Dadabhoy Cement Industries Limited
Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Mohammad Hussain Dadabhoy	Chairman
Mrs. Razia Hussain Dadabhoy	
Mrs. Humaira Dadabhoy	
Mr. Mohammad Amin Dadabhoy	Chief Executive
Ms. Yasmeen Dadabhoy	
Mr. Fazal Karim Dadabhoy	
Mr. Naseemuddin	

COMPANY SECRETARY
Mr. Abdul Wahab

AUDITORS
Sidat Hyder Qamar & Co.
Chartered Accountants

LEGAL ADVISOR
Aziz A. 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 20TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the 20th Annual General Meeting of Dadabhoy Cement Industries Limited will be held at 11.00 A.M. on Wednesday the December 20, 2000 at Defence Sunset Club, Defence Housing Authority, Karachi, to transact the following business:

1. To confirm the minutes of the 19th Annual General Meeting of the Company held on December 29, 1999.

2. To receive and adopt the Audited Accounts together with Directors' and Auditors' Report for the year ended June 30, 2000.

3. To approve 5% interim dividend declared during the year 2000.

4. To appoint Auditors for the year 2001 and to fix their remuneration.

5. To review & discuss the optimization of the project.

6. Any other business with the permission of the Chair.

By Order of the Board

ABDUL WAHAB
Company Secretary

November 22, 2000

NOTE:

1. The share transfer books of the Company will remain closed from December 14, 2000 to December 20, 2000 (both days inclusive)

2. Any member of the Company entitled to attend and vote may appoint another member as his/her Proxy to attend and vote 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

The Board of Directors of your Company has pleasure in presenting the Annual Report, together with the audited accounts for the year ended June 30, 2000.

Operating Results

During the year under review, the net sales amounting to Rs. 776 million (1999 Rs. 703 million) and a pre-tax profit of Rs. 84 million after charging depreciation of Rs. 42 million and financial charges 12 million (1999 Rs. 5 million after charging depreciation Rs. 34 million and financial charges Rs. 19 million).

During the year under review the cement industry continued to experience stiff competition in the market and has maintained a downward pressure on prices of cement. The existing over capacity in the industry has resulted in an industry wide lower capacity utilization. However, continued cost cutting methods and reduction in overheads costs, your company has maintained substantial improvement over the last year.

While the concern of oversupply and continuous increase in furnace oil prices still remain, we hope the improvement trend that has been witnessed since the last twelve months will continue, for the good of the industry as a whole.

Future Prospects

With the improved financial discipline and economic revival strategies being introduced by the government, the country's economy is expected to start improving. This improvement in economy will most likely further improve the growth rate of cement consumption.

The increasing rate of local consumption and the expected opening up of exports will enhance the capacity utilization ratio, and the gap in supply and demand caused by the temporary over supply position is expected to further reduce in the coming years.

Expansion Project

Much progress has been achieved towards completion of the expansion project. However, in the year under review efforts were focused on optimizing capacity of the present operational line and will be completed and stabilized in due course of time.

Case with NDFC

As Board of Directors informed you in their last report that Company had filed judicial applications in the High Court of Sindh against NDFC. The High Court of Sindh on august 28, 2000 has passed an order to appoint a firm of Chartered Accountants to look into the figures mentioned in the plaint as principal amount and verify from the plaintiff i.e. NDFC as to how this amount has been computed.

Management hopes that on the basis of merit these applications will be decided in favour of Company and ultimately all shareholders will get benefit of the same.

Auditors

M/s. Sidat Hyder Qamar & Co., Chartered Accountants, the present auditors retire and being eligible offer themselves for reappointment for next year.

Pattern of Shareholding
The Shareholding pattern of the Company as on June 30, 2000 is included in the annual report.

Management Relationship
The management relations remained cordial throughout the year and Board wishes to place on record its appreciation for the dedicated efforts and services rendered by the officers and workers with the expectation that the same zeal would be witnessed in the years to come.

Acknowledgements
I acknowledge with deep appreciation and wish to place on record our thanks to customers who patronize our products and appreciate the help and support from the vendors and contractors because of whose prompt services we have made good progress on our projects.

For and on behalf of the Board

Karachi
November 22, 2000

MUHAMMAD AMIN DADABHOY
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.4 to the accounts with which we concur;

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 except for the fact that the Company has made advances as referred to in note 19.1 and 19.2 to the accounts contrary to provisions of the Companies Ordinance, 1984. However, such advances have been realized/adjusted subsequent to balance sheet date:

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

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

We draw attention to the following matters:

i) as disclosed in notes 6.2 and 6.3 to the accounts, the Company has filed various Judicial Applications in the High Court of Sindh against the lender of interest and mark-up based long term loans, aggregating to Rs. 598.913 (1999: Rs. 598.913) 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 todate by the above referred Court.

ii) interest and mark-up on long term loans, aggregating to Rs. 67.480 (1999: 67.480) million, as stated in notes 6.2 and 6.3 to the accounts have been recorded in the accounts as reduction of outstanding balances of long term loans for the reasons state in the above referred notes.

iii) the ultimate outcome of contingencies disclosed in note 11 to the accounts, aggregating to Rs. 536.515 (1999: Rs. 427.130) million, cannot presently be determined and, hence, no provision that may result therefrom has been made in the accounts for the current year.

iv) as stated in note 2.6 to the accounts the Company is charging depreciation on cost of plant, machinery and quarry equipment on the basis of production unit method, whereby the rate of depreciation is computed with reference to the proportion which the actual production bears to production units estimated to be produced during the useful economic life of such assets. The Company over the recent years is experiencing a slump in demand and hence decline in production thereby giving rise to unutilised capacity. In view of the above, there is a need to review the depreciation method currently being applied to the above assets and if, there has been a significant change in the expected pattern of economic benefits from these assets, such method be adopted as would reflect the changed pattern as required by IAS-16 "Property, Plant and Equipment".

