

Shakarganj Mills Limited



Annual Report 1983

"SUGAR BRINGS POWER"

TEN YEAR PRODUCTION RECORD

Season	Cane Crushed (M. Tons)	Sugar Produced (M. Tons)	Recovery (Percent)	Process Losses (Percent)
1982-83	361,291.485	29,440.000	8.16	2.44
1981-82	466,040.000	39,474.000	8.47	2.48
1980-81	287,723.000	25,562.000	8.89	2.42
1979-80	61,206.625	5,619.300	8.95	2.25
1978-79	107,106.070	9,267.300	8.80	2.27
1977-78	319,960.400	27,620.000	8.61	2.44
1976-77	308,987.443	26,085.600	8.45	2.67
1975-76	246,393.593	18,864.880	7.61	2.68
1974-75	104,069.161	8,525.618	8.30	2.75
1973-74	87,824.720	5,476.830	6.28	3.57

### Board of Directors

Mr. Altaf M. Saleem  
(Chief Executive)  
Mr. Haroon I. Kayani  
(Nominee ICP)  
Mr. Khalid Bashir  
Mr. Maqbul Ahmed  
Mr. Mazhar Karim  
Mr. Mohammad Javed Amin  
Mr. Shaukat Shafi  
Mr. Wahabuddin Shah  
(Nominee PICIC)

### Auditors

Riaz Ahmad & Company,  
Chartered Accountants

### Management

Mr. Altaf M. Saleem,  
Chief Executive Officer  
Mr. Mohammad Awais Qureshi,  
Executive Vice President  
Mr. Wazir Mohammad Khan,  
Vice President (Agriculture)  
Mr. Hilal Ahmad,  
Vice President (Finance & Control)  
Mr. Mohammad Zahid,  
Vice President (Plant Operation)

### Corporate Secretary

Mr. Zaheer A. Shaikh

### Legal Advisors

Hassan & Hassan,  
Advocates

### Registered Office

45, Shahrah-e-Quaid-e-Azam,  
Lahore - 3

### Annual General Meeting

Notice is hereby given that the sixteenth Annual General Meeting of the Shareholders of Shakarganj Mills Limited will be held at Mills premises Toba Tek Singh Road, Jhang on Thursday, the 29th March, 1984 at 11.30 A.M.

### AGENDA

- .. To read notice convening the meeting.
- .. To confirm the Minutes of the last Annual General Meeting held on 7th May, 1983.
- .. To receive and adopt the Directors' and Auditors' Report and Accounts for the year ended 30th September, 1983.
- .. To approve Dividend at the rate of 30% as recommended by the Directors.
- .. To appoint Auditors for the ensuing year and fix their remuneration.
- .. To revise and approve terms of appointment of the Chief Executive.
- .. To transact any other business with the permission of the Chair,

### SPECIAL BUSINESS

To elect 7 (Seven) Directors for a term of three years commencing from 1st June, 1984 in accordance with Companies (Managing Agency and Election of Directors) Order, 1972. One Director nominated by PICIC is not liable to retirement while the remaining Directors shall stand retired and shall be eligible for re-election.

- .. Nominations from Shareholders of candidature for the Office of Directors must be received at least seven clear days before the time of Meeting at the Registered Office of the Company.

### PARTICIPATION IN THE ANNUAL GENERAL MEETING

A member entitled to attend and vote at this Meeting may appoint another members as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company not less than 72 hours before the Meeting.

### BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from 25th March to 7th April, 1984 (both days inclusive).



## 1983 Highlights

- Earnings were Rs. 10.21 per share.
- Sales increased to Rs. 251.16 million, compared with Rs. 231.78 million in 1982 and Rs. 117.94 million in 1981.
- Shareholders equity was up 21.65 percent to Rs. 64.74 millions compared to Rs. 53.22 million at the end of 1982.
- Record repayment of loan to the tune of Rs. 40.00 million to Pakistan Industrial Credit and Investment Corporation Limited compared to Rs. 15.00 million in 1982.
- Establishment of Shakarganj Sugar Research Institute, the first of its kind in Pakistan, in private sector.

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## Flow-of-Funds Analysis

Development of net  
current position in

Million of Rupees:	Sep. 30, 1981	Change	Sep. 30, 1982	Change	Sept. 30, 1983
Liquid Assets	73.99	42.97	116.96	- 25.39	91.57
Short-term receivable		+5.03	5.03	- 0.71	4.32
Short-term liabilities and provision	-148.51	+ 2.69	-145.82	+47.53	- 98.29
	-74.52	+50.69	- 23.83	+21.43	- 2.40

Factors affecting the change  
in the next current position

Source of Funds:			
Net income for the year	+ 30.29		+ 20.27
Depreciation	+ 7.34		+ 6.94
Deferred Taxation	+ 15.00		+ 18.00
Profit on Sale of Fixed assets	+ 0.01		- 0.02
Internal Financing	+ 52.64		+ 45.19
Share Capital	+ 5.00		+ 2.50
Proceeds of Fixed Assets	+ 0.20		+ 0.35
Custom Debentures	-		+ 0.24
Source of Funds - Total:	+ 57.84		+ 48.28
Application of Funds:			
Addition to Fixed Assets	- 13.89		- 21.51
Addition to Investment	- 1.17		- 3.27
Long-term Loans and deposits	- 0.06		- 0.02
Loan repaid	+ 20.97		- 2.05
Dividend paid	- 13.00		-
Application of Funds - Total:	- 7.15		- 26.85
Change in the net position	+ 50.69		+ 21.43



## From the Board Room

Dear Shareholders:

Your Directors are pleased to present the Fifteenth Annual Report along with detailed notes for the year ended 30th September, 1983.

Your company's operations for the year resulted in a net profit of Rs. 20.270 million as against Rs. 30.293 million in 1982. After charging Rs. 6.941 million for Depreciation and Rs. 6.217 million for Interest on Loans and Advances and providing Rs. 18 million for Deferred Taxation, profit available for appropriation comes to Rs. 20.491 million. Your Directors recommend appropriation of profit as follows:

	Rs. in 000's
Profit available for Appropriation	20,491
Transfer to balancing and modernisation reserve	5,000
Transfer to General reserve	2,700
Transfer to Research and Development reserve	1,500
Final Dividend at 30 percent	11,250
Un-appropriated profit c/f.	41

Pakistan Industrial Credit & Investment Corporation exercised its option to convert a part of their loan to the extent of Rs. 2.5 million into shares effective October 01, 1982, increasing the Paid-up Capital of your company to Rs. 37.5 million.

The retiring Auditors, M/S. Riaz Ahmad & Company, Chartered Accountants retire and offer themselves for reappointment as Auditors for the ensuing year.

The Management renews its pledge to continue its best efforts to manage prudently the company's business for the benefit of all and sincerely thanks its shareholders, employees, customers and suppliers who by their continued support have made 1983, a successful year for Shakarganj Mills Limited.

