

Saadi Cement Limited

ANNUAL REPORT 1997

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BOARD OF DIRECTORS

Tariq Mohsin Siddiqui
(Chairman & Chief Executive)

Shamim Mushtaq Siddiqui

Muhammad Salim Arif

Jameel Ahmed Siddiqui

Ishtiaq Ahmed Khan

Seema Tabassum

Ghazala Mustafa

Zafar Sajjad (Nominee-NDFC)

REGISTERED OFFICE

Kamilpur
Near Hattar
Dist. Haripur
N.W.FP.

FACTORY

Kamilpur

Near Hattar
Dist. Haripur
N.W.F.P.

BANKERS

Allied Bank of Pakistan Limited
ANZ Grindlays Bank
Citibank N.A.
Faysal Bank Limited
National Bank of Pakistan
Prudential Commercial Bank Limited
Union Bank Limited

AUDITORS

Rafaqat Babar & Co.
Chartered Accountants
Greens Hotel Building
Saddar Road
Peshawar Cantt.

Khan H.R. & Co.
Chartered Accountants
328, Muhammadi House
i. I. Chundrigar Road
Karachi

Notice of Meeting

Notice is hereby given that the 4th Annual General Meeting of Saadi Cement Limited will be held at Pearl Continental Hotel, Peshawar on Thursday, 26th March 1998 at 12:30 p.m. to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting held on 25th March 1997.
2. To receive and consider the Audited Accounts for the year ended 30th June 1997 and the report of the directors and auditors thereon.
3. To appoint auditors and to fix their remuneration.
4. To transact any other business with the permission of the chair.

Notes:

1. Share Transfer Books of the company will remain closed from 24th March 1998 to 30th

March 1998, both days inclusive.

2. Any member of the company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Proxies must be received at the Registered Office of the company not less than 48 hours before the time of holding the meeting.
4. Members are requested to promptly notify the company of any change in their addresses.

Report of the Directors for the year ended June 30, 1997

The Directors of the company are pleased to present you, their report together with the audited accounts of the company for the year ended June 30, 1997.

The Project

Saadi Cement Limited is presently at an advanced stage of establishing a cement plant comprising of two lines for manufacturing 3,600 tons per day of cement using dry process suspension pre-heater with pre-calcination technology for manufacturing a consistent and high quality product.

The latest technology employing programmable logic control systems have been employed to ensure, optimum production and a high efficiency level.

Project Completion Status

The members will be pleased to know that the project is now in its final phases of implementation. Your company. has made expeditious. progress despite various difficulties encountered due to changes in Custom Duty regime and as a consequence hold up in clearance of equipment from the port. Over 98% of imported machinery and 100% of local equipment is now available at the site. The civil works for process and ancillary buildings is almost complete, the erection and installation of equipment for Line # 1 is nearing completion and for Line # 2 is being carried out at fast pace. The required networks for supply of fuel, power and water to the plant has already been completed.

Project Cost

Saadi Cement's project cost is extremely low as compared with other plants of similar capacity. The plant cost per ton of annual installed capacity is about Rs.3,900/- against an average cost of Rs.7,000/- per ton of other similar projects under implementation or completed recently. As a result of over 15 years of experience in cement industry, the management has been able to package and directly source the machinery and equipment based on latest technology from

various local and foreign suppliers at very economical costs thus bringing considerable savings to the project. This is an excellent achievement when compared with the capital costs of other under implementation projects of one million tons per annum capacity. At this final stage of implementation, the management has also been successful to maintain the installed cost of the project at an economical level.

Overviews of the Cement Industry

The cement market has changed from a sellers to a buyers market in the last two years. This has happened mainly because the low economic activity has had a dampening effect on the average growth rate of cement consumption which would normally be any where between 8% to 10% per annum. On the other hand the capacity additions planned to benefit from the expanding market have started to come in production. Thus resulting in a temporary over supply situation.

However, with the opening up of export opportunities and the government allowing rebate on exports, the nominal over supply in excess of local demand will easily be absorbed in the neighboring countries such as Bangladesh, Sri Lanka, Myanmar and Yemen etc, which cumulatively have an annual requirement of over 20 million tons of cement.

