

Kohat Cement Company Limited

Annual Report 2000

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Company Profile

Board of Directors

Chairman Mr. Atta Mohammad Sheikh

Chief Executive / Director Mr. Aizaz Mansoor Sheikh
Mr. Nadeem Atta Sheikh
Mr. Nadeem Qadir
Mian Mohammad Riaz
Mrs. Khalida Asghar
Mrs. Khawar Sultana

Company Secretary Mr. Mohammad Hashim Khan

Auditors Viqar A. Khan
Chartered Accountants

Legal Advisor Qazi Waheed-ud-Din

Bankers Allied Bank of Pakistan Limited
Askari Commercial Bank Limited
Habib Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Prime Commercial Bank Limited
The Bank of Khyber
Union Bank Limited
ABN Amro Bank

Head Office House No. 1, 43 FCC,
Gulberg-IV, Lahore.
Tel: (042) 575 4357-8, 575 2699
Fax: (042) 575 4084
E-mail: kccl@wol.net.pk

Registered Office and Works Kohat Cement Company Limited
Rawalpindi Road, Kohat.
Tel: (0922) 560 401-04
Fax: (0922) 560 405

Share Department AZM Computer Services (Pvt.) Limited
Ferozepur
Road,
Mozang Chungi, Lahore.
Tel: (042) 755 2269
Fax: (042) 757 6129

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 21st' Annual General Meeting of the Shareholders of Kohat Cement Company Limited, will be held at its Registered Office, Rawalpindi Road, Kohat on Wednesday, December 20, 2000 at 11:00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To confirm the minutes of the Last Annual General Meeting held on December 20, 1999.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2000 and Reports of Directors and Auditors thereon.
3. To declare final cash dividend @20% (Rupees 2 per share) recommended by directors in addition to an interim cash dividend @7.50% (Rupees 0.75 per share) already paid aggregating to 27.50% (Rupees 2.75 per share) for the year ended June 30, 2000.
4. To appoint Auditors for the year 2000-2001 and to fix their remuneration. The present Auditors, Viqar A. Khan, Chartered Accountants, being eligible offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Mohammad Hashim Khan
Company Secretary

Kohat, November 23, 2000

NOTE:

1. The register of the members of the Company will be closed from Thursday, December 14, 2000 to Wednesday, December 20, 2000 (both days inclusive) and no transfer will be registered during that time. Shares transfer deed received in order at the share department of the Company, incharge share department, AZM Computer Services (Pvt) Ltd., 24-Ferozpur Road, Lahore at the close of business on Wednesday, December 13, 2000 will be treated in time for entitlement of payment of dividend.
2. A member entitled to attend, speak and vote at this meeting may appoint another member as proxy to attend, speak and vote on his/her behalf. Proxies in Order to be effective must be received at Registered Office of the Company not later than 48 hours before the meeting.
3. Shareholders whose shares are registered in their account / sub-account / group account with Central Depository System (CDS) are requested to bring N.I.C. along with their account number in CDS and participants ID number for verification. In case of appointment of proxy by such account holders the guide lines as contained in SECP's circular of January 26, 2000 to be followed. The copy of the said circular is being sent to the members along with the Annual Report.
4. Members should quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.
5. The shareholders are requested to notify the Company if there is any change in their address.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Annual Report and the Audited Accounts for the financial year ended June 30, 2000 are presented on behalf of the Board of Directors.

OPERATING RESULTS

The net sales revenue for the year under review is Rs. 1,021.861 million as against Rs. 732.825 million in the preceding year. The profitability of the Company has improved considerably in the current year due to stability in the prices of cement. After accounting for all charges including depreciation of Rs. 74.528 million (1999: Rs. 81.126 Million) the Company has earned a pre-tax profit of Rs. 249.179 million compared to Rs. 58.281 million for the last year.

In March 2000, the Board of Directors declared an interim cash dividend @ 7.50% (Rupees 0.75 per share) and have now declared a final cash dividend @ 20.00% (Rupees 2 per share), making a total cash pay out of 27.50% (Rupees 2.75 per share) to its shareholders. This way the Board of Directors have maintained their policy of distributing maximum profits amongst the shareholders. Appropriation of available profit is as under:

	<i>(Rupees in Thousand)</i>	
	<i>2000</i>	<i>1999</i>
Profit/(Loss) before taxation	249,179	58,281
Taxation		
Current	25,181	3,664
Prior	932	--
Deferred	72,500	32,000
	-----	-----
	98,613	35,664

Profit/(Loss) after taxation	150,566	22,617
Un-appropriated profit Brought Forward	2,929	17,179
Transferred from General Reserve	--	7,000
	2,929	24,179
Profit available for appropriation	153,495	46,796
APPROPRIATION		
Interim Cash Dividend @ 7.50%	16,450	43,867
Final Cash Dividend @ 20.00%	43,867	--
	60,317	43,867
Carried Forward to Balance Sheet	93,179	2,929

PRODUCTION AND SALES

Comparative figures for production of Clinker and Cement are as under:

	<i>1999-00</i>	<i>1998-99</i>	<i>Increase/ (Decrease)</i>
	<i>(Tonnes)</i>	<i>(Tonnes)</i>	<i>(Tonnes)</i>
Clinker Production	347,328	329,070	18,258
Cement Production	374,274	339,045	35,229

Capacity utilization has only been 66% due to depressed market conditions and overall excess cement production capacity in the Country.

The Company sold 374,036 metric tonnes of cement as against 338,835 metric tonnes in the previous year, registering a growth of 10.40% in the sales volume. The market has remained highly competitive throughout the year with a downward pressure on prices. However, the existing over capacity in the industry has resulted in industry wide lower capacity utilization.

ISO 9002 CERTIFICATION

Your management has successfully completed ISO 9002 certification carried out by M/s. Bet Norske Veritas of Netherlands, a well renowned ISO certifying body. This is a milestone achievement in the history of your Company and this certification stands for consistent quality of our product.

MARKET REVIEW

Cement Industry has continuously been under pressure due to weak economic conditions and inconsistent financial policies of the Government. Constant increase in input prices, particularly the prices of furnace oil, which in one year has increased from Rs. 6,980 per tonne to Rs. 14,500 per tonne. This extraordinary increase of 108% in the prices of furnace oil has increased the cost of production by Rs. 40 per bag. Fall in the value of rupee has substantially increased the cost of imported inputs like, spare parts, refractory bricks, grinding media, lubricants etc. Any attempt by the Company to pass on these

increases to the consumers would have further jeopardized the capacity utilization. As such most of the inflation was absorbed by the Company.

