



Annual Report 1988



Crescent Steel and Allied Products Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Begin with the name of Allah, the Merciful & Compassionate



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Board of Directors

Mr. Mazhar Karim Chairman
Mr. Ahsan M. Saleem Chief Executive
Mr. Anjum M. Saleem
Mr. Kabir A. Qureshi
Mr. Muhammad Anwar
Mr. Muhammad Javed Amin
Mr. Nasir Shafi
Mr. Shaukat Shafi
Mr. S.M. Yusuf
Mr. Zahid Bashir
Mr. Zaigham M. Rizvi

Corporate Secretary

Mr. Sardar Anwar Ali Khan

Auditors

A.F. Ferguson & Company
Chartered Accountants

Legal Advisers

Hassan & Hassan
Advocates

Bankers

Citibank N. A
Standard Chartered Bank

Registered Office

45, Shahrah-e-Quaid-e-Azam
Lahore

Principal Office

9th Floor, Sidco Avenue Centre,
264 R.A. Lines,
Karachi

Factory

A/25, S.I.T.E. Nooriabad
Dist. Dadu



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 5th Annual General Meeting of Crescent Steel & Allied Products Limited will be held at the Avari (Hilton International), Shahrah-e-Quaid-e-Azam, Lahore on 29th June 1989 at 11.30 A.M. to transact the following business:

1. To confirm the Minutes of the last Annual General Meeting.
2. To receive and adopt the Audited Accounts and Balance Sheet for the year ended 31st December 1988 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 1989 and to fix their remuneration. The present Auditors M/S. A.F. Ferguson & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To consider any other business which may be placed before the Meeting with the permission of the Chair.

The Register of Members of the Company will remain closed from 22nd June 1989 to 29th June 1989 (both days inclusive).

BY ORDER OF THE BOARD

(SARDAR ANWAR ALI KHAN)
CORPORATE SECRETARY

45-Shahrah-e-Quaid-e-Azam,
LAHORE.

Dated 6th June, 1989.

- Note: 1. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time for holding the Meeting.
2. Shareholders are requested to immediately notify the change in address, if any.



Chief Executive and Directors' Report to Members

Review of activities

I am pleased to present this fifth annual report on your company's operations in fiscal 1988. The period under review was a year of fluctuating fortunes. The first half of 1988 was a very busy period and your company also turned in a nominal profit. In the second half, however, we suffered a series of set-backs which resulted in lower output and also affected the final results of the year.

During the second half we were successful in securing an order of 6000 tons (US \$ 3.45 millions) of 84" dia pipes. We had also received letter of intent from the main contractors but just when the material had begun to arrive the principals decided to retender the project. We also could not compete, in prices, on a very large tender (US \$ 15.5 millions) as the foreign bidders quoted unbelievably low prices (in fact same prices for finished pipes as they had quoted us for the raw material only). While we were trying to re-align our production and sales to counter these set-backs lot of production time was lost due to disturbances in Karachi and Hyderabad. These set-backs affected your company enormously as the plant remained partially idle and the results for the full year show a net loss of over Rs 10 million. In addition to this we also ended up with large quantities of HR Coil inventories.

The set-backs mentioned above, though onerous for a new company, are inherent in the type of business in which we are in. However I can say with reasonable certainty that your company stands on very solid grounds to win the re-tendered project which is expected to come by in the third quarter of 1989.

In the year under review significant inroads have been made in the water transmission area and entirely new multi-billion rupees market is opening up to use steel pipes for water transmission. We are aiming to establish CSAP's position as leading suppliers in this market. CSAP's position as leading suppliers to oil and gas transmission market has already been recognised and we are focusing to improve our share of the market in the coming years. We continue also to focus on creating organisational excellence by training our engineers and technical staff to meet the challenges of the future.