Sincerely,

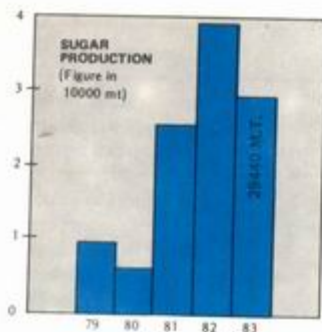
Mazhar Karim,  
Director

## Chief Executive Officer's Review

Dear Shakarganj Investor:

By the grace of Allah, despite the impact of sugarcane crop being affected by unfavourable weather conditions in Summer months and drastic change in formula for Excise Duty exemption, your company achieved in 1983 the second highest level of earnings of any year in its history. Sugar production for the year declined to 29,440 M. Tons from 39,474 M. Tons in 1982. Recovery of sugar was also down to 8.16 percent compared to 8.47 percent in Fiscal 1983.

Net earnings in 1983 were Rs.38.26 million, equal to Rs.10.21 per share to sales of Rs. 251.16 million. This compares with net earnings of Rs. 45.29 million or Rs. 12.94 per share in Fiscal 1982.



The year under review was noteworthy for several achievements:

- Increased emphasis on sugarcane development in the past years produced positive results in ensuring sufficient quantity of good quality sugarcane from area nearer to the Mills.
- Establishment of Shakarganj Sugar Research Institute, the first of its kind to be set up by

an individual Sugar Mills in the private sector in Pakistan.

Record expenditure of Rs. 11.32 million on balancing and modernization of the project.

Record repayment of loan to Pakistan Industrial Credit and Investment Corporation Limited, bringing down outstanding loans of Rs. 83.25 million in Fiscal 1982 to Rs. 48.34 million in Fiscal 1983.

Growth of Investment Portfolio from a book value of Rs. 1.17 million in Fiscal 1982 to Rs. 4.43 million in Fiscal 1983, the market value being much higher at Rs. 6.97 million.

The company's earnings decline is largely attributed to two factors: drastic increase in Excise Duty exemption limit which was up from 17,921 M. Tons in Fiscal 1982 to 32,578 M. Tons in Fiscal 1983 and lower recovery of sugar which was down to 8.16 percent from 8.47 percent last year.

In spite of inflationary trend we were able to keep our expenses under control. Cost of sales as percentage of total sales revenue was 80.85 percent compared to 73.47 percent in Fiscal 1982. Administrative expenditures were 1.83 percent.

### FOREIGN CURRENCY LOAN

Foreign Currency Loan of Rs. 15.18 million obtained in 1971 created unsurmountable difficulties for your company in the past years. The other net increase of almost 150 percent in debt liabilities after devaluation in December 1972, even before the project was commissioned, jolted the entire structure of your company. In addition to this, your company was continuously hit by "so called" currency fluctuation which in fact is a result

of deliberate manipulation. This, upset our entire projections and the project feasibility became obsolete. Your company remained in loss for a number of years in succession and all our requests for corrective action went unheard.

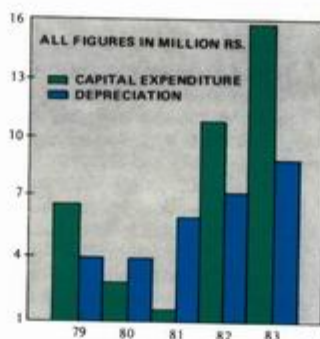
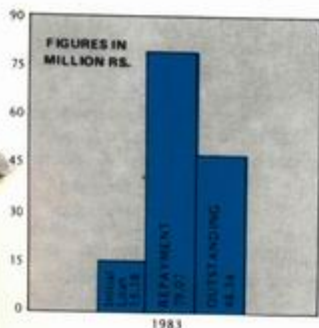
A verdict was given by the highest Court of Law in the land, in case of another company facing a similar situation as Shakarganj in respect of foreign currency loan. We also decided to seek remedy from the Court of Law, but subsequently the consequences of the Court verdict, given earlier, were nullified by extra-legislature judicial power of the executive because it did not suit the Financial Institutions.

We feel that once the highest Court had interpreted the wording of an existing contract between two parties, it was immaterial if it hurt the Financial Institutions. Our feelings are based on clear injunctions in the Holy Quran. *Sura Maida Verse 1* and *Sura Bani Israel Verse 34* and just two to mention.

In the changed circumstances, we are not pursuing our case in the Court of Law and can only hope that the present system is replaced by the Islamic System which upholds moral principles of truth, justice and fairplay.

We are however following a policy of reducing our debts but in spite of the best efforts, loan of Rs. 15.18 million with which we started in 1971, after repayment to the extent of Rs. 79.71 million in form of Principal, Interest and Share conversion is still outstanding at Rs. 48.34 million at the end of Fiscal 1983.





#### BALANCING & MODERNIZATION

Expenditures on balancing and modernization reached a record Rs.11.32 million, with emphasis on improving efficiency and productivity, lowering manufacturing cost and improving return to the shareholders in the years to come. All equipment under this plan has been installed and is in operation in the current campaign. There has been a positive effect on our operational results and results are expected to improve in future years.

Work on second phase of Balancing and Modernization Plan has started and we expect to complete this phase by January 31, 1985.

#### INVESTMENT PORTFOLIO

We are gradually building a balanced investment portfolio by selective investment in areas of strong profit potential. During the year, investment of Rs. 4.66 million was made. The market value of our investment increased by 52.21 percent and total value of capital gain was Rs.2.43 million.

Our investment portfolio has grown from a book value of Rs. 1.17 million in Fiscal 1982 to Rs.4.43 million in Fiscal 1983. The market value is much higher at Rs.6.97 million reflecting a premium of

57.08 percent. We plan further growth of investment portfolio by investing in promising scripts enabling your company to become stronger and capable of absorbing any shocks that could be experienced in case of any crop failure or other unforeseen circumstances.

#### Investment Portfolio (in million Rs.)

Year	Book Value	Face Value	Market Value
1982	1.17	0.85	1.21
1983	4.43	2.67	6.97

#### RESEARCH & DEVELOPMENT

We initiated a comprehensive Sugarcane Development Programme in 1980 and we have had very encouraging response from the farmers.

Availability of sugarcane within the Zone Area is increasing rapidly and our reliance on Free Area supplies has diminished.

I feel pleasure in reporting that a number of farmers in our Mills Zone Area are getting per acre yield of 1000 to 1500 Maunds as against the national average of 425 Maunds.

We are working in a systematic manner to transfer the technology of sugarcane farming to progressive farmers of our areas by total supervision of their crop, from land preparation to harvesting, under our Supervised Plantation Programme.

Shakarganj Sugar Research Institute has been set up for scientific research on sugarcane. This Institute is the first of its kind in the private sector in Pakistan.

Renowned Scientist, Dr. S.A. Qureshi, former Director General of Ayub Agriculture Research

In Fiscal 1983, loan to the tune of Rs. 40 million was repaid as against Rs. 10 million that we were required to pay in accordance with the Loan Agreement. Repayment of loan at accelerated rate was possible due to good liquidity position of your company as a result of production of Excise Duty free sugar in 1981 and 1982. The benefit of Excise Duty exemption, however, does not exist now.

