

## THE THAL INDUSTRIES CORPORATION LIMITED

Annual Report 1997

### CONTENTS

Company Information  
Notice of Annual General Meeting  
Chairman's Review  
Director's Report  
Auditor's Report  
Balance Sheet  
Profit and Loss Account  
Statement of Changes in Financial Position  
Notes to the Accounts  
Pattern of Shares Holding

### BOARD OF DIRECTORS

<b>Mr. Muhammad Parvez Masud</b> Chief Secretary to Government of the Punjab and Administrator Thal Development.	<b>Chairman</b>
<b>Mr. Imtiaz Masrur</b> Senior Member Board of Revenue, Punjab.	<b>Director</b>
<b>Mr. Tariq Farook</b> Secretary to Government of the Punjab Finance Department.	<b>Director</b>
<b>Mr. Yousaf Kamal</b> Secretary to Government of the Punjab Labour and Manpower Department.	<b>Director</b>
<b>Mr. Muhammad Humayun Farshori</b> Secretary to Government of the Punjab Food Department.	<b>Director</b>
<b>Mr. Kamrau Rasool</b> Secretary to Government of the Punjab Industria Department.	<b>Director</b>
<b>Mr. Shafique Hussain Bokhari</b> Commissioner, D.G.Khan Division.	<b>Special Director</b>
<b>Mr. J.A.Zaman</b> 1-White House Lane, Lahore.	<b>Director</b>
<b>Mr. Safdar Iqbal Puri</b> 10-Commercial Zone, Liberty Market, Gulberg, Lahore.	<b>Director</b>
<b>Mr. Muhammad Ahsan</b>	<b>Secretary</b>

<b>Managing Agents</b>	<b>Thai Development</b>
General Manager	Mian Muhammad Sarwar
Finance Manager	Mr. Muhammad Aslam Karimi, A.C.M.A.

<b>Auditors</b>	<b>M/s. RIAZ AHMAD &amp; CO.</b>
	Chartered Accountants Lahore.

<b>Bankers</b>	Habib Bank Limited
	Lahore & Layyah.
	The Bank of Punjab, Lahore.
	Muslim Commercial Bank Ltd. Layyah.

<b>Sugar Factory</b>	Layyah
----------------------	--------

### NOTICE TO SHARE HOLDERS

Notice is hereby given that the 44th Annual General Meeting of the shareholders of the Thal Industries Corporation Limited will be held on 30th March, 1998 (Monday) at 5 p.m. at the Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

**ORDINARY BUSINESS:**

- a) to confirm the Minutes of the 43rd Annual General Meeting held on 31-3-1997.
- b) to receive, consider and adopt audited accounts of the Company for the year which ended on September 30, 1997 together with the Auditors and Directors Reports thereon.
- c) to approve the payment of 22.5% cash dividend as recommended by the Board of Directors.
- d) to appoint Auditors for the year ending 30-9-1998 and to fix their remuneration. (M/s. Riaz Ahmad and Company Chartered Accountants retire and are eligible for re-appointment):

**SPECIAL BUSINESS:**

- e) to consider and pass the following resolution:

"Resolved that the Managing Agency of Thal Development be and is hereby extended for a period of 5 years with effect from 05-09-1998 and para 133 of Articles of Association of the Company be amended accordingly"

- f) to consider any other business with permission of the Chair.

N.B. 1. Shares Transfer books of the Company will remain closed from 24-3-1998 to 30-3-1998 (both days inclusive).

2. Members are requested to attend in person alongwith National Identity Card or send their proxy duly signed witnessed so as to reach the registered office of the Company not less than 48 hours before the meeting.

3. Shareholders are requested to notify any change in address immediately.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 160**

The existing term of the Managing Agency of Thal Development is expiring on 05-9-1998. The Board of Directors has recommended that the term of Managing Agency may be extended for 5 years from the said date.

