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The New Industrial Order

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and the unappropriated losses total to Rs. 1.14 crore. Surprisingly, any indication of loss is conspicuous by its absence in the published balance sheet for period ending June 30, 1970. Not only is the profit and loss picture obscure, but the assets and liabilities position is also clouded by the inter-company financial and sales adjustments with sister-concerns.

In case of Ittefaq Limited, the consultants engaged to prepare trial balance made well-meaning observations. They maintained : "It is clear from our comments. . . . that the entries appearing in the account books cannot be relied upon as most of the transactions were in cash for which in most cases cash receipts were not issued. We emphasize that the transactions appeared in the books should be thoroughly investigated. This is a concern which did not maintain a proper record and stocks, etc. and as such it is difficult for anyone to identify irregularities committed. Similarly there had been no definite sales and purchase policy. The Directors at their whims used to give a reduction in price to one dealer and to charge over and above the normal price from the other dealers. Similar is the position in regard to the sale of goods on credit. There is inadequate record of the dealing taking place prior to take-over."[21] Here is, in a word, an example of a concern which developed from a small family shop into a large organistion. However, much of the gains from this growth in size were lost as it was accompanied by clumsy organisational and managerial principles and archaic accounting practices. The take-over operation was absolutely necessary for concerns like this to usher them into the modern world of dynamic change.

Given its present size and inventory constraint, Ghandara seems to be under-capitalised. Again, the book value of its capital, reserves and surpluses, i.e. Rs. 4.19 crore is misleading since it includes assets valued at Rs. 2.80 crore located in East Pakistan. This fact is seriously telling upon the future viability of the company, especially when we consider the fact that assets left in East Pakistan form part of the security against the excessive borrowing of the company from the banking system. The value of this indebtedness is Rs. 2.00 crore, and it is rising as the interest obligations are accumulating at the rate of Rs. 20 lakh per annum. Some serious irreglularities may well be noted. First, Rs. 1,43, 236 stand outstanding against

21. *The Report, op. cit.*

Premier Agencies Limited since 1968. The ex-Managing Director had substantial interests in this concern. Secondly, the records of the company do not indicate why the ex-chairman was paid Rs. 3 lakh in the suspense account. Thirdly, a sum of Rs. 20 lakh was deposited with Lahore Commercial Bank in the account of a subsidiary of the company—Ghandara Diesels Limited. The said Bank then paid out this amount to two concerns controlled by the ex-chairman. As a result, Ghandara Diesels had to suspend its operations for some time. One of these concerns was M.K. Foundry and Engineering Works which got Rs. 16.5 lakh. It is interesting to note that the financial position of M.K. Foundry itself is precarious. Moreover, this is probably the only taken-over concern in which *foreign interests* have also been brought under state control. The Germans have contributed 49.97% of the equity of this concern.

Indus Chemicals is another financial mess. The cumulative losses it has been making during 1966-67 to 1969-70 are estimated at Rs. 1.12 crore. For the first time in its existence of five years it made a profit of 49 lakh in 1970-71 until December 1971. The profit was valued at Rs. I5 lakh. The profit projection for the whole of the current year is a paltry sum of Rs. 14 lakh, which by no means augur well for a smooth full-functioning of the company. A further aggravation of the financial state of affairs is contributed by the bad liquidity position. In spite of loans of Rs. 5 lakh from commercial banks, the possibility of its being liquid enough to meet all its current liabilities is remote. Liquidity was also a problem with Wazir Ali Engineering which, according to Government appointed consultants, was otherwise "functioning on the basis of a sound accounting system and all transactions were properly recorded. *Prima facie*, there is no evidence of gross irregularities on the basis of a preliminary examination of company's records".[22]

The financial position of Rana Tractors needs no comment as they are already under notice from various banks, because advances originally made to them against hypothecation of goods are now clean and with no security. Ismail Cement reveals yet another story of gross irregularities. Following facts were discovered by the Government appointed consultants :

(a) An utter disregard of cost analysis.

22. *Ibid.*

(b) Lack of proper accounting and budgeting control systems.

(c) The company is financially capable of meeting its recurring expenditure from its current turn-out, but it cannot, out of the current year's earnings, meet the obligations to repay PICIC and IFC loans instalments plus interest cost of Rs. 72 lakh and clear the excise dues of the order of Rs. 26 lakh.

Dividends Payments

Generally[23] there are three ways in which firms pay out dividends—cash, bonus and rights. It is noteworthy that only one out of 18 concerns studied, i.e. Indus Chemicals, issued preference shares of Rs. 65 lakh as rights share. In May 1970, the ratio between rights shares and ordinary shares was 4:5.

The cash dividend for four concerns was nil. Included in this category were Wazir Ali Engineering, Haroon Industries, Kohi Noor Engineering and United Chemcials. Other concerns did pay cash dividend, but not with a good measure of regularity. Kandawalla Industries paid cash dividend only in 1968 and 1969, but none at all in the following periods. All the retained earnings were utilised to increase fixed investment. The dividend payments in 1968 and 1969 was also retained by converting them into loans. Ghandara Industries were more regular in dividends payments, although 20% dividends announced in June 1971 has not yet been paid due to bad liquidity position.

Only 4 out of the studied firms paid bonus dividend of 14½ shares for every 10 shares in 1967. In 1970, it went up to 15½ shares for every 10 shares. Pakistan Cement paid bonus dividend of 10% in 1970. Figures for Karachi Gas Campany were 1 : 2 for 1968-69 and 1:4 for 1970-71, and for Steel Corporation of Pakistan 1·66.

III

Abolition of Managing Agency System

"The story of private sector management......is the one of skimming the profits of the corporation through the device of managing agents and sole distribution agents", says the official report on the taken-over units.[24] These maladies emnate from the continued operation of the

23. Figures in this section are based on Appendix Tables entitled "Dividends Payments."
24. *The Report, op. cit.* Introduction.

anachronous company law of 1913. The system makes the promoters of a firm all-powerful in matters of finance, management, sales and purchase operations, thus neutralising the impact of all measures against concentration of economic power and skewed share distribution. The Fourth Plan had suggested the abolition of the system : "It appears necessary that the managing agency system should be abolished and be replaced by professional management which is fully answerable to shareholders and a representative Board of Directors"[25]

Interests of the managing agents and those of the firms were, more often than not, in conflict with each other. Instances are not few when output expanding policies were followed at a time the firm needeed output restricting policies, just because the commission of the managing agents was based on output. Secondly, illegal commissions while doing business on behalf of the firm were not uncommon. Thirdly, decision-making was faulty because the managing agents generally had little knowledge of the technical processes of production. Fourthly, directors did not feel responsible as they had nothing really to do with policy-making. Fifthly, the lack of shareholder's say made them disinclined to invest further. Sixthly, the business orientation that the system promoted was conservatism and not enterprise. Finally, and most importantly, it gives a commercial rather than an industrial bias to economic development.[26] "It may be perfectly true that many, or even most, of the managing agents have performed their functions efficiently and with integrity, but this does not absolve from criticism a system which undoubtedly gives special opportunities for *exploitation* and even *fraud*" (emphsis added).[27]

It is interesting to note that the managing agency system was devised in the nineteeth century mainly as an instrument to fill the physical gap resulting from the location of companies in British India and their directors and shareholders in Britain. Its ditto adoption even by firms with largely localised equity and directoral base is attributable only to lack of business scruples. Nevertheless, what is most regrettable is the perpetuation of the system even after the

25. Government of Pakistan, Planning Commission, *The Fourth Five Year Plan*, p.85.

26. G. B. Jather and S. G. Beri, *I. dian Economics* (Madras : Oxford University Press, 1959), Vol II, p. 25.

27. Vera Anstey, *The Economic Development of India*, p. 501.

British left this subcontinent : an amazing capacity to resist change has been demonstrated in this regard[28].

