

Shakarganj  
Mills Limited  
ANNUAL REPORT  
1984



*Sugar is Special*



## CORPORATE DATA

Paid up Capital Rs. 37,500,000 (US \$ 261,302.19)

US \$ 1 = Pak. Rs. 14.3512

**REGISTERED OFFICE**  
45, Shahrah-e-Quaid-e-Azam  
Lahore. 3

**PLANT**  
Toba Road, Jhang

**REGIONAL OFFICE**  
Third Floor, Cotton Exchange Building  
I.I. Chundrigar Road, Karachi

## TEN YEAR PRODUCTION RECORD

1975 – 1984

Season	Cane Crushed (M. Ton)	Sugar Produced (M. Tons)	Recovery (Percent)	Process Losses (Percent)
1983-84	427,169.490	35,501.200	8.31	2.40
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

**Board of Directors**

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

Riaz Ahmad & Company  
Chartered Accountants

**Management**

Mr. Altaf M. Saleem,  
Chief Executive Officer  
Mr. Mohammad Awais Qureshi,  
Executive Vice President  
Mr. Wazir Mohammad Khan,  
Senior Vice President  
Mr. Hilal Ahmed,  
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 seventeenth Annual General Meeting of the Shareholders of Shakarganj Mills Ltd., will be held at Company's Registered Office, 45-Shahrah-e-Quaid-e-Azam, Lahore on Saturday, the 30th March 1985, at 3.30 P.M.

**AGENDA**

- ... To read notice convening the meeting.
- ... To confirm the Minutes of the last Annual General Meeting held on 29th March, 1984.
- ... To receive and adopt the Directors' and Auditors' Reports and Accounts for the year ended 30th September, 1984.
- ... To approve Dividend & Bonus. The Directors have recommended the payment of cash dividend at the rate of Rs. 1.50 per share (15%) and Bonus Shares in the ratio of one Bonus Share for every fifteen issued Ordinary Shares.
- ... To appoint Auditors for the ensuing year and fix their remuneration.
- ... To transact any other business with the permission of the Chair.

**SPECIAL RESOLUTION**

- ... Resolved that the Memorandum and Articles of Association of the Company be altered to conform to the provisions of the new Company Ordinance, 1984.

**PARTICIPATION IN THE ANNUAL GENERAL MEETING**

A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.

**BOOK CLOSURE**

The Share Transfer Books of the Company will remain closed from 14th to 30th March, 1985, (both days inclusive).

**HIGHLIGHTS**

- Earnings were Rs. 8.28 per share.
- Sales increased to Rs. 287.51 million, compared with Rs. 251.16 million in 1983 and Rs. 231.78 million in 1982.
- Shareholders equity was up 11.29 percent to Rs. 72.05 million compared to Rs. 64.74 million at the end of 1983.
- Repayment of loans to the tune of Rs. 39.02 million.
- Additions to Property, Plant and Equipment to the tune of Rs. 18.96 million.

**INSIDE THIS REPORT**

4	From the Board Room
5	Annual Review 1984
13	Shakarganj Sugar Research Institute
15	Five-Year Summary
16	Flow-of-Funds Analysis
17	Auditors' Report to the Shareholders
18	Balance Sheet
20	Profit and Loss Account
21	Statement of Changes in Financial Position
23	Notes to the Accounts.



## FROM THE BOARD ROOM

Dear Shakarganj Investor :

Your Directors are pleased to present the Sixteenth Annual Report along with detailed notes for the year ended 30th September, 1984.

Your company's operations for the year resulted in a net profit of Rs. 12.93 million as against Rs. 20.27 million in 1983. After charging Rs. 11.41 million for Depreciation and Rs. 8.15 million for Interest on Loans and Advances and providing Rs. 2.50 million for Deferred Taxation, profit available for appropriation comes to Rs. 12.97 million. Your Directors recommend appropriation of profit as follows :

	Rs. in 000's
Profit available for Appropriation	12974
Proposed Dividend @ 15%	5625
Reserve for Proposed issue of Bonus Shares in the ratio of 1 : 15 Shares	2500
Transfer to General Reserve	4800
Un-appropriated Profit c/f.	49

The new Board of Directors was elected at the Annual General Meeting held on March 29, 1984. Mr. Mohammad Anwar joined Shakarganj Board in place of Mr. Haroon I. Kayani. Mr. Anwar brings with him vast experience of industry. We wish all the best to Mr. kayani who remained on Shakarganj Board for three years and his contribution as a Board Member was invaluable.

The retiring Auditors, M/S Riaz Ahmad & Company, Chartered Accountants retire and offer themselves for re-appointment 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 1984 a successful year for Shakarganj Mills Limited.

Sincerely,

Altaf M. Saleem,  
Chief Executive Officer,  
February 21, 1985.



# Annual Review 1984

---



## Management Review of Operation and Analysis of Financial Position



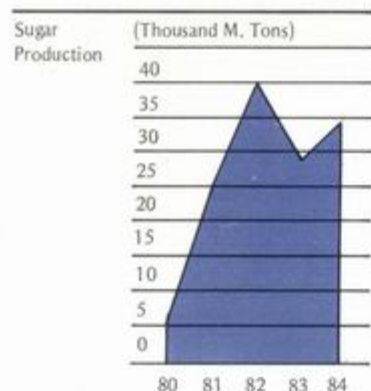
### PAKISTAN SUGAR INDUSTRY IN REVIEW

Keeping in line with policy of deregulation, the Government took a very bold step and sugar which had remained under Government control for a number of years was totally decontrolled. This was the first year for your company to operate under the new system of total decontrol of sugar. This was indeed a great challenge for your management. Many of our competitors had in the past operated under decontrolled system and this provided them an initial edge over us.

We have always advocated free enterprise and your management quickly geared itself to cope with the new situation. This is reflected in 14.47 percent increase in our sales which were Rs. 287.51 million as against Rs. 251.16 million in Fiscal 1983. We were able to boost our sales inspite of the fact that total sugar production of 1.13 million M. Tons in the country and carried over stocks of over 300,000 M. Tons with the Government, exceeded total sugar consumption of Pakistan.