**REVIEW BY THE CHAIRMAN**

Ladies and Gentleman,

1. I welcome you to the 44th Annual General Meeting of the Company.
2. During the year under review, Layyah Sugar Mill crushed 66.50 lacs maunds of sugarcane and produced 1,92,220 bags of 100 kg sugar with average recovery of 7.75%. During the previous year the cane crushed was 75.25 lacs maunds and production of sugar was 2,24,440 bags of 100 kg with average recovery of 8%. The major reasons for shortfall in sugar production were poor availability of cane, adverse climatic conditions and pest attack. Because of the combination of these factors, the recovery was as low as 7.75%. Volume of cane crushed in the season also fell because of lower total availability as well as poaching by neighbouring Mills.
3. Final account of the Company for the year under review have shown profit of Rs.2.77 crore before taxation. After making provision for taxation and other adjustments, the net profit works out to be Rs. 1.99 crore. Unappropriated amount in the last year accounts was Rs.0.10 crore. Rs. 2.01 crore is now available for appropriation.
4. Government has decided to privatize Layyah Sugar Mill/disinvest its shares in the Company and this process is expected to be completed in the near future.
5. The relationship of the Mill Management and workers remained cordial during this period. During the year under review 5.49 bonuses were granted to the

employees.

6. I take this opportunity to place on record my appreciation for the hard work put in by directors, officers and workers.

7. I must also thank the District Administration Layyah for their assistance to the Mill Management.

## DIRECTORS' REPORT

The Directors have the pleasure in presenting the 44th annual report together with the audited accounts of the company for the year ending 30th September, 1997. The financial results of the company for the year under review are as follows:-

OPERATING RESULTS.	1997	1996
Sugarcane crushed	248,203 MT	280,879 MT
	66,49,943 Mds	525,416 Mds
Sugar produced	19,222 MT	22,444 MT
	192,220 Bags	224,440 Bags
Recovery	7.75 %	8.00 %
Duration	116 Days	122 Days
<b>FINANCIAL RESULTS.</b>	<b>Rupees</b>	<b>Rupees</b>
Profit before taxation	27,727,265	81,987,487
Provision for taxation	7,824,379	18,667,338
Profit after taxation	19,902,886	63,320,149
Unappropriated profit	107,303	10,368,466
	-----	-----
Available for appropriation	20,010,189	73,688,615
<b>APPROPRIATION</b>		
Proposed dividend 22.5 % (1996 70%)	16,901,136	52,581,312
General reserves	3,000,000	21,000,000
	-----	-----
Unappropriated profit	109,053	107,303

## BONUS TO EMPLOYEES

The company paid 5.49 Bonuses to the employees during the year under report.

## AUDITORS

The present auditors of the company M/s. Riaz Ahmed & Company Chartered Accountants retire and are eligible for reappointment.

## APPRECIATION

The Management - employees relations remain cordial and the Directors record their appreciation of the efficient services rendered and the hard work put in by the officers, staff and workers of the Company.

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of THE THAL INDUSTRIES CORPORATION LIMITED as at 30 September 1997 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 30 September 1997 and of the profit and changes in financial position for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central zakat fund established u/s 7 of that ordinance.

LAHORE:-25th February 1998

RIAZ AHMAD & COMPANY  
Chartered Accountants

#### BALANCE SHEET AS AT 30 SEPTEMBER 1997

	NOTE	1997 Rupees	1996 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
20 000 000 ordinary shares of Rupees 10 each		200 000 000	200 000 000
Issued, subscribed and paid up capital		=====	=====
7 511 616 ordinary shares of Rupees 10 each	3	75 116 160	75 116 160
Reserves	4	90 800 000	93 800 000
Unappropriated profit		109 053	107 303
		-----	-----
		169 025 213	166 023 463
REDEEMABLE CAPITAL	5	4 670 513	8 945 149
DEFERRED TAXATION		10 000 000	10 000 000
CURRENT LIABILITIES			
Current portion of redeemable capital		4 274 636	3 912 518
Creditors, accrued and other liabilities	6	20 249 168	30 253 073
Provision for taxation		25 329 000	40 504 779
proposed dividend		16 901 136	52 581 312
		-----	-----
		66 753 940	127 251 682
CONTINGENCIES AND COMMITMENTS	7	--	--
		-----	-----
		250 449 666	312 220 294
		=====	=====

