Dadabhoy Cement Industries Limited

Annual Report 1999

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. MOHAMMAD HUSSAIN DADABHOY	Chairman
MRS. RAZIA HUSSA1N DADABHOY	
MRS. HUMAIRA DADABHOY	
MR. MOHAMMAD AMIN DADABHOY	Chief Executive
MS. YASMEEN DADABHOY	
MR. FAZAL KARIM DADABHOY	
MR. NASEEMUDDIN	

COMPANY SECRETARY &
GENERAL MANAGER FINANCE
MR. NAYYAR KARIM

AUDITORS
FORD, RHODES, ROBSON, MORROW
CHARTERED ACCOUNTANTS

LEGAL ADVISOR:
AZIZA. MUNSHI

BANKERS:
ALLIED BANK OF PAKISTAN LIMITED
UNITED BANK LIMITED
NATIONAL DEVELOPMENT FINANCE CORPORATION
NATIONAL BANK OF PAKISTAN
DEUTSCHE BANK
BANK OF PUNJAB

REGISTERED OFFICE & SHARE DEPTT.:
5TH FLOOR, MAQBOOL COMMERCIAL COMPLEX
JCHS BLOCK 7 & 8
SHAHRAH-E-FAISAL, KARACHI

FACTORY:
NOORIABAD DEH KALU KOHAR,
DIST. DADU (SINDH)

NOTICE OF THE 19TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the 19th Annual General Meeting of shareholders of Dadabhoy Cement Industries Limited will be held on Wednesday the 29th day of December, 1999 at 2.00 p.m. at Defence Sunset Club, Defence Housing Authority, Karachi. to transact the following business:

1. To confirm the minutes of the 18th Annual General Meeting of the company held on 29th December 1998.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 30th June, 1999 together with the Directors' and Auditors' Reports thereon.

3. To appoint auditors for the ensuing year and fix their remuneration.

4. To transact any other: business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

(NAYYAR KARIM)
Company Secretary

Karachi:
Dated: 4th December, 1999

NOTES:

1. The Share Transfer Books of the Company will remain closed for transaction from 22nd December, 1999 to 29th December, 1999 (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 on his/her behalf.

3. Proxies must be received at the registered office of the company not less than 48 hours before the meeting.

DIRECTORS' REPORT

It is great pleasure that I welcome you to the 19th Annual General Meeting of the company and present to you the report on the performance of the company for the year ended 30th June 1999 alongwith the Auditors Report.

OPERATING RESULTS

During the year under review the Cement Industry continue to experience the biggest slump in market. During the year under review government increase price of Furnace Oil added with high increase in input price coupled with the stagnation of demand has resulted in piling up of stock of cement and over supply. The impact of input prices could not be passed on to the end users. The sale has been decreased by 32%, which directly reduced our net sale from Rs. 1,000.367 million to Rs. 703.145 million. However, the company managed to earn a' profit of Rs. 1.695

million (after taxation) against the sum of Rs. 13.993 million last year.

FUTURE PROSPECTS

In the next couple of years the sluggish marketing scenario is likely to prevail unless there are some rapid changes in the socio-economic conditions. Export of cement from Pakistan has great potential but the international prices being very low. It is very difficult to compete with current cost. The cement industry also requires government support in further reducing the excise duty, reduction in the cost of inputs and by encouraging export of cement through incentives in the form of favourable duty drawbacks making our prices comparable in the international market. At Management level, some drastic measures are in. hand to lower the cost of production and we expect a significant break through in mitigating the crisis. We expect a major relief through these measures and together with betterment of market and changes taken by the government.

PRODUCTION AND SALES

The production of cement for the year was 374.376 tons as compared to 547.054 tons for the previous year. The decrease in product is due to slump in the market.

ISO 9002. CERTIFICATE

Your company reached another landmark with the ISO 9002 Certificate that shows the quality of our product and landmark for the Management and Staff. The first surveillance audit was held by external auditors and to comply was meeting all the requirements of the system. The certificate will strengthen the company in promoting sales of our product within and outside the country.

MILLENNIUM
COMPLIANCE

The Millennium compliance has been achieved to the extent of 100% and the Directors are confident that the company's external operation will not be disrupted due to the issue.

CASE WITH NDFC

During the year under review, the company has filed judicial Applications in the High Court of Sindh against the NDFC, claiming that the amount it originally borrowed as long term loans therefrom has been repaid in full and that the outstanding balances in the books of the company represented penal interest, interest on interest and mark-up on mark-up the imposition of which is prohibited by law and is against the Circulars of the State Bank of Pakistan. The High Court of Sindh has passed a brief order as a result of the above-referred Judicial Applications stating that no coercive action is to be taken by the lender against the company. The amount shown as Long Term Loan in the accounts are comprises of mark-up on mark-up and penalties and no amount is payable to NDFC in this respect.

AUDITORS

The Auditors M/s. Ford, Rhodes, Robson, Morrow, Chartered Accountants retire at the conclusion of the meeting although eligible they did not offer themselves for re-appointment.

CUSTOMERS

We believe in forming long term, mutually beneficial relationship with our customers, what is based on solid basic principal and appreciate our customer in putting trust in the present situation.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the company as on 30-6-1999 is enclosed with Annual Accounts.

ACKNOWLEDGMENT

I, acknowledge with deep appreciation the loyalty and dedication with which officers and staff of the company have kept the pace of achieving the objectives of the company.

FOR & ON BEHALF OF THE BOARD

Karachi:
Dated: December 4, 1999.

(MOHAMMAD AMIN DADABHOY)
Chief Executive

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of DADABHOY CEMENT INDUSTRIES LIMITED as at June 30, 1999 and the related profit and loss account and statement of changes in financial position, 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 and, after due verification thereof, we report that:

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

(b) in our opinion:

the balance sheet and profit and 10ss 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 accounts 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 and the statement of changes in financial position, together with the notes forming part thereof, 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, 1999 and of the profit and the changes in financial position for the year then ended.,

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

(e) without qualifying our opinion, we draw attention to the following matters:

(i) as disclosed in notes 16(b) and 16(c) to the accounts, the company has flied various Judicial Applications during the current year in the High Court of Sindh against the lender of interest and mark-up based long term loans, aggregating to Rs. 598.913 (1998: Rs. 708.112) million, for the reasons given in the above referred notes. These Applications are currently pending with the High Court. of Sindh and, accordingly, a final decision in this regard has not been rendered to date by the above referred court.

(ii) the ultimate outcome of contingencies shown in note 23 to the accounts, aggregating to Rs. 427.130 (1998: Rs. 317.364) million, cannot presently be determined and, hence, no provision that may result therefrom has been made in the accounts for the current year.

(iii) interest and mark-up on long term loans, aggregating to Rs. 67.480 million, as discussed in notes 16(b) and 16(c) to the accounts have been recorded in the accounts of the current year as reduction of outstanding balances of long term loans at the end of the year for the reasons stated in the above referred notes.

Karachi:
Dated: '7th December, 1999

Ford, Rhodes, Robson, Morrow
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	Note	*June 30, 1999*	*June 30, 1998*
		(Rs '000s)	
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets at cost less			
accumulated depreciation	3	1,510,231	1,541,193
Capital work-in-progress	4	16,079	32,688
Spares held for capital expenditure purposes		23,990	12,989
		----------	----------
		1,550,300	1,586,870

Long-term investments	5	71,326	77,326
Long-term loans and deposits	6	2,136	10,266
CURRENT ASSETS			
Stores spares and loose tools	7	116,148	127,779
Stock-in-trade	8	23,486	31,566
Trade debts	9	94,769	108,200
Loans, advances, deposits, prepayments and other receivables	10	51,952	59,369
Cash and bank balances	11	8,809	8,940
		----------	----------
		295,164	335,854
		----------	----------
TOTAL ASSETS		1,918,926	2,010,316
		==========	==========
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
60,000,000 (1998: 60,000,000)			
Ordinary shares of Rs. 10/- each		600,000	600,000
		==========	==========
Issued, subscribed and paid-up	12	398,688	398,688
Reserves	13	7,469	5,772
		----------	----------
		406,157	404,460
SURPLUS ON REVALUATION OF FIXED ASSETS	14	487,688	487,688
NON-CURRENT LIABILITIES			
Redeemable capital	15	22,986	26,653
Long term loans	16	578,401	703,231
Long term deposits	17	35,098	28,847
Obligations under finance leases	18	--	28,848
CURRENT LIABILITIES			
Current maturities of redeemable capital, long term loans and obligations under finance leases	19	130,457	100,712
Short term running finances	20	10,590	13,196
Short term loan	21	6,438	35,671
Creditors, accrued and other liabilities	22	231,129	171,499
Provision for taxation - net		3,407	2,385
Unclaimed dividend		6,575	7,126
		----------	----------
		388,596	330,589

