to get rationale prices for its products. This has resulted in improvement in the operating results.

The increase in gross profit rate from 11.525% to 19.64% was achieved mainly due to enhanced selling prices. The increase of 5.39% in operating expenses and substantial decrease in financial expenses by 38.32% resulted in profit before tax of Rs. 131.232 million as compared to last year profit of Rs. 4.855 million.

##### APPROPRIATION

*(Rupees in Thousands)*

Your directors have recommended the following appropriation of Profit:

Profit for the year	83,384
Accumulated loss brought forward	(98,151)
Transfer from General Reserve	100,000
	-----
Available for appropriation	85,233
Proposed Dividend @ 10%	45,600

Accumulated profit carried forward

-----  
39,633  
=====

#### **DEBT OBLIGATIONS**

By the grace of God the company continues to meet its financial commitments and debt obligations on time.

#### **FUTURE PROSPECTS**

Increase in international oil prices and exclusion from the freight pool has resulted in significant increase of 37 percent in furnace oil prices since July 2000 and thus increased one of our major input cost. To make the situation worst for the industry Government took the irrational decision of imposing sales tax on cement industry and allowing exemption to four cement units in NWFP. This has created inequity among the costs of cements units resulting in chaotic situation, which is again taking the industry towards the major crises.

#### **AUDITORS**

**S**

Present auditors M/s. Taseer Hadi Khalid & Co., Chartered Accountants and M/s. Rahim Iqbal Rafiq & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

#### **PATTERN OF SHAREHOLDING**

A statement showing the pattern of shareholding as at June 30, 2000 is annexed.

#### **ACKNOWLEDGMENT**

The Directors would like to place on record their appreciation for the strenuous efforts and dedicated work of the staff and workers and for the efforts made by the dealers in giving full support to our marketing policies. We would also like to express our sincere thanks to all the financial institutions and banks for their continued support and co-operation.

On behalf of the Board

(MOHAMMED YASIN FECTO)

Chief Executive

Karachi: November 20, 2000

#### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Fecto Cement Limited as at 30 June 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said

statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

**TASEER HADI KHALID  
& CO.**

Chartered Accountants

Karachi: November 20, 2000

**RAHIM IQBAL RAFIQ &  
COMPANY**

Chartered Accountants

**BALANCE SHEET  
AS AT JUNE 30, 2000**

	<i>NOTE</i>	<i>(Rupees in Thousands)</i>	
		<i>2000</i>	<i>1999</i>
<b>SHARE CAPITAL</b>			
<b>Authorise</b>			
<b>d:</b>			
50,000,000 Ordinary Shares of Rs. 10/- each		500,000 =====	500,000
		==	=====
<b>Issued, subscribed and paid-up:</b>			
45,600,000 Ordinary Shares of Rs. 10/- each		456,000	
Issued for Cash			456,000

<b>RESERVE</b>			
<b>S</b>		189,633	151,849
		-----	-----
		645,633	607,849
<b>LONG TERM LOANS</b>	5	71,133	99,586
<b>DEFERRED LIABILITIES</b>	6	241,217	264,615
<b>LONG TERM DEPOSITS</b>	7	17,737	19,842
<b>CURRENT LIABILITIES:</b>			
Short Term Running Finance	8		30,834
Current Maturity of Long Term Liabilities	5	28,453	28,453
Creditors, Accrued & Other Liabilities	9	211,306	270,381
Provision for Taxation		63,130	15,729
Proposed Dividend		45,600	--
		-----	-----
		1,324,209	1,337,289
		=====	=====
		==	=====
		2000	1999
<b>OPERATING FIXED ASSETS</b>	10	811,034	896,357
<b>LONG TERM DEPOSITS</b>		4,505	4,426
<b>CURRENT ASSETS:</b>			
Stores and Spares	11	311,862	285,627
Stock-in-Trade	12	35,158	17,467
Trade Debtors-Unsecured Considered Good		4,087	2,809
Advances and Pre-payments	13	77,337	82,164
Cash and Bank Balances	14	80,226	48,439
		-----	-----
		508,670	436,506
		-----	-----
		1,324,209	1,337,289
		=====	=====
		==	=====

These accounts should be read in conjunction with the attached notes.