The annexed note form an integral part of these accounts

## TANGIBLE FIXED ASSETS

Operating fixed assets	8	85 430 347	82 587 729
Capital work-in-progress	9	2 522 870	1 670 536
		-----	-----
		87 953 217	84 258 265
LONG TERM SECURITY DEPOSITS		492 298	492 298
CURRENT ASSETS			
Stores, spare parts and loose tools	10	24 942 363	23 547 185
stock in trade	11	48 804 918	34 204 659
Advances, prepayments and other receivables	12	36 326 676	51 384 334
Cash and bank balances	13	51 930 194	118 333 553
		-----	-----
		162 004 151	227 469 731
		-----	-----
		250 449 666	312 220 294
		=====	=====

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
30 SEPTEMBER 1997**

	NOTE	1997 Rupees	1996 Rupees
SALES	14	387 940 115	329 887 700
COST OF GOODS SOLD	15	339 382 126	259 579 589
		-----	-----
GROS PROFIT		48 557 989	70 308 111
OPERATING EXPENSES			
Administrative and general	16	23 718 927	22 657 324
Selling and distribution	17	996 379	820 722
		-----	-----
		24 715 306	23 478 046
		-----	-----
OPERATING PROFIT		23 842 683	46 830 065
OTHER INCOME	18	14 499 132	42 754 977
		-----	-----
		38 341 815	89 585 042
FINANCIAL AND OTHER CHARGES	19	10 614 550	7 597 555
		-----	-----
PROFIT BEFORE TAXATION		27 727 265	81 987 487
PROVISION FOR TAXATION	20	7 824 379	18 667 338
		-----	-----
PROFIT AFTER TAXATION		19 902 886	63 320 149
UNAPPROPRIATED PROFIT BROUGHT FORWARD		107 303	10 368 466
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		20 010 189	73 688 615
APPROPRIATIONS			
Proposed dividend 22.5 % (1996 70%)	16	901 136	52 581 312
Transfer to general reserve		3 000 000	21 000 000
		-----	-----
		19 901 136	73 581 312
		-----	-----

UNAPPROPRIATED PROFIT	109 053	107 303
	=====	=====

The annexed note form an integral part of these accounts

**STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	1997	1996
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	27 727 265	81 987 487
Adjustment for non-cash and other items		
Depreciation	10 120 230	9 738 053
Gain on sale of agricultural land	(2 701 408)	(32 240 997)
(Gain) / loss on disposal of tangible fixed assets	(884 368)	101 904
Provisions for:		
Obsolete/slow moving stores and spares	1 500 000	--
Doubtful loans and advances	--	730 207
Credit balances added back	(449 729)	(454 521 )
Securities forfeited	(4 428 600)	(2 508 201)
Financial charges	5 852 281	2 071 700
	-----	-----
CASH FLOWS BEFORE WORKING CAPITAL CHANGES	36 735 671	59 425 632
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(2 895 178)	(6 493 955)
Stock in trade	(14 600 259)	(31 835 611)
Advances, deposits, prepayments and other receivables	5 064 730	(14 675 503)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	(5 749 366)	(20 484 691)
	-----	-----
NET CASH FLOWS FROM CHANGES IN WORKING CAPITAL	(18 180 073)	(73 489 760)
CASH FLOWS AFTER WORKING CAPITAL CHANGES	18 555 598	(14 064 128)
Financial charges paid	(5 970 317)	(2 150 996)
Income tax paid	(13 007 230)	(16 825 339)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(421 949)	(33 040 463)
	<b>1997</b>	<b>1996</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed assets acquired	(14 128 118)	(8 936 038)
Sale proceeds of agricultural land	2 710 000	32 348 000
Sale proceeds of fixed assets	1 188 712	133 300
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES	(10 229 406)	23 545 262
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital	(3 912 518)	(3 581 076)
Dividend paid	(51 839 486)	(107 040)
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES	(55 752 004)	(3 688 116)