Karachi
Dated: 22nd November, 2000

Sidat Hyder Qamar & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	Note	*2000*	*1999*
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized Capital			
60,000,000 Ordinary shares of Rs. 10/- each		600,000	600,000
		=========	=========
Issued, Subscribed and paid-up capital	3	398,688	398,688
Capital reserve		33,224	33,224
General reserve		--	90,000
Accumulated profit / (loss)		9,242	(115,755)
		------------------	------------------
		441,154	406,157
SURPLUS ON REVALUATION OF FIXED ASSET	4	791,380	487,688
REDEEMABLE CAPITAL	5	18,630	22,986
LONG TERM LOANS -secured	6	489,357	578,401
LONG TERM DEPOSITS	7	26,318	35,098
DEFERRED TAXATION	27	25,000	--
CURRENT LIABILITIES			
Current maturities of redeemable capital and long term loans	8	186,797	1,304,571
Running finance under mark-up arrangement-secure	9	4,477	10,590
Short term loan		--	6,438
Creditors, accrued and other liabilities	10	232,733	2,311,291
Taxation-net		2,143	3,407
Unclaimed dividend		6,571	6,575
Dividend payable		8,654	--
		------------------	------------------
		441,375	388,596
CONTINGENCIES AND COMMITMENTS	11	--	--
		------------------	------------------
		2,233,214	1,918,926
		=========	=========

FIXED ASSETS - TANGIBLE			
Operating assets	12	1,775,575	1,510,231
Capital work-in-progress	13	24,635	16,079
Spares held for capital expenditure purposes		15,833	23,990
		------------------	------------------
		1,816,043	1,550,300
LONG TERM INVESTMENTS -at cost	14	71,326	71,326
LONG TERM LOANS AND DEPOSITS	15	2,149	2,136
CURRENT ASSETS			
Stores, spares and loose tools	16	109,152	116,148
Stock-in-trade	17	30,333	23,486
Trade debts	18	87,202	94,769
Loans, advances, deposits, prepayments and other receivables	19	99,864	51,952
Cash and bank balances	20	17,145	8,809
		------------------	------------------
		343,696	295,164
		------------------	------------------
		2,233,214	1,918,926
		==========	==========

Auditors' Report Annexed

These accounts should be read with the annexed notes.

MOHAMMAD AMIN DADABHOY	**FAZAL KARIM DADABHOY**
Chief Executive	**Director**

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

	Note	***2000***	***1999***
		(Rupees in '000')	
Sales - net	21	776,127	703,145
Cost of sales	22	606,069	621,307
		------------------	------------------
Gross profit		170,058	81,838
Operating expenses			
Administrative	23	588,091	48,119
Selling and distribution	24	13,285	14,978
		------------------	------------------
		72,094	63,097
		------------------	------------------
Operating profit		97,964	18,741
Other income	25	1,910	6,069

	Note	2000	1999
		------------------	------------------
		99,874	24,810
Financial charges		11,651	19,316
Workers' profit participation fund		4,411	281
		------------------	------------------
		16,062	19,597
		------------------	------------------
Profit before taxation		83,812	5,213
Taxation	27		
-current		3,881	3,516
- deferred		25,000	--
		------------------	------------------
		28,881	3,516
		------------------	------------------
Profit after taxation		54,931	1,697
		------------------	------------------
Accumulated loss brought forward		(115,755)	(117,452)
Transfer from general reserve		90,000	--
		------------------	------------------
		(25,755)	(117,452)
		------------------	------------------
Profit available for appropriation		29,176	(115,755)
Appropriations:			
Interim dividend @ 5% (1999: Nil)		19,934	--
		------------------	------------------
Accumulated profit / (loss) carried forward		9,242	(115,755)
		==========	==========
		(Rupees)	
Earning per share - Basic and diluted	29	1.38	0.04
		==========	==========

These accounts should be read with annexed notes.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	Note	2000	1999
		(Rupees in '000')	

CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		83,812	5,213
Adjustments for:			
Depreciation		42,110	34,334
Financial charges		11,651	19,316
Gain on sale of fixed assets		(856)	(378)
Provision against debts considered doubtful		17,220	6,249
Working capital changes	33	(60,367)	91,432
		------------------	------------------
		93,570	156,166
Financial charges paid		(13,533)	(46,041)
Taxes paid		(5,145)	(2,494)
		------------------	------------------
Net cash inflow from operating activities		74,892	107,631
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(12,357)	11,347
Spares held for capital expenditure		8,157	(11,001)
Sale proceeds of fixed assets		894	2,268
Long-term loans and deposits		(13)	8,130
Investments		--	6,000
		------------------	------------------
Net cash (outflow) / inflow from investing activities		(3,319)	16,744
CASH FLOW FROM FINANCING ACTIVITIES			
Net effect due to repayments of long term loans and redeemable capital		(37,060)	(127,600)
Payment of dividend		(11,284)	(551)
Deposits from dealers		(8,780)	6,251
		------------------	------------------
		(57,124)	(121,900)
		------------------	------------------
Net increase in cash and cash equivalents		14,449	2,475
Cash and cash equivalents at beginning of the year		(1,781)	(4,256)
		------------------	------------------
Cash and cash equivalents at end of the year	34	12,668	(1,781)
		==========	==========

These accounts should be read with the annexed notes.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

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

	Share	*Capital Reserve*	*General*	*Accumulated*	*Total*

	Capital	*(Premium on issue of Right shares*	*Reserve*	*Profit/(Loss)*	
			(Rupees in '000'		
Balance as at 30 June 1998	398,688	33,224	90,000	(117,452)	404,460
Profit for the year after taxation	--	--	--	1,697	1,697
	------------------	------------------	------------------	------------------	------------------
Balance as at 30 June 1999	398,688	33,224	90,000	(115,755)	406,157
Profit for the year after taxation	--	--	--	54,931	54,931
Transferred (to) / from profit and loss account	--	--	(90,000)	90,000	--
Interim dividend	--	--	--	(19,934)	(19,934)
	------------------	------------------	------------------	------------------	------------------
Balance as at 30 June 2000	398,688	33,224	--	9,242	441,154
	==========	==========	==========	==========	==========

These accounts should be read with the annexed notes.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

NOTES TO THE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000

1. STATUS AND NATURE OF BUSINESS

Dadabhoy Cement Industries Limited is one of the leading manufacturers of cement in Pakistan. It was incorporated on 09 August 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. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards, as applicable in Pakistan.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention except for freehold land, building on freehold land, plant and machinery, quarry equipment and motor vehicles, which are stated at, revalued amounts.