We will Insha Allah continue our policy of reducing our debts in future without affecting our balancing and modernization plans.

#### CAPITAL EXPENDITURES

Total capital expenditures during the year were Rs. 15.72 million compared to Rs. 10.84 million in 1982. When compared to Depreciation for the year, the capital expenditures were 74.11 percent higher. Capital expenditures in Fiscal 1984 will climb much higher in our endeavour to upgrade the existing manufacturing facilities and acquiring the equipment necessary to produce the best quality sugar.



Institute and Scientist Emeritus has joined the Institute as its first Director-General. A complete report of the activities of the Institute is given elsewhere.

At a later stage, a section for research in sugar production technology will be added to this Institute. I am personally thankful to Mr. M. Asghar Qureshi, a renowned Sugar Technologist of the country, who is advising us in this respect.

## PAID UP CAPITAL

Paid up Capital further increased to Rs. 37.5 million when Pakistan Industrial Credit & Investment Corporation Limited exercised its option to convert a loan of Rs. 2.5 million into share capital effective October 01, 1982. With this PICIC has exercised its entire option for conversion of loan into shares as provided in the Loan Agreement.

During Fiscal 1982, PICIC exercised its option to convert Rs. 5 million out of the loan into share capital, effective April 01, 1982. PICIC was entitled to 50 percent of the total dividend declared for Fiscal 1982.

Unlike last year, in Fiscal 1983, PICIC is entitled to dividend at full rate on share capital of Rs. 7.5 million acquired through conversion of loan.

## DIVIDEND POLICY

The need to ensure a proper rate of return to the investing shareholders is well recognised by the Directors. The Board has given a careful attention to future dividend policy and has decided to recommend a cash dividend of Rs. 3 per share compared to Rs. 4 per share last year. Total distribution will be Rs. 11.25 million compared to Rs. 13 million in Fiscal 1982.

## AREA OF CONCERN

### Purchasing Centres

The serious problem of Purchasing Centres which is confined to the province of Punjab is eroding the profits of the Sugar Industry of this province for several years. The Punjab Sugar Industry has brought it to the attention of concerned authorities on a number of occasions but so far no corrective action has been taken. We are made to incur heavy extra expenditure on the sugarcane purchased at the Purchasing Centres and are being unnecessarily penalised.

Unlike in the provinces of Sind and NWFP, two purchase prices of sugarcane are fixed in Punjab; one is meant for purchase of cane at Factory Gate and the other at Purchasing Centres.

Purchase price of sugarcane for Purchasing Centres at a distance of 10 miles from the Mills is Rs. 8.70 per maund as against Rs. 9.00 per maund for sugarcane supplied at Factory Gate. A further deduction of Paisas 3 per maund per mile subject to a maximum of 75 paisas for Purchasing Centres at a distance of 25 miles is allowed by the Government. This means that minimum price for sugarcane purchased at Purchasing Centres at a distance of 25 miles or more from the Factory Gate is Rs. 8.25 per maund.

Once sugarcane is purchased at the Purchasing Centres, Mills are responsible for transportation charges and other expenses like octroi, loading charges, shortage and miscellaneous expenses.

The problem of Purchasing Centres which is peculiar to the Mills of the Punjab only, is becoming more serious with the ever increasing price of fuel and lubricants. Percentage of sugarcane being supplied

at Factory Gate is decreasing year after year and more sugarcane is delivered at the Purchasing Centres. Factory Gate supplies constituted 72 percent of the total supplies in our case in 1977-78. In Fiscal 1981 only 55 percent of sugarcane was delivered at the Factory Gate while the other 45 percent was delivered at Purchasing Centres.

Our extra expenditure on the sugarcane purchased at the Purchasing Centres this year, exceeded Rs. 5.56 million.

This problem has become even more serious after the Government decision regarding sharing of profit with the farmers, earned by the Sugar Mills on account of higher sucrose content. The sugarcane purchased at the Purchasing Centres has lower recovery of sugar as compared to the sugarcane supplied directly at the Factory Gate because the latter is at least 36 hours fresh than the sugarcane transported from the Purchasing Centres. Sugarcane from Purchasing Centres not only brings loss to the factory, but at the same time adversely affects the right of sharing of profit on account of higher sucrose content of the farmers supplying fresh sugarcane at the factory gate.

It has been observed over a number of years that practice of Purchasing Centres has encouraged concentration of sugarcane plantation away from the Mills rather than nearer to the Factory because the growers supplying sugarcane at the Purchasing Centres get a better return as compared to those supplying at the Factory Gate in spite of their sugarcane being of lower quality.

## DIRECTOR GENERAL'S REVIEW

Shakarganj Sugar Research Institute has been established by Shakarganj Mills Limited. This Institute will be involved in research work in sugarcane production and subsequently a section for conducting research on factory operation will be added to the Institute.

## PRESENT STATUS

At present the Institute is completing its preliminary stages and is moving on scientific lines which can be seen from the facilities made available and various programmes already initiated.

## EXPERIMENTAL LAND

Land measuring 37 acres is available to the Research Institute for experimental purposes and in addition to this some more land is also in process of procurement. The detailed chemical and physical analysis of the experimental land has been completed with the co-operation of Agriculture C5 to the Mills Gate.

We also strongly recommend that the farmers supplying sugarcane at the Purchasing Centres should not be entitled for profit sharing on account of higher sucrose content and such profit should only be shared with the farmers supplying sugarcane at the Factory Gate.

The practice of Purchasing Centres is a national loss because due to double handling and delay in transportation of sugarcane to the Factory-Gate, substantial loss of sucrose content takes place due to inversion and a lot of sugar is lost in this process which can otherwise be bagged.

## CAMPAIGN 1983-84

Sugarcane crop matured quite late due to late summer rains in the Punjab. Standing crop was continuously surveyed and in view of the samples from sugarcane fields it was decided to delay the start of Crushing Season. Accordingly, crushing started on October 21,

required for the laboratories of Soil Science and Pathology is being procured. It is expected that the equipment will be imported by the time the laboratories are constructed.

## SUGARCANE BREEDING

Sugarcane breeding aspect because of some natural constraint is weak at the National Research Institutes and the Universities. We have, therefore, decided to give more emphasis on breeding work. The basic problem in this regard is the lack of flowering potential of the sugarcane plant under field conditions in the plains of the Punjab. We have, therefore, to look for the alternatives which according to priority are mentioned below:

## SURVEY OF THE COASTAL AREAS OF SIND

The coastal area has been surveyed and the meteorological data has been examined. We have come to the conclusion that artificial conditions for photoperiod treatment

We are confident that by the grace of Allah and with sound decisions we can meet our high targets for the future and that our stockholders will be properly rewarded in reasonable dividends and in appreciation of stock value.

Our Balancing and Modernization is progressing well and the second phase of this program will be completed by January 31, 1985. This will give a substantial boost to our manufacturing capability enabling us to manufacture sugar with greater cost effectiveness.