Operating performance

All round improvement was achieved in the year under review. Turnover increased five fold from Rs 28.88 million to Rs 142.30 million and production increased by 131% from 6,712 tons to 15,538 tons of varied dia pipes. The turnover includes 6,900 tons of pipe which has been sold on conversion charges basis only. If this sale is converted into normal sale the turnover would show a further improvement of Rs 69 million. Similarly the actual production this year on notional rated capacity of 26,520 tons a year equals to 34,250 tons as compared with 15,920 tons in 1987. Gross margin improved by 4.5% from 8.9% to 13.4%, and operating profit was Rs 14.7 million compared to a loss of Rs 0.6 million in 1987. After accounting for the financial expenses net results show a loss of Rs 10.53 million compared to Rs 17.79 million in nine months of 1987. Loss carried to the Balance Sheet comprises mainly financial charges on long-term project finance, summarised as under:

Total financial charges	Rs 27.08 million
Less: Short-term running finances and other charges	Rs. 10.13 million
Balance attributed to project finance	Rs. 16.95 million
Loss for the year	Rs. 10.53 million

Industry problems

For the record I must mention here that our product exceeds the most stringent quality norms which are being periodically audited by International agencies like American Petroleum Institute. The setting up of this unit has also created a capacity to substitute imports and contribute significantly to conserving foreign exchange and solving unemployment problems in the country. Accordingly I feel that the Government should see that Pakistani industries are encouraged by giving them competitive edge as is done in the neighbouring and other developing countries and also by the most developed countries who propagate Western free market ideas in countries like ours.

The Government should also respond immediately to dumping of engineering goods by the developed countries who do the same by imposing stiff counter-vailing duties on imports. I may also point out that the procedure for evaluation of international tenders — considered as exports if procured from Pakistani industry — also needs to be looked into. The present procedure is heavily biased in favour of off-shore suppliers as their C&F prices are compared against our ex-factory prices and import add-ons eg import licence fee, different surcharges, wharfage, octroi and transportation charges are ignored. Pakistani bidders are thus put in an unadvantageous position against the foreign bidders. In fact the net impact to the user agencies is even higher, considering that they would have to additionally pay import duties at the usual tariff. Another impediment which we continuously face is the non-availability of raw material from Pakistan Steel in economic sizes. Supplies are also erratic.

We are, however, continuing our efforts to overcome these problems and other potential threats. Based on the strength of our technology, quality and organisation, we are focusing on the opportunities opening up at home and abroad.



Infra-structure and communications at Nooriabad Industrial Estate

Although there has been significant improvement in Road communications to the Estate, little work has been done for improving tele-links and amenities. The industries set up at the estate, for most of the time, remain virtually cut off from the rest of the country and workers and staff can not be expected to take up permanent abode at the residential quarters, built for them and their families. Recruitment of good quality skilled workers is, therefore, difficult and adds up to additional burden of transporting workers and staff to the factory.

Future outlook

Fiscal 1989 began with a continuation of slackness but the company has been able to secure orders for 8 to 10 thousand tons of pipes. Negotiations are also underway to secure substantial additional business to beef up the order books upto at least middle of 1990. Most of the projects whose tendering was delayed due to uncertain conditions in the country during the second half of 1988 are expected to come up in the third and fourth quarters of 1989 and beyond. Substantial business is, therefore, expected to be available in the next five years.

I would like to express my deep appreciation to the management, staff and workers for the hard work they have put in during the year. I would also like to thank the shareholders whose confidence has been a source of strength to the management.

