Dadabhoy Cement Industries Limited
Annual Report 2001

CONTENTS

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 & Company
Chartered Accountants

LEGAL ADVISOR

M. Salim Thepdawala & Company

BANKERS
Allied Bank of Pakistan Limited
United Bank Limited
National Development Finance Corporation (Now NBP)
National Bank of Pakistan
Deutsche Bank
Bank of Punjab

REGISTERED OFFICE & SHARES DEPARTMENT
5th Floor, Maqbool Commercial Complex,
Jinnah Co-operative Housing Society,
Block 7 & 8 Shahrah-e-Faisal,
KARACHI

FACTORY
Nooriabad Deh Kalu Kohar
Dist. Dadu (Sindh)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of Dadabhoy Cement Industries Limited will be held at 11.00 A.M. on Wednesday the December 11,2001 at Defence Sunset Club, Defence Housing Authority, Karachi, to transact the following business:

1) To confirm the minute of the 20th Annual General Meeting of the company held on December 20, 2000.

2) To receive and adopt the Audited Accounts together with Directors' and Auditors' Report for the year ended June 30, 2001.

3) To appoint Auditors for the ensuing year and to fix their remuneration.

4) Any other business with the permission of the Chair.

By Order of the Board

Karachi
Dated: November 16, 2001

(Abdul Wahab)
Company Secretary

NOTE:

1. The share transfer books of the Company will remain closed from December 05, 2001 to December 11, 2001 (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 TO THE SHAREHOLDERS

The Directors take pleasure in presenting their 21st Annual Report along with the Company's Audited Accounts for the year ended 30th June, 2001 and the Auditors' Report thereon.

PRODUCTION AND SALES
The production and sale of cement for the year compare favourably with last year and are given as under:-

	2001 ***(M/Ton)***	***2000*** ***(M/Ton)***
Production	362,583	350,542
Sale	364,941	348,781

PLANT PERFORMANCE
The Plant performance during the year was satisfactory. However, due to over supply in the market the plant could operate at 61% capacity.

OPERATING RESULTS
The total sale of Rs. 1,341.692 million during the year registered an increase of Rs. 77.233 million (6.12%) over the previous year. However, the net sale amounting to Rs. 782.647 million (2000 - Rs. 776.127 million) has shown a nominal increase of Rs. 6.52 million. Inspire of the stringent market conditions the sale of the company has shown increasing trend both in term of value and quantity.

During the year Government imposed Sales Tax on Cement Industry and reduced the Excise Duty to Rs. 1,000 per Metric Ton from Rs. 1,400 per Metric Ton. The imposition of Sales Tax coupled with increase in prices of Furnace Oil adversely effected the profitability of the company.

CONVERSION OF PLANT INTO COAL FIRING SYSTEM & OPTIMISATION

The cement plant of your company is the first ever-local manufactured plant. The company has once again taken lead by introducing Coal Technology for Cement and other process industries in place of Furnace Oil. By giving this idea company has tried to contribute its due share for the betterment of the economy and to save the cement industry from total collapse.

Substantial progress has been achieved by the company in respect of converting Plant to coal firing system and by the Grace of ALLAH at present company is using coal as a burning fuel to the extent of 50% of the total fuel requirement.

In order to be more competitive in the market the Management also taken steps to optimize the Plant so to curtail the cost of production by achieving more efficiency in consumption of fuel.

MARKET REVIEW & FUTURE PROSPECTS

Cement Industry in Pakistan continues to be in crisis. Primary reason that the installed capacity of the production in the country far exceeds the demand. The existing over capacity in the Industry has resulted in an industry-wise lower capacity utilization.

In order to restore macro-economic stability and business confidence, government has taken number of steps such as mega development projects. As well as the changed scenario in Afghanistan it is expected that the gap between demand and supply will reduce considerably in coming years.

Furthermore, optimization and converting the plant into coal will reduce the cost of production and ultimately company will be in a position to export the cement at competitive price as well as expected export to Afghanistan will create a situation where company will be able to produce and sale more cement.

AUDITORS' OBSERVATIONS

The Auditors of the company have qualified the report due to significance of the matter as referred in para (a) of the Auditors Report. The Management has explained the status of the matter in respective notes to the financial statements. The Company is negotiating a settlement with National Bank of Pakistan (former NDFC) and determination of the ultimate liability of the company is dependent upon the completion of said negotiations. Different options for fair and amicable settlement and rescheduling are under consideration. The Management is fully confident that National bank of Pakistan - the largest Bank would never go for the option of closure of a running industry and / or any other action not in the interest of shareholders, employees and other creditors. We feel under the able Management of

NBP matter would be resolved amicably.

Regarding advances and security it is clarified that these advances were given during last year and as per the advice of the Auditors the company had duly recovered the same. However, since the same was recovered during the year and remain outstanding till the signing of last Audited Accounts there fore, Auditors have raised this observation. As far as security is concerned, the shares are pledged since 1996 and same were given to meet the requirement. It is the routine practice in the Banking and Industrial Sector. Since 1996, Auditors had never raised any objection.