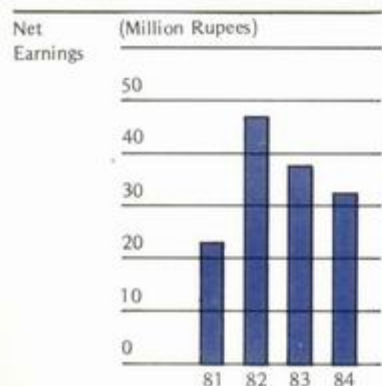
However, sugar consumption has now picked up and per capita consumption is likely to increase to 20 kilograms by 1987-88 according to expert projection. This will be well below 50 kilograms in the developed countries. The present installed capacity in the country is capable of producing 1.8 million M. Tons of sugar while sugar consumption by 1987-88 will be around 2 million M. Tons. It can therefore be safely assumed that the future of Sugar Industry is bright.

### OPERATING RESULTS



By the grace of Allah, your company achieved in 1984 the second highest level of sugar production of any year in its history. Sugar production for the year increased to 35,501 M. Tons from 29,440 M. Tons in 1983. Recovery of sugar was also up to 8.31 percent compared to 8.16 percent in Fiscal 1983. We were able to reduce the process losses to 2.40 percent being the lowest in company's eleven years of operation except two lean years of 1979 and 1980 when the plant operated at a level much below its rated capacity.

We continued to focus on rationalising operations and reducing costs during the year thus maintaining a satisfactory gross profit margin. Shakarganj's financial position remained strong by maintenance of debts at a reasonable level and improvement in composition of assets.



### INCOME AND EXPENSES

Net earnings for Fiscal 1984 declined to Rs. 31.03 million from Rs. 38.27 million for Fiscal 1983. A major factor behind decline in Income inspite of increase in production, is quantum of profit realised from the stocks carried over from previous year. Profit of Rs. 38.27 million for Fiscal 1983 included Rs. 27.05 million realised from sales of stocks carried over from Fiscal 1982. The position in Fiscal 1984 is much different. Net earnings of Rs. 31.03 million include only Rs. 3.88 million realised from sales of previous year's stocks. After taking into account this factor profit of Rs. 27.15 million for Fiscal 1984 (excluding profit from previous year's stocks) compares well with profit of Rs. 11.22 million in Fiscal 1983 (excluding profit from previous year's stocks).

During 1984 we made best efforts to reduce our expenses but these improvements were countered, however, by higher level of expenditures associated with an aggressive marketing strategy, which was necessary under the new free sale system. In addition, average wage costs rose. As a result, selling, administrative and other expenses increased.

In 1984, net interest expenses totalled Rs. 8.06 million compared to Rs. 6.09 million recorded in 1983. This increase was in part attributable to increase in short term borrowing against sugar stocks which were previously financed by advance payments from the Government.

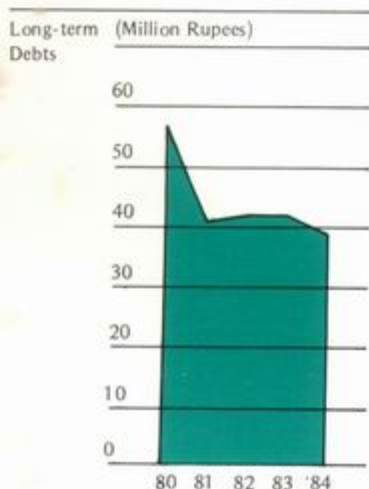
### ANALYSIS OF LIQUIDITY & CAPITAL RESOURCES

We have consistently followed a policy of reducing our debts and relying primarily on internally generated funds to finance the capital expenditures, supplemented with careful recourse to external sources of cheaper financing.

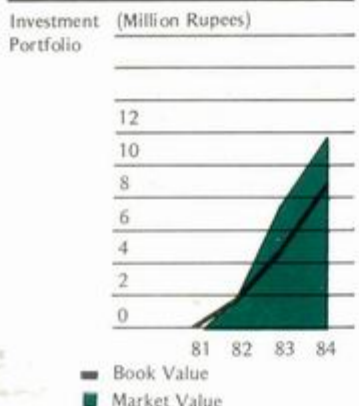
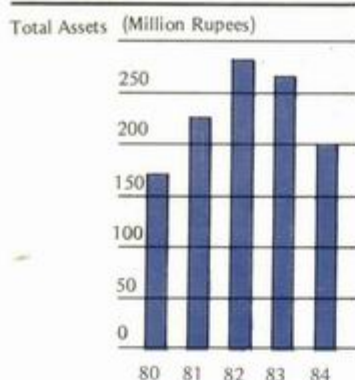
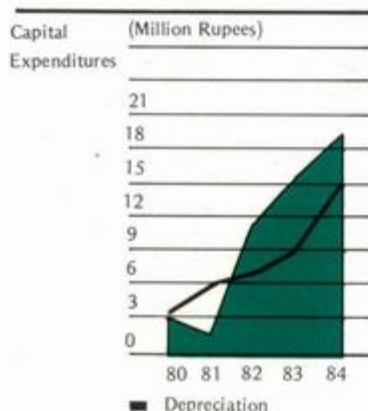
Shakarganj generated a satisfactory cash flow in 1984 considering decline in profitability, very heavy capital expenditures and repayment of long term loans to the extent of Rs. 38.90 million during the year. We had therefore ready access to outside sources of capital.

Total long term debt at the end of 1984 amounted to Rs. 38.96 million compared with Rs. 44.02 million in 1983, a reduction of Rs. 11.50 percent.

Your management has continually aimed both at reducing the proportion of bank loans in total liabilities and at strengthening the Company's equity position.







The principle use of working capital during the year was for additions to property, plant and equipment. These expenditures amounted to Rs. 18.96 million in 1984, an increase of 20.55 percent over 1983. Approximately half of capital investment was devoted to balancing and modernization for improvement of operating efficiency of the sugar plant.

Management is targetting a further increase in capital expenditure in 1985. In order to ensure access to stable source of low cost funds we have diversified our sources of funding and have been able to arrange funds at very reasonable cost.

#### COMPOSITION OF ASSETS AND RETURNS

We are following a policy of maintaining a balanced composition of assets and ensuring an appropriate level of return to our shareholders. In 1984 our total assets were Rs. 250.26 million compared with Rs. 268.29 million in 1983. Available cash and other liquid financial resources showed a temporary decline due to high levels of capital investment and advance repayment of loans. We are now directing our attention to bringing working capital back to appropriate levels, in line with the size of our operations.

Inventory control remained a prime goal in 1984. Inventories have been reduced 49.52 percent since the end of 1983. After tax return on assets was 5.17 percent compared with 7.55 percent in 1983. In the future, we will aim at improving these and other financial indexes through diversification, improved operational efficiency, and the optimal use of assets.

