# A STAR THAT COLLAPSED INTO A BLACKHOLE: CASE STUDY ON PAKLAND CEMENT LIMITED

**RAZA KAMAL**
Associate Professor,
College of Management Sciences
PAF-Karachi Institute of Economics and Technology

**SYED EHTESHAM ALI**
Assistant Professor,
College of Management Sciences
PAF-Karachi Institute of Economics and Technology



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## Abstract

*Pakland Cement is a rag-to-riches chronicle a leading Pakistani cement company. Due to imbalanced financial structure, imprudent leadership and speculative decision-making it became a candidate for a takeover in 2004. Companies ran by CEO's who are able to shift gears quickly in the face of rapid succession of events are able to survive economic downturn and continue as a going concern. Family owned businesses which are ran by owner managers are generally in cumbered by their management philosophy which is based on tried and tested methods that have served them well in the past. They are therefore unable to meet the challenges of today's rapidly changing market conditions which leads to either the closure of their business or its takeover by more efficient companies. One was controlling the separation of ownership and control and the induction of professionals in the top management.*

*The Code of Corporate Governance which has been institutionalized the world over also provides a ray of hope for private concerns which have turned public. The need for the hour is the enforcement of this Code in letter and spirit not only to safeguard the public interest but also to ensure good health of the company.*

***Keywords: Cement Industry; Strategies: Managerial deficiencies***

## 1.0 Introduction

Pakland Cement is a sad saga of a booming cement manufacturing unit which crumbled in just two decades due to strategic blunders, inappropriate control measures, and inept managerial culture. From being a market leader in Southern Pakistan in the late 1980's, the firm gradually lost its market share until it was acquired by another business group in 2004.

Pakland Cement came into being in 1985 as a public limited company under the visionary direction of its founder Mr. Mohsin Siddiqi who later also became a member of the senate in the Government. Within a short period of time the company became the market leader in the Southern Region of Pakistan. By 1990 the worth of the company had soared to Rs. 2500 million. Although lady luck also favored Pakland in the form of construction boom period in Pakistan, it was also the statistic direction envisioned by its top management which contributed to it success. It is tragic that these soaring heights were extinguished abruptly by a gunmen attack on Mr. Mohsin Siddiqi on 7 Feb. 1990 which led to his demise. It was at this juncture that the mantle of leadership fell on the shoulders of Mr. Tariq Mohsin the eldest son of the founder who inherited an empire well entrenched as a market leader in the cement industry but within a period of about a decade lost control of the business. It is common with family owned businesses in Asia that successions is transferred to siblings and boards of directors are little more than rubber stamps (Lamb, R.B. 1987). The same happened in the case of Pakland Cement.

The case study examines how inappropriate management practices result in the demise of a stable industrial concern. The importance of succession planning in family based businesses, balanced financial structure, and participatory management are a few other lessons drawn from this study.

## 2.0 History of Cement Industry

In the past few decades Cement manufacturing in Pakistan has witnessed cycles of growth and decline which have generally coincided with the construction boom and slump. During periods of boom, unrealistic optimism brought multifold expansion in the production capacity of cement manufacturing units while in periods of slumps the units braved the environmental threats to survive as a going concern. Growth of cement industry is rightly considered a barometer for economic activity. In 1947, Pakistan had inherited 4 cement plants with a total capacity of 0.5 million tons. Some expansion took place in 1956-66 but in the 1970s following nationalization of cement manufacturing units, the industry could not keep pace with economic development and as a consequence the country had to resort to import of cement in 1976-77 which continued till 1994-95. In the 1980 the government allowed the reentry of the private sector into this industry. In the 1990 the government to the next step of privatization of the state owned cement plants, as a consequency of which there was a substantial increase in the production capacity of this sector. Although the cement manufacturing sector in Pakistan is generally described as a cartel and an oligopoly market, there exists fierce competition between members of the cartel today. More than 26 firms (23 in the private and 3 in the public sector) compete for the domestic market of over 19 million tons (Table 1). The Northern Region has over 87% in total cement dispatches while the manufacturers based in the Southern Region only contributes 13% to the annual sales. The production of cement has been rising steadily, with growth varying between 5% and 20% per annum during the last two decades. In 1991 it was 7 million tones which had increased to 16 m tones in 2006 (growth rate 9.75%). (Federal Bureau of Statistics, 2006)