For and on behalf of the Board of Directors

Ahsan M. Saleem
Chief Executive



Auditors' Report to the Members

We have audited the annexed balance sheet of Crescent Steel and Allied Products Limited as at December 31, 1988 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 December 31, 1988 and of the loss and the changes in financial position for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

A.F. Ferguson & Co.
Chartered Accountants
Karachi, 4 June 1989

**Balance Sheet as at December 31, 1988**

	Note	1988 Rupees	1987 Rupees
Share Capital and Reserves			
Authorised 10,000,000 (1987: 10,000,000) ordinary shares of Rs 10 each		100,000,000	100,000,000
Issued, subscribed and paid-up 6,150,000 (1987: 6,150,000) ordinary shares of Rs 10 each fully paid in cash	3	61,500,000	61,500,000
Accumulated loss		(28,324,100)	(17,791,487)
		33,175,900	43,708,513
Debentures and Long-Term Loans			
Debentures	4	1,128,697	2,181,978
Long-term loans and financial assistance	5	101,515,098	111,248,909
		102,643,795	113,430,887
Current Liabilities			
Current maturity of			
— debentures	4	1,053,281	977,864
— long-term loans and financial assistance	5	17,300,914	12,490,453
Finances under mark-up arrangements	6	85,287,309	58,597,419
Creditors, accrued and other liabilities	7	54,105,220	39,191,823
		157,746,724	111,257,559
		293,566,419	268,396,959



	Note	1988 Rupees	1987 Rupees
Fixed Assets — Tangible			
Operating assets	8	166,242,014	178,235,445
Capital work-in-progress — Civil works — at cost		49,386	—
Spares held for capital expenditure		380,885	377,094
		166,672,285	178,612,539
Long-Term Deposits		178,610	165,610
Deferred Cost	9	1,153,791	1,508,804
Current Assets			
Stores, spares and loose tools	10	9,747,461	9,962,282
Stock-in-trade	11	102,531,376	58,560,680
Trade debts — unsecured, considered good		320,945	11,082,663
Advance due for repayment within one year	12	4,112,961	4,166,883
Prepayments		165,727	2,641,338
Other receivables	13	7,940,355	1,515,319
Short-term investments	14	36,000	36,000
Cash and bank balances	15	706,908	144,841
		125,561,733	88,110,006
		293,566,419	268,396,959

The annexed notes form an integral part of these accounts.

Ahsan M. Saleem
Chief Executive

Mazhar Karim
Chairman



Profit and Loss Account for the year ended December 31, 1988

	Note	1988 Rupees	Nine months ended Decem- ber 31, 1987 Rupees
Sales	16	142,302,681	28,885,815
Cost of sales	17	123,107,756	26,309,219
Gross Profit		19,194,925	2,576,596
Selling expenses	18	1,048,811	594,844
Administration expenses	19	3,426,236	2,608,629
		4,475,047	3,203,473
Operating Profit/(loss)		14,719,878	(626,877)
Other income	21	2,185,515	183,189
		16,905,393	(443,688)
Other charges	22	355,013	266,260
Financial charges	23	27,082,993	17,081,539
		27,438,006	17,347,799
Loss for the period		(10,532,613)	(17,791,487)
Accumulated loss brought forward		(17,791,487)	—
Accumulated loss carried forward		(28,324,100)	(17,791,487)

The annexed notes form an integral part of these accounts.

Ahsan M. Saleem
Chief Executive

Mazhar Karim
Chairman



Statement of Changes In Financial Position for the year ended December 31, 1988

	1988 Rupees	1987 Rupees
Sources — (Out Flow)		
Loss for the period	(10,532,613)	(17,791,487)
Items not involving movement of funds		
Depreciation	12,443,900	14,470,138
Deferred cost written off	355,013	266,260
Profit on sale of fixed assets	(186,400)	—
	12,612,513	14,736,398
Total fund utilized for operation	2,079,900	(3,055,089)
From non-operating sources		
Issue of share	—	30,750,000
Sale proceeds of fixed assets	311,000	—
Debentures, long-term loans and financial assistance	6,731,263	10,796,000
	9,122,163	38,490,911
Application of Funds		
Repayment of long-term loans and financial assistance	12,632,477	12,305,244
Fixed capital expenditure	624,455	2,954,021
Capital stores	3,791	377,094
Deferred cost	—	1,546,335
Long-term deposits	13,000	120,800
	13,273,723	17,303,494
(Decrease)/Increase in Working Capital	(4,151,560)	21,187,417
Analysis of (Decrease)/Increase in Working Capital		
(Decrease)/Increase in Current Assets		
Stores, spares and loose tools	(214,821)	117,281
Stock-in-trade	43,970,696	50,762,240
Trade debts	(10,761,718)	10,288,725
Advances due for repayment within one year	(53,922)	4,020,963
Prepayments	(2,475,611)	2,308,580
Other receivables	6,425,036	972,324
Short-term investments	—	36,000
Cash and bank balances	562,067	(10,832,920)
	37,451,727	57,673,193
(Increase)/Decrease in Current Liabilities		
Finances under mark-up arrangements	(26,689,890)	(20,933,488)
Creditors, accrued and other liabilities	(14,913,397)	(15,552,288)
	(41,603,287)	(36,485,776)
	(4,151,560)	21,187,417