These exports will take place mainly from the plants situated in the South and the plants in the North, taking advantage of the low transport cost from North to South, will fill the gap created due to exports from the South.

Your company has the exclusive marketing advantage of an already established network of dealers and distributors, latest high-tech equipment and controls to ensure a consistent superior quality of product and a strong marketing team. With Allah's help, we are confident to achieve our sales targets.

Auditors

Messrs. Rafaqat Babar & Co. Chartered Accountants, and Khan H.R. & Co. Chartered Accountants retired and being eligible, offer themselves for re-appointment as the auditors of the company for the year ending 1998.

Pattern Of Shareholding

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

Acknowledgment

The directors have pleasure to record their appreciation for those employees of the company who have made dedicated efforts and shown loyalty inspite of serious difficulties faced by the company. Similarly high respect is acknowledged for those contractors and suppliers who cooperated inspite of hurdles, towards expeditious completion of the project.

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Above all, we would like to express our sincere thanks to those financial institutions who have continued their support and cooperation in this difficult time.

Auditors' Report to the Members

We have audited the annexed balance sheet of Saadi Cement Limited as at June 30, 1997, and cash flow statement 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 purpose 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 together with the notes thereon have been drawn up in conformity with 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 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 cash flow statement for the year then ended; and

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

Peshawar: March 5, 1998

Khan H.R. & Co.
Chartered Accountants

Rafaqat Babar & Co.
Chartered Accountants

BALANCE SHEET

AS AT JUNE 30, 1997

1997

1996

| | Note | Rs. '000' | Rs. '000' |
|---|------|-----------|-----------|
| SHARE CAPITAL AND RESERVES | | | |
| Authorized 300,000,000 ordinary shares of Rs. 10/- each | | 3,000,000 | 3,000,000 |
| | | ===== | ===== |
| Issued, subscribed and paid-up capital | 3 | 1,850,000 | 1,225,000 |
| DEPOSIT FOR SHARES | | - | 10,841 |
| SPONSORS' LOANS | 4 | 160,121 | 21,797 |
| LONG TERM LOANS | 5 | 660,868 | - |
| LIABILITIES AGAINST ASSETS | | | |
| SUBJECT TO FINANCE LEASES | 6 | 405,824 | 143,837 |
| LONG TERM DEPOSITS | 7 | 560 | - |
| CURRENT LIABILITIES | | | |
| | | ----- | ----- |
| Short-term loans | 8 | 410,240 | 429,373 |
| Current maturity | 9 | 112,627 | 1,424 |
| Creditors, accrued expenses and other liabilities | 10 | 409,536 | 528,564 |
| | | ----- | ----- |
| | | 932,403 | 959,361 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 11 | ----- | ----- |
| | | 4,009,776 | 2,360,836 |
| | | ===== | ===== |
| The annexed notes form an integral part of these accounts. | | | |
| TANGIBLE FIXED ASSETS | | | |
| Operating fixed assets at cost less depreciation | 12 | 41,737 | 36,562 |
| Capital work-in-progress | 13 | 3,070,702 | 2,014,101 |
| | | ----- | ----- |
| | | 3,112,439 | 2,050,663 |
| DEFERRED COSTS | 14 | 18,357 | 2,507 |
| CURRENT ASSETS | | | |

| | | | |
|---|----|-----------|-----------|
| Stores and spares | | 117,153 | 12,171 |
| Advances, deposits, prepayments and receivables | 15 | 417,229 | 39,319 |
| Cash and bank balances | 16 | 344,598 | 256,176 |
| | | ----- | ----- |
| | | 878,980 | 307,666 |
| | | ----- | ----- |
| | | 4,009,776 | 2,360,836 |
| | | ===== | ===== |