(MOHAMMED YASIN  
FACTO)  
Chief Executive

(ABDUL JALEEL SHAIKH)  
Director

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>NOTE</i>	<i>(Rupees in Thousands)</i>	
		<i>2000</i>	<i>1999</i>
<b>SALES-</b>	15	1,208,111	1,030,202

<b>NET</b>			
<b>COST OF SALES</b>	16	970,826	911,572
		-----	-----
<b>GROSS PROFIT</b>		237,285	118,630
<b>OPERATING EXPENSES</b>			
general & Administrative	17	40,022	36,652
Selling & Distribution	18	24,113	24,201
		-----	-----
		64,135	60,853
		-----	-----
		173,150	57,777
<b>FINANCIAL CHARGES</b>	19	33,716	54,667
<b>OTHER INCOME</b>	20	(3,634)	(2,001)
<b>WORKERS' FUNDS</b>	21	11,836	256
		-----	-----
		41,918	52,922
		-----	-----
<b>PROFIT BEFORE TAXATION</b>		131,232	4,855
<b>PROVISION FOR TAXATION</b>			
Current			
Year	22	631,301	15,729
Prior Year		2,376	--
Deferred		(17,658)	( 13,070)
		-----	-----
		47,848	2,659
		-----	-----
<b>PROFIT AFTER TAXATION</b>		83,384	2,196
<b>ACCUMULATED (LOSS) BROUGHT FORWARD</b>		(98,151)	(100,347)
		-----	-----
		(14,767)	(98,151)
<b>APPROPRIATION:</b>			
Transfer from General Reserve		100,000	--
Final Dividend 10% (1999: Nil)		(45,600)	--
		-----	-----
		54,400	--
		-----	-----
<b>ACCUMULATED PROFIT/(LOSS) CARRIED FORWARD</b>		39,633	(98,151)
		=====	=====
		=	=====
<b>Earning per share - basic (Rupees)</b>	23	1.83	0.05

These accounts should be read in conjunction with the attached notes.

(MOHAMMED YASIN  
 FECTO)  
 Chief Executive

(ABDUL JALEEL SHAIKH)  
 Director



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>(Rupees in Thousands)</i>	
	<i>2000</i>	<i>1999</i>
<b>Cash Flows from Operating Activities</b>		
Net Profit before Taxation	131,232	4,855
Adjustments for:		
Depreciation	89,800	99,904
(Gain) on Disposal of Fixed Assets	(1,002)	(469)
Loss on Retirement/Scrapping of Fixed Assets	3,670	896
Foreign Exchange Loss	--	8,222
Financial Charges	33,716	46,445
	-----	-----
Operating Profit before Working Capital .Changes	257,416	159,853
(Increase)/Decrease in Stores and Spares	(26,235)	12,846
(Increase)/Decrease in Stock-in-Trade	(17,691)	6,198
(Increase)/Decrease in Trade Debtors	(1,278)	16,483
(Increase) in Advances and Prepayments	(4,105)	(327)
(Decrease)/Increase in Short Term Running Finance	(30,834)	30,834
(Decrease) in Creditors, Accrued and Other Liabilities	(2,707)	(31,723)
	-----	-----
Cash Generated from Operations	174,566	194,164
Financial Charges Paid	(95,822)	(112,627)
Income Tax Paid/Deducted at Source	(9,173)	(8,480)
Long Term Deposits Received	(2,105)	(1,968)
Long Term Deposits Given	(79)	(173)
	-----	-----
Net Cash from Operating Activities	67,387	70,916
<b>Cash Flows from Investing Activities</b>		
Fixed Capital Expenditure	(9,063)	(1,913)
Sale Proceeds of Fixed Assets	1,918	1,383
Advances to Associated Companies	--	9,675
	-----	-----
Net Cash from Investing Activities	(7,145)	9,145
<b>Cash Flows from Financing Activities</b>		
Repayment of Long Term Loans	(28,453)	(72,070)
Repayment of Redeemable Capital	--	(15,756)
Dividend Paid	(2)	(1,438)
	-----	-----
Net Cash used in Financing Activities	(28,455)	(89,264)
	-----	-----
Net Increase/(Decrease) in Cash & Bank Balances	31,787	(9,203)
Cash and Bank Balances as at July 1	48,439	57,642

