

**Saadi Cement Limited**  
**Annual Report 2000**

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Tariq Mohsin Siddiqui  
(Chairman & Chief Executive)  
Shamim Mushtaq Siddiqui  
Muhammad Salim Arif  
Jameel Ahmed Siddiqui  
Istiaq Ahmed Khan  
Seema Tabassum  
Ghazala Mustafa  
Mutiullah Khan (Nominee - NDFC)

**COMPANY SECRETARY**

Muhammad Adil

**REGISTERED OFFICE**

Kamilpur  
Near Hattar  
Dist. Haripur  
N.W.F.P.

**FACTORY**

Kamilpur  
Near Hattar  
Dist. Haripur  
N.W.F.P.

**HEAD OFFICE &  
SHARES DEPARTMENT**

Trade Centre, A~14,  
Block 7/8, KCHS  
Shahra-e-Faisal  
Karachi.

**BANKERS**

Allied Bank of Pakistan Limited  
Al-Faysal Investment Bank Ltd.

Faysal Bank Limited  
National Bank of Pakistan  
Union Bank Limited

**AUDITORS**

Rafaqat Babar & Co.  
Chartered Accountants  
Green Hotel Building  
Saddar Road  
Peshawar Cantt.

Khan H.R. & Co.  
Chartered Accountants  
328, Muhammadi House  
I.I. Chundrigar Road  
Karachi.

**NOTICE OF MEETING**

Notice is hereby given that the 7th Annual General Meeting of Saadi Cement Limited will be held at Green Hotel, Peshawar on 23rd day, December 2000 at 2:00 p.m. to transact the following business:

1. To confirm the minutes of the 6th Annual General Meeting held on 27th December 1999.
2. To receive and consider the Audited Accounts for the year ended June 30, 2000 and the report of the directors and auditors thereon.
3. To appoint auditors and to fix their remuneration.
4. To transact any other business with the permission of the chair.

27th November 2000

**By Order of the Board**

**Mohammad Adil  
Company Secretary**

**Notes:**

1. Share Transfer Books of the company will remain dosed from 16th December to 23rd December 2000, both days inclusive.
2. Any member of the company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Proxies must be received at the Registered Office of the company at Kamilpur, Near Hattar, Dist. Haripur, N.W.F.P. or Head Office at Trade Centre, A-14, Block 7/8, K.C.H.S., Shakra-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.

4. Any individual Beneficial Owner of Central Depository Company, entitled to vote at this meeting, must bring his/her National Identity Card with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.

5. Members are requested to promptly notify the company of any change in their addresses.

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2000**

The Directors are pleased to present the Annual Report of your company together with the audited accounts for the year ended June 30, 2000.

### **The Project**

The Saadi Cement plant comprises of two lines capable of manufacturing 3,600 tons per day of high quality cement using dry process suspension pre-heater with pre-calcination technology.

The latest technology comprising programmable logic control systems have been employed to ensure, optimum production and a high efficiency level.

You have been informed earlier that during the fast track implementation of the project various hurdles had cropped up due to reasons beyond the control of the management. By the grace of God, all these hurdles have been surmounted, including the financial short fall. The consortium of NDFC and AI Faysal Bank had packaged an amount of Rs.135 million for project completion, which was only partially disbursed. As a result, progress of the completion jobs was hampered. However the management of your company is pleased to confirm arrangement of funds to fill the gap, created. The fresh funding has been arranged through a consortium of investors from Middle East and AI Faysal Bank. With these arrangements emplaced, progress of finishing jobs and commissioning at the plant site are being completed at a fast pace. Trial production is expected to start in the next few months..

### **Overview of the Cement Industry**

The addition of new capacities in the cement industry mainly during the period 1997-98, created a temporary over supply position. However, the increasing local demand of cement is reducing the gap in supply and demand of this basic building material at a fast pace. The industry which was operating at 55% in 1997-98, achieved 65% utilization of effective capacity in 1998-99 and is now achieving more than 70% utilization. It is heartening to see that the consumption of cement continues to grow at a steady pace, inspite of no major infrastructure projects having been taken in the last few years. This growth rate and capacity utilization is expected to further improve, substantially with any major infrastructure undertaking coming up..

