

Essa Cement Industries Limited

Annual Report 1998-99

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ABDUL AZIZ ESSA
MRS. HUMERA ESSA
MRS. JAMILA YOUNUS DADA
MRS. ZAITOON HAMZA DADA
MR. JAWED AZIZ ESSA
MR. IRFAN AZIZ ESSA
MR. ZAFARUDDIN SIDDIQUI

CHAIRMAN & CHIEF EXECUTIVE

COMPANY SECRETARY

MR. JAWED AZIZ ESSA

AUDITORS

F.R. MERCHANT & CO.
CHARTERED ACCOUNTANTS

BANKERS

HABIB BANK LIMITED
NATIONAL BANK OF PAKISTAN
MUSLIM COMMERCIAL BANK LIMITED
ANZ GRINDLAYS BANK
ALLIED BANK OF PAKISTAN LIMITED
BOLAN BANK LIMITED
SONERI BANK LIMITED
BANK AL HABIB LIMITED
FAYSAL BANK LIMITED
THE BANK OF PUNJAB

REGISTERED OFFICE

FL-2/1, BLOCK-6,
GULSHAN-E-IQBAL,
KARACHI- 75300

FACTORY

DEH KALO KOHAR
NOORIABAD INDUSTRIAL AREA,
DISTRICT DADU, (SINDH)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that Annual General Meeting of the Company will be held on Wednesday, December 29, 1999 at 02:00 P.M. at the Registered Office of the Company at FL-2/1, Block-6, Gulshan-e-Iqbal, Karachi, to transact the following business:

ORDINARY BUSINESS

- 1) To confirm the minutes of the last Annual General Meeting.
- 2) To receive and consider the Report of the Directors, the Audited Accounts and Statement alongwith the Balance Sheet for the year ended June 30, 1999 with the Auditors' Report thereon.
- 3) To appoint Auditors for the year 1999-2000 and to fix their remuneration.
- 4) To transact any other business with the permission of the Chairman.

SPECIAL BUSINESS:

- 1) To consider and if thought fit to resolve "that a sum of Rs. 34,629,730 be capitalised out of the profit of the Company and that such sum be applied in making full at par for 3,462,973 ordinary shares of Rs, 10 each in the capital of the Company. Such shares to be distributed as fully paid shares among the members as at the closing of the books on December 20, 1999 @ 10% (1 share for every 10 shares held) and that any fraction of shares arising thereof shall be disregarded and that the whole shares representing such fraction shall be disposed of in such manner as the Directors of the Company think fit and proceeds shall be distributed in due proportion among the members entitled thereto in accordance with their respective rights and such shares shall rank for all purposes part passu with the ordinary shares already issued by the Company".

By Order of the Board

JAWED AZIZ ESSA
Director & Secretary

KARACHI: November 29, 1999

NOTES:

1) The Share Transfer Books of the Company will remain closed from December 21, 1999 to December 29, 1999 (both days inclusive). Transfers received in order at the Registered Office of the Company upto the close of business on December 20, 1999 will be considered in time for the purpose of Bonus Shares to the transferees.

2) A member entitled to attend and vote at the Annual General Meeting may appoint another member as the proxy to attend and vote on his/her behalf. Proxies must be duly filled, signed and deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

3) Shareholders are requested to promptly notify the Company of any change in their addresses, if any.

STATEMENT UNDER SECTION 160(I) (b) OF THE COMPANIES ORDINANCE, 1984

The Reserves of the Company as on June 30, 1999 represent accretion on its existing share capital, it had been thought expedient to capitalise a part of the said reserves by way of issue of Bonus Shares to the members. The Company had no direct interest in the event the capital is increased as proposed. Upon issuance of the Bonus Shares, the paid-up capital of the Company shall stand increased to Rs. 380,927,050.

DIRECTORS' REPORT TO THE MEMBERS

Your directors have pleasure in presenting their report alongwith audited accounts and auditors' report thereon for the year ended June 30, 1999.

EXPANSION OF PLANT:

First of all we would pay our humble gratitude to Almighty Allah as only His blessings made it possible for us to start the operations of the expansion plant during the year under review. We would also like to congratulate the highly dedicated and competent team of Directors, Managers, Engineers and erection team who enthusiastically committed themselves for months to setup expansion plant.