## DISTILLERY PROJECT

We are also planning to instal a Distillery Project for which financing arrangements have been made and Letter of Credit is expected to be opened by April, 1984.

Completion of Distillery Project will open new vistas for Shakarganj in the field of By-Products of Sugar.

desh Origin through Pakistan Agriculture Research Council, which has been requested.

The Institute has developed contacts with Sugar Research Institutes in U.S.A., Barbados, Brazil, Australia, Puerto Rico and Philippines to get the literature and plant materials. Dr. Wilson from Sugarcane Breeding Institute, Sao-Paulo, Brazil has been very kind to supply the hybrid seed to 16 biparental and 16 policrosses which has been properly preserved for planting in nursery in coming April.

We are also exploring the possibility of entering into contracts with breeding stations in Barbados, Puerto-Rico and Philippines if the hybrid seed involving one of our adapted variety in various combinations could be produced.

## AGRONOMIC EXPERIMENTS

The agronomic experiments have been planned to get preliminary information on some of the basic issues such as:

Sincerely,



Altaf M. Saleem:  
Chief Executive Officer.

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... Saleem  
Chairman

Mr. M. Asghar Qureshi  
Vice Chairman

Dr. S.A. Qureshi  
Director General

Mr. M. Awais Qureshi  
Member

Mr. Wazir Mohammad Khan  
Member

#### AREA OF CONCERN

##### Purchasing Centres

The serious problem of Purchasing Centres which is confined to the province of Punjab is eroding the profits of the Sugar Industry of this province for several years. The Punjab Sugar Industry has brought it to the attention of concerned authorities on a number of occasions but so far no corrective action has been taken. We are made to incur heavy extra expenditure on the sugarcane purchased at the Purchasing Centres and are being unnecessarily penalised.

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at Factory Gate is decreasing year after year and more sugarcane is delivered at the Purchasing Centres. Factory Gate supplies constituted 72 percent of the total supplies in our case in 1977-78. In Fiscal 1983 only 55 percent of sugarcane was delivered at the Factory Gate while the other 45 percent was delivered at Purchasing Centres.

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##### Purchase price of sugarcane for

- .. Sugarcane breeding to evolve fertilizer-responsive, diseases resistant varieties of sugarcane with higher sucrose content.
- .. To investigate the agronomic problems of sugarcane production.
- .. To study soils in sugarcane-producing areas and to relate these to crop management.
- .. To study the nutritional requirements of sugarcane.
- .. To study and monitor the pests and diseases of sugarcane and so develop appropriate control measures.
- .. To conduct basic research on the germination of sugarcane setts, sucrose production, translocation and storage, and on the environmental influences on these processes.
- .. To provide advice on the use of fertilizers and other agricultural chemicals, irrigation, drainage, diseases and pest control, the use of machines and equipment, land and water management, and other aspects of crop production planning and management.
- .. To publish and disseminate information on all aspects of sugarcane production.
- .. To provide educational courses in various aspects of sugarcane growing for growers.
- .. To collaborate and exchange information and material with Research Organizations in Pakistan and in other countries.
- .. To improve technology of sugar production inside the sugar factories by improving milling efficiency.



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## PRESENT STATUS

At present the Institute is completing its preliminary stages and is moving on scientific lines which can be seen from the facilities made available and various programmes already initiated.

## EXPERIMENTAL LAND

Land measuring 37 acres is available to the Research Institute for experimental purposes and in addition to this some more land is also in process of procurement. The detailed chemical and physical analysis of the experimental land has been completed with the cooperation of Agriculture Chemist (Soils), Ayub Agriculture Research Institute, Faisalabad. The soil in general is normal from salinity — sodicity point of view, however certain patches need deep ploughing and heavy irrigation to leach down the soluble salts. A few other fields need the gypsum application as soil amendment. Both these field operations were taken up during the months of September-October.

The tube well water has also been analysed for conductivity, total salts, carbonate and bicarbonate, calcium and magnesium contents, RSC & pH. The four sources of irrigation water are marginally fit for irrigation. Through better management addition of organic matter and green manuring, the land will be kept fit for experimental purpose.

## LABORATORY BUILDINGS

The laboratory Buildings are now under construction and expected to be completed by September, 1984. Apparatus and equipment

required for the laboratories of Soil Science and Pathology is being procured. It is expected that the equipment will be imported by the time the laboratories are constructed.

## SUGARCANE BREEDING

Sugarcane breeding aspect because of some natural constraint is weak at the National Research Institutes and the Universities. We have, therefore, decided to give more emphasis on breeding work. The basic problem in this regard is the lack of flowering potential of the sugarcane plant under field conditions in the plains of the Punjab. We have, therefore, to look for the alternatives which according to priority are mentioned below:

## SURVEY OF THE COASTAL AREAS OF SIND

The coastal area has been surveyed and the meteorological data has been examined. We have come to the conclusion that artificial conditions for photoperiod treatment and temperature control have to be provided to induce flowering in most of the varieties.

We are also creating facilities for making specific cross combinations under artificial conditions at this Institute. The requirements and cost estimates of the necessary facilities like photoperiod chamber fitted with light arrangements and temperature control elements, the trolleys for moving the plants in and out and the crossing shed are being worked out. It has, however, been decided to take up this important project.

## COOPERATION AT INTERNATIONAL LEVEL

I have visited Bangladesh to explore the possibilities if hybrid seed could be obtained from Sugarcane Institute Ishurdi involving varieties adapted in Pakistan. Photoperiod chambers and crossing shed are still being constructed. It is, however, possible to get the fuzz involving varieties of Coombator and Bangla-

desh Origin through Pakistan Agriculture Research Council, which has been requested.

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We are also exploring the possibility of entering into contracts with breeding stations in Barbados, Puerto-Rico and Philippines if the hybrid seed involving one of our adapted variety in various combinations could be produced.

## AGRONOMIC EXPERIMENTS

The agronomic experiments have been planned to get preliminary information on some of the basic issues such as:

- .. Ways and means to increase the efficiency of fertilizer and water.
- .. Time, method and levels of fertilizer use to get optimum yield and its effect on cane quality.
- .. Optimum seed requirement at various levels of fertilizer use.
- .. Ways and means to avoid lodging.
- .. Use of Biological Nitrogen or other cash crop under multiple cropping system.
- .. Method of seeding, weed control and responses to micronutrients are also being studied.
- .. Seed increase of some newly developed varieties.

We are hopeful that in the years ahead this Institute will develop into a Centre of excellence for all aspects of Sugar Industry needing scientific research.