CONTINGENCIES AND COMMITMENTS	23		
		----------	----------
TOTAL EQUITY AND LIABILITIES		1,918,926	2,010,316
		==========	==========

The annexed notes form an integral part of these accounts.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1999

	Note	***Year ended June 30, 1999***	***Year ended June 30, 1998***
		(Rs. '000s)	
NET SALES	24	703,145	1,000,367
COST OF SALES	25	621,307	862,482
		-----------	-----------
GROSS PROFIT		81,838	137,885
Other operating income	26	6,069	14,636
		-----------	-----------
		87,907	152,521
Administrative expenses	27	48,119	45,170
Selling and distribution expenses	28	14,978	10,490
		-----------	-----------
		63,097	55,660
		-----------	-----------
OPERATING PROFIT		24,810	96,861
Financial charges	29	19,316	76,866
Workers' Profit Participation Fund		281	1,000
		-----------	-----------
		19,597	77,866
PROFIT BEFORE TAXATION		5,213	18,995
TAXATION - Current	30	3,516	5 ,002
		-----------	-----------
NET PROFIT FOR THE YEAR		1,697	13,993
ACCUMULATED LOSSES BROUGHT FORWARD		(117,452)	(131,445)

ACCUMULATED LOSSES CARRIED FORWARD TO RESERVES		(115,755)	(117,452)
BASIC EARNINGS PER SHARE	31	0.04	0.35

The annexed notes form an integral part of these accounts.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 1999

	Note	*Year ended June 30, 1999*	*Year ended June 30, 1998*
		(Rs '000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		5,213	18,995
Adjustment for:			
Depreciation		34,334	44,747
Financial charges		19,316	11,330
Gain on sale of fixed assets		(378)	(491)
Provision against debts considered doubtful		6,249	3,173
Working capital changes	32	91,432	(51,019)
		156,166	92,271
Financial charges paid during the year		(46,041)	122,823)
Taxes paid		(2,494)	(3,507)
NET CASH FROM OPERATING ACTIVITIES (A)		107,631	(34,059)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		11,347	(16,191)
Spares held for capital expenditure		(11,001)	(1,318)
Sale proceeds of fixed assets		2,265	1,229
Loans, deposits and prepayments		8,130	(444)
Investments		6,000	3,865
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)		16,744	(12,859)

CASH FLOW FROM FINANCING ACTIVITIES

Net effect due to repayments of long term loans and obligation under Finance leases		(127,600)	190,694
Payment of dividend		(551)	(4,091)
Deposits from dealers		6,251	279
		----------	----------
NET CASH FLOWS FROM FINANCING ACTIVITIES (c)		(l 21,900)	186,882
		==========	==========
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		2,475	8,892
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(4,256)	(144,220)
		----------	----------
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	33	(1,781)	(4,256)
		==========	==========

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1999

1. THE COMPANY AND ITS OPERATIONS

Dadabhoy Cement Industries Limited is one of the leading manufacturers of cement in Pakistan. It was incorporated on August 9, 1979 as a public limited company and is currently listed on all the Stock Exchanges in Pakistan

The company is currently engaged in the manufacturing of ordinary portland, slag and sulphate resistant cement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention
Fixed accounts have been prepared under the historical cost convention except for freehold land, building on freehold land and plant and machinery which are stated at revalued amounts.

Fixed assets

(a) Owned

Fixed assets are stated at cost or revalued amounts less accumulated depreciation except for freehold land and capital work-in-progress which are stated at cost. Depreciation on plant and machinery and quarry equipment including exchange differences has been charged on the basis of production of units method. Depreciation on other depreciable assets is charged on straight line method at the rates stated in note 3

Full year's depreciation is charged in the year of addition while no depreciati6n is charged in the year of disposal.

Maintenance and normal 'repairs are charged to income as and when incurred.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if' any, are included in income currently.

(b) Leased

Assets held under finance leases are stated at cost less accumulated depreciation. The outstanding obligations under leases less financial charges allocated to future periods are shown as a liability. The financial charges are calculated at the interest rates implicit in leases and are charged to the profit and loss account.

Depreciation is charged at the same rates as charged on company's owned assets.

2.3 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their construction and installation.

2.4 Stores, spares and loose tools

These are principally valued at moving average cost. Items in transit and in bonded warehouse are valued at cost comprising invoice value plus other charges paid thereon excluding custom and other duties. Grinding media and other similar items retrieved from the production process and available for re-utilization are reinstated into stores on replacement cost basis.

2.5 Stock-in-trade

These are stated at the lower of cost using first-in-first-out method and net realisable value. Cost of Raw Material in respect of limestone and low shale includes mining over head and cost of finished goods and work-in-process include an applicable portion of production overheads.

Net realisable value is determined on the basis of estimated selling price of product in the ordinary course of business less cost that would necessarily be incurred for its sale.

2.6 Staff retirement benefits

The company operates an approved funded gratuity scheme for its employees. The scheme is administered by trustees and is funded on the basis of actuarial advice taken on a periodical basis. Additionally the company operates a contributory provident fund for all its employees.

The contribution to the gratuity scheme is made on the basis of actuarial recommendation at the rate of 8.33% per annum. The latest valuation was carried out as at December 31, 1997.

The future contribution rate of the scheme includes allowance for deficit. Entry age normal actuarial cost method, using the following significant assumptions, is used for valuation of the scheme;.

Expected rate of increase in salary level 14°/0 per annum.
Expected return on investment 14% per annum.

2.7 Taxation

The charge for current taxation in the accounts is based on taxable income or one-half percent of turnover us 80D of the Income Tax Ordinance, 1979 whichever is higher. The company accounts for deferred taxation on all significant timing differences using the liability method. The company, however, does not account for deferred tax debits (note 30).

2.8 Investments

Investments are stated at cost. Provision for diminution in the value of investments is made if diminution is considered permanent.

2.9 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the rates of exchange ruling on the date of the transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Exchange differences are included in income currently.

2.10 Revenue recognition

Sales are recorded on despatch of goods to customers.

Dividend income is accounted for when dividend is declared.

Return on time deposit accounts anti income on investments are accounted for on accrual basis.

3. OPERATING FIXED ASSETS

	COST OR REVALUATION					**ACCUMULATED DEPRECIATION**					
	As at July 1, 1998 Cost	***Revaluation***	***Additions***	***Disposals***	***As at June 30. 1998***	***Rate/ Method***	***As at July 1, 1998***	***For the year***	***Disposals***	***As at June 30, 1999***	***Written down value as at June 30, 1999***
Owned											
Freehold land	3,198	2,802	--	--	6,000	--	--	--	--	--	6.00
Building on freehold land	141,056	315,193	118	--	456,367	25	71,082	11,409	--	82,491	37,387
Plant and machinery	1,122,460	169,693	657	--	1,292,810	Unit of production	216,800	17,996	--	234,796	105,801

						method					
Quarry equipment	50,642	--	--	--	50,642	Unit of production method	11,425	969	--	12,394	38,248
Motor vehicles (note 3.1)	17,850	--	3,003	3,008	17,845	20	15,774	1,450	1,118	16,106	1,739
Furniture and fixtures	6,245	--	12	--	6,257	10	4.79	321		5,112	1,145
Office equipment	15,762	--	1,472	--	17,234	10	10,882	1,060		11,942	5,292
	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------
	1,357,213	487,688	5,262	3,008	1,847,155		330,754	33,205	1,118	362,841	1,484,314
Leased											
Quary/equipment	29,819	--	--	--	29,819	Unit of production method	3,186	853	--	4,039	25,780
Motor vehicles	1,378	--	--	--	1,378	20	965	276	--	1,241	137
	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------
	1,388,410	487,688	5,262	3,008	1,878,352		334,905	34,334	1,118	368,121	1,510,231
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========
1998	1,379,890	487,688	10,387	1,867	1,876,098		291,287	44,747	1,129	334,905	1,541,193
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========

3.1 Included in additions to motor in the name of the company. The same is. however, in the process of being transferred in the name of the company.