AUDITORS

M/S. Sidat Hyder Qamar & Company 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, 2001 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

The board acknowledge with deep appreciation and wish to place on record, 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 16, 2001

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 2001 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) as more fully explained in notes 6.2, 6.3 and 11 (i) to the accounts, subsequent to the balance sheet date, the Division Bench of Honourable High Court of Sindh and the Honourable Supreme Court of Pakistan have dismissed the Company's Appeals filed consequent upon the dismissal by the Honourable High Court of Sindh of the various Judicial Applications filed by the Company against the decree awarded by the said Court on 18 February 1998 in favour of former National Development Finance Corporation (NDFC) [now merged with National Bank of Pakistan (NBP)], the lender of long term loans. The Honourable Supreme Court of Pakistan had, however, allowed a period of one month to the Company from the date of the order dated 2 October 2001 for settlement of their account with former NDFC (now NBP) during which period former NDFC (now NBP) was restrained to further proceed in any execution application. The aforesaid settlement is still pending. As at the balance sheet date, the balance of long-term loans due to former NDFC (now NBP) as appearing in these accounts is Rs. 598.913 million as against the decretal amount of Rs. 1,072.007 million. No provision has been made in these accounts for the difference of Rs. 473.094 million between the decretal amount and the liability accounted for by the Company;

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

c) in our opinion:

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

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

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company except for the fact that the Company has provided security and made advances as referred to in note 14.1 and 19.1 to the accounts respectively. However, such advances have been realised / adjusted during the year to comply with the provisions of the Companies Ordinance, 1984;

d) 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 in view of the significance of the matters stated in paragraph (a) above respectively do not give a true and fair view of the state of the Company's affairs as at 30 June 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

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

We further draw attention to the following matters:

i) the ultimate outcome of contingencies disclosed in note 11 (ii) to (viii) to the accounts, aggregating to Rs. 109.162 million, cannot presently be determined and, hence, no provision for the liability that may result therefrom has been made in the accounts for the current year.

ii) 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".

iii) as explained in notes 6.2, 6.3 and 11 (i) to the accounts and in view of the uncertainties inherent in such disputes, the future operations of the Company is dependent upon the ultimate outcome of settlement with former NDFC (now NBP).

Karachi:
Dated: 16th November, 2001

Sidat Hyder Qamar & Co.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 2001

	NOTE	*2001*	*2000*
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized capital		600,000	600,000
60,000,000 Ordinary shares of Rs., 10/- each		==========	==========
Issued, subscribed and paid-up capital	3	398,688	398,688
Capital reserve		33,224	33,224
Accumulated profit		38,944	9,242
		------------------	------------------
		470,856	441,154
SURPLUS ON REVALUATION OF FIXED ASSETS	4	791,380	791,380
REDEEMABLE CAPITAL	5	13,454	18,630
LONG TERM LOANS - Secured	6	457,929	489,357
LONG TERM DEPOSITS	7	18,175	26,318
DEFERRED TAXATION	27	50,000	25,000
CURRENT LIABILITIES			
Current maturities of redeemable capital and long term loans	8	215,065	186,797
Running finance under mark-up arrangement- secure	9	--	4,477
Creditors, accrued and other liabilities	10	163,913	232,733
Taxation - net		4,180	2,143
Unclaimed dividend		2,110	6,571
Dividend payable		--	8,654
		------------------	------------------

		385,268	441,375
CONTINGENCIES AND COMMITMENTS	11	--	--
		------------------	------------------
		2,187,062	2,233,214
		==========	==========
FIXED ASSETS - TANGIBLE			
Operating assets	12	1,791,961	1,775,575
Capital work-in-progress	13	52,339	24,635
Spares held for capital expenditure purposes		25,552	15,833
		------------------	------------------
		1,869,852	1,816,043
LONG TERM INVESTMENTS - at cost	14	71,326	71,326
LONG TERM LOANS AND DEPOSITS	15	2,295	2,149
CURRENT ASSETS			
Stores, spares and loose tools	16	106,372	109,152
Stock-in-trade	17	38,322	30,333
Trade debts	18	34,633	87,202
Loans, advances, deposits, prepayments and other receivables	19	58,165	99,864
Cash and bank balances	20	6,097	17,145
		------------------	------------------
		243,589	343,696
		------------------	------------------
		2,187,062	2,233,214
		==========	==========

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 30 JUNE 2001

	NOTE	***2001***	***2000***

	Note	(Rupees in '000')	
Sales - Net	21	782,647	776,127
Cost of sales	22	666,289	606,069
Gross profit		116,358	170,058
Operating expenses			
Administrative	23	57,710	59,719
Selling and distribution	24	14,314	13,285
		72,024	73,004
Operating profit		44,334	97,054
Other income	25	22,330	1,910
		66,664	98,964
Financial charges	26	4,964	10,741
Workers' profit participation fund		3,085	4,411
Profit before taxation		58,615	83,812
Taxation			
- current		3,913	3,881
- deferred		25,000	25,000
		28,913	28,881
Profit after taxation		29,702	54,931
Accumulated profit/(loss) brought forward		9,242	(115,755)
Transferred from general reserve		--	90,000
		9,242	(25,755)
		38,944	29,176

Appropriations:

Interim dividend @ Nil (2000: 5%)		--	19,934
		------------------	------------------
Accumulated profit carried forward		38,944	9,242
		==========	==========
		(Rupees)	
Earning per share - Basic and diluted	29	0.74	1.38
		==========	==========