**Table –1**

| Province | Number of Cement Units in Pakistan | |
|---|---|---|
| | Operating units | Installed Capacity in Millions |
| Islamabad | 1 | 0.625 |
| Punjab | 8 | 6.891 |
| Sindh | 8 | 3.643 |
| NWFP | 6 | 5.324 |
| Baluchistan | 1 | 0.63 |
| TOTAL | 24 | 17.113 |

*Source: Cement Manufacturing Association Report 2004.*

The Mohsin family (owners of Pakland) had migrated to Pakistan from Lucknow, India in 1947. The family had no previous business background they did however indulge in prudent investments and disposals of real estate which helped in the generation of wealth which built the equity required to set-up a cement plant. Pakland Cement which is located near Dhabeji a town about 50 miles north of Karachi started its operations in 1985. The project was funded through the allocation of a long term loan of 128.25 million French francs through a syndicated financing package bulk of which was provided by the National Development Finance Corporation (NDFC). About 75% of sales of Pakland were in the Southern Region while the remaining was sold in the rest of the country. Pakland was a popular brand and a market leader in the early 1990's. The production of cement varied between 400,000 tons to 450,000 tons between the period 1998 to 2003 with some slump in the demand in 1999, 2000 and 2001. However, it was unable to operate near its maximum capacity. The sales of the company represented around 4 % of the market share in 2003. The management of the company though inexperienced, managed the firm well in its earlier days, later however the company fell prey to domineering, and idiosyncratic leadership style of Tariq Mohsin which led to the gradual decline of the company and its eventual takeover by the Dewan Group.

Tariq Mohsin remained associated with Pakland since its inception. It would not be wrong to say that this venture was actually his brain-child. Tariq is remembered by the ex-employees of Pakland as an easy going person who led a life of opulence, who surrounded himself with coterie of senior managers who were of the yes-man kind. Although their advice was generally not very professional, yet Tariq trusted them. Today, ex-employees whisper that many of them indulged in rampant corruption. Tariq's managerial style reflected a Zeus kind of image, a man who believed in centralization, a one man decision maker who was known for rewarding people magnanimously beyond their performance and expectations style, no wise businessman would recommend. Wastage of finances and indulgence in petty projects are two major accusations against the CEO. His routine was another major idiosyncrasy, an employee had to attune himself with; Tariq would start work very late afternoon and leave office late at night. Pakland was a vertical organization where the major decisions were made at the top of the hierarchy and therefore could not evolve a culture of excellence in-spite of early success.

## 3.0 Production Process

The sources of energy used by the industrial sector in Pakistan mainly consists of fuel gas, oil, and petroleum products. Coal only contributes 5.4% to the energy needs of Pakistan, although its proven reserves exceed 4000 million tons. Until 1970 the cement plants installed in Pakistan on wet or semi-dry process technology. Sophistication came in 1980 when dry process was introduced. The process is to a large extent determined by the condition of the raw material. The production of cement is a continuous process and is highly energy intensive. Lime stone, clay, iron ore, and gypsum are used as major raw materials for different categories of cement. These minerals are in abundance in Pakistan.

The cement manufacturing process begins with the Calcination which involves the decomposition of limestone at a very high temperature. This is followed by Clinkering where additional compounds are added in different proportions. These compounds are then milled together with gypsum and other additives to form cement (Figure 1). The energy costs in form of fuel (now coal) and electricity represents 50% of the production cost. The products as a result of this process are ordinary Portland cement (OPC), sulphate resistant cement (SRC), blast furnace Slag cement (BFSC) and white cement.