2.3 Staff retirement benefits

The Company operates an approved funded gratuity scheme for its employees. The scheme is administered by trustees. Contributions to the gratuity scheme are made annually to the fund on the basis of actuarial recommendation at the rate of 8.33% of basic salary. The latest valuation was carried out as at 30 June 2000 using Projected Unit Credit (PUC) actuarial cost method. The fair value of fund's assets and liabilities at the latest valuation date were as follows:

	Rs. in '000'
Fair values of plan assets	1,122
Less: Present value of defined benefit obligation	18,265

Deficit	(17,143)
	==========

The Company has made a provision of Rs.23,049 thousand in respect of the above deficit.

Main valuation assumptions used for actuarial valuation were as under:
- Expected rate of increase in salary level 11% per annum.
- Expected return on investment 12% per annum.

2.4 Employees accumulating compensated absences

The revised International Accounting Standard (IAS) 19 "Employee benefits" requires that the liability in respect of employees expected cost of accumulating compensated absences should be recognised. IAS 19 is applicable in Pakistan for accounting periods beginning on or after January 1, 1999. Circular 14 of August 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP) states that in order to achieve compliance with 1AS 19 companies may provide for accumulated absences in three equal annual installments. The Company has adopted a policy for accumulating absences to the extent of 30 days. Full provision will be made over three years.

2.5 Taxation

The charge for current taxation in the accounts is based on taxable income or one-half percent of turnover under section 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.

2.6 Fixed assets and depreciation

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 / revalued amount. Depreciation on plant and machinery and quarry equipment including exchange differences has been charged on the basis of unit of production method. Depreciation on other depreciable assets is charged on straight line method at the rates stated in note 12.

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

Gains and losses on disposal of assets, if any, are included in income currently.

2.7 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.

2.8 Investments
These are stated at cost less provision for diminution other than temporary, if any, in the value of investments.

2.9 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.

2.10 Stock-in-trade
These are stated at the lower of cost using first-in-first-out method and net realizable 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 realizable 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.

2.11 Trade debts
Trade debts are stated net of provision for doubtful debts. Provision for doubtful debts is based on management's assessment of customers' outstanding and creditworthiness. Known bad debts, if any, are written off as and when identified.

2.12 Foreign currency transactions
Transactions in foreign currencies are translated into rupees at the rates of exchange ruling on the date of the transaction. 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.

2.13 Revenue recognition
Sales are recorded on despatch of goods to customers.

Dividend income is accounted for when the right to receive the dividend is established.

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

2.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made.

2.15 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand, current and deposit accounts with banks / financial institutions net off running finance under mark-up arrangement.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of Shares					
2000	*1999*		*Note*	*2000*	*1999*
				(Rupees in '000')	
26,579,200	26,579,200	Ordinary shares of Rs. 10 each fully paid in cash		265,792	265,792
13,289,600	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	39,868,800			398,688	398,688
==========	==========			==========	==========

Dadabhoy Trading Corporation (Private) Limited, the parent company of the Company, held 21,426,090 (1999: 21,426,090) Ordinary shares of Rs. 10 each as at 30 June 2000.

Refer notes 5.1, 5.2 and 6.1 for restrictions in respect of dividend and issue of bonus shares.

4. SURPLUS ON REVALUATION OF FIXED ASSETS

Balance as at 01 July	487,688	487,688
Revaluation during the year	303,692	--
	------------------	------------------
Balance as at 30 June	791,380	487,688
	==========	==========

The surplus on revaluation of fixed assets includes:

a) Surplus of Rs 487.688 million over book value produced by a revaluation of fixed assets on 29 August 1994.

b) Surplus of Rs 303,692 million over book value produced by a revaluation of freehold land, building on freehold land, plant and machinery, quarry equipment and vehicles. Revaluation was carried out as on 01 May 2000 by Sidat Hyder Qamar & Co., Chartered Accountants on the basis of depreciable replacement values.

5. REDEEMABLE CAPITAL - secured

Term Finance Certificates (TFCs)

Syndicate of commercial banks	5.1	21,649	21,649
Consortium of commercial banks	5.2	35,482	35,482
		------------------	------------------
		57,131	57,131
Current maturity including overdue installment of Rs.34.145 (1999: 30.478) million shown under current liabilities	8	(38,501)	(34,145)
		------------------	------------------
		18,630	22,986
		==========	==========

5.1 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 (1999: 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 (1999: Rs. 130.474) million, referred to as the "Purchase Price".

The purchase price was payable by the Company by 1 January 1999 in thirteen half yearly installments commenced from 01 January 1993.

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 syndicate may from time to time require.

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 30 April 1996 for the reasons covered in note 11(a)(ii) to these accounts.

5.2 Consortium of commercial banks

The "Sale Price" in respect of outstanding TFCs of the consortium at the end of the year is Rs.37.911 (1999: 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 (1999: Rs. 83.061) million, referred to as the "Purchase Price".

The "Purchase Price" is payable by the Company by 1 April 2004 in twenty half yearly installments commenced from 01 October 1994.

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.

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 30 April 1996 for the reasons covered in note 11(a)(ii) to these accounts.