3.2 As stated in note 14, D.H. Daruvala and Company, Architects and Engineers, carried out revaluation of freehold land, building on free hold land and plant and machinery resulting in a surplus over their book values of Rs 487.688 million. Consequently, the revaluation has resulted in an additional depreciation charge of Rs. 10.476 million for the year (1998: Rs, 11.840 million).

3.3 Depreciation charge for the year has been allocated as follows:

	Note	***Jun 30, 1999***	***June 30, 1998***	
		(Rs. '000)		
Cost of sales	25	29,406	38,557	38.55
Mining and other related costs	25	1,822	2,738	2.73
Administrative expenses	26	3,106	3,452	3 45
		----------	----------	
		34,334	44,747	44.74
		==========	==========	

3.4 The following assets were disposed off during the year:

Accumu- **(Rupees in '000s)**

Particulars	*Cost*	*lated Depreci-ation*	*Written down Value*	*Sale Proceeds*	*(Gain)/ Loss*	*Mode of disposal*	*Particulars of buyers*
MOTOR VEHICLES							
Honda 100cc KAE - 7747	17	17	--	--	--	Theft	
Yamaha 100cc KCA-9168	30	30	--	13	-13	Negotiation	Mr. Wajid Hussain (Employee). Karachi.
Suzuki Mehran V 4947	182	182	--	59	(59)	Negotiation	Mr, Shamsuddin (Employee) Karachi,
Suzuki Sedan U - 8751	379	379	--	127	(127)	Negotiation	Mr. Nayyer Karim (Employee) Karachi.
Suzuki Khyber U - 3288	209	209	--	71	(71)	Negotiation	Mr. SP (R) Abdul Hamid Khan (Employee) Karachi,
Honda CD 70 KAL 4468	40	36	4	42	(38)	Insurance Claim	Adamjee Insurance Company. Limited Karachi.
Honda CD 70 KAL 4469	40	36	4	42	(38)	Insurance Claim	Adamjee Insurance Company. Limited Karachi.
Honda CD 70 KAL 4472	41	37	4	19	(15)	Negotiation	Mr. Haroon 1Rashicl (Employee) Karachi.
M - BENZ P - 1258	960	192	768	785	(17)	Negotiation	M/s, Fazal Motor, Karachi.
Honda Accord ABZ 421	1,110	--	1,110	1,110		Negotiation	Mr. Moin Ayub Mirza Karachi,
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	3,008	1.12	1,890	2,268	(378)		
	==========	==========	==========	==========	==========		

	Note	*June 1999 (Rs. '000)*	*Additions/ (Adjustment) (Rs. '000)*	*June 30, 1998 (Rs. '000)*
4. CAPITAL WORK-IN-PROGRESS				
Owned				
Plant and machinery		7,907	--	7,907
Travel expenses incurred in respect of plant optimisation project currently being considered		206	206	--
Advances to an associated undertaking against civil works	4.1&4.2	--	7,205 (24,020)	16,815
		----------	----------	----------
		8,113	(16,609)	24,722
Leased				
Quarry equipment		7,966	--	7,966
		----------	----------	----------
		16,079	(16,609)	32,688
		==========	==========	==========

4.1 The contract previously awarded to an associated undertaking for civil works was cancelled during the year. Thereafter, the advance given in this regard has been adjusted against a short term loan obtained by the company from a director (note 21), pursuant to (a) an undertaking by the associated company to settle directly the short term loan given by the director to the company and (b) the director's consent thereto.

	Note	*June 30, 1999*	*June 30, 1998*
		(Rs '000)	
4.2 The maximum amount advanced to an associated undertaking at the end of any month during the year		24,020	16,815
		==========	==========

5. LONG TERM INVESTMENTS
Associated undertakings

Quoted

1,876,000 (1998: 1,876,000) Ordinary shares of Rs. 10 each in Dadabhoy Sack

Limited. Market value as at the balance sheet date Rs. 56.280 (1998: Rs. 56.280) million. Equity held 46.90% (1998: 46.90%).		21,326	21,326
Unquoted			
5.000,000 (1998: 5,000,000) Ordinary shares of Rs. 10 each in Dadabhoy Energy Supply Company Limited. Break-up value of of each Ordinary share of Rs. 10 each as at June 30, 1999: Rs. 9.94 (1998: Rs. 10) per share based on the latest audited accounts available for the year ended June 30, 1999, equity held 19.06% (1998: 38.12°/0)	5.1	50,000	50,000
Certificate of Investments (COl's)			
COI's of a leasing company at an annual return of 16%	18	--	6,000
		----------	----------
		71,326	77,326
		==========	==========

5.1 The company has pledged 4,500,000 Ordinary shares of Rs. 10 each of Dadabhoy Energy Supply Limited, an associated undertaking, with a financial institution for the purposes of providing thereto necessary security in respect of the financial assistance extended by the financial institution to the above referred associated undertaking.

	Note	***June 30, 1999***	***June 30, 1998***
		(Rs '000)	
6. LONG TERM LOANS AND DEPOSITS			
- considered good			
Loans-secured			
Employees		383	548
Executives		1,085	1,152
		----------	----------
		1,468	1,700
Receivable within one year shown under current assets			
- Employees		(187)	(187)
- Executives		(256)	(372)
		----------	----------

	Note	1999	1998
	10	(443)	(559)
		----------	----------
	6.1	1,025	1,141
Deposits			
Lease deposits	18	--	5,062
Other security deposits		1,111	4,063
		----------	----------
		1,111	9,125
		----------	----------
		2,136	10,266
		==========	==========
Loans outstanding for period - less than three years		819	820
- three years and more		206	321
		----------	----------
		1,025	1,141
		==========	==========

6.1 Loans to executives and employees are given for personal reasons and for house building. These are granted in accordance with the service rules and are recoverable in monthly instalments over a period ranging between 5 to 100 months and are secured against their gratuity entitlement.

The maximum aggregate amount of loans due from the Employees and Executives at the end of any month during the year was Rs. 4.44 million and Rs. 12.09 (1998: Rs. 0.535 and Rs. 1.295) million respectively.

	Note	*June 30, 1999*	*June 30, 1998*
		(Rs '000)	
7. STORES, SPARES AND LOOSE TOOLS			
Stores		8,722	8,170
Spares-in hand		91,053	95,538
-in bond		14,147	21,654
-in transit		4,721	4,964
		----------	----------
		109,921	122,156
Loose tools		410	358
		----------	----------
		119,053	130,684
Provision against slow moving spares in hand		(2,905)	(2,905)
		----------	----------
		116,148	127,779
		==========	==========

8. STOCK-IN-TRADE

Raw materials	8.1	6,473	10,294
Packing materials		1,269	627
Work-in-process		10,227	15,965
Finished goods		5,517	4,680
		----------	----------
		23,486	31,566
		==========	==========

8.1 Included herein is a sum of Rs. 5.339 million (1998: Rs. 5.105 million) representing cost of "lime stone" and "low shale" which has been estimated by the management of the company as its determination is subject to technical 9ardstick.

9. TRADE DEBTS

Considered good			
Secured - against long term deposits	17	11,476	12,991
Unsecured	9.10	83,293	95,209
		----------	----------
		94,769	108,200
Considered doubtful - unsecured		17,423	11,174
		----------	----------
		112,192	119,374
Provision against debts considered doubtful		(17,423)	(11,174)
		----------	----------
		94,769	108,200
		==========	==========

9.1 Included herein is a sum of Rs. 0.652 (1998: Rs. 3.57z) million due from the associated undertakings.

10. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans			
Current portion of long term loans			
Employees		187	187
Executives		256	372
		----------	----------
	6	443	559
Advances - unsecured			
Employees		228	323
Executives		785	637
Suppliers	1	17,306	18,030
Associated undertaking	10.1	15,815	18,577
Deposits			
Margin against letter of credit		1,970	1,984
Lease deposits		--	
		----------	----------

		1,970	2,119
Prepayments			
Rent		--	70
Excise duty		696	1,707
Miscellaneous		10	30.00
		----------	----------
		706	1,807
		----------	----------
		37,253	42,052
Other receivables			
Considered good			
Interest accrued on investment in Certificate of Investments (COls)	18	--	1,200
Insurance claims		123	80
Income-tax refundable			892
Income-tax paid under protest	10.20	2,953	2,953
Excise duty	23(a) (v)	4,243	4,243
Sales tax	23(a) (vi)	5,201	5,201
Transportation charges paid under protest	23(a) (vii)	1,904	2,348
Octroi refund		--	242
Miscellaneous		275	158
		-----------	-----------
		14,699	17,317
		-----------	-----------
		51,952	59,369
		==========	==========
10.1 The maximum amount due from associated undertakings at the end of any month during the year		15,815	35,392
		==========	==========

10.2 This represents payment made under protest in respect of tax assessments for the years 1987-88 to 1990-91 [note 23(a)(iv)].

