

DANDOT CEMENT COMPANY LIMITED

Annual Report 1997

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Khawaja Mohammad Jawed

(Chairman)

Khawaja Mohammad Nadeem

(Chief Executive)

Khawaja Mohammad Kaleem

Khawaja Mohammad Jahangir

Khawaja Mohammad Tanveer

Khawaja Mohammad Naveed

S.K. Jahangir

(Nominee National Investment Trust Ltd.)

BANKERS:

National Bank of Pakistan Limited

Muslim Commercial Bank Limited

United Bank Limited

Habib Bank Limited

AUDITORS:

Messrs. Rahim Iqbal Rafiq & Co.

Chartered Accountants

CORPORATE SECRETARY:

Muhammad Anwar Sheikh
M. COM., FCMA

REGISTERED OFFICE:

7-Happy Homes,
38-A, Main Gulberg, Lahore.

WORKS:

DANDOT R.S., Distt. Jhelum,

CORPORATE & SHARES

DEPARTMENT:

31 - F, Main Market Gulberg II, Lahore
Telephone: 5755774 Fax: 5755760

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17th Annual General Meeting of the shareholders of Dandot Cement Company Limited will be held on December 31, 1997 at 12:00 Noon at 7-Happy Homes, 38-A, Main Gulberg, Lahore, to transact the following business:-

1. To confirm the minutes of Annual General Meeting held on March 27, 1997.
2. To receive and adopt the audited accounts together with Directors' and Auditors' reports for the year ended June 30, 1997.
3. To appoint auditors and fix their remuneration.
4. To transact any other business with the permission of the Chair.

NOTES:

1) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

2) Members are requested to immediately notify the change of their address, if any.

3) Share Transfer Books of the Company shall remain closed from December 30, 1997 to January 6, 1998 (both days inclusive).

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors present before you the annual report alongwith the audited accounts for the year ended June 30, 1997.

During the year under review, the company suffered net loss after tax of Rs. 204.717 million after accounting for all the charges and taxes of Rs. 2.514 million.

The sales revenue for the year amounted to Rs. 989.883 million. Out of this Rs. 320.204 million was paid for excise duty, Rs. 142.484 million was paid towards sales tax and rebate on sale of Rs. 24.413 million was allowed and net sales comes to Rs. 502.781 million compared to Rs. 391.259 million during the last year. The cost of sales comes to RS. 646.292 million which leaves us a gross loss of RS. 143.511 million. Administrative expenses were Rs. 31.445 million, selling and distribution expenses Rs. 6.881 million, financial charges Rs. 52.276 million. After accounting for other income amounting to Rs. 31.910 million, the net loss before tax comes to Rs. 202.203 million.

There was increase in weighted average cost of sales by 3.37%, whereas, the net average retention price per tonne decreased by 2.29% compared with last year. The increase in cost is mainly attributable to increased cost of inputs i.e. furnace oil, diesel and POL, power tariff, and stores & spares. The figures of production and sales are as under:

	1996-97	1995-96
	TONNES	TONNES
Clinker production	247,730	176,564
Cement production	275,339	213,334
Despatches	279,990	212,892

The production of clinker and cement was higher than last year, but less than the capacity of the plant. The short fall in production was mainly due to lower demand, higher competition, non clearance of fire bricks by Karachi Port Trust, inspire of clear instructions of Honourable Lahore High Court, and break down of 1D Fan.

The year under review was a difficult year for cement industry. It witnessed heavy currency devaluation, exorbitant increase in furnace oil prices, general inflation in consumables and increase in sales tax from 15% to 18% and excise duty from 25% to 35%. The increased cost of inputs, heavy taxes and lowered retention price resulted in operating loss to the industry.

In the national budget 1997-98, sales tax has been withdrawn. But the apparent relief has almost been nullified due to increase in the rate of excise duty from 35% to 40% on retail price (which actually works out to 42% of ex-factory price) and withdrawal of facility of sales tax adjustment on packing material, explosives and other input items.

Considering the installed capacity of the existing plants and the new ones coming on lines and with no significant improvements in the economic activities, it seems difficult that continuous increase in input cost can be passed on to the final consumer in the foreseeable future. In order to survive it is necessary that the taxes imposed on the cement industry be rationalized keeping in view the industry's capacity' to carry this burden.

AUDITORS

Messrs. Rahim Iqbal Rafiq & Co. Chartered Accountants, retire and being eligible offer themselves for re-appointment ~s the auditors of the company for the year 1997-98.

PATTERN OF SHAREHOLDING

The shareholding pattern .of the company as on June 30, 1997 is included in the annual report.