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	(66 403 359)(13 183 317)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	118 333 553 131 516 870
	-----
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	51 930 194 118 333 553
	=====

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

30 SEPTEMBER 1997

### THE COMPANY AND ITS OPERATIONS

1. The Thal Industries Corporation Limited was incorporated on 07 September 1953 under the companies Act, 1913 (Now Companies Ordinance, 1984) as public company limited by shares. Its shares are quoted on Karachi and Lahore stock exchanges in Pakistan. The company is engaged in production and sale of sugar. Thal Development is a managing agent of the company since the date of incorporation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention except to the extent of exchange differences capitalized during previous years.

#### 2.2 Tangible fixed assets and depreciation

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Capital work-in-progress and freehold land are stated at cost. Cost in relation to plant and machinery signifies historical cost and exchange differences on foreign currency loan utilized for acquisition thereof. Borrowing cost pertaining to the construction / erection period has also been capitalized as part of historical cost.

Depreciation on all operating fixed assets is charged to income on the reducing balance method to write off their cost over their remaining useful life. Full year's depreciation is charged on additions including exchange differences while no depreciation is charged on assets deleted during the year. Normal repairs and maintenance are charged to income. Major renewals and improvements are capitalized. Gain or loss on disposal of tangible fixed assets is included in current year's income.

#### 2.3 STAFF RETIREMENT BENEFITS

The company operates a gratuity scheme, administered by a Board of Trustees covering all permanent employees. The provision is made on the basis of length of service and existing pay of the eligible employees to cover the obligation under the scheme. All sums due are contributed to the Employees Gratuity Fund Trust.

The company also operates employees provident fund scheme for all permanent employees. Equal monthly contributions are made both by the employees and the company at the rate of ten percent of the basic salary to the fund.

#### 2.4 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax rebates and credits. The company accounts for deferred taxation by using the liability method on all major timing differences.

#### 2.5 Consumable stores, spare parts and loose tools

These are valued at cost determined on a moving average basis. Items in transit are valued at cost comprising invoice value plus other charges paid thereon to the balance sheet date. Adequate provision is made against items considered obsolete/slow moving.

## 2.6 Stock - in- trade

Stock -in- trade is valued at the lower of average cost and net realizable value except molasses (By-product) which is valued at net realizable value. The average cost means production cost including all production overheads. Net realizable value signifies the estimated selling prices in the ordinary course of business less selling expenses incidental to sales.

## 2.7 Receivables

Known bad debts are written off and provision is made against debts considered doubtful.

## 2.8 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers. Profit on deposits with banks is recognized on time proportion basis taking into account the principal outstanding and the rates applicable thereon.

**3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

	1997 Rupees	1996 Rupees
857 239 ordinary shares of Rupees 10 each fully paid up in (:ash	8 572 300	8 572 300
142 770 ordinary shares of Rupees 10 each issued as fully paid share for consideration other than cash	1 427 700	1 427 700
6 511 616 ordinary shares of Rupees 10 each issued as bonus shares	65 116 160	65 116 160
	-----	-----
	75 116 160	75 116 160
	=====	=====

3.1 The managing agent, Thai Development holds 6,376,300 (1996 - 6, 376, 300) ordinary shares of Rupees 10 each.

	1997 Rupees	1996 Rupees
<b>4. RESERVES</b>		
Revenue		
Dividend equalization reserve	5 800 000	5 800 000
General reserve		
Balance as on 01 October	85 000 000	64 000 000
Transferred from profit and loss account	3 000 000	21 000 000
	-----	-----
	88 000 000	85 000 000
	93 800 000	90 800 000

**Capital**

Reserve for issue of bonus shares

Balance as on 01 October	--	21 461 760
Less - Bonus shares issued during the year	--	(21 461 760)
	-----	-----
	93 800 000	90 800 000