M. S. Salunke

M. S. Salunke



Notes to the Accounts for the year ended December 31, 1988

1. The Company and Its Operation

The Company was incorporated on August 1, 1983 as a public limited company and is quoted on the stock exchanges in Karachi and Lahore. It is one of the downstream industries of Pakistan Steel Mills manufacturing large diameter spiral welded pipes at Nooriabad (District Dadu). The Company commenced commercial production from March 31, 1987.

The Company has been authorised the right to use API monogram of the American Petroleum Institute, which is the highest international standard accredited for quality of steel pipes.

2. Significant Accounting Policies

2.1 Overall valuation policy

These accounts have been prepared under the historical cost convention.

2.2 Fixed capital expenditure

These are stated at cost less accumulated depreciation except capital work-in-progress which is stated at cost. Leasehold land is amortized over the period of the lease.

Depreciation on fixed assets is charged applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. A full years depreciation is charged on the assets acquired during the year whereas no depreciation is charged in the year of disposal.

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

Profit and loss on sale or retirement of fixed assets is included in income currently.

2.3 Stores and spares

These are valued at average cost.

2.4 Stock-in-trade

All stocks are stated at the lower of cost and estimated net realisable value. Cost is determined by average method. Cost of work-in-process and finished goods includes cost of materials and appropriate portion of production overheads. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

2.5 Rate of exchange

Liabilities in foreign currencies are translated into Pakistan rupees at the rate of exchange approximating to those prevalent on the balance sheet date except where foreign exchange risk has been covered.



2.6 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credit, rebates and exemptions. The Company accounts for deferred taxation using liability method on all significant timing differences.

No provision for taxation is required in view of the losses.

2.7 Deferred costs

These are being written off over a period of five years from the date of commencement of commercial production.

2.8 Revenue recognition

Sales are recognised on despatch of goods to customers.

3. Issued, Subscribed and Paid-up Capital

As partial consideration for the foreign currency loan, financial assistance and term finances under mark-up arrangements from National Development Finance Corporation referred to in Notes 5.1, 5.2 and 5.3.1 the lenders have the option to convert in aggregate a maximum of Rs 22.22 million, being twenty per cent of the loan sanctioned, into fully paid ordinary shares of the Company at any time or from time to time during the subsistence of the credit.

4. Debentures — Unsecured

	1988 Rupees	1987 Rupees
Custom Debentures	2,181,978	3,159,842
Less: Instalments due within one year shown as current maturity	1,053,281	977,864
	1,128,697	2,181,978

These represent the liability for the deferred element of custom duties on import of plant and machinery and stores and spares bearing surcharge at the rate of 11% per annum, and are repayable in six half-yearly instalments by January 9, 1991.