General Sales Tax @ 15% has been imposed on cement w.e.f. September 05, 2000 and incidence of excise duty has been reduced from Rs. 1,400 per ton to Rs. 1,000 per ton. This measure of the Government has created an un-level playing field amongst the cement manufacturers. Four cement units namely Lucky Cement, Bestway Cement, Askari Cement (Nizampur) and Saadi Cement will be exempt from payment of General Sales Tax till June 30, 2001. This benefit works out to be approximately Rs. 450 per tonne in favour of these four units.

FUTURE PROSPECTS

Increasing input prices, under utilised production capacity in the country and especially the recent selective general sales tax levy by the Government upto June 30, 2001, has created a doomsday scenario for the cement industry in the country which is bound to spell disaster for cement manufacturing units, especially to ours, being the smallestones.

However, reduction in financial and depreciation costs of your Company over future years will contribute towards better profitability.

DEBT OBLIGATION

The Company continues to meet its financial obligations. There has been a net debt reduction of approximately Rs. 259 million during the year under review. The debt outstanding, as of June 30, 2000 is Rs. 118 million, which is one of the lowest in the cement sector.

PATTERN OF SHAREHOLDINGS

The pattern of Shareholding of the Company as at June 30, 2000 is annexed with the Annual Report.

COMPANY LEGAL ADVISOR

Syed Shuja Uddin Wasti was replaced as legal advisor by Qazi Waheed ud din advocate High Court, Peshawar.

COMPANY AUDITORS

Viqar A. Khan, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment for the next year.

MANAGEMENT EMPLOYEES RELATIONS

The Board would like to record its appreciation for the valuable contribution made by all its employees. The management is quite confident these cordial relations and cooperation will continue in the years to come.

Dated: November 21,2000

AIZAZ MANSOOR SHEIKH
Chief Executive

YEAR WISE STATISTICAL SUMMARY

	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>
ASSETS EMPLOYED					
Fixed Assets	662	715	789	862	805

Investment and Long Term					
Advances and Deposits	4	24	37	39	40
Current Assets	209	223	219	209	273
	-----	-----	-----	-----	-----
Total Assets Employed	875	961	1,045	1,111	1,119
	=====	=====	=====	=====	=====
FINANCED					
BY					
Shareholders Equity	475	384	406	408	449
Long Term Liabilities	18	140	160	326	303
Deferred Liabilities	117	44	12	11	11
Current Liabilities	266	393	469	365	356
	-----	-----	-----	-----	-----
Total Funds Invested	875	961	1,045	1,111	1,119
	=====	=====	=====	=====	=====
TURNOVER AND PROFIT					
Turnover (Net)	1,022	733	748	501	953
Operating					
Profit	304	115	57	45	116
Profit/(Loss) Before Taxation	249	58	(1)	(38)	47
Profit/(Loss) After Taxation	151	23	(3)	(41)	46
Cash Dividend	60	44	0	0	50
Profit c/f	93	3	17	20	61

AUDITORS' REPORT TO THE MEMBERS

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

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

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

a) in our opinion, proper books of accounts 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

LAHORE: November 22, 2000

**CHARTERED
ACCOUNTANTS**

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Share Capital and Reserves			
Authorised share capital 50,000,000 (1999: 50,000,000) ordinary Shares of Rs. 10 each		500,000,000 =====	500,000,000 =====
Issued, subscribed and paid up share capital 21,933,334 (1999: 21,933,334) ordinary shares of Rs. 10 each	3	219,333,340	219,333,340
Reserves	4	162,120,028	162,120,028
Accumulated profit		93,178,739 -----	2,928,902 -----
		474,632,107	384,382,270
Redeemable Capital	5	--	16,954,098
Liabilities Against Assets Subject to Finance Leas	6	15,057,509	118,220,157

Deferred Liabilities	7	116,594,780	44,124,993
Long Term Security Deposits	8	2,806,160	4,420,000
Current Liabilities			
Shod term finances	9	69,321,124	98,750,293
Current portion of long term liabilities	10	33,756,486	154,188,070
Creditors, accruals and other payables	11	89,420,083	81,340,902
Provision for taxation		28,845,466	14,546,815
Dividends	12	44,541,761	44,097,041
		-----	-----
		265,884,920	392,923,121
Contingencies and Commitments	13	-----	-----
		874,975,476	961,024,639
		=====	=====
Fixed Capital Expenditure			
Operating fixed assets- tangible	14	659,797,694	714,765,683
Capital work-in-progress	15	2,100,706	--
		-----	-----
		661,898,400	714,765,683
Long Term Loans to Employees	16	2,716,546	1,428,611
Long Term Deposits	17	926,030	22,325,311
Current Assets			
Stores, spares and loose tools	18	51,434,353	56,342,730
Stock in trade	19	50,515,942	50,964,743
Trade debtors	20	28,921,924	43,461,019
Advances, deposits, prepayments, investments and other receivables	21	35,195,185	38,324,163
Cash and bank balances	22	43,367,096	33,412,379
		-----	-----
		209,434,500	222,505,034
		-----	-----
		874,975,476	961,024,639
		=====	=====

The annexed notes form an integral part of these accounts.

**CHIEF
EXECUTIVE**

DIRECTOR

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

	<i>2000</i>	<i>1999</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

Sales	23	1,021,861,290	732,825,249
Cost of goods sold	24	689,815,805	590,884,795
		-----	-----
Gross profit		332,045,485	141,940,454
Selling, administrative and general expenses	25	28,110,454	26,465,728
		-----	-----
Operating profit		303,935,031	115,474,726
Other income	26	1,442,543	3,305,734
		-----	-----
		305,377,574	118,780,460
		-----	-----
Financial charges	27	41,261,308	55,810,692
Other charges	28	14,936,867	4,688,828
		-----	-----
		56,198,175	60,499,520
		-----	-----
Profit/(Loss) before taxation		249,179,399	58,280,940
Taxation	29	(98,612,894)	(35,664,126)
		-----	-----
Profit/(Loss) after taxation		150,566,505	22,616,814
Unappropriated profit brought forward		2,928,902	17,178,756
Transferred from general reserve		--	7,000,000
		-----	-----
Profit available for appropriation		153,495,407	46,795,570
		-----	-----
Appropriation			
Dividends			
Interim dividend @ 7.5% (1999: 20%)		16,450,000	43,866,668
Proposed final dividend @ 20% (1999: NIL)		43,866,668	--
		-----	-----
		60,316,668	43,866,668
		-----	-----
Unappropriated profit carried forward		93,178,739	2,928,902
		=====	=====
Earnings per share	30	6.86	1.03
		=====	=====

The annexed notes form an integral part of these accounts.