#### INVESTMENT PORTFOLIO

We are continuing to build a balanced investment portfolio by selective investment in areas of strong profit potential. During the year investment of Rs. 4.43 million was made.

Our investment portfolio has grown from a book value of Rs. 4.43 million in Fiscal 1983 to Rs. 8.86 million in Fiscal 1984. The market value is much higher at Rs. 11.88 million reflecting a premium of 34.08 percent. Growth of investment portfolio is being planned to enable your company to become stronger and capable of absorbing any shocks that could be experienced in case of fluctuation in sugarcane availability due to weather conditions or other unforeseen circumstances.



### AREA OF CONCERN

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 purchase at the Purchasing Centres and are being unnecessarily penalised.

We along with many other Sugar Mills of Punjab moved a case in Lahore High Court in this connection and the Court directed the Food Department of Government of the Punjab to look into this matter and fix reasonable price of sugarcane for the Purchasing Centres. Subsequently, we had several meetings with the concerned authorities and a reasonable price was also agreed. We were assured that new price will be effective for 1984-85 campaign but so far Notification to this effect has not been issued.

Unlike in the province 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 1984 only 56.85 percent of sugarcane was delivered at the Factory Gate while the other 43.15 percent was delivered at Purchasing Centres.



Our extra expenditure on the sugarcane purchased at the Purchasing Centres this year, exceeded Rs. 5.88 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 later is atleast 36 hours fresh than the sugarcane transported from the 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 inspite of their sugarcane being of lower quality.

We request that immediate action may kindly be taken and in conformity with the practice in other two provinces only one price of sugarcane be fixed at the Factory Gate. No price should be fixed for Purchasing Centres as is being done in other provinces. The mills be allowed to deduct actual transport and other expenses from the Purchasing Centres to the Mills 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.

#### RESEARCH AND 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.



We 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.

#### **CAMPAIGN 1984-85**

Crushing Campaign started on October 29, 1984 as compared to October 21, 1983 in the last campaign.

Over all position upto March 01, 1985 compared with the last season for the corresponding period is much better. Total sugar production is 32,184 M. Tons compared with 28,443 M. Tons in 1983-84. Our over all recovery is also much better at 8.86 percent compared with 8.21 percent on March 01, 1984.

We estimate a production of 38,000 M. Tons at an average recovery of 8.80 percent for 1984-85 as compared with 35,501 M. Tons at an over recovery of 8.31 percent in 1983-84.

This year our target for Excise Duty Exemption is 32,470 M. Tons as against 34,457 M. Tons in 1983-84.

#### **FUTURE OUTLOOK**

We are now taking in hand the third phase of our Balancing and Modernization Programme which will be spread over the next two crushing campaigns. We will Insha Allah make Shakarganj the most upto date sugar factory by 1987-88 campaign starting in November, 1987. With the completion of second phase of our Balancing and Modernization Programme, we have come a step closer to our objective.

We are confident that by the grace of God our stockholders will be properly rewarded in reasonable dividends and in appreciation of stock value in the years to come.

#### **DISTILLERY PROJECT**

All arrangements for putting the distillery project have been completed and we are estimating that this project will come into operation by January 01, 1986. After completion, this project will open new vistas for Shakarganj in the field of By-Products of Sugar.



#### HUMAN RESOURCE DEVELOPMENT

People, who are part of Shakarganj and those who will join us as we grow, are very essential to the attainment of our goals for the years ahead.

Through continued emphasis on management development, training, and maintenance of an environment that fosters creativity and hard work, we ensure our ability to attract and retain talented motivated people to meet the challenges that lie ahead.

#### IN APPRECIATION

We appreciate the dedication and commitment of our employees and the continued support of our customers and you, our shareholders.

March, 1985.

MAZHAR KARIM  
Chairman

ALTAF M. SALEEM  
Chief Executive Officer





## BOARD OF GOVERNORS

Mr. Altaf M. Saleem  
Chairman

Mr. M. Asghar Qureshi  
Vice Chairman

Dr. S. A. Qureshi  
Director General

Mr. M. Awais Qureshi  
Member

Mr. Wazir Mohammad Khan  
Member

## PRINCIPAL FUNCTIONS

- .. 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.



## **Director General's Review :**

Shakarganj Sugar Research Institute has started its experimentation with more emphasis on breeding aspects. In the beginning, however, a good number of agronomic experiments were conducted, but for want of laboratory facility and trained staff these experiments had to be discontinued and instead concerted efforts diverted to short term and long term approaches relating to plant breeding aspects. On completion of laboratory construction now in progress it is expected to furnish it fully by June, 1985 with necessary equipment and trained staff to take up the agronomic and chemical studies to develop more efficient crop production technology.

### **Short term plant breeding approaches**

Last year we succeeded to procure the first generation hybrid seed of 16 biparental and 16 polycrosses from Dr. Wilson of Sugarcane Breeding Station, Soa-Paulo. This seed was planted in nursery beds under proper care for temperature, disease and insect control. The seed was damaged in transit and germination rate was much below the normal rate reported at the time of despatch from Brazil. It was planted on raised beds of highly porous materials early in May and saved from high temperature through partial shade and frequently sprinkling of canal water. It was saved from fusarium and other soil and air borne fungi and bacteria through weekly spray of Benlate and Agrimycin-100 at concentrations of 30 and 50 ppm respectively. A good fertility status was maintained throughout the nursery stage. The seedlings were transplanted in the field in the first fortnight of September, 1984 in 5' x 3' row and plant to plant distances. Total number of plants established in the field are now close to 1250.

Detailed observations on tillering capacity, growth rate and frost tolerance were recorded althrough winter and more than two dozen promising plants have been earmarked. The entire population will remain under study for most of the economic characteristics including yield and quality of the cane.

### **A second lot of the Hybrid Seed**

During August, 1984 we received another lot of the true seed from Brazil which comprised of 18 biparental and 4 polycrosses. The weight of the fuzz ranged from 3 to 15 grams with germination capacity in the range of 433 to 1458 seedling per gram of the fuzz.

A great care was taken to get it cleared through customs, but it still took more than 15 days at Karachi which again affected its germination capacity. It was planted in early September under proper care as mentioned for the first lot and singled out in polythene bags during the months of December-January. This was a period of prolonged cold spell and inspite of our all efforts to save it from frost there was some seedling mortality. These singled out seedlings will be transplanted in the field by middle of March and we expect to cover about 10 acres under first year's original seedlings.

### **Long term breeding approaches**

We have also decided to establish our own crossing program at the Institute under controlled weather conditions to induce flowering, synchronize the selected parents and production of viable seed.