**5. Long-Term Loans and Financial Assistance**

	Note	1988 Rupees	1987 Rupees
Secured			
Foreign currency loan	5.1	81,752,421	85,414,765
Financial assistance under mark-up arrangements	5.2	13,507,976	14,859,258
Term finances under mark-up arrangements	5.3	23,555,615	23,465,339
		118,816,012	123,739,362
Less: Instalments due within one year shown as current maturity		(17,300,914)	(12,490,453)
		101,515,098	111,248,909

These are secured by way of pari passu first fixed charge on all the Company's immovable properties including plant and machinery, spare parts, accessories and electrical and other equipment, and a first floating charge on all other movable property and assets (present and future) including receivables and inventory of raw materials, work-in-progress, finished goods and supplies and also ranking pari passu with charges created to secure running finance obtained from Citibank N.A. referred to in note 6.

5.1 Foreign currency loan

This represents foreign currency loan obtained from the National Development Finance Corporation (NDFC) of US\$ 5.82 million under a loan agreement dated October 28, 1984.

Interest is payable on the amount of the credit drawn and remaining unpaid by the Company and on costs, charges and expenses at the rate of 11% per annum. A foreign exchange risk fee on the amount of credit drawn and remaining unpaid by the Company is chargeable at the rate of 3% per annum.

The balance of loan is repayable in 10 consecutive semi-annual instalments by September 15, 1993.

5.2 Financial assistance under mark-up arrangements

The financial assistance for purchase of locally manufactured machinery was obtained from NDFC under mark-up arrangements.

The rates of mark-up range between 3% to 7.5% per annum. The purchase price and mark-up are payable in equal semi-annual instalments by April 20, 1995.



5.3 Term finances under mark-up arrangements

5.3.1 The term finances for purchase of raw material, finished goods, other assets etc obtained from NDFC under mark-up arrangements amounted to Rs 12.109 million (1987: Rs 12.478 million). The rate of mark-up is 15% per annum.

The purchase price and mark-up are payable in equal semi-annual instalments by February 25, 1995.

5.3.2 The term finances for purchase of assets obtained from Saudi Pak Industrial and Agricultural Investment Company Limited (SAPICO) under mark-up arrangements amounted to Rs 11.447 million (1987: Rs 11.017 million). The rate of mark-up is 15% per annum.

The balance of purchase price and mark-up are payable in 9 equal semi-annual instalments by June 4, 1993.

6 Finances Under Mark-Up Arrangements

	Note	1988 Rupees	1987 Rupees
Secured			
Running finance	6.1	9,105,892	3,509,332
Demand finance		—	14,798,067
Short-term finance	6.2	20,000,000	—
Export refinance		—	6,559,200
Associated undertakings — unsecured			
Crescent Jute Products Limited		40,797,227	33,730,820
Shakarganj Mills Limited		15,384,190	—
		56,181,417	33,730,820
		85,287,309	58,597,419

6.1 Running finance

The facility for running finance available amounts to Rs 15.0 million (1987: Rs 25.0 million). The rate of mark-up is 14% per annum. The purchase price and mark-up is repayable on demand.

The running finance is secured by a first charge on all the present and future movable and immovable assets of the Company ranking pari passu with the charges created to secure the foreign currency loan, financial assistance and term loans obtained from NDFC and SAPICO referred to in Note 5.

6.2 Short-term finance

Short-term finance obtained from National Development Leasing Corporation is secured by way of guarantee given by bank on behalf of the Company.

The rate of mark-up is 14% per annum. The purchase price and mark-up is repayable by January 11, 1989.

6.3 Unutilised credit facilities

The facility for opening letters of credit and guarantees as at December 31, 1988 amounted to Rs 220,000,000 (1987: Rs 50,000,000) of which amount remaining unutilised at the year end was Rs 127,666,190 (1987: Rs 19,125,529).



