

Annual Report 1988



Shakarganj
Mills Limited



شرع اللہ تعالیٰ کے پاک نام سے جو نہایت مہربان اور رحم کرنے والا ہے۔



Shakarganj Mills Limited

THE SWEET TRUTH: REAL SUGAR HAS ONLY 16 CALORIES A TEASPOON AND, FOR CENTURIES, IT HAS SET THE STANDARD OF QUALITY THE WORLD OVER IT'S TOTALLY PURE, SAFE AND NATURAL...THE FINEST SWEETENER KNOWN TO MAN

Corporate Profile

Shakarganj Mills Limited is a Crescent Group company engaged in manufacturing of refined white sugar and industrial alcohol.

Shakarganj Mills Limited went into production on January 6, 1974 with a sugarcane crushing capacity of 1500 M.Tons per day. The plant is located in the famous town of Jhang in the central Punjab.

Ever since its inception, Shakarganj has recognised the technological improvements and has been constantly in step with the latest innovations and developments in the Sugar Industry. It is a prominent institution for its efforts in attracting, hiring and retaining excellent management and technical staff.

Shakarganj caters to the needs of 17,000 sugarcane farmers of the area and provides latest know how in the agricultural field through Shakarganj Sugar Research Institute which is the only Research Institute of its kind.

Positioning Profile

(based on September 30, 1987)

<u>Category</u>	<u>Position</u>	<u>Competitor Group</u>
Sales	1	Sugar Industry
Sales	52	All Companies Quoted at K.S.E.
Net Worth	44	All Companies Quoted at K.S.E.



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Board of Directors

Mr. Altaf M. Saleem
(Chief Executive)
Mr. Khalid Bashir
Mr. Maqbul Ahmad
Mr. Mazhar Karim
(Chairman)
Mr. Muhammad Anwar
Mr. Muhammad Javed Amin
Mr. Sk. Jahangir
(Nominee NIT)

Auditors

Riaz Ahmad & Company
Chartered Accountants

Management

Mr. Altaf M. Saleem
Chief Executive
Mr. Mohammad Awais Qureshi
Executive Vice President
Mr. Abdul Haq Saeed
Vice President (Agriculture)
Mr. Hilal Ahmed
Vice President (Finance & Control)
Mr. Mohammad Zahid
Vice President (Operations)

Corporate Secretary

Mr. Zaheer A. Shaikh

Legal Advisors

Hassan & Hassan
Advocates

Registered Office

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



Production Data

1974 — 1988

Season	Cane Crushed (M. Tons)	Sugar Produced (M. Tons)	Recovery (Percent)	Process Losses (Percent)
1987-88	698,604.856	55,726.000	7.98	2.61
1986-87	333,601.075	27,898.600	8.36	2.24
1985-86	237,601.670	20,625.000	8.66	2.29
1984-85	441,717.765	39,522.600	8.96	2.38
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	8.99	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	8,252.618	8.30	2.75
1973-74	87,824.720	5,476.830	6.28	3.57



Financial Highlights

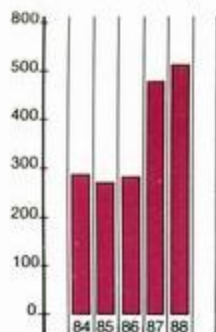
Millions of Rupees except per share data

	Year Ended September 30		
	1988	1987	Change
Revenue	516.8	478.7	+7.9%
Gross Margin	149.2	34.4	+333%
Operating Profit	136.1	25.9	+425%
Pretax Profit	106.4	7.8	+126.4%
Net Profit	49.5	16.7	+196.4%
Earnings per share	9.9	3.36	+194.6%

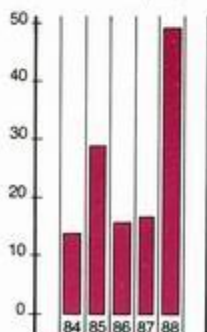
	At September 30		
	1988	1987	Change
Fixed Assets	237.6	233.2	+1.89%
Net Worth	388.8	350.2	+11.02%
Total Assets	141.29	118.9	+18.83%

Sales Revenue

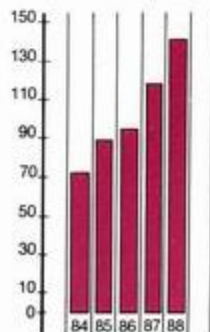
(In Million Rupees)

**Net Income**

(In Million Rupees)

**Net Worth**

(In Million Rupees)



Corporate Mission

Preamble

We, the management of Shakarganj Mills Limited, have set forth our belief as to the purpose for which the Company is established and the principles under which it should operate.

We pledge our efforts to the accomplishment of the purpose within the agreed principles.

Basic Purpose

The basic purpose of Shakarganj Mills Limited is to perpetuate as a Public Limited Company engaged in manufacturing and marketing white refined cane sugar, food products, sugar by-products and other products wherein management or sponsors have expertise. In addition we persevere to assume a leadership position in related industry regarding: quality of the product, cost effectiveness, turnover and technology.

What We Do

Our main business area is the production of refined cane sugar and sugar by-products.

We recognise the value of technological improvement keep in step with the latest innovations and developments in our field. We believe in modern management practice and use latest techniques. We constantly train our people and keep them highly motivated as they are our most important assets.

We strongly believe in integrity in business and integrity of Shakarganj depends on integrity of each one of its employees.

We consider Research and Development as back bone of our business and conduct extensive Agricultural Research through Shakarganj Research Institute.

We consider our farmers who are our raw material suppliers as the most important part of our business. We transfer the technology and results of our research to our farmers with the objective of matching their sugar cane output to world standard. We believe in forward integration through new manufacturing facilities and through equity participation.

Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the shareholders of SHAKARGANJ MILLS LIMITED will be held at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore on Thursday March 30, 1989 at 11:30 A.M. to transact the following business:

Agenda

- To confirm the Minutes of Extra-Ordinary General Meeting held on July 31, 1988.
- To receive and adopt the Directors' and Auditors' Reports and Accounts for the year ended September 30, 1988.
- To declare a Dividend. The Directors have recommended the payment of Cash Dividend at the rate of 55 percent (Rupees 5.50 per share) out of which 25 percent (Rupees 2.50 per share) has already been paid.

Special Business

- To consider and pass the following Resolution under Section 208 of the Companies Ordinance, 1984:

RESOLVED THAT Consent of the company be and is hereby accorded to invest Rs. 15.00 Million in purchasing/acquiring fully paid up shares of the following Companies

- 1) Crescent Jute Products Limited
- 2) The Crescent Textile Mills Limited
- 3) Crescent Steel & Allied Products Limited
- 4) Crescent Boards Limited
- 5) Crescent Sugar Mills and Distillery Limited
- 6) Pakistan Industrial Credit and Investment Corporation Limited (PICIC)

FURTHER RESOLVED THAT Chief Executive of the Company be and is hereby authorised to take any and all actions necessary to purchase the shares as he thinks fit on behalf of the Company.

Statement under Section 160 (b) of the Companies Ordinance, 1984.

Crescent Jute Products Limited, The Crescent Textile Mills Limited, Crescent Steel & Allied Products Limited, Crescent Boards Limited and Crescent Sugar Mills & Distillery Limited are associated Public Limited Companies with an Authorised Capital of Rs. 100 Million, Rs. 60 Million, Rs. 100 Million, Rs. 55 Million and Rs. 50 Million, respectively. Pakistan Industrial Credit and Investment Corporation Limited (PICIC) is a Public Limited Company with an Authorised Capital of Rs. 150 Million and the Directors of Shakarganj Mills Limited have no vested interest in the abovesaid investment except that some of the Directors of Shakarganj Mills Limited and their relatives are also Directors in the abovesaid Companies. A copy of Memorandum and Articles of Association each of the above Companies has been kept in the Registered Office which can be inspected from 10:00 a.m. to 11:30 a.m. on all working days upto March 22, 1989.