A photoperiod chamber equipped with arrangements for temperature, humidity and light controls on the one hand and movements of the plants mounted on trollies on the other has been completed. A trial experiment was run last year which has indicated its successful working. 52 Parents were selected for crossing purposes in consultation with Mr. S. D. Fasihi, Director, Sugarcane Research Institute at A.A.R.I., Faisalabad. The parent varieties have been raised in nursery plots during winter and now transplanted in pots of proper size using a well balanced plant mixture. The pots are kept at a warmer place and will be loaded on trollies by middle of March. Photoperiod treatment will be started from third week of June.

Sincerely,

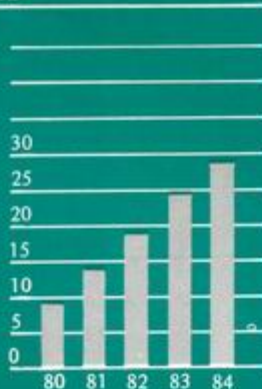
Dr. S. A. Qureshi,  
Director General.



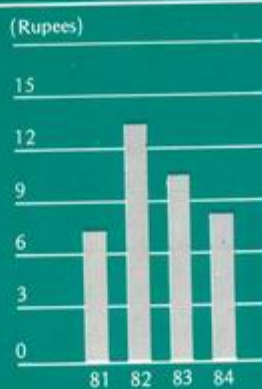
# **FIVE-YEAR SUMMARY** **YEARS ENDED SEPTEMBER 30**

	Million of Rupees				
	1980	1981	1982	1983	1984
Net sales and revenues	28,872,723	118,598,726	233,598,170	254,926,509	289,251,080
Earnings before income tax	(15,335,843)	21,654,689	45,292,917	38,269,044	31,033,062
Net earnings	(15,335,843)	21,654,689	30,292,917	20,269,044	12,933,062
Net earnings per unit share	(5.11)	7.22	12.94	10.21	8.28
Dividends :					
Cash (per share)	—	1.25	4.00	3.00	1.50
Stock	—	—	—	—	1.15
Total assets	169,785,383	223,375,982	281,451,551	268,289,979	250,261,394
Total shareholders equity	14,664,157	30,928,309	53,221,226	64,740,917	72,048,980
Percentage of shareholders equity in total assets	8.64	13.85	18.91	24.13	28.79
Additions to property, plant and equipment	2,858,948	1,621,235	10,848,179	15,723,981	18,954,879
Depreciation	4,090,462	6,100,060	7,344,268	6,940,945	11,405,318
Paid Up Capital	30,000,000	30,000,000	35,000,000	37,500,000	37,500,000
Break-up value per share	4.89	10.31	15.21	17.26	19.21

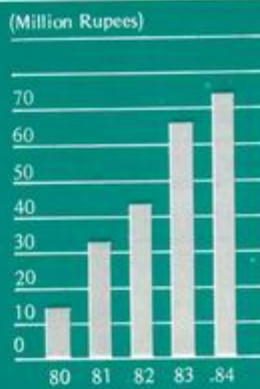
Percentage of Shareholders Equity in Total Assets



Net Earnings Per Unit Share



Shareholders' Equity





## FLOW OF FUNDS ANALYSIS

Development of net current position in Million of Rupees :

	Sep. 30, 1982	Change	Sep. 30, 1983	Change	Sep. 30, 1984
Liquid Assets	116.96	- 25.39	91.57	- 22.00	69.57
Short-term receivable	5.03	- 0.71	4.32	- 2.22	2.10
Short-term liabilities and provision	- 145.82	+ 36.28	- 109.54	+ 6.67	- 102.87
	- 23.83	+ 10.18	- 13.65	- 17.55	31.20
Factors affecting the change in the next current position					
Source of Funds :					
Net income for the year			+ 20.27		+ 12.93
Depreciation			+ 6.94		+ 11.41
Deferred Taxation			+ 18.00		+ 2.50
Profit on Sale of Fixed Assets			- 0.02		- 0.09
Internal Financing			+ 45.19		+ 26.75
Share Capital			+ 2.50		-
Proceeds of Fixed Assets			+ 0.35		+ 0.84
Custom Debentures			+ 0.24		-
Long-term loans			-		+ 26.34
Source of Funds - Total :			+ 48.28		+ 53.93
Application of Funds :					
Addition to Fixed Assets			- 21.51		- 37.96
Addition to Investment			- 3.27		- 4.43
Long-term Loans & deposits			- 0.02		- 0.01
Loan repaid			- 2.05		- 23.46
Dividend paid			- 11.25		- 5.62
Application of Funds - Total :			- 38.10		- 71.48
Change in the net position			+ 10.18		- 17.55





## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the annexed balance sheet as at 30 September 1984 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 30 September 1984 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 30 September 1984 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 - 23 February 1985





# Balance Sheet

AS AT 30 SEPTEMBER 1984

CAPITAL AND LIABILITIES		Notes	1984 Rs in 000's	1983 Rs. in 000's
Share Capital	Authorised			
	5,000,000 ordinary shares of Rs. 10 each		50,000	50,000
	Issued, subscribed and paid up			
	3,750,000 ordinary shares of Rs. 10 each	2	37,500	37,500
Reserves and Surplus	Capital reserves	3	33,324	46,760
	Revenue reserve	4	12,500	7,700
	Unappropriated profit		49	41
			45,873	54,501
Long Term Debts & Deferred Liabilities				
	Loans	5	28,125	33,508
	Custom debentures	6	389	243
	Deferred taxation		35,500	33,000
			64,014	66,751
Current Liabilities	Short term borrowings	7	29,438	18,056
	Current maturity of long term debts	8	10,882	10,710
	Creditors, provisions & accrued charges	9	40,846	68,549
	Provision for taxation		15,600	
	Dividend	10	6,108	12,222
			102,874	109,537
Contingent Liabilities and Commitments		11		
			250,261	268,289



PROPERTY AND ASSETS		Notes	1984 Rs. in 000's	1983 Rs. in 000's
Fixed Capital Expenditure	Operating fixed assets	12	139,999	157,246
	Capital work-in-progress	13	29,517	10,512
			<u>169,516</u>	<u>167,758</u>
Long Term Investments		14	8,862	4,435
Long Term Loans and Deposits		15	<u>206</u>	<u>201</u>
Current Assets	Stores and stocks	16	40,821	61,036
	Trade debts	17	2,104	4,322
	Other receivables	18	26,521	26,396
	Cash and bank balances	19	<u>2,231</u>	<u>4,141</u>
			<u>71,677</u>	<u>95,895</u>
			<u>250,261</u>	<u>268,289</u>

The annexed notes form an integral part of these accounts.