11. CASH AND BANK BALANCES

In hand	745	2,737
At banks		
current accounts	7,898	5,878
saving accounts	102	96
deposit account	--	1
	-----------	-----------
	8,000	5,975
With a financial institution in deposit accounts	64	228
	-----------	-----------

	8,809	8,940
	==========	==========

12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

26,579,200	(1998: 26,579,200) Ordinary shares of Rs. 10 each fully paid in cash	265,792	265,792
13,289,600	(1998: 13,289,600) Ordinary shares of Rs. 10 each issued as right shares for cash at a premium of Rs. 2.5 per ordinary share	132,896	132,896
-----------		-----------	-----------
39,868,800		398,688	398,688
==========		==========	==========

Dadabhoy Trading Corporation (Private)Limited, the Parent company, held 21,426,090(1998: 21,426,090)
Ordinary shares of Rs. 10 each as at June 30, 1999.

Refer notes 15.1, 15.2 and 16(a) for restrictions in respect of declaration of dividend and issue of bonus shares.

	Note	June 30, 1999	June 30, 1998
		(Rs '000)	
13. RESERVES			
Capital			
Premium on issue of Right shares	12	33,224	33,224
Revenue			
General reserve		90,000	90,000
Accumulated losses at the end of the year		(115,755)	(117,452)
		----------	----------
		7,469	5,772
		==========	==========
14. SURPLUS ON REVALUATION OF FIXED ASSETS		487,688	487,688
		==========	==========

On August 29, 1994, D.H. Daruvala and Company, Architects and Engineers, revalued freehold land, building on freehold land and plant and machinery of the company, resulting in a surplus over their book values of Rs. 487.688 million. (note 3).

15. REDEEMABLE CAPITAL

Term Finance Certificates (TFCs) -secured			
Syndicate of commercial banks	(15.1)	21,649	21,649
Consortium of commercial banks	(15.2)	35,482	35,482
		----------	----------
		57,131	57,131
Current maturity including overdue instalments of Rs. 30.478 (1998: 27.392) million shown under current liabilities	19	(34,145)	(30,478)
		----------	----------
		22,986	26,653
		==========	==========

As a result of negotiations carried out by the company, during the current year with the syndicate and consortium of commercial banks in respect of the restructuring of outstanding balances due thereto in respect of TFCs, three out of the five members of the above referred syndicate and consortium agreed to convert the outstanding balances of the same into long term loans with new terms and conditions on an individual basis.

Accordingly, a sum of Rs. 56.935 million representing outstanding balances at the beginning year ended June 30, 1998 due to the three members of the syndicate and consortium of commercial banks in respect of the TFCs have been transferred to long term loans (note 16 (a)). in the accounts for that year although these members agreed to the conversion of TFCs into long term loans during the current year, that is? subsequent to the end of June 30, 1998. As for the balance due to the remaining two members of the syndicate and consortium at the end of the year, the same is shown under redeemable capital, pending the approval of a proposal submitted by the company during the year to the remaining members of the above referred syndicate and consortium.

The following are the necessary details in respect of the outstanding TFCs issued to a:

15.1 Syndicate of commercial banks

The "Sale Price" in respect of the outstanding TFCs of the syndicate at the end of the year is Rs. 44.988 (1998: Rs. 44.988) million against which the company has agreed to purchase the investment property from the syndicate for a net of rebate sum of Rs. 130.474 (1998: Rs. 130.474) million, referred to as the "Purchase Price".

The purchase price is payable by the company in thirteen half yearly instalments which commenced from January 1, 1993 and is to be repaid in full by January 1, 1999.

The TFC:s are secured against:

(i) a first registered mortgage over all the assets of the company;
(ii) a charge by way of hypothecation of the entire plant, machinery, equipment, uncalled capital and book debts;
(iii) further securities and guarantees as the syndicate may from time to time require.

The TFCs at all times rank pari-passu with each other and shall be treated equally in all matters pertaining to them.

In the event of any TFC not being redeemable on this due date, the company is liable to the holders of such TFCs additionally an amount equivalent to twenty percent of the face value of such TFCs as and by way of liquidated damages for failure to redeem on their due dates.

The company is required by the agreement not to declare any dividend or issue bonus shares without the prior written approval of the members of syndicate,

Repayments in respect of purchase price have not been made since April 30,] 996 for the reasons covered in note 23(a)(ii) to these accounts.

15.2 Consortium of commercial banks

The "Sale Price" in respect of outstanding TFCs of the consortium at the end of the year is 37.911 (1998: Rs. 37,911) million against which the company has agreed to purchase the investment property from the consortium for a net of rebate sum of Rs. 83.061 (1998: Rs. 83.061) million, referred to as the "Purchase Price"

The "purchase price" is payable by the company in twenty half yearly instalments which commenced from October 1, 1994 and is to be repaid in full by April 1, 2004.

The TFCs are secured against:

(i) a first registered mortgage over all the assets of the company;
(ii) a charge by way of hypothecation of the entire plant, machinery, equipment, uncalled capital and book debts;
(iii) further securities and guarantees as the consortium may from time to time require.

The TFCs at all times rank pari-passu with each other and shall be treated equally in all matters pertaining to them.

In the event of any TFC not being redeemable on this due date, the company is liable to the holders of such TFCs additionally an amount equivalent to twenty percent of the face value of such TFCs as and' by way of liquidated damages for failure to redeem on their due dates.

The company is required by the agreement not to declare any dividend or issue bonus shares without the prior written approval of the members of consortium

Repayments in respect of purchase price have not been made since April 30, 1996 for the reasons covered in note 23 (a) (ii) to these accounts.

	June 30, 1999	***June 30, 1998***
	(Rs '000)	

16. LONG TERM LOANS

Secured

(a) Loans resulted from the conversion of Term Finance Certificates (TFCs)	33,102	42,786
(b) Interest based loans - disputed by the company	414,788	515,363
(c) Mark-up based loans disputed by the company	130,511	145,082
	----------	----------
	578,401	703,231
	==========	==========

(a) Loans resulted from the conversion of Term Finance Certificates (TFCs)

As mentioned in note 15, amount due to the three members of the syndicate and consortium in respect of the TFCs outstanding at the beginning of the year ended June 30, 1998 was transferred from redeemable capital to long term loans, resulting from the conversion of the outstanding TFCs. The effects of the conversion although agreed to with the three members of the consortium and syndicate during the current year were shown by the company in the accounts of the year ended June 30, 1998 as follows:

(Rs. '000)

	Note	*Balances as at June 30, 1999*	*Balances Restructed as at June 30, 1998*	*Effects of Restructuring on income for the year ended June 30, 1998*	*June 30, 1997*		
					Syndicate	*Consortium*	*Total*
Allied Bank of Pakistan	(i)	--	4,404	(7,51 o)	5,315	7,074	12,389
Habib Bank Limited	(ii)	27,319	30,675	2,111	10,823	17,741	28,564
Muslim Commercial Bank Limited	(iii)	17,145	18,345	2,363	6,642	9,340	15,982
		----------	----------	----------	----------	----------	----------
		44,464	53,424	(3,036)	22,780	34,155	56,935
				==========			
Current maturity shown under current liabilities		(11,362)	(10,638)		(22,780)	(5,529)	(28,309)
		----------	----------		----------	----------	----------
		33,102	42,786		--	28,626	28,626
		==========	==========		==========	==========	========= =

(i) the balance of Rs. 12.389 million due at the beginning of the year ended June 30, 1998 has been restructured at Rs. 4.879 million, resulting in the reduction of principal balance of Rs. 7.510 million. The same has been taken into income during 1998 as shown above under the effects of restructuring. The restructured amount has been paid in full during the current year.