ACKNOWLEDGMENT

The company places on record the support of its local and foreign shareholders, bankers, employees and valued Customers. The management also appreciate the dedication and hard work put in by all the employees of the company. It is hoped that they will continue their sincere efforts to bring the company out of the present crises.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of DANDOT CEMENT COMPANY LIMITED as at June 30, 1997 and the related profit and loss account and statement of changes in financial position together with notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

(a) in our opinion, proper books of 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;

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

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1997 and of the loss and the changes in financial position for the year then ended; and

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

BALANCE SHEET AS ON JUNE 30, 1997

	Notes	1997 Rupees	1996 Rupees
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
50,000,000 Ordinary Shares of Rs. 10/- each		500,000,000 =====	500,000,000 =====
Issued, Subscribed and Paid up Capital	3	262,500,000	262,500,000
Share deposit money	4	47,700,540	47,700,540
Unappropriated (Loss)/Profit		(151,505,617)	53,211,015
		-----	-----
		158,694,923	363,411,555
 LONG TERM LOANS	 5	 136,336,451	 170,420,561
 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES	 6	 69,749,142	 76,030,829

DEFERRED LIABILITIES	7	--	--
CURRENT LIABILITIES			
Bank Overdraft	8	2,734,473	--
Current Maturity of long term liabilities	9	223,378,618	194,544,873
Due to Directors		455,942	55,174,625
Advances & Deposits	10	7,123,618	13,154,859
Creditors, Accrued and Other liabilities	11	369,753,435	269,482,064
Gratuity payable to trustees		54,211,714	46,490,521
Unclaimed Dividend		782,699	782,699
Taxation		2,513,907	2,791,626
		-----	-----
		660,954,406	582,421,267
CONTINGENCIES AND COMMITMENTS	12	--	--
		-----	-----
		1,025,734,922	1,192,284,212
		=====	=====

The annexed notes form an integral part of these accounts.

PROPERTY AND ASSETS

FIXED CAPITAL EXPENDITURE

Operating Assets	13	515,543,714	575,639,593
Capital Work in progress	14	971,669	971,669
		-----	-----
		516,515,383	576,611,262

LONG TERM LOANS AND DEPOSITS	15	32,408,090	34,133,977
LONG TERM INVESTMENTS	16	20,000,000	104,906,640
DEFERRED COST	17	7,990,054	15,980,108

CURRENT ASSETS

Stores, spares and loose tools	18	89,350,752	97,386,878
Stock in trade	19	9,827,125	41,437,545
Trade debtors	20	19,834,702	18,344,250
Advances, deposits, prepayments &			

other receivables	21	303,979,733	274,971,838
Cash and bank balances	22	25,829,083	28,511,714
		-----	-----
		448,821,395	460,652,225
		-----	-----
		1,025,734,922	1,192,284,212
		=====	=====

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30,1997.**

	Notes	1997 Rupees	1996 Rupees
SALES (NET)	23	502,781,396	391,259,397
COST OF GOODS SOLD	24	(646,292,386)	475,376,563)
		-----	-----
GROSS (LOSS)		(143,510,990)	(84,117,166)
OPERATING EXPENSES			
Administration and general	25	31,444,744	36,285,757
Selling and distribution	26	6,880,860	7,578,303
Financial Expenses	27	52,276,200	74,149,484
Worker's profit participation fund		--	--
		-----	-----
		90,601,804	118,013,544
		-----	-----
OPERATING (LOSS)		(234,112,794)	(202,130,710)
OTHER INCOME	28	31,910,069	32,167,797
		-----	-----
(LOSS) BEFORE TAXATION		(202,202,725)	(169,962,913)
TAXATION			
Current		2,513,907	2,791,626
		-----	-----
NET (LOSS) AFTER TAXATION		(204,716,632)	(172,754,539)
UNAPPROPRIATED PROFIT B/FORWARD		53,211,015	225,965,554
		-----	-----

(LOSS)/PROFIT AVAILABLE FOR APPROPRIATION	(151,505,617)	53,211,015
APPROPRIATIONS:	--	--
	-----	-----
(LOSS)/PROFIT CARRIED OVER TO BALANCE SHEET	(151,505,617)	53,211,015
	=====	=====

The annexed notes form an integral part of these accounts.

STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 1997

	1997	1996
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(202,202,725)	(169,962,913)
Adjustments:		
Depreciation	62,126,959	70,042,198
Amortization of deferred cost	7,990,054	9,014,784
Provision for Gratuity	7,721,193	8,565,152
Profit on Disposal of Fixed Assets	(935,050)	--
Gain on Sale of Investment	(4,942,185)	--
	-----	-----
	71,960,971	87,622,134
	-----	-----
Operating (Loss) Before Working Capital Changes	(130,241,754)	(82,340,779)
Changes in working capital		
Decrease/(Increase) in current assets	8,841,695	(22,106,329)
Increase in current liabilities	45,372,020	103,958,434
	-----	-----
Effect on Cash Flows Due to Working Capital Changes	54,213,715	81,852,105
	-----	-----
Cash Flows From Operating Activities	(76,028,039)	(488,674)
Income tax paid	(2,791,626)	(18,717,488)
	-----	-----