Your directors are confident that with the expanded capacity the company will be able to substantially improve its performance and operating results in the years ahead,

PRODUCTION:

During the year under report the Company witnessed favorable improvement in production as compared to last year. The comparative figures both for clinker and cement production are given as under:

	<i>1998-99</i>	<i>1997-98</i>
	<i>M.Tons</i>	<i>M.Tons</i>
Clinker	161,451	7

Ordinary Portland Cement.	139,422
Slag Cement	32,440
Sulphate Resistance Cement	6,670

SALES & MARKETING:

As discussed in our last report that the cement industry as a whole is facing two major problems i.e. growing gap between supply and demand and secondly low economic activities. Impact of both kept producers under pressure, In spite of all these problems and after expansion we are now in a better position to face and compete with others. The cement sales by the Company aggregated to 174,785 m.tons as compared to 87,069 m.tons last year.

Gross Sales Revenue amounted to Rs. 641,983 million, out of which Rs. 264.079 million were paid to the government as Excise Duty. Net sales revenue amounted to Rs.377.904 million,

FINANCIAL RESULTS:

In spite of lower capacity utilization and wide fluctuation in selling prices, the company managed to earn an operating profit of Rs. 68.452 million as against 6.301 million last year. Following are the financial results:

PROFIT AFTER TAX	48,919,543
APPROPRIATION	
PROPOSED ISSUE OF BONUS SHARES IN THE RATIO OF 1:10	34,629,730

	14,289,813
UNAPPROPRIATED PROFIT / (LOSS) B/F	(6,349,616)

UNAPPROPRIATED PROFIT C/F	7,940,197

After expansion and with a stability in selling prices, it is hoped that the year 1999-2000 will close with better results.

BONUS SHARES:

The Directors now are pleased to recommend to issue Bonus Shares @ 10% (1 share for every 10 shares held).

YEAR 2000 COMPLIANCE:

Management is aware of the Year 2000 problem and has taken appropriate steps, including upgrading the computer systems.

PATTERN OF SHAREHOLDING:

The Shareholding Pattern of the company as on June 30, 1999 is included in the Annual Report.

STAFF & LABOUR:

The relations between the management and workers remained cordial throughout the year. The Directors wish to place on record their appreciation for the efforts and good work done by the Staff and the Workers and expect that they will show greater zeal in further improving the performance of the Company.

AUDITORS:

The present Auditors M/s. F.R. Merchant & Co., Chartered Accountants, retire and being eligible offer them-selves for reappointment as Auditors of the Company for the year 1999-2000.

For and on behalf of the Board

ABDUL AZIZ ESSA
Chairman/Chief Executive

KARACHI: November 29, 1999

FINANCIAL HIGHLIGHTS

(Figures in Thousand)

	1999	1998	1997	1996
NET SALES	377,904	172,571	270,954	30
RESULT				
PROFIT BEFORE TAX	50,920	(10,143)	11,918	4
PROFIT AFTER TAX	48,920	(11,043)	16,267	2
NET RETURN OF TURNOVER %	12.94	(6.40)	600	
CURRENT ASSETS	281,339	229,423	188,831	18
CURRENT LIABILITIES	281,336	254,363	171,174	12
CURRENT RATIO ASSETS: LIABILITIES	1.00:1	0.90:1	1.10:1	
DISTRIBUTABLE RESERVES	222,570	173,650	216,175	22
SHAREHOLDERS EQUITY	568,867	519,948	530,991	51
NUMBER OF SHARES	34,630	34,630	31,482	2

EARNING PER SHARE
OF RS. 10 EACH

1.41 (0.32)

52

BREAK-UP VALUE
PER SHARE

RS.