Sincerely,

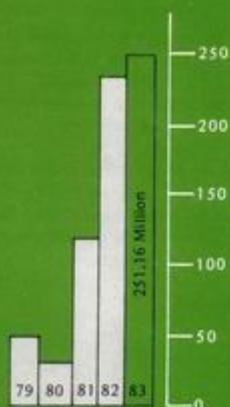
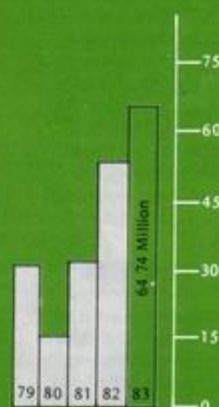


Dr. S.A. Qureshi:  
Director General

## Financial Section

## Selected Financial Data

	1979	1980	1981	1982	1983
Net sales & revenues	46,132,578	28,872,723	118,598,726	233,598,170	254,926,509
Net income (loss)	(12,143,443)	(15,335,843)	21,654,689	45,292,917	38,269,044
Expenses	58,276,021	44,208,566	96,944,037	188,305,253	216,657,465
Earning per share	(4.05)	(5.11)	7.22	12.94	10.21
Dividend declared per share	1.25	—	1.25	4.00	3.00
Total assets	172,176,298	169,785,383	223,375,982	281,451,551	268,289,979
Long term debts	41,499,390	28,510,220	913,051	34,968,489	37,751,679
Return on shareholders equity (pre-tax)%	(40.48)	(51.11)	70.01	112.61	84.59
Face value per share	10	10	10	10	10
Break-up value per share	10.00	4.89	10.31	15.21	17.26

Net Sales  
(million Rs.)Capital Expenditures  
(million Rs.)Shareholders Equity  
(million Rs.)

## Auditors' Report to the Shareholders

We have examined the annexed balance sheet as at 30th September, 1983 and the annexed profit and loss account, statement of changes in the financial position together with the notes to the accounts for the year ended 30th September, 1983 of Shakarganj Mills Limited and we state that we have obtained all the information and explanations which we required 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 Act, 1913;
- (b) in our opinion, the balance sheet and the profit and loss account have been drawn up:
  - i) in conformity with the Companies Act, 1913; and
  - ii) in accordance with the requirements of the Second Schedule to the Securities and Exchange Rules 1971; and
- (c) in our opinion and to the best of our information and according to the explanations given to us;
  - i) the balance sheet and the profit and loss account and the statement of changes in financial position, which are in agreement with the books of account, exhibit respectively a true and correct view of the state of the company's affairs as at 30th September, 1983 and of the profit and the changes in the financial position for the year ended on that date;
  - ii) The expenditure incurred was for the purpose of the company's business; and
  - iii) Zakat deductible at source, if any, under the Zakat and Ushr Ordinance, 1980, has been deducted by the company and credited to the Central Zakat Fund established under section 7 of that Ordinance.



(Riaz Ahmad & Company)  
Chartered Accountants

LAHORE - 19th February, 1984.



# Balance Sheet

as at 30th September, 1983

	Note	1983 Rs. in 000's	1982 Rs. in 000's
Fixed Capital Expenditure			
Operating assets	2	157,246	150,886
Capital work-in-progress	3	10,512	4,726
		<u>167,758</u>	<u>155,612</u>
Long Term Assets			
Investments	4	4,435	1,168
Loans and deposits	5	201	180
		<u>4,636</u>	<u>1,348</u>
Current Assets			
Stores and stocks	6	61,036	76,917
Trade debts	7	4,322	5,031
Other receivables	8	26,396	32,834
Cash and bank balances	9	4,141	7,209
		<u>95,895</u>	<u>121,991</u>
Total Currents Assets			
Less: Current Liabilities			
Short term borrowings	10	18,056	9,803
Current maturity of long term debts	11	10,710	10,000
Creditors, provisions and accrued charges	12	68,549	110,450
Dividend	13	12,222	15,567
		<u>109,537</u>	<u>145,820</u>
Total Current Liabilities			
Working Capital		(13,642)	(23,829)
Contingent Liabilities and Commitments	14		—
Total Capital Employed		158,752	133,131
Less: Long Term Debts and			
Deferred Liabilities			
Loans	15	33,508	34,968
Customs debentures	16	243	—
Deferred taxation		33,000	15,000
		<u>66,751</u>	<u>49,968</u>
Net Capital Employed		92,001	83,163
Represented By			
Authorised capital			
5,000,000 ordinary shares of Rupees 10 each		50,000	50,000
Issued, subscribed and paid up capital			
3,750,000 ordinary shares of			
Rupees 10 each	17	37,500	35,000
Capital reserves	18	46,760	42,942
Revenue reserve	19	7,700	5,000
Unappropriated profit		41	221
		<u>92,001</u>	<u>83,163</u>
The annexed notes form an integral part of these accounts.			
Altaf M. Saleem			
Mazhar Karim			
Muhammad Javed Amin			
Director			

# Profit and Loss Account

for the year ended 30th September, 1983

	Note	1983 Rs. in 000's	1982 Rs. in 000's
Sales	20	251,160	231,783
Less: Cost of goods sold	21	203,074	170,297
Gross profit		48,086	61,486
Less: Administrative, Selling and General Expenses	22	5,150	5,033
Operating Profit		42,936	56,453
Other Income	23	3,767	1,816
		46,703	58,269
Other Charges	24	8,433	12,976
Profit Before Taxation		38,270	45,293
Provision for Taxation	Current Deferred	18,000 18,000	15,000 15,000
Profit After Taxation		20,270	30,293
Unappropriated Profit Brought Forward		221	128
Profit Available for Appropriation		20,491	30,421
Appropriations	Interim dividend Proposed final dividend Balancing and modernization reserve Research and development reserve General reserve	11,250 5,000 1,500 2,700	3,000 10,000 10,000 3,000 4,200
		20,450	30,200
Unappropriated Profit		41	221
The annexed notes form an integral part of these accounts.			
Altaf M. Saleem Mazhar Karim Muhammad Javed Amin Director			

# Statement of Changes in Financial Position

for the year ended 30th September, 1983

		1983	1982
		Rs. in 000's	Rs. in 000's
Source of Funds	Profit after taxation	20,270	30,293
	Adjustment for items not involving the movement of funds		
	Depreciation	6,941	7,344
	Deferred taxation	18,000	15,000
	Loss/(Gain) on disposal of operating assets	(21)	6
	Funds provided by operations	45,190	52,643
Other sources	Proceeds from disposal of operating assets	355	196
	Issued, subscribed and paid up capital	2,500	5,000
	Custom debentures	243	-
		48,288	57,839
Application of Funds	Fixed capital expenditure	21,511	13,889
	Loans and deposits	21	59
	Loans exclusive exchange loss	2,052	(20,973)
	Investments	3,267	1,168
	Dividend	11,250	13,000
	Net increase in working capital	10,187	50,696
		48,288	57,839
Analysis of Increase/(Decrease) in Working Capital			
Increase/(decrease) in current assets			
	Stores and stocks	(15,881)	21,630
	Trade debts	(709)	5,031
	Other receivables	(6,438)	17,478
	Cash and bank balances	(3,068)	3,866
		(26,096)	48,005
(Increase)/decrease in current liabilities			
	Short term borrowings	(8,253)	6,238
	Current maturity of long term debts	(710)	32,176
	Creditors, provisions and accrued charges	41,901	(25,547)
	Dividend	3,345	(10,176)
		36,283	2,691
Net increase in working capital		10,187	50,696
Atal M. Saleem			
Nazhar Karim			
Muhammad Iqbal Amin			
Director			



## Notes to the Account for the year ended September 30, 1983

### 1. Significant Accounting Policies

#### 1.1 Fixed capital expenditure

This is stated at cost or revaluation less accumulated depreciation except capital work-in-progress and land. Depreciation on operating assets is charged to income applying the reducing balance method. Depreciation on appreciated value of operating assets has been adjusted against revaluation of operating assets reserve. Previously, no depreciation on appreciated value of fixed assets was provided in the accounts. There is, however, no effect on results of operations due to change in this accounting policy.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gain or loss on disposal of operating assets is included in current year's income.