Net Cash Flows From Operating Activities	(78,819,665	(19,206,162)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,410,129)	(2,222,743)
Security deposit and deferred cost	(150,000)	--
Cash from disposal of assets	2,314,099	--
Cash from sale of investment	89,848,825	--
Long term loans and advances	2,182,391	2,224,445
	-----	-----
Net Cash Flows From Investing Activities	90,785,186	1,702
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital	--	10,347,680
Repayment of long term loan	--	(17,042,054)
Repayment of lease liability	(14,648,152)	(17,714,478)
	-----	-----
Net Cash Flows From Financing Activities	(14,648,152)	(24,408,852)
	-----	-----
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,682,631)	(43,613,312)
Cash and cash equivalents at beginning of the year	28,511,714	72,125,026
	-----	-----
Cash and cash equivalents at end of the year	25,829,083	28,511,714
	=====	=====

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30,1997.

1. THE COMPANY AND ITS OPERATIONS

The Company is incorporated in Pakistan as a public limited company by Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing and marketing of cement.

2. SIGNIFICANT ACCOUNTING POLICIES.

2.1 Accounting convention

These accounts have been prepared on the basis of historical cost convention.

2.2 Employees retirement benefits

a) Gratuity

The company operates an approved and funded gratuity scheme covering all employees payable on cessation of employment subject to a minimum qualifying period of five years service with the company. Annual provisions are made in accounts to cover obligations under the scheme.

b) Provision for earned leave

Leave encashment is made to the staff/workers on actual basis exceeding prescribed limit as and when claimed.

2.3 Taxation

Current

Provision for taxation is based on the taxable income and the rates of taxes applicable after taking into account tax credits available, if any. However, current provision is made under section 80D of Income Tax Ordinance due to the losses incurred by the company.

Deferred

The company accounts for deferred taxation on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable certainty that these timing differences will not reverse in the foreseeable future.

2.4 Fixed assets

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

Depreciation is charged on reducing balance method at the rates specified in operating assets note, except leasehold land for quarries which is amortized over a period of 15 years.

No depreciation is provided on assets in the year of sale while full year's depreciation is charged in the year of purchase.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss, if any, on disposal of assets is included in current income.

2.5 Assets subject to finance lease

The company accounts for the assets acquired under finance lease by recording the assets and related liability. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liability. Assets are amortized over the period of their useful life

at the rate specified in the operating assets note.

2.6 Capital work in progress

Capital work-in-progress is stated at cost and represents expenditure incurred on fixed assets in the course of construction and installation. Transfers have been made to relevant fixed assets category as and when assets become operative.

2.7 Long term investments.

These are stated at cost.

2.8 Stores, spares and loose tools

These are valued at lower of net realizable value or moving' average cost. Fire bricks, grinding media and lining plates installed in kiln and mill are charged to cost for the year on the basis of actual useful life spent.

2.9 Stock in trade

These are valued at lower of cost and net realizable value applying the following methods:

Raw material	at weighted average cost.
Work in process and	at average cost covering
Finished Goods	direct material, labour and manufacturing overhead

2.10 Deferred Cost

Deferred costs are amortized over a maximum period of 5 years.

2.11 Allocation of expenses

All expenses and income are recognized on accrual basis except bonus and leave pay encashment to employees which are accounted for in the accounts in the year of actual payment.

2.12 Revenue recognition

Sales are recorded on dispatch of goods.

	1997	1996
	Rupees	Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP		
17,500,000 (1996:17,500,000) ordinary shares of Rs. 10 each fully paid in cash	175,000,000	175,000,000
8,750,000 (1996: 8,750,000)ordinary shares		

of Rs. 10/- each issued as fully paid bonus shares	87,500,000	87,500,000
	-----	-----
	262,500,000	262,500,000
	=====	=====

4. SHARE DEPOSIT MONEY

Opening balance	47,700,540	37,352,860
Received during the year	--	10,347,680
	-----	-----
	47,700,540	47,700,540
	=====	=====

This represents money received against 25% right shares announced during the year ended June 30, 1995 at Rs. 30/- per share including Rs. 20/- as share premium. The company has applied in Honorable Lahore High Court for the appropriate decision whether to issue shares certificates or refund the money received to the share holders. Orders of the honourable court are awaited in this regard.