16.43 15.01

16.87

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 1999**

<i>SHAREHOLDINGS</i>			<i>SHARE HOLDERS</i>		<i>TOTAL SHARES HELD</i>
FROM	1	TO	100	216	8,311
FROM	101	TO	500	424	93,237
FROM	501	TO	1000	153	122,614
FROM	1001	TO	5000	514	1,168,188
FROM	5001	TO	10000	358	2,940,920
FROM	10001	TO	15000	85	1,021,545
FROM	15001	TO	20000	233	4,298,280
FROM	20001	TO	25000	272	6,128,211
FROM	25001	TO	30000	35	948,507
FROM	30001	TO	35000	17	524,062
FROM	35001	TO	40000	2	78,815
FROM	40001	TO	45000	1	41,745
FROM	45001	TO	50000	2	95,648
FROM	50001	TO	55000	1	53,000
FROM	55001	TO	60000	2	114,620
FROM	70001	TO	75000	1	70,409
FROM	120001	TO	130000	1	120,002
FROM	140001	TO	150000	1	140,861
FROM	150001	TO	160000	2	310,411
FROM	160001	TO	170000	1	164,666
FROM	190001	TO	200000	1	193,778
FROM	275001	TO	300000	1	295,898
FROM	450001	TO	500000	1	480,455
FROM	800001	TO	900000	4	3,409,341
FROM	1000001	TO	1025000	4	4,040,916
FROM	1500001	TO	2000000	1	1,530,650
FROM	2500001	TO	3000000	1	2,652,921
FROM	3500001	TO	4000000	1	3,581,721
			-----		-----
			2365		34,629,723
			=====		=====

CATEGORIES OF SHAREHOLDERS

INDIVIDUALS

NUMBER SHARES HELD

2317 32,680,001

PERCENTAGE

94.37

INVESTMENT COMPANIES	27	655,168	189
INSURANCE COMPANIES	4	441,059	1.27
JOINT STOCK COMPANIES	8	5,599	0.02
FINANCIAL INSTITUTIONS	9	847,905	2.45
CORPORATE LAW AUTHORITY	--	--	--
ADMINISTRATOR ABANDONED	--	--	--
PROPERTY	--	--	--
CHARITABLE	--	--	--
OTHERS	--	--	--
	-----	-----	-----
	2365	34,629,732	100
	=====	=====	=====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ESSA CEMENT INDUSTRIES LIMITED as at June 30, 1999 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a) in our opinion, proper books of 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, 1999 and of the profit and the changes in the financial position for the year then ended; and

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

KARACHI: November 29, 1999

F.R. MERCHANT & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	<i>NOTE</i>	<i>1999</i>	<i>1998</i>
SHARE CAPITAL AND RESERVES			
Authorised 50,000,000 ordinary shares of Rs, 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	3	346,297,320	3,462,973
Reserves	4	222,569,927	173,651
		-----	-----
		568,867,247	519,944
LONG TERM LOANS	5	670,626,419	634,371
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	6	21,615,696	26,851
CURRENT LIABILITIES			
Current maturity of long term loans	5	152,049,049	93,841
Current maturity of liabilities against assets subject to finance lease	6	18,245,171	16,341
Creditors, accrued and other liabilities	7	222,432,437	143,731
Running finances under mark-up arrangements	8	56,122,584	109,841
Provision for taxation		2,617,333	611
Unclaimed dividend		163,891	163,891
		-----	-----
		451,630,465	364,551
CONTINGENCIES AND COMMITMENTS	9	-----	-----
Rupees		1,712,739,827	1,545,731
		=====	=====
FIXED ASSETS - Tangible			
Operating Assets	10	1,139,993,459	301,491
Capital work-in-progress	11	287,266,655	1,010,631
		-----	-----
		1,427,260,114	1,312,131
LONG TERM DEPOSITS		4,140,346	4,181
CURRENT ASSETS			
Stores and spares	12	108,194,150	99,761
Stock-in-trade	13	97,968,749	82,401

Trade debts	14	48,024,954	27,03
Advances, deposits, prepayments and other receivables	15	15,287,311	12,16
Cash and bank balances	16	11,864,203	8,05
		-----	-----
		281,339,367	229,42
		-----	-----
	Rupees	1,712,739,827	1,545,73
		=====	=====

The annexed notes form an integral part of these accounts,

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

JAWED AZIZ ESSA
DIRECTOR

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

	<i>NOTE</i>	<i>1999</i>	<i>1998</i>
Sales		641,982,765	292,29
Less: Excise duty		264,078,816	120,35
		-----	-----
Net sales		377,903,949	172,57
Cost of sales	17	300,248,227	158,28
		-----	-----
		77,655,722	14,29
Administration and selling expenses	18	9,203,885	7,98
		-----	-----
Operating profit		68,451,837	6,30
Other income	19	126,395	3
		-----	-----
		68,578,232	6,33
Financial charges	20	14,878,713	15,71
Other charges	21	2,779,976	76
		-----	-----
		17,658,689	16,47
Profit / (loss) before taxation		50,919,543	(10,14)
Taxation	22	2,000,000	90
		-----	-----
Profit / (loss) after taxation		48,919,543	(11,04)
Accumulated profit / (loss) brought forward		(6,349,616)	4,69
		-----	-----
Profit / (loss) available for appropriation		42,569,927	(6,34)