Altat M. Saleem  
Chief Executive

Khalid Bashir  
Director



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1984

	Note	1984 Rs. in 000's	1983 Rs. in 000's
Sales	20	287,511	251,160
Cost of goods sold	21	240,049	203,074
Gross profit		47,462	48,086
Less: Administrative, Selling and General expenses	22	6,493	5,150
Operating profit		40,969	42,936
Other income	23	1,740	3,767
		42,709	46,703
Less: Other charges	24	11,676	8,433
Profit before taxation		31,033	38,270
Provision for Taxation			
Current	25	15,600	—
Deferred		2,500	18,000
		18,100	18,000
Profit after Taxation		12,933	20,270
Unappropriated Profit brought forward		41	221
Profit available for appropriation		12,974	20,491
Appropriations			
Reserve for issue of bonus shares		2,500	—
Proposed final dividend		5625	11,250
Balancing & modernization reserve		—	5,000
Research & development reserve		—	1,500
General reserve		4,800	2,700
		12,925	20,420
Unappropriated profit		49	41

The annexed notes form an integral part of these accounts.

Altat M. Saleem  
Chief Executive

Khalid Bashir  
Director



STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE  
YEAR ENDED 30 SEPTEMBER 1984

		1984	1983
		Rs. in 000's	Rs. in 000's
Sources of Funds	Profit after taxation	12,933	20,270
	Adjustment for items not involving movement of funds		
	Depreciation	11,405	6,941
	Deferred taxation	2,500	18,000
	Gain on disposal of operating assets	(90)	(21)
	Funds provided by operations	26,748	45,190
Other sources	Proceeds from disposal of operating fixed assets	839	355
	Issued, subscribed and paid up capital	—	2,500
	Custom debentures	—	436
	Long term loans	26,343	—
		53,930	48,481
Application of Funds	Fixed capital expenditure	37,960	21,511
	Loans and deposits	5	21
	Loans repaid	23,296	1,535
	Investments	4,427	3,267
	Dividend	5,625	11,250
	Net increase/(decrease) in working capital	(11,758)	10,897
		53,930	48,481



	1984	1983
	Rs. in 000's	Rs. in 000's
<b>ANALYSIS OF INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
<b>Increase/(decrease) in current assets</b>		
Stores and stocks	(20,215)	(15,881)
Trade debts	(2,218)	(709)
Other receivables	125	(6,438)
Cash and bank balances	(1,910)	(3,068)
	<u>(24,218)</u>	<u>(26,096)</u>
<b>(Increase)/decrease in current liabilities</b>		
Short term borrowings	(11,382)	(8,253)
Creditors, provisions and accrued charges	27,703	41,901
Provision for taxation	(15,600)	-
Dividend	6,114	3,345
	<u>6,835</u>	<u>36,993</u>
<b>Net Increase/(Decrease) in Working Capital</b>	<u>(17,383)</u>	<u>10,897</u>

Fixed capital expenditure and foreign currency loans have been shown exclusively of exchange gain.





## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1984

### 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 freehold land. Depreciation on operating fixed assets is charged to income applying the reducing balance method. Depreciation on appreciated value of operating fixed assets is adjusted against revaluation of operating fixed assets reserve. Depreciation on plant and machinery has been charged for full year in the accounts under reference according to Income Tax Ordinance, 1979. In the previous years it was charged on basis of actual working days. As a result of this change the profit for the year is lower by Rupees 5.686 million.

Depreciation on additions to operating fixed assets including net exchange loss is charged for full year. No depreciation is charged on assets deleted during the year.

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 fixed assets is included in current year's income.

#### 1.2 Long term investment

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	— at the lower of cost and net realisable value. Cost means production cost including a proportion of production overheads, while net realisable value signifies the estimated selling price in the ordinary course of business less selling expenses incidental to sales.
Sugar	
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 gains on conversion of foreign currency loans amounting to Rupees 20,471 million as at 30 September 1984 has been adjusted against the cost of operating fixed assets acquired from the proceeds of loans as provided under the Income Tax Ordinance, 1979. In the previous years, exchange gain was transferred to exchange equalisation reserve and loss, if any, was first set off against such reserve and balance, if any, was charged to plant and machinery. As a result of this change, the profit for the year is higher by Rupees 2.047 million.

#### 1.5 Taxation

Charge for taxation is based on taxable income at the current rates after taking into account tax credits, if any. 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. Investment income is accounted for on receipt basis.

#### 1.7 Accounting convention

These accounts have been prepared under the historical cost convention as modified by adjustments of exchange fluctuations and revaluation of certain operating fixed assets as referred to in Note 1.4 and 12.1.



	1984	1983
	Rs. in 000's	Rs. in 000's
<b>2. 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 percent of their loan into fully paid up shares	7,500	7,500
	<u>37,500</u>	<u>37,500</u>
<b>3. Capital Reserves</b>		
For issue of Bonus shares	2,500	—
Revaluation of operating fixed assets		
Balance as at 1 October	14,900	16,990
Less : Depreciation provided on appreciated value of operating fixed assets	3,576	2,090
	<u>11,324</u>	<u>14,900</u>
Balancing and modernisation		
Balance as at 1 October	15,000	10,000
Transferred from profit and loss account	—	5,000
	<u>15,000</u>	<u>15,000</u>
Research and development		
Balance as at 1 October	4,500	3,000
Transferred from profit and loss account	—	1,500
	<u>4,500</u>	<u>4,500</u>
Exchange equalisation	12,360	12,360
Transferred to plant and machinery	12,360	—
	<u>—</u>	<u>12,360</u>
	<u>33,324</u>	<u>46,760</u>



	1984	1983
	Rs. in 000's	Rs. in 000's

#### 4. Revenue Reserve

##### General

Balance as at 1 October	7,700	5,000
Transferred from profit and loss account	4,800	2,700
	<u>12,500</u>	<u>7,700</u>

#### 5. Loans

##### Long term loans comprise of :

Pakistan Industrial Credit and Investment Corporation Limited

Foreign currency (Note 5.1)

2,911,860 (Dutch Guilders) 12,082 42,475

Local currency (Note 5.2)

Allied Bank of Pakistan Limited (Note 5.3) 23,018 —

3,860 1,550

38,960 44,025

Less : Current maturity

(Note 8) 10,835 10,517

28,125 33,508

##### 5.1 Foreign currency 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 per cent of the debentures shall be convertible into shares in the company at the option of PICIC.