- To appoint Auditors for the year 1988-89 and fix their remuneration.
- To consider any other business which may be placed before the Meeting with the permission of the Chair.

Participation in the Annual General Meeting

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

Book Closure

The Share Transfer Books of the Company for the entitlement of Final Dividend will remain closed from March 16 to March 30, 1989 (both days inclusive).

2nd Right Issue

The Directors of the Company in their Meeting have decided to issue 20 percent Right Shares (i.e. one Right Share against every five existing shares) @ Rs.25.00 per share (including Rs.15.00 as premium) subject to the approval of Controller of Capital Issues, Government of Pakistan. The separate share transfer books of the company for the entitlement of Right Shares, will be closed on receipt of consent from the Controller of Capital Issues.

ON BEHALF OF THE BOARD
CORPORATE SECRETARY

REGISTERED OFFICE:
45-SHAHRAH-E-QUAID-E-AZAM
LAHORE
DATED: February 23, 1989.



From The Board Room

Dear Shakarganj Investor:

Your Directors are pleased to present the Twentieth Annual Report alongwith detailed notes for the year ended September 30, 1988.

Your Company's operations for the year resulted in a net profit of Rs. 49.51 million as against Rs. 16.76 million in 1987. After charging Rs. 23.25 million for Depreciation and Rs. 17.15 million for Interest on Loans and Advances, profit available for appropriation comes to Rs. 50.17 million. Your Directors recommend appropriation of profit as follows:

(RUPEES IN THOUSAND)

Profit available for appropriation	50 174
Interim Dividend @ 25 percent	12 500
Proposed Final Dividend @ 30 percent	15 000
Transfer to General Reserve	12 000
Transfer to Dividend Equalisation Reserve	10 000
Transfer to Research and Development Reserve	500
Un-appropriated Profit c/f.	174



Chief Executive

Financial condition of the Company and future prospects are discussed in detail in the Management Review which forms part of this report.

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

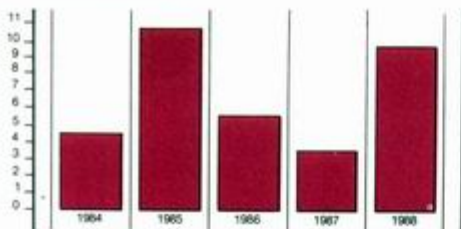
The Management renews its pledge to continue its best efforts to manage prudently the Company's business for the benefit of all and sincerely thanks its shareholders, employees, customers and suppliers who by their continued support have made 1988 a successful year for Shakarganj Mills Limited.

For and on behalf of the Board:

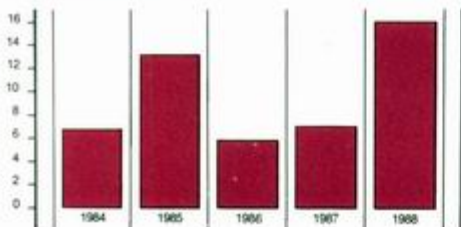
Altaf M. Saleem
Chief Executive

February 16, 1989.

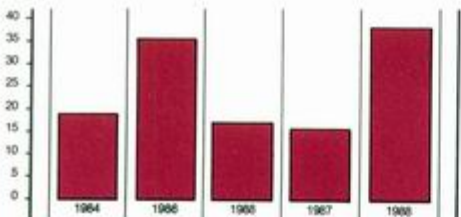
Net Sales Net Income To Sales



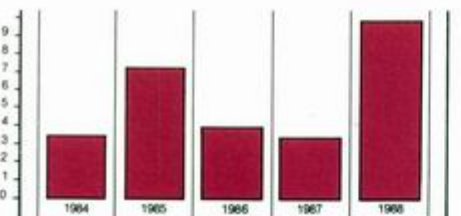
Return on Investment



Return on Equity



Earning Per Share



Management Review

Dear Shakarganj Investor:

It is a matter of immense pleasure for me to report the results of Fiscal 1988. These results are the best so far reported by your Company in its brief history starting from 6 January, 1974 when it first came into operation. Shakarganj has produced 55,726 M.Tons of sugar this year surpassing the previous best of 39,522 M.Tons in 1984-85. By the grace of Allah, your Management has also been able to improve various financial indexes through better operational efficiency and best use of assets. Current year's results can also be rightly attributed to our well chalked out balancing and modernization programme which was implemented ahead of schedule.

Financial Analysis

By the grace of God, like many other landmarks, Shakarganj generated its best ever sales revenue of Rs.516.8 million in Fiscal 1988 up from Rs.478.7 million last year. Share of by-products in the total sales increased from 2 percent in Fiscal 1987 to 5 percent this year.

Company's gross profit increased to Rs.149.2 million compared to Rs.34.3 million in Fiscal 1987. In terms of percentage of sales, it was 28.88 percent in Fiscal 1988 against 7.20 percent a year earlier.

In spite of a very heavy provision of Rs.56.88 million for taxation, your Company recorded a net income of Rs.49.5 million compared with Rs.16.7 million last year. This was a healthy 9.5 percent of sales up from 3.5 percent in 1987.

The pre-tax return on total assets was 29.83 percent compared with 5.98 percent in 1987.

Return on shareholders' equity rose from 14.10 percent last year to 35.04 percent in Fiscal 1988. Similarly earning per share was a record Rs.9.90 beating the previous best figure of Rs.8.66 in Fiscal 1982.

The five year compounded growth rate of sales stood at 15.7 percent reflecting a steady increase in sales.

The five year compound rate of growth for net income, earning per share and dividend per share is, 39 percent, 30 percent and 28 percent respectively. It indicates continued sound growth.

The financial position of your Company was further strengthened during the year. Shareholders' equity increased by Rs. 22.37 million. Solvency improved to 36.33 percent from 33.95 percent in 1987. There was a very healthy improvement in interest coverage which was 8.13 times. It was only 1.42 times in 1987.



Funds generated by operations after provision for taxes increased to Rs.76.11 million from Rs.35.52 million in Fiscal 1987. This will help finance growth of the Company on one hand and lower the short-term borrowing requirements on the other hand.

Your Management has a preference for effective assets utilisation. This was effectively done this year resulting in lower inventory stocks. Your management reduced the inventory by 11 percent in 1988. Inventory turnover, increased 9.41 times in 1988 from 7.83 times in 1987. Fixed assets turnover also increased from 2.05 times to 2.17 times in 1988. There was a negligible decrease in total assets turnover.

Capital Expenditure

Your Company's focal point in 1988 was its commitment to increasing the productivity in order to become a more cost effective producer. Shakarganj also aims at maintaining a high ratio of sales per employee. These objectives are achieved through investment in balancing, modernization and replacement programme being continuously carried out in the manufacturing facilities. Capital expenditures mainly on plant and machinery were Rs.33.75 million in 1988 up from 14.72 million in 1987.

Depreciation and amortization expenses rose to Rs.27.91 million in Fiscal 1988 from Rs.23.12 million last year.

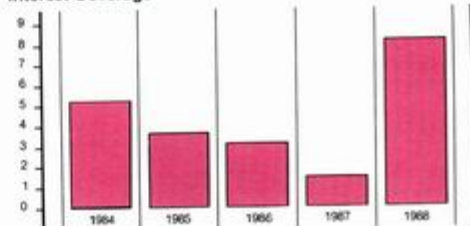
Investment Portfolio

Your Company has an investment strategy for maximizing return on invested assets subject to constraints of safety, liquidity and diversification. Your Company has a healthy investment portfolio yielding handsome return. During Fiscal 1988, Rs.21.09 million were invested increasing the portfolio to Rs.37.74 million. The share of quoted associated companies, other quoted companies and unquoted companies in Shakarganj's investment portfolio is 27 percent, 42.5 percent and 30.5 percent respectively. Our portfolio consists of Rs. 24.34 million in financial institutions. Market value of our investment portfolio was Rs.59.3 million at the end of Fiscal 1988, thus giving an unrealised gain of Rs. 21.58 million over the cost of acquisition. The unrealised gain for Fiscal 1988 alone comes to Rs.7.12 million. Unrealised capital gain and dividend income yielded 23.82 percent for your Company in Fiscal 1988. This indicates the optimum utilization of surplus cash by your Management. The companies in our investment portfolio are fairly stable and enable your company to cancel the inherent cyclicity effect in the Sugar Industry to some extent.