Appropriations:

Proposed issue of bonus shares
in the ratio of 1:10 (1998- NIL)

34,629,730

34,629,730

Accumulated profit / (loss) carried forward

7,940,197

(6,34

=====

The annexed notes form an integral part of these accounts

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

JAWED AZIZ ESSA
DIRECTOR

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

	<i>1999</i>	<i>1998</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	50,919,543	(10,14
Adjustments:		
Depreciation	49,070,424	31,26
	-----	-----
Operating profit before changes	99,989,967	21,11
(Increase)/decrease in current assets		
Stores and spares	(8,431,733)	(42,03
Stock-in-trade	(15,562,683)	(12,39
Trade debts	(20,990,730)	8,95
Advances, deposits, prepayments and other receivables	(3,117,915)	202
	-----	-----
	(48,103,061)	(45,26
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	78,698,641	69,19
Running finances under mark-up arrangements	(53,725,590)	15,57
	-----	-----
	24,973,051	84,77
	-----	-----
Net cash from operating activities	76,859,957	60,62
Tax paid	--	(2,48
	-----	-----
Net cash from operating activities after tax	76,859,957	58,14
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(164,199,752)	(306,81
	-----	-----

Net cash from after investing activities	(87,339,795)	(248,677)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	--	(1,967)
Long term loans	94,447,083	238,917
Liabilities subject to finance lease	(3,338,586)	7,817
Long-term deposits	45,000	(777)
	-----	-----
Net cash flow from financing activities	91,153,497	243,997
	-----	-----
Net cash flow after financing activities	3,813,702	(4,677)
Cash and bank at the beginning of the year	8,050,501	12,777
	-----	-----
Cash and bank at the end of the year	11,864,203	8,057
	=====	=====

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

JAWED AZIZ ESSA
DIRECTOR

NOTES TO THE ACCOUNTS

For the year ended June 30, 1999

1. THE COMPANY AND ITS OPERATION

Essa Cement Industries Limited is a Public Limited Company and listed on the Karachi and Lahore Stock Exchanges. The company's principal activity is Manufacturing & Marketing of Cement and its Products.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified by adjustments of Exchange Fluctuation on Foreign Currency Loans.

2.2 Taxation

Provision for current year taxation is based on current rates of taxation. The company has decided to provide for deferred taxation arising from timing differences, It will be provided in future year out of profit after taxation.

2.3 Fixed assets and depreciation

2.3(i) Operating assets

Operating fixed assets except free hold land are stated at cost less accumulated depreciation. Free hold land and capital work-in-progress are stated at cost. Depreciation is charged to income applying the reducing balance method,

Full years' depreciation is charged on additions while no depreciation is charged on assets deleted, Profit/Loss on disposal of fixed

assets is accounted for in the profit and loss account.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired,

2.3(ii) Assets subject to finance lease

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets in the same manner as the owned assets.

2.4 Capital Work in progress

All costs/expenditures connected with specific assets are collected under this head, These are transferred to specific assets as and when assets are available for use,

2.5 Stores and spares

These are valued at moving average test.

2.6 Stock-in-trade

These are stated at lower of cost or net realizable value, The method used for the calculation of costs are as follows:

Raw and packing materials	- at average cost
Work-in-process and finished goods	- at average cost of goods produced during the year.

2.7 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the date of the balance sheet.

Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets. Exchange differences capitalised include loss or gain on the repayments and year-end translation of foreign currency loans.

2.8 Revenue Recognition

Sales are recorded on despatch of goods to customers.