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1997

| | June 30, | June 30, |
|--|------------------|------------------|
| | 1997 | 1996 |
| | Rs. '000' | Rs. '000' |
| OPERATING ACTIVITIES | | |
| Working Capital Changes | (621,053) | 443,399 |
| INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (1,061,776) | (1,155,192) |
| Deferred cost | (15,850) | - |
| Net cash outflow from investing activities | (1,077,626) | (1,155,192) |
| FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 614,159 | 1,187,440 |
| Long term loans received | 900,087 | (367,292) |
| Liability subject to finance leases | 272,295 | 137,319 |
| Security deposit | 560 | - |
| Net cash inflow from financing activities | 1,787,101 | 957,467 |
| NET INCREASE | 88,422 | 245,674 |
| IN CASH AND EQUIVALENTS | | |
| CASH AND CASH EQUIVALENTS | 256,176 | 10,502 |
| AT THE BEGINNING OF THE YEAR | | |
| CASH AND CASH EQUIVALENTS | 344,598 | 256,176 |
| AT THE END OF THE YEAR | | |

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 1997

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on March 9, 1994 as a public limited company for the establishment and operation of a cement plant at Kamilpur, Near Hattar, Dist. Haripur. N.W.FP. The company was listed in the Karachi and Islamabad Stock Exchanges in March, 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention without any adjustments for the effect of inflation.

2.2 Tangible fixed assets and depreciation

2.2.1 Owned assets

Operating fixed assets are stated at cost less accumulated depreciation except lease hold land and capital work-in-progress which are stated at cost.

Depreciation on operating assets is charged to un-allocated capital expenditure by applying reducing balance method at the rates mentioned in Note 12. Full year's depreciation is charged on assets purchased during the year irrespective of the date of purchase whereas no depreciation is charged on assets disposed off, if any, during the year.

Normal repairs and maintenance are charged to un-allocated capital expenditure as and when incurred whereas major improvements/modifications are capitalized.

2.2.2 Leased assets

Assets subject to finance leases are stated at cost less accumulated depreciation.

The total outstanding obligations under the lease agreements less finance charges allocated to future periods are shown as liabilities. The financial charge is calculated at the interest rate implicit in the lease agreement and is charged to unallocated capital expenditure.

Depreciation is charged at the rates as company's owned assets.

The financial charges payable on lease finances are charged to unallocated capital expenditure.

2.3 Deferred costs

These represent charges incurred in connection with the incorporation and public floatation of the company and will be amortized after commencement of commercial production.

2.4 Stores and spares

Stores and spares are stated at cost.

2.5 Foreign currency transaction

Transactions in foreign currencies are converted into Pak Rupees at the rate of exchange prevailing on the date of transaction. All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the balance sheet date except for liabilities covered under forward exchange contracts which are translated at contracted rates. Exchange gains/losses are credited/charged to unallocated capital expenditure.

2.6 Capitalization of borrowing cost

The company capitalized borrowing costs relating to capital projects.

| | June 30, | June 30, |
|---|--------------------|--------------------|
| | 1997 | 1996 |
| | Rs. '000' | Rs. '000' |
| 3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | |
| 185,000,000 ordinary shares-of Rs.10/- each, fully paid in cash) | 1,850,000 | 1,225,000 |
| (1996:122,500,000 ordinary shares of Rs.10/- each) | ----- 1,850,000 | ----- 1,225,000 |
| 4. SPONSORS' LOANS | ----- 160,121 | ----- 21,797 |
| | ===== | ===== |

These represent amount received from group companies against which no agreement have been extended so far regarding securities, repayments and mark-up rate etc.

5. LONG-TERM LOANS- Secured

| | | | |
|-----------------------------|---------|---------|-------|
| Foreign currency loans | (5.1) | 29,681 | -- |
| Local currency loans | (5.2) | 732,082 | -- |
| | | 761,763 | -- |
| Less: Current portion | (9) | 100,895 | -- |
| | | ----- | ----- |
| | | 660,868 | -- |
| | | ===== | ===== |
| 5.1 Foreign currency loans: | | | |
| From Asian Development Bank | (5.1.1) | 29,681 | -- |
| | | ===== | ===== |

5.1.1 Asian Development Bank has sanctioned US\$ 900,000 against which US\$ 733,579.83 have been disbursed so far, for purchase of machinery. The loan is secured against:

- a) Hypothecation of plant, machinery and equipment
- b) Pari passu charge and equitable mortgage over all immovable property of the company.
- c) Promissory note
- d) Floating charge on other assets of the company
- e) Personal guarantees of all the directors

The mark-up rate is 22% per annum. The loan is rescheduled and accrued mark-up of Rs.3.681 million has been capitalized.