Cash and Bank Balances as at June 30

-----	-----
80,226	48,439
=====	=====
==	=====

(MOHAMMED YASIN  
FECTO)  
Chief Executive

(ABDUL JALEEL SHAIKH)  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2000**

	(Rupees in Thousands)			
	<i>Share Capital</i>	<i>General Reserve</i>	<i>Accumulated Profit/(Losses)</i>	<i>Total</i>
Balance as at June 30, 1998	456,000	250,000	(100,347)	605,653
Profit for the year	--	--	2,196	2,196
	-----	-----	-----	-----
Balance as at June 30, 1999	456,000	250,000	(98,151 )	607,849
Profit for the year			83,384	83,384
	-----	-----	-----	-----
	456,000	250,000	(14,767)	691,233
Appropriation:				
Transfer from General Reserve	--	(100,000)	100,000	--
Final Dividend	--	--	(45,600)	(45,600)
	-----	-----	-----	-----
Balance as at June 30, 2000	456,000	150,000	39,633	645,633
	=====	=====	=====	=====
	==	==	==	=====

(MOHAMMED YASIN  
FECTO)  
Chief Executive

(ABDUL JALEEL SHAIKH)  
Director

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2000**

**1. STATUS AND NATURE OF BUSINESS**

The Company was incorporated in Pakistan on February 28, 1981 as a public limited company and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of cement.

**2. STATEMENT OF COMPLIANCE**

These accounts have been prepared in accordance with accounting standards issued by the International Accounting Standards Committee (IASC) and interpretations issued by Standing Interpretations Committee of IASC, as adopted in Pakistan and the requirements of the Companies Ordinance, 1984.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Accounting Convention**

#### **3.2 Tangible Fixed Assets**

- i) Operating fixed assets are stated at cost (including where relevant related borrowing cost and exchange difference) less accumulated depreciation, except free hold land which is stated at cost.
- ii) Capital work in progress is stated at cost including where relevant, related financing costs. These costs are transferred to fixed assets as and when assets are available for use.
- iii) Depreciation is charged to income applying the reducing balance method at the rates specified in Note 10. Full year's depreciation is charged on additions, while no depreciation is charged on assets disposed off.
- iv) Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of assets, if any, are included in income currently.

#### **3.3 Assets Subject to Finance Lease**

- i) These are stated at lower of present value of minimum lease payments under the lease agreements and fair value of assets acquired on lease. The related obligations of the lease are accounted for as liabilities. Assets acquired under the finance lease are depreciated over the useful life of the assets in the same manner as the owned assets.
- ii) Finance charge under the lease agreements is allocated to the periods during lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability of each period.

#### **3.4 Staff Retirement Benefits**

The Company operates a defined contribution scheme, Provident Fund, for all its regular permanent employees. Contributions are made equally by the Company and the employees as per the rules of the Fund.

#### **3.5 Stores, Spares and Loose Tools**

These are valued at moving average cost other than stores and spares in transit which are valued at cost comprising invoice value plus other charges paid thereon.

#### **3.6 Stock-in-trade**

Stock-in-trade is valued at lower of cost and net realisable value. Cost signifies in relation to:

Raw Material produced by the Company	At average cost comprising of excavation cost, labour and appropriate overheads.
Other Raw Material and Packing Material	At cost determined on first-in-first-out basis.

Work-in process and Finished Goods

At average cost comprising direct material, labour and appropriate manufacturing overheads.

Net realizable value signifies the selling price less cost necessary to be incurred in order to make the sale.

### 3.7 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. All exchange differences are included in income currently.

### 3.8

#### Taxation

##### Current:

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

##### Deferred:

The Company accounts for deferred taxation on all significant timing differences using the liability method. However, net deferred tax debits, if any, are not recognized.

### 3.9 Revenue Recognition

Sales are recorded on despatch of goods to customers.