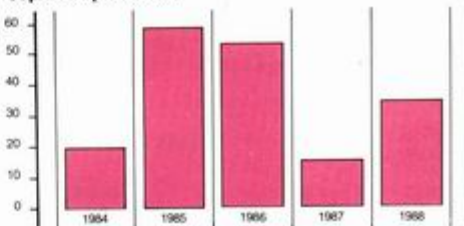
Long-Term Debit and Equity



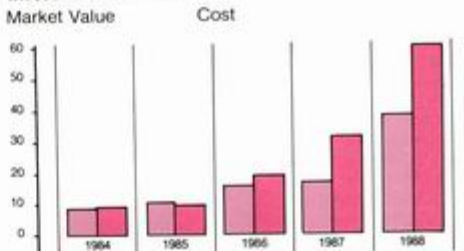
Interest Coverage



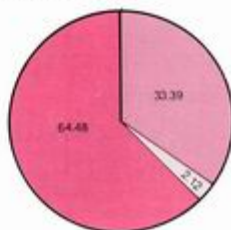
Capital Expenditure



Investment Port Folio



Break-Up of Investment Portfolio



Contribution to Economy

Shakarganj plays a very important role with regard to its contribution to economy. During the year under review, value added to the materials and services of Rs. 272.68 million came to Rs. 247.60 million. Your company's contribution towards Federal, Provincial and local taxes exceeds Rs. 121.40 million. We were able to reduce the cost of financing to Rs. 17.16 million from Rs. 21.81 million last year. Employees got a much higher share of Rs. 29.45 million against Rs. 13.41 million in 1987. Similarly shareholders got an increased amount of Rs. 27.50 million against Rs. 11.25 million last year.

Your company realizes need for social and public benefits and with increased profitability our contribution also increased from Rs. 0.2 million to Rs. 1.5 million in 1988.

Value Addition

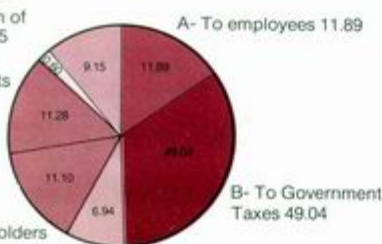
G- To Growth of Company 9.15

F- To Social, Public Benefits 0.60

E- To replacement of assets 11.28

D- To Shareholders 11.10

C- To Financing 6.94



Value Added Statement

(Rupees Million)

	1988	1987
Sales	516.89	478.75
Other receipts	3.39	4.93
	520.28	483.68
Less: Material & Services	272.68	298.81
Value added:	247.60	184.87
Applied as Follows		
To employees	29.45	13.41
To Government (Taxes)	121.40	109.42
To Financing	17.16	21.81
To Shareholders	27.50	11.25
To replacement of assets (Depreciation)/Amortisation	27.92	23.12
To Social, Public Benefits	1.50	0.20
To growth of Company:		
Retained earning	22.67	5.66
Valued Added:	247.60	184.87

Future Prospects and Plans

The rapid expansion is taking place in the Sugar Industry but at the same time sugar consumption is also going up. Sanctioning of new Sugar Projects without taking into account the availability of sugarcane and requirements of existing Sugar Mills, is creating un-healthy competition. I

can assure you that your Management is well prepared to face any competition as long as it is not unfair. New Sugar Mills are allowed exemption from Excise Duty on fifty percent of production during their first two years. This facility was allowed to compensate the new Mills for their higher cost of production due to higher cost of financing. Subsequently financing for locally fabricated machinery was made available at concessional rate. In the changed circumstances both concessions i.e. excise duty exemption and lower rate of mark-up have resulted in unfair advantage to the new units over the older ones. Your Management is taking all necessary steps to safeguard the interest of your company.

Short Term Running Finances

Your directors after careful consideration of the current environment have done some rethinking on the company's strategy. Our strategy for the 90's will revolve primarily around the following guidelines.

- Balancing, Modernization, Replacement and controlled expansion of sugar manufacturing facilities.
- Maximum utilization of By-Products like molasses and Bagasse.
- Diversification into other industries in which the Management and sponsors have know-how.
- Selective investment in stocks to build up a strong and diversified Investment Portfolio.

Your management has decided to give first priority to Balancing, Modernization, Replacement and Expansion. Expenditure exceeding Rs.200 million will be made on this project over the next two years. We plan to increase the size of the sugar plant to 4000 metric tons crushing per day by July 1991. Similarly existing facilities will be completely modernised to bring the present plant at par with the latest sugar plant anywhere in the world. This will make our size economical according to present day standards and help us in reducing our cost of production for future years. Financing arrangements for this project are in the final stages of approval. Simultaneously your management is working at best utilization of by-products. We are already converting molasses into Industrial Alcohol. With increased capacity we will have surplus bagasse. A second hand particle board plant has been acquired and expected to go into trial production by January 1990. This project is being implemented with internally generated resources. Your management is of the opinion that diversification in other industries must be phased after the first two projects i.e. BMR & E and By-Product utilization are through. For this reason Fabric unit which was originally scheduled for June 1989 will be delayed and rescheduled for March 1991. We have been continuously building the investment portfolio. Your management has budgeted Rs. 15 million for this purpose for fiscal 1989.

In view of the well chalked out program presented above, I can predict a strong long term future for your company with confidence. We will be under pressure till 1991 due to heavy investment and unfair competition but in the longer run we will Insha-Allah have on edge.

Paid Up Capital

Your directors are following a policy of gradually increasing the paid-up capital to match the long-term objectives. Current paid-up capital of Rs 50 million is being increased to Rs 60 million by issuing 'Right Shares' of 20



percent at a premium of Rs 15 per share. This of course will be subject to the approval of concerned authorities.

Research and Development

Shikarganj management gives top priority to Research and Development. As we are a company based on agriculture, our major emphasis is on sugarcane research. Shikarganj Sugar Research Institute was set up for this purpose. This institute is making useful contribution. In addition we are also conducting research on sugar processing but on a much smaller scale. Scope of research on the processing aspect which is equally important, will be increased gradually.

Campaign 1988-89

The crushing campaign 1988-89 started on 19 October 1988 and upto 1 March 1989 29,400 metric tons of sugar was produced at an average recovery of 7.61 percent. Last year sugar production on the same date was 35838.6 metric tons at an average recovery of 8.01 percent. We started the current campaign with a flood affected crop having a low sucrose content. Most of the raw material supplied to Shikarganj comes from low lying areas falling in the river bed. As you are well aware of the unprecedented floods in the Punjab in late September 1988, most of our raw material was badly damaged. Campaign 1988-89 started with the handicap of quantity as well as quality as far as the raw material is concerned. Due to these and various other factors sugar production level this year will be much lower.

Management Development

We at Shikarganj believe in professional management. All appointments are made on open merit. Our policies are geared for attracting and retaining motivated and competent people. We have a management team including the supervisory staff consisting of 65 motivated people with an average of 38 years. Our team is well qualified and we have people having Doctorate, Engineering and Business Administration degrees. We also have people with postgraduate qualifications in Chemistry and various fields of Agriculture. We consider our employees to be our most important assets. We are constantly developing our management resources by training both within and outside Pakistan. We also arrange foreign experts for short periods to train our managers.