In the post-independence Pakistan, when the state started pampering Big Business by giving all kinds of tax, credit and tariff concessions, the managing agency system fast became the most widely practiced technique of business control. Small groups of promoters, family members in most cases, would raise big amounts from the common man and invest them almost risklessly. All the managing agents had to do for this purpose was to ensure their commission and show the company in chronic loss. The agents would become directors as well, which in turn were interlocked in a most exploitative fashion. Sometimes the Articles of Association made the directors entirely superfluous, leaving the managing agents with exclusive powers. The power of the agencies proliferated to such an extent that they would take care of the insurance cover as well. At the time of closure of stock exchange on 3rd December, 1971, 272 companies in West Pakistan were quoted on stock exchange. Out of these 158 were run by managing agencies. The state take-over of industries has affected 20 quoted and 12 unquoted companies.[29] Following table presents a group-wise picture of the managing agencies in East and West Pakistan.

MANAGING AGENCIES IN PAKISTAN

Description of group	Companies in West Pakistan		Companies in East Pakistan		
	with managing agency	without managing agency	with managing agency	without managing agency	Total quoted companies
Investment	...	4*	...	1	5
Insurance**	...	18	...	2	20
Banks**	...	13	...	...	13
Cotton Textiles	56	21	6	1	84
Woolen Textiles	4	...	...	...	4

28. The managing agency system was abolished in India much earlier.

29. To form an idea of the ownership patterns in the 18 taken-over units studied in the present paper, see Appendix.

Synthetic and Rayon	8	2	3	1	14
Jute	17	3	4	...	24
Sugar and Allied	15	3	...	...	18
Cement	5	...	...	...	5
Tobacco	2	3	1	1	7
Fuel and Power	9	5	2	2	18
Engineering	9	8	4	...	21
Transport and Communication	4	2	1	2	9
Chemicals and Pharmaceuticals	8	5	1	1	15
Paper and Board	2	4	1	2	9
Vanaspati and Allied	5	7	...	...	12
Construction	1	1	...	1	3
Miscellaneous	13	15	5	3	36
Total	158	114	28	17	317

* These four are close-end mutual fund cert'ficates issued by the Investment Corporation of Pakistan.

** Insurance Companies and Banking Companics are not allowed to operate under the managing agency system as to the provisions of their respective Acts.

Source: *Pakistan Economist*, March 18, 1972.

The peoples Government abolished the managing agencies under the order called "Managing Agency and Election of Directors Order 1972". The Order envisages a cumulative electorate for directors to ensure accountability to shareholders. For the later purpose, a lot of publicity will be required about the activities and interests of the directors. Also needed will be a regularised rapport between the shareholders and the Directors at all stages of production. The other significant provision in the Order is the appointment of a full time, professional chief executive. This step will contribute towards smooth operations and the achievement of least-cost combinations. To combat the critical scarcity of professional managers, a management pool is proposed to be set up.

Monopoly Control

In spite of the industrial take-over, the major proportion of industrial assets remains in private hands. The take-over implies the assumption by the state of effective control over management : the ownership pattern remains the same. Similarly, abolition of the managing agency system is an anti-concentration measure. But its most effective result will be the gain in managerial improvement. Economic concentration is an all-round phenomenon, appearing in the form of inter-locked directorates between industry, banking and insurance, monoplies and cartels and verticallay and horizontally related units. So while the take-over operation and the end of managing agancies will raise production, ensuring the fairness in distribution will be the responsibility of the Monopoly Control Authority (MCA)—the operational instrument for the Monopolies and Restrictive Trade Practices Ordinance.

There are three main planks of the Ordinance :

(a) Undue concentration of economic power

(b) Unreasonable growth of monopoly power

(c) Unreasonably restrictive trade practices

Concentration of economic power is defined as the individual ownership of 50% of shares in a limited concern or industrial assets worth Rs. one crore. The MCA can perform this function efficiently if the Government does not overload it with unnecessary concentration enquiries. It is this tendency that has kept the Monopolies Commission in India ineffectively busy. The monopoly or dominant position is defined as the control by a firm over one-fifth of the distribution of a product. In this connection the problems that might arise include dominance dates, rational commodity classifications and method of registration.[30] Most of the inequity in this country has been inflicted on the common man by restrictive trade practices which, according to the Ordinance, include all market-sharing and price-fixing agreements. It will be advisable to have a separate Restrictive Practices Court like they have in Britain.

30. Pervez Tahir, "Monopoly Control Authority", *The Pakistan Times*, September 19, 1971.

Problems of Management[31]

Whether Government management is more capable of increasing output by enhancing productivity or whether it hampers productivity is a controversial matter. Arguments can be advanced on both sides. The main point to be dealt with here is that here it is not a choice between an economic order which is wholly collective or wholly private enterprise, but which is of a mixed character, partly collective and partly private. The question to be answered is whether the Government is capable of entering the market as an efficient producer or it should do so only under special circumstances. If we feel that in many cases private enterprise alone is unable to endow the market with the degree of efficiency required to answer the society's needs and potential there is a case for the Government sector producing for the market. In the market economy, activities are undertaken with the profit motive. But if the Government enters in production, is it with a view to raising revenue ? If it is not, its behaviour in the market will be different from that of ordinary economic units, because public management cannot sell at competitive price.

The public management sector can be designed as to acheve a condition where price should maximise capacity utilisation without excessive profit margin. It is the duty of the public authority to lay down conditions under which public management shall have to work and it will be the duty of the mangement to see that it works under these rules and regulations.

These firms that have been partially nationalised have been working as monopolistic units. The Government intention in assuming control of management of these enterprises can be interpreted as *an anti-monopolistic* action. In manufacturing industry the factors working for monopoly are the adoption of large scale restrictive methods of production so that competition cannot operate, because of the huge capital requirements and the non-admittance of foreign exchange scarcities. Moreover, private exploitation of national resources for the world market may be subordinated to foreign interests if foreign competition is allowed. For these

31. This section mainly relies on these references—Herbert A. Simon, "Theories of Decision-making and Behavioural Science," *American Economic Review* No. 3, 1959 ; OECD, *Methods of Industial Development*, 1962 ; p. Saraceno, *Public Enterprise in the Market Economy* ; J. Gorden, *Leadership in Big Corporations* ; J. K. Galbraith, *The New Industrial State* ; Bearle and Means, *The Development of Modern Corporation* ; Peter F. Druker, "The Public Interest", *Dialogue*, vol. 4, 1971 ; Deena R. Khate, Management in Developing Countries," *Finance and Development*, No. 3, 1971.

reasons anti-monopolistic measures in public enterprises have an important part to play.

Government management of industries has certain clear advantages provided the management in all fields where Government is operating is entrusted to one agency or authority. It can avoid wasteful dispersion of technical and administrative manpower among several Government departments. Control over important personnel can provide more manouvre for quick action. It can provide the Government with means for a programme of training in mangement techniques for whole of the country and thus reduce manpower shortage at the top level. Government management can provide ready funds for special projects. Technical, scientific, and market research can be promoted. Individual firm's credit-worthiness is enhanced.