### **Personnel**

The directors would like to place on record their profound appreciation for the efforts of all the employees, who worked in complete harmony and mutual cooperation. The company continues its drive to look for personnel of high professional caliber and experience, as it considers its people to be the back bone of the organization and the industry at large.

### **Auditors**

Messrs. Rafaqat Babar & Co., Chartered Accountants, and Khan H.R. & Co., Chartered Accountants retired and being eligible, offer themselves for re-appointment as the auditors of the company for the year ending 2001.

#### **Pattern Of Shareholding**

The shareholding pattern of the company as at June 30, 2000 is included in the annual report.

#### **Acknowledgement**

The board of directors would like to place on record their appreciation for the help and support from the vendors and contractors because of whose prompt service we have made good progress on our projects.

We specially thank the financial institutions who have stood by us and extended their support and cooperation in difficult times.

We are confident of a long-term and a mutually beneficial business relationship with all our associates.

Karachi  
November 27, 2000

**By Order of the Board**

**Tariq Mohsin Siddiqui**  
**Chairman**

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

We have audited the annexed balance sheet of Saadi Cement Limited as at June 30, 2000, and cash flow statement 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 purpose 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 together with the notes thereon have been drawn up in conformity with 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 and cash flow statement together with the notes forming part thereof confirm 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 June 30, 2000 and of the cash flow statement for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.
- (e) Without qualifying our opinion, we draw attention to the following matters:
- (i) certain liabilities have been treated as long-term liabilities on the basis of the reasons given in Note 11 3 to the financial statement;
- (ii) the ultimate outcome of the contingencies disclosed in Note 17 to the financial statements cannot presently be determined and, therefore, no provision thereof has been made in these financial statements.

Karachi  
27th November, 2000

**Khan H.R. & Co.**  
**Chartered**  
**Accountants**

**Rafaqat Babar & Co.**  
**Chartered Accountants**

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

	<i>NOTE</i>	<i>2000</i> <i>Rs. '000'</i>	<i>1999</i> <i>Rs. '000'</i>
<b>TANGIBLE FIXED ASSETS</b>			
Operating fixed assets at cost			
less depreciation	3	41,688	38,864
Capital work in progress	4	5,127,502	4,802,528
		-----	-----
		5,169,190	4,841,392
<b>DEFERRED COST</b>	5	18,357	18,357
<b>CURRENT ASSETS</b>			
Stores and spares	6	264,889	273,134
Advances, deposits, prepayments and other receivables	7	363,613	186,269
Cash and bank balances	8	35,652	62,760
		-----	-----

		664,154	522,163
		-----	-----
		5,851,701	5,381,912
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized			
300,000,000 ordinary shares			
of Rs. 10/- each			
		3,000,000	3,000,000
		=====	=====
Issued, subscribed and paid-up capital	9	1,850,000	1,850,000
<b>SPONSORS' LOANS</b>	10	15,153	111,715
<b>LONG TERM LOANS</b>	11	2,362,992	1,999,479
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>	12	1,103,118	924,531
<b>LONG-TERM DEPOSITS AND RETENTION MONEY</b>	13	46,469	41,127
<b>CURRENT LIABILITIES</b>			
Shod-term loans and finances	14	241,144	151,242
Current maturity	15	--	--
Creditors, Accrued expenses and other liabilities	16	232,825	303,818
		-----	-----
		473,969	455,060
<b>CONTINGENCIES AND COMMITMENTS</b>	17		
		-----	-----
		5,851,701	5,381,912
		=====	=====

The annexed notes form an integral part of these accounts.

**Tariq Mohsin Siddiqui**  
Chairman & Chief  
Executive

**Shamim Mushtaq**  
Siddiqui  
Director

**STATEMENT OF CHANGES IN FINANCIAL POSITION  
(CASH FLOW STATEMENT)  
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>2000</i>	<i>1999</i>
	<i>Rs. '000'</i>	<i>Rs. '000'</i>
<b>OPERATING ACTIVITIES</b>		
Working capital changes	(150,190)	(45,115)