The loan is repayable in seven half-yearly installments commencing from July 13, 1998 and ending on July 11,2001.

Balance confirmations have been circularized, the reply of which is still awaited.

| | | June 30, | June 30, |
|-----------------------|---------|------------------|------------------|
| | | 1997 | 1996 |
| | | Rs. '000' | Rs. '000' |
| Local currency loans: | | | |
| Demand finance | (5.2.1) | 422,062 | - |
| LMM finance | (5.2.2) | 188,913 | - |
| Term Loan | (5.2.3) | 121,107 | - |
| | | ----- | ----- |
| | | 732,082 | - |
| | | ----- | ----- |
| 5.2.1 Demand Finance | | 422,062 | - |
| | | ===== | ===== |

The National Bank of Pakistan have sanctioned loans amounting to Rs.300 million and Rs.80 million for implementation of the project. The mark-up charged during construction period amounting to Rs.42.06 million which has been capitalized.

The loan is secured against:

- i). Pari passu charge by way of equitable mortgage of all immovable properties.
- ii). Promissory note
- iii). Floating charge on the other assets including book debts
- iv). Hypothecation of all other movable assets of the company
- v). Personal guarantees of all directors

The loan is repayable in seven years consisting twelve equal half-yearly installments including one year grace period from the date of first disbursement. The first disbursement was made on October 23, 1996. The loan carries mark-up @ 59 paisa per thousand per day on daily product basis.

Balance confirmations have been circularized, the reply of which is still awaited.

| | | |
|--------------------------|---------|----|
| 5.2.2 IMM Finance | 188,913 | -- |
|--------------------------|---------|----|

NDFC has sanctioned a loan of Rs.378.578 million against which Rs.188.913 million have been disbursed so far for the purchase of locally manufactured machinery.

The loan is repayable in twelve semi annual equal installments commencing from one year after the commencement of commercial production. The loan is secured against:

- i). Equitable mortgage of all assets of the company
- ii). Hypothecation of plant and machinery
- iii). Floating charge on other assets of the company
- iv). Pledge of third party shares

The loan is repayable at mark-up price of Rs.620.548 million, if paid on, the due date. Balance confirmations have been circularized, the reply of which is still awaited.

| | June 30, 1997 Rs. '000' | June 30. 1996 Rs. '000' |
|-------------------------|-------------------------------|-------------------------------|
| 5.2.3 Term Loans | 121,107 | - |
| a). ANZ Grindlays Bank: | 85,482 | - |

This amount represents unpaid bill of credit and unpaid mark-up on the over due import

bills. The loan is repayable in twelve monthly installments commencing from July 31, 1998 and carries mark-up @ 17% per annum. The loan is secured against:

- i. Hypothecation of plant and machinery
- ii. Counter guarantees of Pakland Cement Limited
- iii. Personal guarantees of all the directors

Balance confirmations have been circularized, the reply of which is still awaited.

b). Union Bank 35,625 -

The amount represents conversions of PAD account into term finance facility. The amount shall be repaid in to two equal installments ending on 30th September 1998. The amount is secured against

i. A ranking charge over the plant and machinery and fixed assets of the company valuing Rs. 64 Million.

ii. An equitable mortgage of immovable property of associated undertakings and group companies.