5. LONG TERM LOANS (SECURED)

Foreign Currency			
Economic Affairs Division (Govt. of Pakistan)	5.10	221,546,726	221,546,726
Local Currency	5.20		
Modarabas		38,515,084	38,515,084
Investment Bank		15,486,484	15,486,484
		-----	-----
		54,001,568	54,001,568
		-----	-----
		275,548,294	275,548,294
Less: Current maturity			
Over due			
Foreign currency		51,126,165	17,042,055
Local currency		54,001,568	40,304,062
		-----	-----
		105,127,733	57,346,117
Payable in next year			
Foreign currency		34,084,110	34,084,110
Local currency		--	13,697,506
		-----	-----
		34,084,110	47,781,616
		-----	-----

139,211,843	10,512,773
-----	-----
136,336,451	170,420,561
=====	=====

5.1 Loan sanctioned	Japanese Yen	5,199,457,960	5,199,457,960
Loan utilized	Japanese Yen	5,163,825,530	5,163,825,530
Balance payable in foreign currency	Japanese Yen	1,814,306,049	1,814,306,049

This loan was originally advanced to State Cement Corporation of Pakistan (Pvt.) Ltd. As per clause 14 of Sale Agreement dated 23.05.1992 by SCCP, the loan now stands in favour of Economic Affairs Division, Government of Pakistan. The Company has provided guarantees in favor of Economic Affairs Division. The guarantees are backed up by mortgage of movable and immovable properties and all other rights, assets, recoverables and dues of the company created in favor of Habib Bank Limited, LDA Plaza, Lahore.

The loan was originally in J.Yen carrying interest @ 8.5% per annum and payable in 37 bi-annual installments on March 20 and September 20 each year commencing from March 10, 1984. However, the loan was translated into Pak Rupees on 21st April 1987 at exchange rate of one J.Yen=0.122111 Pak Rupees on the following terms and conditions.

The loan carries interest @ 11% and exchange risk fee @ 3% per annum and is payable in 30 equal half yearly installments commencing from 10-09-1987 to Economic Affairs Division, Govt. of Pakistan

These represent facilities obtained from Modarabas and Investment Bank against Directors' personal guarantees and pledge of directors' shares in associated companies and hypothecation of stock-in-trade. The facility bears mark-up equivalent @ 18% per annum and is repayable in equal monthly installments over a period of 4 years.

1997	1996
Rupees	Rupees

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Opening balance	165,447,969	183,162,448
Adjustment during the year	3,116,100	--

	-----	-----
	168,564,069	183,162,448
Paid during the year	14,648,152	17,714,479
	-----	-----
	153,915,917	165,447,969
Less: Current Maturity		
Overdue	48,615,542	35,207,881
Due within one year	35,551,233	54,209,259
	-----	-----
	84,166,775	89,417,140
	-----	-----
	69,749,142	76,030,829
	=====	=====

The total lease rental due under the lease agreement aggregate to Rs.354.528 million (1996:Rs.313.43 ! million).

Overdue rental payments are subject to an additional charge of Rs. 100 to Rs1000 per day. Which has neither been calculated nor provided in these accounts. Moreover periodical statements from the leasing companies were not available to verify principal and mark-up.

Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreements, the lessee is to pay entire rent for un-expired period.

The amount of future payments and the period during which they become due are:

Years	RUPEES
1997-98	53,607,688
1998-99	37,986,400
1999-00	25,616,480
2000-01	8,241,480
2001-02	1,608,200
	127,060,248

Financing rate of approximately 13.5% to 19.5% per annum has been used as a discounting factor.

7. DEFERRED LIABILITIES

Deferred Taxation

Deferred tax liabilities arising due to timing differences amounting to Rs.64.940 Million (1996: Rs. 74.56 Million) has not been provided in these accounts by the company. The management is of the view that these timing differences will not crystallize in foreseeable future due to reduction in future tax slabs and ongoing capital expenditures/expansion program envisaged by the company.

8. BANK OVERDRAFT

This represents cheques issued on or before the balance sheet date, which were presented for payment in the subsequent period.

	1997 Rupees	1996 Rupees
9. CURRENT MATURITY		
Long Term Loans	139,211,843	105,127,733
Liabilities against assets subject to finance leases	84,166,775	89,417,140
	-----	-----
	223,378,618	194,544,873
	=====	=====

	1997 Rupees	1996 Rupees
10. ADVANCES AND DEPOSITS		
Unsecured-interest free		
Advances from custome 10.10	23,325	23,325
Securities & retentio 10.20	7,100,293	13,131,534
	-----	-----
	7,123,618	13,154,859
	=====	=====

10.1 These represent interest free security deposit received from the suppliers and contractors and is payable after the satisfactory execution of the agreement.

10.2 These represent interest free security deposits received from agency holders and is repayable on cancellation or withdrawal of agency and are adjustable with unpaid amount of sales.

11. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors		40,092,347	24,005,541
Accrued expenses		154,955,438	127,174,493
Interest on long term loans		89,884,313	58,639,443
Excise duty		34,489	40,760
Royalty		1,867,687	999,145
Sales tax on cement		17,773,317	10,714,922
Workers' profit participation fund	11.10	20,763,520	18,705,874
Provident Fund	11.20	23,333,625	11,368,951
Workers' Welfare Fund	11.30	885,429	771,796
Advances from customers		16,148,909	12,208,382
Others		4,014,361	4,852,757
		-----	-----
		369,753,435	269,482,064
		=====	=====

11.1 WORKERS' PROFIT PARTICIPATION FUND

Opening balance		18,705,874	16,852,139
Add: Interest thereon		2,057,646	1,853,735
		-----	-----
		20,763,520	18,705,874
Less: payment made during the year		--	--
		-----	-----
		20,763,520	18,705,874
Add: contribution for the year		--	--
		-----	-----
		20,763,520	18,705,874
		=====	=====

1996
Rupees

1997
Rupees

11.2 PROVIDENT FUND

Opening balance		11,368,951	--
Add: Contribution for the year		11,964,674	12,236,402
		-----	-----
		23,333,625	12,236,402
Less: Payments made during the year		--	(867,451)

	-----	-----
	23,333,625	11,368,951
	=====	=====
11.3 WORKERS' WELFARE FUND		
Opening balance	771,796	663,223
Add: Deduction during the year	117,433	108,573
	-----	-----
	889,229	771,796
Less: Payments made during the year	(3,800)	--
	-----	-----
	885,429	771,796
	=====	=====

12. CONTINGENCIES AND COMMITMENTS

Contingencies

a) There is a contingent liability of pertaining to a counter claim Rs. 4,037,413 for escalation in rates by a counter claim in response to company's claim Rs. 1,170,618 for liquidated damages. The case is pending in the Lahore High Court. According to the management the case will be decided in favour of the company.

b) Bank guarantee issued by Emirates Bank International in favor of Sui Northern Gas Pipelines Limited

4,047,000 4,047,000

c) Bank guarantee issued by Habib Bank Limited in favor of Economic Affairs Division, Government of Pakistan regarding loan transferred from State Cement Corporation of Pakistan (Note 6.1).

364,700,000 364,700,000

Commitments

Letters of credit issued by the commercial banks

42,242,731 48,645,069

13. SCHEDULE OF FIXED ASSETS

COST				DEPRECIATION				
AS ON	ADDITIONS	(DELETIONS)	AS	RATE	AS	FOR THE	ADJUSTMENT	AS ON
JULY 01			JUNE 30,	(%)	JULY 01,	YEAR		JUNE 30,
1996			1997		1,996			1997

Free hold land	9,618,448	--	--	9,618,448	--	--	--	--	--
Quarry on lease hold land	9,497,369	--	--	9,497,369	15	8,229,710	633,158	--	8,862,868
Building on free hold land									
Factory	142,341,175	--	--	142,341,175	10	98,132,698	4,420,848	--	102,553,546
Office	22,108,561	--	--	22,108,561	5	9,270,254	641,915	--	9,912,169
Residential	37,193,406	--	--	37,193,406	10	25,310,630	1,188,278	--	26,498,908
Machinery	846,539,053	3,220,000	--	846,861,053	10	563,021,665	28,383,939	--	591,405,604
Office Equipment	3,197,626	349,100	--	3,546,726	10	1,941,833	160,489	--	2,102,322
Furniture & Fixture	6,024,579	353,846		6,378,425	10	3,375,872	300,225	--	3,676,127
Heavy Vehicles	62,682,399	--	(7,831,177)	54,851,222	20	53,592,166	1,687,259	(7,177,241)	48,102,184
Light Vehicles	9,876,164	2,384,518	(1,661,161)	10,599,521	20	6,733,601	1,179,594	(936,048)	6,977,147
Roads	3,849,732	--	--	3,849,732	10	2,820,068	102,966	--	2,923,034
Railway Sidings	1,726,574	--	--	1,726,574	5	842,232	44,217	--	886,449
Electric, Gas Water Installation	42,655,158	--	--	42,655,158	10	26,645,317	1,600,984	--	28,246,301
Weighing Scale	80,293	665	--	80,958	10	48,900	3,197	--	52,187
Library Books	72,403	--	--	72,403	10	42,698	2,971	--	45,669
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	1,197,462,940	3,410,129	(9,492,338)	1,191,380,731		800,007,734	40,350,070	(8,113,289)	832,244,515
	-----	-----	-----	-----	-----	-----	-----	-----	-----
FINANCE LEASE									
Plant and Machinery	171,110,963	--	171,110,963		10	32,511,083	13,859,988		46,371,071
Quarry Equipment	61,850,793	--	61,850,793		20	22,266,286	7,916,901		30,183,187
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	232,961,756	--	232,961,756	54,777,369		21,266,286	--	76,554,258	156,407,498
	-----	-----	-----	-----	-----	-----	-----	-----	-----
RUPEES 1997	1,430,424,696	3,410,129	(9,492,338)	1,424,342,487		854,785,103	62,126,959	(8,11,289)	908,798,773
	=====	=====	=====	=====	=====	=====	=====	=====	=====
RUPEES 1996	1,421,750,601	8,974,095		1,430,424,696		784,742,905	70,042,198		854,785,103
	=====	=====	=====	=====	=====	=====	=====	=====	=====