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

	NOTE	***2001***	***2000***
		(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		58,615	83,812
Adjustments for:			
Depreciation		53,524	42,110
Financial charges		4,964	10,741
Gain on sale of fixed assets		(1,148)	(856)
Provision against debts considered doubtful		8,041	17,220
Working capital changes	33	14,013	(60,367)
		------------------	------------------
		138,009	92,660
Financial charges paid		(6,779)	(12,623)
Taxes paid		(1,876)	(5,145)
		------------------	------------------
Net cash inflow from operating activities		129,354	74,892
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(98,810)	(12,357)
Spares held for capital expenditure		(9,719)	8,157
Sale proceeds of fixed assets		2,344	894
Long-term loans and deposits		(146)	(13)

		------------------	------------------
Net cash outflow from investing activities		(106,331)	(3,319)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of long term loans			
and redeemable capital		(8,336)	(37,060)
Payment of dividend		(13,115)	(11,284)
Deposits from dealers		(8,143)	(8,780)
		------------------	------------------
Net cash outflow from financing activities		(29,594)	(57,124)
		------------------	------------------
Net (decrease)/increase in cash and cash equivalents		(6,571)	14,449
Cash and cash equivalents at beginning of the year		12,668	(1,781)
		------------------	------------------
Cash and cash equivalents at end of the year	34	6,097	12,668
		==========	==========

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 30 JUNE 2001

	Share Capital	*Capital Reserve (Premium on issue of Right shares)*	*General Reserve*	*Accumulated Profit/(Loss)*	*Total*
			Rupees in '000'		
Balance as at 01 July 1999	398,688	33,224	90,000	(115,755)	406,157
Profit for the year after taxation	--	--	--	54,931	54,931
	------------------	------------------	------------------	------------------	------------------
	398,688	33,224	90,000	(60,824)	461,088
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
Profit for the year after taxation		--	--	29,702	29,702
	------------------	------------------	------------------	------------------	------------------
Balance as at 30 June, 2001	398,688	33,224	--	38,944	470,856
	==========	==========	==========	==========	==========

These accounts should be read with the annexed notes.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2001

1. STATUS AND NATURE OF BUSINESS

Dadabhoy Cement Industries Limited was incorporated on 09 August 1979 as a public limited company and is listed on all the Stock Exchanges in Pakistan. The Company is 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 to the fund on the basis of actuarial recommendation. The latest valuation was carried out as at 30 June 2001 using Project. Unit Credit (PUC) actuarial cost method. Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the regular cost over the service lives of the employees in accordance with the advice of actuaries who carry out a full valuation at year end. The valuation results are as follows:-

	Rs. in '000'
Fair values of plan assets	1,358
Less: Present value of defined benefit obligation	15,011

Deficit	(13,653)
	==========

The Company has made a provision of Rs. 15.860 million 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.
- Discount rate 12% per annum.

2.4 Employees accumulating compensated absences

The revised International Accounting Standard (IAS) 19 "Employees 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 IAS 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 which ever is higher. The Company accounts for deferred taxation on all significant timing differences using the liability method. However, as a matter of prudence, the Company does not recognise net deferred tax debit balance, if any, in the accounts.

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 Long-term 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 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 reutilization 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 credit worthiness. 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 term 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 of 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 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 2001	2000		Note	2001	2000
				(Rupees in '000')	
26,579,200	26,579,200	Ordinary shares of Rs. 10 each full 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 held 21,426,090 (2000: 21,426,090) Ordinary shares of Rs. 10 each as at 30 June 2001.

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

	2001	2000
Balance as at 01 July	791,380	487,688
Revaluation during the year	--	303,692
Balance as at 30 June	791,380	791,380

The surplus on revaluation of fixed assets includes:

a) Surplus of Rs. 487.688 million over book value arising on a revaluation of fixed assets in August 1 994.

b) Surplus of Rs. 303.692 million over book value arising on a revaluation of freehold land, building on freehold land, plant and machinery, quarry equipment and vehicles. Revaluation was carried out in May 2000 by Sidat Hyder Qamar & Co., Chartered Accountants on the basis of depreciable replacement values.

c) In accordance with Section 235 of the Companies Ordinance, 1 984, the surplus on revaluation shall not be utilized, directly or indirectly, by way of dividend or bonus except to the extent of surplus actually realized on disposal of the assets which are revalued.

	Note	2001	2000
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. 38.501 (2000: 34.145) million shown under current liabilities.		(43,677)	(38,501)
		------------------	------------------
		13,454	18,630
		==========	==========

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 (2000: 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 (2000: Rs. 130.474) million, referred to as the "Purchase Price".

The purchase price was payable by the Company by 01 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 prisor 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 respects of outstanding TFCs of the consortium at the end of the year is Rs. 37.911 (2000: 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 (2000: Rs. 83.061) million, referred to as the "Purchase Price".