3. ISSUED, SUBSCRIBED & PAID-UP CAPITAL

	1999	1998
25,913,117 ordinary shares of Rs. 10 each issued for cash	259,131,170	259,131,170
840,000 ordinary shares of Rs. 10 each issued for consideration other than cash	8,400,000	8,400,000
7,876,615 (1998: 7,876,615) ordinary shares of		

Rs. 10 each issued as fully paid bonus shares	78,766,150	78,766,150
	-----	-----
	346,297,320	346,297,320
	=====	=====

4. RESERVES

General reserve		
At beginning of the year	180,000,000	180,000,000
Reserve for issue of bonus shares	34,629,730	
Unappropriated profits / (loss)	7,940,197	(6,340,197)
	-----	-----
	222,569,927	173,659,803
	=====	=====

5. LONG TERM LOANS

Suppliers Credit - secured	(Note 5.1)	449,825,299	404,770,000
Demand Finance - secured	(Note 5.2)	31,850,169	163,400,000
Loan from sponsors - unsecured	(Note 5.3)	341,000,000	160,000,000
		-----	-----
		822,675,468	728,170,000
Less: Current portion (including overdue)		152,049,049	93,800,000
		-----	-----
		670,626,419	634,370,000
		=====	=====

5.1 Break-up of Loans

(1) appearing above is given below:

Overseas Credit & Investment Co. 4		52,790,299	49,400,000
Overseas Credit & Investment Co. -II		397,035,000	355,300,000
		-----	-----
		449,825,299	404,700,000
		=====	=====

(i) The Loans originally represented 90% of the suppliers credits after down payments at 10% C & F Value of the Machinery Imported.

(ii) These Loans carry interest at the rate of 7% and 9% per annum respectively.

(iii) These Loans are repayable in sixteen semi-annual installments commencing from thirty-six months and twenty four months respectively after the bill of lading date of shipment.

(iv) Foreign currency loans have been converted in Pak Rupees as under:

Loan (a) One D.M. equivalent to Rupees = 27,486

Loan (b) One US\$ equivalent to Rupees = 51,590

5.2 The demand finance facility is subject to mark-up of 0,438 paisas per thousand per diem. It is secured against hypothecation of stores, spares, machinery and

equipment, 2nd charge over fixed and movable assets, personal guarantee of directors and demand promissory note.

5.3 This represents interest free loans received from sponsors.

**6. LIABILITIES AGAINST ASSETS
SUBJECT TO FINANCE LEASE**

Balance as on 1st July	43,199,453	35,38
Assets acquired during the year	--	22,47
	-----	-----
	43,199,453	57,85
	-----	-----
Less: Payment made	3,338,586	14,65
Current portion (including overdue)	18,245,171	16,34
	-----	-----
	21,583,757	30,99
	-----	-----
	21,615,696	26,85
	=====	=====

6.1 The total lease rentals due under the lease agreement aggregate Rs, 39,860,867 (1998: Rs. 43,199,453)

6.2 Overdue rental payments are subject to an additional charge of 2 percent per month. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee is to pay entire rent for unexpired period.

6.3 During the year, the company entered into new rescheduling agreements with leasing company in respect of assets it had previously leased from them. Consequently the periods during which they fall due have also been revised.

6.4 installments are payable in the following periods:

<i>Year</i>	<i>1999</i>	<i>1998</i>
1998-1999	--	22,46
1999-2000	26,301,169	20,60
2000-2001	19,538,358	12,61
2001-2002	16,244,490	
2002-2003	5,824,595	16
	-----	-----
	67,908,612	60,00
Less Financial charges allocated to future periods	28,047,745	16,80
	-----	-----
	39,860,867	43,19
	=====	=====

6.5 Financing rate of approximately 22 to 25 percent per annum has been used as

discounting factor.

7. CREDITORS, ACCRUED & OTHER LIABILITIES

Interest accrued on long term loans	95,606,824	54,89
Loan from sponsors	1,977,381	66
Creditors for expenses and others	81,498,040	52,95
Workers' profit participation fund (Note 7.1)	41,124,296	32,99
Workers' welfare fund	2,225,896	2,22
	-----	-----
	222,432,437	143,73
	=====	=====

7.1 WORKERS' PROFIT PARTICIPATION FUND

Balance at the beginning of the year	32,999,416	28,32
Interest thereon	5,444,904	4,67
	-----	-----
	38,444,320	32,99
Allocation for the year	2,679,976	
	-----	-----
	41,124,296	32,99
	=====	=====

8. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - secured

56,122,584	109,84
=====	=====

The Company has an aggregate running finance facilities of Rs. 102 million (1998-Rs. 102 million) available from commercial banks. The facilities are secured against hypothecation of stores, spares, machinery & equipment, 2nd charge over fixed and movable assets, personal guarantee of directors and demand promissory note. It carries mark-up at the rate of 0.438 to 0.54 paisas per Rs. 1,000 calculated on daily product basis.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

Central Excise and Land Custom has passed an order for the recovery of excise duty, sales tax and penalty of Rs. 91,046 million (1998-91.046 million). The Company has however disputed the same both on grounds of lack of jurisdiction as well as on the merits, the matter is subjudice. The stay order was granted by the honourable High Court of Sindh against the said order.

10. FIXED ASSETS - Tangible

10.1 The following is a statement of operating assets:

<i>Cost</i>		<i>Cost</i>		<i>Book Va</i>
<i>As At</i>	<i>Additions/</i>	<i>As At</i>	<i>Accumulated</i>	<i>As At</i>
<i>01-07-98</i>	<i>(Deletions)</i>	<i>30-06-99</i>	<i>Depreciation</i>	<i>30-06-99</i>

Lease hold Land	3,024,768	--	3,024,768	--	3,024,768
Building On Leasehold Land	71,293,254	121,949,064	193,242,318	28,177,935	165,064,383
Plant and Machinery	489,239,084	731,960,075	1,221,199,159	309,350,734	911,848,425
Vehicles	4,436,085	--	4,436,085	2,980,941	14,517,026
Office Equipment	3,068,806	2,720	3,071,526	1,661,278	1,407,248
Furniture and Fixture	1,083,985	--	1,083,985	648,237	435,748
Factory Equipment and Laboratory Equipment	430,463	--	430,463	253,184	177,279
LEASED ASSETS					
Plant and Machinery	26,546,586	33,658,008	60,204,594	8,558,720	51,645,874
Quarry Equipment	9,447,374	--	9,447,374	4,515,785	4,931,589
	-----	-----	-----	-----	-----
	608,570,405	887,569,867	1,496,140,272	356,146,813	1,139,993,459
	-----	-----	-----	-----	-----
1998	604,089,219	4,481,186	608,570,405	307,076,390	301,493,015
	=====	=====	=====	=====	=====

10.2 Addition to plant and machinery include exchange loss/(gain) amounting to Rs. 3,359, 173 [1998 Rs. 4,387,092]

10.3 The Depreciation charge for the period has been allocated as follows:

	<i>1999</i>	<i>1998</i>
Cost of Sales	48,481,830	30,551,173
Administration and Selling Expenses	588,594	70,000
	-----	-----
	49,070,424	31,221,173
	=====	=====

10.4 Depreciation on building, plant and machinery has been charged for the commercial period of production of three months.

	<i>1999</i>	<i>1998</i>
11. CAPITAL WORK-IN-PROGRESS		
Civil work	36,399,688	127,780,000
Plant and machinery (Note 11.1)	250,866,967	882,850,000
	-----	-----
	287,266,655	1,010,630,000
	=====	=====
11.1 Plant and machinery		
Plant and machinery	250,866,967	849,190,000
Assets subject to finance lease	--	33,650,000
	-----	-----
	250,866,967	882,840,000
	=====	=====

12. STORES AND SPARES

Stores	31,485,187	29,85
Spares	76,708,963	69,87
	-----	-----
	108,194,150	99,76
	=====	=====

13. STOCK - IN - TRADE

Raw materials	63,459,029	46,70
Work-in-process	25,079,565	32,88
Finished goods	9,430,155	2,81
	-----	-----
	97,968,749	82,40
	=====	=====

14. TRADE DEBTS

(Unsecured, considered good)	48,024,954	27,03
	=====	=====

**15. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

Advance to suppliers	6,415,781	6,99
Other receivables	5,951,847	4,88
Prepayments	2,919,683	2,8
	-----	-----
	15,287,311	12,16
	=====	=====

16. CASH AND BANK BALANCES

Cash in hand	9,595,144	6,87
With bank - on current accounts	2,269,059	1,17
	-----	-----
	11,864,203	8,05
	=====	=====