	<i>(Rupees in Thousands)</i>	
	<i>2000</i>	<i>1999</i>
<b>4. RESERVES</b>		
General Reserve:		
At the beginning of the year	250,000	250,000
Transfer to Profit and Loss Account	(100,000)	--
	-----	-----
	150,000	250,000
Accumulated Profit / (Loss)	39,633	(98,151)
	-----	-----
	189,633	151,849
	=====	=====
	==	=====

### 5. LONG TERM LOANS-FROM FINANCIAL INSTITUTIONS-SECURED

National Development Finance Corporation:

-Term Loan No. 1	(Note 5.1)	73,920	95,040
-Term Loan No. 4	(Note 5.2)	25,666	32,999
		-----	-----
		99,586	128,039
Less: Current Maturity		28,453	28,453
		-----	-----

71,133	99,586
=====	=====
==	=====

5.1 This represents the outstanding balance as on June 30, 1989 of foreign currency loan of US Dollar 28.550 million obtained from National Development Finance Corporation, converted into local currency term loan of Rupees 446.078 million at the exchange rate prevailing on June 30, 1989. The balance due as on May 01, 1999 has been staggered by National Development Finance Corporation and is payable in 10 semi annual installments commencing from June 30, 1999. Markup @ 18% per annum will be charged and in case of delay in payment additional markup @ 4% per annum will be charged on the amount remaining unpaid after the due date. The loan is secured by way of a first charge on all movable and immovable properties of the Company and personal guarantees of sponsoring directors.

5.2 This represents the unpaid interest amounting to Rs. 195.550 million on the above foreign currency loan capitalized by National Development Finance Corporation as local currency term loan. The balance due as on May 01, 1999 has been staggered by National Development Finance Corporation and is payable in 10 semi annual installments commencing from June 30, 1999. Markup @ 18% per annum will be charged and in case of delay in payment additional markup @ 4% per annum will be charged on the amount remaining unpaid after the due date. The loan is secured by way of a first charge on all movable and immovable properties of the Company and personal guarantees of sponsoring directors.

	<i>(Rupees in Thousands)</i>	
	<b>2000</b>	<b>1999</b>
<b>6. DEFERRED LIABILITIES</b>		
Deferred Taxation	195,982	213,640
Deferred Markup	509,871	514,471
Less: Transferred to Current Liabilities	5,752	472
	-----	-----
	45,235	50,975
	-----	-----
	241,217	264,615
	=====	=====
	==	=====

**7. LONG TERM DEPOSITS-UNSECURED**

Dealers	(Note 7.1 ) 14,562	16,687
Suppliers and Contractors	(Note 7.2) 3,175	3,155
	-----	-----
	17,737	19,842
	=====	=====
	==	=====

7.1 This represents interest free security deposits, received from cement agency holders and is repayable on cancellation or withdrawal of agency. The Company in terms of written contract with the agency holders is entitled to utilise the deposits, as provided in Section 226 of the Companies Ordinance, 1984.

7.2 This represents interest free security deposits received from suppliers and contractors and is repayable after the satisfactory execution or the cancellation of agreements. The Company is entitled in terms of written contract with the contractors and suppliers to utilise the deposits, as provided in Section 226 of the Companies Ordinance, 1984.

### 8. SHORT TERM RUNNING FINANCE-SECURED

The Company has an aggregate running finance facility of Rs. 120.0 million (1999 Rs. 90.0 million) available from financial institution and commercial bank. These arrangements are secured by way of first charge over all the company's movable and immovable properties and hypothecation of company's stock in trade, stores & spares, book debts, machinery and personal guarantees of sponsoring directors of the company. The rates of markup range from 50-57 paisas per Rs. 1,000 per day.

	<i>(Rupees in Thousands)</i>	
	<b>2000</b>	<b>1999</b>
<b>9. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Creditors for Goods	7,147	7,651
Accrued Expenses	20,400	20,253
Workers' Profit Participation Fund	(Note 9.1) 7,153	256
Markup on Long Term Finance Utilised		
Under Markup Arrangements - Secured	5,752	472
Advances from Customers	82,853	108,111
Due to Associated Companies	71,099	42,293
Commitment Charges	--	43,922
Royalty Payable	239	225
Excise Duty Payable	1,392	9,549
Sales Tax Payable	150	13,386
Taxes Withheld	233	
Unclaimed Dividend	9,587	9,589
Unpaid Dividend	248	248
Other Liabilities	5,053	14,426
	-----	-----
	211,306	270,381
	=====	=====
	==	=====

### 9.1 WORKERS' PROFIT PARTICIPATION FUND

Opening Balance	256	--
Add: Contribution for the year	7,153	256
Interest accrued	18	--
	-----	-----
	7,427	256
Less: Payment during the year	274	--
	-----	-----
	7,153	256
	=====	=====