**5. REDEEMABLE CAPITAL**

Balance as on 30 September	8 945 149	12 857 667
current portion	4 274 636	3 912 518
	-----	-----
	4 670 513	8 945 149



=====

5.1 This represents the long term finance obtained from National Development Finance Corporation for purchase of local manufactured machinery. According to terms of agreement, the marked up price is Rupees 62.289 million which includes mark up and rebate on timely payments of Rupees 9.465 million and Rupees 27.362 million respectively. The marked up price is repayable in 14 equal half yearly instalments commencing from November 1992 this is secured by way of mortgage of immovable properties including land, building and additions/ deletions thereto, pledge and hypothecation of machinery and moveable properties, a floating charge on the business undertaking and other properties and a demand promissory note.

## 5.2 CASH FINANCE FACILITIES

Short term cash finance facilities of Rupees 70 million (1996 : Rupees 60 million) are available from commercial banks at mark up ranging from 57 paisas to 60 paisas per thousand per day. These facilities are renewable after a period of twelve months. The facilities are secured by way of open pledge of sugar stocks and demand promissory note.

## 6. CREDITORS, ACCRUED AND OTHER LIABILITIES

	1997	1996
	Rupees	Rupees

These are composed of .

### Creditors

Trade	924 015	2 293 149
Others	1 051 712	751 100
	-----	-----
	1 975 727	3 044 249
Due to managing agent	3 386 126	4 889 824
Advance from customers	520 964	5 236 558
Advance against sale of land	852 625	3 069 500
Mark up accrued on redeemable capital	269 863	387 899
Excise duty payable	5 639 943	4 543 743
Accrued liabilities	3 584 604	4 440 700
Workers' profit participation Fund (Note 6. 1)	1 476 336	2 839 432
Unclaimed dividend	2 466 242	1 724 416
Sale proceed of fractional bonus shares payable to shareholders	16 713	16 727
Deposits - Interest free repayable after completion of contracts	60 025	60 025
	-----	-----
	20 249 168 30	253 073
	=====	=====

### 6.1. WORKER' PROFIT PARTICIPATION FUND

As on 01 October	2 839 432	2 890 878
Interest provided during the year	268 756	145 865
	-----	-----
	3 108 188	3 036 743
Payments made during the year		
To workers	3 032 356	2 961 026
Deposited into Government Treasury	115	--
	-----	-----
	(3 032 471)	(2 961 026)
	75 717	75 717

Share of company's profit for the year	1 400 619	2 763 715
	-----	-----
	1 476 336	2 839 432
	=====	=====

The company retains the workers' profit participation fund for the business operations till the date of allocation to the workers. The interest is being paid at the prescribed rate under the Act on fund utilized by the company till the date of allocation to workers.

	1997 Rupees	1996 Rupees
<b>7. CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
Various claims against the company not acknowledged as debts which are pending in the court of law for decision	8 162 080	6 862 080
<b>Commitments</b>		
Contracts for capital expenditure		
Letters of credit other than for capital expenditure	1 700 000	6 248 750
	7 456 323	389 269
	9 156 323	6 638 019
	-----	-----
	17 318 403	13 500 099
	=====	=====

**8. OPERATING FIXED ASSETS**

D E S C R I P T I O N	C O S T			ACCUMULATED DEPRECIATION AS AT 30 SEP. 1997	BOOK VALUE AS AT 30 SEP. 1997	DEPRECIATION Charges for the Year	Rate %
	As at 01 October 1996	Additions/ (Deletions)	As at 30 Sep. 1997				
Freehold land	1 756 515	(8 592)	1 747 923	--	1 747 923	--	--
Building on freehold land	14 028 837	1 693 955	15 722 792	9 125 931	6 596 861	732 986	10
Plant and machinery	148 298 095	4 537 678	152 835 773	89 723 490	63 112 283	7 012 476	10
Tools, implements and other factory equipments	6 254 367	1 927 101 (35 000)	8 146 468	4 303 807	3 842 661	506 741	10-15
Furniture, fittings, office equipments and other assets	3 173 163	249 282	3 422 445	1 850 303	1 572 142	222 556	10-20
Electric installations	3 823 372	3 437 224	7260 596	2 457 795	4 802 871	533 652	10
Vehicles	8 173 135	1 430 544 (1 150 791)	8 452 888	4 697 282	3 755 606	1 111 819	20-25
1997 Rupees	185 507 484	13 275 784 (1 194 383)		197 588 885	118 515 305	10 120 230	
1996 Rupees	175 832 465	10 512 537 (837 518)		185 507 484	102 950 753	9 738 053	
	=====	=====	=====	=====	=====	=====	