Relations with Employees

By the grace of God we have always had good relations with our employees. It is the endeavour of your management to maintain excellent relations with the employees on fair play and justice. Every year we negotiate an agreement for payment of bonus etc with the employees. This agreement is valid for a period of one year. Our last agreement is valid upto 1 March 1989. Unfortunately we were presented with a Charter of Demands in November 1988 while the previous agreement clearly prohibited raising any demands before 1 March 1989. We made all efforts to draw the attention of our CBA to this restriction but without success. We were forced by the circumstances to take this matter to Labour Court and National Industrial Relation Commission after receiving Strike Notice from the CBA. Both the courts issued prohibition order against any strike. Instead of accepting the orders of the court we were threatened on 30 January 1989 in the presence of government officials to

accept the demands or face the consequences by midnight. Your management was left with two options. We either had to surrender to blackmail or face an illegal strike. I may mention here that all this happened in the circumstances when total share of employees in the value added increase from Rs 13.41 million to Rs 29.45 million. Shikarganj paid a bonus equal to 15 months salary during the year. After careful review of the situation your management decided not to surrender to blackmail. On instigation of some individuals the factory closed down next morning illegally and in contempt of the orders passed by NIRC and Labour Court work resumed on 8 February and operations started on 9 February. This resulted in huge losses but your management had no other option. We can only hope that Rule of Law is established and anyone who breaks the law does not escape timely punishment under the law. As far as your management is concerned I wish to make it clear that whenever there is a question of principle we never compromise or yield to blackmail. We will continue to look after our employees in the best possible manner.

In Appreciation

I am grateful to our customers and the farmers who are the back bone of our business. I would also like to express my appreciation for the continued interest and support of all the stockholders. I also express my appreciation for the loyalty and hard work of Shikarganj employees who have made it a fine place to work.

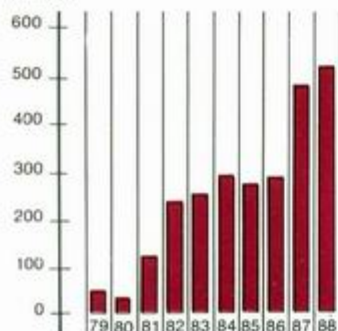
Altaf M. Saleem
Chief Executive

Ten Years Financial Summary

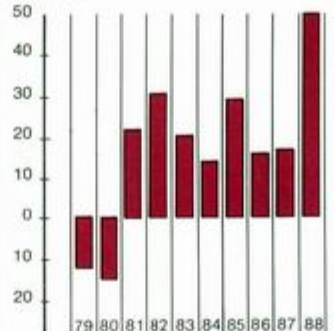
(Rupees in thousand,
except amounts per share)

	1988	1987	1986	1985
Operating Results				
Net sales	516,886	478,748	284,162	270,870
Cost of sales	367,590	444,283	240,104	211,172
Selling, general & admin. expenses	13,113	8,499	8,474	11,390
Interest expenses	17,158	21,814	12,415	13,683
Other charges	16,014	1,194	2,817	3,931
Other income, net	3,394	4,927	2,722	1,427
Pre-tax profit	106,405	7,885	23,074	32,121
Income taxes	56,887	(8,877)	7,300	3,300
Net income	49,518	16,762	15,774	28,821
Per Share Results and Return				
Earnings per share	9.9	3.36	3.94	7.21
Cash dividends per share	5.50	2.25	2.75	2.75
Stock dividends per share	—	—	—	—
Net income to sales	9.58%	3.50%	5.55%	10.64%
Return on average assets	16.00%	7.04%	5.84%	13.14%
Return on average equity	38.06%	15.67%	17.06%	35.60%
Financial Position				
Current assets	109,856	96,897	216,099	102,835
Current liabilities	155,849	117,894	248,850	127,430
Operating fixed assets	200,928	194,717	207,750	177,694
Total assets	388,884	350,257	472,763	305,143
Long-term debt	51,566	75,089	74,276	46,350
Shareholders' equity	141,294	118,919	95,001	89,870
Break-up value per share	28.25	23.84	23.75	22.47
Other Financial Ratios				
Current liabilities to current assets	1.42	1.22	1.15	1.24
Long-term debt to capitalization	26.74%	38.70%	43.88%	34.03%
Total debt to total assets	63.67%	66.05%	79.91%	70.55%
Interest coverage (times)	8.13	1.42	3.09	3.63
Average collection period (days)	4	1	14	8
Inventory turnover (times)	9.41	7.83	1.52	4.17
Fixed assets turnover (times)	2.18	2.05	1.19	1.41
Total assets turnover (times)	1.33	1.37	0.60	0.89
Other Data				
Depreciation	23,257	19,010	22,562	19,150
Capital expenditure	33,758	14,727	53,575	58,753

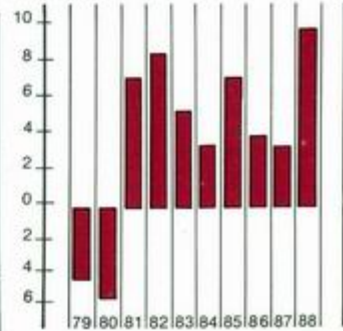
Net Sales
(Million)



Net Income
(Million)

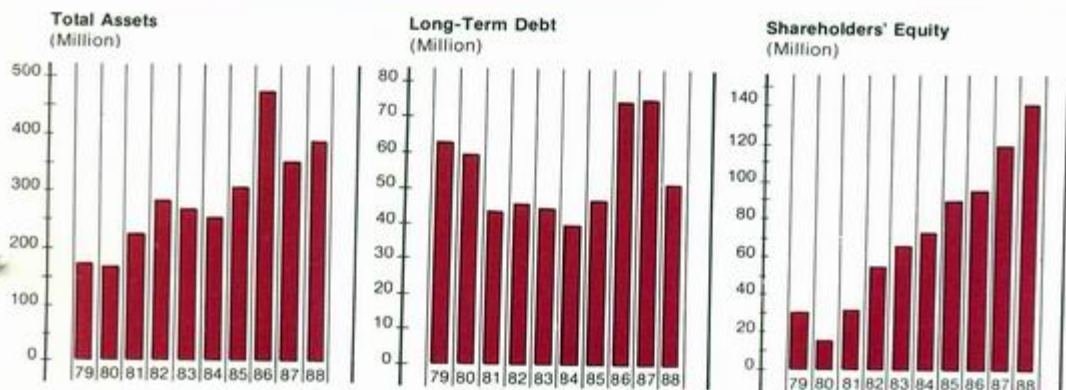


Earning Per Share
(Rupees)





1984	1983	1982	1981	1980	1979
287,511	251,160	231,783	117,942	28,651	45,744
240,049	203,074	170,297	83,314	30,861	44,875
6,493	5,150	5,241	2,704	2,159	2,252
8,151	6,217	7,884	9,642	11,188	11,148
3,525	2,216	4,883	1,147	—	—
1,740	3,767	1,815	519	221	388
31,033	38,270	45,292	21,654	(15,336)	(12,143)
18,100	18,000	15,000	—	—	—
12,933	20,270	30,293	21,654	(15,336)	(12,143)
3.45	5.41	8.66	7.22	(5.11)	(4.05)
1.5	3	4	1.25	—	1.25
1:15	—	—	—	—	—
4.50%	8.07%	13.07%	18.36%	-53.53%	-26.55%
6.75%	8.64%	13.75%	13.79%	-5.32%	-3.86%
18.91%	34.37%	72.00%	94.99%	-68.67%	-60.53%
71,677	95,895	124,492	75,557	16,715	18,464
102,874	109,537	148,320	148,511	107,077	83,687
139,999	157,246	150,886	147,584	152,280	153,588
250,261	268,289	281,452	223,376	169,018	172,176
39,396	44,461	44,968	43,089	59,221	62,279
72,049	64,741	53,221	30,928	14,664	30,000
19.21	17.26	15.21	10.31	4.89	10
1.44	1.14	1.19	1.97	6.41	4.53
35.35%	40.71%	45.80%	58.22%	80.15%	67.49%
71.21%	75.87%	81.09%	86.15%	91.32%	82.58%
5.24	7.51	7.36	3.36	—	—
3	6	8	0	0	1
6.70	3.84	3.01	2.13	2.03	3.35
1.70	1.50	1.49	0.79	0.19	0.30
1.15	0.94	0.82	0.53	0.17	0.27
11,405	6,941	7,344	6,100	4,090	4,144
18,955	15,724	10,848	1,621	2,859	6,860