This brings us to the role of business leadership in the industries that have been taken over. The top leadership or the chief executive of firms will have a decisive role to play. Whether the industries will progress or decline will depend upon the capability of this key individual, who may be called an executive, a manager or a Chairman etc. In the history of big industries all over the world, this (the chief executive or manager) is not ordinarily "the famous and infamous man" of the annals of economic history. (The case of Ittefaq Ltd. in Pakistan is a close parallel). He is not the restless, dynamic individual of an early generation who pioneered into new lines and risked his shirt building up a new business organisation. He is, on the other hand, a professional manager who is entrusted the job of running an enterprise according to the rules and philosophy of his discipline. The initiation of decision, approval of decision and co-ordination has to be done by him.

With the big size and complexity of organisation, power and responsibility has to be delegated to officials below the rank of chief executive, with the result that suggestions and proposals have to appear at lower level of authority. These proposals have to be approved by someone at a higher level. The initiation of proposal from lower level may not comprise of routine matters. It may include proposals of innovations and expansions and changes in production techniques, etc. The task of decision-making thus becomes a lenegthy process and it is not the outcome of one competent, dynamic mind as the pioneer businessman making decisions on the basis of his vast experience andspec ail abilities. In big firms the making of an important operating decision is also to be entrusted more and more to specialists at low level of authority. In such a procedure of decision-making the chief executive will like to play safe. The nature of decisions will be such as to avoid risks and bad publicity. More and more power is apt to be delegated to committees and the final decisions which is the outcome of the recommendation of various committees may in so many cases be a compromise decision lacking in imagination, drive and ingenuity. The chief manager will at best remain a coordinator because the decisions of the subordinates may often conflict.

At the beginning of his tenure the top manager will spend most of his time in finding out the difficulties of operations, understanding his job and in diagnosing the causes. Various pressure groups and conflicting interests in the factory or corporation may hamper his job of coming to the top of the situation if the chief executive is a man of ordinary ability. If this is the case he will be a very bad substitute for the owner-manager.

Economic Incentives

The advantages of economic incentives available to an owner-entrepreneur of a large firm can be substituted in case of a professional manager in shape of prestige over and above the executives' receipt of salary. Power brings prestige, prestige which is based on the successful operation of a large firm. A large firm offers ample oppurtunities for the creative urge, "the urge to construct, invent and create," carries over into the field of business where it takes a technological turn. For example, in an emphasis on technological efficiency, quality of product and effectiveness of organisation, the professional manager may seek to bring about least cost combination of inputs, not for the sake of higher profit but to do a job for its own sake. Moreover, the professional manager is not wholly mindful of just profitibility critetion as are owner-managers. Professional managers may follow their creative energies in other directions also, so as to be transmuted into a powerful ambition to serve the corporation itself as a living entity. The lack of ownership is not necessarily a bar to a professional manager's "getting a thrill out of the game of business, there is a thrill of playing for personal success and also the thrill for playing for high stakes even with other people's money".

With the character and ideals of economic activity being changed, business leadership has to change alongwith these with the result that greater emphasis is now to be placed on education, training and scientific approach, and less on venturesome and reckless individualism.

Thus we find that the incentive systems in private enterprise and mixed system with both private and state enterprises differ in significant ways. Institutional factors are not the same in the two cases and the emergence of professional management tends to invite more bureaucratic pattern of organisation. Organisational conditions such as these in Collective Progressive System" result in decisions different from those which an owner businessman will make in response to a given set of forces. The owner businessman may be more willing to gamble his own money than the chief executive of a high business firm, to risk the financial empire of which he is incharge.

Bureaucratic tendencies inherent in collective progressive system may decrease the ability of professional executive to perform his functions effectively. Big business like large scale government tends to suffer from a bureaucratic stiffening of the joints. The result is to impair management efficiency, to create inflexibility of operation and some resistance to change and to increase the strain, placed on the personal and leadership qualities of a professional manager. But on the other side the use of system methods and organisation techniques have contributed in a big way to management efficiency. The newly discovered tools of operations analysis have considerably improved the decision-making processes. The professional executive is better educated and better trained (though he may be lacking the experience of an owner entrepreneur). With the help of research, cost and development accounting techniques and budgetary procedures, the problems of internal organisation have become simpler and some of the old types of inflexibilities in decision-making have been removed.

There is a section of expert opinion which argues that effective control in Government managed organisation can be possible only in a system designed by the State, according to central over-all plan. Because there are no such plans according to the argument the manager or public producing units are in a position of avoiding all control since they are not subject to the control of an over-all plan. They are not under the control of Government budget since that will hamper entreprenurial activity ; nor to the control of market mechanism because Government does not pursue profit motive. The public firm will thus remain outside the ambit of both administrative and economic system.

In developing countries the institution of state-managed firms is the most critical phase of the economic system based on the market while still leaving as much room for private enterprise as is compatible with economic development. Public firms here do not like private ones pursue profit alone but profit in conjunction with other factors which may be more important. It is up to the management of the state-controlled industries to achieve these objectives with least costs. The management must, of course, be subjected to the domain of economic rationalities and accountibility of its investment decisions. This job may be performed by an independent department or agency which may perform the task of assessment and audit and to hold the management of public firms accountable for the productivity of the capital invested. Public firms should not be allowed to try to conceal their own efficiency behind other objectives.

Industrial Management Board

The affairs of the taken-over units will be looked after by the recently set up Industrial Management Board. Headed by the Finance Minister, the Board has six non-bureaucratic members. Its objectives, as spelt out in the Economic Reforms Order, 1972 are :

(1) Hitherto the benefits of economic development and industrialisation have remained confined to the privileged few, to the detriment of the common man.

(2) Equitable distribution of wealth and economic power is required by Islam and by the political commitment of the people.

(3) Henceforth the wealth and the economic resources of the country (above all the main creative resources of human labour) must not be mobilised for the benefit of the private vested interest.

(4) Those who control the means of production must be accountable to the people and to their reperesent-

atives. The Board is entrusted with full powers to manage and develop taken-over units. It will also advise Government on the overall public industrial policy. Being free of bureaucratic procedures, the Board will go a long way, according to the Economic Reforms Order, in buildidg up "a new model and pattern of industrial economy in the light of specific Pakistani conditions and facts and in the light of the objectives stated above".

APPENDIX

The data below are taken from the *Report on Industrial Units Taken-Over by the Government* released by the Central Industries Secretary. The Report is not exhaustive. It does not give a clear picture of the economic state of affairs at the time of take-over. There is no systematic presentation of data. As a basis for future projections it is quite weak. Moreover, the data is not easily available to comparison.

1. KANDAWALLA INDUSTRIES LTD. KARACHI

(*i*) *Manufacturing Capacity*

The sanctioned capacity is 2,000 Jeeps per annum. The normal capacity of assembly-cum-manufacture is :

(a) (*i*) Assembly-cum-manufacture of jeeps 3,000 Units

(*ii*) Assembly-cum-manufacture of cars 1,000 Units

OR

(if entire production is of cars only)
Assembly-cum-manufacture of cars 2,000 Units

(*Note :* Presently there is a bottleneck in bonderizing and painting section which has got to be expanded and modernised for the stated production).