6. LONG TERM LOANS - Secured

Loans resulted from the conversion of Term Finance Certificates (TFCs)	6.1	38,740	44,464
Interest based loans	6.2	468,402	468,402
Mark-up based loans	6.3	130,511	130,511
		------------------	------------------
		637,653	643,377
Current maturity including overdue installment of Rs. 60.542 (1999: Rs. 6.237) million shown under current liabilities.	8	(148,296)	(64,976)
		------------------	------------------
		489,357	578,401
		==========	==========

HBL ***MCB***

6.1 Balance as at 01 July	27,319	17,145
Less: Payment made during the year	2,491	3,233
	------------------	------------------
Balance as at 30 June	24,828	13,912
	==========	==========

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 directors / sponsors with details of their properties / assets.

The Company is required by the agreement not to declare any dividend or bonus or issue bonus shares without the prior written approval from the banks.

6.2 Subsequent to the signing of the Memorandum of Understanding (MOU) dated 04 December 1997 with the National Development Finance Corporation (NDFC) - the lender of interest based loans, and after the awarding of a decree by the High Court of Sindh on 18 February 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 last 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 misrepresentation, suppression of facts, deliberate and gross miscalculation on part of the lender with intent to force the Company to pay to the lender excess amounts, which were 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 18 February 1998 passed by the High Court of Sindh and stay recovery of any decorate 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 measure 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 06 July 1999, stating that no coercive action is to be taken against the Company. However, subsequent to the year end, High Court of Sindh further passed an order dated 28 August 2000 by virtue of which the Court is in the process of appointing a Chartered Accountant Firm to verify the principal amount mentioned in the plea whether that amount is original principal sum or capitilisation of mark-up over mark-up.

The above referred MOU signed by the Company with the NDFC during the year ended 30 June 1998 had resulted in a single loan of Rs. 717 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, the imposition of which is prohibited by law and is against the Circulars of the State Bank of Pakistan. Installments amounting to Rs. 55,636 million were paid during the year 1998 and 1999. In addition, markup aggregating to Rs. 52.909 million in respect of last 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 last year, as opposed to recording the payment as markup on interest based long term loans, under financial charges, 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. Therefore, no further payments were made during the current year and the same balance is standing in the accounts.

The above mentioned loan 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 restructured balance is to be repaid in fifteen years in sixty equal quarterly installments payable on or before 01 January, 01 April, 01 July and 01 October in each calendar year., commenced from 01 April 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 of 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 Sindh 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.

6.3 The Memorandum of Understanding signed by the Company with the NDFC during the year ended 30 June 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 6.2 above and, accordingly, the resulting balance of Rs. 145.082 million was shown as the outstanding balance in respect of mark-up based loans. Against Rs. 145.082 million, no payment has been made, however, markup of Rs. 14.571 million paid by the Company in respect of last year was applied against the principal for the reasons given in 6.2.

The outstanding balance as per the MOU is to be repaid in twenty equal quarterly installments with the first installment due on 01 December 2000. Mark-up on the new loan is to be calculated @44 paisas per thousand rupees per day, payable quarterly in arrears with the first such payment made on 01 April 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% 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 @65 paisas per thousand rupees 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.

7. LONG TERM DEPOSITS

From cement dealers		25,313	34,088
From contractors		1,005	1,010
		------------------	------------------
		26,318	35,098
		==========	==========

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

8. CURRENT MATURITIES OF REDEEMABLE CAPITAL AND LONG TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASE

Redeemable capital	5	38,501	34,145
Long term loans	6	148,296	64,976
Obligations under finance leases		--	31,336
		------------------	------------------
		186,797	130,457
		==========	==========

9. RUNNING FINANCE UNDER MARK-UP ARRANGEMENT - Secured

From a financial Institution	9.1	4,477	4,954
From a bank		--	5,636
		------------------	------------------
		4,477	10,590
		==========	==========

9.1 This represents a trade finance facility of Rs. 30 (1999: 30) million arranged by the Company at a mark-up rate of Rs. 0.65 per thousand per day, payable currently.

The arrangement is secured against pledge and hypothecation of imported goods with 25% safety margin, 10% cash margin on letter of credit, charge on book debts of the Company and personal guarantees of four sponsoring directors of the Company.

10. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors			
- due to associated undertakings	10.1		
- Dadabhoy Energy Supply Company Limited		66,238	47,530
- Dadabhoy Trading Limited		--	250
- others		51,032	62,950
Accrued liabilities			
Accrued expenses		7,441	23,215
Mark-up on secured redeemable capital		6,859	6,859
long term loans resulted from the conversion of redeemable capital		2,080	3,878
short term running finances		1,449	1,533
Central excise duty	10.2	7,314	7,314
		------------------	------------------
		25,143	42,799
Other liabilities			
Advances from customers		42,893	33,653
Royalty		1,603	2,956
Excise duty		--	693
Sales tax		64	52
Gratuity Fund	10.3	23,049	17,348
Provident Fund	10.4	12,350	10,581
Workers' Profit Participation Fund	10.5	5,977	1,406
Tax deducted at source		3,372	9,689
Deposits against company car scheme		1,012	1,102
Miscellaneous		--	120
		------------------	------------------
		90,320	77,600
		------------------	------------------
		232,733	231,129
		==========	==========

10.1 The maximum amount due to associated undertakings at the end of any month was Rs. 67.310 (1999: Rs. 47.530) million.

10.2 Payments in respect of central excise duty are not being made, pending resolution of the matter stated in note 11 (iii) in this regard.

10.3 Included herein is a sum of Rs. 2.283 (1999: Rs. 4.187) million accrued by the Company on account of interest on unpaid balance due to the Fund.

10.4 Included herein is a sum of Rs. 1.446 (1999: Rs. 2.457) million accrued by the Company on account of interest on unpaid balance due to the Fund.