Balance confirmations have been circularized, the reply of which is still awaited.

| June 30, 1997 Rs. '000' | June 30, 1996 Rs. '000' |
|-------------------------------|-------------------------------|
|-------------------------------|-------------------------------|

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

6.1 The mark-up on lease finance ranges from 22% to 23.5% per annum.

6.2 The amount of future payments and the period in which these payments will become due are:

Total minimum lease payments outstanding:

| | | |
|---------------------------|---------|-------|
| Year ending June 30, 1997 | - | 2,012 |
| Year ending June 30, 1998 | 23,614 | 1.62 |
| Year ending June 30, 1999 | 137,475 | 585 |
| Year ending June 30, 2000 | 122,156 | 516 |
| Year ending June 30, 2001 | 119,373 | - |
| Year ending June 30, 2002 | 95,384 | - |
| Year ending June 30, 2003 | 100,290 | - |
| | ----- | ----- |
| | 598,292 | 4,732 |

| | | |
|-------------------------------------|---------|---------|
| Less: Finance charges allocated | | |
| to future years | 232,184 | 1,005 |
| Current portion | 11,732 | 1,424 |
| | ----- | ----- |
| | 243,916 | 2,429 |
| | ----- | ----- |
| | 354,376 | 2,303 |
| Advances under finance leases (6.3) | 51,448 | 141,534 |
| | ----- | ----- |
| | 405,824 | 143.84 |
| | ===== | ===== |

6.3 These represent advances obtained from leasing companies. Mark-up has been charged at the rate of 21% to 22.89% per annum on the basis of computation of internal rate of return. These are to be converted into lease finance at a later date.

6.4 Balance confirmations to all leasing companies have been circularized, the reply still awaited.

7. LONG-TERM DEPOSITS

560

=====

These represent interest free securities from cement dealers.

8. SHORT-TERM LOANS AND FINANCES

| | | |
|-----------------------------|---------------|---------|
| Secured | | |
| from banks | (8.1) 60,179 | 127,960 |
| from financial institutions | (8.1) 134,451 | 22,951 |
| Unsecured | (8.2) 215,610 | 278,462 |
| | ----- | ----- |
| | 410,240 | 429.37 |
| | ===== | ===== |

June 30, June 30,
1997 1996
Rs. '000' Rs. '000'

8.1 From financial institutions and banks

Short-term loans and finances amounting to Rs.112.00 million (1996:Rs.127.960 million) have been obtained from various non-banking financial institutions and banks. These loans and finances carry mark-up from 20% to 22% and are repayable by June 18, 1998. These facilities are secured by bank guarantees provided by Faysal Bank Limited.

| | | |
|----------------------------------|---------|---------|
| 8.2 From associated undertakings | 215,610 | 278,462 |
| | ===== | ===== |

This represent financial assistance from Pakland Cement Limited, one of the group companies, for meeting the fund requirements of the company. This loan carries mark-up at the rate of 22% per annum (1996: 22% per annum) and is to be repaid on mutually agreed dates.

9. CURRENT MATURITY

| | | |
|--|---------|-------|
| Local Currency Loan | | |
| due within next twelve months | 100,895 | - |
| Liability against subject to finance lease | 11,732 | 1,424 |
| | ----- | ----- |
| | 112,627 | 1,424 |
| | ===== | ===== |

10. CREDITORS, ACCRUED AND OTHER LIABILITIES

| | | |
|---|---------|---------|
| Creditors | 282,299 | 484,353 |
| Retention money | 37,408 | 15,604 |
| Mark-up payable on short-term/long-term loans (secured) | 72,066 | 4,925 |
| Accrued expenses | 1,688 | 603 |
| Tax deducted u/s 50(4) | 16,075 | 5,178 |
| Other liabilities | - | 17,901 |
| | ----- | ----- |
| | 409,536 | 528,564 |
| | ===== | ===== |

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

An amount of Rs.34.140 million is under dispute with The Collector of Customs, against which the company has provided Bank Guarantees as per the Court Order.

11.2 Commitments

Capital commitments outstanding as at June 30, 1997 amounting to Rs 250 million (1996: Rs 825 million).