8.1 Depreciation charge for the year has been allocated as follows .

	1997 Rupees	1996 Rupees
Cost of goods manufactured	9 303 047	8 877 592
Administrative and general expenses	794 545	856 795

Agriculture Income	22 638	3 666
	-----	-----
	10 120 230	9 738 053

**8.208.2 Detail of assets disposed of during the year is as under .**

DESCRIPTION	COST Rupees	ACCUMULATED DEPRECIATION Rupees	BOOK VALUE Rupees	SALE PROCEEDS Rupees	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
TAIL INDUS FARM						
Agriculture land	8 592	--	8 592	2 710 000	Open	The land was sold to Auction local farmer of Layyah.
VEHICLES						
Toyota Hiace van	300 761	268 467	32 294	515 000	Open	Mr. Tahir Latif of Auction Lahore
Suzuki Jeep SJ410	198 080	177 799	20 281	156 000	Open	Mr. Asad Elahi of Auction Lahore
Suzuki Carry 1000 CC	148 550	99 873	48 677	180 000	Open	Mr. Bashir Ahmad of Auction Lahore
Suzuki Car 1000 CC	300 000	177 120	122 880	257 500	Open	Mr. M. Sabir of Auction Lahore
Suzuki Car 1000 CC	203 400	136 750	66 650	66 650	As per	Company's Mr. M. Aslam Karimi Policy Finance Manager
LABORATORY EQUIPMENT						
Electric Scale	35 000	21 440	13 560	13 560	Lost	Replacement Cost recovered from concerned employees

9. CAPITAL WORK-IN-PROGRESS	1997 Rupees	1996 Rupees
Plant and machinery	1 977 316	42 809
Civil works	545 554	1 627 727
	-----	-----
	2 522 870	1 670 536
	=====	=====

**10. STORES, SPARE PARTS AND LOOSE TOOLS**

These comprise of

Stores	13 682 166	14 186 614
Spare parts	12 585 221	9 177 318
Loose tools	174 976	183 253
	26 442 363	23 547 185
Less · Provision for obsolete / slow moving stores and spares	1 500 000	--
	-----	-----
	24 942 363	23 547 185
	=====	=====

**11. STOCK-IN-TRADE**

This consist of ·

By products	-	2 385 600
Work-in-process	909 605	534 574
Finished goods	47 895 313	31 284 485
	-----	-----
	48 804 918	34 204 659
	=====	=====

**12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLE**

These are made up as under

Loan and advances-Considered good

To company's employees (Note 12. 1)	1 282 835	1 097 667
To sugarcane growers (Note 12.2)	12 501 365	13 848 201
To goods suppliers	3 026 566	3 692 518
To income tax department	17 947 811	27 940 739
Letter of credit	158 903	210 451
Considered doubtful		
To cane growers	1 187 713	1 192 296
To goods suppliers	356 238	356 238
	-----	-----
	1 543 951	1 548 534
Provision there against	1 543 951	1 548 534
	-----	-----
	--	--
	-----	-----
	34 917 480	46 789 576
Short term prepayments	812 786	860 525
Profit accrued on bank deposits	575 000	2 011 601
Due from employees provident fund trust	20 413	840 061
Due from gratuity fund trust	-	758 836
Miscellaneous receivables	117 854	240 592
Less: Provision for doubtful receivable	116 857	116 857
	-----	-----
Considered good	997	123 735
	36 326 676	51 384 334
	=====	=====

12.1 Advances given to employees are for the purchase of motor cycle and bicycle in accordance with the company's policy and do not include any advance to the chief executive, directors, managing agent and executives of the company. Advances are free of interest and recoverable' in monthly installments.