<b>INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(327,798)	(755,574)
<b>FINANCING ACTIVITIES</b>		
Long-term loans received	266,951	565,787
Liability subject to finance leases	178,587	294,374
Security deposit and retention money	5,342	599
	-----	-----
Net cash inflow from financing activities	450,880	860,760
<b>NET INCREASE / (DECREASE)</b>		
<b>IN CASH AND EQUIVALENTS</b>	(27,108)	60,071
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT THE BEGINNING OF THE YEAR</b>	62,760	2,689
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT THE END OF THE YEAR</b>	35,652	62,760

**Tariq Mohsin Siddiqui**  
**Chairman & Chief**  
**Executive**

**Shamim Mushtaq**  
**Siddiqui**  
**Director**

## **NOTES TO THE ACCOUNTS**

### **FOR THE YEAR ENDED JUNE 30, 2000**

#### **1. The Company and its Operations**

The company was incorporated in Pakistan on March 9, 1994 as a public limited company for the establishment and operation of a cement plant at Kamilpur, Near Hatar, Dist. Haripur, N.W.F.P. The company was listed in the Karachi and Islamabad Stock Exchanges in March, 1997.

#### **2. Summary of Significant Accounting Policies**

##### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention modified by capitalization of borrowing cost and exchange difference referred in Notes 2.7 and 2.8, respectively, without any adjustments for the effect of inflation.

##### **2.2 Tangible fixed assets and depreciation**

###### **2.2.1 Owned assets**

Operating fixed assets are stated at cost less accumulated depreciation except freehold land which is stated at cost.

Depreciation on operating assets is charged to un-allocated capital expenditure by applying reducing

balance method at the rates mentioned in Note 3. Full year's depreciation is charged on assets purchased during the year irrespective of the date of purchase whereas no depreciation is charged on assets disposed off, if any, during the year.

Normal repairs and maintenance are charged to un-allocated capital expenditure as and when incurred whereas major improvements/modifications are capitalized.

#### **2.2.2 Leased assets**

These are stated at lower of present value of minimum lease payments and the fair value of assets acquired on lease.

The related obligations under the lease agreements less finance charges allocated to future periods are shown as liabilities. The financial charge is calculated at the interest rate implicit in the lease agreement and is charged to capital work-in-progress.

Depreciations charged at the rates as applicable to company's owned assets.

The financial charges payable on lease finances are charged to capital work-in-progress.

#### **2.3 Capital work-in-progress**

Capital work in process is stated at cost and represents expenditure incurred on fixed assets in the course of construction and installation. In addition to these costs, borrowing cost, exchange differences and expenditure are also allocated to capital work-in-progress. these will be transferred to relevant fixed assets category as and when the construction and installation is completed.

#### **2.4 Unallocated capital expenditure**

All cost or expenditure not directly relating to any specific assets incurred during the construction/implementation period of the project are capitalized.

#### **2.5 Deferred costs**

These represent charges incurred in connection with the incorporation and public floatation of the company and will be amortized after commencement of commercial production, over a period of five years from that date.

#### **2.6 Stores and spares**

Stores and spares are stated at lower of cost and net realizable value.

#### **2.7 Capitalization of borrowing cost**

The company capitalizes borrowing costs relating to capital projects.

#### **2.8 Foreign currency transaction**

Transactions in foreign currencies are converted into Pak Rupees at the rate of exchange prevailing on the date of transaction except those covered under forward contract, which are translated at the contracted rate. All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the balance sheet date except for liabilities covered under forward exchange contracts which are translated at contracted rates. Exchange gains/losses are credited/charged to unallocated capital expenditure.