12. TANGIBLE FIXED ASSETS

| PARTICULARS | COST | | DEPRECIATION | | BOOK VALUE | |
|-------------|--------------|----------|--------------|------|------------|----|
| | At beginning | Addition | At the end | Rate | At | At |

| | of the year (Deletions) of the year | | | % | beginning of the year | for the year | the end of the year | the end of the year |
|-------------------------------------|-------------------------------------|-------|--------|----|--------------------------|-----------------|------------------------|------------------------|
| OWNED ASSETS | | | | | | | | |
| Free hold land | 28,919 | - | 28,919 | | -- | -- | -- | 28,919 |
| Furniture, fixture and equipment | 1,230 | 6,424 | 7,654 | 10 | 211 | 164 | 375 | 7,279 |
| Vehicles | 1,648 | - | 1,648 | 20 | 593 | 210 (280) | 525 | 1,124 |
| Tools and equipment | 2,651 | - | 2,651 | 10 | 504 | 214 | 718 | 1,933 |
| Other assets | 2 | 26 | 28 | 10 | -- | 3 | 3 | 25 |
| | ----- | ----- | ----- | | ----- | ----- | ----- | ----- |
| | 34,450 | 6,450 | 40,900 | | 1,308 | 311 | 1,621 | 39,280 |
| LEASED ASSETS | | | | | | | | |
| Vehicles | 5,345 | - | 5,345 | 20 | 1,924 | 964 | 2,888 | 2,457 |
| | ----- | ----- | ----- | | ----- | ----- | ----- | ----- |
| 1996-97: Rupees | 39,766 | 6,450 | 46,245 | | 3,232 | 1,276 | 4,509 | 41,737 |
| | ===== | ===== | ===== | | ===== | ===== | ===== | ===== |
| 1995-96: Rupees | 39,547 | 248 | 39,796 | | 1,762 | 1,471 | 3,233 | 36,562 |
| | ===== | ===== | ===== | | ===== | ===== | ===== | ===== |

Depreciation has been allocated to unallocated capital expenditure.

| | |
|------------------|------------------|
| June 30, | June 30, |
| 1997 | 1996 |
| Rs. '000' | Rs. '000' |

13. CAPITAL WORK-IN-PROGRESS

| | | |
|---|-----------|-----------|
| Plant and machinery | 2,065,161 | 1,413,970 |
| Building and civil works | 759,046 | 283,226 |
| Telecommunication net work | 8,459 | 2,773 |
| Advances for capital works | 21,616 | 177,614 |
| Unallocated capital expenditure (13.1) | 216,420 | 136,518 |
| | ----- | ----- |
| | 3,070,702 | 2,014,101 |
| | ===== | ===== |

The plant an Rs.198.718 million
(1996:Rs.78.664 million) which is capitalized.

13.1 Unallocated Capital Expenditure

| | | |
|------------------------------------|--------|--------|
| Salaries, allowances, and benefits | 78,041 | 55,627 |
|------------------------------------|--------|--------|

| | | |
|-------------------------------------|---------|---------|
| Consultancy and supervision charges | 4,930 | 2,661 |
| Registration charges | 249 | 317 |
| Travelling and conveyance | 7,242 | 3,547 |
| Entertainment | 7,463 | 4,000 |
| Legal and professional charges | 1,550 | 715 |
| Fee and subscription | 62 | 1 |
| Auditors' re (13.1.1) | 152 | 75 |
| Vehicle running expenses | 1,993 | 1,096 |
| Insurance charges | 3,670 | 2,145 |
| Rent, rates and taxes | 5,362 | 2,906 |
| Printing and stationery | 1,525 | 1,175 |
| Telephone and postage | 6,054 | 3,397 |
| Newspaper and periodicals | 29 | 22 |
| Advertisement | 15,094 | 9,241 |
| Electricity and gas | 10,752 | 6,245 |
| Water charges | 269 | 268 |
| Bank charges and commission | 4,866 | 1,264 |
| Transportation charges | 7,868 | 4,396 |
| Commission on bank guarantees | 6,354 | 1,725 |
| Security and vigilance | 6,342 | 4,019 |
| Office maintenance | 10,990 | 8,291 |
| Miscellaneous expenses | 31,012 | 20,110 |
| Software development expenses | 42 | 42 |
| Depreciation | 4,509 | 3,233 |
| | ----- | ----- |
| | 216,420 | 136,518 |
| | ===== | ===== |

| | |
|------------------|------------------|
| June 30, | June 30, |
| 1997 | 1996 |
| Rs. '000' | Rs. '000' |

13.1.1 Auditors' remuneration

M/s Razaqat Babar & Co.