#### 1.2 Long term investments

These are stated at cost.

#### 1.3 Stores and stocks

These are valued on the following basis:

Stores, spare parts and loose tools	— at moving average cost
Work-in-process	
Sugar	— at manufacturing cost
Molasses	— at estimated realisable value
Stocks-in-trade	
Sugar	— at the lower of cost or net realisable value. Cost means production cost including a proportion of production overheads.
Molasses	— at estimated realisable value

#### 1.4 Foreign currency

Foreign currency loans are translated into Pak rupees at the rate of exchange ruling at the balance sheet date. Exchange gain is transferred to exchange equalisation reserve and loss, if any, is first set off against such reserve and balance, if any, is charged to plant and machinery.

#### 1.5 Taxation

Charge for taxation is based on taxable income at current rates. Deferred taxation is accounted for by using the liability method on all major timing differences.

#### 1.6 Revenue recognition

Revenue from sales is recognised on delivery of goods to customers. Dividend income is accounted for on receipt basis.

#### 1.7 Accounting convention

These accounts have been prepared under the historical cost convention except for operating assets which were revalued by independent valuer as at 30th September, 1979.

## 2. OPERATING ASSETS

DESCRIPTION	C O S T DESCRIPTION						Rate %
	Re-assessed value/original cost as at October 1, 1982	Additions/ (deletions)	As at September 30, 1983	Accumulated Depreciation as at September 30, 1983	Book Value as at September 30, 1983	Depreciation charge for the Year	
Land-freehold	3,750	-	3,750	-	3,750	-	-
Buildings and roads-on freehold land	24,571	2,377	26,948	6,834	20,114	1,813	5-10
Plant and machinery	157,171	11,327	168,498	39,769	128,729	6,405	10
Laboratory equipments	163	41	204	103	101	11	10
Tubewell and water pumps	297	10	307	166	141	16	10
Electric installations	510	27	537	267	270	30	10
Weighbridges and scales	768	183	951	379	572	63	10
Furniture and fixtures	948	44	979	376	603	67	10
		(13)					
Office equipments	239	228	467	124	343	38	10
Vehicles	2,528	1,060	3,065	1,126	1,939	485	20
		(523)					
Guns	10		10	6	4	1	10
Library books	151	49	200	118	82	35	30
Tools and equipments	333	377	710	136	574	64	10
Telephone equipments	35	1	36	12	24	3	10
1983 Rs. in 000's	191,474	15,724 (536)	206,662	49,416	157,246	9,031	
1982 Rs. in 000's	181,075	10,848 (449)	191,474	40,588	150,886	7,344	

2.1 Land, buildings, plant and machinery were revalued by an independent valuer as at 30th September, 1979 and stated in the above note at appreciated value. Had there been no revaluation on that date, the value of these fixed assets would have been lower by Rupees 42,214,409.

2.2 The depreciation charge for the year has been allocated as follows:

	1983	1982
	Rs. in 000's	Rs. in 000's
Cost of goods sold	6,517	6,981
Administrative, selling and general expenses	424	363
Capital reserve — Revaluation of operating assets	2,090	
	<u>9,031</u>	<u>7,344</u>

### 2.3 DISPOSAL OF OPERATING ASSETS

DESCRIPTION	Rs. in 000's					
	ORIGINAL COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF SALE	PARTICULARS OF PURCHASER
Suzuki No. 109-569	71	26	45	31	Negotiation	Mr. Umar Hayat Chak No. 461, Jhang
Suzuki No. 109-571	71	26	45	29	Negotiation	Mr. Sikandar Hayat Chak No. 461, Jhang
Trolly	17	11	6	13	Negotiation	Mian Said Bacha, Sawat
Mazda (626) No. 108-821	171	61	110	110	Negotiation	Messers Crescent Jute Products Limited, 45-Shahrah-e-Quaid-e-Azam, Lahore (An associated undertaking of the company)
Toyota Corona	102	20	82	102	Negotiation	—do—
Datsun No. 085-240	91	53	38	56	Negotiation	—do—
Air-conditioner	13	5	8	14	Negotiation	—do—



	1983	1982
	Rs. in 000's	Rs. in 000's
<b>3. Capital work-in-progress</b>		
Plant and machinery	2,371	918
Buildings	1,700	93
Advances to suppliers	3,927	3,587
Advances to contractors	2,514	128
	<u>10,512</u>	<u>4,726</u>

**4. Investments**

## Associated companies - Quoted

Crescent Sugar Mills and Distillery Limited,		
63,000 ordinary shares of Rupees 10 each	1,129	544
Crescent Boards Limited		
36,100 ordinary shares of Rupees 10 each	437	264
Crescent Jute Products Limited		
138,900 ordinary shares of Rupees 10 each	2,473	88
Jubilee Spinning and Weaving Mills Limited,		
4,000 ordinary shares of Rupees 10 each	66	66
The Premier Insurance Company of Pakistan Limited		
3,600 ordinary shares of Rupees 5 each	60	36
1,344 bonus shares of Rupees		
Rupees 5 each		-
Crescent Textile Mills Limited		
5,000 ordinary shares of Rupees 10 each	100	-

## Other-Quoted

State Enterprise Mutual Fund		
18,000 ordinary shares of Rupees 10 each	170	170
	<u>4,435</u>	<u>1,168</u>

4.1 Market value of quoted investments as at 30th September, 1983 was Rupees 6,968,594 (1982: Rupees 1,205,820).

**5. Loans and Deposits**

## Considered good

Loans to employees	103	86
Deposits - Securities	98	94
	<u>201</u>	<u>180</u>

5.1 Interest free loans as referred above have been given to employees against purchase of motor cars and motor cycles and are repayable over a period of three years.

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>6. Stores and Stocks</b>		
Stores	5,007	4,807
Spare parts	10,742	6,059
Loose tools	77	75
Other	97	95

## Stocks

Sugar	44,416	65,762
Molasses	387	10
Work-in-process	310	109
	<u>61,036</u>	<u>76,917</u>

**7. Trade Debts**

These are unsecured but considered good.