Depreciation for the year has been allocated as under:

	1997	1996
	RUPEES	RUPEES
Cost of goods sold	59,564,309	67,334,442

Administration	2,323,318	2,460,038
Selling and distribution	239,332	247,718
	-----	-----
	62,126,959	70,042,198
	=====	=====

13.1 DISPOSAL OF FIXED ASSETS

S.NO.	Particulars	Cost	Accumulated Depreciation	Book Value	Sale Price	Profit/ (Loss)	Mode of Payment	Sold to
LIGHT VEHICLES								
1	Nissan Pick-up	3527	130,225	119,038	112,189	101,002	Through Tender	Zualfiqar Al
2	Suzuki Van	7781	92,287	82,378	9,909	71,551	-do-	Saleem Akhta
3	Mazada T-3000	2029	228,592	208,956	19,636	78,787	-do-	Riaz-ud-Din
4	Suzuki Van	2982	185,000	109,224	75,776	50,000 (25,776)	Through Negotiation	
5	Suzuki Van	9241	370,557	180,831	189,726	250,000	-do-	
6	Car	LOV-9709	654,500	235,620	418,880	549,000	-do-	
		-----	-----	-----	-----	-----		
	Total	1,661,161	936,047	725,114	1,111,527	386,413		
HEAVY VEHICLES								
1	Dozer Shovel	2,265,868	2,198,773	67,094	501,786	434,692	Through Tender	Hussnain Con
2	Buldozer	5,565,311	4,978,468	586,842	700,786	113,944	-do-	-do-
		-----	-----	-----	-----	-----		
		7,831,179	7,177,241	653,936	1,202,572	548,636		
		=====	=====	=====	=====	=====		
	Grand Total	9,492,340	8,113,288	1,379,050	2,314,099	935,050		
		=====	=====	=====	=====	=====		

1997
Rupees

1996
Rupees

14. CAPITAL WORK IN PROGRESS

Civil work		
Factory building	283,018	283,018

Housing Colony	688,651	688,651
	-----	-----
	971,669	971,669

15. LONG TERM LOANS AND DEPOSITS

Considered good

Advances

Executives

Motor Car/Motor Cycle

House Building

Special loans to officers

	38,102	86,913
	1,310,844	1,536,756
	1,866,000	2,042,000
	-----	-----
	3,214,946	3,665,669

Other employees

Motor Cycle

House Building

Special loans to workers

	644,950	1,083,081
	5,061,321	6,138,544
	1,788,636	2,004,950
	-----	-----
	7,494,907	9,226,575
	10,709,853	12,892,244

Less: Current portion recoverable within one year

	2,015,988	2,322,492
	-----	-----
	8,693,865	10,569,752

Security deposits:

Utility companies

Leasing companies

Others

	268,040	268,040
	22,196,185	22,196,185
	1,250,000	1,100,000
	23,714,225	23,564,225
	-----	-----
	32,408,090	34,133,977
	=====	=====

Terms of repayment

Equal Monthly Equal Monthly
Installments Installments

Amount outstanding for period exceeding three
years Maximum outstanding balance at the end

of any month was Rs. 12,389,843 (1996: Rs. 13,508,333)

	6,047,964	6,967,476
--	-----------	-----------

		1997 Rupees	1996 Rupees
16. LONG TERM INVESTMENTS-at cost			
In associated undertaking			
Quoted			
Muslim Commercial Bank Limited			
1,516,190 Ordinary Shares of Rs. 10/- each (Market value 1996: Rs.56,099,030)			84,906,640
Unquoted			
Kohinoor Fibres Limited			
2,000,000 Ordinary shares of Rs. 10/- each	16.10	20,000,000	20,000,000
		-----	-----
		20,000,000	104,906,640
		=====	=====

16.1 Equity held in the investee company is 34.48%. Mr. Khawaja Mohammad Jawed is the Chief Executive of the investee company. Break up value of investment based on the balance sheet for the year ended June 30, 1997 was Nil (1996: Nil)

17. DEFERRED COST

'Corporate Strategy		1,628,501	1,628,501
Cost o f steel belt conveyor		3,495,145	3,495,145
Golden handshake	17.10	39,950,272	39,950,272
		-----	-----
		45,073,918	45,073,918
Less: Amortized to date			
- Opening balance		29,093,810	20,079,026
- For the year		7,990,054	9,014,784
		-----	-----
		37,083,864	29,093,810
		-----	-----
Closing balance		7,990,054	15,980,108
		=====	=====

17.1 This represents dues paid to the employees under golden handshake scheme who opted for voluntary retirement after privatization of the company.