**CHIEF
EXECUTIVE**

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Cash flows from operating activities			
Cash generated from operations	A	393,345,938	218,435,329
Financial charges paid		(50,243,651)	(78,644,077)
Income tax paid/deducted at source		(13,191,964)	(24,503,320)
		-----	-----
Net cash inflow/(outflow) from operating activities		329,910,323	115,287,932
Cash flows from investing activities			
Fixed capital expenditure		(22,161,336)	(8,874,820)
Net (increase)/decrease in long term loans and deposits		32,081,647	(1,359,202)
Sale proceeds of fixed assets		648,192	516,760
Profit/mark-up on bank deposits and investments		939,178	689,871
Long term security deposits		(1,613,840)	(290,000)
		-----	-----
Net cash inflow/(outflow) from investing activities		9,893,841	(9,317,391)
Cash flows from financing activities			
Repayment of short term borrowings		(18,443,898)	(46,269,005)
Increase in redeemable capital		--	31,000,000
Repayment of redeemable capital		(8,916,220)	(48,049,792)
Repayment of finance lease liabilities		(231,632,110)	(58,692,606)
Dividend paid		(59,871,948)	(9,100)
		-----	-----
		(318,864,176)	(122,020,503)
		-----	-----
Net increase/(decrease) in cash and cash equivalents		20,939,988	(16,049,962)
Cash and cash equivalents at the beginning of the year		(46,894,016)	(30,844,054)
		-----	-----
Cash and cash equivalents at the end of the year	B	(25,954,028)	(46,894,016)
		=====	=====

The annexed notes form an integral part of these accounts.

**CHIEF
EXECUTIVE**

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
-------------	------------------------	------------------------

**NOTE- A
Cash flows from operating activities**

Net profit/(loss) before taxation	249,179,399	58,280,940
Add / (Less) adjustments for non cash charges and other items		
Depreciation on operating fixed assets	74,528,076	81,125,698
(Gain)/loss on sale of fixed assets	(147,649)	(462,127)
Provision for earned leave (net)	(30,213)	461,531
Profit/mark-up on bank deposits and investments	(1,035,632)	(678,605)
Financial charges	41,261,308	55,810,692
	-----	-----
	114,575,890	136,257,189
	-----	-----
Operating profit before working capital changes	363,755,289	194,538,129
Effect on cash flow due to working capital changes:		
(Increase)/decrease in stores and spares	4,908,377	3,251,768
(Increase)/decrease in stock-in-trade	448,801	(9,829,418)
(Increase)/decrease in trade debtors	14,539,095	28,054,004
(Increase)/decrease in advances, deposits, prepayments, investments and other receivables	(7,367,148)	3,360,936
Increase/(decrease) in creditors, accruals and other liabilities	17,061,524	(940,090)
	-----	-----
	29,590,649	23,897,200
	-----	-----
Cash generated from operations	393,345,938	218,435,329
	=====	=====

NOTE- B

Cash and cash equivalents		
Cash and bank balances	43,367,096	33,412,379
Short term running finances	(69,321,124)	(80,306,395)
	-----	-----
	(25,954,028)	(46,894,016)
	=====	=====

**CHIEF
EXECUTIVE**

DIRECTOR

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

	<i>RESERVES</i>		<i>REVENUE</i>	
	<i>CAPITAL</i>			
	<i>SHARE</i>	<i>Share</i>	<i>Accumulated</i>	<i>TOTAL</i>
	<i>CAPITAL</i>	<i>Premium</i>	<i>Profit</i>	
		<i>General</i>		
		<i>Reserves</i>		

	<i>Rupees</i>				
Balance as at June 30,1998	219,333,340	92,120,028	77,000,000	17,178,756	405,632,124
Profit for the year ended June 30,	--	--	--	22,616,814	22,616,814
Transfer to accumulated profit	--	--	(7,000,000)	7,000,000	--
Dividend	--	--	--	(43,866,668)	(43,866,668)
	-----	-----	-----	-----	-----
Balance as at June 30, 1999	219,333,340	92,120,028	70,000,000	2,928,902	384,382,270
Profit for the year ended June 30,	--	--	--	150,566,505	150,566,505
Dividends	--	--	--	(60,316,668)	(60,316,668)
	-----	-----	-----	-----	-----
Balance as at June 30, 2000	219,333,340	92,120,028	70,000,000	93,178,739	474,632,107
	=====	=====	=====	=====	=====

The annexed notes form an integral part of these accounts.

**CHIEF
EXECUTIVE**

DIRECTOR

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

1 - The Company and its Operations

The Company is a Public Limited Company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Stock Exchanges of Pakistan. The Company is engaged in the production and sale of Grey cement.

2- Significant Accounting Policies

2.1- Accounting convention

These accounts have been prepared under the historical cost convention as modified by capitalisation of exchange differences referred to in note 2.8.

2.2- Operating fixed assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation except freehold land and capital work in progress which are stated at cost. Cost of certain fixed assets consists of historical cost, exchange differences and directly attributable cost of bringing the assets to working condition. Depreciation on operating fixed assets is charged to income by applying the reducing balance method, so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 14. Full year's depreciation is charged on additions except major additions or extensions to production facilities which are depreciated on pro-rata basis for the period of use during the year.

Normal repairs and maintenance are charged to income as and when incurred. Major improvements and modifications are capitalized and assets so replaced, if any, other than those kept as stand by, are retired.

Profit or loss on disposal of operating fixed assets is included in the current income.

2.3- Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as liabilities.

Assets acquired under finance lease are amortized over the useful life of the assets on a reducing balance method at the rates given in note 14. Amortization of leased assets is charged to profit.

2.4- Stores and spares

These are valued at moving average cost except items in transit which are valued at cost which comprises of invoice value plus other charges paid thereon.

2.5- Stock-in-trade

Stock-in-trade is valued at the lower of average cost and net realizable value. The average cost in relation to work-in-process and finished goods represents direct costs of materials, labour and appropriate portion of production overheads. Net realizable value signifies the ex-factory sales price less expenses and taxes necessary to be incurred in order to make the sale.