(ii) The balance outstanding Rs. 28.564 million at the beginning of the year ended June 30, 1998 has been restructured at Rs. 30.675 million, consisting of Rs. 21.506 million, less a single payment of Rs. 2.500 million, resulting in Rs. 19.006 million, is repayable by the company in fifteen equal quarterly installments beginning from February 28, 1999 whereas the remaining amount of Rs. 9.169 million is to be repaid in eleven equal quarterly instalments commencing from August 31, 1999. The effect of restructuring of Rs. 2.111 million resulted in an increase in the principal balance which has been charged against income of the last year ,as shown above under the effects of restructuring.

Mark-up @ 15% per annum is being charged on Rs. 19.006 million as opposed to no such charge on Rs. 9.169 million. In case of default in any payment, penalties @ 20% shall be charged on the amount in arrears for actual number of days the amount remains unpaid after the clue date.

(iii) the balance of Rs. 15.982 million due at the beginning of the year ended June 30, 1998 has been restructured at Rs. 18.345 million consisting of Rs. 12.730 million as principal and Rs. 5.615 million as capitalised mark-up. This resulted in an increase of Rs._2.363 million in Principal which has been charged against income for the year ended June 30, 1998 as shown above under the effects of restructuring. A 10% down payment amounting to Rs. 1.2 million was made against the restructured principal of Rs. 12.730 million during the year with the balance of Rs. 11.530 million payable in 16 quarterly installments commencing from July 1, 1999 at a mark-up rate of 15% per annum whereas Rs. 5.61,5 million representing capitalised mark-up is payable in 16 quarterly installments, with a grace period of one year, commencing from September 1, 1999. No further mark-up will be charged on this amount.

The above referred agreements reached on an individual basis with the commercial banks have retained all other terms and conditions of the previous agreements executed between the company and the NDFC - led consortium members. Accordingly, these loans are secured against a first registered mortgage over all the assets of the company, a charge by way of hypothecation of the entire plant, machinery, equipment, uncalled capital and book debts and further securities and guarantees as banks may from time to time require. In addition, the company is also required to submit personal guarantees of all the director / sponsors with details of their properties / asset.

The previous restriction in respect of declaration of dividend and issue of bonus shares, that is, the same cannot be declared without the prior consent of the banks has also been retained.

	June 30, 1999	***June 30, 1998***
	(Rs '000)	
(b) Interest based loans - disputed by the company		
Balance outstanding at the end of the year	468,402	563,030
Current maturity, including overdue installment of Rs. 5.948 million, shown under current liabilities	(53,614)	(47,667)
	----------	----------
	21,572	56,611
	==========	==========

Subsequent to the signing of the Memorandum of Understanding (MOU)dated December 04, 1997 with the National Development Finance Corporation, the lender of interest based loans, and after the awarding of a decree by the High Court of Sindh on February 18, 1998 as a result of an Application jointly filed by the company and the above referred lender, seeking the disposal of a law suit previously filed by the company against the lender, the company during the current year filed another Application under section 12(2) CPC, read with section 151 CPC with the High Court of Sindh, claiming that the earlier Application as a result of which the decree had been awarded by the High Court of Sindh was based on representation, suppression of facts, deliberate and gross miscalculation on part of the lender with intent to coerce the company to pay to the lender excess amounts, which are not legally recoverable and which the lender is prohibited by law and the Circulars of the State Bank of Pakistan and as such, the impugned decree based thereon is unenforceable, void and wholly illegal without jurisdiction. At the same time, the company in yet another Application under Order 39 Rules and 2 CPC, with the High Court of Sindh prayed thereto to suspend the operation of the decree dated February 18, 1998 passed by the High Court of Sindh and stay recovery of any decretal amount in any execution application which may be filed by the lender; the NDFC, pursuant to the above decree and to restrain it from taking any coercive measures against the company for the recovery of the decretal amount.

As a result of the above, the High Court of Sindh issued a brief order dated July 6, 1999, stating that no coercive action is to be taken against the company. Thereafter, no development has taken place todate in this regard, with the above referred Applications still pending with the High Court of Sindh for a final decision in this matter.

The above referred MOU signed by the company with the NDFC during the year ended June 30, 1998 had resulted in a single loan of Rs. 717.00 million, out of which Rs. 140.054 million was not recorded by the company in the accounts of that year for the reason that the same represented penal interest and that since the High Court of Sindh in one of its rulings had previously disallowed the imposition of penal interest, the same had not been considered as due to the NDFC by the company in its accounts for the year ended June 30, 1998. Accordingly, the balance at the beginning of the current year of 'Rs. 563.030 million had been stated after the repayment of Rs. 13.916 million during 1998 and net of Rs. 140.054 million, as discussed above. Against Rs. 563.030 million, the balance at the beginning of the year, the company paid three installments of principal of Rs. 11.917 million each and Rs. 5.968 million of the last installment aggregating to Rs. 41.719 million, during the current year. In addition, markup aggregate to Rs. 52.909 million in respect of current year was also paid, together with the above referred installments as per the repayment schedule provided in the MOU and applied against the principal amount of interest based loans to reduce the outstanding balance thereof to Rs. 468.402 million at the end of the current year, as opposed to recording the payment as markup on interest based long term loans, under financial charges, in the profit and loss account for the year, consistent with a view taken by the company that the loan originally borrowed from the NDFC has already been repaid and as such, no amount in this regard is due thereto.

The restructured loan mentioned above carries interest at the rate of 15% per annum on daily balances and on the basis of a 360 days year with quarterly rests until full payment of principal and interest is made.

The balance outstanding at the end of the year is to be repaid in fifteen years in sixty equal quarterly installments payable on or before January 1st, April 1st, July 1st and October 1st in each calendar year, commencing from April 1, 1998.

The loan is secured by legal mortgage on the moveable and immovable properties of the company, pledge and hypothecation of machinery and all the moveable properties including book debts and other receivables of the company, floating charge on all the present and future fixed assets of the company, ranking pari-passu with other creditors and with charges already existing, personal guarantees of sponsoring directors and pledge of sponsors shares.

In the event the company fails to pay on or before the due date the whole or any part o{ amounts due, the entire principal and interest accrued thereon will become immediately due and the company will be liable to pay additional interest at the rate of 4% per annum with semi annual rests on the entire amount of overdue principal, interest for the time being payable and remaining unpaid. However, as a result of a petition jointly filed by the company and the lender in the High Court of Sindh, Karachi, seeking disposal of a law suit previously filed by the company against the lender,, the High Court of Sind had disallowed the imposition of 4% additional interest, claiming that the same amounts to penal interest and that the same cannot be allowed. Hence, the High Court decreed the suit accordingly, with no order as to costs.

	Note	June 30, 1999	June 30, 1998
		(Rs '000)	
(c) Mark-up based loans - disputed by the company		64,975	14,010
		=========	=========

The Memorandum of Understanding signed by the company with the NDFC during the year ended June 30, 1998 had resulted in a new loan of Rs. 180 million, out of which Rs. 34.918 million had not been recorded by the company in the accounts of that year for the reasons covered in note 16(b) above and, accordingly, the resulting balance of Rs. 145.082 million was shown as the outstanding balance at the end of the year in respect of mark-up based loans. Against Rs. 145.082 million, no repayment against principal was due in the current year, however, markup of Rs. 14.571 million paid by the company in respect of current year was applied against the principal for the reasons given in (b) above the maintaining that the resulted balance of Rs. 130,511 million represented markup on markup which was capitalised by the NDFC and as such, the amount originally borrowed by the company from the NDFC has already been repaid in full and, accordingly, no amount is payable thereto in this regard.

The outstanding balance at the end of the year as per the MOU is to be repaid in twenty equal quarterly installments with the first installment de on December/l, 2000. mark-up on the new loan is to be calculated @ 44 paisas per thousand per day, payable quarterly in arrears with the first such payment made on April 1, 1998.

The loan is secured against hypothecation of stock of all material, i.e. clinker, work-in-process, stores and spares and finished goods with 25~~/0 safety margin, charge on book debts, personal repayment guarantees of all the sponsoring directors and a demand promissory note from the company.

In the event the company fails to pay on or before the due date the whole or any part of amounts due, the entire principal and markup accrued thereon would become immediately due and the company would be liable to pay mark-up @ 6,5 paisas per thousand per day. However, as a result of a petition jointly filed by the company and the lender in the High Court of Sindh, Karachi, seeking disposal of a law suit previously' filed by the company against the lender, the High Court of Sindh disallowed the imposition of 65 paisas per thousand per day of additional mark-up, claiming that the same amounts to penal mark-up and that the same cannot be allowed. Hence, the High Court had decreed the suit accordingly, with no order as to costs.