Foreign currency loans carry interest at the rate of 8 percent and 7 percent per annum and is repayable in two equal instalments of Rupees 5 million each on 25 June and 25 December in each year.

The Dutch Guilders have been converted into Pak Rupees at the rate of DFL 24.0995 = Pak Rupees 100.

5.2 Local currency loan from PICIC is secured against :

- (a) a first legal mortgage on company's present and future immovable properties wherever situated including all buildings, fixed plants, machinery and fixtures;
- (b) a first charge ranking pari passu with the existing charge by way of hypothecation in respect of all the machinery of the company, present and future;
- (c) a first floating charge ranking pari passu with the existing charge on all other assets of the company both present and future (subject to the hypothecation or charge in favour of company's bankers as referred in Note No. 7).
- (d) a demand promissory note.

Loan carries interest at the rate of 9 percent annum and will be repaid in the semi-annual instalments commencing from 1 July 1987.

5.3 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 one percent above the bank rate subject to minimum 11 percent per annum. The loan is repayable in six half yearly equal instalments commenced from June 1984.

	1984	1983
	Rs. in 000's	Rs. in 000's

6. Custom Debentures

These are made up as under :

Balance as at 30 September	436	436
Less: Current maturity (Note No. 8)	47	193
	<u>389</u>	<u>243</u>

6.1 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 1985 and 8 November 1985 respectively and carry interest at the rate of one percent above the bank rate.



	1984	1983
	Rs. in 000's	Rs. in 000's

## 7. Short Term Borrowings

### Secured :

United Bank Limited –Cash Credit Note No. 7.1)	805	1,482
Muslim Commercial Bank Ltd. (Note No. 7.2)	6,352	—
Allied Bank of Pakistan Limited (Note No. 7.3)	595	4,891
Agricultural Development Bank of Pakistan—(Note 7.3)	21,342	11,392
	<u>29,094</u>	<u>17,765</u>

### Unsecured :

Allied Bank of Pakistan Limited	—	291
United Bank Limited	344	—
	<u>29,438</u>	<u>18,056</u>

7.1 Cash credit obtained from United Bank Limited as referred to in Note 7 is secured by way of hypothecation of stores, stock of sugar, second charge on fixed assets. The total credit facility is of Rupees 5 million (1983 Rupees 5 Million).

7.2 Loans obtained from Muslim Commercial Bank Limited as referred to in Note 7 are secured by way of pledge of stock of sugar and hypothecation of stores and spares. These form a part of total credit facility of Rupees 20 million.

7.3 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 26 million (1983 Rupees 5 million and 23 million) respectively.

## 8. Current Maturity of Long Term Debts

### Loans

Pakistan Industrial Credit and Investment Corporation Limited	9,035	10,000
Allied Bank of Pakistan Limited	1,800	517
Custom debentures	47	193
	<u>10,882</u>	<u>10,710</u>





	1984	1983
	Rs. in 000's	Rs. in 000's
<b>9. Creditors, Provisions and Accrued Charges</b>		
Creditors	1,818	2,289
Advances from customers	11,394	27,644
Employees' Provident Fund Trust	67	57
Deposits	98	192
Income tax deducted at source	116	52
Interest on long term loans	3,985	12,629
Excise duty	4,580	14,349
Due to associated undertakings	13,266	6,480
Workers' Profit Participation Fund	1,699	2,092
Workers' Welfare Fund	655	-
Miscellaneous accrued charges	3,168	2,765
	<u>40,846</u>	<u>68,549</u>

9.1 The liabilities referred to in Note 9 above may be reclassified as follows :

For goods supplied	812	749
For expenses and services	11,746	29,757
For other finance	28,288	38,043
	<u>40,846</u>	<u>68,549</u>

#### 10. Dividend

Unclaimed	5,625	972
Proposed	-	11,250
	<u>6,108</u>	<u>12,222</u>

#### 11. Contingent Liabilities and Commitments

The company is contingently liable in respect of guarantees issued in favour of banks amounting to Rupees 1.292 million against loans given to sugarcane growers and other claims amounting to Rupees 0.739 million (1983 Rupees 2.287 million).

Commitments in respect of contracts for capital expenditure are approximately amounting to Rupees 15.829 million as at 30 September 1984 (1983 Rupees 27.247 million).



## 12. OPERATING FIXED ASSETS

DESCRIPTION	C O S T				Book value as at 30 September 1984	Depreciation Charge for the year	Rate %
	Re-assessed value/ original cost as at 1 October 1983	Additions/ (deletions)	As at 30 September 1984	Accumulated Depreciation as at 30 September 1984			
Land-freehold	3,750	—	3,750	—	3,750	—	—
Buildings and roads on free-hold land	26,948	5,644	32,592	8,950	23,642	2,115	5-10
Plant and machinery	168,498	9,926 (20,471)	157,953	51,587	106,366	11,818	10
Laboratory equipments	204	235	439	137	302	34	10
Tubewell and water pumps	307	99	406	190	216	24	10
Electric installations	537	5	542	294	248	27	10
Weighbridges and scales	951	—	951	436	515	57	10
Furniture and fixtures	979	217 (6)	1,190	455	735	82	10
Office equipments	467	70	537	166	371	41	10
Vehicles	3,065	1,736 (874)	3,927	1,584	2,343	586	20
Guns	10	—	10	6	4	1	10
Library books	200	48	248	157	91	39	30
Tools and equipments	710	841	1,551	277	1,274	141	10
Telephone equipments	36	134	170	28	142	16	10
1984 Rs. in 000's	206,662	18,955 (21,351)	204,266	64,267	139,999	14,981	
1983 Rs. in 000's	191,474	15,724 (536)	206,662	49,416	157,246	9,031	

12.1 Land, buildings, plant and machinery were revalued by an independent valuer as at 30 September 1979 and stated in the above note at appreciated value. Had there been no revaluation on that date, the value of these operating fixed assets would have been lower by Rupees 42.214 million.

12.2 Deletion in plant and machinery represents exchange gain relating to foreign currency loans utilised for acquisition of these assets.