10.5 Workers' Profits Participation Fund	1,406	1,000
Balance at the beginning of the year	4,411	281
	------------------	------------------
Allocation for the year	5,817	1,281
Interest on funds utilised in the Company's business	160	125
	------------------	------------------
Balance at the end of the year	5,977	1,406
	==========	==========

11. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

(i) As stated in notes 6.1and 6.2, the Company has filed various Judicial Applications in the High Court of Sindh against the NDFC. The High Court of Sindh has passed a brief order on 6 July 1999 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 High Court of Sindh further passed an order dated 28 August 2000 by virtue of which the Court is in the process of appointing a Chartered Accountant Firm to verify the principal amount mentioned in the plea whether that amount is original principal sum or capitalization of mark-up over mark-up. Accordingly, against a sum of Rs. 1,001.688 million claimed by NDFC 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. 402.775 million has not been provided in these accounts, pending the outcome of the Judicial Applications the Company has filed against the lender as discussed above.	402,775	287,344

(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.	72,212	78,258
(iii) A law suit has been filed by the Company in the High Court of Sindh against the levy of 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, DCIT 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 (note 19.1) was paid under protest during 1997 against the contingency. 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 03 August 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 03 August 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 (note 19) 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.	20,303	20,303
(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 Central Excise and Sales 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 (note 19) has been paid by the Company under protest 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 (note 19) under protest. 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
(viii) As a result of the conversion of Term Finance Certificate (TFC's) to long term loans (note 6.1), 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
(ix) Claims not acknowledged as debts by the Company, pending the outcome of litigations.	255	255
	------------------	------------------

(b) Commitments	536,515	427,130
	==========	==========
(i) Plant expansion	265,958	265,958
	==========	==========
(ii) Outstanding Letters of Credit	--	2,365
	==========	==========
(iii) Duties payable on bonded spares	7,124	15,985
	==========	==========

1 2.1 Following is a statement of operating assets:

	Cost as at 1 July 1999	*Revaluation*	*Additions/ (deletions) *Reclassification*	*Cost/ Revaluation as at 30 June 2000*	*Accumulated depreciation as at 01 July 1999*	*Depreciation for the year*	*Adjustments for disposal/ Reclassification*	*Accumula depreciat as at 30 June 2*
					Rupees in '000'			
Owned								
Land - free hold	3,198	6,802	--	10,000	--	--	--	
Building on freehold land	141,174	252,593	--	393,767	82,491	9,844	--	92
Plant and machinery	1,123,117	506,701	--	1,629,818	234,796	24,484	--	259
Quarry equipment	50,642	12,600	2,131 *29,819	95,192	12,394	2,332*	4,039	18
Motor vehicle (note 12.4)	17,845	12,684	679 (1,836) *1,378	30,750	16,106	4,014*	1,241 (1,797)	19
Furniture and fixtures	6,257	--	66	6,323	5,112	316	--	[illegible]
Office equipment	17,234	--	925	18,159	11,942	1,120	--	13
	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------
	1,359,467	791,380	3,801 (1,836) *31,197	2,184,009	362,841	42,110*	5,280 (1,797)	408
Leased								
Quarry equipment	29,819	--	*(29,819)	--	4,039	--	(4,039)	
Motor vehicle	1,378	--	*(1,378)	--	1,241	--	(1,241)	
	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------
	31,197	--	*(31,197)	--	5,280	-- *	(5,280)	
	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------
2000	1,390	791,380	3,801 (1,836)	2,184,009	368,121	42,110	(1,797)	408

	==========	==========	==========	==========	==========	==========	==========	=======
1999	1,876,098	--	5,262 (3,008)	1,878,352	334,905	34,334	(1,118)	36
	==========	==========	==========	==========	==========	==========	==========	=======

	Note	2000	1999
		(Rupees in '000')	
12.2 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured		34,328	29,406
Mining and other related costs		2,332	1,822
Administrative expenses		5,450	3,106
		------------------	------------------
		42,110	34,334
		==========	==========

12.3 The above balance represents the value of fixed assets subsequent to revaluation on 29 August 1994 and 01 May 2000, as referred to in note 4, which has resulted in surplus of Rs. 487.688 million and 303.692 million respectively and addition thereafter at cost. Consequently, the revaluation has resulted in an additional depreciation charge of Rs. 17.82 1 million for the year (1999: Rs 10.476 million).

12.4 Details of disposal of Fixed Assets

	Cost	*Accumulated depreciation*	*Book value*	*Sale proceeds*	*Gain/ (loss)*	*Mode of disposal*	*Particulars of purchaser*
			(Rupees in '000')				
MOTOR VEHICLES							
Suzuki Khyber S-6211	219	219	--	--	--	Negotiation	Mr. Razi Khan (Ex-employee) Karachi.
Honda 100CC KAE-9702	22	22	--	4	4	Negotiation	Mr. Muzaffar A.I (Employee) Karachi.
Suzuki Mehran V-27396	208	208	--	109	109	Negotiation	Mr. Zahid Pervaiz (Employee) Karachi.
Daihatsu Charad V-4137	235	235	--	110	110	Negotiation	Mr. M. Anwar (Employee) Karachi.
Suzuki Sedan	380	380	--	130	130	Negotiation	Mr. Q N Siddiqui

							(Employee) Karachi.
Honda CD 70 KAL-4471	41	41	--	20	20	Negotiation	Mr. Saeed Asghar (Employee) Karachi.
Suzuki Khyber	220	198	22	185	163	Negotiation	M/s. Auto Inn Karachi.
Honda CD 70 KAL-2867	41	25	16	11	(5)	Negotiation	Mr. Rafiq Sattar (Employee) Karachi.
Suzuki Pick-up KB-2378	90	90	--	50	50	Negotiation	Mr. Wasimuddin (Employee) Karachi.
Suzuki Margalla U-8749	380	380	--	275	275	Insurance	Claim EFU Insurance Karachi.
	1,836	1,798	38	894	856		
1999	3,008	1,118	1,890	2,268	(378)		

13. CAPITAL WORK-IN-PROGRESS

	Cost as at 01 July 1999	*Addition*	*Cost as at 30 June 2000*
		(Rupees in '000')	
Plant and machinery	15,872	7,052	22,924
Plant optimization	207	1,198	1,405
Consultancy	--	306	306
	16,079	8,556	24,635