The "Purchase Price" is payable by the Company by 01 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	30,404	38,740

Interest based loans	6.2	468,402	468,402
Mark-up based loans	6.3	130,511	130,511
		------------------	------------------
		629,317	637,653
Current maturity including overdue installment of Rs. 143.862 (2000: Rs. 60.542) million shown Under current liabilities.	8	(171,388)	(148,296)
		------------------	------------------
		457,929	489,357
		==========	==========

6.1 Balance as at 01 July		
Less: Payment made during the year	24,828	13,912
Balance as at 30 June	5,102	3,234
	------------------	------------------
	19,726	10,678
	==========	==========

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 On 04 December 1997 the Company signed a Memorandum of Understanding (MOU) with the former National Development Finance Corporation (NDFC) [now merged with National Bank of Pakistan (NBP)] - the lender of interest based and mark-up based loans. Subsequent to that the High Court of Sindh on 18 February 1998 awarded a decree in favour of former NDFC (now NBP) 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 year 1999 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 amount, 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 there on 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, to 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 former NDFC (now NBP), pursuant to the above decree and to restrain it from taking any coercive measure against he Company for the recovery of the decretal amount.

During the year, the aforesaid applications of the Company were dismissed by the Honourable High Court of Sindh, Subsequent to the balance sheet date, the Company's appeals filed before the Division bench of the High Court of Sindh and the Honourable Supreme Court of Pakistan against the aforesaid order of the High Court of Sindh have also been dismissed by the said courts vide their orders dated 19 September 2001 and 02 October 2001 respectively. The Honourable Supreme Court of Pakistan vide its aforesaid order had allowed the Company a period of one month starting from the date of the order to settle the account with former NDFC (now NBP) upto which former NDFC (now NBP) was restrained to further proceed in any execution application consequent upon the decree awarded by the High Court of Sindh on 18 February 1998. Although the aforesaid period of one month has expired, at present the management is in the process of negotiating a settlement package with former NDFC (now NBP) and the determination of ultimate liability of the Company towards former NDFC (now NBP) is dependent upon the completion of the said negotiations. Accordingly, no additional provision for the liability which may result therefrom has been made in these accounts.

The above referred MOU signed by the Company with the former NDFC (now NBP) 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 accounted for by the Company in 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 1999 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 former NDFC (now NBP) has already been repaid and as such, no amount in this regard is due thereto. Therefore, no further payments were made during the last two years and the same balance being outstanding is reflected 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 ful payment of principal and interest is made.

The restructured balance is to be repaid in fifteen years in sixty equal quarterly installments commencing from 01 April 1998 payable on or before 01 January, 01 April, 01 July and 01 October in each calendar year.

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 former NDFC (now NBP) 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 accounted for 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, being outstanding is reflected in these accounts 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 1999 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		18,175	25,313
		==========	==========
From contractors		--	1,005
		18,175	26,318

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	43,677	38,501
		==========	==========
Long term loans	6	171,388	148,296
		215,065	186,797

		==========	==========

9. RUNNING FINANCE UNDER MARK-UP ARRANGEMENT - Secured

From a financial institution	9.1	--	4,477

9.1 This represents a trade finance facility of Rs. 30 (2000: 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		22,401	66,238
- Dadabhoy Hydrocarbon Ltd.		9,231	--
- Dadabhoy Trading Corporation Private Limited		3,258	--
- Others		49,803	51,032
Accrued Liabilities			
Accrued expenses		8,847	7,441
Mark-up on secured redeemable capital		6,859	6,859
long term loans resulted from the Conversion of redeemable capital		1,714	2,080
short term running finances		--	1,449
Central excise duty		--	7,314
		------------------	------------------
		17,420	25,143
Others liabilities			
Advances from customers		7,996	42,893
Royalty		1,767	1,603
Sales tax		15,675	64
Gratuity fund		15,860	23,049

Provident fund	10.2	2,498	12,350
Workers' profit participation fund	10.3	9,809	5,977
Tax deducted at source		7,087	3,372
Insurance		127	--
Deposits against company car scheme		794	1,012
Others		187	--
		------------------	------------------
		61,800	90,320
		------------------	------------------
		163,913	232,733
		==========	==========

10.1 The maximum amount due to associated undertakings at the end of any month was Rs. 66.945 (2000: Rs. 67.310) million.

10.2 Included herein is a sum of Rs. 1.169 (2000: Rs. 1.446) million accrued by the Company on account of interest on unpaid balance due to the Fund.

	2001	***2000***
Balance at the beginning of the year	5,977	1,406
Allocation for the year	3,085	4,411
	------------------	------------------
	9,062	5,817
Interest on funds utilised in the Company's business	747	160
	------------------	------------------
Balance at the end of the year	9,809	5,977
	==========	==========

11. CONTINGENCIES AND COIV:,NIITMENTS

(a) Contingencies	***2001***	***2000***
	(Rupees in '000)	

(i) As stated in notes 6.2 and 6.3 the Company had filed various Judicial Applications in the High Court of Sindh against the former NDFC (now NBP). Accordingly, against a sum of Rs. 1,072.007 million claimed by former NDFC (now NBP), the Company while disputing with the above claim has shown Rs. 598.913 million under long-term loans and under current ma-

turities. Subsequent to the year end, the aforesaid application and the pursuant appeals filed by the Company have been dismissed by the Honourable Courts and the Company has been directed to settle the account. Pending the settlement with former NDFC (now NBP), the Company has not provided in these accounts the difference between the decretal amount and the liability accounted for by the Company. Furthermore, no consideration is given to any mark-up for the period subsequent to awarding of decree, which may be claimed by former NDFC (now NBP).	473,094	402,775
(ii) Provision in respect of interest, penal interest and late payment surcharge due to the two members of the 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.	75,343	72,212
(iii) A law suit had been filed by the Company in the High Court of Sindh against the levy of central excise duty, challenging the appliability thereof. As a result out of Rs. 31.106 million claimed by the banks and financial institution on this account, the Company had recorded only Rs. 7.314 million pending a final decision of the High Court in this regard. The decision has now been announced in favour of the Company and therefore the Company has reversed the aforesaid provision during the year.	--	23,792
(iv) 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 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 pendi-		

ng. 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 favorable outcome.	20,303	20,303
(v) 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
(vi) A demand of Rs. 1.904 million was raised by 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 factory during 1998-89. The Company has contested the above demand and filed an appeal before Appellate Tribunal Customs 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