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

	1984 Rs. in 000's	1983 Rs. in 000's
Cost of goods sold	10,840	6,517
Administrative, selling and general expenses	565	424
Capital reserve — revaluation of operating fixed assets	3,576	2,090
	<u>14,981</u>	<u>9,031</u>



## 12.4 DISPOSAL OF OPERATING FIXED ASSETS

DESCRIPTION	ORIGINAL COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF SALE	PARTICULARS OF PURCHASER
	Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's		
Honda Accord No. 193-093	246	89	157	200	Negotiation	Crescent Steel and Allied Products Limited (Associated undertaking).
Honda Accord	319	—	319	325	Negotiation	Messrs Wrind Motors, Sindu Muslim Society, Karachi.
Toyota Corolla No. 169-757	184	—	184	188	Negotiation	Crescent Steel and Allied Products Limited (Associated undertakings).
Suzuki Soft Top	82	17	65	89	Negotiation	Messrs Jamil Motors Allama Iqbal Road, PECH Society, Karachi.
Motorcycle—Honda No. JG 4683	7	4	3	6	Negotiation	Mr. Mohammad Bashir Company's employee.
Motorcycle—Yamaha No. JG 4678	9	5	4	5	Negotiation	Mr. Mohammad Bashir Company's employee.
Motorcycle — Yamaha No. FDB 8892	4	3	1	4	Negotiation	Mr. Mohammad Ahmad Company's employee.
Motorcycle—Suzuki No. 4508	9	5	4	5	Negotiation	Mr. Mohammad Ashraf Ex-employee of the Company.
Motorcycles 2 Nos.	14	5	9	14	Adjustment	Anwar Model Farm
Bicycle	1	1	—	1	Negotiation	Mr. Mohammad Sharif Company's employee.
Furniture and fixtures	5	2	3	2	Negotiation	Employees of the Company.



	1984	1983		1984	1983
	Rs. in 000's	Rs. in 000's		Rs. in 000's	Rs. in 000's
<b>13. Capital Work-in-Progress.</b>			<b>Other Quoted</b>		
Plant and machinery	25,333	2,371	State Enterprise Mutual Fund		
Buildings	319	1,700	18,000 fully paid ordinary shares of		
Advances to suppliers	597	3,927	Rs. 10 each	170	170
Advances to contractors	3,268	2,514	Bahawalnagar Sugar Mills Limited		
			3,000 fully paid ordinary shares of		
			Rs. 10 each	56	—
	29,517	10,512	Noon Sugar Mills Limited		
			13,500 fully paid ordinary shares		
<b>14. Long Term Investments</b>			of Rs. 10 each	166	—
Associated companies — Quoted:				8,862	4,435
Crescent Sugar Mills and Distillery Limited			14.1 Market value of quoted investments as at 30 September 1984		
106,100 fully paid ordinary shares			was Rupees 8.9 million. (1983 Rupees 6.9 million)		
of Rupees 10 each	1,995	1,129			
Crescent Boards Limited					
36,300 fully paid ordinary shares					
of Rupees 10 each	440	437			
Crescent Jute Products Limited					
138,900 fully paid ordinary shares					
of Rupees 10 each	2,473	2,473			
Jubilee Spinning and Weaving Mills Limited					
4,000 fully paid ordinary shares					
of Rupees 10 each	66	66			
The Premier Insurance Company of Pakistan Limited					
3,600 fully paid ordinary shares					
of Rupees 5 each	60	60			
1,893 bonus shares of Rupees 5 each	—	—			
The Crescent Textile Mills Limited					
20,900 fully paid ordinary shares					
of Rupees 10 each	436	100			
Associated companies — Unquoted					
Crescent Steel and Allied Products Limited					
300,000 fully paid ordinary shares of					
Rupees 10 each	3,000	—			
(Equity held 16.66 percent and break-up					
value is Rupees 3 million as at					
31 December 1984)					



1984  
Rs. in 000's

1983  
Rs. in 000's

### 15. Long Term Loans and Deposits

These are unsecured but considered good;

Loans to employees	82	103
Deposits — Securities	124	98
	<u>206</u>	<u>201</u>

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

### 16. Stores and Stocks

Stores	5,247	5,007
Spare parts	8,816	10,742
Loose tools	92	77
Others	97	97
Stocks in trade:		
sugar	23,158	44,416
Molasses	3,225	387
Work-in-process	186	310
	<u>40,821</u>	<u>61,036</u>

### 17. Trade Debts:

These are unsecured but considered good.

### 18. Other Receivables:

Considered good:

Advances:		
Employees	79	58
Contractors	1	40
Suppliers	1,472	3,105
Income tax	4,299	86
Letters of credit	2,312	5,441
Loans to sugarcane growers	15,518	15,395
Deposits	1,369	1,569
Claims	145	197
Prepayments	768	99
Due by associated undertakings	—	121
Miscellaneous	558	285
	<u>26,521</u>	<u>26,396</u>
Considered doubtful	3,620	2,620
Less: Provision for doubtful	<u>3,620</u>	<u>2,620</u>
	<u>—</u>	<u>—</u>
	<u>26,521</u>	<u>26,396</u>



18.1 The maximum aggregate amount due from Chief Executive and Executive at the end of any month during the year was Rupees 40,587 (1983 Rupees 77,958)

	1984	1983
	Rs. in 000's	Rs. in 000's

#### 19. Cash and Bank Balances

Cash in hand	42	25
Cash in transit	580	
Cash with banks on :		
Current accounts	1,109	2,712
Fixed deposit account	340	340
Short term deposit account	—	1,000
Dividend accounts	160	64
	<u>1,609</u>	<u>4,116</u>
	<u>2,231</u>	<u>4,141</u>

#### 20. Sales

Sugar	282,600	247,130
Molasses	7,154	4,198
Bagasse	5	205
	<u>289,759</u>	<u>251,533</u>
Less : Commission	<u>2,248</u>	<u>373</u>
	<u>287,511</u>	<u>251,160</u>



	1984	1983
	Rs. in 000's	Rs. in 000's
<b>21. Cost of Goods Sold</b>		
Raw material		
Sugarcane purchased	101,221	85,446
Delivery expenses	5,424	5,890
Less : Recovered	370	799
Sugarcane subsidy	5,054	5,091
Development subsidy	1,432	702
Sugarcane development cess	1,475	1,000
Market committee fee	641	542
Loading and unloading	873	855
Octroi and toll tax	546	409
	<u>111,242</u>	<u>94,045</u>
Salaries, wages and other benefits	8,154	7,464
Worker's welfare	136	126
Dyes and chemicals	664	592
Packing material	4,655	3,147
Power and fuel	1,663	940
Repair and maintenance	8,288	4,814
Insurance	475	406
Vehicles running	212	197
Travelling	53	77
Entertainment	13	20
Printing and stationery	185	182
Rent, rates and taxes	48	47
Excise duty	74,083	63,296
Other factory overheads	516	403
Sugarcane research and development	278	33
Depreciation	10,840	6,517
	<u>221,505</u>	<u>182,306</u>
Work-in-process		
As at 1 October	310	109
As at 30 September	186	310
	<u>124</u>	<u>(201)</u>
Cost of goods produced	221,629	182,105
Finished goods		
As at 1 October	44,803	65,772
As at 30 September	26,383	44,803
	<u>18,420</u>	<u>20,969</u>
	<u>240,049</u>	<u>203,074</u>