12.2 Advances to sugarcane growers as referred in Note No.12 represent assistance to growers for the purchase of fertilizers, pesticides and insecticides. These loans are recoverable against future supplies of sugarcane to the company. These advances carry mark up at the rate of 10 percent per annum.

	1997	1996
	Rupees	Rupees
13. CASH AND BANK BALANCE		
Cash in hand	10 410	11 038
Cash with banks on:		
PLS-Saving account	50 573 565	56 581 039
Current accounts	1 024 415	5 416 748
Deposit accounts	255 0001	56 255 000
Escrow account	66 804	69 728
	-----	-----
	51 919 784	118 322 515
	-----	-----
	51 930 194	118 333 553
	=====	=====
14. SALE		
Sugar	366 968	386326 486 330

Molasses	20 826 431	3 000 763
Bagasse and press mud	145 298	400 607
	-----	-----
	387 940 115	329 887 700
	=====	=====

**15. COST OF GOODS SOLD**

Cane procurement	233 154 517	170 213 082
Salaries, wages and other benefits	37 165 172	34 763 566
Contribution to provident fund trust	899 903	712 217
Stores, spares and loose tools consumed	9 909 083	10 287 707
Fuel and power	9 969 442	7 116 629
Repair and maintenance	13 016 564	12 118 807
Excise duty	40 366 200	47 132 400
Insurance	198 457	193 200
Depreciation	9 303 047	8 877 592
	353 982 385	291 415 200
Work-in-process inventory		
As at 01 October	534 574	284 795
As at 30 September	909 605	534 574
	-----	-----
	(375 031)	(249 779)
	-----	-----
Cost of goods manufactured	353 607 354	291 165 421
Finished goods inventory		
As at 01 October	33 670 085	2 084 253
As at 30 September	47 895 313	33 670 085
	(14 225 228)	(31 585 832)
	-----	-----
	339 382 126	259 579 589
	=====	=====

**16. ADMINISTRATIVE AND GENERAL EXPENSES**

Salaries, wages and other benefits	15 356 919	13 804 324
Contribution to provident fund trust	458 969	345 257
Rent, rate and taxes	560 107	553 062
Travelling and conveyance	726 667	516 515
Printing and stationery	829 860	799 329
Postage, telephone and telegrams	1 392 208	1 429 656
Vehicles running	1 879 730	1 215 781
Fee and subscription	157 200	214 3 10
Auditors' remuneration (Note 17.1)	85 000	75 000
Legal and professional	194 228	252 722
Repair and maintenance	379 154	775 122
Provision for doubtful debts		730 207
Miscellaneous	904 340	1 089 244
Depreciation	794 545	856 795
	-----	-----
	23 718 927	22 657 324
	=====	=====

**16.1 AUDITORS' REMUNERATION**

Audit fee	80 000	70 000
Out of pocket expenses	5 000	5 000
	-----	-----
	85 000	75 000