	Note	*2000*	*1999*
		(Rupees in '000')	

14. LONG TERM INVESTMENTS - at cost

Associated undertakings

Quoted

1,876,000 (1999: 1,876,000) Ordinary shares of Rs. 10/- each in Dadabhoy Sack Limited. Market value as at the balance sheet date Rs.5.628 (1999: Rs. 5.628) million. Equity held 46.90% (1999: 46.90%)		21,326	21,326
Unquoted			
5,000,000 (1999: 5,000,000) Ordinary shares of Rs. 10/- each in Dadabhoy Energy Supply Company Limited. Break-up value of each Ordinary share of Rs. 10/- each as at 30 June 2000: Rs. 10.38 (1999: Rs. 9.94) per share based on the unaudited accounts for the year ended 30 June 2000. Equity held 19.06% (1999: 19.06%)	14.1	50,000	50,000
		------------------	------------------
		71,326	71,326
		==========	==========

14.1 The Company has pledged 4,500,000 Ordinary shares of Rs. 10/- each of Dadabhoy Energy Supply Company Limited (DESCL) with a financial institution as a security against the financial assistance extended by the financial institution to DESCL.

15. LONG TERM LOANS AND DEPOSITS

Loans - secured, considered good			
Employees		943	383
Executives		574	1,085
		------------------	------------------
		1,517	1,468
Less: Receivable within one year shown under current assets			
- Employees		(310)	(187)
- Executives		(298)	(256)
		------------------	------------------
	19	(608)	(443)
		------------------	------------------
	15.1	909	1,025
Security deposits		1,240	1,111
		------------------	------------------
		2,149	2,136
		==========	==========

Loans outstanding for period - less than three years	618	819
- three years and more	291	206
	------------------	------------------
	909	1,025
	==========	==========

15.1 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 installments 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. 0.543 and Rs. 1.043 (1999:Rs.4.44 and Rs. 12.09) million respectively.

16. STORES, SPARES AND LOOSE TOOLS

Stores		5,401	8,722
Spares-in hand		87,738	91,053
- in bond		13,603	14,147
- in transit		4,963	4,721
		------------------	------------------
		106,304	109,921
Loose tools		352	410
		------------------	------------------
		112,057	119,053
Provision against slow moving spares in hand		(2,905)	(2,905)
		------------------	------------------
		109,152	116,148
		==========	==========

17. STOCK-IN-TRADE

Raw materials	17.1	8,874	6,473
Packing materials		1,761	1,269
Work-in- process		8,246	10,227
Finished goods		11,452	5,517
		------------------	------------------
		30,333	23,486
		==========	==========

17.1 Included herein is a sum of Rs. 5.340 million (1999: 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 yardstick.

18. TRADE DEBTS

Considered good			
Secured - against long term deposits	7	3,210	11,476
Unsecured		83,992	83,293
		------------------	------------------
		87,202	94,769
Considered doubtful		34,643	17,423
		------------------	------------------

		121,845	112,192
Less: Provision against debts considered doubtful		(34,643)	(17,423)
		------------------	------------------
		87,202	94,769
		==========	==========

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

Loans			
Current portion of long term loans			
Employees		310	187
Executives		298	256
		------------------	------------------
	15	608	443
Advances - unsecured, considered good			
Employees		144	228
Executives		414	785
Suppliers		20,770	17,306
Associated undertakings	19.1		
- Dadabhoy Sack Limited		30,643	15,802
- Dadabhoy Trading Corporation (Private) Limited		21,231	--
- Dadabhoy Construction and Technologies (Private) Limited		3,901	13
- Pak German Prefabs Limited		6,263	--
		------------------	------------------
		83,366	34,134
Deposits			
Margin against letter of credit		1,080	1,970
Prepayments			
Insurance		213	--
Excise duty		8	696
Others		--	10
		------------------	------------------
		221	706
		------------------	------------------
		85,275	37,253
Other receivables			
Insurance claims		--	123
Income tax paid	11(a)(iv)	2,953	2,953
Excise duty	11(a)(v)	4,243	4,243
Sales tax	11(a)(vi)/(vii)	7,105	7,105
Others		288	275
		------------------	------------------

		14,589	14,699
		------------------	------------------
		99,864	51,952
		=========	=========

19.1 The maximum amount due from associated undertakings at the end of any month was Rs. 62.038 (1999: Rs. 15.815) million.

20. CASH AND BANK BALANCES

In hand		116	745
At banks			
current accounts		16,852	7,898
saving accounts		106	102
		------------------	------------------
		16,958	8,000
With a financial institution in deposit account		71	64
		------------------	------------------
		17,145	8,809
		=========	=========

21. SALES - Net

Sales	21.1	1,264,370	1,272,479
Less: Excise duty		(488,243)	(569,334)
		------------------	------------------
		776,127	703,145
		=========	=========

21.1 This is net of trade discounts and volume rebates.

22. COST OF SALES

Opening stock			
Raw materials		6,473	10,294
Packing materials		1,269	627
		------------------	------------------
		7,742	10,921
		------------------	------------------
Purchases		143,403	190,174
Mining and other related costs including depreciation of Rs. 2.332 million (1999: 1.822 million)		19,486	17,893
		------------------	------------------
		162,889	208,067
Closing stock			
Raw materials		(8,874)	(6,473)
Packing materials		(1,761)	(1,269)
		------------------	------------------
		(10,635)	(7,742)
		------------------	------------------