**8. Other Receivables**

## Considered good

## Advances

Chief Executive		46
Employees	58	57
Contractors	40	187
Suppliers	3,105	3,968
Income tax	86	66
Letters of credit	5,441	2,319
Loans to sugarcane growers	15,395	8,331
Deposits	1,569	32
Claims	197	228
Prepayments	99	52
Due by associated undertakings	121	17,477
Miscellaneous	285	71
	<u>26,396</u>	<u>32,834</u>
Considered doubtful	2,620	2,620
Less: Provision of doubtful	<u>2,620</u>	<u>2,620</u>
	<u>26,396</u>	<u>32,834</u>

8.1 The maximum aggregate amount due from Chief Executive and Executive at the end of any month during the year was Rupees 77,958 (1982: Rupees 151,235).

# Shakarganj Mills Limited

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>9. Cash and Bank Balances</b>		
Cash in hand	25	8
Cash with banks on:		
Current accounts	2,712	6,679
Fixed deposit account	340	340
Short term deposit account	1,000	—
Dividend accounts	64	182
	<u>4,141</u>	<u>7,209</u>

## 10. Short Term Borrowings

### Secured

United Bank Limited-Cash credit (Note 10.1)	1,482	2,318
Allied Bank of Pakistan Limited (Note 10.2)	4,891	—
Agricultural Development Bank of Pakistan (Note 10.2)	11,392	7,399
	<u>17,765</u>	<u>9,717</u>

### Unsecured:

National Bank of Pakistan		2
United Bank Limited		84
Allied Bank of Pakistan Limited	291	—
	<u>18,056</u>	<u>9,803</u>

10.1 The cash credit obtained from United Bank Limited as referred to in Note 10 is secured by way of hypothecation of stores, stocks of sugar, second charge on fixed assets. The total credit facility is of Rupees 5 million.

10.2 The loans from Allied Bank of Pakistan Limited and Agricultural Development Bank of Pakistan have been obtained against company's guarantee for the supply of fertilizers, seeds, pesticides and agricultural services to, sugarcane growers. The total credit facility is of Rupees 5 million and 23 million (1982: Rupees 16.25 million) respectively.

## 11. Current Maturity of Long Term Debts

### Loans

Pakistan Industrial Credit and Investment Corporation Limited	10,000	10,000
Allied Bank of Pakistan Limited	517	—
Custom debentures	193	—
	<u>10,710</u>	<u>10,000</u>

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>12. Creditors, Provisions and Accrued Charges</b>		
Creditors	2,289	4,066
Advances from customers	27,644	58,377
Employees' Provident Fund Trust	57	4
Deposits	192	55
Income tax deducted at source	52	119
Interest on secured loans	12,629	43,486
Excise duty	14,349	—
Workers' Profit Participation Fund	2,092	2,384
Due to associated undertakings	6,480	213
Miscellaneous accrued charges	2,765	1,746
	<u>68,549</u>	<u>110,450</u>

12.1 The liabilities referred to in note 12 above may be reclassified as follows:

For goods supplied	749	2,543
For expenses and services	29,757	45,232
For other finance	38,043	62,675
	<u>68,549</u>	<u>110,450</u>

## 13. Dividend

Unclaimed	972	5,567
Proposed	11,250	10,000
	<u>12,222</u>	<u>15,567</u>

## 14. Contingent Liabilities and Commitments

The company is contingently liable in respect of guarantees issued in favour of banks amounting to Rupees 2.287 million against loans given to sugarcane growers (1982: Rupees 2,776 million).

Commitments in respect of contracts for capital expenditure are approximately amounting to Rupees 27,247 million as at 30th September, 1983 (1982: Rupees 5,260 million).

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>15. Loans</b>		
Long term loans comprise of:		
Pakistan Industrial Credit and Investment Corporation Limited (Note 15.1)	9,280,754	
(Dutch Guilders)	42,475	44,968
Allied Bank of Pakistan Limited (Note 15.2)	1,550	—
	44,025	44,968
Less: Current maturity (Note 11)	10,517	10,000
	33,508	34,968

15.1 Loans from PICIC are secured against:

- a first charge by way of equitable mortgage (with option to convert the same into a legal mortgage whenever required by PICIC) on the company's immovable properties wherever situated by deposit of title deed with PICIC;
- a letter of hypothecation of all plant and machinery;
- a first floating charge on all other undertakings, goodwill and assets; and
- an irrevocable power of attorney in favour of PICIC with full power among others to sell all assets of the company.

The entire loan shall be represented and evidenced by PICIC debentures. The Trust deed amongst other shall:

- Provide that all debentures representing the loan shall rank pari passu in point of security;
- provide that 20 percent of the debentures shall be convertible into shares in the company at the option of PICIC.

PICIC loans carry interest at the rate of 8 percent and 7 percent per annum. The loans are repayable in two equal instalments of Rupees 5 million each on 25th June and 25th December in each year commenced from the year 1982 according to the revised schedule.

The Dutch Guilders have been converted into Pak Rupees at the rate of DFL 21.8502 = Pak Rupees 100.

15.2 Loan from Allied Bank of Pakistan Limited is secured against second charge by way of equitable mortgage on the entire plant and machinery and carries interest at the rate of 1 percent above the Bank rate subject to minimum 11 percent per annum. The loan is repayable in six half yearly equal instalments.

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>16. Custom Debentures</b>		
These are made up as under:		
Balance as at 30th September, 1983	436	—
Less Current maturity (Note 11)	193	—
	243	—
16.1 These have been issued in favour of Collector of Customs to cover the deferred element of custom duty on the import of plant and machinery. The debentures are repayable in six half yearly instalments commencing from 8 August 1983 and 8 November 1983 respectively and carry interest at the rate of one percent above the bank rate.		
<b>17. Issued, Subscribed and Paid up Capital</b>		
3,000,000 ordinary shares of Rupees		
10 each fully paid up in cash	30,000	30,000
750,000, ordinary shares of Rupees		
10 each		
Issued to Pakistan Industrial Credit and Investment Corporation Limited against their right of option to convert 20% of their loan into fully paid up shares	7,500	5,000
	37,500	35,000
<b>18. Capital Reserves</b>		
Revaluation of operating assets		
Balance as at 1st October	16,990	16,990
Less: Depreciation provided on appreciated value of operating assets	2,090	—
	14,900	16,990
Balancing and modernisation		
Balance as at 1st October	10,000	—
Transferred from profit and loss account	5,000	10,000
	15,000	10,000
Research and development		
Balance as at 1st October	3,000	—
Transferred from profit and loss account	1,500	3,000
	4,500	3,000
Exchange equalisation		
Balance as at 1st October	12,952	26,034
Less: Exchange loss for the year	592	13,082
	12,360	12,952
	46,760	42,942



# Shakarganj Mills Limited

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>19. Revenue Reserve</b>		
General		
Balance as at 1st October	5,000	800
Transferred from profit and loss account	2,700	4,200
	<u>7,700</u>	<u>5,000</u>
<b>20. Sales</b>		
Sugar	247,130	226,887
Molasses	4,198	5,161
Bagasse	205	205
	<u>251,533</u>	<u>232,253</u>
Less: Commission	373	470
	<u>251,160</u>	<u>231,783</u>