7 Creditors, Accrued and Other Liabilities

	Note	1988 Rupees	1987 Rupees
Creditors		2,395,713	8,990,086
Bills payable		36,309,739	20,048,756
Accrued liabilities		1,122,786	1,304,872
Interest accrued on secured loan		3,338,224	3,487,770
Accrued mark-up		4,352,881	3,761,875
Surcharge accrued on unsecured custom debentures		37,303	50,431
Retention money		54,183	927,323
Deposits		—	50,000
Advances from customers		6,394,991	492,967
Others		99,400	77,743
		54,105,220	39,191,823

8. Operating Assets

(a) The following is a statement of operating fixed assets:

	Cost as at December 31, 1987	Additions (deletions)	Cost as at December 31, 1988	Accumulated Deprecia- tion as at December 31, 1988	Written down value as at December 31, 1988	Rate %	Depreciation Charge for the year
Leasehold land	3,330,944	—	3,330,944	94,453	3,236,491	—	33,646
Improvement to leasehold land	76,524	25,348	101,872	1,615	100,257	—	1,029
Building on leasehold land	36,433,595	105,962	36,539,557	4,559,498	31,980,059	5	1,826,978
Plant and machinery	150,188,348	63,289 *(183,780)	150,067,857	21,236,385	128,831,472	5-20	9,936,604
Office premises	1,384,908	**[32,992]	1,351,916	683,274	668,642	10	135,191
Furniture and fixtures	586,132	18,122	604,254	191,982	412,272	10	60,425
Office and other equipment	839,655	116,231	955,886	585,468	370,418	20	191,177
Workshop and laboratory equipment	39,034	40,845	79,879	18,292	61,587	20	9,856
Motor vehicles	1,139,886	422,044 (333,000)	1,228,930	648,114	580,816	20	248,994
Rupees	194,019,026	791,841 (549,772)	194,261,095	28,019,081	166,242,014		12,443,900
1987 Rupees	6,654,023	187,365,003	194,019,026	15,783,581	178,235,445		14,618,398



(b) Following are the details of fixed assets sold:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Name of purchaser
Motor vehicles	188,000	150,400	37,600	158,000	Negotiation	Mr. Abdul Mateen 1482/2, Azizabad Federal 'B' Area Karachi 38
Motor vehicles	145,000	58,000	87,000	153,000	Negotiation	M/s Syncotex Agencies 136 Sharifabad Karachi-I

9. Deferred Cost

	1988 Rupees	1987 Rupees
Preliminary expenses	82,674	108,112
Share issue expenses	671,663	878,329
Commission, brokerage on issue of shares	399,454	522,363
	1,153,791	1,508,804

10. Stores, Spares and Loose Tools

Stores	394,572	256,093
Spare parts	9,099,206	9,481,726
Loose tools	253,683	224,463
	9,747,461	9,962,282

11. Stock-in-Trade

Raw materials — includes in transit Rs 62,432,990 (1987: Rs 23,212,724)	65,636,839	31,385,586
Work-in-process	1,884,921	3,299,143
Finished goods	35,009,616	23,875,951
	102,531,376	58,560,680

12. Advances due for repayment within one year — considered good

Employees	57,629	72,678
Suppliers for goods and services	4,055,332	4,094,205
	4,112,961	4,166,883

13. Other Receivables

Licence fee refundable	2,772,434	—
Export rebate	2,756,865	—
Octroi refundable	705,010	364,460
Others	1,706,046	1,150,859
	7,940,355	1,515,319



14. Short — Term Investments — at cost

	1988 Rupees	1987 Rupees
Foreign exchange bearer certificates [Market value Rs 38,628 (1987: Rs 39,276)]	36,000	36,000

15. Cash and Bank Balances

With banks — on time deposit account	68,836	31,812
— on current account	613,072	83,015
Cash and cheques-in-hand	25,000	30,014
	706,908	144,841

16. Sales

	1988 Rupees	Nine months ended Decem- ber 31, 1987 Rupees
Sales of product	137,291,934	18,455,348
Manufacturing charges — note 16.1	5,010,747	10,430,467
	142,302,681	28,885,815

16.1 Manufacturing charges stated pertain to the job of producing 6929.98 tons (1987: 3240.77 tons) of pipe for which Hot Rolled Steel Coils were provided by a customer.