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. Abdul Haq Saeed
Member

Shakarganj Research Institute

Principal functions

Sugarcane breeding to evolve fertilizer-responsive, disease 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 pests 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:

During the year under report the priority and strategy involved selection of varieties from the hybrid seed procured from Copersucar Sao-Paulo, Brazil. The technique of handling the hybrid seed was successful with respect to elimination of disease in the nursery plots followed by singling out the seedlings in small polythene bags. A total of 29 crosses comprising of 16 poly crosses and 12 biparental crosses were planted in small raised beds under proper care for temperature and watering. This nursery was planted on June 28, 1987 and kept under good care upto middle of September when individual seedlings were transplanted in 3"x4" polythene bags and kept for conditioning upto middle of October when transplanted in the field. All this material covered about 2 acres of land as the original seedlings. The stools remained under study for important agronomic characteristics and the final selection was made on brix reading. In September 1988, a total of 546 stools were selected and single canes were taken out the sets of which were planted in beds of 7' in rows 4' apart. This is now known as first stage nursery which will remain under study during the year 1988-89.

Second Stage Nursery

In September 1987, 964 progenies were planted. These remained under study for most of the agronomic characteristics like tillering capacity, growth rate and growth pattern, frost tolerance, millable canes, final height, cane thickness and weight. Out of this lot, 135 selections based on field performance and brix reading were selected as 2nd stage nursery in this also single canes were selected and planted in 12 feet beds of 4' apart rows. 42 lines were repeated in 3 row plots, so as to get more seed of very promising lines, these lines are apparently better yielder combined with brix reading.

Preliminary Yield Trial

Based on the agronomic studies and brix reading 36 new lines were marked for preliminary yield trial from which 6 replicated trials were conducted, with 2-3 check varieties like BL-4, Co-1148, and L-126. The plot size used was single and 3 rows of 15' using single bud sets. In addition, some of the agronomic trials to study the seed rate and fertilizer responses were also conducted. The planting was completed during September 1987, but unfortunately the plot where the trials were located comprised of problem soil involving high salinity and it was low lying plot, this situation was further aggravated when in the month of February farmers refused to take the stillage water which through overflow of the drain flooded this particular plot. This water had also high contents of molasses which spoiled all the experiments.

The material was however, saved from the alternate sowings in different plots as for maintenance and seed multiplication. This included 42 varieties in single rows of 80', in addition 10 more promising varieties had bigger seed plots comprising of 3-12 rows of about 170'. All observations and detailed study was therefore restricted to seed multiplication plots. This involved the following aspects:

- Emergence rate
- Tillering capacity
- Early growth rate and pattern
- Frost tolerance
- Millable canes
- Final height, thickness and cane weight

In September and October brix readings were recorded in all the lines and about 12 rows were analysed in the Laboratory of the Mill for brix, pol %, and purity-the characteristics from which the recovery was calculated. Future emphasis for selection was laid on lines comprising both the agronomic and quality characteristics. The lines worth mentioning in this respect are SPSSG-26, 106, 394, 118a, particularly SPSSG-26 was more promising both for agronomic performance like upright canes, good tillering capacity long internodes with cream white colour, tolerant to lodging and good responses to fertilizer. This variety was multiplied on about 1 acre plot so that the seed could be available for large scale testing at the station and the farmer's lands. Another variety worth mentioning at this stage is SPSSG-106, which does not appear to be superior than BL-4 in yield, but based on the Laboratory analysis it contains on an average more than 1% higher sugar contents. The yield performance adaptability, pest and disease reactions alongwith other factors like staling losses on these two lines and other promising lines will be conducted in the future years.

Staff Position

One Research Officer, a fresh graduate holding M.Sc. (Hons) Agri. degree, was recruited in September 1987.

Dr. S.A. Qureshi
Director General

Flow of funds analysis

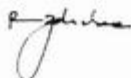
Development of net current position in million of Rupees

	Sep. 30 1986	Change	Sep. 30 1987	Change	Sep. 30 1988
Liquid assets	205.10	— 109.06	96.04	+ 7.62	103.66
Short-term receivable	11.00	— 10.14	0.86	+ 5.34	6.20
Short-term liabilities and provisions	— 225.51	+ 149.69	— 75.82	— 43.25	— 119.07
	— 9.41	+ 30.49	+ 21.08	— 30.29	— 9.27
Factors affecting the change in the net current position:					
Source of Funds:					
Net income for the year			+ 16.76		+ 49.52
Depreciation			+ 19.01		+ 23.25
Amortization of assets subject to Finance Lease			+ 4.11		4.66
Deferred Taxation			— 4.93		— 2.31
Loss on sale of fixed assets			+ 0.56		+ 0.99
Internal Financing			+ 35.51		+ 76.11
Right shares issued & premium thereon			+ 18.41		+ 0.21
Proceeds of Fixed Assets disposed			+ 1.74		+ 1.96
Redeemable capital long-term running finance			+ 12.38		—
Custom Debentures			+ 0.25		—
Long-term loans			+ 2.83		—
Liability against Assets subject to Finance Lease			+ 10.36		+ 1.81
Source of Funds—Total			+ 81.48		+ 80.09
Application of Funds:					
Addition to investments			— 9.43		— 33.20
Assets subject to Finance Lease			— 10.36		— 2.06
Addition to investments			— 0.83		— 21.09
Redeemable capital long-term running finance			— 3.28		— 5.24
Long-term deposits			— 1.51		— 0.18
Liability against assets subject to Finance Lease			— 3.34		— 4.14
Custom Debentures			— 0.18		— 0.63
Loans repaid			— 11.11		— 20.18
Dividend paid			— 10.95		— 23.66
Application of Funds - Total			— 50.99		— 110.38
Change in the net position:			— 30.49		— 30.29

Auditors' Report to the Members

We have audited the annexed balance sheet of SHAKARGANJ MILLS LIMITED as at 30 September 1988 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 1988 and of the profit and the changes in financial position for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



Lahore-18 February 1989 (Riaz Ahmad & Company)
Chartered Accountants

Balance Sheet as at 30 September 1988

	Note	(RUPEES IN THOUSAND)	
		1988	1987
Share Capital and Reserves			
Authorised share capital			
10,000,000 ordinary shares of Rupees 10 each		100,000	100,000
Issued, subscribed and paid up share capital	3	50,000	49,885
Capital reserves	4	28,620	28,021
Revenue reserves	5	62,500	40,357
Unappropriated profit		174	656
		141,294	118,919
Surplus on Revaluation of Operating Fixed Assets	6	10,824	10,967
Redeemable Capital	7	4,203	8,739
Debentures and Long Term Loans			
Custom debentures	8	1,109	1,887
Long term loans	9	30,103	40,941
		31,212	42,828
Liabilities Against Assets Subject to Finance Lease	10	11,441	14,536
Deferred Taxation	11	34,061	36,374
Current Liabilities			
Current portion of long term liabilities	12	21,071	30,203
Short term running finances	13	21,302	48,036
Creditors, accrued and other liabilities	14	35,327	27,257
Workers' Participation Fund	15	3,231	519
Provision for taxation		59,200	—
Dividend payable	16	15,718	11,879
		155,849	117,894
Contingencies and Commitments			
	17	388,884	350,257

**Tangible Fixed Assets**

	Note	(RUPEES IN THOUSAND)	
		1988	1987
Operating fixed assets	18	200,928	194,717
Assets subject to finance lease	19	14,941	17,539
Capital work-in-progress	20	21,757	20,972
		237,626	233,228
Long Term Investments	21	37,747	16,657
Long Term Deposits	22	3,655	3,475

Current Assets

Stores, spare parts and loose tools	23	18,370	20,922
Stock-in-trade	24	36,575	40,249
Trade debts	25	6,196	855
Advances, deposits, prepayments and other receivables	26	33,728	24,539
Cash and bank balances	27	14,987	10,332
		109,856	96,897

The annexed notes form an integral part of these accounts.