17. LONG TERM DEPOSITS

From cement dealers	9	34,088	27,811
From contractors	9	1,010	1,036
		----------	----------
		35,098	28,847
		==========	==========

The above referred deposits represent interest free security deposits payable on cancellation or withdrawal of dealerships and contracts.

18. OBLIGATIONS UNDER FINANCE LEASES

During the year the company made payments of Rs. 2.667 million to the leasing company. The leasing company, thereafter, adjusted the outstanding balance with (a) the Certificate of investments (COIs) placed therewith by the company amounting to Rs. 6.00 million (note 5), (b) accrued interest thereon of Rs. 0.480 million (note 26 and (c) security deposit of Rs. 5.062 million (note 6.). Therefore, the amount due of Rs. 40.777 million at the beginning of the year after applying the payments of Rs. 2.667 million, as discussed above, and adjusting the same with the amounts in (a) to (c) resulted in the outstanding principal balance due to the leasing company of Rs. 26.568 million at the end of the year.

Subsequently after the end of the current year, the leasing company agreed to a sum of Rs. 31.500 million as the final liability, including markup, due thereto as a result of which Rs. 4.766 million of financial charges relating to the current year coupled with Rs. 26.568 million, aggregating to Rs. 31.336 million, has been shown under current maturities (note 19)whereas Rs. 0.164 million pertaining to the period subsequent to the year-end has not been accrued in these accounts.

The rates of interest used as the discounting factors range between 16.16% and 20.19% (1998: 16.16% and 20.19% per annum.

There are options to obtain ownership of the assets at the end of the terms of leases at amounts specified in various lease agreements. There are no financial restrictions in the lease agreements.

The amount of future payments and the periods during which they fall due are as follows:

	Note	***June 30, 1999***	***June 30, 1998***
		(Rs '000)	

Year ending June 30th,	1999	--	18,000
Year ending June 30th	2000	31,500	18,000
Year ending June 30th	2001	--	17,062
		----------	----------
		31,500	53,062
Financial charges allocated			
-to future periods		(164)	(12,285)
		----------	----------
		31,336	40,777
Current maturity shown under current liabilities	19	(31,336)	(11,929)
		----------	----------
		--	28,848
		==========	==========

19. CURRENT MATURITIES OF REDEEMABLE CAPITAL, LONG TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Redeemable capital	15	34,145	30,478
Long term loans			
Loans resulted from the conversion of			
Term Finance Certificate (TFCs)	16 (a)	11,362	10,638
Interest based loans			
disputed by the company	16 (b)	53,614	47,667
Obligations under finance leases	18	31,336	11,929
		----------	----------
		130,457	100,712
		==========	==========

20. SHORT TERM RUNNING FINANCES

Secured

Utilized under mark-up arrangements			
From a financial Institution	20.1	4,954	6,005
From a bank	20.2	5,636	7,191
		----------	----------
		10,590	13,196
		==========	==========

20.1 This represents a trade finance facility (non-fund based) of Rs. 30 million arranged by the company at a mark-up rate o{ Rs. 0.65 per thousand per day, payable currently.

The arrangement is secured against pledge and hypothecation of imported goods with safety margin, 10°/0 cash margin on letter of credit, charge on book debts of the company and personal guarantees of four sponsoring directors of the company.

20.2 This represents a short term running finance arranged by the company against imported machinery (F1M) amounting to Rs. 5.00 (1998: Rs. 5.00) million. The rate of mark-up, net of prompt payment rebate, is Rs. 0.61 per thousand per day, payable quarterly.

The facility is secured against pledge of imported goods other than perishable items, lien on plant and machinery in custom bonded warehouse, 25o/o cash margin on or before disbursement of FIM facility and personal guarantees of all directors.

	Note	June 30, 1999	June 30, 1998
		(Rs '000)	
21. SHORT TERM LOAN - unsecured		6,438	35,671
		==========	==========

The balance outstanding at the end of the year represents a temporary loan from a Director of the company. It is interest free and is repayable on demand. Refer note 4.1 with regard to the adjustment made to the loan during the current year.

	Note	June 30, 1999	June 30, 1998
22. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		62,950	40,023
Accrued liabilities			
Accrued expenses	22.10	70,995	22,868
Interest on secured long term loans	22.20	--	12.10
Mark-up on secured			
long term loans	22.20	--	19.44
redeemable capital	23(a)(ii)	6,859	6,859
long term loans resulted from the			
conversion of redeemable capital		3,878	--
short term running finances		1,533	595
Central excise duty	22.3	7,314	7,314
		----------	----------
		25,043	3,641
Other liabilities			
Advances from customers	22.4	33,653	20,851
Royalty		2,956	6,073
Excise duty		693	446
Sales tax		52	11
Gratuity Fund	22.5	17,348	12,122
Provident Fund .	22.6	10,581	7,351
Workers' Profit Participation Fund	227	1,406	1,000
Tax deducted at source		9,689	13,192
Deposits against company car scheme		1,102	1,118
Miscellaneous		120	135
		----------	----------
		77,600	62,299
		----------	----------

	231,129	171,499
	==========	==========

22.1 Included herein is a sum of Rs. 47.780 million (1998' Rs. Nil) due to Dadabhoy Energy Supply Company Limited, an associated undertaking, in respect of electricity purchased therefrom in accordance with a Power Purchase agreement signed therewith by the company.

22.2 Accruals in respect of interest on long term loans and markup thereon for the current year amounting to Rs. 14.337 million and Rs. 30.555 million respectively, aggregating to 44.892 million, have not been made in these accounts in view of the facts stated in note 23(a/(i) under contingencies.

22.3 Payments in respect of central excise duty are not being made, pending resolution of the matter stated in note 23 (iii) in this regard..

22.4 Included herein is an amount Rs. 0.785 million due to the associated undertakings.

22.5 Included herein is a sum of Rs. 4.187 (1998: Rs. 2.531) million accrued by the company on account of interest on unpaid balance due to the Fund.

22.6 Included herein is a sum of Rs. 2.457 (1998: Rs. 1.398) million accrued by the company on account of interest on unpaid balance due to the Fund.

	June 30, 1999	***June 30, 1998***
	(Rs '000s)	
22.7 Workers' Profits Participation Fund		
Balance at the beginning of the year	1,000	--
Allocation for the year	281	1,000
	----------	----------
	1,281	1,000
Interest on funds utilised in the Company's business	125	--
	----------	----------
Balance at the end of the year	1,406	1,000
	==========	==========

	June 30, 1999	***June 30, 1998***
	(Rs '000s)	

23. CONTINGENCIES AND COMMITMENT

(a) Contingencies

(i) As stated in notes 16(b) and 16(c), the company has filed various Judicial Applications in the High Court of Sindh against the NDFC, claiming that the amount it originally borrowed as long term loans therefrom has been repaid in full and that the outstanding balances in the books of the company represented penal interest, interest on interest and mark-up on mark-up the imposition of which is prohibited by law and is against the Circulars of the State Bank of Pakistan. The High Court of Sindh has passed a brief order as a result of the above referred Judicial Applications stating that no coercive action is to be taken by the lender against the company. The hearings in this regard have not taken place since the passing of the above order on July 6, 1999, however, these will commence shortly to consider the merit of the Applications filed by the company. Accordingly, against a sum of Rs. 886.257 million shown by the NDFC as long term loans advanced to the company at the end of the current year on its interest billing statements, the company while disputing with the above claim has shown Rs. ,598.913 million under long term loans and under current maturities. Accordingly, the difference of Rs. 287.344 million, representing Rs. 140.054 million and Rs. 52.909 million, discussed in note 16(b), Rs. 34.918 million and Rs. 14.571 million, discussed in note 16(c)and Rs. 44.892 million, discussed in note 22.2 has not been provided for in these accounts, pending the outcome of the Judicial Applications the company, has filed against the lender, as discussed above.	287,344	174,972
(ii) Provision in respect of interest, penal interest and late payment surcharge due to the two members of syndicate and consortium has not been made in the accounts pending a final decision of the High Court of Sindh in respect of a law suit filed by the company in this regard. The matter is currently at the evidence stage and operations of the restraining Order passed during 1996 has been extended and, hence, the same continues to be in operation.	78,258	80,454
	-----------	-----------
	365,602	255,426