		159,996	211,246
Stores and spares consumed		14,033	26,397
Fuel and power		340,825	291,921
Salaries, wages and other benefits	22.1	44,989	41,419
Contract labor		5,655	6,687
Rent, rates and taxes		317	116
Fees and subscription		182	180
Insurance		278	1,538
Repairs and maintenance		860	800
Depreciation	12.2	34,328	29,406
Advertisement and publicity		64	95
Transportation		110	249
Canteen subsidy		597	665
Telephone and telex		1,416	581
Travelling and conveyance		2,930	2,298
Postage and telegram		50	78
Vehicle running expenses		1,576	1,322
Printing and stationery		219	488
Entertainment		112	141
Others		1,486	779
		------------------	------------------
		610,023	616,406
Work-in-process			
Opening stock		10,227	15,965
Closing stock		(8,246)	(10,227)
		------------------	------------------
		1,981	5,738
		------------------	------------------
Cost of goods manufactured		612,004	622,144
Finished goods			
Opening stock		5,517	4,680
Closing stock		(11,452)	(5,517)
		------------------	------------------
		(5,935)	(837)
		------------------	------------------
		606,069	621,307
		=========	=========

22.1 Included herein is a sum of Rs. 3.375 (1999: Rs. 3.722) million charged in respect of staff retirement benefits.

23. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	23.1	18,219	19,736
Travelling and conveyance	23.2	3,530	3,170
Rent, rates and taxes		2,014	2,675

Printing and stationery		208	1,109
Entertainment		117	104
Utilities		1,266	1,443
Telephone and telex		725	940
Postage and telegram		166	99
Repairs and maintenance		464	668
Newspaper and subscription		68	199
Security and protection		663	465
Vehicle running expenses		1,915	1,677
Auditors' remuneration	23.3	527	449
Donations	23.4	1,036	402
Insurance		116	22
Legal and professional		3,243	2,795
Advertisement		291	27
Depreciation	12.2	5,450	3,106
Advances written off		--	1,956
Provision for doubtful debts		17,220	6,249
Others		1,571	828
		------------------	------------------
		58,809	48,119
		==========	==========

23.1 Included herein is a sum of Rs. 1.061 (1999: Rs. 1.187) million charged in respect of staff retirement benefits.

23.2 Included herein is a sum of Rs. 2.555 (1999 Rs. 2.485) million charged in respect of Directors' travelling.

23.3 Auditors' remuneration

Sidat Hyder Qamar & Co.		
Audit fee	200	--
Taxation, accounting and related services	327	--
Ford Rhodes Robson Morrow		
Audit fee	--	75
Taxation, accounting and share registrar services	--	336
Out of pocket expenses	--	38
	------------------	------------------
	527	449
	==========	==========

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

24. SELLING AND DISTRIBUTION EXPENSES

Salaries and other benefits	24.1	5,991	3,956
Travelling and conveyance		466	241
Entertainment		60	54

Rent		350	335
Printing and stationery		62	472
Advertisement and publicity		2,542	8,293
Loading and unloading		1,512	--
Vehicle up-keep		909	765
Repairs and maintenance		51	28
Utilities		214	215
Telephone and telex		791	460
Others		337	159
		------------------	------------------
		13,285	14,978
		==========	==========

24.1 Included herein is a sum of Rs. 0.215 (1999: Rs. 0.198) million charged in respect of staff retirement benefits.

25. OTHER INCOME

Dividend income from investment in an associated undertaking		--	2,814
Income from investment in Certificate of Investments (COIs)		--	480
Return on bank deposits		201	24
Scrap sales		853	1,131
Gain on sale of fixed assets	3.4	856	378
Creditors' balances written back		--	868
Others		--	374
		------------------	------------------
		1,910	6,069
		==========	==========

26. FINANCIAL CHARGES

Interest on:		
secured long term loans	3,809	4,794
amount due to the gratuity fund	2,283	1,656
amount due to the Employees' provident fund	1,446	1,059
Workers' profit participation fund	160	125
Mark-up on:		
secured long term loans	--	97
secured running finance under mark-up arrangement	2,286	2,871
Finance charges on obligations under finance lease	164	7,337
Finance charges on obligations under operating lease	910	--
Bank charges	593	930
Central excise duty on running finance under mark-up arrangement	--	447
	------------------	------------------
	11,651	19,316
	==========	==========

27. TAXATION

Current

The assessment of the Company have been finalized upto and including the assessment year 1999-2000. Assessed losses available to the Company to be carried forward amounted to Rs. 88.141 (1999: Rs. 203.267) million at the end of the assessment year 1999-2000.

Provision for current taxation represents minimum tax at the rate of one half percent of turnover.

Deferred

Deferred taxation arising due to timing differences computed under the liability method is estimated at Rs. 154.291 million credit (1999: Rs. 157.907 million credit). Till last year, no deferred tax liability had been provided in the accounts. However, in order to comply with the requirement of the revised International Accounting Standard 12 which is applicable in Pakistan from accounting periods beginning on or after 01 January 2002, the management has decided to provide progressively for deferred taxation to meet the total liability by 30 June 2003. Accordingly, a provision of Rs. 25 million has been made during the current year for deferred taxation and the remaining amount of Rs. 129.291 will be recognised in next three years.

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for the year are as follows

				(Rupees in '000')		
		2000			***1999***	
	Chief Executive	***Directors***	***Executives***	***Chief Executive***	***Directors***	***Executives***
Managerial remuneration	--	--	8,981	280	2,723	7,960
Conveyance and utilities	--	2,953	569	--	--	453
Retirement and other benefits	--	--	748	--	243	594
Medical expenses	--	243	99	--	--	127
	--	3,196	10,397	280	2,966	9,134
Number of persons	1	2	24	1	2	18

The Company provides to Directors' of the Company and certain Executives with the use of Company maintained cars.