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**10. OPERATING FIXED ASSETS**

Items	Cost				Rate Percent	Depreciation			(Rupees in Thousands)	
	As At July 01 1999	Additions	Sale/ Disposals	As At June 30 2000		As At July 01 1999	During the Year	Adjust- ment	As At June 30 2000	Written Down Value As At June 30, 2000
Freehold Land	18,084	--	--	18,084	--	--	--	--	--	18,084
Factory Building on Freehold Land	248,673	--	--	248,673	10%	134,087	11,459	--	145,546	103,127
Non- Factory Building on Freehold Land	111,180	--	--	111,180	5%	37,989	3,660	--	41,649	69,531
Office Premises	2,415	--	--	2,415	5%	835	79	--	914	1,501
Plant, Machinery and Equipments	1,438,035	--	--	1,438,035	10%	812,806	62,523	--	875,329	562,706
Quarry Transport Equipments	240,162	--	--	240,162	20%	200,821	7,868	--	208,689	31,473
Furniture, Fixtures and Equipments	29,902	3,687	7,087	26,502	10%	14,382	1,554	3,417	12,519	13,983
Motor Vehicles	25,647	5,376	3,253	27,770	20%	16,821	2,657	2,337	17,141	10,629
2000	2,114,098	9,063	10,340	2,112,821		1,217,741	89,800	5,754	1,301,787	811,034
1999	2,116,113	1,913	3,928	2,114,098		1,119,955	99,904	2,118	1,217,741	896,357

2000

1999

**ALLOCATION:**

Excavation Cost	20,803	24,161
Manufacturing Cost	65,596	72,513
Administrative and General	2,637	2,530

Selling and Distribution	764	700
	-----	-----
	89,800	99,904
	=====	=====
	==	=====

**10.1 Details of Operating Fixed Assets disposed off during the year is as follows:**

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	(Rupees in Thousands)
						Particulars of Purchaser
<b>VEHICLES:</b>						
Charade	180	152	28	149	Negotiation	Mr. Amjad All House # 9, Railway Scheme # 3, Chaklala, Rawalpindi
Subaro	258	212	46	100	Negotiation	Mr. Zubair Saeed House # 15-B, Fecto Sugar Mills Ltd. Daryakhan
Subaro	239	197	42	162	Negotiation	Mr. Sajid Rehman House # D-792, Settelite Town, Rawalpindi
Subaro	244	200	44	162	Negotiation	Mr. Sajid Rehman House # D-792, Settelite Town, Rawalpindi
Subaro	267	220	48	100	Negotiation	Mr. Nasir Jamal House # P-159/1 O-C, Iqbal College, Degree College Road, Rawalpindi
Toyota Corolla	302	240	62	225	Negotiation	Chaudhry Arshad Pervaiz House # 12, Gall # 22, Tench Bhata, Rawalpindi
Mitsubishi Lancer	636	486	150	200	Negotiation	Mr. Quaid Joher House # 27-A, Memon Manzil, Shabbirabad, Karachi
Suzuki Margalla	415	292	123	250	Negotiation	Mr. Mohammed Tufail 347-J, Gall # 24, Aaria Mohallah, Rawalpindi
Suzuki Khyber	357	210	146	250	Insurance Claim	Adamjee Insurance Co. Ltd, & Reliance Insurance Co. Ltd. Karachi
Suzuki Khyber	355	128	227	320	Insurance Claim	Adamjee Insurance Co. Ltd, & Reliance Insurance Co. Ltd. Karachi



**Furniture Fixtures &  
Office Equipments:**

Computers	3,011	1,795	1,216	--	Scrapped
Telephone Installations	4,076	1,622	2,454	--	Scrapped
	-----	-----	-----	-----	
2000	10,340	5,754	4,586	1,918	
	=====	=====	=====	=====	
	==	=====	==	==	
1999	3,928	2,118	1,810	1,383	
	=====	=====	=====	=====	
	==	=====	==	==	

*(Rupees in Thousands)*

**11. STORES AND SPARES**

	<b>2000</b>	<b>1999</b>
Stores	26,563	22,375
Spares	279,301	261,678
Store in transit	5,998	1,574
	-----	-----
	311,862	285,627
	=====	=====
	==	=====