| | | |
|------------------------|-------|-------|
| Audit fee | | |
| Opening balance | 75 | 40 |
| During the year | 30 | 25 |
| Provision for the year | 30 | |
| Out of pocket expenses | 17 | 10 |
| | ----- | ----- |
| | 152 | 75 |

14. DEFERRED COSTS

| | | |
|----------------------|-------|-------|
| Preliminary expenses | 2,507 | 2,507 |
|----------------------|-------|-------|

| | | |
|----------------------------|--------|-------|
| Expenses on issue of share | 15,850 | - |
| | ----- | ----- |
| | 18,357 | 2,507 |
| | ===== | ===== |

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

Advance - Considered good

| | | | |
|----------------------------------|---------|---------|--------|
| Suppliers (against Capital Work) | | 377,752 | 2,690 |
| Employees (against expenses) | | 1,371 | 1,365 |
| Advance Income tax u/s 50(4) | | 12,870 | 3,138 |
| Others | | - | 7,107 |
| | | ----- | ----- |
| | | 391,993 | 14,300 |
| Deposits: | | ----- | ----- |
| Margin against bank guarantees | | 5,384 | 5,383 |
| Lease key money | | 17,556 | 17,324 |
| Others | | 16 | 16 |
| | | ----- | ----- |
| | | 22,956 | 22,723 |
| Prepayments | | ----- | ----- |
| Insurance | | 700 | 394 |
| Rent | | 351 | 603 |
| Lease Rentals | | - | 701 |
| | | ----- | ----- |
| | | 1,051 | 1,067 |
| Receivables | (15.1) | 1,229 | 1,229 |
| | | ----- | ----- |
| | | 417,229 | 39,319 |
| | | ===== | ===== |

15.1 This includes due from government regulatory agencies amounting to Rs.1.1 million,

| | |
|------------------|------------------|
| June 30, | June 30, |
| 1997 | 1996 |
| Rs. '000' | Rs. '000' |

16. CASH AND BANK BALANCES

| | | |
|-----------------------------|---------|---------|
| In hand - Cash/Cheques | 121,608 | 240,194 |
| At banks - Current accounts | 179,246 | 4,564 |
| - Deposit accounts | 43,744 | 11,418 |
| | ----- | ----- |
| | 344,598 | 256,176 |

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17. REMUNERATION OF EXECUTIVES

| | | |
|-------------------------|-------|-------|
| Managerial remuneration | 1,543 | - |
| Housing Allowance | 698 | - |
| Utilities | 154 | - |
| Special allowance | 22 | - |
| | ----- | ----- |
| | 2,417 | - |
| | ----- | ----- |
| No. of Executives | 9 | - |

18. CAPACITY AND PRODUCTION

The annual designed capacity of the plant is 1.080 million tonnes of clinker per annum. The company has not yet commenced commercial production.

19. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Expenses cha Rs.30.022 million
Mark-up char Rs,53.000 million

20. GENERAL

20.1 Figures have been rounded off to the nearest thousand rupees.

20.2 Figures have been rearranged and regrouped wherever necessary to facilitate comparison.

**Pattern of Holding of Shares
as at June 30, 1997**

| No. of Shareholders | | Categories | | | No. of Shares |
|---------------------|---------|-------------|-----------|--------|---------------|
| 3,425 | Holding | From 101 | To 500 | Shares | 1,712,500 |
| 111 | Holding | From 501 | To 1,000 | Shares | 110,600 |
| 119 | Holding | From 1,001 | To 5,000 | Shares | 369,500 |
| 36 | Holding | From 5,001 | To 10,000 | Shares | 353,510 |
| 7 | Holding | From 10,001 | To 15,000 | Shares | 101,490 |
| 6 | Holding | From 15,001 | To 20,000 | Shares | 120,000 |
| 8 | Holding | From 20,001 | To 25,000 | Shares | 196,500 |
| 2 | Holding | From 25,001 | To 30,000 | Shares | 60.00 |
| 3 | Holding | From 35,001 | To 40,000 | Shares | 108,500 |
| 2 | Holding | From 40,001 | To 45,000 | Shares | 85,000 |