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>21. Cost of Goods Sold</b>		
Raw material		
Sugarcane purchased	85,446	110,808
Delivery expenses	5,890	10,110
Less: Recovered	799	1,241
Sugarcane subsidy	5,091	8,869
Development subsidy	702	1,150
Sugarcane development cess	1,000	1,278
Market committee fee	542	699
Loading and unloading	855	1,312
Octroi and toll tax	409	603
	<u>94,045</u>	<u>124,719</u>
Salaries, wages and other benefits	7,464	6,805
Workers' welfare	126	126
Dyes and chemicals	574	608
Packing material	3,147	4,155
Store consumed	18	66
Power and fuel	940	1,475
Repair and maintenance	4,814	5,850
Insurance	406	336
Vehicles running	197	229
Travelling	77	209
Entertainment	20	22
Printing and stationery	182	221
Rent, rates and taxes	47	49
Excise duty	63,296	37,176
Other factory overheads	403	344
Sugarcane research and development	33	-
Depreciation	6,517	6,981
	<u>182,306</u>	<u>189,371</u>
Work-in-process		
As at 1st October,	109	153
As at 30th September,	310	109
	<u>(201)</u>	<u>44</u>
Cost of goods produced	182,105	189,415
Finished goods		
As at 1st October,	65,772	46,654
As at 30th September,	44,803	65,772
	<u>20,969</u>	<u>(19,118)</u>
	<u>203,074</u>	<u>170,297</u>

# Shakarganj Mills Limited

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>22. Administrative, selling and general expenses</b>		
Salaries, wages and other benefits	2,288	2,091
Travelling and conveyance	343	118
Printing and stationery	249	294
Communication	165	173
Vehicles running	323	377
Legal and professional	102	105
Auditors' remuneration:		
Audit fee	20	20
Share capital — Audit fee	3	3
Out of pocket	3	—
	<u>26</u>	<u>23</u>

Repair and maintenance	59	36
Entertainment	81	66
Subscription	104	263
Rent, rates and taxes	27	34
Publicity	112	62
Loading and unloading	95	173
Insurance	358	435
Handling and distribution	293	313
Miscellaneous	101	107
Depreciation	424	363
	<u>5,150</u>	<u>5,033</u>

<b>23. Other Income</b>		
Sale of scrap	219	125
Commission on fertilizer	260	157
Gain (loss) on disposal of operating assets	21	(6)
Gain on sale of investments	207	—
Profit on sale of stores	2	21
Dividend (Note 23.1)	583	—
Interest on bank deposits	288	130
Interest on current accounts		
(Associated undertakings)	1,216	1,273
Agricultural farm income	308	18
Rental	23	69
Bridge finance advance written back	511	—
Miscellaneous	129	29
	<u>3,767</u>	<u>1,816</u>

	1983	1982
	Rs. in 000's	Rs. in 000's
<b>23.1 Dividend Income</b>		
Crescent Sugar Mills and Distillery Limited	116	—
Crescent Boards Limited	36	—
Crescent Jute Products Limited	413	—
Jubilee Spinning and Weaving Mills Limited	12	—
The Premier Insurance Company of Pakistan Limited	6	—
	<u>583</u>	<u>—</u>

<b>24. Other Charges</b>		
Financial expenses		
Interest on:		
Short term borrowings	422	632
Long term loans	4,949	7,092
Advances from associated undertakings	171	50
Others	525	35
Custom debentures	27	—
Bank charges	123	75
	<u>6,217</u>	<u>7,884</u>

Donation (Note 24.1)	200	208
Provision for contingencies		2,500
Workers' Profit Participation Fund	2,016	2,384
	<u>8,433</u>	<u>12,976</u>

**24.1 Donation**  
A sum of Rupees 200,000 was donated to Crescent Foundation, Faisalabad, in which the following company's directors are trustees:

Mr. Altaf M. Saleem  
Mr. Khalid Bashir  
Mr. Mazhar Karim  
Mr. Muhammad Javed Amin  
Mr. Maqbul Ahmad  
Mr. Shaukat Shafi

## 25. Transactions with Associated Undertakings

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 43.713 million (1982: Rupees 21.665 million).

The company purchased from and sold to associated undertakings materials, goods and services in the aggregate sum of Rupees 0.044 million and Rupees 0.973 million respectively (1982: Rupees 0.484 and Rupees 0.342 million respectively).

Interest is paid to and received from associated undertakings on their balances at the rate of 12.50 to 14 percent per annum.

## 26. Directors' and Executive's Remuneration

The aggregate amount charged in the accounts for the year for remuneration, allowances, including all benefits to chief executive and executive of the company was as follows:

	1983		1982	
	Chief Executive	Executive	Chief Executive	Executive
Managerial remuneration	84	104	84	—
Bonus	47	51	57	—
Housing	24	22	24	—
Company's contribution to provident fund	—	7	—	—
Retirement benefits	—	12	—	—
Other benefits	21	23	21	—
Reimbursable expenses	—	21	61	—
<b>Rs. in 000's</b>	<b>176</b>	<b>240</b>	<b>247</b>	<b>—</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>—</b>

The Chief Executive and Executive of the company have been provided free maintained vehicles.

26.1 The aggregate amount of remuneration paid to other directors was nil (1982 for 5 directors Rupees 1,000).

## 27. Plant Capacity and Actual Production

### Sugar

Capacity 23,167 M. Tons in 160 days i.e. 144.793 M. Tons per day.

### Actual production

Current year 29,440 M. Tons in 173 days i.e. 170.173 Tons per day.

Previous year 39,474 M. Tons in 207 days i.e. 190.695 M. Tons per day.

## 28. Figures

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



## Form "A"

Pattern of Holdings of the Shares held by the Shareholders  
as at 30th September, 1983.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
367	1	100	36,610
223	101	500	74,000
81	501	1000	72,800
105	1001	5000	279,100
17	5001	10000	134,300
19	10001	Above	3,153,090
<hr/> 812			<hr/> 3,750,000

Categories of Shareholders	Number	Shares Held	Percentage
Individual	796	715,610	19.08
Investment Company	1	236,650	6.31
Insurance Companies	2	23,200	0.62
Joint Stock Companies	7	1,766,770	47.12
Financial Institutions	5	989,660	26.39
Others-Trust	1	18,110	0.48
	<hr/> 812	<hr/> 3,750,000	<hr/> 100.00

FORM OF PROXY

I, \_\_\_\_\_  
of \_\_\_\_\_  
member of SHAKARGANJ MILLS LIMITED and entitled to vote hereby appoint  
\_\_\_\_\_

as my proxy in my absence to attend and vote for me and on my behalf at the Sixteenth Annual General Meeting of the Company to be held on March 29, 1984 at 11.30 A.M. at Shakarganj Mills Limited, Toba Tek Singh Road, Jhang and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 1984

Signed by the said \_\_\_\_\_ in the presence  
of \_\_\_\_\_

Date \_\_\_\_\_

Place \_\_\_\_\_

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

Note: The proxy should be deposited at the Registered Office of the Company not later than 72 hours before the time of holding the Meeting.

Please quote Folio No.

Please quote Number of shares held