388,884

350,257

Altaf M. Saleem
Chief Executive

Sk. Jahangir
Director

Profit and Loss Account for the Year Ended 30 September 1988

	Note	(RUPEES IN THOUSAND)	
		1988	1987
SALES	28	516,886	478,748
COST OF GOODS SOLD	29	367,590	444,283
GROSS PROFIT		149,296	34,465
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES	30	13,113	8,499
OPERATING PROFIT	31	136,183	25,966
OTHER INCOME	32	3,394	4,927
		139,577	30,893
FINANCIAL AND OTHER CHARGES	33	27,433	22,578
WORKERS' PARTICIPATION FUND		5,739	430
		33,172	23,008
PROFIT BEFORE TAXATION		106,405	7,885
TAXATION	34	(56,887)	8,877
PROFIT AFTER TAXATION		49,518	16,762
UNAPPROPRIATED PROFIT BROUGHT FORWARD		656	144
PROFIT AVAILABLE FOR APPROPRIATION		50,174	16,906
APPROPRIATIONS			
Interim dividend		12,500	—
Proposed final dividend		15,000	11,250
Transfer to general reserve		12,000	5,000
Transfer to dividend equalisation reserve		10,000	—
Transfer to research and development reserve		500	—
		50,000	16,250
UNAPPROPRIATED PROFIT		174	656

The annexed notes form an integral part of these accounts.



Statement of Changes in Financial Position for the year ended 30 September 1988

(RUPEES IN THOUSAND)

	1988	1987
Sources of Funds		
Profit after taxation	49,518	16,762
Adjustment of items not involving the movement of funds		
Depreciation	23,257	19,010
Amortization of assets subject to finance lease	4,659	4,110
Deferred taxation	(2,313)	(4,926)
Loss on disposal of operating fixed assets	989	564
	<u>76,110</u>	<u>35,520</u>
Funds provided by operations		
Other sources		
Right shares issued and premium thereon	214	18,406
Proceeds from disposal of operating fixed assets	1,955	1,738
Redeemable capital	—	12,376
Custom debentures	—	253
Long term loans	—	2,830
Liabilities against assets subject to finance lease	1,806	10,355
	<u>80,085</u>	<u>81,478</u>
Application of Funds		
Tangible fixed assets - Net	33,197	9,432
Assets subject to finance lease	2,061	10,355
Redeemable capital	5,235	3,280
Liabilities against assets subject to finance lease	4,142	3,342
Custom debentures	633	183
Long term loans	20,175	11,113
Long term investments	21,090	826
Long term deposits	180	1,505
Dividend paid	23,661	10,950
Net increase/(decrease) in working capital	(30,289)	30,492
	<u>80,085</u>	<u>81,478</u>

Analysis of Increase/(Decrease) in Working Capital

(RUPEES IN THOUSAND)

	1988	1987
Increase/(decrease) in current assets		
Stores, spare parts and loose tools	(2,552)	2,596
Stock-in-trade	(3,674)	(128,776)
Trade debts	5,341	(10,149)
Advances, deposits, prepayments and other receivables	9,189	9,526
Cash and bank balances	4,655	7,601
	<u>12,959</u>	<u>(119,202)</u>
(Increase)/decrease in current liabilities		
Short term running finances	26,734	(31,942)
Creditors, accrued and other liabilities	(8,070)	176,008
Workers' Participation Fund	(2,712)	748
Provision for taxation	(59,200)	4,880
	<u>(43,248)</u>	<u>149,694</u>
Net Increase/(Decrease) in Working Capital	<u>(30,289)</u>	<u>30,492</u>



Altaf M. Saleem
Chief Executive



Sk. Jahangir
Director

Notes to the Accounts for the year ended 30 September 1988

1. Status and Nature of Business

Shakarganj Mills Limited was incorporated on 20 September 1967 under the Companies Act, 1913 (Now Companies Ordinance, 1984). The shares of the company are quoted on the stock exchanges in Pakistan. The principal activity of the company is to manufacture, sell and purchase of sugar and distillate.

2. Significant Accounting Policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified by capitalisation of exchange differences and revaluation of certain operating fixed assets as referred to in note Nos. 2.4 and 2.5

2.2 Staff retirement benefits

The company operates a pension scheme for all permanent employees who are not covered under any other scheme of the Government of Pakistan. The scheme is insured under the group pension policy by State Life Insurance Corporation of Pakistan and the premium is paid annually on the basis of actual computation based on accrued benefit valuation method at the rate of 17.95 percent of the basic salary of employees.

The company also operates a funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the company and employees at the rate of 7 percent of basic pay to the fund.

2.3. Taxation

Charge for current taxation is based on taxable income at the current tax rate after taking into account the tax credits and tax rebates available, if any.

Deferred taxation is accounted for by using the liability method on all major timing differences.

2.4 Foreign currencies

Liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling at the balance sheet date. Exchange gain or loss on foreign currency loans is adjusted against the cost of operating fixed assets acquired from the proceeds of the loans. Exchange gain or loss on translation of other liabilities in foreign currencies is charged to the current year's income.

2.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost and appreciated value less accumulated depreciation. Freehold land is stated at appreciated value and capital work-in-progress at cost.

Cost of tangible fixed assets consists of historical cost, applicable exchange differences, appreciated value and direct attributable cost of bringing the assets to working condition. Borrowing cost pertaining to the construction/erection period upto the date of completion is also capitalised as part of historical cost.

Depreciation on operating fixed assets is charged to income on reducing balance method to write-off the cost or appreciated value including related exchange differences over their expected useful life. During the year, the useful life of certain operating fixed assets as referred to in note 18 has been reassessed and depreciation is charged in the accounts under reference on revised estimate of useful life. Financial impact on income is immaterial due to change in estimate of useful life.

Full year's depreciation is charged on additions, while 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 charged to current year's income.

2.6 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. The aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of liabilities. The assets so acquired are amortized over the useful life of the assets or the lease term whichever is shorter. The amortization of leased assets is charged to current year's income as part of depreciation.

2.7 Long term investments

These are stated at cost.

2.8 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at cost calculated on moving average basis less provision for obsolescence except for items in transit which are stated at invoice values plus other charges paid thereon to the balance sheet date.

2.9 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value except molasses (bye-product) which is valued at net realisable value. Cost in relation to work-in-process and finished goods consists of average material cost, factory overhead and direct labour. Cost in relation to goods purchased for resale consists of average purchase price and other charges paid thereon. Net realisable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.10 Revenue recognition

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

3. Issued, Subscribed and Paid Up Share Capital

4,000,000 (1987: 4,000,000) ordinary shares of Rupees 10 each fully paid up in cash

(RUPEES IN THOUSAND)

1988 1987

40,000 40,000

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

250,000 ordinary shares of Rupees 10 each issued as fully paid bonus shares

2,500 2,500

50,000 50,000

Less: Amount due in respect of 11,475 ordinary right shares of Rupees 10 each not paid by members to the balance sheet date

— (115)

50,000 49,885

4. Capital Reserves

Balancing and modernisation

15,000 15,000

Research and development

4,500 4,500

500 —

5,000 4,500

Premium on issue of 1,000,000 ordinary right shares at the rate of Rupees 8.62 per share

8,620 8,620

Less: Amount due in respect of 11,475 shares not paid by members to the balance sheet date

— (99)

8,620 8,521

28,620 28,021



5. Revenue Reserves

General

Balance as at 1 October

Transfer from:

Profit and loss account

Surplus on revaluation of operating fixed assets

Dividend equalisation

Balance as at 01 October

Transfer from Profit and Loss Account

(RUPEES IN THOUSAND)

1988

1987

30,357

25,357

12,000

5,000

143

42,500

30,357

10,000

10,000

10,000

—

20,000

10,000

62,500

40,357

6. Surplus on Revaluation of Operating Fixed Assets

Balance as at 1 October

Transfer to general reserve relating to the operating fixed assets disposed of during the year

10,967

10,967

143

10,824

10,967

7. Redeemable Capital

Long term running finances utilized under mark-up arrangements are made up as under:

	United Bank Limited	PICIC Loan No. SBR/PLS		(Rupees in Thousand)	
		15	23	1988	1987
Balance as on 1 October	3,231	5,141	5,600	13,972	4,877
Received during the year	—	—	—	—	12,376
	3,231	5,141	5,600	13,972	17,253
Less: Repaid	1,965	1,669	1,600	5,234	3,280
Instalments due within twelve months (note 12)	1,266	1,669	1,600	4,535	5,234
	3,231	3,338	3,200	9,769	8,514
	—	1,803	2,400	4,203	8,739
Sanctioned limit	5,500	8,345	8,000		
Unavailed credit facility	—	2,369	1,600		
No. of instalments	36 (Monthly)	23 (Quarterly)	23 (Quarterly)		
Payment date of 1st instalment	May 1986	October 1986	October 1986		
Rate of mark-up (per annum)	11%	3%	3%		



The marked-up price of loan obtained from United Bank Limited is Rupees 7.188 million which includes mark-up of Rupees 1.340 million and rebate on timely payments of Rupees 0.348 million. This is secured by second collateral registered mortgage charge on fixed assets of the company with NOC from other financial institutions.

Long term running finance from PICIC form part of total credit facility sanctioned as per purchase and sale agreements. Under the agreements the PICIC has purchased machinery valuing Rupees 16.345 million from the company which was deemed to had been resold to the company at marked-up price of Rupees 21.285 million which includes rebate of Rupees 3.548 million on timely payments of marked-up price. The securities are mentioned in note No. 9.1.

8. Custom Debentures - Unsecured

(RUPEES IN THOUSAND)

	1988	1987
These are made up as under:		
Balance as at 30 September	1,887	2,520
Less: Current portion (Note 12)	778	633
	<u>1,109</u>	<u>1,887</u>

- 8.1 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 9 August 1985 and carry interest at the rate of 1 percent above the bank rate.

9 Long Term Loans

From financial institutions

Pakistan Industrial Credit and Investment Corporation Limited

Loan No:

SBR-61 (Note 9.2)	26,192	32,328
SBR-86 (Note 9.2)	4,808	6,358
IBRD-2380-IDA-1439/1 (Note 9.3)	3,353	14,594
ADB-455/20 (Note 9.3)	4,228	4,476
	<u>38,581</u>	<u>57,756</u>

Agricultural Development Bank of Pakistan (Note 9.4)

	2,360	3,360
	<u>40,941</u>	<u>61,116</u>

Less: Current portion (Note 12)

	10,838	20,175
	<u>30,103</u>	<u>40,941</u>

9.1 Long term loans and running finance from PICIC are secured against:

- a first legal mortgage on company's present and future immovable properties wherever situated including all buildings, plant and machinery and fixtures;
- 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 to in note 13.1; and

(d) a demand promissory note.

- 9.2 Loan No. SBR-61 and SBR-86 are repayable in 10 semi annual instalments commencing from 1 January 1987 and 1 July 1987 respectively and carry interest at the rate of 9 percent per annum.
- 9.3 Loan No. IBRD-2380-IDA-1439/1 and ADB-455-20 are repayable in 20 semi annual instalments commencing from 1 January 1987 and 1 July 1987 respectively and carry interest at the rate of 14 percent per annum.
- 9.4 Loan from Agricultural Development Bank of Pakistan was obtained for research project and is secured against second charge by way of equitable mortgage ranking pari passu with other loans and is repayable in five equal yearly instalments commencing from 7 January 1986 and carries interest at the rate of 12 percent per annum.
- 9.5 The sanctioned limits of loans from Pakistan Industrial Credit and Investment Corporation Limited and Agricultural Development Bank of Pakistan are Rupees 64.781 million and Rupees 5.000 million respectively (1987: Rupees 69.781 million).

RUPEES IN THOUSAND)

1988 **1987**

10. Liabilities Against Assets Subject To Finance Lease

Present value of minimum lease payments	16,361	18,697
Less: Instalments due within twelve months (Note 12)	4,920	4,161
	11,441	14,536

The present value of minimum lease payments has been discounted using the sum of digit method. The rentals are paid in monthly/quarterly equal instalments and in case of default of any payment an additional interest at the rate of 2 percent shall be paid. Taxes, repairs and insurance costs are to be borne by the lessee. The lessee shall have no right to terminate the lease agreements and if the lease agreements are terminated, the lessee shall pay the entire amount of rentals for unexpired period of the lease agreements. The lease agreements are renewable at the option of the lessor on such terms as may be agreed upon. The liabilities are secured against deposit of Rupees 3.502 million included in long term deposits and a deposit of shares of listed companies having face value of Rupees 3 million as referred to in note 21.2.

DESCRIPTION	Balance Rental Outstanding as at 30 September 1988	Approximate Rate of in- terest (% p.a.)	Number of Instal- ments Outstanding
(RUPEES IN THOUSAND)			
National Development Leasing Corporation Limited			
Lease No. 1	8,478	10	32 (Monthly)
Lease No. 2	4,382	5	36 (Monthly)
Lease No. 3	157	17	12 (Monthly)
Lease No. 4	452	17	15 (Monthly)
Lease No. 5	2,298	15	39 (Monthly)
Lease No. 6	751	15	41 (Monthly)
Asian Leasing Corporation Limited	2,202	15	17 (Quarterly)

11. Deferred Taxation

Timing differences due to accelerated tax depreciation	38,709	38,987
Other timing differences	(4,648)	(2,613)
	34,061	36,374

(RUPEES IN THOUSAND)

	1988	1987
12. Current Portion of Long Term Liabilities		
Redeemable capital	4,535	5,234
Custom debentures	778	633
Logn term loans	10,838	20,175
Liabilities against assets subject to finance lease	4,920	4,161
	<u>21,071</u>	<u>30,203</u>
13. Short Term Running Finances		
From financial institutions	—	19,545
From banking companies		
Secured (Note 13.1)	19,839	23,929
Unsecured - Unpresented cheques	1,463	4,562
	<u>21,302</u>	<u>28,491</u>
	<u>21,302</u>	<u>48,036</u>
13.1 These are secured against pledge and hypothecation of stores, spares, stocks, book debts, second charge on fixed assets and company's guarantee. These form part of aggregate credit facility of Rupees 148.50 million (1987: Rupees 141.50 million).		
Mark-up is charged at the rate of paisa 41 to 43 per Rupees 1,000 per day by the banking companies, other than Agricultural Development Bank of Pakistan which charges mark-up at the rate of 12 percent per annum.		
14. Creditors, Accrued and other Liabilities		
Creditors		
Trade	3,769	1,911
Others	5,072	3,349
	<u>8,841</u>	<u>5,260</u>
Advance from customers	1,596	429
Security deposit from contractors payable on completion of contracts - Interest free	348	239
Income tax deducted at source	64	45
Interest on custom debentures - Unsecured	59	75
Mark-up accrued on redeemable capital - Secured	44	83
Interest accrued on long term loans - Secured	1,166	1,830
Mark-up accrued on short term running finances - Secured	6,893	5,611
Excise duty	—	8,354
Due to associated undertakings	99	58
Due to Directors	12	116
Workers' Welfare Fund	3,031	631
Accrued liabilities	13,174	4,526
	<u>35,327</u>	<u>27,257</u>
15. Workers' Participation Fund		
Share in company's profit for the year	5,739	430
Interest accrued on funds utilized by the company	9	89
Profit on investment in Khas deposit certificates	33	—
	<u>5,781</u>	<u>519</u>

Less: Investment in Khas deposit certificates for Workers' Participation Fund Trust upto 30 September

(RUPEES IN THOUSAND)

1988 1987

2,550 —

3,231 519

15.1 The interest is paid at the prescribed rate under the Act on funds utilized by the company till the date of payment of funds to the Workers' Participation Fund Trust.