### **3. Operating Fixed Assets**

	<i>COST</i>				<i>Rate %</i>	<i>DEPRECIATION</i>			<i>Book Value</i>
	<i>At beginning of the year</i>	<i>Additions/ (Disposals) Rs. '000'</i>	<i>At end of the year</i>			<i>At beginning of the year</i>	<i>For the year Rs. '000'</i>	<i>At end of the year</i>	<i>At end of the year Rs. '000'</i>
<b>OWNED ASSETS</b>									
Free hold land	28,919	4,003	32,922	--	--	--	--	--	32922
Furniture, fix. & eqpt.	7,847	50	7,897	10	1,780	612	2,392		5,505
Vehicles	1,648	--	1,648	20	928	144	1,072		576
Tools & eqpt.	2,651	--	2,651	10	1,086	157	1.24		1,408
Other assets	29	--	29	10	8	2	10		19
	-----	-----	-----		-----	-----	-----	-----	-----
	41,094	4,053	45,147		3,802	915	4,717		40,430
	=====	=====	=====		=====	=====	=====	=====	=====
<b>LEASED ASSETS</b>									
Vehicles	5,345	--	5,345	20	3,773	314	4,087		1,258
	-----	-----	-----		-----	-----	-----	-----	-----
1999-2000: Rupees	46,439	4,053	50,492		7,575	1,229	8,804		41,688
	=====	=====	=====		=====	=====	=====	=====	=====
1998-99: Rupees	46,432	7	46,439		6,152	1,423	7,575		38,864
	=====	=====	=====		=====	=====	=====	=====	=====

	<i>2000 Rs. '000'</i>	<i>1999 Rs. '000'</i>
<b>4. Capital work-in-progress</b>		
Plant and machinery (Note 4.1)	3,662,322	3,397,763
Building and civil works	1,060,528	1,048,728
Telecommunication net work	12,191	12,191
Unallocated capital expenditure (Note 4.2)	392,461	343,846
	-----	-----
	5,127,502	4,802,528
	=====	=====

The above includes borrowing cost amounting to Rs. 488.090 million (1999:Rs.459.470 million) capitalized at the rate ranging from 14% to 26% during the year. The accumulated capitalization of borrowing cost is Rs.1,639.734 million (1999: Rs. 1,151.644 million).

#### 4.1 Plant and machinery

This includes leased plant and machinery amounting to Rs.856.148 million (1999: Rs.822.534 million).

#### 4.2 Unallocated capital expenditure

Salaries, allowances, and benefits	140,665	125,443
Consultancy and supervision charges	9,591	6,561
Registration charges	943	674
Travelling and conveyance	12,703	11,341
Entertainment	12,366	11,073
Legal and professional charges	1,786	1,558
Fee and subscription	281	188
Auditors' remuneration (Note 4.2.1)	510	460
Vehicle running expenses	6,153	3,341
Insurance charges	11,558	10,913
Rent, rates and taxes	14,059	12,880
Printing and stationery	4,324	2,075
Telephone and postage	11,138	9,728
Newspaper and periodicals	66	51
Advertisement	17,543	17,353
Electricity and Gas	21,031	18,150
Water charges	310	284
Bank charges and commission	5,800	5,661
Transportation charges	13,305	10,778
Commission on bank guarantees	23,810	23,603
Office maintenance	19,619	15,316
Security and vigilance	10,331	9,352
Miscellaneous expenses	45,084	39,446
Software development expenses	679	42
Depreciation	8,804	7,575
	-----	-----
	392,461	343,846
	=====	=====

#### 4.2.1 Auditors' remuneration

M/s. Razaqat Babar & Co.

Audit fee		
Opening balance	437	217
Expense during the year	6	143
Provision for the year	60	60
Out of pocket expenses	17	17
Adjustment during the year	(43)	--
	-----	-----
	477	437

M/s. Khan H.R. & Co.

Audit fee		
Opening balance	23	23
Adjustment during the year	--	(10)
Provision for the year	10	10
	-----	-----
	33	23
	-----	-----

510	460
=====	=====

**5. Deferred Costs**

Preliminary expenses	2,507	2,507
Expenses on issue of share	15,850	15,850
	-----	-----
	18,357	18,357
	-----	-----
	264,889	273,134
	=====	=====

**6. Stores and Spares**

This includes certain items related to erection and installation.

**7. Advances, Deposits, Prepayments and Others Receivables**

**Advance - Considered Good**

Suppliers (against capital work)	279,103	160,802
Employees (against expenses)	1,574	675
Advance Income tax u/s 50(4)	15,455	15,863
Others	--	25
Associated company (note 7.1)	57,003	--
	-----	-----
	353,135	177,365

**Deposits**

Margin against bank guarantees	7,761	7,761
Lease key money	1,825	--
Others	801	801
	-----	-----
	10,387	8,562

**Prepayments**

Insurance	84	319
Rent	6	23
Lease rentals	--	--
	-----	-----
	90	342

**Receivables**

	--	--
	-----	-----
	363,613	186,269
	=====	=====

7.1 This is an unsecured advance at a mark-up rate of 22% per annum. The maximum amount due at the end of any month during the year was Rs. 70.80 million (1999: Rs. Nil).