2.6- Staff retirement benefits

The Company operates an approved gratuity fund scheme for its permanent employees, payable on cessation of employment, subject to minimum qualifying period of service. Provision is made annually to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The Company also operates a recognised contributory provident fund scheme. Equal monthly contributions are made by the Company and the employees to the fund.

2.7- Taxation

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any. The Company accounts for deferred taxation arising on major timing differences in installments using the liability method as discussed in note 29 to the accounts.

2.8- Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at exchange rates approximating those prevailing at the balance sheet date. Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of relevant assets. All other exchange differences are taken to profit and loss account.

2.9- Borrowing costs

All mark-up, interest and other charges are charged to income.

2.10- Revenue Recognition

- Sales are recognised at the time of despatch of goods to the customers.
- Interest income on bank deposits is accounted for on accrual basis.

2000

1999

	<i>Rupees</i>	<i>Rupees</i>
3 - Issued, subscribed and paid-up share capital		
2,243,334 (1999: 2,243,334) Ordinary shares of Rs. 10 each fully paid in cash	22,433,340	22,433,340
11,230,000 (1999: 11,230,000) Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	112,300,000	112,300,000
8,460,000 (1999: 8,460,000) Ordinary shares of Rs. 10 each issued as fully paid bonus shares	84,600,000	84,600,000
	-----	-----
	219,333,340	219,333,340
	=====	=====

4 - Reserves

	<i>Capital (Share premium) Rupees</i>	<i>Revenue (General) Rupees</i>	<i>2000 Rupees</i>	<i>Total 1999 Rupees</i>
At the beginning of the year	92,120,028	70,000,000	162,120,028	169,120,028
Transferred to profit & loss accou	--	--	--	7,000,000
	-----	-----	-----	-----
	92,120,028	70,000,000	162,120,028	162,120,028
	=====	=====	=====	=====

Share premium represents premium of Rs. 42 per share received on issue of 2,193,334 ordinary shares to general public in 1994.

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
5 - Redeemable capital- secured			
Union Leasing Limited		22,083,780	31,000,000
Less: Current portion shown under current liabilities	10	22,083,780	14,045,902
		-----	-----
		--	16,954,098
		=====	=====

This represents a term finance facility of Rs. 31.00 million. The finance is repayable in 21 monthly unequal installments commenced from July 15, 1999 and carries mark-up at the rate of 17% (1999:16.75%) per annum. In the event of failure to pay any installment on due date, the lender shall be entitled to recall the entire amount immediately. The finance is secured against second charge on all present and future assets and hypothecation of moveable assets of the Company and personal guarantees of certain directors.

6 - Liabilities against assets subject to finance lease

The amounts of unpaid lease payments to date, future payments and the periods in which these payments will become due are:-

Year ending			
1999		--	38,348,084
2000		--	134,649,024
2001		14,436,396	85,221,598
2002		12,302,180	29,568,396
2003		4,218,198	19,231,931
		-----	-----
Total minimum lease payments		30,956,774	307,019,033
Less: Financial charges allocated to unpaid lease payments and future payments		4,226,559	48,656,708
		-----	-----
Present value of minimum lease payments		26,730,215	258,362,325
Less: Current portion shown under current liabilities			
Current	10	11,672,706	116,541,551
Over due		--	23,600,617
		-----	-----
		11,672,706	140,142,168
		-----	-----
		15,057,509	118,220,157
		=====	=====

The implicit rate used as the discounting factor is 13.15% and 14% per annum. Rentals are payable in equal monthly and quarterly installments. Over dues are subject to additional payment at rates 1% and 3% per month. The lessee shall have no right to terminate the lease agreements and if the lease agreements are terminated before the due dates, the lessee will have to pay the entire amount of lease rentals for un-expired period of the lease agreements. However, lease agreements carry renewal option at the end of lease periods. These liabilities are secured by demand promissory notes, charge on Company's assets ranking parri passu with other creditors, personal guarantees of directors and deposits of Rs. 2,000,000 (1999: Rs. 35,873,371) shown in note 17 and 21.

6.1 - Minimum lease payments and their present values are regrouped as below:

	<i>2000</i>		<i>1999</i>	
	<i>Minimum lease payments</i>	<i>Present value of minimum Lease Payments</i>	<i>Present value of minimum lease payments</i>	<i>Minimum lease payments</i>
Due not later than one year	14,436,396	11,672,706	172,997,108	140,142,168
Due later than one year and not				

later than five years	16,520,378	15,057,509	134,021,925	118,220,157
	-----	-----	-----	-----
	30,956,774	26,730,215	307,019,033	258,362,325
	=====	=====	=====	=====

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
7 - Deferred liabilities			
Deferred taxation	29	111,818,943	39,318,943
Earned leave		4,775,837	4,806,050
		-----	-----
		116,594,780	44,124,993
		=====	=====
8 - Long term security deposits			
From cement dealers	8.1	1,706,160	2,320,000
From cement transporters	8.2	1,100,000	2,100,000
		-----	-----
		2,806,160	4,420,000
		=====	=====

8.1 - These represent interest free security deposits received from cement dealers and repayable on the termination of the agency.

8.2 - These represent interest free security deposits received from transporters for providing guarantee of safe delivery of cement to customers.

9 - Short term finances

<u>Secured</u>	<i>Note</i>	<i>Sanction limit</i>	<i>Rate of Mark-up</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Commercial Banks					
Running finances	9.1	68,000,000 Rs.	47 paise per per day.	66,835,039	96,789,002
<u>Un-secured</u>					
Commercial Banks	9.2	--	--	2,486,085	1,961,291
		-----		-----	-----
		68,000,000		69,321,124	98,750,293
		=====		=====	=====

9.1- These represent short term running finances utilized under mark-up arrangements secured against 1st charge ranking pari passu with other banks over the existing and future total assets of the Company and personal guarantees of certain directors.

9 - 2 These represents cheques issued but not presented at the balance sheet date.