(b) The Company's spare capacity for sheet metal press-work is being utilized for mounting of Cargo Bodies on truck chassis and various types of sheet metal fabrications for Government, Defence and private organisations. Additionally the on wheel assembly facilities have been utilized for the assembly of truck and bus chassis and tractors.

(*ii*) *Actual production for the last 5 years.*

	1967	1968	1969	1970	1971
	(Figures in Units)				
(a) *Assembly-cum-manufacture.*					
Jeep vehicles (all types)	1260	1809	1469	18	155
Morris 1100 cars	48	12	—	—	—

Fiat Tractors (from semi-knocked down condition)	—	—	1064	797	619
Bus & truck chassis (Leyland, Dodge, BMC)	79	1	—	25	98

(b) *Other fabrications.*

Mounting of cargo bodies on truck chassis	202	350	77	470	55

(c) Besides the aforementioned activity various other jobs and development works were carried out for the Defence Department.

(*iii*) *Capital Structure*

The Company's Authorised Capital is Rs. 50,00,000/-. Detail of issued, subscribed and paid-up Capital is as under :

(a) Paid-up.Capital (as on 1. 1. 1972)

10,000 Shares of Rs. 100 each fully paid up in cash.	Rs.	10,00,000
14,500 Shares of Rs. 100 each issued as bonus shares in 1967.	Rs	14,50,000
15,500 Shares of Rs. 100 each issued as bonus shares by Capitalisation of "Special Reserves" in 1970.	Rs,	15,50,000
	Rs.	40,00,000

(*b*) *Reserves and Surpluses* (as on 1.1.1972)

General Reserve	Rs.	18,06,978
Special Reserve (under Rection 15BB of the Income Tax Act)	Rs,	1,104
	Rs.	18,08,082

(*c*) *Long term debts* (*as on 1.1.1972*)

PICIC foreign currency loans (secured by a Bank Guarantee from the Company's Bankers for repayment of the loans and by a Demand Promissory Note executed by the Directors and by the personal Guarantees of the Directors jointly and severally).	Rs.	30,38,673
Worker's Participation Fund	Rs.	1,24,853
	Rs.	31,63,526

(iv) *Past Operating Results*

	1969	1970	1971
	(Figures in Rs. '000')		
Sale and other income	1,37,52	1,71,12	1,58,89
Gross Profit/(Loss)	28,59	21,01	(6,62)
Net Profit	14,25	4,35	(23,60)
Net Profit			
Profit Percentage			
Gross Profit to Sales	20.8%	12.3%	
Net profit to equity	22.5%	7.2%	

(v) *Present Financial Position*

	Rs. in '000'			
	30th September			January
	1969	1970	1971	1972
	—	— (unaudited)		Provisional
Current Liabilities	(1,01,14)	(1,46,82)	(2,16,53)	(2,32,13)
Current Assets	1,07,69	1,31,79	1,66,32	1,66,98
Net Current Assets/ (Liabilities)	6,55	(15,03)	(50,21)	(65,15)
Net Fixed Assets	71,85	104,74	1,20,38	1,18,94
Total Assets Net	78,40	89,71	70,17	53,79
Less : Long-term Debt	(15,03	(29,36)	(34,99)	(32,08)
Owners' Equity Net	63,37	60,35	35,18	21,71
Paid-up Capital	24,50	40,00	40,00	40,00
Ratios				
Current Ratio	1,05 : I	0.9 : 1	0.77 : 1	0.72 : 1
Debt/Equity Ratio	19/81	33/67	50/50	60/40

(iv) *Dividends to Shareholders*

(a) *Cash Dividends.* 1968 10% of Share Capital
1969 10% of Share Capital
(Note : Dividends paid to the share holders were taken back by way of loans).

(b) *Bonus Shares.* 1967 14½ Shares for every 10 Shares.
1970 15½ Shares for every original 10 Shares.

(c) *Right Shares.* Nil

(*viii*) *Ownership Pattern*

Wholly family concern. All the shares have been fully subscribed by the family and relations of the promotors.

2. WAZIR ALI ENGINEERING

(*i*) *Capacity*

Quantitative capacity cannot be provided, as the campany is basically an engineering industry, capable of producing a large variety of engineering items.

(*ii*) *Capital Structure*

(a) Paid-up capital	Rs.	200000
(b) Reserves and surpluses		—
(c) Long term debts	Rs.	487000
Current Assets		
Cash and bank balances	Rs.	6951000
Trade Receivables		325000
Others Receivables		700000
Prepayments		88000
Inventories		16860000
Due from Directors & Associates		25000
	Rs.	24956000
Current Liabilities		
Short term loans	Rs.	13642000
Trade payable		661000
Others payable		11747000
Bank overdrafts		4482000
Balances due Directors		—
and Asscociates companies		1461000
	Rs,	31993000

(*iii*) *Ownership Pattern.*

(a) Promotors equity	200,000
(b) Equity held by institutions	Nil
(c) Equity held by general public	Nil

(*iv*) *Dividends per share for the last 3 years.*

(a) Cash
(b) Bonus
(c) Rights } Nil

3. ALI AUTOMOBILES LTD. KARACHI

(*i*) *Capacity*

The following table shows the capacity and the actual production during the last three years.

Production	*Annual Rated/Sanctioned Capacity*	*Actual Production*		
		1969	1970	1971
Passenger cars	3300	264	234	3
Commercial vehicals (all types)		101	279	427
Tractors	500*	523	460	935
Scooters	4400	338	112	100
Tri-Wheelers (dicontinued)		19	57	57

(*As per Government sanction)

(*iii*) *Capital Structure*

(a) Paid up Capital	Rs.	5000000
(b) Reserves & surpluses General reserves		3100000
Profit and loss Amount		470000
(c) PICIC loan		1654000

Current Assets (*as on December 31, 1971*)

Investments	Rs.	3087000
Cash & bank balances		1085000
Trade receiveables		1724000
Other Receiveable		1049000
Prepayments		330000
Inventories		21270000
Directors & Associate Co. Balances		2534000
	Total	31079000

Current Liabilities as on Decembers 31, 1971)

Short term loans	Rs.	80000
Trade payable		1791000
Other payable		3246000
Income Tax provision		3030000
Unpaid dividend		400000
Bank overdrafts		18492000
Directors & Associate Cos.		845000
	Total	27884000

Ownership Pattern

(a) Promoters equity	8470000
(b) Equity held by institutions	Nil
Equity held by general public	Nil

(*iv*) *Dividends per share for the last 3 years.*

		Cash	*Bonus*	*Rights*
1969		Nil	Nil	Nil
1970		Nil	Nil	Nil
1971 (interim)	Rs.	10/-		

4. RANA TRACTORS AND EQUIPMENT LTD.

(*i*) *Capacity*

(a) Assemby of 3000 tractors per annum with single shift. In addition 10,000 implements can also be assembled.

(b) 1969 (1190 tractors), 1970 (1143 tractors) and 1971 (777 tractors).

(*iii*) *Financial data (as on 31-3-1971*

(a) *Authorised 1* crore divided into 10 lakh ordinary shares of Rs. 10 each.

(b) *Paid up* : 2,25,000 shares of Rs. 10/- each (ordinary)

Capital Reserve 10 lakh Land revalued during 1969 in order to issue debenture to Insurance Company to be subscribed from the Life Insurance Fund.

(c) *Debentures*

1. 5 lakh debentures subscribed by Muslim Insurance Co. Ltd., during October, 1969.

Repayment to start from October, 1972 and is to be repaid during three years.