**8. Cash and Bank Balances**

In hand	2	33
- Cash/Cheques		

At banks	- Current accounts	414	15,215
	- Deposit accounts	35,236	47,512
		-----	-----
		35,652	62,760
		=====	=====
<b>9. Issued, Subscribed and Paidup Capital</b>			
185,000,000 (1999:185,000,000) ordinary shares of Rs. 10/- each, fully paid in cash.			
		1,850,000	1,850,000
		=====	=====
<b>10. Sponsors' Loans</b>			
		15,153	111,715
		=====	=====

These represent amount received from sponsors, including group companies, friends and associate, against which no agreement have been extended so far regarding securities and repayments. These loans are interest/markup free.

#### 11. Long-term Loans

<i>Loan</i>	<i>Lender</i>	<i>Amount outstanding (Rs.)</i>		<i>Rate of Interest Per Annum</i>	<i>Repayment Terms (Existing)</i>	<i>Interest/Mark-up payable</i>
		<i>2000</i>	<i>1999</i>			
<i>(In thousand)</i>						
1. National Bank of Pakistan		534,850	492,521	0.59 PPP 12 half-yearly ending on October 22, 2003		Half-yearly
2. National Bank of Pakistan		132,486	119,141	0.59 PPT 12 half-yearly ending on June 12, 2004		Half-yearly
3. National Development Finance Corporation		548,567	477,499	14% 12 half-yearly commencing one year after commercial production		Quarterly during grace period and 12 half-yearly commencing one year after production
4. National Development Finance Corporation		213,090	185,299	21% 10 half-yearly ending on Sept. 30, 2003		Half-yearly
5. National Development Finance Corporation		126,545	87,863	21% 10 half-yearly ending on July 01,2004		Half-yearly
6. Crescent Investment Bank Limited		49,373	42,331	22% 07 half-yearly ending on July 11,2001		Half-yearly
7. Crescent Investment		60,143	50,954	22% 06 half-yearly ending		

Bank Limited			on June 30, 2001	Half-yearly
8. Crescent Investment Bank Limited	64,740	48,687	22% 1 payable on June 30, 1999	Lump sum
9. Crescent Investment Bank Limited	36,155	29,621	22% 1 payable on Sept. 29, 1999	Lump sum
10. ANZ Grindlays Bank	137,164	119,375	17% 12 ending on June, 1999	Monthly
11. Union Bank Limited				
(i) Term finance (I)	47,020	39,347	21% 1 Payable on Sept. 30, 1999	Lump sum
(ii) Term finance (1)	61,302	10,011	21% 1 Payable on Sept. 30, 1999	Lump sum
12. Pak Libya Holding Co.	34,522	--	22% 5 Payable on June 30, 2002	Half-yearly
13. Islamic Investment Bank	46,062	33,253	26% 1 Payable on January 26, 2000	Quarterly
14. Saudi Pak Investment Bank	4,799	3,623	23% 1 Payable on January 30, 2000	Lump sum
15. Faysal Bank Limited	19,601	13,400	18.5% 1 Payable on January 30, 2000	Lump sum
16. Faysal Bank Limited	246,573	246,554	21% (Note 11.1)	Lump sum
	-----	-----		
	2,362,992	1,999,479		
	=====	=====		
<b>Less:</b>				
Current portion shown under curr	--	--		
	-----	-----		
	2,362,992	1,999,479		
	=====	=====		

11.1 This represents settlement of various finance facilities obtained against the guarantee facility by Faysal Bank Limited.

## 11.2 Security

### Loan No. 1& 2

These loans are secured against pari passu charge by way of equitable mortgage of all immovable properties, floating charge on the other assets including book debts, hypothecation of all other movable assets of the company, personal guarantees of all directors and pledge of sponsors' shares.