## 4.0.0 Problems of the Industry

Unprecedented increase in the price of furnace oil and electricity had crippled the cement industry in the late 1990's. The low demand of cement and high interest rates coupled with overall economic crises had reduced industry growth to 3% from the earlier growth of 7%. Consequently in the late 1990s the entire cement industry was operating much below its installed capacity. That was when some entrepreneurs within the industry

(Pioneer Cement) took the bold and timely decision from oil/gas to coal fired system in Pakistan. This proved to be a major factor in the turnaround of the fortunes of the cement industry the switching from fuel to coal requires substantial capital investment. It is reported that approximately Rs. 160 million is the conversion cost. However, the saving in the production is around Rs. 250 per ton or 12% of the production cost. This implies that a 1000 tons/day capacity plant can recover its capital costs, within a couple of years. When the other players within the industry realized the cost savings firm switching to coal fired system, they also followed suit. It may however e noted that the conversion of fuel was not the only contributor for bringing this turnaround; expansionary economic policies of the government and export demand from Afghanistan were also major contributory factors in bringing about the turnaround of the cement industry. In the year 2002, most of the units had recovered their losses and net earning of Rs. 948 million was reported by the industry.

Another problem faced by the Industry was the high taxation. The general sales tax (GST) and excise duty on cement in Pakistan is 186% higher than India. The impact of this tax and duty structure results in almost 40% increase in the cost of a cement bag (50 Kg). In 2003 bag in India costs Rs. 160 as compared to Rs. 220 in Pakistan. In the budget of 2003-04 a duty cut of 25% was permitted to the cement sector on the assurance from the cartel to pass on this benefit to the consumers. Despite this assurance in 2006, the price of a bag went up to Rs. 430. It however stabilized in 2007 at Rs. 315/ bag. The export of cement has opened new opportunities for the cement industry. In 2007, the exports to Afghanistan, UAE, and Iraq touched 2.13 million tones.

## 5.0.0 Expansion in late 90's

In 1994-95 Pakland was operating quite successfully with net profits exceeding 15%, debt to equity ratio under control, and working capital quite adequate. The cement industry as a whole was doing quite well and it was thought that there was room for expansion therefore Pakland set up another line of production at their Dhabeji facility; subsequently they also planned on setting up the Saadi cement at Taxila. This expansion was through a consortium of leasing companies and financial institution like PICIC and leading banks.

Until the early 90's the pricing mechanism was controlled by State Cement Corporation of Pakistan (SCCP) by virtue of its dominant position in the industry. It maintained a balanced price structure based on the cost of production rather than the supply and demand characteristics of the market, and a cement bag of 50 kg was priced between Rs. 80- 90. With the privatization of cement industry in late 1990's SCCP lost its control over the supply side of cement and prices soared. This high demand and expectations of high earnings induced the industrialists to invest in the capacity, expansion of this sector, leading to setting–up of five additional plants in the country in late 1990's. While the private sector was enhancing the capacity of the cement sector the government was reducing the size of the Pakistan Social Development Program (PSDP) each fiscal year which eventually led to excess capacity in the sector from 2001 and thereafter.

Pakland continued remain a popular brand name in Southern Pakistan a strategic decision was therefore taken to expand into the Northern part of the country by setting up of a new project. This decision was probably based on the fact that economic growth and the ensuring construction boom was more evident in Punjab as compared to the southern part of the country .A further premise was that export orders from Afghanistan would be forthcoming and this opportunity should be capitalized.

The implementation of Saadi Cement commenced in 1999. The estimated project cost was Rs. 5380 million 64% if which was to be financed through loans and financial leases obtained from banks and other financial institutions. Saadi Cement was set-up in Taxila near Rawalpindi with the aim of catering to the demand of the northern part of the country. One of the major decisions affecting the future viability of Pakland was the investment in Saadi cement. It invested Rs. 800 million in this venture. It was anticipated that the plant would be able to commence its operations in 2001. This did not happen the project completion got delayed till

2003. The time overruns contributed to an increase in cost over runs which had to be financed from the cash flows of Pakland Cement. As a consequence Pakland's own financial viability became precarious. In 2004, Pakland, and Saadi were both taken over by the Dewan Mushtaq Group.