2. 5 lakh debentures subscribed by Adamjee Insurance Company Ltd., during February 1970. Repayment to start from February, 1973 and and is to be completed within three years

Revenue Reserve	Rs.	4,75,000
Loss	,,	1,21,200
National Bank of Pakistan		10.85,587
Australasia Bank Ltd.	,,	3,50,435
Bank of Bahawalpur Ltd.		50,550
		14,86,572

(*d*) *Current Assets*

Stock and stores	59,19,345
Book debts	6,11,262
Advances deposits and letter of credits	32,77,591
Cash and Bank balance	94,715
	99,02,913

(*e*) *Current Liabilities*

(i) Bank Loans and Overdrafts	80,68,423
(ii) Creditors, provisions & accrued cheques	41,64,799
(iii) Provision of Taxation	1,79,006
	1,24,12,228

(i*ii*) *Dividend*

(a) 1971 Nil
1970 Nil
1969 $12\frac{1}{2}\%$
1968 $12\frac{1}{2}\%$
b & c) Nil

(*iv*) *Ownership Pattern*

		Amount	Percentage
(1) Directors	Rs.	3,96,300	17.6
(2) Friends and relations	..	7,55,950	33.5
(3) Government Institutions	..	6,76,000	30.4
(4) Public	..	4,21,750	18.5
	Rs.	22,50,000	100

5. ITTEFAQ LTD., LAHORE

(i) CAPACITY AND OUTPUT VALUES FOR 1969-71

Items of Manufacture	*Estimated Capacity*	1969	1970	1971
Diesel Engines	10 engines daily	71,48,980	55,76,621	82,84,046
Spare parts	various	1,6,635	1,27,215	44,692
Pumps	10 pumps daily	2,57,042	2,32,868	2,79,916
Machine Tools	as required	3,96,700	5,21,905	5,12,141
C.I. Castings (Foundry)	120 tons daily	13,12,993	13,13,861	11,02,810
Pipe Sales	various	4,33,116	1,21,409	4,10,521
Road Rollers	6 Nos. daily	2,51,500	5,68,400	6,16,900
Wheat Thrashers	1000 years	37,83,300	31,43,500	38,17,025
Flour Mills	20 daily	10,230	17,335	8,040
Cotton Baling Press	2 press monthly	—	6,00,000	6,15,000
Iron and Steel	200 tons daily	1,24,89,053	1,78,39,190	1,33,15,803
Defence stores	various	—	3,76,094	15,85,715
Steel Structure	various	2,28,160	1,39,926	3,37,653
Misc. items	various	3,24,507	37,993	1,52,797
Tar Boiler	1 daily	—	—	6,500
Crankshafts	various	84,365	15,806	—
		2,68,26,581	3,06,32,123	3,10,89,559

(*ii*) *Capital Structure*

(a) Paid-up Capital	Rs.	70,35,000
(*b*) *Reserves and Surpluses*		
General Reserve		33,00,000
Development Allowance Reserve		2,21,812
Capital Gains		6,434
Agricultural Income		1,29,812
Unappropriated profit		78,29,346
(*c*) *Long Term Debts*		
Worker profit participation fund		2,29,079
IDBP Loan (USSR Credit)		4,36,765
(Secured against the mortgages of fixed assets and margin deposit of Rs.		2,00,000
(*d*) *Current Assets*		
(i) Book Debts		14,77,609
(ii) Deposits and Advances		6,48,121
(iii) Advance payment of income tax		3,54,966
(iv) Cash and bank balances		2,68,042
(v) Balance of L/Cs.		13,89,146
(*e*) *Current Liabilities*		
(i) Provision for taxation		3,33,047
(ii) Payable for expenses		19,760
(iii) For other finance		30,65,007

(*iii*) *Ownership pattern*

(a) Promotors equity	100%
(b) Equity held by institutions	Nil
(c) Equity held by general public	Nil

(*iv*) *Dividends per share for the last three years*

	1969	1970	1971
(a) Cash	5%	10%	N.A.
(b) Bonus	—	—	—
(c) Rights	—	—	—

6. M.K. FOUNDARY AND ENGINEERING WORKS, LTD.

(*i*) *Rated or sanctioned capacity.*

Soil pipes and fittings	4000 tons
Pressure pipes and fittings	15000 tons
Total :	19000 tons

(*ii*) *Actual output for 1969-71*

	1969 tons	1970 tons	1971 tons
Phase-I			
Spun pipes	444.13	273.90	814.65
Sand casting	570.88	100.46	169.00
	1015.01	374·36	983.65
Phase II			
Mould castings			130.73
Misc. castings			43.17
			178.17
Total Phases I and II :	1015.01	374.36	1057.55

(*iii*) *Capital Structure*

(a) Paid up Capital	Rs. 8424 Lacs
(b) Reserves and Surpluses	Rs. 18 Lacs
(c) Long term Debt (Local Currency)	
(i) *Picic Loan*	
Principal	Rs. 25.00 Lacs
Interst upto 31-12-1971	Rs. 2.51 Lacs
	Rs. 27.51 Lacs
(ii) *Deferred Custom duty*	
Principal	Rs. 7.75 Lacs
Interest upto 31-12-1971	Rs. 36 Lacs
	Rs. 8.11 Lacs
(iii) *Debentures*	
Principal	Rs, 45.00 Lacs
Interest upto 31-12.1971	Rs. 74 Lacs
	Rs. 45.74 Lacs
	Rs. 81.36 Lacs

(*d*) *Current Assets*

Raw Material and Supplies	Rs. 13.00	Lacs
Finished Goods and Work in Progress	Rs. 7.73	,,
Debtors	Rs. 5.90	,,
Cash and Bank Balance	Rs. 2.37	,,
Total :	Rs. 29.00	Lacs

(*e*) *Current Liabi lities*

Current Liabilities and	Rs. 48,.4	lacs
Provisions Bank over-Draft.	Rs. 36,29	,,
	Rs. 84.83	lacs

(iv) *Ownership Pattern*

(*a*) *Promotors equity*

Foreign	*Amount in Lacs*	
Wilhelm Herm Holm	Rs. 14.71	
Deutsche Gesellschaft Entwicklungsgesellschaft	Rs. 21.41	
Rheinstahl Anlagentechink	Rs. 5.95	42.07
Local		
Bibojee Services Limited	Rs. 3.71	
Pakistani Directors	Rs. 1.00	4.71

(*b*) *Equity held by Insitutions*

Eastern Federal Union Insurance Co. Limited	Rs. 9.50	
National Bank of Pakistan	Rs. 8.98	
National Invesment Trust	Rs. 1.50	19.98

(*c*) *Equity held by General Public*

General Public	Rs. 17.45	
Grand Total :		Rs. 84.21

7. PAKISTAN CEMENT INDUSTRIES LTD.

(i) *Capacity and output for 1969-71*

(a) Rated or sanctioned capacity.	3,60,000 tons per annum (Two kilns of 600 tons each).
(b) Actual output for last 3 years	1969 3,37,080 tons 1970 3,48,979 tons 1971 3,69,357 tons

(ii) Capital Structure

(a) Paid-up capital 2,31,00,000

(b) Reserves and surpluses 1,94,18,693

(c) Long term debts 2,56,40,167

(Instalment due for repayment during next year i.e. 1972 Rs. 58,28,570).