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
10 - Current portion of long term liabilities			
Redeemable capital	5	22,083,780	14,045,902
Liabilities against assets subject to finance lease	6	11,672,706	140,142,168
		-----	-----
		33,756,486	154,188,070
		=====	=====
11 - Creditors, accruals and other payables			
Trade creditors		10,853,699	11,272,012
Advances from cement customers		7,727,079	4,651,025
Accrued liabilities		39,614,669	34,225,868
Bills payable		679,579	885,888
Bonus payable		6,777,400	6,856,418
Financial charges accrued on:			
Redeemable capital		156,427	216,354
Liabilities against assets subject to finance lease		--	7,253,348
Short term finances		1,320,237	655,737
Excise duty on liabilities against assets subject to finance lease		--	2,333,568
Workers' profit participation fund	11.1	15,481,586	3,148,488
Income tax deducted at source		196,340	315
Royalty and excise duty	11.2	253,571	66,341
Workers' welfare fund		4,474,297	8,029,447
Security deposits and retention moneys	11.3	601,915	646,046
Other payables		1,283,284	1,100,047
		-----	-----
		89,420,083	81,340,902
		=====	=====
11.1 - Workers' profit participation fund			
Balance as at July 01, 1999		3,148,488	1,546,566
Allocation for the year	28	13,209,098	3,148,488
		-----	-----
		16,357,586	4,695,054
Interest on funds utilized in Company's business		65,700	--
		-----	-----
		16,423,286	4,695,054
Amount paid to/on behalf of fund		941,700	1,546,566
		-----	-----
		15,481,586	3,148,488
		=====	=====
11.2 - Royalty and excise duty			
Royalty		80,424	3,810

Excise duty	173,147	62,531
	-----	-----
	253,571	66,341
	=====	=====

11.3 - Security deposits and retention money

These represent the interest free security deposits and retention money received from contractors and are repayable after satisfactory completion of contracts.

12- Dividends

Unclaimed	675,093	230,373
Interim	--	43,866,668
Proposed	43,866,668	--
	-----	-----
	44,541,761	44,097,041
	=====	=====

13 - Contingencies and commitments

13.1 - Contingencies

13.1.1 - The Engineering Services International (Pakistan) Limited has raised a claim of Rs. 5,449,000 against the Company on account of mechanical installation/erection. A counter claim of Rs. 1,307,962 has been lodged by the Company. The case is pending with Senior Civil Judge, Lahore.

13.1.2 - The State Cement Corporation of Pakistan (Private) Limited, the previous sole owner of the Company has raised a claim of Rs. 5,640,000 against the Company on account of the interim dividend declared by previous Board of Directors. The present Board of Directors has rescinded that declaration of interim dividend on various grounds. The matter is pending for adjudication with the Securities and Exchange Commission of Pakistan.

13.1.3 - The Company has initiated recovery proceedings for the recovery of Rs. 14,100,000, being interim dividend pertaining to the year ended June 30, 1992 paid by the previous management to the State Cement Corporation of Pakistan (Private) Limited. The said dividend has been rescinded by the Board and rescission confirmed at the Annual General Meeting. As a consequence, the Company has withheld Rs. 14,100,000 interim dividend pertaining the period ended December 31, 1994 payable to the State Cement Corporation of Pakistan (Private) Limited. intimations have been given to the State Cement Corporation of Pakistan (Private) Limited and the Securities and Exchange Commission of Pakistan (the application is pending with the Securities and Exchange Commission of Pakistan). This amount has been withheld on legal advice obtained from the corporate lawyers.

13.1.4 - While finalizing the Company's assessment for the assessment year 1995-96 (accounting year ended Jun 30, 1995- 18 months), the assessing officer has imposed a additional tax of Rs. 16.45 million. On appeal the Income Tax Appellate Tribunal (ITAT) has up held the decision of the assessing officer. The Company has filed a miscellaneous application with the ITAT for review of its decision and also intends to file a reference before the Honourable Peshawar High Court. No provision has been made in these accounts for the aforementioned tax demand. The management is hopeful of a favourable outcome.

13.2 - Commitments in respect of:

- Letters of Credit other than for capital expenditure Rs. 784,500 (1999: Rs. NIL).

14 - Operating fixed assets

<i>Particulars</i>	<i>COST</i>			<i>Rate %</i>	<i>DEPRECIATION</i>			<i>Rupees Written down value as at 30-06-2000</i>	
	<i>As at 01-07-1999</i>	<i>Additions/ (deletions)</i>	<i>As at 30-06-2000</i>		<i>Accumulated as at 01-07-1999</i>	<i>Charged for the year</i>	<i>Adjustment on disposal</i>		<i>Accumulated as at 30-06-2000</i>
Freehold land	6,815,970	7,837,650	14,653,620	--	--	--	--	14,653,620	
Buildings on freehold land									
- Factory buildings	180,158,642	--	180,158,642	10	129,525,258	5,063,338	--	134,588,596	45,570,046
- Office and other buildings	13,337,926	--	13,337,926	5	7,180,454	307,874	--	7,488,328	5,849,598
- Housing Colony	33,451,768	--	33,451,768	5	16,221,448	861,516	--	17,082,964	16,368,804
Plant, machinery and equipment	822,724,485	251,689,130 (35,187)	1,074,378,428	10	467,828,614	53,362,116	72,939,546 (10,896)	594,119,380	480,259,048
Storage tanks and pipelines	17,187,050	--	17,187,050	10	13,813,130	337,392	--	14,150,522	3,036,528
Power installations	82,975,450	--	82,975,450	10	66,351,127	1,662,432	--	68,013,559	14,961,891
Furniture, fixtures and other office equipment	15,314,429	930,026 (698,615)	15,545,840	10	8,318,566	751,040	(283,124)	8,786,482	6,759,358
Weighing scales	1,099.62	--	1,099,615	10	687,345	41,227	--	728,572	371,043
Vehicles	14,140,096	2,632,740 (534,768)	16,238,068	20	9,532,814	1,435,852	(474,007)	10,494,659	5,743,409
Heavy vehicles	87,905,412	7,481,589	95,387,001	20	63,086,241	6,460,152	--	69,546,393	25,840,608
Railway sidings	9,853,476	--	9,853,476	5	5,498,439	217,752	--	5,716,191	4,137,285
Laboratory equipment	16,449,278	1,725	16,451,003	10	12,428,976	402,203	--	12,831,179	3,619,824
Library books	75,442	3,310	78,752	10	47,545	3,121	--	50,666	28,086
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	1,301,489,039	270,576,170 (1,268,570)	1,570,796,639		800,519,957	70,906,015	72,939,546 (768,027)	943,597,491	627,199,148
Assets subject to finance lease:									
Plant and Machinery	300,490,897	(250,515,540)	49,975,357	10	86,694,296	3,622,061	(72,939,546)	17,376,811	32,598,546
	-----	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL 2000	1,601,979,936	270,576,170 (251,784,110)	1,620,771,996		887,214,253	74,528,076	72,939,546 (73,707,573)	960,974,302	659,797,694
	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL 1999	1,597,068,569	73,524,330 (68,612,963)	1,601,979,936		825,494,510	81,125,698	(19,405,955)	887,214,253	714,765,683
	=====	=====	=====	=====	=====	=====	=====	=====	=====

14.1 - Additions in plant and machinery include assets transferred from leased assets amounting to Rs. 250,515,540 (1999: Rs. 64,476,428).