Saadi project by Pakland was beget with certain flaws:-

- 64% of the project cost was financed through a loan and through leasing from the financial sector at excessively high mark-up on the assumption of speedy completion and early commencement of operations. This did not materialize which resulted in the accumulation of interest which could not be paid.
- Debt Equity ratio of the project is debatable. It is highly improbable that the operating profits after operations, even under the best case scenario would not have been adequate to service the debts of the project.
- It was highly unlikely that that the production would commence in 2001, however when it did in 2003, production did not cross 250 thousand tonnage; a figure very low compared to the plant capacity.
- There were flaws in the project feasibility planning. Operational difficulties were not visualized professionally nor meticulously, e.g. sufficiency of land, access to the quarries and power requirement for the plant.
- The land acquired for plant was inadequate which hindered the production facilities.
- The bureaucratic hurdles in shape of sanctions, feasibilities, and power politics led to delays in the erection of the plant. The advantage which Pakland once had in the lifetime of its founder chairman and senator Mohsin Siddiqui in terms of use of political clout to circumvent bureaucratic hurdles was no more there! Tariq Mohsin was a non-entity in the political arena and had not nurtured old social linkages.

## 6.0 Financial Imbalances at Pakland

Pakland's choice of sources of funds for investment in Saadi cement was not based on plausible assumptions. The capital structure was highly leveraged in an industry which is highly correlated to the economic cycles.

The financial health of the company reflects gross mismanagement during the period 2000- 2003. The financial reports for this period are attached as Table 2 and 3. Consulting Report on Pakland 2004 by ICON an international consultant refers to Pakland as a highly leveraged firm as compared to the industry. There was also an imbalance in the Pakland's balance sheet structure as compared to global benchmarks. The following comments by Professor Parker of INSEAD sums up the state of affairs at Pakland "we are intrigued by the wide variations in the financial and the productivity measures between Pakland and other companies" (Icon Consulting press release, 2004)

Marketing experts speak of assembling a blend of different strategies as marketing-mix. Likewise, effective corporate finances require a financing mix, which needs to be an effective blend of financial sources that matched the variety of uses of those finances. Instead of locking into long term financing, Tariq Mohsin increasingly tied the firm to short term credit arrangements at high interest rates.
Financial controls and cost benefit analysis are common tools used by manufacturing concerns to remain Focused on the objectives while keeping costs under control. It is surprising that the auditors of the company failed to alert the management during the period 2000- 03 of the impending disaster due to accumulation of loans. The company was also listed on the Karachi Stock Exchange. If the code of Corporate Governance had been operational during the period, would thing have been different? Would the external directors have exerted pressure on the management of Pakland to clean-up the balance sheet by through engineering strategies like joint ventures; rather than accumulating debt and becoming a takeover candidate?

## 7.0 Managerial Inefficiencies

Pakland with its tall organizational structure remained overstaffed most of the time. The remuneration offered to senior executives was not only quite generous, it was also supplemented with additional perks. The PCL statement of accounts for the period 1999-2003 shows that despite suffering losses the general and administrative expenses kept on increasing. There appeared to be no initiative towards cost controls. The top echelon of the company was mostly subservient to the CEO.

After the strategic decision to set up the Saadi cement, the performance of Pakland kept deteriorating. An analysis of balance sheets bears testimony to this fact. Inventory turnover, cash flows and other turnovers were the main effected areas. All these indicators reflect the noncommittal attitude of the middle management, and incompetence at all levels. It was a classic case of "Group Think" where no conflict or criticism among the senior management emerged in planning or decision making which may have led to the initiation of the turn-around process. The fact that before the acquisition of Pakland by the Dewan Group the Finance Director of the company who was one of the trusted deputies of the CEO was involved in major embezzlement of the company's tends, and was also able to leave the country without the company knowing about the embezzlement bears testament of the weak internal control mechanism of the company.