**12. STOCK IN TRADE**

Finished Goods	5,833	4,389
Work-in-Process	19,573	3,294
Raw Material	4,231	5,607
Packing Material	5,521	4,177
	-----	-----
	35,158	17,467
	=====	=====
	==	=====

**13. ADVANCES AND PREPAYMENTS**

Advances-unsecured considered good:

Employees	1,991	2,007
Executives	2,868	2,617
Suppliers and Contractors	15,424	11,164
	-----	-----
Advance Income Tax	41,906	50,838
Advance Excise Tax	9,877	11,585
Other Receivables	--	36
Prepayments	5,271	3,917
	-----	-----
	77,337	82,164

(Note 13.1  
)

13.1 The maximum aggregate amount due from executives of the Company at the end of any month during the year was Rs. 3.115 million (1999-Rs. 2.716 million).

**14. CASH AND BANK BALANCES**

In Hand	481	496
With Banks	79,745	47,943
	-----	-----
	80,226	48,439
	=====	=====
	==	==

**15. SALES-NET**

Sales	1,849,478	1,779,849
Less: Excise Duty	641,367	749,647
	-----	-----
	1,208,111	1,030,202
	=====	=====
	==	==

**16. COST OF SALES**

Raw and Packing Material Consumed:

Opening Stock	9,784	7,928
Purchases	118,122	117,638
Excavation Cost	73,129	84,059
	-----	-----
	201,035	209,625
Closing Stock	(9,752)	(9,784)
	-----	-----
	191,283	199,841
Fuel and Power	562,111	473,993
Stores and Spares Consumed	64,811	51,727
Salaries, Wages and Benefits	68,407	65,137
Insurance	16,521	20,151
Repairs and Maintenance	3,387	3,938
Rent, Rates and Taxes	61	60
Depreciation	65,596	72,513
Other Manufacturing Overheads	16,372	16,158
	-----	-----
	988,549	903,518
Add: Opening Work-in-Process	3,294	8,270
Less: Closing Work-in-Process	(19,573)	(3,294)
	-----	-----
Cost of Goods Manufactured	972,270	908,494

Add: Opening Finished Goods	4,389	7,467
Less: Closing Finished Goods	(5,833)	(4,389)
	-----	-----
Cost of Sales	970,826	911,572
	=====	=====
	==	=====

#### 17. GENERAL & ADMINISTRATIVE EXPENSES

Salaries, Wages and Benefits	19,549	17,469
Traveling and Conveyance	856	742
Vehicles Running Expenses	2,694	2,238
Communications	2,040	2,423
Printing and Stationery	584	545
Rent, Rates and Taxes	2,764	2,183
Utilities	2,099	1,897
Repairs and Maintenance	755	688
Legal and Professional Charges	3,198	1,987
Auditors' Remuneration	(Note 17.1) 275	236
Donations	(Note 17.2) 316	916
Depreciation	2,637	2,530
Miscellaneous	2,255	2,798
	-----	-----
	40,022	36,652
	=====	=====
	==	=====

#### 17.1 AUDITORS' REMUNERATION

	2000			1999
	<i>Rahim Iqbal</i>	<i>Taseer Hadi</i>	<i>Rahim Iqbal</i>	<i>Taseer Hadi</i>
	<i>Rafiq &amp; Co.</i>	<i>Khalid &amp; Co.</i>	<i>Rafiq &amp; Co.</i>	<i>Khalid &amp; Co.</i>
Audit Fee	112	112	100	100
Out of Pocket Expenses	26	25	11	25
	-----	-----	-----	-----
	138	137	111	125
	=====	=====	=====	=====
	==	==	==	=====
		275		236
		=====		=====
		==		=====

17.2 None of the Directors or their spouses have any interest in the above donee Funds.

(Rupees in Thousands)

2000 1999

#### 18. SELLING & DISTRIBUTION EXPENSES

Salaries, Wages and Benefits	10,120	9,951
Traveling and Conveyance	564	650
Vehicles Running Expenses	1,450	1,400
Communications	1,461	1,482
Rent, Rates and Taxes	916	732
Repairs and Maintenance	358	276
Advertisement	3,970	4,437
Marking Fee	1,947	1,701
Depreciation	764	700
Miscellaneous	2,563	2,872
	-----	-----
	24,113	24,201
	=====	=====
	==	=====