**Loan No. 3 to 5**

These loans are secured against pari passu charge by way of equitable mortgage of all immovable properties, floating charge on the other assets including book debts, hypothecation of all other movable assets of the company, personal guarantees of all directors and pledge of sponsors' shares. In addition, the lenders have the right to convert at par 20 per cent of the loan into ordinary shares of the company. The convertible shares shall rank pari passu with the ordinary shares of the company in all respect.

**Loan No. 6 to 9**

These loans are secured against hypothecation of plant, machinery and equipment, pari passu charge and equitable mortgage over all immovable property of the company, floating charge on other assets of the company, third party pledge of shares and personal guarantees of all the directors.

**Loan No. 10**

This loan is secured against hypothecation of plant and machinery, counter guarantees of Pakland Cement Limited, personal guarantees of all the directors.

**Loan No. 11**

This loan is secured against charge over the plant and machinery and fixed assets of the company, an equitable mortgage of immovable properties of third party/group companies.

**Loan No. 12**

This loan is secured against hypothecation and floating charge over the plant and machinery, stores and book debts and fixed assets of the company, as a first pari passu charge

**Loan No. 13**

This loan is secured against charge on company's current assets, pledge of third party shares and personal guarantees of directors of the company.

**Loan No. 14**

This loan is secured against charge on all moveable properties, plant and machinery, third party pledge of shares and personal guarantees of directors of the company.

**Loan No. 15 and 16**

These loans are secured against first charge on plant and machinery, stores and spares of the company and personal guarantees of directors of the company.

**11.3 Restructuring of borrowing arrangements**

During the year 1999 the company approached the banks, financial institutions and others to restructure the company's borrowings principally to convert short-term dues into long-term loans and to revise the repayment schedules. This matter was taken to the Bankers' Committee formed by the Ministry of Finance/State Bank of Pakistan for the revival of sick industrial units which has, in principle, approved the restructuring in favour of the company, in order to allow time for the completion of the project.

In view of this, the company has not provided current maturity during the year, in line with the Bankers' Committee

decision, the overdue principal, accrued mark-up and current maturity is included in the respective facilities while overdue lease rentals are amalgamated with the respective lease finances.

The current liability being converted into long-term loans due to said arrangement is as under:

	<i>Overdue installments (including Mark-up) Rupees '000'</i>		<i>Current Maturity (Principal) Rupees '000'</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Long-term loan	1,069,548	497,741	465,496	133,172
Lease finances	434,858	163,388	227,453	149,258
	-----	-----	-----	-----
	1,069,548	661,129	692,949	282,430
Short-term loans (maturing in 1999-2000)	203,084	385,150	136,505	--
	-----	-----	-----	-----
	1,272,632	1,046,279	829,454	282,430
	=====	=====	=====	=====

*2000*  
*Rs. '000'*

*1999*  
*Rs. '000'*

## 12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

12.1 The amount of future payments and the year in which these payments will become due are:

Reconciliation of total of future rentals and their present value:

Total future rentals	898,196	1,134,223
Less: Finance charges related to future periods	229,936	373,080
	-----	-----
	668,260	761,143
Add: Over due rentals	434,858	163,388
	-----	-----
	1,103,118	924,531
	=====	=====

### 12.2 The amount of future payments and their present value:

Rental due within one year	349,815	284,230
Less: Interest related to the rentals	122,362	155,026
	-----	-----
Present value of rental	227,453	129,205
Rental due later than one year but not later than five year	548,381	849,993

Less: Interest related to the rentals	107,574	218,055
	-----	-----
Present value of rental	440,807	631,938
	-----	-----
Add: Overdue rentals	434,858	163,388
	-----	-----
	1,103,118	924,531
Less: Current maturities (note 12.5)	--	--
	-----	-----
	1,103,118	924,531
	=====	=====

12.3 The above includes grace period interest and other additional lease payments and charges amounting to Rs. 24.746 million (1999: Rs. 44.45 million).

12.4 The mark-up on lease finance ranges from 22% to 25.5% per annum.

12.5 Bankers' Committee, in principle, has approved restructuring of debt of the company which also comprises lease finance facilities extended to the company. In line with the decision as detailed in Note 11.3 all overdue rentals have been capitalized in the respective facilities.