Long Term Loans and Debentures

Name of Lender	Amount borrowed	Guaranteed by	Rate of interest per annum	Balance as on 3.1.1972 (Rs.)
K.F.W. 1st Contract of Germany	D.m. 15 Millions	IDBP Lahore	6%	1,00,62,088
K.F.W.2nd Contract	D.M.13.615 Millions	IDBP	6%	92,20,921
IDBP	30 lacs		9%	10,00,000
IDBP Lahore	25 lacs	—	9%	3,57,160
IDBP Debentures	50 lacs	—	9%	50,00,000

Short term Loan (overdraft Limited)

Name of the Bank	*O.D. Limited*	*Rate of Interest*
Australasia Bank	Rs. 30,00,000	$8\frac{1}{2}$%

Short term borrowings

(a) From Bank Rs. 17,46,104/- (Australasia Bank Limited) Against Hypothecation of stores and stocks.

(b) From Directors Nil

(c) From allied concerns Nil

(iii) Ownership Pattern

	No. of Shares of Rs. 10/-each
(a) Promoters & Managing Agents	12,74,406
(b) Equity held by institutions	5,26,417
(c) Equity held by general public	5,09,177
Total	23,10,000

(*iv*) *Dividends per share for 1968-70*

	1968	1969	1970
(a) Cash	10% (5% interim & 5% final)	10%	10%
(b) (Bonus)	Nil	Nil	10% (Issued in 1971 out of profits of 1970)
(c) (Rights)	Nil	Nil	Nil

8. VALIKA CEMENT LTD, KARACHI

(*i*) *Capacity.*

The plant has a rated capacity for the manufacture of 300,000 tons per year.

(*ii*) *Actual out put.*

1968-69	285,281 tons
1969-70	278,279 tons
1970-71	252,290 tons

(*iii*) *Financial Data (As on 31-3-71)*

(i) Capital structure.

(a) Paid-up capital	...	Rs. 2,20,00,000
(b) Reserves and surpluses	...	Rs. 1,72,40,238
(c) Long term debts	...	Rs. 1,39,38,332

Fixed Assets

(ii) Gross	...	Rs. 6,46,03,790
Less ; Depreciation	...	Rs. 92,00,000
Net	...	Rs. 5,54,03,790

(iii) Short-terms borrowings

(a) Banks ; (unsecured loan from Muslim Commercial Bank)	...	Rs. 79,30,470
(b) Directors :		Nil
(c) Allied concerns :		Nil

(*iv*) *Ownership pattern*

(Par value Rs. 10/-)

	No. of shares	*Per cent*
(a) Promotors holdings	30,532	1.53
(b) Held by Managing Agents, Directors, Relatives & sister concerns	8,30,171	41.51
(c) Held by the general public	11,39,297	56.96
	20,00,000	100.00

N.B. Excludes 10 per cent stock dividend announcced recently.

(*v*) *Dividends per share* (*per cent*)

	1968-69	1969-70	1970-71
(a) Cash	15.00	15.00	...
(b) Stock	...	...	10.00

9. ISMAIL CEMENT INDUSTRIES LTD.

(*i*) *Capacity*

There are 3 streams of production each of 625 tons per day of 24 hours continuous working, giving total capacity of 1875 tons per day (Per annum = 1875 X 330 = 618750)

(*ii*) *Actual output*

	(Tons)
1968-69	4,40,649
1969-70	3,90,013
1970-71	3,37,851
1971-72 (six months)	1,31,896

(*iii*) *Capital Structure***

	In Rs.
Paid-up Capital	3,44,50,000
Reserves and surpluses	2,31,44,709
Long Term debts	1,71,82,751

(**All information based on provisional accounts prepared as at 3-1-72 and are subject to audit).

Short-term Borrowings	In Rs.
(a) From banks (against hypothecation of stocks and stores)	1,16,93,913
(b) From Directors	...
(c) From Allied Concerns	...
Current Assets	2,02,10,706
Current Liabilities	96,71,479

(*iv*) *Ownership Pattern*

(a) Promoters' equity (b) Equity held by Institution. (c) Equity held by general public.	Under preparation.

(*v*) *Dividends per share for 1969-71*

1969	10%
1970	Nil
1971	Nil

10. HYSONS STEEL MILLS LTD.

(*i*) *Capacity*

Rated	*Sanctioned*
26,000 tons	19,250 tons per annum

(*ii*) *Actual Out put*

1968	5812 tons
1969	3546 tons
1970	4940 tons
1971	4532 tons

(*iii*) *Capital Structure*

(a) Paid up capital-90476 shares of Rs. 100/- each, fully paid	Rs. 90,47,600
(b) Reserves and surpluses (Anticipated loss estimated at about Rs. 85 lacs)	Rs. 56,78,782
(c) *Long term Debt.*	
I.D.B.P.	Rs. 10,39,071

(*d*) *Current Assets*

(Including Inter Company blances of Rs. 55, 92, 268) — Rs. 2,37,31,500

(*e*) *Current Liabilities*

(Including Inter Company balances of Rs. 34,41,403) — Rs. 3,87,46,097

(*iv*) *Ownerships Pattern*

(a) Promoters equity	Entire
(b) Equity held by institutions	Nil
(c) Equity held by general public	Nil

(*v*) *Dividends per share for*

	1968	1969	1970
(a) Cash	8.58	7.50	7.50
Amount	(Rs. 7,77,000)	(Rs. 6,78,572)	(Rs. 6,78,572)
(b) Bonus	Nil	Nil	Nil
(c) Rights	Nil	Nil	Nil

11. INDUS CHEMICALS AND ALKALIS LTD.

(*i*) *Capacity*

(*a*) *Sanctioned*

(1) Soda Ash.	120 M.T./day of Soda Ash. Guaranteed by the Suppliers. i.e. 40,000 tons per annum based on 330 working days.
(2) Sodium Bicarbonate.	15 M.T./days of sodium Bicarbonate within the above quantity of Soda Ash.
(3) Liquid Caustic Soda.	25 tons/day (Designed capacity Not yet tested.

(ii) *Actual output since start-up*

*1966-67	4,849.709	—	—
**1967-68	14,095,486	2,249,588	—
1968-69	16,733.632	3,353.739	—
1969-70	22,776,740	3,272.979	—
1970-71	30,401.757	4,087.176	—

*(i) Soda Ash production since October 1966 to June 1966.

**(ii) Soda Bicarbonate production since August 1967 to June 1968.

(*iii*) *Capital Structure* : (As on 31st December, 1971).

(*a*) *Paid-up Capital*

Ordinary Shares.	1,47,26,730	
Preference Shares	27,73,270	
(8% cumulative convertible).	———	1,75,00,000

(*b*) *Reserve & Surpluses*

Capital Reserves.	56,08,401	
Revenue Reserves & Unappropriated profit		
Reserve for doubtful Debt	1,20,000	
Unappropriated profit	42,62,817	
Miscellaneous Receipts	8,444	99,99,662

(*c*) *Current Liabilities*

Deferred liabilities	8,10,622	
Others	3,25,337	
Expenses & goods Supplied.	39,39,701	
Advance payments from custom	8,69,369	
Interest accrued	2,44,100	
Uclaimed dividend	10,406	
Distributors deposits	36,23,148	98,82,683

(*d*) *Current Assets*

Stores	38,06,022	
Stores in transit	24,42,614	
Stock in trade	63,55,528	
Sundry debtors	45,21,284	
Short term loans & advances against goods services	9,81,808	
Trade doposits & prepayments	6,91,074	
Cash and bank balance (includes stocks in pledge with bank	7,58,006	1,95,56,336

(*iv*) *Ownership Pattern*

(a) Promotors Equity (including Managing Agents & Directors Shares). 14,49,660 9%

(*b*) *Equity held by institutions*

Investment Corporation of Pakistan.	9,44,630		
National Bank of Pakistan Trustee Department, Karachi.	11,46,400		
National Investment Trust Ltd.	1,60,000	22,51,030	12%
		1,37,99,319	79%

(*c*) *Equity held by generel public*

Total (including preference capital), 1,75,00,000

(*v*) *Dividend per share for the last 3 years*

a) 75 Paisas per share paid for the year 1970-71 as interim dividend on A class ordinary shares. 47 Paisas per share paid on preference shares for period May to December, 1970.

b) Bonus. No.

c) Rights. Preference shares of Rs. 65.00 lacs issued as rights share in the ratio of 4 shares to every 5 ordinary shares held in May, 1970.