(vii) 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
(viii) Claims not acknowledge as debts by the Company pending the outcome of litigations.	255	255
	------------------	------------------
	582,256	532,598
	==========	==========

(b) Commitments

(i) Plant expansion	265,958	265,958
	==========	==========
(ii) Duties payable on bonded spares	8,719	7,124
	==========	==========

12. OPERATING ASSETS - at book value

12.1 Following is a statement of operating assets:

	Cost/ Revaluation as at 1 July 2000	***Surplus on revaluation***	***Additions/ (deletions)***	***Cost/ Revaluation 30 June 2001***	***Accumulated depreciation as at 01 July 2000***	***Depreciation for the year***
					(Rupees in '000)	
Owned						
Land-freehold	10,000	--	--	10,000	--	--
Building on freehold land	393,767	--	--	393,767	92,335	9,844
Road and Pavements	--	--	24,003	--	24,003	6,001
Plant and machinery	1,629,818	--	15,000	1,644,818	259,280	27,406

Quarry equipment	95,192	--	26,321	121,513	18,785	4,327
Motor vehicles	30,750	--	3,900 (3,255)	31,396	19,564	4,355
Furniture and fixtures	6,323	--	685	7,008	5,428	372
Office equipment	18,159	--	1,197	19,356	13,062	1.22
	2,184,009	--	71,106 (3,255)	2,251,861	408,434	53,524
2001	2,184,009	--	67,851	2,251,861	408,434	53,524
2000	1,390,664	791,380 (1,836)	3,801	2,184,009	368,121	42,110

	2001	***2000***
	(Rupees in '000')	
12.2 Depreciation charge for the year has been allocated as follows:		
Cost of goods manufactured	39,763	34,328
Mining and other related costs	7,815	2,332
Administrative expenses	5,946	5,450
	53,524	42,110

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. 20.094 million for the year (2000: Rs. 17.82 million).

12.4 Had there been no revaluation the net book value of revalued assets would amount to:

Plant and. machinery	891,981	901,223
Land	3,198	3,198
Building	102,033	109,913
Quarry equipment	86,633	87,070
Motor vehicle	1,925	4,462
	1,085,770	1,105,866

12.5 Details of disposal of Fixed Assets

(Rupees in '000')

	Cost	***Accumulated Depreciation***	***Book Value***	***Sale Proceeds***	***Gain/ (Loss)***	***Mode of Disposal***	***Pa Pu***
MOTOR VEHICLES							
Toyota Jeep BA-1657	206	206	--	220	220	Negotiation	M
Datsun Pickup	85	85	--	50	50	Negotiation	M
Suzuki Khyber	319	319	--	100	100	Negotiation	M
Suzuki Khyber	283	283	--	90	90	Negotiation (Employee)	M
Suzuki Mehran U-8261	168	168	--	60	60	Negotiation	M (E
Suzuki Mehran	301	241	60	127	67	Negotiation	M
Honda CD 70	43	17	26	19	(7)	Negotiation (Employee)	M
Toyota Crown AA-9700	1850	740	1,110	1,678	568	Negotiation	M (E
2001	3,255	2,059	1,196	2,344	1,148		
2000	1,836	1,798	38	894	856		

	Cost as at 01 July 2000	Addition Year	Transfers during the 30 June	Cost as at 2001
		(Rupees in '000')		
13. CAPITAL WORK-IN-PROGRESS				
Plant and machinery	24,329	49,698	22,924	51,103
Building	--	930	--	930
Consultancy	306	--	--	306
	24,635	50,628	22,924	52,339

	Note	2001	2000
		(Rupees in '000')	
14. LONG TERM INVESTMENTS- at cost			
Associated undertakings			
Quoted			
1,876,000 (2000: 1,876,000) Ordinary shares of Rs., 10/- each in Dadabhoy Sack Limited, Market Value as at the balance sheet date a Rs. 8.442 (2000: Rs. 5.628) million. Equity held 46.90% (2000: 46.90%)		21,326	21,326
Unquoted			
5,000,000 (2000: 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 2001 Rs. 8.04 (2000: Rs. 10.38) per share based on the unaudited accounts Equity held 19.06 (2000: 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.

14.2 Investments in associated companies are stated at cost. Had the equity method been applied, the profit before tax would have decreased by Rs. 4.944 million (2000:Rs.6.603 million) while the accumulated profit brought forward would have been lower by Rs. 12.866 million (2000: Rs. 7.871 million).