Tariq Mohsin experimented like an entrepreneur but did not plan like ones. In 1990's when a lot of liquidity was generated from the operations of the cement plant he indulged in petty projects like diversifying into cosmetics, pharmaceuticals, and even farming without undertaking a through feasibility planning for creating a team of professionals with experience in the area to implement the project. Feasibility studies were conducted by amateurs which lacked professionalism. At times certain preposterous schemes were launced for example at the factory premises in Dhabeji, promises were made to local inhabitants of free electricity against sale deeds, later on at the time of expansion of plant in 1999 a loan package was negotiated at preposterous terms. The Saadi plant feasibility lacked important details like access to plant facility, time scheduling and political pressures this promise could not be honored which resulted in a law and order situation.

At one stage, religious fervor gripped Tariq Mohsin intensely and many employees were sent to perform Hajj rituals at company expense every year, at times grand "mushairas" conducted in the main cities of Pakistan. Corporate social responsibility of such kind were not compatible with the financial health of the firm.

Family business turned into public limited company not only need succession training in a professional manner; it also needs an independent Board of Directors which can criticize the Chief Executives of the company and private strategic direction, to the company even when majority shares of the company are held by the chief executive who may be in advertently acting in a manner which may be detrimental to the firm interests?

## 8.0 Takeover by Dewan Mushtaq Group

The company had not paid any dividends since 2000 and the shares slid downwards to a dismal level of Rs.8.40 per share. The current liabilities of the company exceeded its current assets by Rs. 148 million and the company was unable to redeem its TFC on maturity and the internal auditors in their annual report 2003 expressed their concern that " the company's ability to continue as a going concern is doubtful." Although the sales revenue of Pakland increased in 2003 at an improved price level (Rs. 1031.199 million in 2003 against Rs. 927.551 million in 2002), the accumulated losses however broke the back of the company. (Rs. 72 million in 2003). In view of these circumstances the creditors refused to reschedule the loans and prompted the Dewan Group to take over the firm in May 2004 The affairs of the company in virtually every area of operation had been mismanaged for years and there was a strong possibility that the company stood on the brink of impending disaster lest it agreed to a takeover. Had Tariq Mohsin negotiated a deal with the creditors and got himself some breathing space, could the management change have been avoided?

Dewan Mushtaq Group is one of the leading conglomerates with diversified business interests ranging from fiber to sugar, from textile to trading and automobiles. DMG decided to diversify in yet another sector which had a potential for expansion and profitability if managed professionally. The new management promptly negotiated a package with the creditors for re-structuring the debt obligations of Pakland Cement. These negotiations resulted in the revision of terms and conditions and some waiver of debts by the financial institutions. These initiatives of the new management was able to generate confidence amongst the creditors and the change of management was accepted by them and the company was renamed as Dewan Cement Limited in the memorandum and articles of association in 2004.

One of the first steps taken by the new management 2004 was to stabilize and improve the efficiency of the plant. The plant was being operated at a very low efficiency because kiln had deteriorated and needed urgent repair. 42 tons of refectories were airlifted to save the downtime of the plant. Furthermore Sui gas connection was restored which allowed 40% of the power requirement to be met from gas. This resulted in the reduction of coal consumption and as a consequence, a substantial saving in the cost of production PCL cost of goods always hovered between 82-86 % of sales which were brought down by the new group to 72% in 2006. . The management also took notice of unscheduled shut-downs unavailability of store and spares for under taking normal maintenance of the plant and machinery. The new management took the policy decision to maintain adequate reserves of store items.

By 2006, the prospects of Dewan Cement had improved substantially. The brand name of Pakland Cement was changed to Dewan Cement. The production level increased to 654,000 tons (increase of 55% since 2004), and EPS had risen to Rs1.86.. Financial liabilities of approximately Rs. 500 million were discharged in the preceding two years. In 2005 Pakistan Credit Rating Agency Limited (PACRA) assigned long term as well as the short term credit rating of "A" to the company; denoting a low expectation of credit risk and strong capacity for timely payments for financial commitments. The firm appears to be in safe hands.