**19. FINANCIAL CHARGES**

Markup on:		
Long Term Loans	31,046	36,826
Running Finance	1,894	8,222
Interest on Workers' Profit Participation Fund	18	--
Exchange Loss	--	8,222
Supervision Fee	--	207
Guarantee Commission	--	451
Bank Commission and Charges	758	739
	-----	-----
	33,716	54,667
	=====	=====
	==	=====

**20. OTHER INCOME**

Markup on Bank Deposits	5,198	2,266
Gain on Sale of Fixed Assets	1,002	469
(Loss) on Retirement/Scrapping of Fixed Assets	(3,670)	(896)
Scrap Sales	1,069	116
Miscellaneous	35	46
	-----	-----
	3,634	2,001
	=====	=====
	==	=====

**21. WORKERS' FUNDS**

Workers' Profit Participation Fund	7,153	256
Workers' Welfare Fund	4,683	--
	-----	-----
	11,836	256
	=====	=====
	==	=====

**22. TAXATION**

The Income Tax Assessments of the Company have been finalised upto and including Assessment year 1999-2000.

**23. EARNING PER SHARE - Basic**

Net Profit for the year	Rupees	83,383,719	2,196,587
		=====	=====
		==	=====
Number of ordinary shares		45,600,000	45,600,000
		=====	=====
		==	=====
Earning per share	Rupees	1.83	0.05
		=====	=====
		==	=====

**24. REMUNERATION OF DIRECTOR AND EXECUTIVE**

	(Rupees in Thousands)					
	2000			1999		
	<i>Chief Executive</i>	<i>Director Executive</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Director Executive</i>	<i>Executives</i>
Managerial Remuneration	1,537	1,535	29,973	1,609	1,609	24,479
Retirement Benefits	73	73	1,590	73	73	1,224
Reimbursable Perquisites	145	145	1,664	139	139	1,327
	-----	-----	-----	-----	-----	-----
	1,755	1,755	33,227	1,821	1,821	27,030
	=====	=====	=====	=====	=====	=====
	==	=====	==	==	=====	=====
Number	1	1	64	1	1	61
	=====	=====	=====	=====	=====	=====
	==	=====	==	==	=====	=====
Meeting Fee	--	28	--	--	13	--
	=====	=====	=====	=====	=====	=====
	==	=====	==	==	=====	=====
Number	--	5	--	--	4	--
	=====	=====	=====	=====	=====	=====
	==	=====	==	==	=====	=====

Certain Executives are provided with the free use of Company cars and the operating expenses are reimbursed at actual to the extent of their entitlement.

**25. TRANSACTIONS WITH ASSOCIATED COMPANIES**

	(Rupees in Thousands)	
	2000	1999
Purchases & other transactions	139,062	128,135

**26. CAPACITY AND PRODUCTION**

	Tonnes	
Rated Capacity	600,000	600,000

Actual Production 445,380 467,000

The shortfall in production is due to depressed market conditions which resulted in low capacity utilisation.

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

## 28. INTEREST RATE RISK EXPOSURE

(Rupees in thousands)

	2000			Non-Interest bearing	Total
	Less than one month	One month to one year	One year and onward		
<b>Financial Assets</b>					
Long Term Deposits	--	--	--	4,505	4,505
Trade Debtors	--	--	--	4,087	4,087
Advances	--	--	--	20,007	20,007
Cash and Bank Balances	--	--	--	80,226	80,226
	-----	-----	-----	-----	-----
	--	--	--	108,825	108,825
	=====	=====	=====	=====	=====
<b>Financial Liabilities</b>					
Long Term Loans	--	28,453	71,133	--	99,586
Long Term Deposits	--	--	--	17,737	17,737
Short Term Running Finance	--	--	--	--	--
Creditors, Accrued & Other Liabilities	--	--	--	128,453	128,453
	-----	-----	-----	-----	-----
	--	28,453	71,133	146,190	245,776
	=====	=====	=====	=====	=====
	=====	=====	=====	=====	=====
<b>1999</b>					
	Less than one month	One month to one year	One year and onward	Non-Interest bearing	Total
<b>Financial Assets</b>					
Long Term D	--	--	--	4,426	4,426
Trade Debtors	--	--	--	2,809	2,809
Advances	--	--	--	20,162	20,162
Cash and Bank Balances	--	--	--	48,439	48,439
	-----	-----	-----	-----	-----
	--	--	--	75,836	75,836
	=====	=====	=====	=====	=====
	=====	=====	=====	=====	=====