15. LONG TERM LOANS AND DEPOSITS

Loans - secured, considered goods			
Employees		678	943
Executives		546	574
		------------------	------------------
		1,224	1,517
Less: Receivable within one year shown under Current assets			
- Employees		(378)	(310)
- Executives		(60)	(298)
		------------------	------------------
	19	(438)	(608)
		------------------	------------------
	15.1	786	909
		1,509	1,240
Security deposits		1,509	1,240
		------------------	------------------
		2,295	2,149
		==========	==========
Loans outstanding for period - less than three years		786	618
- three years and more		--	2,149
		------------------	------------------
		786	909
		==========	==========

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. 0.593 and Rs. 0.868 (2000: Rs. 0.543 and Rs.1.043) million respectively.

16. STORES, SPARES AND LOOSE TOOLS

Stores			4,407	5,401
Spares	- in hand		90,392	87,738
	- in bond		15,189	13,603
	- in transit		--	4,963
			------------------	------------------
			105,581	106,304
Loose tools			329	352
			------------------	------------------
			110,317	112,057
Provision against slow moving spares in hand			(3,945)	(2,905)
			------------------	------------------
			106,372	109,152
			==========	==========

17. STOCK-IN-TRADE

Raw materials	17.1	9,254	8,874
Packing materials		1,102	1,761
Work-in-process			
- at cost		1,390	6,402
- at net realizable value (cost: Rs. 29.797 million)		21,752	1,844
		------------------	------------------
		23,142	8,246
Finished goods - at net realizable value			
(cost: Rs. 6.768 million)		4,824	11,452
		------------------	------------------
		38,322	30,333
		==========	==========

17.1 Included herein is a sum of Rs. 5.862 million (2000: Rs. 5.340 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
Unsecured		33,770	83,992
		------------------	------------------
		33,770	87,202
Considered doubtful		20,863	34,643
		------------------	------------------
		54,633	121,845
Less: Provision against debts considered doubtful		(20,000)	(34,643)
		------------------	------------------
		34,633	87,202
		=========	=========

19. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHE RRECEIVABLES

Loans			
Current portion of long term loans			
Employees		430	310
Executives		60	298
		------------------	------------------
	15	490	608
Advances - unsecured, considered good			
Employees		1,125	144
Executives		--	414
Suppliers - Dadabhoy Sack Limited, an associated undertaking	19.1	18,451	30,643
- Others		22,060	20,770
Associated undertakings	19.2		
- Dadabhoy Trading Corporation (Private) Limited		--	21,231
- Dadabhoy Construction and Technologies (Private) Limited		--	3,901
- Pak German Prefabs Limited		--	6,263
		------------------	------------------
		41,636	83,366
Deposits			
Margin against letter of credit		--	1,080

Prepayments

Insurance		130	213
Excise duty		771	8
		------------------	------------------
		901	221
		------------------	------------------
		43,027	85,275
Others receivables			
Income tax paid		2,953	2,953
Excise duty	11(a)(iv)	4,243	4,243
Sales tax	11(a) (v) / (vi)	7,105	7,105
Others		837	288
		------------------	------------------
		15,138	14,589
		------------------	------------------
		58,165	99,864
		==========	==========

19.1 The maximum amount due from Dadabhoy Sack Limited, an associated undertaking at the end of any month was Rs. 64.854 (2000: Rs. 30.643) million. These amounts represent advances against purchase of paper bags extended to the said associated company which is a captive paper bags unit engaged in manufacturing of paper bags solely for the Company. However, due to the non-availability of raw paper the advance could not be adjusted completely against the supply of paper bags and hence refunded to the Company during the year. The aforesaid balance represents approximately four months advance against the supply of paper bags.

19.2 The maximum aggregate amount due from associated undertakings at the end of any month was Rs. 10.162 (2000: Rs. 31.395) million.

20. CASH AND BANK BALANCES

In hand	521	116
At banks		
Current accounts	5,396	16,852
Saving accounts	106	106
	------------------	------------------
	5,502	16,958
With a financial institution in deposit account	74	71
	------------------	------------------
	6,097	17,145

		==========	==========
SALES - Net			
Sales	21.1	1,341,692	1,264,370
Less: Sales tax		(159,702)	--
Excise duty		(399,343)	(488,243)
		------------------	------------------
		782,647	776,127
		==========	==========

21.1 This is net of trade discounts and volume rebates

22. COST OF SALES

Opening stock			
Raw materials		8,874	6,473
Packing materials		1,761	1,269
		------------------	------------------
		10,635	7,742
Purchases		156,003	143,403
Mining and other related costs including			
Depreciation of Rs. 7.815 million (1999: Rs.2.332 million)		27,714	19,486
Materials used for capital expenditure		(24,933)	--
		------------------	------------------
		169,419	162,889
Closing stock			
Raw materials		(9,254)	(8,874)
Packing materials		(1,102)	(1,761)
		------------------	------------------
		(10,356)	(10,635)
		------------------	------------------
		159,063	159,996
Stores and spares consumed		13,078	11,128
Fuel and power		410,976	340,825
Salaries, wages and other benefits	22.1	33,417	44,989
Contract labour		5,989	5,655
Rent, rates and taxes		315	317
Fees and subscription		484	182
Insurance		1,484	278
Repairs and maintenance		741	860