17. COST OF SALES

Raw and packing material consumed		
Opening stock	46,700,553	36,85
Purchases	74,987,168	38,05
	-----	-----
	121,687,721	74,95
Closing stock	(63,459,029)	(46,70)
	-----	-----
	58,228,692	28,25
Stores and spares consumed	5,046,926	8,79
Fuel and power	157,855,022	67,92
Salaries, wages and' benefits	19,894,170	16,92
Rent, rates and taxes	355,943	47
Insurance	1,881,272	1,32

Repairs and maintenance	1,835,908	2,45
Depreciation	48,481,830	30,55
Other charges	5,472,671	4,11
	-----	-----
	299,052,434	160,86
Work-in-process		
Opening	32,887,691	16,34
Closing	(25,079,565)	(32,88
	-----	-----
Cost of goods manufactured	306,860,560	144,32
Finished goods		
Opening	2,817,822	16,76
Closing	(9,430,155)	(2,81
	-----	-----
	300,248,227	158,28
	=====	=====

18. ADMINISTRATION AND SELLING EXPENSES

Salaries and benefits	2,491,727	2,20
Travelling and conveyance	408,433	27
Vehicle running expenses	2,110,253	2,03
Communications	395,781	33
Printing and stationery	344,129	26
Gas expenses	379,869	43
Repairs and maintenance	120,744	5
Legal and professional charges	171,000	9
Auditors' remuneration	80,000	7
Subscription	1,000	
Cartage	99,747	3
Newspaper and periodicals	28,190	1
Advertisement	483,220	45
Testing expenses	30,250	1
Entertainment	185,849	4
Depreciation	588,594	70
Miscellaneous	647,874	36
Fees and registration	386,079	40
Photostat expenses	92,346	8
Computer expenses	158,800	8
	-----	-----
	9,203,885	7,98
	=====	=====

1999

1998

Audit fee	36,000	3
Out of pocket expenses	4,000	
Tax, corporate and other services	40,000	4
	-----	-----

			76,000	7
			=====	=====
19. OTHER INCOME				
Sale of waste			11,495	
Commission income			108,706	2
Income from pls a/c			6,194	
			-----	-----
			126,395	3
			=====	=====

20. FINANCIAL CHARGES

Interest on long-term loans			470,283	2,32
Mark-up on running finances			11,018,857	7,71
Bank charges			115,675	8
Excise duty on running finances and loans			--	
Interest on workers' profit participation fund			1,361,226	
Financial charges on lease arrangements			1,360,612	5,57
Additional late payment charges on lease arrangements			552,060	
			-----	-----
			14,878,713	15,71
			=====	=====

21. OTHER CHARGES

Workers' profit participation fund			2,679,976	
Donation	(Note 21.1)		100,000	76
			-----	-----
			2,779,976	76
			=====	=====

21.1 Recipients of donations do not include any donee in whom a director or his spouse had any interest.

22. TAXATION

Current			2,000,000	90
			=====	=====

The deferred tax liability at current rates of taxation works out to Rs, 89,139,425 (1998 - Rs, 2,961,086) against which no provision has been made, as such timing differences are not likely to reverse in the foreseeable future in view of Capitalisation Programme,

23. REMUNERATION OF DIRECTORS AND EXECUTIVES

	1999			1998	
	Chief Executive	Directors	Executives	Chief Executive	Directors
Managerial remuneration	--	--	2,457,452	--	--

Housing allowance	--	--	983,001	--	--
Utilities	--	--	245,734	--	--
Bonus	--	--	258,710	--	--
	-----	-----	-----	-----	-----
	--	--	3,944,897	--	--
	=====	=====	=====	=====	=====
No. of persons	--	--	15	--	--

No remuneration is paid or other facility is provided to the Chief Executive or Directors by the company. Directors have waived their meeting fee.

	<i>1999</i>	<i>1998</i>
24. CAPACITY		
Installed capacity		
-- upto March 31, 1999	150,000	15
-- since April 01, 1999	450,000	
-- average available capacity	225,000	
Production	178,532	7
Capacity utilised	79.35%	5

The shortfall in production was due to closure on account of synchronising of existing plant with expansion of new unit and slump in the market.

25. FIGURES

25.1 Figures have been rounded off to the nearest rupee,

25.2 Previous year's figures have been rearranged wherever necessary for the purpose of comparison.

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

JAWED AZIZ ESSA
DIRECTOR