## ISSUES

1. What succession policies can a family based business follow in order to ensure perpetuity of the firm?
2. Had the CEO negotiated a deal in 2004 with the creditors and got himself some breathing space, could the management change have been avoided?
3. What is the responsibility of Board of Directors when majority shares are held with the party which controls the management, but may be acting in a manner which may be detrimental to the firm interests?
4. What are the responsibilities of auditors, corporate bodies, and SECP to ensure that that a public limited company operates within the purview of Code of Corporate Governance?
5. Could Pakland have cleaned-up their balance sheet in 2004 by re-engineering strategies like joint ventures and debt equity swap; rather than accumulating debt and becoming a takeover candidate?

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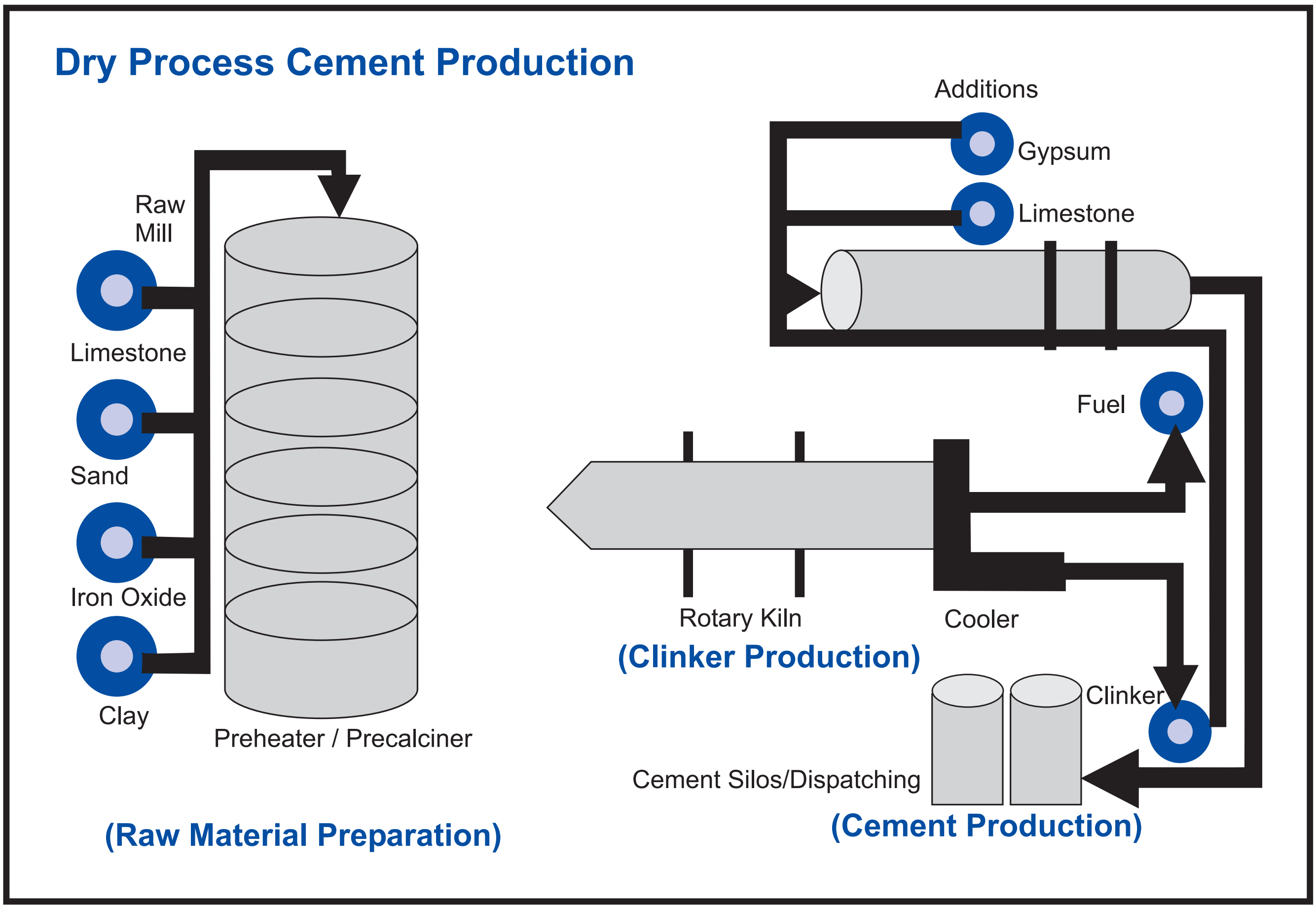
## FIGURES / TABLES