14.2- Depreciation has been charged as under:

<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
-------------	--------------------	--------------------

Cost of goods sold	24	74,166,419	80,791,682
Administrative and general expenses	25	256,422	233,812
Selling expenses	25	105,235	100,204
		-----	-----
		74,528,076	81,125,698
		=====	=====

14.3 - Disposal of operating fixed assets:

A) Detail of fixed assets disposed of having book value of Rs. 5,000 or more or disposed to Executives, in each case are as follows:

<i>Particulars of assets</i>	<i>Quantity</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Book Value</i>	<i>Sale Proceeds</i>	<i>Profit (Loss)</i>	<i>Mode of sale</i>	<i>Sold to</i>
Furniture, fixtures and Other office equipment								
Refrigerator	01	12,750	7,429	5,321	7,000	1,679	Sold by Negotiation as per Company's Policy	Abdul Hakim Arain Executive
Room Cooler	02	6,600	5,238	1,362	1,800	438	- do-	- do-
Refrigerator	01	11,100	8,929	2,171	4,000	1,829	- do-	Abdul Shakoor Executive
Room Cooler	01	6,535	2,462	4,073	1,000	(3,073)	-do-	- do-
Refrigerator	01	10,000	4,095	5,905	6,000	95	-do-	Dost Mohammad Employee
Room Cooler	01	8,657	1,645	7,012	2,000	(5,012)	- do-	- do-
Refrigerator	01	11,350	6,941	4,409	6.00	1,591	- do-	Naveed Ijaz Executive
Room Cooler	02	11,218	4,925	6,293	3,000	(3,293)	- do-	-do-
Room Cooler	02	13,870	4,985	8,885	2,500	(6,385)	- do-	Malik Khalid Executive
Room Cooler	01	8,657	1,645	7,012	1,000	(6,012)	- do-	Amal Ghani Shah Employee
Room Cooler	01	8,657	1,645	7,012	1,000	(6,012)	- do-	Wilayat Khan Employee
Room Cooler	02	13,070	4,924	8,146	3,500	(4,646)	- do-	Javed Kiyani Executive
Room Cooler	01	8,336	2,259	6,077	1,500	(4,577)	- do-	Mohammad Ramzan Employee
Vehicles								
Suzuki van -Bolan	01	139,000	120,110	18,890	46,610	27,720	Negotiation	Mohammad Munir Lahore
Suzuki Jeep Photohar	01	214,400	185,264	29,136	25,424	(3,712)	Negotiation	Shafiq Ahmed Khan, Lahore
Suzuki Car Swift	01	181,368	168,633	12,735	144,068	131,333	Negotiation	Shakir Ullah Peshawar.

B) No assets except those stated above were sold to the Chief Executive, Directors, Executives, associated undertakings or any shareholder with not less than 10% voting rights.

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
15 - Capital work-in-progress			
Civil works		34,202	--
Plant and machinery		2,066,504	--
		-----	-----
		2,100,706	--
		=====	=====
16 - Long term loans to employees			
Executives			
- House Building		102,359	140,567
Other Employees			
- House Building		2,871,074	1,723,427
- Motor Car/Motor Cycle		1,071,178	264,828
- Marriage			
Loan		168,700	322,200
- Other Long Term Loans		193,035	163,600
		-----	-----
		4,303,987	2,474,055
		-----	-----
		4,406,346	2,614,622
Less: current maturity	21.1	1,689,800	1,186,011
		-----	-----
		2,716,546	1,428,611
		=====	=====
16.1 - The above loans to employees may be re-classified as under:			
Outstanding for period exceeding three years		700,183	857,493
Others		2,016,363	571,118
		-----	-----
		2,716,546	1,428,611
		=====	=====

16 - 2 Interest rate and terms of re-payment

Nature of loans	<i>Rate of interest</i>	<i>Monthly installments</i>
- House Building	6%	60
- Vehicle- Officers	6%	60
- Vehicle- Workers	--	36
- Marriage		
Loan	--	30
- Long Term Loan	--	12

16.2.1 House building and vehicle loans are secured against lien on retirement benefits.

16.2.2 House building loans include interest free loans to workers amounting to Rs. 2,617,070 (1999: Rs. 1,313,160).

16.3 - The maximum aggregate amount of loans due from executives of the Company at the end of any month during the year was Rs. 156,008 (1999: Rs. 166,497).

16.4- These loans to employees are considered good.

17 - Long term deposits

Leasing companies	17.1	--	21,399,281
Others		926,030	926,030
		-----	-----
		926,030	22,325.31
		=====	=====

17 - 1 Leasing companies

Balance as at June 30, 1999		2,000,000	35,873,371
Less: Current portion of long term security deposits	21	2,000,000	14,474,090
		-----	-----
		--	21,399,281
		=====	=====

18 - Stores, spares and loose tools

Stores		21,891,607	18,624,587
Spares		28,296,285	36,632,751
Loose tools		1,246,461	1,085,392
		-----	-----
		51,434,353	56,342,730
		=====	=====

19 - Stock-in-trade

Raw materials		797,574	530,594
Work-in-process		30,277,832	35,589,471
Finished goods		14,732,431	13,366,822
Packing materials		4,708,105	1,477,856
		-----	-----
		50,515,942	50,964,743
		=====	=====

20 - Trade debtors

20.1 - All the debtors are considered good and include secured debtors of Rs. 12,724,902 (1999: Rs. 18,955,282). Trade debtors include amounts due from associated companies for Rs. 2,384,165 (1999: Rs. 2,384,165).

20.2 - The aggregate maximum amount due from associated companies at the end of any month during the year was Rs. 2,384,165 (1999: Rs. 2,774,765).