12.6 Balance confirmations to all leasing companies have been circularized, the reply of which is still awaited..

### 13. Long - Term Deposit and Retention Money

From cement dealers (Note 13.1)	1,620	1,800
From contractors (Note 13.2)	44,849	39,327
	-----	-----
	46,469	41,127
	=====	=====

13.1 This represents interest free security deposit from dealers and is repayable on cancellation or withdrawal of the dealership.

13.2 This represents retention money from contractors for civil works and erection and installation for the project and are repayable after the completion of the contracted projects. These are taken as long-term deposits as the project is expected to be completed over a period of one year from balance sheet date.

### 14. Short-term Loans and Finances

Secured		
from banks (Note 14.1)	151,144	425,150
from financial institutions (Note 14.2)	90,000	90,000
Unsecured (Note 14.3)	--	21,242
	-----	-----
	241,144	536,392
Less: Transferred to long-term loan (Note 11.3)	--	385,150
	-----	-----

241,144	151,242
=====	=====

#### 14.1 From banks

These loans and finances carry mark-up from 18.5% to 26% (1999: 18.5% to 26%). These facilities are secured by bank guarantees, pledge of third party shares and creation of charge on company's assets.

#### 14.2 From financial institution

This loan is obtained from a financial institution to finance the working capital requirements of the company. The loan carries mark-up @ 23.50% and is secured against hypothecation of stocks of stores, spares, etc. and pari passu charge on the company's immovable properties.

#### 14.3 From associated undertakings

--	21,242
=====	=====

This represents financial assistance from Pakland Cement Limited, one of the group companies, for meeting the fund requirements of the company. This loan carries mark-up at the rate of 22% per annum (1999: 22% per annum) and is to be repaid on mutually agreed dates.

#### 15. Current Maturity

Long-term loans

due within next twelve months	--	--
Liability against assets subjects to finance lease	--	--
	-----	-----
	--	--
	=====	=====

15.1 In view of the decision of Bankers' Committee referred to in Note 11.3, the company has not provided current maturity during the year, and added the overdue installment to the principal amount of the respective facilities.

#### 16. Creditors, Accrued Expenses and others Liabilities

Creditors	80,714	184,635
Mark-up payable on secured loans and others	73,854	43,459
Accrued expenses	6,017	2,462
Import bills payable	60,082	59,265
Tax deducted u/s 50(4)	12,158	13,997
	-----	-----
	232,824	303,818
	=====	=====

#### 17. Contingencies and Commitments

##### 17.1 Contingencies

17.1.1 An amount of Rs.75 million (1999: Rs.75 million) is under dispute with The Collector of Customs, against which the company has provided Bank Guarantees as per the Court Order. This matter is still under litigation, and the company has not provided for this amount as management anticipates a favourable decision.

17.1.2 The company is a party to a legal proceeding pending in various courts and agencies in which it appears as defendant and plaintiff, the outcome of which cannot be established at this time. The management believes that no additional liability will arise out of these proceedings.

17.1.3 The company has not accounted for the late payment charges/additional interest to the extent of Rs. 86.359 million (1999: 33.221 M.) in respect of various finance facilities, as these are under negotiation with the relevant institutions and management believes that this amount will not become payable.

17.1.3 The company has various appeals outstanding against assessments issued by the income tax authorities. These are being contested. The management is of the opinion that no tax liability will arise, apart from those already provided in the financial statements.

## 17.2 Commitments

Capital commitments outstanding as at June 30, 2000 amounting to Rs.260 million (1999: Rs.219 million).

## 18. Remuneration of Executives

Managerial remuneration	1,195	1,320
Housing allowance	537	591
Utilities	120	132
Special allowance	17	21
	-----	-----
	1,869	2,064
	=====	=====
No. of persons	5	6

18.1 All the above executives were provided with free use of company's cars.

18.2 No payments are currently made to the Chief Executive and Directors of the company.

## 19. Capacity and Production

The annual designed capacity of the plant is 1.080 million tons of clinker. The company has not yet commenced commercial production.

## 20. Financial Instruments

These comprise deposits, receivables, advances, cash, loans, obligations under finance lease, and certain other assets and liabilities.