### Figure – 1



## Table -2

| | 2006* | 2005* | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | | |
| **TANGIBLE FIXED ASSETS** | | | | | |
| Operating fixed assets | 6125013 | 5475863 | 5,057,069 | 405,897 | 442,099 |
| Capital work-in-progress | | | 347,193 | 6,761,838 | 5,898,360 |
| **NON-CURRENT ASSETS** | 6,125,013 | 5,475,863 | 5,404,262 | 7,167,735 | 6,340,459 |
| **LONG-TERM INVESTMENT** | 951,273 | 911,296 | 800,000 | 800,000 | 800,000 |
| **LONG-TERM LOANS** | 1,329 | 824 | 1,092 | 1,846 | 423 |
| **LONG-TERM DEPOSITS** | 21,415 | 2,105 | 2,524 | 7,086 | 8,530 |
| **DEFERRED COSTS** | | | | | |
| **CURRENT ASSETS** | | | | | |
| Stores and spares | 346,435 | 225,766 | 183,744 | 209,912 | 212,787 |
| Stock-in-trade | 186,703 | 132,279 | 28,916 | 26,417 | 46,410 |
| Trade debts | 81,841 | 87,087 | 30,463 | 26,828 | 29,282 |
| S | 125,102 | 122,849 | 47,677 | 84,762 | 130,793 |
| Deposits, prepayments and other recievables | 16,072 | 11,303 | 7,498 | 251,425 | 251,850 |
| Short-term investment | 9,034 | 4,121 | 6,044 | 8,812 | - |
| Cash and bank balances | 76,751 | 108,067 | 22,070 | 2,984 | 1,980 |
| Current Portion of Long Term Loans | | | 528 | | |
| Due from an associated undertaking | | | 16,803 | | |
| | | | 54,874 | 29,658 | |
| | 1,144,090 | 966,182 | 343,743 | 666,014 | 702,760 |
| **TOTAL ASSETS** | **8,243,120** | **7,356,270** | **6,551,621** | **8,642,681** | **7,852,172** |
| **EQUITY AND LIABILITIES** | | | | | |
| **SHARE CAPITAL AND RESERVES** | | | | | |
| **Authorized capital** | | | | | |
| 150,000,000 (1999:150,000,000) | | | | | |
| Ordinary shares of Rs.10/- each | 2,243,157 | 1,088,554 | 1,500,000 | 1,500,000 | 1,500,000 |
| Issued, subscribed and paid-up capital | | | 825,000 | 825,000 | 825,000 |
| Revenue reserve | | | 23,540 | 393,444 | 322,711 |
| | | 848,540 | 1,218,444 | 1,147,711 | |
| **NON-CURRENT LIABILITIES** | | | 813,408 | | |
| **LOANS FROM DIRECTORS AND OTHERS** | | | | 6,356,811 | 5,516,713 |
| **REDEEMABLE CAPITAL** | 2,629,795 | 3,028,869 | 3,346,933 | 44,672 | 44,672 |
| **LONG-TERM LOANS** | 715845 | 499843 | 44,672 | 185,137 | 192,144 |
| **LONG-TERM DEPOSITS AND RENTATION MONEY** | | | 18,981 | 23,592 | 25,496 |
| **OBLIGATIONS UNDER FINANCE LEASES** | | | | | |
| **Liabilities against assets subject to finance lease** | 28,791 | 264 | 4,907 | | |
| **Security Deposits** | | | 134,215 | | |
| **IMPORT BILLS PAYABLE** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Short-term loans | | | 92,400 | - | 201,084 |
| Short-term finances | | | | 124,734 | - |
| Current portion of long term liabilities | 533,311 | 308,376 | 651,204 | 689,291 | 723,929 |
| Income tax payable | 20,403 | 29,697 | 20,194 | - | 423 |
| Creditors, accrued and Liabilities | | | 651,204 | | |
| | 1,286,146 | 933,925 | 834,837 | 814,025 | 925,436 |
| **CONTINGENCIES AND COMMITMENTS** | | | | | |
| **TOTAL EQUITY AND** | **8,243,120** | **7,356,270** | **6,551,621** | **8,642,681** | **7,852,172** |
| **LIABILITIES** | | | | | |