29. EARNING PER SHARE - BASIC AND DILUTED

Profit after taxation (Rupees in '000)	54,931	1,697
Number of share outstanding	39,868,800	39,868,800

		==========	==========
Earning per share - Basic	Rupees	1.38	0.04
		==========	==========

30. CAPACITY - Cement all kind

	M. Tons	**M. Tons**
Installed capacity	598,000	598,000
Production	350,542	374,376

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

31. TRANSACTIONS WITH ASSOCIATED COMPANIES

Purchase of goods and electricity	165,477	119,011
Sale of goods	647	5,630
Advances	82,668	31,225
Shares pledged on behalf of an associated undertaking	45,000	45,000

32. NUMBER OF EMPLOYEES

The Company had 579 employees at the year end. (1999: 613)

33. WORKING CAPITAL CHANGES

(Increase)/decrease in current assets		
Stores, spares and loose .tools	6,996	11,631
Stock-in-trade	(6,847)	8,080
Trade debts	(9,653)	7,182
Loans, advances, deposits, prepayments and other receivables	(47,912)	7,417
	------------------	------------------
	(57,416)	34,310
Increase/(decrease) in current liabilities		
Short term loan	(6,438)	(29,233)
Creditors, accrued and other liabilities	3,487	86,355
	------------------	------------------
	(2,951)	57,122
	------------------	------------------
	(60,367)	91,432
	==========	==========

34. CASH AND CASH EQUIVALENTS

Cash and bank balances	20	17,145	8,809
Running finance under mark-up arrangement	9	(4,477)	(10,590)
		------------------	------------------
		12,668	(1,781)
		==========	==========

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(i) Interest rate risk exposure

The information relating to the Company's exposure to interest rate risk based on maturity dates is as follows:

2000	INTEREST BEARING			NON-INTEREST BEARING			
	Maturity upto one year	***Maturity after one year***	***Total***	***Maturity upto one year***	***Maturity after one year***	***Total***	***Total***
			(Rupees '000')				
Financial Assets							
Long-term investments	--	--	--	--	71,326	71,326	71,326
Long-term loans and deposits	--	--	--	--	2,149	2,149	2,149
Trade debts	--	--	--	87,202	--	87,202	87,202
Loans, advances, deposits, prepayments and other receivables	--	--	--	99,864	--	99,864	99.86
Cash and bank balances	106	71	177	16,968	--	16,968	17,145
	106	71	177	204,034	73,475	277,509	277,686
Financial Liabilities							
Redeemable capital	38,501	18,630	57,131	--	--	--	57,131
Long-term loans	148,296	489,357	637,653	--	--	--	637,653
Long-term deposits	--	--	--	--	26,318	26,318	26,318
Running finance under mark-up arrangement	4,477	--	4,477	--	--	--	4,477
Creditors, accrued and other liabili	--	--	--	232,733	--	232,733	232,733
	191,274	507,987	699,261	232,733	26,318	259,051	958,312
On balance sheet gap Liabilities- Assets	191,168	507,916	699,084	28,699	(47,157)	(18,458)	680,626

1999	INTEREST BEARING			NON-INTEREST BEARING			
	Maturity upto one year	***Maturity after one year***	***Total***	***Maturity upto one year***	***Maturity after one year***	***Total***	***Total***
			(Rupees '000')				
Financial Assets							
Long-term investments	--	--	--	--	71,326	71,326	71,326
Long-term loans and deposits	--	--	--	--	2,136	2,136	2,136
Trade debts	--	--	--	94,769	--	94,769	94,769
Loans, advances deposits, prepayments and other receivables	--	--	--	51,952	--	51,952	51,952
Cash and bank balances	102	64	166	8,643	--	8,643	8,809

	102	64	166	155,364	73,462	228,826	228,992
Financial Liabilities							
Redeemable capital	34,145	22,986	57,131	--	--	--	57,131
Long-term Loans	64,976	578,401	643,377	--	--	--	643,377
Obligation under finance lease	31,336	--	31,336	--	--	--	31,336
Long-term deposits	--	--	--	--	35,098	35,098	35,098
Running finance under mark-up arrangement	10,590	--	10,590	--	--	--	10,590
Short-term loan	6,438	--	6,438	--	--	--	6,438
Creditors, accrued and other liabili	--	--	--	231,129	--	231,129	231,129
	147,485	601,387	748,872	231,129	35,098	266,227	1,015,099
On balance sheet gap							
Liabilities Assets	147,383	601,323	748,706	(75,765)	(38,364)	(37,401)	786,107

The mark-up bearing financial assets and liabilities are subject to fixed mark-up rates.

(ii) 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. In the past the Company had a policy of taking security deposits from cement dealers and contractors against the sale of cement thereto and, hence, mitigates its credit risk.

(iii) 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.

(iv) Fair value of the financial instruments

The carrying value of all financial instruments reported in the financial statements approximates their fair value.

36. CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever necessary, to facilitate comparison.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

PATTERN OF SHAREHOLDING AS OF 30 JUNE, 2000

No. of Shareholders	*Having Shares From*	*To*	*Shares Held*	*Percentage*
403	1	100	38,010	0.10
2024	101	500	945,150	2.37

1707	501	1000	1,350,800	3.39
643	1001	5000	1,491,200	3.74
87	5001	10000	642,750	1.61
16	10001	15000	211,350	0.53
11	15001	20000	194,400	0.49
7	20001	25000	155,450	0.39
5	25001	30000	143,050	0.36
2	30001	35000	69,300	0.17
2	35001	40000	73,700	0.18
3	40001	45000	128,550	0.32
1	50001	55000	51,300	0.13
1	70001	75000	74,250	0.19
1	100001	105000	101,900	0.25
2	245001	250000	500,000	1.26
1	585001	590000	589,875	1.48
4	815001	820000	3,272,275	8.20
1	2035001	2040000	2,039,500	5.12
1	2435001	2440000	2,436,250	6.11
1	3920001	3925000	3,922,150	9.84
1	21435001	21440000	21,437,590	53.77
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4924			39,868,800	100.00
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CATEGORIES OF SHAREHOLDERS	***NUMBER***	***SHARES***	***PERCENTAGE***
INDIVIDUALS	4,900	9,632,860	24.16
JOINT STOCK COMPANIES	4	21,548,190	54.05
FINANCIAL INSTITUTIONS & INVESTMENT COMPANIES	20	8,687,750	21.79
	------------------	------------------	------------------
	4,924	39,868,800	100.00
	==========	==========	==========