17. Cost of Sales

	1988 Rupees	Nine months ended Decem- ber 31, 1987 Rupees
Raw material consumed	112,511,119	27,557,836
Salaries, wages and benefits	3,371,911	1,938,673
Stores and spare consumed	1,070,043	1,997,900
Insurance	740,967	341,972
Depreciation	12,119,612	14,201,704
Repairs and maintenance	87,463	184,343
Fuel, power and electricity	2,060,329	933,728
Other expenses	865,755	467,536
	20,316,080	20,065,856
	132,827,199	47,623,692
Work-in-progress		
Opening	3,299,143	1,182,911
Closing	(1,884,921)	(3,299,143)
	1,414,222	(2,116,232)
Cost of goods manufactured	134,241,421	45,507,460
Finished goods		
Opening stock	23,875,951	4,677,710
Closing stock	(35,009,616)	(23,875,951)
	(11,133,665)	(19,198,241)
	123,107,756	26,309,219



	1988 Rupees	Nine months ended Decem- ber 31, 1987 Rupees
18. Selling Expenses		
Salaries and other benefits	335,706	192,747
Travelling and conveyance	274,726	162,572
Insurance	8,602	—
Depreciation	50,500	18,892
Advertisement	84,568	110,710
Bad debts written off	4,244	—
Printing and stationery	2,178	7,858
Other	288,287	102,065
	1,048,811	594,844
19. Administration Expenses		
Salaries, wages and other benefits	1,601,977	1,212,824
Travelling and conveyance	259,070	252,863
Fuel and power	35,251	45,732
Postage, telephone and telegram	187,850	144,889
Insurance	18,857	820
Repairs and maintenance	114,337	88,713
Auditors' remuneration (Note 20)	96,662	48,634
Legal and professional charges	339,266	45,155
Depreciation	273,788	249,542
Advertisement	45,690	26,854
Printing, stationery and office supplies	197,556	209,930
Corporate service charges	180,000	169,865
Training	3,000	67,504
Other — see note below	72,932	45,304
	3,426,236	2,608,629

Other expenses include donations Rs 3,000 (1987: Rs 3,000), none of the directors or his spouse had any interest in any of the donees.

20. Auditors' Remuneration

	1988 Rupees	1987 Rupees
Audit fee	50,000	35,000
Taxation service	—	9,000
Special reports, certificates and sundry advisory services	44,000	—
Out of pocket expenses	2,662	4,634
	96,662	48,634



	1988 Rupees	Nine months ended Decem- ber 31, 1987 Rupees
21. Other Income		
Profit on sale of fixed assets	186,400	—
Return on short-term loans to associated undertakings	764,855	—
Return on deposits	256,956	179,189
Provision for corporate service expenses written back	681,674	—
Miscellaneous	295,630	4,000
	2,185,515	183,189
22. Other Charges		
Deferred cost	355,013	266,260
23. Financial Charges		
Interest on long-term loans	11,971,298	9,282,804
Surcharge on custom debentures	309,637	261,878
Mark-up on		
Bridge finance	—	647,067
Suppliers credit — long-term	718,345	512,432
Long-term finances	3,808,515	2,483,511
Term finance from associated undertakings	3,035,863	1,362,228
Short-term finances	1,584,073	—
Running finance	2,381,488	2,179,007
Export refinance	2,272,071	15,305
Penalty on export refinance	657,617	—
Penal interest	—	3,369
Commitment and other charges on foreign currency loan	146,600	287,694
Exchange loss	32,619	—
Bank charges	164,867	46,244
	27,082,993	17,081,539