18. STORES, SPARES AND LOOSE TOOLS

General stores		22,316,477	29,503,008
Spare parts		58,332,139	59,317,511
Fire bricks		6,212,910	5,832,285
Grinding media		282,147	444,901
Loose tools		2,207,079	2,289,173
		-----	-----
		89,350,752	97,386,878
		=====	=====
19. STOCK IN TRADE			
Raw material		1,969,097	3,014,081
Work in process		3,244,835	25,459,007
Finished goods		4,613,193	12,964,457
		9,827,125	41,437,545
20. TRADE DEBTORS - Considered good			
Secured		69,584	60,155
Un-secured		19,765,118	18,284,095
		-----	-----
		19,834,702	18,344,250
		=====	=====
21. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES - Considered Good			
Loan to employees		4,926,422	7,341,314
Advance for purchases		4,583,772	3,981,855
Advance to contractors/suppliers		82,192,055	78,654,027
Due from associated undertaking	21.10	72,154,688	84,678,684
Letters of credit		20,687,134	18,147,548
Income tax deducted at source		5,643,045	7,375,510
Advance income tax		33,345,413	18,995,457
Sales tax on paper bags		976,386	515,434
Other receivables		77,786,570	54,114,944
Prepayments		1,684,248	1,167,065
		-----	-----
		303,979,733	274,971,838
		=====	=====

21.1 The aggregate maximum amount due from associated undertakings at the end of any month during the year was Rs. 84.679 million (1996 :Rs.116.683 million). Interest rate applicable is 19%

(1996: 19%).

22. CASH AND BANK BALANCES

Cash in hand	5,199	38,818
Cash with banks on:		
Current accounts	3,823,884	6,472,896
Term deposit account	22,000,000	22,000,000
	-----	-----
	25,829,083	28,511,714
	=====	=====

23. SALES (NET)

'Sales	989,883,120	65,073,465.10
Less: Excise duty	320,204,484	157,555,195
Sales tax	142,483,930	92,388,237
Rebate on sale	24,413,310	9,531,822
	-----	-----
	487,101,724	259,475,254
	502,781,396	391,259,397
	=====	=====

24. COST OF GOODS SOLD

Raw material consumed	24.1	57,839,414	56,779,666
Salaries, wages and benefits		92,334,462	99,499,884
Fuel, gas and electricity		265,147,938	140,220,754
Stores and spares		35,560,762	25,783,951
Rent, rates and taxes		385,392	45,422
Insurance		629,502	397,028
Vehicle running and maintenance		3,206,390	2,163,390
Packing material		89,999,163	60,287,715
Depreciation		58,931,151	66,701,286
Others		11,692,776	6,971,706
		-----	-----
		615,726,950	458,850,802
Work in process			
Opening		25,459,007	46,346,427
Closing		(3,244,835)	(25,459,007)
		-----	-----
		22,214,172	20,887,420

Cost of goods manufactured	637,941,122	479,738,222
Finished goods		
Opening	12,964,457	8,602,798
Closing	(4,613,193)	(12,964,457)
	8,351,264	(4,361,659)
	646,292,386	475,376,563
	=====	=====
24.1 RAW MATERIAL CONSUMED		
Opening balance	3,014,081	1,451,092
Salaries, wages and benefits	29,054,930	35,141,975
Gypsum	1,595,430	748,736
Explosive	1,714,803	1,459,084
Diesel	3,081,500	1,892,441
Electricity	3,476,642	2,067,639
Royalty and excise duty	2,104,193	1,481,741
Stores and spares	8,834,253	10,204,198
Rent, rates and taxes	402,124	--
Export tax on raw material	5,779,995	4,210,380
Breaking of Gypsum	117,402	63,843
Amortization and depletion	633,158	1,332,185
	59,808,511	60,053,314
Closing balance	(1,969,097)	(3,014,081)
	57,839,414	57,039,233
	=====	=====
Less: cost of limestone sold to National Cement Industries-Dandot	--	(259,567)
	57,839,414	56,779,666
	=====	=====
25. ADMINISTRATION AND GENERAL EXPENSES		
Director's remuneration	3,425,000	4,320,000

Salaries, wages and benefits		12,855,809	14,246,880
Traveling and daily allowances		329,245	334,152
Repairs and maintenance		523,164	286,677
Vehicle Running and maintenance		850,278	299,075
Legal and professional		529,805	3,753,898
Auditor's remuneration	25.1	150,000	150,000
Postage, telephone and telegrams		850,678	394,756
Printing and stationery		97,495	202,852
Advertisement		117,035	18,486
Entertainment		50,871	80,449
Staff training		855	--
Donations		--	598,125
Rent, rates and taxes		130,354	72,012
Depreciation		2,323,318	2,460,038
Service charges		281,507	129,540
Amortization		7,990,054	8,315,755
Others		939,276	623,062
		-----	-----
		31,444,744	36,285,757
		=====	=====