### a) Financial assets

The financial assets of the company amount to Rs. 417.709 million (1999: Rs. 248.687 million)

### b) Financial Liabilities

The financial Liabilities of the company amount to Rs. 3,999.860 million (1999: Rs. 3,531.912 million) out of which Rs. 3,707.254 million (1999: Rs. 3,075.252 million) are interested bearing, which mostly represent loans in local currency.

## Interest rate risk

Interest bearing financial liabilities of the company amounts to Rs. 3,707.254 million (1999: Rs. 3,075.252 million) and are subject to average fixed interest @ 19.7%.

## 21. Transactions with Associated Undertakings

Expenses paid	17,716	15,209
Profit paid	--	5,359
Receipts on account during the year	55,532	126,164
Payments on account during the year	121,434	156,585
Transfer of material	13,104	--
Profit received	16,956	--

## 22. General

22.1 Figures have been rounded off to the nearest thousand rupees.

22.2 Figures have been rearranged and regrouped wherever necessary to facilitate comparison.

**Tariq Mohsin Siddiqui**  
Chairman & Chief  
Executive

**Shamim Mushtaq**  
Siddiqui  
Director

## Pattern of Holding of Shares as at June 30, 2000

<i>No. of Shares holders</i>			<i>Categories</i>			<i>No. of Shares</i>
2,329	Holding	From	101	To	500	Shares 1,164,500
129	Holding	From	501	To	1,000	Shares 128,600
141	Holding	From	1,001	To	5,000	Shares 412,500
31	Holding	From	5,001	To	10,000	Shares 274,010
6	Holding	From	10,001	To	15,000	Shares 72,990
5	Holding	From	15,001	To	20,000	Shares 97,500
7	Holding	From	20,001	To	25,000	Shares 162,000
2	Holding	From	25,001	To	30,000	Shares 60,000
3	Holding	From	30,001	To	35,000	Shares 102,000
3	Holding	From	35,001	To	40,000	Shares 108,500
3	Holding	From	40,001	To	45,000	Shares 128,000
1	Holding	From	70,001	To	75,000	Shares 75,000
2	Holding	From	75,001	To	80,000	Shares 160,000
1	Holding	From	90,001	To	95,000	Shares 92,500
13	Holding	From	95,001	To	100,000	Shares 1,300,000
1	Holding	From	115,001	To	120,000	Shares 120,000
1	Holding	From	175,001	To	180,000	Shares 178,000
6	Holding	From	185,001	To	200,000	Shares 1,200,000
1	Holding	From	295,001	To	300,000	Shares 300,000
2	Holding	From	305,001	To	310,000	Shares 620,000
1	Holding	From	405,001	To	410,000	Shares 410,000

1	Holding	From	795,001	To	800,000	Shares	800,000
1	Holding	From	1,095,001	To	1,100,000	Shares	1,100,000
1	Holding	From	1,715,001	To	1,720,000	Shares	1,717,200
1	Holding	From	2,095,001	To	2,100,000	Shares	2,100,000
1	Holding	From	2,730,001	To	2,735,000	Shares	2,734,873
1	Holding	From	3,895,001	To	3,900,000	Shares	3,900,000
1	Holding	From	4,550,001	To	4,555,000	Shares	4,554,500
1	Holding	From	5,145,001	To	5,150,000	Shares	5,147,500
1	Holding	From	7,395,001	To	7,400,000	Shares	7,400,000
1	Holding	From	20,270,001	To	20,275,000	Shares	20,273,027
1	Holding	From	22,995,001	To	23,000,000	Shares	23,000,000
1	Holding	From	25,105,001	To	25,110,000	Shares	25,106,800
1	Holding	From	79,995,001	To	80,000,000	Shares	80,000,000
-----							-----
	2,701						185,000,000
=====							=====

***Categories of Shareholders***

	<b><i>Numbers</i></b>	<b><i>Shares held</i></b>	<b><i>Percentage</i></b>
Individuals	2,682	91,659,800	49.36
Joint Stock Companies	9	82,825,200	44.77
Investment Companies	1	4,567,500	2.46
Insurance Companies	2	110,000	0.06
Financial Institutions	5	5,037,500	2.81
Modaraba Companies	2	800,000	0.54
Foreign Companies	0	0	0.00
Others	0	0	0.00
	-----	-----	-----
Total:	2,701	185,000,000	100.00