21 - Advances, deposits, prepayments, investments and other receivables

Advances- considered good			
Company's employees	21.1	2,975,326	2,754,159
Suppliers		9,555,406	1,281,830
Contractors		389,472	145,490
Current portion of long-term securities with leasing companies	17.1	2,000,000	14,474,090
Letters of credit		382,784	651,304
Excise duty		2,294,662	3,185,062
Income tax		16,440,255	15,062,534
		-----	-----
		34,037,905	37,554,469
Short term prepayments		575,691	214,736
Other receivables			
Profit/mark-up accrued on bank deposits and investment		96,454	--
Others		485,135	554,958
		-----	-----
		581,589	554,958
		-----	-----
		35,195,185	38,324,163
		=====	=====

21.1 - Advances to Company's employees

Current maturity of long term loans	16	1,689,800	1,186,011
For purchases		591,422	1,327,976
Miscellaneous		694,104	240,172
		-----	-----
		2,975,326	2,754,159
		=====	=====

22 - Cash and bank balances

Balances with banks			
- On current accounts		10,575,909	11,748,311
- On saving accounts		31,963,051	20,837,117
- On deposit accounts		733,785	307,433
		-----	-----
		43,272,745	32,892,861
Cash in hand		94,351	519,518
		-----	-----
		43,367,096	33,412,379
		=====	=====

23 - Sales

Sales- gross		1,586,049,780	1,266,983,064
		-----	-----

Less:	Rebate on cement	40,538,090	16,753,086
	Excise duty	523,650,400	517,404,729
		-----	-----
		564,188,490	534,157,815
		-----	-----
		1,021,861,290	732,825,249
		=====	=====

24 - Cost of goods sold

Opening work-in-process		35,589,471	25,882,189
Raw and packing materials consumed	24.1	93,524,601	85,073,467
Royalty, excise duty and sales tax		8,429,816	15,574,342
Electricity		136,238,224	141,210,247
Furnace oil		257,100,788	169,813,083
Fuel		3,497,592	2,970,761
Stores and spares consumed		31,626,070	26,781,933
Salaries, wages and other benefits		63,444,821	64,873,560
Rent, rates and taxes		337,063	134,645
Repairs and maintenance		8,045,479	5,306,947
Insurance		3,066,263	3,158,359
Other expenses		6,392,639	4,418,899
Depreciation	14.2	74,166,419	80,791,682
		-----	-----
		721,459,246	625,990,114
Less: Closing work-in-process		30,277,832	35,589,471
		-----	-----
Cost of goods manufactured		691,181,414	590,400,643
Opening stock of finished goods		13,366,822	13,850,974
		-----	-----
		704,548,236	604,251,617
Less: Closing stock of finished goods		14,732,431	13,366,822
		-----	-----
		689,815,805	590,884,795
		=====	=====

24.1 - Raw and packing materials consumed

Opening stock as at July 01			
Raw materials		530,594	319,925
Packing materials		1,477,856	1,082,237
		-----	-----
		2,008,450	1,402,162
Add: Purchases during the year			
- Raw materials		5,050,338	3,769,802
- Packing materials		91,971,492	81,909,953
		-----	-----
		97,021,830	85,679,755
		-----	-----
		99,030,280	87,081,917

Less: Closing stock as at June 30		
- Raw materials	797,574	530,594
- Packing materials	4,708,105	1,477,856
	-----	-----
	5,505,679	2,008,450
	-----	-----
	93,524,601	85,073,467
	=====	=====

25 - Selling, administrative and general expenses

Selling

Salaries, wages and other benefits		4,520,604	4,781,435
Vehicle running		835,472	512,253
Travelling and conveyance		323,945	151,469
Printing and stationery		487,196	456,617
Postage, telephone and telegrams		775,164	558,881
Entertainment		1,122,195	930,569
Rent, rates and taxes		162,742	272,995
Electricity, water and gas		86,304	43,341
Advertisement		27,980	97,415
Miscellaneous		925,041	972,738
Cement loading and transportation charges		1,408,859	1,377,536
Depreciation	14.2	105,235	100,204
		-----	-----
		10,780,737	10,255,453

Administrative and general

Salaries, wages and other benefits		9,888,602	9,752,550
Vehicle running		262,042	177,849
Travelling and conveyance		1,138,955	902,258
Printing and stationery		299,491	256,213
Legal and professional	25.1	1,112,024	1,035,352
Postage, telephone and telegrams		873,234	843,195
Rent, rates and taxes		664,092	676,239
Entertainment		205,483	145,471
Auditor's remuneration	25.2	680,000	522,000
Miscellaneous		1,734,450	1,665,162
Zakat		11,535	174
Advertisement		203,387	--
Depreciation	14.2	256,422	233,812
		-----	-----
		17,329,717	16,210,275
		-----	-----
		28,110,454	26,465,728
		=====	=====

25.1 - Legal and professional charges include remuneration to cost auditor Rs. 30,000 (1999: 30,000).

25.2 - Auditor's remuneration

Audit fee	75,000	75,000
Consultancy charges	588,000	430,000
Out of pocket expenses	17,000	17,000
	-----	-----
	680,000	522,000
	=====	=====

26 - Other income

Profit/mark-up on bank deposits and investments	1,035,632	678,605
Income from sale of scrap	176,304	1,397,865
Profit on sale of fixed assets	147,649	462,127
Miscellaneous	82,958	767,137
	-----	-----
	1,442,543	3,305,734
	=====	=====

27 - Financial charges

Interest/mark-up on:		
Redeemable capital	4,523,853	4,897,728
Liabilities against assets subject to finance lease	28,682,957	32,345,079
Short term finances	6,779,498	14,753,762
Workers' profit participation fund	65,700	--
Excise duty on finance lease	--	2,717,493
Bank charges and commission	1,209,300	1,096,630
	-----	-----
	41,261,308	55,810,692
	=====	=====

28 - Other charges

Workers' profit participation fund	13,209,098	3,148,488
Workers' welfare fund	1,727,769	1,540,340
	-----	-----
	14,936,867	4,688,828
	=====	=====

29 - Taxation

Current:		
- for the year	25,181,340	3,664,126
- for prior years	931,554	--
	-----	-----
	26,112,894	3,664,126
Deferred	72,500,000	32,000,000
	-----	-----
	98,612,894	35,664,126
	=====	=====

The liability for deferred taxation as on the balance sheet date is estimated to Rs. 143.82 million (1999: Rs. 102.57 million). This represents the tax effect of allowances of accelerated tax depreciation and lease rentals.

In order to comply with the requirements of revised International Accounting Standard 12, the management decided last year to provide for deferred taxation of Rs. 96 million over a period of three years. Since the Company has made substantial payments during the current year against liabilities for assets subject to finance lease, the management has decided to provide for further deferred taxation of Rs. 40.5 million in the current year to the extent of tax effect of timing differences arising due to these payments.