Depreciation	12.2	39,763	34,328
Advertisement and publicity		--	64
Travelling and conveyance		2,668	3,040
Canteen subsidy		363	597
Telephone and telex		2,691	1,416
Postage and telegram		96	50
Vehicle running expenses		1,198	1,576
Printing and stationery		273	219
Entertainment		324	112
Slow moving stores and spares		1,040	2,905
Others		595	1,486
		------------------	------------------
		674,558	610,023
Work-in-process			
Opening stock		8,246	10,227
Closing stock		(23,143)	(8,246)
		------------------	------------------
		(14,897)	1,981
		------------------	------------------
		659,661	612,004
Cost of goods manufactured			
Finished goods			
Opening stock		11,452	5,517
Closing stock		(4,824)	(11,452)
		------------------	------------------
		6,628	(5,935)
		------------------	------------------
		666,289	606,069
		==========	==========

22.1 Included herein is a sum of Rs. Nil (2000: Rs. 3.375) million charged in respect of staff retirement benefits.

23. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	23.1	22,148	19,129
Travelling and conveyance	23.2	1,981	3,530
Rent, rates and taxes		1,919	2,014
Printing and stationery		854	208
Entertainment		354	117
Utilities		1,690	1,266

Telephone and telex		789	725
Postage and telegram		136	166
Repairs and maintenance		1,582	464
Newspaper and subscription		38	68
Security and protection		520	663
Vehicle running expenses		2,243	1,915
Auditors' remuneration	23.3	1,946	527
Donations	23.4	1,088	1,036
Insurance		33	116
Legal and professional		4,383	3,243
Advertisement		242	291
Depreciation	12.2	5,946	5,450
Provision for doubtful debts		8,041	17,220
Fees and subscription		333	--
Others		1,444	1,571
		------------------	------------------
		57,710	59,719
		==========	==========

23.1 Included herein is a sum of Rs. Nil (2000: Rs. 1.061) million charged in respect of staff retirement benefits.

23.2 Included herein a sum of Rs. 0.969 (2000: Rs. 2.555) million charged in respect of Directors' travelling.

23.3 Auditors' remuneration

Audit fee	200	200
Taxation, accounting and related services	1,716	327
Out of pocket expenses	30	--
	------------------	------------------
	1,946	527
	==========	==========

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	7,330	5,991
Travelling and conveyance		750	466
Entertainment		110	60

Rent		493	350
Printing and stationery		182	62
Advertisement and publicity		1,214	2,542
Loading and unloading		1,551	1,512
Vehicle up-keep		1,004	909
Repairs and maintenance		61	51
Utilities		286	214
Telephone and telex		1,135	791
Others		198	337
		------------------	------------------
		14,314	13,285
		=========	=========

24.1 Included herein is a sum of Rs. Nil (2000: Rs. 0.215) million charged in respect of staff retirement benefits.

25. OTHER INCOME

Return on bank deposits		32	201
Scrap sales		925	853
Gain on sale of fixed assets	12.5	1,148	856
Reversal of provision for excise duty on loans 11 (a) ii		7,314	--
Reversal of provident fund liability		7,510	--
Actuarial gain on gratuity fund		1,636	--
Others		3,765	--
		------------------	------------------
		22,330	1,910
		=========	=========

26. FINANCIAL CHARGES

Interest on:		
secured long term loans	2,375	3,809
amount due to the gratuity fund	--	2,283
amount due to the Employees' provident fund	1,169	1,446
Workers' profit participation fund	747	160
Mark-up on:		
secured .running finance under mark-up arrangement	--	2,286
Finance charges on obligations under finance lease	--	164
Bank charges	673	593
	------------------	------------------
	4,964	10,741

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27. TAXATION

Current

The assessment of the Company have been finalized upto and including the assessment year 2000-2001. Assessed losses available to the Company to be carried forward amounted to Rs. 100.332 (2000: Rs. 166.603) 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. 182 million credit (2000: Rs. 154.291) million credit. 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 last year to provide progressively for deferred taxation to meet the total liability by 30 June 2003. Accordingly, a provision of Rs. 25 million (2000: Rs. 25 million) has been made during the current year for deferred taxation and the remaining amount of Rs. 132 million will be recognised in the next two 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')					
	2001			***2000***		
	Chief Executive	***Directors***	***Executives***	***Chief Executive***	***Directors***	***Executives***
Managerial remuneration	--	3,618	8,191	--	2,953	8,981
Conveyance and utilities	--	--	333	--	--	569
Retirement and other benefits	--	295	770	--	243	748
Medical expenses	--	--	665	--	--	99
	--	3,913	9,959	--	3,196	10,397
Number of persons	1	2	27	1	2	24

The Working Director and certain Executives are also provided with free use of Company's owned and maintained cars.

29. EARNING PER SHARE - BASIC AND DILUTED

Profit after taxation (Rupees in'000')		29,702	54,931
		==========	==========
Number of share outstanding		39,868,800	39,868,800
		==========	==========
Earning per share - Basic	Rupees	0.74	1.38
		==========	==========

	M. Tons	***M. Tons***
30. CAPACITY - Cement all kind		
Installed capacity	598,000	598,000
Production	362,583	350,542

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

	NOTE	***2001***	***2000***
		(Rupees in '000')	
31. TRANSACTIONS WITH ASSOCIATED COMPANIES			
Purchase of goods and electricity		234,857	165,477
Purchase of machinery		15,000	--
Sale of goods		--	647
Advances		27,272	82,668
Shares pledged on behalf of an associated undertaking		45,000	45,000

32. NUMBE ROF EMPLOYEES

The Company had 471 employees at the year end (2000: 579)

33. WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Stores, spares and loose tools	2,780	6,996
Stock-in-trade	(7,989)	(6,847)
Trade debts	44,528	(9,653)
Loans, advances, deposits, prepayments and		

Other receivables		41,699	(47,912)
		81,018	(57,416)
Increase/(Decrease) in current liabilities			
Short term loan		--	(6,438)
Creditors, accrued and other liabilities		(67,005)	3,487
		(67,005)	(2,951)
		14,013	(60,367)

34. CASH AND CASH EQUIVALENTS

Cash and bank balances	20	6,097	17,145
Running finance under mark-up arrangement	9	--	(4,477)
		6,097	12,668

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

(i) Interest rate risk exposure

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

2001	*Interest bearing*			*Non-interest bearing*		
	Maturity Upto one Year	*Maturity after one Year*	*Total*	*Maturity upto one Year*	*Maturity After one Year*	*Total*
			(Rupees '000')			
Financial Assets						
Long-term investments	--	--	--	--	71,326	71,326
Long-term loans and deposits	--	--	--	--	2,295	2,295
Trade debts	--	--	--	34,633	--	34,633
Loans, advances, deposits, Prepayments and other receivables	--	--	--	58,165	--	58,165

Cash and bank balances	75	--	75	6,022	--	6,022
	75	--	75	98,820	73,621	172,441
Financial Liabilities						
Redeemable capital	43,677	13,454	57,131	--	--	--
Long term loans	171,388	457,929	629,317	--	--	--
Long-term deposits	--	--	--	--	18,175	18,175
Creditors, accrued and other liabilities	--	--	--	163,913	--	163,913
	215,065	471,383	686,448	163,913	18,175	182,088
On balance sheet gap Liabilities - Assets	214,990	471,383	686,373	65,093	(55,446)	9,647

2000	***Interest bearing***			***Non-interest bearing***		
	Maturity Upto one Year	***Maturity after one Year***	***Total***	***Maturity upto one Year***	***Maturity After one Year***	***Total***
				(Rupees '000')		
Financial Assets						
Long-term investments	--	--	--	--	71,326	71,326
Long-term loans and deposits	--	--	--	--	2,149	2,149
Trade debts	--	--	--	87,202	--	87,202
Loans, advances, deposits, Prepayments and other receivables	--	--	--	99,864	--	99,864
Cash and bank balances	106	71	177	16,968	--	16,968
	106	71	177	204,034	73,475	277,509
Financial Liabilities						
Redeemable capital	38,501	18,630	57,131	--	--	--

Long-term loans	148,296	489,357	637,653	--	--	--
Long term deposits	--	--	--	--	26,318	26,318
Running finance under mark-up arrangement	4,477	--	4,477	--	--	--
Creditors, accrued and other liabilities	--	--	--	232,733	--	232,733
	------------------	------------------	------------------	------------------	------------------	------------------
	191,274	507,987	699,261	232,733	26,318	259,051
	------------------	------------------	------------------	------------------	------------------	------------------
On balance sheet gap Liabilities- Assets	191,168	507,916	699,084	28,699	(47,157)	(18,458)
	==========	==========	==========	==========	==========	==========

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 settlement with former NDFC (now NBP) 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 Except in case of loan due to former NDFC (now NBP) which are pending settlement as explained in note 6.2 to 6.3.

36. SUBSEQUENT EVENTS
Subsequent to the balance sheet date, the Board of Directors of the Company has approved the issue of 3,986,880 right shares of Rs. 10/- each at par.

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

MOHAMMAD AMIN DADABHOY **FAZAL KARIM DADABHOY**

Chief Executive **Director**

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2001

No. of Shareholders	*Having Shares From*	*To*	*Share Held*	*Percentage*
412	1	100	38,760	0.097
1975	101	500	1,013,350	2.541
1611	501	1000	1,270,900	3.188
565	1001	5000	1,291,750	3.240
65	5001	10000	477,550	1.198
14	10001	15000	182,100	0.457
8	15001	20000	141,950	0.356
5	20001	25000	110,750	0.278
5	25001	30000	140,950	0.354
3	30001	35000	97,250	0.244
1	35001	40000	37,200	0.093
2	40001	45000	85,400	0.214
1	70001	75000	74,250	0.186
1	100001	105000	101,500	0.255
2	245001	250000	500,000	1.254
1	585001	590000	589,875	1.480
3	815001	820000	2,454,206	6.156
1	820001	825000	820,169	2.057
1	2035001	2040000	2,039,500	5.116
1	2345001	2350000	2,346,950	5.887
1	4625001	4630000	4,628,350	11.609
1	21520001	21525000	21,426,090	53.742
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4679			39,868,800	100.000
==========			==========	==========

CATEGORIES OF SHAREHOLDERS	*NUMBER*	*SHARES*	*PERCENTAGE*
INDIVIDUALS	4653	9,170,660	22.76
OTHERS	2	4,300	0.01
INVESTMENT COS.	4	6,981,850	17.51

INSURANCE COS.	3	26,500	0.07
JOINT STOCK COS.	5	21,472,490	54.10
FINANCIAL INST.	3	67,900	0.03
MODARABA COS.	2	11,600	0.03
FOREIGN COS.	7	2,133,500	5.35
	------------------	------------------	------------------
	4679	39,868,800	100.00

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