24. Remuneration of Chief Executive, Executive and Directors

	Chief Executive		Executives		Total	
	1988	1987	1988	1987	1988	1987
Managerial Remuneration	330,000	248,387	382,800	240,600	712,800	488,987
Rent	148,500	111,774	172,260	108,270	320,760	220,044
Utilities	33,000	24,839	41,640	30,600	74,640	55,439
Medical	3,967	4,246	16,645	20,873	20,612	25,119
Provident Fund Contribution	27,500	20,694	31,895	15,246	59,395	35,940
Domestic Servant	—	—	—	18,000	—	18,000
Club Subscription and Expenses	10,282	16,227	—	—	10,282	16,227
Entertainment	—	—	42,000	36,000	42,000	36,000
	<u>553,249</u>	<u>426,167</u>	<u>687,240</u>	<u>469,589</u>	<u>1,240,489</u>	<u>895,756</u>
No. of Persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>2</u>	<u>4</u>	<u>3</u>

In addition, the Chief Executive and Executives are provided with free use of the Company-maintained cars, according to their entitlements.

Remuneration to non-executive directors:

Aggregate amount charged in the accounts for fee paid to seven (1987: one) directors was Rs 5,500 (1987: Rs 500)

25. Transactions with Associated Companies

	1988 Rupees	1987 Rupees
Aggregate amount in respect of:		
Return on loans received from associated undertakings	764,855	—
Goods and services sold to associated undertakings	957,285	178,889
Mark-up paid to associated undertakings	3,035,863	1,362,228
Purchase of vehicles	44,544	—
Corporate service charges paid to associated undertakings	180,000	169,865
Shares under-writing commission paid to associated undertakings	—	307,530



26. **Plant Capacity and Production**

The plant's installed/rated capacity for production is 26,500 tons annually on the basis of notional pipe size of 30" dia x 1/2" thickness. The actual production achieved during the year was 15,538 tons (1987: 6712 tons for 9 months) line pipe of smaller size and thickness, which works out to the equivalent of 34,250 tons (1987: 15,920 tons for 9 months), if the actual production is translated to the notional pipe size of 30" diameter.

27. **Comparative Figures**

Previous year's figures have been rearranged, wherever necessary, for the purposes of comparison.

Ahsan M. Saleem
Chief Executive

Mazhar Karim
Chairman



Form '34'

The Companies Ordinance, 1984.
(Section 236)

Pattern of holdings of shares held by the
shareholders as at 31st December 1988

No. of Shareholders	Shareholding		Total Shares held
	From	To	
15953	1	100	1595300
126	101	500	43900
90	501	1000	85000
104	1001	5000	295402
22	5001	10000	166401
9	10001	15000	122101
6	15001	20000	108201
1	20001	25000	22000
1	25001	30000	30000
1	30001	35000	31501
1	35001	40000	40000
1	55001	60000	59201
1	295001	300000	300000
1	330001	335000	332493
1	400001	405000	403500
2	445001	450000	900000
2	495001	500000	1000000
1	610001	615000	615000
16323			6150000

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	16309	2501207	40.68%
Joint Stock Companies	8	2060393	33.50%
Insurance Companies	1	10000	.16%
Investment Companies	2	519900	8.45%
Financial Institution	1	615000	10.00%
Trust	1	40000	.65%
Foreign Investment	1	403500	6.56%
Total	16323	6150000	100.00%



8th Annual General Meeting

Form of Proxy

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed, at the Company's Registered Office at 45, Shahrah-e-Quaid-e-Azam, Lahore, not less than 48 hours before the time of holding the meeting.

A proxy must be a member of the Company. Signature should agree with the specimen registered with the company.

Please quote Registered Folio Number

I/We _____
of _____
being member of Crescent Steel & Allied Products Ltd., and holder
of _____ ordinary shares, hereby appoint

(Name) of _____
(Address)

who is also a member of the Company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 8th Annual General Meeting of the Company to be held at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore, on June 25, 1992 or at any adjournment thereof.

As witness my/our hand this _____ day of _____ 1992

Signed by the said _____ in the presence of _____

(Member's Signature)

Date

Place

Affix Two Rupees
Revenue Stamp which
must be cancelled
either by signature
over it or by some
other means