**Financial Liabilities**

Long Term Loans	--	28,453	99,586	-----	128,039
Long Term Deposits	--	--	--	19,842	19,842
Short Term Running Finance	--	30,834	--	--	30,834
Creditors, Accrued & Other Liabilities	--	--	--	162,270	162,270
	--	--	--	--	--
	-----	-----	-----	-----	-----
	--	59,287	99,586	182,112	340,985
	=====	=====	=====	=====	=====
	=====	=====	=====	=====	=====

Effective rates of markup for financial liabilities are as follows:

Long Term Loan	18%	18%
Short Term Running Finance	20%	22%

(Rupees in Thousands)

	<b>2000</b>	<b>1999</b>
Long Term Deposits	4,505	4,426
	=====	=====
Trade Debtors	==	=====
	4,087	2,809
	=====	=====
	==	=====

**29. CREDIT RISK**

The following financial assets of the Company are exposed to credit risk:

Long Term Deposits	4,505	4,426
	=====	=====
Trade Debtors	==	=====
	4,087	2,809
	=====	=====
	==	=====

The Company controls credit risks by monitoring credit exposures and continuing assessment of credit worthiness of customers.

**30. GENERAL**

30.1 Total number of employees including contractors' employees as at June 30, 2000 was 612 (1999: 613)

30.2 Prior year's figures have been re-arranged, wherever necessary, to conform to current year's presentation.

**PATTERN OF SHAREHOLDING****AS AT JUNE 30, 2000**

<i>Number of Shareholders</i>	<i>Shareholding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
458	1	100	45,800
2244	101	500	1,035,000
379	501	1000	369,000
338	1001	5000	824,300
50	5001	10000	378,900
11	10001	15000	135,400
7	15001	20000	135,900
6	20001	25000	139,300

4	25001	30000	110,800
4	30001	35000	129,500
1	40001	45000	43,500
2	45001	50000	95,200
2	50001	55000	102,100
1	75001	80000	78,000
1	85001	90000	88,000
1	90001	95000	93,800
1	95001	100000	100,000
1	110001	115000	112,000
1	120001	125000	121,000
1	130001	135000	132,000
2	135001	140000	276,000
1	140001	145000	141,000
1	155001	160000	156,000
1	160001	165000	162,300
1	180001	185000	182,200
2	225001	230000	458,000
1	240001	245000	243,900
1	245001	250000	249,000
1	270001	275000	270,700
1	275001	280000	280,000
1	280001	285000	285,000
1	290001	295000	295,000
1	295001	300000	300,000
1	305001	310000	309,500
2	320001	325000	650,000
1	325001	330000	330,000
2	330001	335000	670,000
1	335001	340000	340,000
2	340001	345000	690,000
1	345001	350000	350,000
1	360001	365000	365,000
1	370001	375000	375,000
1	395001	400000	398,200
1	415001	420000	420,000
1	455001	460000	459,800
2	810001	815000	1,625,000
1	995001	1000000	999,300
2	1495001	1500000	2,999,600
2	1895001	1900000	3,790,834
1	1940001	1945000	1,945,000
1	3155001	3160000	3,156,600
1	3385001	3390000	3,389,500
2	4265001	4270000	8,532,066
1	6235001	6240000	6,236,000

-----  
3556

-----  
45,600,000



<b>Categories Shareholders</b>	<b>Number of Shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
Individuals	3,501	29,614,400	64.95
Investment Companies	33	3,975,200	8.71
Insurance Companies	2	14,900	0.03
Joint Stock Companies	5	11,700	0.03
Financial Institutions	7	9,934,100	21.79
Modaraba Companies	4	53,100	0.12
Foreign Investors	3	1,994,600	4.37
Others	1	2,000	0.00
<b>Total</b>	<b>3,556</b>	<b>45,600,000</b>	<b>100.00</b>