	=====	=====
<b>17. SELLING AND DISTRIBUTION EXPENSES</b>		
Salaries, wages and other benefits	530 461	384 203
Contribution to provident fund trust	15 080	12 195
Sugar bags and press mud handling charges	360 275	329 984
Insurance	90 563	94 340
	-----	-----
	996 379	820 722
<b>18. OTHER INCOME</b>	=====	=====
Gain on sale of agricultural land	2 701 408	32 240 997
Profit on deposits with banks	4 131 598	5 829 109
Rentals	24 640	24 608
Gain on disposal of tangible fixed assets	884 368	--
Mark up on advances to growers	993 800	497 200
Sale of scrap	151 083	69 235
Credit balances added back	449 729	454 521
Income from agriculture Farm	212 528	109 702
Customers' securities forfeited	4 428 600	2 508 201
Miscellaneous	521 378	1 021 404
	-----	-----
	14 499 132	42 754 977
	1997	1996
	Rupees	Rupees
<b>19. FINANCIAL AND OTHER CHARGES</b>		
Financial		
Interest/mark up on		
Short term finances	4 260 931	80 455
Redeemable capital	959 092	1 300 534
Workers' profit participation fund	268 756	145 865
Bank charges, commission, excise duty etc.	363 502	544 R46
	-----	-----
	5 852 281	2 071 700
<b>OTHER CHARGES</b>		
Provision for obsolete / slow moving stores and spares	1 500 000	--
<b>Managing agent's remuneration</b>		
Commission on net profit	1 317 150	2 618 236
Office allowance	42 000	42000
	-----	-----
	1 359 150	2 660 236
Workers' profit participation fund	1 400 619	2 763 715
Donation(Note No. 19.1)	502 500	--
Loss on disposal of fixed assets	--	101 904
	-----	-----
	10 614 550	7 597 555
	=====	=====

19.1 This represents the amounts paid in Prime Minister National Debt Retirement Programme. There is no interest of any director or his spouse in the donee's fund.

## 20. PROVISION FOR TAXATION

Current Year	8 000 0013	17 329 000
Prior Year	(175 621)	1 338 338
	-----	-----
	7 824 379	18 667 338
	=====	=====

**21. DIRECTORS' AND EXECUTIVE'S REMUNERATION**

The aggregate amount of remuneration and allowances including all benefits to director and executives of the company were as follows .

	1997		1996	
	Director Rupees	Executives Rupees	Director Rupees	Executives Rupees
Meeting fee	1 000	--	1 000	--
Travelling and daily allowances	72 492	--	86 995	--
Out of pocket expenses	33 000	--	33 000	--
Managerial remuneration	--	1 220 997	--	937 161
Utilities	--	134 268	--	172 430
Gratuity	--	189 307	--	162 060
Provident fund	--	109 898	--	53 923
Bonus	--	558 283	--	513 118
	-----	-----	-----	-----
	106 492	2 212 753	120 995	1 838 692
	=====	=====	=====	=====
Number of persons	1	6	1	5

In addition to above, free medical facility has been provided to all executives and their dependents Two executives have been rovided with coin an's maintain cars and free telephone facility. Free furnished accommodation has been provided to one executive (General Manager).

**22. PLANT CAPACITY AND ACTUAL PRODUCTION**

	1997 M.Tons	1996 M.Tons
Designed capacity	2 200	
M.Tons of sugarcane crashing per day, the plant was operated during the year for 116 days and in 1996 for 122 days	255 200	268 400
Actual crushing	248 203	280 879
Actual production	19 222	22 444

**23. CORRESPONDING FIGURES**

Previous year's figures have been re - arranged wherever necessary for the purpose of comparison.

**PATTERN OF SHAREHOLDERS OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30TH SEPTEMBER, 1997**

FORM 34

No of shareholders	Size of holding shares		Total shares held
	From	To	
492	1	100	25,090
268	101	500	70,563
131	501	1000	93,348
133	1001	5000	298,582
25	5001	10000	181,912
10	10001	15000	126,667
7	15001	20000	129,417
4	20001	25000	92,148

2	25001	30000	53,726
2	30001	35000	63,863
1	Above 35000		6,376,300
-----			
1075		Total	7,511,616

**CATEGORIES OF SHAREHOLDERS**

Particulars	Number	Shareheld	Percentage
Individuals	1061	1002457	13.35
Investment Companies	2	7366	0.09
Insurance Companies	1	26418	0.35
Joint Stock Companies	9	98266	1.31
Other (Thal Development)	1	6376300	84.89
Abandoned Properties*	1	809	0.01
-----			
	1075	7511616	100.00

This represents shares held by the shareholders of former East Pakistan (Now Bangladesh) for whom shares have been issued in the name of Administrator, Abandoned Properties, Cabinet