(iii) A law suit has been filed by the company in the High Court of Sindh against the levy o,~ central excise duty, challenging the applicability thereof. As

a result, out of Rs. 31.106 million claimed by the banks and financial institution on this account, the Company has recorded only Rs. 7.314 million, pending a final decision of the High Court in this regard.	23,792	23,792
(iv) In finalising the company's assessment for the assessment years 1987-88 to 1990-91, the Income-tax Officer subjected interest income to tax and had raised tax demand on it. The company has filed an appeal before the Income-tax Appellate Tribunal. No provision has been made for the liability in these accounts as the management anticipates a favourable outcome. However, a sum of Rs. 2.953 million was paid under protest during 1997 against the contingency (note 10.2). The recovery of the advance tax of Rs. 2.953 million is therefore, dependent on the outcome of the appeals.	3,917	3,917
(v) As a result of the introduction of capacity tax effective August 3, 1991, the Superintendent of Excise, Nooriabad Circle, had demanded central excise duty amounting to Rs. 20.303 million from the company on the stock of clinker in hand as at August 3, 1991. The company contesting the above demand filed an appeal with the Collector of Customs and Central Excise Tax and was successful in obtaining an order whereby the matter had been remanded to the concerned authority in Hyderabad for fresh order, which was decided against the company. As a result, the company filed a constitutional petition against the order in the High Court of Sindh, Karachi, where the matter is still pending in the court. However, a sum of Rs. 4.243 million (1998: Rs. 4.243 million) has been paid by the company under protest and hence, pending the resolution of the above mentioned petition, no provision has been made in this respect as the management is hopeful for a favourable outcome (note 10).	20,303	20,303
	----------	----------
	413,614	303,438

(vi) As a result of an adjustment for input tax on account of sales tax amounting to Rs. 3.612 million claimed by the company in 1990, the office of the Collector of Central Excise and Sales tax served a notice of demand for Rs. 7.222 million while disallowing input tax adjustment claimed by the company. The

company contesting the above demand filed an appeal with the Collector of Customs of Central Excise Tax which in 1993 was decided against the company for Rs. 8.006 million including additional tax of Rs. 0.784 million. The company filed a constitutional petition in the High Court of Sindh against the above referred judgement in 1993 which was rejected by the High Court as well. The company has since filed an appeal in the Supreme Court of Pakistan. In the meantime, a sum of Rs. 5.201 million has been paid by the company under protest (note 22) and pending decision of the Supreme Court of Pakistan, no provision has been made for the above referred amount decided against the company.	8,006	8,006
(vii) A demand of Rs. 1.904 million was raised by the Superintendent Customs, Central Excise and Sales-tax, Nooriabad Circle in 1993 against the company for not including the transportation and loading charges in the sale price while offering the cement cleared from the factory during 1988-89. The company has contested the above demand and filed an appeal before Appellate Tribunal Custom Excise & Sales-tax (CBR), Karachi. In the meantime the company has paid Rs.. 1.904 million under protest (note 10). Currently, the matter is being heard by the High Court of Sindh as a result of a constitutional petition filed by the company. Accordingly, No provision has been made for the above referred amount.	1,904	1,904
	----------	----------
	423,524	313,348
(viii) Liquidated damages, additional interest, late payment surcharge and central excise duty not acknowledged as due by the company as claimed by a financial institution and leasing companies after the restructuring o{ various liabilities.	--	410
(ix) As a result of rescheduling / restructuring as referred to in note 16(a) (ii), certain penalties have been frozen for the time being and will be considered for waiver in case of satisfactory repayment of debts.	3,351	3,351
(x) Claims not acknowledge as debts by the company, pending the outcome of litigations.	255	255
	-----------	-----------
	427,130	317,364

	========== =	===========
(b) Commitment		
(i) Plant expansion	3,814	3,814
	========== =	===========
(ii) Outstanding Letters of Credit	2,365	--
	========== =	===========

	Year ended June 30, 1998	***Year ended June 30, 1997***
	(Rs '000s)	
24. NET SALES		
Gross sales	1,359,374	2,019,668
Sales tax	--	(14,491)
Excise duty	(569,334)	(817,462)
Incentives and discounts	(86,895)	187,348
	----------	----------
	(656,229)	(1,019,301)
	----------	----------
	703,145	1,000,367
	==========	==========

	Note	***Year ended June 30, 1999***	***Year ended June 30, 1998***
		(Rs '000s)	
25. COST OF SALES			
Opening stock			
Raw materials		10,294	21,047
Packing materials		627	2,203
		----------	----------
		10,921	23,250
Purchases		190,174	230,411
Mining and other related costs including depreciation of Rs. 1.822 million (1998: Rs. 2.738 million)		17,893	24,545
		----------	----------
		208,067	254,956
		----------	----------
		218,988	278,206
Closing stock			

Raw materials		(6,473)	(10,294)
Packing materials		(1,269)	(627)
		----------	----------
		(7,742)	(10,921)
		----------	----------
		211,246	267,285
Stores and spares consumed		26,397	32,171
Fuel and power		29,777	10,285
Salaries, wages and other benefits	25.1	41,419	40,381
Contract labour		6,687	6,982
Rent, rates and taxes		116	96
Fees and subscription		180	487
Insurance		1,538	6
Repairs and maintenance		800	1,845
Depreciation		29,406	38,557
Advertisement and publicity		95	94
Transportation		249	228
Canteen subsidy		665	646
Telephone and telex		581	637
Traveling & conveyance		2,298	1,746
Postage and telegram		78	85
Vehicle running expenses		1,322	1,921
Printing and stationery		488	549
Entertainment		141	175
Miscellaneous		779	859
		----------	----------
		616,406	863,787
Work-in-process			
Opening stock		15,965	6,511
Closing stock		(10,227)	(15,965)
		----------	----------
		5,738	(9,454)
		----------	----------
Cost of goods manufactured		32,320	2,365
Finished goods			
Opening stock		4,680	12,829
Closing stock		(5,517)	(4,680)
		----------	----------
		(837)	8,149
		----------	----------
		31,483	10,514
		==========	==========

25.1 Included herein is a sum o{ Rs. 3.722 (1998: Rs. 3.145) million charged in respect of staff retirement benefits.

26. OTHER OPERATING INCOME

Dividend income from investment in an associated undertaking		2,814	--
Income from investment in Certificate of Investments (COIs)	18	480	960
Return on bank deposits		24	94
Scrap sales		1,131	1,129
Gain on sale of fixed assets	3.4	378	491
Accrued interest on redeemable capital written black		--	6,295
Net reduction in the principal balances of outstanding TFCs on their conver 16 (a)		--	3,036
Creditors' balances written-back		868	376
Gain on sale of investment - net		--	2,255
Miscellaneous		374	--
		-----------	-----------
		6,069	14,636
		==========	==========

27. ADMINISTRATIVE EXPENSES

		Year ended June 30, 1999	***Year ended June 30, 1998***
		(Rs '000s)	
Salaries, wages and other benefits	27.1	19,736	21,460
Travelling and conveyance		3,170	1,955
Rent, rates and taxes		267.50	1,420
Printing and stationery		1,109	1.35
Entertainment		104	196
Utilities		1,443	818
Telephone and telex		940	1,158
Postage and telegram		99	182
Repairs and maintenance		668	777
Newspaper and subscription		199	215
Security and protection		465	624
Vehicle running expenses		1,677	1,714
Auditors' remuneration	27.2	449	569
Donations	27.3	402	572
Insurance		22	230
Legal and professional		2,795	4.30
Advertisement		27	155
Depreciation		3,106	3,452
Advance written off		1,956	l 0
Deposits written-off		--	94
Bad debts provided for		6,249	3,173
Miscellaneous		825	751
		----------	----------

		48,119	45,170
		==========	==========

27.1 Included herein is a sum of Rs. 1,187 (1998: Rs. 1.122) million charged in respect of staff retirement benefits.

27.2 Auditors' remuneration

Audit fee	75	60
Taxation, accounting and share registrar services	336	434
Out-of-pocket expenses	38	75
	----------	----------
	449	569
	==========	==========

27.3 No directors or their spouses have any interest in any donees fund to which donations were made,

28. SELLING AND DISTRIBUTION EXPENSES

Salaries and other benefits	28.1	3,956	4,064
Travelling and conveyance		241	305
Entertainment		54	57
Rent		335	308
Printing and stationery		472	31
Advertisement and publicity		8,293	3,516
Vehicle running expenses		765	818
Repairs and maintenance		28	52
Utilities		215	152
Telephone and telex		460	736
Miscellaneous		159	166
		----------	----------
		14,978	10,490
		==========	==========

28.1 Included herein is a-sum of Rs. 0.198 (1998: Rs. 0.177) million charged in respect of staff retirement benefits.

29. FINANCIAL CHARGES

Interest on ·			
secured long term loans		4,794	38,878
amount due to the gratuity fund		16.56	1
amount due to the Employees' provident fund		1,059	757
Workers' Profit Participation Fund		12.50	--
Mark-up on:			
secured long term loans	29.1	97	24,805

secured short term running finances	2,871	2.06
Finance charges on obligations under finance leases	7,337	8,219
Bank charges	930	953
Central excise duty on short term running finances	447	9
	-----------	-----------
	19,316	11,330
	==========	==========

29.1 As disclosed in note16(b)and 16(c), interest and markup on secured long term loans in respect of current year amounting to Rs. 52.909 million and Rs. 14.571 million respectively, aggregating to Rs. 67.426 million, have been recorded by the company as reduction of outstanding balances of long term loans for the reasons stated in the above referred notes and in note 23(a)(i).