30 - Earnings per share

Net profit for the year	150,566,505	22,616,814
Weighted average number of ordinary shares outstanding during the year	21,933,334	21,933,334
Earnings per share - basic and diluted	6.86	1.03

There is no dilutive effect in the basic earnings per share of the Company.

31 - Transactions with associated undertakings

The Company sold to associated undertakings Grey cement in aggregate sum of Rs. NIL during the year (1999: Rs. 499,100) at normal selling rates.

32 - Remuneration of Chief Executive, Directors and Executives

	<i>Chief Executive</i>		<i>Director</i>		<i>Executives</i>	
	<i>2000 Rupees</i>	<i>1999 Rupees</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Managerial Remuneration	360,000	360,000	360,000	360,000	2,088,956	2,021,518
Rent and utilities allowances	120,000	120,000	120,000	120,000	1,049,274	1,059,370
Medical re-imburement	--	--	146,911	198,350	135,749	109,792
Bonus	--	--	--	--	287,887	463,149
Retirement benefits	--	--	--	--	564,522	524,563
Other re-imburement of expenses	1,014,844	1,449,203	860,827	296,259	1,588,683	1,378,615
	-----	-----	-----	-----	-----	-----
	1,494,844	1,929,203	1,487,738	974,609	5,715,071	5,557,007
	=====	=====	=====	=====	=====	=====
Number of persons	1	1	1	1	14	12
	=====	=====	=====	=====	=====	=====

32.1 - The Company also provides the Chief Executive, certain Directors and Executives of the Company with free use of Company maintained cars and telephone facilities.

33 - Total number of employees at the end of the year were 447 (1999: 459).

	2000 <i>(Tonnes)</i>	1999 <i>(Tonnes)</i>
34 - Plant capacity and actual production		
Clinker		
Plant capacity	540,000	540,000
Actual production	347,328	329,070

34.1 - The under utilization of available capacity was mainly due to over all slow down in economic activity of the country and increase in supply of cement.

35 - Financial assets and liabilities

	<i>Interest/mark-up bearing</i>			<i>Non-interest bearing</i>			<i>Total</i> 2000	<i>Total</i> 1999
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>		
Financial assets								
Loans and advances to employees	194,611	258,702	453,313	2,780,715	2,457,844	5,238,559	5,691,872	4,182,770
Deposits	--	--	--	2,000,000	926,030	2,926,030	2,926,030	36,799,401
Trade debts	--	--	--	28,921,924	--	28,921,924	28,921,924	43,461,019
Advances, deposits & pre-payments								
- Profit/mark-up accrued	--	--	--	96,454	--	96,454	96,454	--
- Other receivables	--	--	--	389,135	--	389,135	389,135	444,958
Cash and bank balances	31,963,051	--	31,963,051	11,404,045	--	11,404,045	43,367,096	33,412,379
	-----	-----	-----	-----	-----	-----	-----	-----
	32,157,662	258,702	32,416,364	45,592,273	3,383,874	48,976,147	81,392,511	118,300,527
	=====	=====	=====	=====	=====	=====	=====	=====
Financial Liabilities								
Redeemable capital	22,083,780	--	22,083,780	--	--	--	22,083,780	31,000,000
Liabilities Against Assets Subject								
To Finance lease	11,672,706	15,057,509	26,730,215	--	--	--	26,730,215	258,362,325
Deposits and retention moneys	--	--	--	601,915	2,806,160	3,408,075	3,408,075	5,066,046
Short term finances	69,321,124	--	69,321,124	--	--	--	69,321,124	98,750,293
Creditor, accrued & other liabilities	--	--	--	53,750,889	--	--	--	51,999,817
Dividends	--	--	--	44,541,761	--	--	--	44,097,041
Commitments	--	--	--	784,500	--	784,500	784,500	--
	-----	-----	-----	-----	-----	-----	-----	-----
	3,077,610	15,057,509	118,135,119	99,679,065	2,806,160	2,485,225	220,620,344	489,275,522
	=====	=====	=====	=====	=====	=====	=====	=====

35.1 - Concentration of credit risk:

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties completely failed to perform as contracted. The company believes that it is not exposed to major concentration

of credit risks. However, to manage any possible exposure to credit risk, the company applies approved credit limits to its customers and also obtain collaterals.

35.2 - Foreign exchange risk management:

Foreign currency risk arises mainly where payables exist due to purchase transactions. Payables exposed to foreign currency risks are identified as either creditors or bills payable. The Company does not view hedging as being financially feasible owing to the excessive costs involved.

35.3 Fair value of financial instruments:

The carrying value of all the financial instruments (i.e. financial assets and liabilities) reflected in the financial statements approximate their fair value.

36 - General

Corresponding figures have been rearranged, wherever necessary for comparison purposes.

**CHIEF
EXECUTIVE**

DIRECTOR

Pattern of Shareholding as at June 30, 2000

<i>Sr. No.</i>	<i>No. of Share holders</i>	<i>Shareholding</i>		<i>No. of Shares held</i>
		<i>From</i>	<i>To</i>	
1	84	1	100	7,806
2	2,432	101	500	493,634
3	32	501	1000	26,000
4	22	1001	5000	46,100
5	12	5001	10000	104,400
6	2	10001	15000	25,400
7	1	45001	50000	50,000
8	1	145001	150000	149,400
9	1	150001	155000	155,000
10	1	175001	180000	180,000
11	1	330001	335000	335,000
12	1	355001	360000	356,500
13	1	415001	420000	417,800
14	1	770001	775000	774,600
15	1	865001	870000	869,200
16	1	910001	915000	914,500
17	1	1200001	1205000	1,204,000
18	1	1350001	1355000	1,352,300
19	1	1970001	1975000	1,973,994
20	1	1995001	2000000	2,000,000
21	1	2510001	2515000	2,514,000
22	1	2605001	2610000	2,606,000

23	1	5375001	5380000	5,377,700
-----				-----
2,601				21,933,334
=====				=====

Categories of Shareholders

	<i>No. of Shareholders</i>	<i>Shares Held</i>	<i>Percentage of Capital</i>
Individuals	2,589	4,879,740	22.248
Investment Companies	1	5,800	0.026
Joint Stock Companies	9	12,441,794	56.726
Foreign Companies	2	4,606,000	21.00
	-----	-----	-----
Grand Total	2,601	21,933,334	100.00