	1984	1983
	Rs. in 000's	Rs. in 000's
<b>22. Administrative, Selling &amp; General Expenses</b>		
Salaries, wages and other benefits	2,543	2,288
Director's meeting fee	1	—
Travelling and conveyance	241	343
Printing and stationery	119	249
Communication	196	165
Vehicles running	325	323
Legal and professional	142	102
Auditors' remuneration	—	—
Audit fee	20	20
Share capital – Audit fee	—	3
Out of pocket expenses	4	3
	24	26
Repair and maintenance	94	59
Entertainment	71	81
Subscription	221	104
Rent, rates and taxes	20	27
Publicity	483	112
Loading and unloading	109	95
Insurance	360	358
Handling and distribution	305	293
Group service charges	530	—
Miscellaneous	144	101
Depreciation	565	424
	<u>6,493</u>	<u>5,150</u>
<b>23. Other Income</b>		
Sale of scrap	149	219
Commission on fertilizer	210	260
Gain on disposal of operating fixed assets	90	21
Gain on sale of investments	—	207
Gain on sale of stores	—	2
Dividend (Note 23.1)	755	583
Interest on bank deposits	91	288
Interest on advances to associated undertakings	—	1,216
Agricultural farm income	207	308
Rental	24	23
Bridge finance advance written back	—	511
Miscellaneous	214	129
	<u>1,740</u>	<u>3,767</u>



	1984	1983
	Rs. in 000's	Rs. in 000's
23.1 Dividend Income		
Crescent Sugar Mills & Distillery Ltd.	203	116
Crescent Boards Limited	—	36
Crescent Jute Products Limited	486	413
Jubilee Spinning & Weaving Mills Ltd.	10	12
The Premier Insurance Company of Pakistan Limited	10	6
The Crescent Textile Mills Limited	11	
Bahawalnagar Sugar Mills Limited	7	
State Enterprise Mutual Fund	28	
	<u>755</u>	<u>583</u>

#### 24. OTHER CHARGES

Financial expenses		
Interest on :		
Short term borrowings	2,887	422
Long term loans	2,424	4,949
Advances from associated undertakings	2,200	171
Other balances	506	525
Custom debentures	48	27
Bank charges	86	123
	<u>8,151</u>	<u>6,217</u>
Donation (Note 24.1)	200	200
Workers' Profit Participation Fund	1,670	2,016
Provision for doubtful debts	1,000	
Workers' welfare fund	655	
	<u>11,676</u>	<u>8,433</u>

#### 24.1 Donation

A sum of Rupees 0.2 million 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. Taxation

Income tax return for the assessment year 1983-84 was filed for loss of Rupees 34.033 million whereas the income tax authorities assessed taxable income of Rupees 13.645 million due mainly to change of accounting policy regarding valuation of stocks. Income Tax Department raised a demand of Rupees 8.650 million in respect of income tax and Workers' Welfare Fund. The company has filed an appeal with the Commissioner of Income Tax. Appeals against the assessment and no provision in this respect has been raised in the accounts.

## 26. Transactions with Associated Undertakings

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 0.779 million (1983: Rupees 43.713 million).

The company purchased from and sold to associated undertakings materials, goods and services in the aggregate sum of Rupees 3.225 million and Rupees 0.388 million respectively (1983: Rupees 0.044 million and Rupees 0.973 million respectively).

Interest was paid on advances from associated undertakings at the rate of 12.50 to 13.50 percent per annum.

## 27. Directors' & 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 follows :

	1984		1983	
	Chief Executive	Executive	Chief Executive	Executive
Managerial remuneration	108	114	84	104
Bonus	61	67	47	51
Housing	44	24	24	22
Company's contribution to provident fund	—	8	—	7
Contribution to pension fund	—	19	—	12
Other benefits:				
Conveyance allowance	—	1	—	—
Utility allowance	—	2	—	—
Servant allowance	15	17	15	10
Entertainment allowance	6	6	6	6
Medical allowance	—	5	—	6
Reimbursable expenses	2	15	—	21
<b>Rs. in 000's</b>	<b>236</b>	<b>278</b>	<b>176</b>	<b>239</b>
Number of persons	1	1	1	1





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

The aggregate amount of remuneration paid to other 3 directors was Rupees 1,500 (1983 Nil).

## 28. 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	35,501.20 M. Tons in 173 days i.e. 205,209 M. Tons per day.
--------------	---

Previous year	29,440 M. Tons in 173 days 170,173 M. Tons per day.
---------------	--

## 29. Figures

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

## 30. Status and Nature of Business

The company was incorporated as public limited company under Companies Act, 1913 and its shares are quoted in stock exchanges in Pakistan. The company is principally engaged in the manufacturing and sale of sugar.



## Form "A"

Pattern of Holdings of the Shares held by the Shareholders  
as at 30th September, 1984

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
340	1	100	33,910
174	101	500	54,700
62	501	1000	56,400
84	1001	5000	230,810
25	5001	10000	190,200
19	10001	Above	3,183,980
<u>704</u>			<u>3,750,000</u>

Categories of Shareholders	Numbers	Shares held	Percentage
Individuals	687	745,810	19.89
Investment Companies	3	979,750	26.13
Insurance Companies	3	41,100	1.10
Joint Stock Companies	8	1,805,280	48.14
Financial Institutions	2	159,950	4.26
Others — Trust	1	18,110	0.48
	<u>704</u>	<u>3,750,000</u>	<u>100.00</u>

Ataf M. Saleem  
Chief Executive

Khalid Bashir  
Director

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 and on my behalf at the Seventeenth Annual General Meeting of the Company to be held on March 30, 1985 at 3.30 P.M. at Company's Registered Office, 45. Shahrah-e-Quaid-e-Azam, Lahore and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 1985

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

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

Date \_\_\_\_\_

Place \_\_\_\_\_

Note : The proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.

Please quote Folio No.

Please quote Number of shares held