30. TAXATION

The assessment of the company have been finalised upto and including the assessment t2ear 1998 99. The company has filed appeals with the Income Tax Appellate Tribunal against assessment orders finalised for the assessment years 1987-88 to 1990-91, which are currently pending therewith [note 23 (a)(iv)].

Assessed losses available to the company; to be carried forward amounted to Rs. 203.267 (1998: Rs. 223.548) million at the end of the assessment year 1998:99.

Deferred taxation arising due to timing differences computed under the liability method is estimated at Rs. 157.907 million credit, out of which Rs. 22.397 million credit relates to the current year (1998: Rs. 135.510 million credit, for the year Rs. 3.704 million credit). In view of the ongoing capital expenditure projects, is expected that this trend of accelerated tax liability; will continue in the near future. As such no deferred tax liability has been provided in the accounts (note 2.7).

	Note	***Year ended June 30, 1999***	***Year ended June 30, 1998***
		(Rs '000s)	
31. BASIC EARNINGS PER SHARE			
Net profit for the year		1,697	13,993
		==========	==========
Number of shares outstanding		39,868,800	39,868,800
		==========	==========
Basic Earnings Per Share (Rupees)		0.04	0.35
		==========	==========
32. WORKING CAPITAL CHANGES			
(Increase)/decrease in current assets			
Stores, spares and loose tools		11,631	(1,602)

Stock-in-trade		8,080	11,024
Trade debts		7,182	5,475
Advances, deposits, prepayments and other receivables		7,417	(12,853)
		----------	----------
		34,310	2,044
Increase/(decrease) in current liabilities			
Short term loan		(29,233)	4,109
Creditors, accrued and other liabilities		86,355	(57,172)
		----------	----------
		57,122	(53,063)
		----------	----------
		91,432	(51,019)
		========== =	===========

33. CASH AND CASH EQUIVALENTS

Cash and bank balances	11	8,809	8,940
Short term running finances	20	(10,590)	(13,196)
		----------	----------
		(1,781)	(4,256)
		========== =	===========

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		***Director***		***Executives***	
	1999	***1998***	***1999***	***1998***	***1999***	***1998***
Managerial remuneration	280	840	2,723	1,920	7,960	9,123
Conveyance and utilities	--	--	--	--	453	668
Retirement and other benefit	--	95	243	200	594	759
Medical expenses	--	--	--	--	127	422
	----------	----------	----------	----------	----------	----------
	280	935	2,966	2,120	9,134	10.97
	==========	==========	==========	==========	==========	==========
	1	1	2	1	18	29

The company provides to Director of the Company and certain Executives with the use of company maintained cars.

The number of employees at the end of the year were 613 (1998: 615).

35. 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 amounts to Rs. 235.231 (1998: Rs. 264.001) million.

Credit risk
The company's trade receivables which are part of the financial assets are subject to credit risk. These trade receivables relate to sale of cement to various customers. The company has a policy of taking security deposits from cement dealers and contractors against the sale of cement thereto and, hence, mitigates its credit risk.

(b) Financial liabilities

The financial liabilities of the company amounts to Rs. 447.135 (1998: Rs. 1,155,783) million out of which Rs, 143,521 (1998: Rs. 872,640) million are interest bearing, which mostly represent loans in local currency.

Interest rate risk

Interest bearing financial liabilities of the company amount to Rs. 143.521 (1998: Rs. 872.640) million and are subject to fixed interest rates.

Liquidity risk

The company, due to its current financial position and in view of the pending Judicial Applications in the High Court of Sindh may face difficulties in raising funds.

	Year ended June 30, 1999	***Year ended June 30, 1998***
	(Rs '000s)	
36. TRANSACTIONS WITH ASSOCIATED COMPANIES		
Purchase of goods	119,011	115,088
Sale of goods	5,630	1,459
Advances	31,225	17,976
Shares pledged on behalf of an associated undertaking	45,000	45,000
Disposal of a motor vehicle	--	270

37. CAPACITY - Cement all kind	***M. Tons***	***M. Tons***
Installed capacity	8,176	598,000

Production	46,696	22,766

Decrease is production is due to a slump in the market, resulting in the low production during the year.

38. UNAVAILED CREDIT FACILITY
Rs. 25.046 million (1998: Rs. 23.995)

39. STATEMENT OF CHANGES IN EQUITY

(Rs. '000)

	Share Capital Issued, Subscribed and Paid-up	*Capital Reserve Premium on issue of Right shares*	*Revenue Reserves General Reserve*	*Revenue Reserves Accumulated Losses*	*Total*
Balance as at June 30, 1997	398,688	33,224	90,000	(131,445)	390,467
Net profit for the year ended June 30, 1998	--	--	--	13,993	13,993
	----------	----------	----------	----------	----------
Balance as at June 30, 1998	398,688	33,224	90,000	(117,452)	404,460
Net profit for the year ended June 30. 1999				1,697	1,697
	----------	----------	----------	----------	----------
Balance as at June 30, 1999	398,688	33,224	90,000	(115,755)	406,157
	==========	==========	==========	==========	==========

40. GENERAL

40.1 Figures have been rounded off to the nearest thousand rupee.

40.2 Figures have been rearranged and regrouped, wherever considered necessary, for the purposes of comparison.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

PATTERN OF SHAREHOLDING
AS ON 30TH JUNE, 1999'

NUMBER OF SHARES FROM	*TO*	*NUMBER OF SHAREHOLDERS*	*NUMBER OF SHARES HELD*	*PERCENTAGE OF ISSUED CAPITAL*
1	100	301	28,560	0.07
101	500	2,052	961,600	2.41
501	1000	1,756	1,393,550	3.50
1001	5000	688	1,624,100	4.07

5001	10000	100	729,750	1.83
10001	15000	21	373,850	0.69
15001	20000	10	181,200	0.45
20001	25000	11	246,650	0.62
25001	30000	5	146,550	0.37
30001	35000	4	132,100	0.33
35001	40000	1	37,200	0.09
40001	45000	1	40,900	0.10
50001	55000	1	51,900	0.13
55001	60000	1	59,500	0.15
60001	65000	2	124,750	0.10
65001	70000	1	68,700	0.17
70001	75000	2	149,250	0.37
100001	105000	1	101,900	0.26
135001	140000	1	140,000	0.35
245001	250000	2	500,000	1.25
305001	310000	1	307,500	0.77
360001	365000	1	362,900	0.91
505001	510000	2	1,020,000	2.56
585001	590000	1	589,875	1.48
1580001	1585000	1	1,582,575	3.97
2035001	2040000	1	2,039,500	512
2510001	2515000	1	2,513,000	6.30
3035001	3040000	1	3,035,350	7.61
21425001	21430000	1	21,426,090	53.74
		----------	----------	----------
TOTAL:-		4971	39,868,800	100.00
		==========	==========	==========

CATEGORIES OF SHAREHOLDERS

	NUMBER	***SHARES***	***PERCENTAGE (%)***
INDIVIDUALS	4942	19,958	25.86
JOINT STOCK COMPANIES	4	62,618	53.91
FINANCIAL INSTITUTIONS & INVESTMENT COMPANIES	25	8,066,800	20.23
	----------	----------	----------
	4971	22,912	100%