12. HAROON INDUSTRIES LTD.

(*i*) *Capacity*

Sanctioned Capacity :

2500 vehicles/year of 300 days/single shift of 8 hours.

Present rated capacity :

400 vehicles/year of 300 days/single shift of 8 hours.

(*ii*) *Actual output*

1969 : 617 vehs. all sorts,
1970 : 1182 vehs. all sorts,
1971 : 1293 vehs. all sorts,

(*iii*) *Capital Structure*

(a) Paid-up Capital Rs. ...
(b) Reserves and Surplus Rs. 37,12,271.00
(c) Long term debts Rs, (—)

This is a division of the Haroon Industries Limited and has no separate legal entity. The reserves and surplus represent the Head Office investments in respect of this Division.

(d) Current Assets Rs. 2,16,72,871.00
(e) Current Liabilities Rs. 2,16,73,600.00

(*iv*) *Ownership Pattern*

(a) Promotors equity-(Please see iii-b) Rs.
(b) Equity held by institutions Rs.
(e) Equity held by general public Rs.

(*v*) *Dividends per share for the Last 3 years*

(a) Cash Rs.
(b) Bonus Rs.
(c) Rights Rs.

13. KOH-I-NOOR RAYON LTD KALA SHAH KAKU

(*i*) *Rated or sanctioned capacity per day*

Main Products

Acetate Rayon Yarn 330.0 Metric tons

Bye-Products

Sodium Sulphate }
Ethyl Acetate } Being developed

(*ii*) *Actual Output*

Methyl Acetate

	1-1-69 to 31-12-69	1-1-70 to 30-9-70 (9 Months)	1-10-70 to 30-9-71
Yarn	2637	1702	2331
Sodium Sulphate	62	30	47
Methyl Acetate	4	5	5
Ethyl Acetate			7

(*iii*) *Capital Structure*

Rs. 5,99,56,600 divided into

a) Paid up Capital 59,95,660 Shares of Rs. 10/- each
b) Reserves & Surpluses Rs. 1,32,24,000 (Approx)
c) Long Term Debts Rs. 1,07,45,625 (Foreign Loan).

(8) Short-term Borrowings.

a) From Banks	Rs. 15,11,35,712 - details attached	
b) From Directors	NIL	
c) From allied concerns	NIL	
Current Assets	Rs. 2,41,94,090 - details attached (Appendix I)	
Current Liabilities	Rs. 60.82,797 -	

(*iv*) *Ownership pattern*

	Latest available position as on 30-9-70	
a) Promoters Equity	Saigol Family	Rs. 1,58,37,140
	United Investment Ltd.	Rs. 19,83,680
	(Wholly owned by Saigol family)	
b) Equity held by Institutions	Foreign Machinery Suppliers	Rs. 94,87,100
c) Equity held by General Public	General Public & Institutions	Rs. 3,26,48,680
		Rs. 5,99,56,600

(*v*) *Dividend Payments*

a) Cash	Only dividend @ 7½% for the year 1968 was declared/paid in 1969.
b) Bonus	NIL
c) Rights	NIL

14. KOHINOOR ENGINEERING LTD, KALA SHAH KAKU

(*i*) *Capacity*

(i) Rated capacity approximately. ... 2,500 tons shift per annum

(*ii*) *Actual Output*

(ii) 1962	201 tons
1970 (9 months)	293 „
1970-71	475 „

(*iii*) *Capital structure*

(a) Paid up capital, Rs. 5, lacs (50,000 ordinary shares of Rs. 10 each fully paid.)

(b) Reserves & surpluses	Rs. 2,18,000 tax holiday Reserve (15 BB) and Rs. 21,27,000 Accumulated losses upto 31-12-1971.
(c) Long term debts.	Rs. 97,27,000 (due to present company Kohi-noor Rayon Ltd.

(*d*) *Current Assets*

Stocks & Stores	Rs. 26,51,000		
Importation costs	Rs. 1,65,000		
Book Debts			
Outsiders			
Sister concerns		Rs. 2,91,000	Rs. 29,21,000
		26,30,000	91,000
			3,18,000
			61,46,000

Current Liabilities

Advances received from customers	Rs. 16,89,000
	80,000
Liability for goods supplies	99,000
Liability for Expenses	1,07,000
Liability for other finance	19,75,000

15. UNITED CHEMICALS LTD. KALA SHAH KAKU

(*i*) *Capacity*

(a) Rated or sanctioned capacity :

1) Caustic soda - 19,965 M.T/ annum 330 days(60.5 M.T. per working day) and Chlorine or its prodcuts in equivalent quantities.

2) Sulphuric Acid - 3,300 M.T/ annum/330 days (10 M.T. per working day) or equivalent Oleum.

(*ii*) *Actual Output*

1968	1969	1970	1971
1-1-68 to 30-12-68	1-1-69 to 30-9-69	1-10-69 to 30-9-70	1-10-70 to 30-9-71
M.T.	M.T.	M.T.	M.T.

A Project of Kohinoor Industries Limited

(iii) Capital structure

(a) Paid-up capital; A Public Limited Concern.

(b) Fixed assets at cost Rs. 5,58,58,366.00

(c) Long term debts; Rs. 40,11,822.00

(d) Current assets; (Excluding Inventories) Rs. 1,00,83,406

(e) Current liabilities; (Excluding Borrowing from Banks) Rs. 1,16,10,712

15. GHANDHARA INDUSTRIES

(i) Capacity

Passenger cars	1,000 per annum
Trucks & Buses	3,000 „

Passenger cars	2,000 per annum	or	At 80% over-all plant efficiency.
Trucks	6,000 per annum		
Buses	300 per annum		
Buses	100 per annum		
Load Bodies	600 per annum		

Type	*1968/69*	C. K. D. *1969/70*	*1970/71*	*Total*
Passenger cars	76	329	274	679
Commercial	...	94	763	857
Trucks/Bus Chassis	*2271*	*3200*	*3236*	*8707*
COMMERCIAL BODY				
Bus Bodies	84	160	156	400
Cargo Bodies	10	23	84	117
Cabs	49	...	228	277
Trailors	14	50	...	64
Bedford Deletion	*1806*	*2204*	*2693*	*6703*
Total	*1963*	*2437*	*3161*	*7561*