***NOTE: 2005 and 2006 statistics relate to Dewan Cement.***

## Table -3

| | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| **QUANTITATIVE DATA** | | | | | |
| Clinker Production | 426 | 420 | 280 | 341 | 281 |
| Cement Production | 447 | 429 | 332 | 354 | 325 |
| Cement Dispatched | 448 | 428 | 333 | 357 | 332 |
| **ASSETS EMPLOYED** | | | | | |
| Fixed Assets | 7,168 | 6,340 | 5,667 | 4,463 | 4,095 |
| Long term Investments, Advances | | | | | |
| Loans, Deposits & Deferred Costs | 809 | 909 | 802 | 934 | 935 |
| Current Assets | 666 | 703 | 549 | 762 | 753 |
| **Total Assets Employed** | **8,643** | **7,852** | **7,018** | **6,158** | **5,782** |
| **FINANCED BY** | | | | | |
| Shareholders Equity | 1,218 | 1,148 | 1,116 | 1,213 | 1,186 |
| Redeemable Capital | 6,357 | 5,517 | 5,086 | 75 | 77 |
| Long-Term Loans, Liabilities, Deposits | | | | | |
| & Import Bills Payable | 253 | 262 | 278 | 1,900 | 1,888 |
| Obligations under Finance Lease & Deffered Income | - | - | - | 1,839 | 1,634 |
| Current Liabilities | 814 | 925 | 538 | 1,132 | 998 |
| **TOTAL FUND INVESTED** | **8,643** | **7,852** | **7,018** | **6,158** | **5,782** |
| **TURNOVER & PROFIT** | | | | | |
| Turnover (Net) | 1,031.20 | 927.55 | 717.64 | 860.15 | 732.36 |
| Operating Profit/(Loss) | 112.16 | 88.33 | -24.43 | 86.48 | 64.38 |
| Profit/(Loss) Before Taxarion | 72.19 | 43.75 | -91.84 | 31.13 | 6.49 |
| Profit/(Loss) After Taxation | 70.73 | 31.4 | -96.4 | 26.83 | 2.83 |
| Transfers to Reserves | - | - | - | - | - |
| Accumulated Profit/(Loss) c/f | -1.56 | -72.29 | -103.69 | -7.29 | -34.12 |

## Table -6

COMPARISON OF CONSUMPTION- ASIAN COUNTRIES

| Country | Annual Consumption (000) tonse | Per Capita Consumption (kg) |
|---|---|---|
| China | 512 | 422 |
| Taiwan | 20.8 | 960 |
| Malaysia | 11.5 | 530 |
| Sri Lanka | 2.2 | 118 |
| Indonesia | 19.3 | 95 |
| India | 85 | 89 |
| Pakistan | 9.1 | 72 |

*Source: Cement Manufacturing Association Report 2004*