	1997	1996
25.1 Auditor's remuneration	Rupees	Rupees
Audit Fee	60,000	60,000
Other Advisory services	70,000	70,000
Out of pocket expenses	20,000	20,000
	-----	-----
	150,000	150,000
	=====	=====

26. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and benefits	5,882,255	6,137,100
Traveling and daily allowances	6,704	3,230
Vehicle running and maintenance	95,403	37,850
Postage, telephone and telegrams	20,151	24,989
Printing and Stationery	53,192	10,588
Advertisement	423,265	705,875

Entertainment	60,668	23,839
Repairs and maintenance	550	11,897
Rent, rates and taxes	3,436	13,148
Depreciation	239,332	247,718
Others	95,904	362,069

-----	-----
6,880,860	7,578,303
=====	=====

27. FINANCIAL EXPENSES

Interest on foreign currency loan	26,104,228	35,669,974
Interest on local currency loan	23,189,576	33,796,598
Interest on short term loan	102,196	1,256,078
Bank charges	822,554	1,573,099
Interest on W. EE Fund	2,057,646	1,853,735

-----	-----
52,276,200	74,149,484
=====	=====

28. OTHER INCOME

Sale of scrap	1,936,794	246,666
Interest income	23,744,312	31,800,681
(Loss) on sale of limestone to NCI	--	(115,242)
Miscellaneous	351,728	235,692
Profit on sale of fixed assets	935,050	--
Profit on sale of investments	4,942,185	--

-----	-----
31,910,069	32,167,797
=====	=====

29. The following emoluments have been paid to the Chief Executive, Director and Executives:

	1997		1996	
	Chief Executive	Director/Executive	Chief Executive	Director/Executive
Managerial Remuneration	2,825,000	1,541,062	2,250,000	1,756,500
House Allowance	540,000	337,715	540,000	462,840
Liabilities	60,000	702,859	60,000	593,800

Provident Fund contribution	--	98,741	--	84,680
Leave fare assistance	--	64,000	--	44,000
Others	--	249,010	--	185,528
		-----		-----
		3,425,000		2,993,387
		-----		-----
		2,850,000		3,127,348
		=====		=====
No. of Persons		2		8
				2
				8

The above Executives are entitled to free use of company's vehicle with entitlement for petrol limit to 200 liters per month. The court has also appointed a Co-Chief Executive, the remuneration of whom is also included in this note.

30. PLANT CAPACITY AND ACTUAL PRODUCTION

		1997	1996
Ordinary Portland Cement		M.Tons	M.Tons
Plant Capacity		300,000	300,000
Actual production		275,339	213,334

31. Transactions with associated undertakings are summarized below:

Sales of goods		16,205,350	28,435,596
Interest charged		23,744,312	26,815,021
		-----	-----
		39,949,662	55,250,617
		=====	=====

32. GENERAL

32.1 Figures in these accounts have been rounded off to the nearest rupee.

32.2 Figures of the previous year have been re-arranged wherever necessary for the purpose of comparison.

PATTERN OF SHARES HELD BY THE SHAREHOLDERS

AS AT JUNE 30, 1997

(FORM 34)

Sr.	No. of	Shareholding	No. of
No.	Share	From	To Shares Held

 Holders				
1	35	1	100	2,585
2	92	101	500	26,390
3	110	501	1000	86,500
4	108	1001	5000	252,110
5	21	5001	10000	156,465
6	10	10001	20000	159,050
7	3	20001	25000	70,400
8	0	25001	30000	0
9	3	30001	40000	98,775
10	1	40001	50000	48,025
11	2	50001	60000	110,350
12	2	60001	70000	130,550
13	2	70001	80000	151,400
14	0	80001	90000	0
15	1	90001	100000	96,700
16	22	100001	9999999	24,860,700

Total	412			26,250,000
=====				

Categories of Share Holders	No. of Share Holders	Shares Held	Percentage of Capital
INDIVIDUALS	359	12,282,600	46.791
INVESTMENT COMPANIES	2	3,379,275	12.873
INSURANCE COMPANIES	3	234,550	0.894
JOINT STOCK COMPANIES	3	4,200	0.016
FINANCIAL INSTITUTIONS	6	456,475	1.739
FOREIGN COMPANIES	35	6,412,850	24.430
CORPORATIONS	2	2,625,500	10.002
MODARABA COMPANIES	0	0	0.000
OTHERS	2	854,550	3.255

GRAND TOTAL	412	26,250,000	100.00