(iii) Capital Structure

(a) Paidup capital Rs. 1,47,13,230.00

(b) Reserves and surplus Rs. 2,72,39,360.00

(c) Long term debts Rs. 2,00,00,000.00

(iv) *Ownership Pattern.*

(a) Promoters Equity		%to total
(i) Lt. Gen. M. Habibullah Khan	Rs. 3,79,690	2.6%
(ii) Bibojee Services Limited	Rs. 4,30,090	9.6%
(iii) Directors	Rs. 4,48,740	3.0%
	Rs. 22,58,520	
(*b*) *Equity held by institutions.*		
(i) I.C.P.	Rs. 18,32,890	12.3%
(ii) N.I.T.	Rs. 42,90,870	29.1%
(iii) Other institutions	Rs. 5,77,210	3.90%
(Banks & Insurance Cos).	Rs. 67,00,970	
(c) Equity held by general public	Rs. 57,53,740	39.5%
Grand Total	1,47,13,230	

(*v*) *Dividends*

(a) Cash	1969	Rs. 2.00 ...	20%
	1970	Rs. 2.00 ...	20%
	1971	Rs. 2.00 ...	20%
(b) Bonus		Nil	
(e) Rights		Nil	

17. KARACHI GAS COMPANY LTD.

(i) *Capacity*

Due to the limitation of Sui Gas Transmission Company's pipeline, the availability of natural gas to Karachi Gas Company is restricted to 85 MMCF/day. This allocation has been further reduced to about 73 MMCF/day because of war damage to the Sui Gas Purification Plant. It may take SGTC quite a few months to repair their Purification Plant to restore full supply of gas to KGC. The supply of additional quantity is dependent upon the duplication/looping of the Sui Karachi pipeline.

(ii) *Output for 1969-71*

During the last three calender years, sales of KGC have been as under :—

Year	*Total Sale*	*Daily Average (Anuual basis)*
1969	29,972 Million CF	92.1 Million CF
1970	31,876 Million CF	87.3 Million CF
1971	30,314 Million CF	83.1 Million CF

(ii) *Capital Structure*

The paid up capital of the company is Rs. 2,81,25,000.00 divided into 28,12,500 ordinary shares. There are no preferential or any other class of shares.

Development allowance		Rs. 78,755
General	27,00,000	
Divided Equalization	10,00,000	
Emergency alteration to distribution system.	15,00,000	
Capital gains (realized)	1,00,000	
Unappropriated profit	27,07,399	80,07,399
		80,86,154

(c) *Long -term debts.*

Long-term debts (liabilities) of the company as on 31-12-1971 amounted to Rs. 1,74,98,859.00 of which Rs 3,25,000.00 was in respect of associated companies, Rs. 1,64,12,913.00 for non-associated companies and Rs. 7,60,946.00 for foreign exchange loans obtained from PICIC.

(d) *Current Assets.*

The current assets of the company as on 31-12-1971 amounted to Rs. 2,15,62,155.00.

(e) *Current Liabilities.*

The current liabilities of the company as on 31-12-1971 amounted to Rs. 1,60,84,631.00.

(iv) *Ownership Pattern.*

Breakdown	Shares	%Age	Cumulative % age
W. P. I. D. C.	9,37,485	33.33	65.34
Other Semi-Govt. Institutions	9,00,161	32.01	
Industrial Managements Ltd.	1,82,374	6.48	14.06
Fancy Family Members	1,45,702	5.18	
Fancy Trusts, Foundations etc.	67,574	2.40	
Institutions (Public/Private)	3,71,510	13.22	13.22
Individuals	2,07,694	7.38	7.38
Total	28,12,500	100;00	100.00

(v) *Dividend per share.*

CATEGORY	1968-69 (for the year ended 31-8-69) Face value Rs. 100,00 per share	1969-70 (For the ten months ended 30-6-1970) Face Value Rs. 100,00 per share	1970-71 (For the year ended 30-6-1971 Face Value Rs. 100,00 per share
(a) CASH	Rs. 12.50 per share or 12.50%	Rs.12.50 per share or 12.50%	Rs. 1.60 per share or 16% (Int. Dividend out of Capital Gains 6%. Final Dividend out of profit) 10%. — 16%.
(b) BONUS	1 . 2	NIL	1 : 4
(c) RIGHT	NIL	NIL	NIL

18. STEEL CORPORATION OF PAKISTAN LTD.

(a) *Capacity*

Wire rod and baling hoops	...	25,000	tons
Bars & de-formed bars	...	45,000	,,
Mild steel wire plant	...	6,000	,,
Special steel wire plant	...	9,000	,,
Total	...	85,000	tons

(b) *Actual output.*

Year	*Production* (Tons)		*Turn over* (Rs.)
1968/69	31,212		4.48 crores
1969/70	28,834	finished goods	
	10,314	raw materials	6.1 ,,
1970/71	24,868		4.69 ,,

The production of the finished goods has suffered a gradual decline since 1968/69. The position at the time of takeover, i.e. on 3rd January 1972, had further deteriorated. The break even point in reference to the level of production in terms of the present rated capacity is around 40,000 tons and future plans for production have to be aimed at levels higher than this before the operation of the company can be brought to an even keel.

IMPORTANT NOTE ON ITEMS 7—13B

In view of the balance sheet for the period ending 30th June 1971 not having been finalized the figures furnished below are on the basis of a provisional un-audited balance as provided by the previous management as on 31st December 1971. The figures are therefore subject to changes on completion of audit.

(iii) Ca*pital Structure* :

(a) Paid-up Capital	Rs.	1,29,79,160	
(b) Reserve/Surplus		13,69,036	
(c) Long Term Debts		1,47,86,854	2,91,35,050

Note—The long term Debts comprise the following :-

(a) PICIC Loans	Rs.	51.82	lacs
(b) Debentures	Rs.	96.04	,,
	Rs.	147.86	,,

(d) **Current assets** :

Loans, Advances & Deposits	Rs, 50,31,000	
Stocks	2,35,73,000	
Book Debts	82,42,000	
Short term Profits	1,27,000	
Claims	1,11,22,000	
Cash	5,47.000	4,86,42,000

Item 9A :

Note 1 :—With regard to Book Debts of Rs. 82.42 lacs an amount of Rs 55.84 lacs is due from customers in respect of supplies made to them. A fairly large amount is over due for over 3 years. The realisibility of these dues can be established only after each case has been properly examined.

Note 2 :—Claims of Rs. 1.11 crores consist of claims for refund of customs duty, sales tax, excise duty, price equalization surcharge due from the government and price escalation claims from Government and non-Government parties. Quite a substantial amount of these claims is over 3 years old. Collectibility of these claims shall have to be established on individual basis.

(e) *Current liabilities.*

Bank Overdraft (Secured)	Rs.	3,31,22,000	
Bank Overdraft (Un secured)	Rs.	8,39,000	
Creditors	Rs.	1,14,60,000	
Advances received from Customers	,,	42,11,000	
Liability accrued on secured loans	,,	11,48,000	
Unclaimed Dividends	,,	4,15,000	
Liability for Taxes	,,	2,45,000	
Workers Participation Fund.	,,	87,000	5,29,27,000

Ownership pattern.

(a) Promoters Equity	75,06,870	
(b) Equity held by Institutions	33,26,130	
(c) Equity held by general public.	21,46,160	1,29,79,160

Note.—Against Promoters equity are included the shares held by the family, relatives and companies of the Group.

Dividend per Share

	1967-68	*1968-69*	*1969-70*
(a) Cash	Rs. 1.00	1.00	1.10
(b) Bonus	...	...	1.66
(c) Right	...	—	—

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