16. Dividend Payable

Unclaimed
Proposed

718 629

15,000 11,250

15,718 11,879

17. Contingencies and Commitments

Contingencies:

The company is contingently liable in respect of claims against the company not acknowledged as debt amounting to Rupees 0.446 million (1987: Rupees 0.407 million).

Commitments:

Contracts for capital expenditure approximately amounting to Rupees 20.353 million (1987: Rupees 3.454 million).

Letters of credit other than for capital expenditure amounting to Rupees 0.331 million (1987: Rupees 2.339 million).

18. Operating Fixed Assets

DESCRIPTION	COST			Accumulated Depreciation As at 30 September 1988	Book Value As at 30 September 1988	DEPRECIATION		
	Cost/Re-assessed value as at 1 October 1987	Additions/ (deletions)	As at 30 September 1988			Charge for the year	Rate Current year	percentage Previous year
Land-Freehold	3,750	6,067	9,817	—	9,817	—	—	—
Buildings and roads on freehold land	38,535	3,529	42,064	18,132	23,932	2,660	10	5-10
Plant and machinery	260,148	19,953 (8,136)	271,965	112,418	159,547	17,727	10	10
Laboratory equipment	547	—	547	367	180	120	40	10
Tubewell and water pumps	514	765	1,279	470	809	202	20	10
Electric installations	601	—	601	419	182	46	20	10
Weighbridges and scales	1,354	—	1,354	788	566	142	20	10
Furniture and fixtures	1,632	398	2,030	985	1,045	261	20	10
Office equipment	2,029	431	2,460	1,229	1,231	821	40	10
Vehicles	3,312	2,457 (884)	4,885	2,243	2,642	660	20	20
Arms and ammunition	10	—	10	8	2	1	10	10
Library books	459	54	513	381	132	56	30	30
Tools and equipments	1 823	87	1 910	1 167	743	495	40	10
Telephone equipments	227	17	244	144	100	66	40	10
1988	314,941	33,758 (9,020)	339,679	138,751	200,928	23,257		
1987	311,672	14,727 (11,458)	314,941	120,224	194,717	19,010		

18.1 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.

18.2 Included in the additions to plant and machinery is exchange loss of Rupees 0.009 million (1987: Rupees 0.178 million) relating to foreign currency loans utilized for acquisition of these assets.



(RUPEES IN THOUSAND)

18.3 Depreciation charge for the year has been allocated as follows:

Cost of goods sold - Sugar	18,005	14,544
Cost of goods sold - Distillate	3,393	3,794
Administrative, selling and general expenses - Sugar	1,859	672
	<u>23,257</u>	<u>19,010</u>

18.4 Disposal of Operating Fixed Assets

Description	Cost/ Re-assessed Value	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
Plant and machinery:						
Centrifugal (Konti-8) 3 Nos.	2,098	1,129	969	465	Negotiation	Messrs Muhammad Yaqoob & Sons Brandreth Road, Lahore.
Centrifugal (Konti-8) 2 Nos.	1,399	753	646	200	Negotiation	Messrs Bannu Sugar Mills Limited, Bannu.
Centrifugal semi automatic 2 Nos.	1,473	793	680	600	Negotiation	Messrs Bannu Sugar Mills Limited, Bannu
Pressure reducing station	248	25	223	248	Sale and lease back	Messrs Asian Leasing Corporation Limited
Vehicles:						
Bilarus tractor 60 HP-JG-2258	71	42	29	18	Negotiation	Mr. Irshad Hussain Shah, Chak No. 457, Jhang.
Bilarus tractor JG-6173	84	62	22	28	Negotiation	Mr. Muhammad Bashir, Chowk Depalpur, Okara.
Motor car - 176-473	156	92	64	64	Negotiation	Messrs Crescent Steel and Allied Products Limited - Associated undertaking of the company.
Jeep - 140-890	156	105	51	62	Negotiation	Mr. Asif Raza, Mandi More, Shah Jewana, Jhang.
Motor car - 184-731	54	32	22	22	Negotiation	Mr. Zulfiqar Ahmad, Company's employee.
Motor car - 191-134	144	70	74	75	Negotiation	Mr. Muhammad Zahid, Company's employee.
Motor car - 200-164	66	33	33	34	Negotiation	Mr. Muhammad Hussain, Company's employee.
Motor car - JGA-3357	105	—	105	105	Insurance claim	The Premier Insurance Company of Pakistan Limited - Associated undertaking of the company.
Motor cycle - JGA-2876	13	3	10	13	Negotiation	Mr. Muhammad Boota, Satellite Town, Jhang.
Motor cycle - JGA-1867	12	4	8	12	Negotiation	Mr. Muhammad Sadiq - Company's employee.
Motor cycle - JGA-4472	9	7	2	2	Negotiation	Ch. Muhammad Ali - Company's employee.
Motor cycle - JGA-7894	14	8	6	7	Insurance claim	The Premier Insurance Company of Pakistan Limited - Associated undertaking of the company.



19. Assets Subject to Finance Lease

Following assets have been acquired under finance lease:

(RUPEES IN THOUSAND)

Description	COST		As at 30 September 1988	Accumulated Amortization As at 30 September 1988	Book Value As at 30 September 1988	Amortization Charge for the year
	As at 1 October 1987	Additions				
Plant and machinery	21,735	1,806	23,541	9,284	14,257	4,358
Buildings	—	255	255	68	187	68
Vehicles	885	—	885	388	497	233
1988	22,620	2,061	24,681	9,740	14,941	4,659
1987	12,265	10,355	22,620	5,081	17,539	4,110

19.1 Amortization charge of leasehold assets for the year has been allocated as follows:

(RUPEES IN THOUSAND)

Cost of goods sold - Sugar	1988	1987
Administrative, selling and general expenses - Sugar	4,358	3,954
	301	156
	4,659	4,110

20. Capital Work-in-Progress

This comprises of:

Plant and machinery	12,270	18,267
Buildings	—	16
Advance to contractors	9,413	1,685
Advance for purchase of land	—	930
Project examination fee	74	74
	21,757	20,972

21. Long Term Investments

Quoted:

Associated undertakings:

Crescent Sugar Mills and Distillery Limited 106,100 ordinary shares of Rupees 10 each fully paid 22,281 bonus shares of Rupees 10 each	1,995	1,995
Crescent Boards Limited 48,400 ordinary shares of Rupees 10 each fully paid	561	561
Crescent Jute Products Limited 198,252 (1987:141,000) ordinary shares of Rupees 10 each fully paid 88,011 (1987:62,566) bonus shares of Rupees 10 each	3,957	2,526
Jubilee Spinning and Weaving Mills Limited 4,000 ordinary shares of Rupees 10 each fully paid 1,000 (1987: Nil) bonus shares of Rupees 10 each	66	66
The Premier Insurance Company of Pakistan Limited 3,600 ordinary shares of Rupees 5 each fully paid 8,263 (1987:6,286) bonus shares of Rupees 5 each	60	60
The Crescent Textile Mills Limited 24,375 (1987:19,500) ordinary shares of Rupees 10 each fully paid	526	404
Crescent Steel and Allied Products Limited 300,000 ordinary shares of Rupees 10 each fully paid	3,000	3,000

(RUPEES IN THOUSAND)

Others:

	1988	1987
Adam Sugar Mills Limited (Former Bahawalnagar Sugar Mills Limited)		
2,000 ordinary shares of Rupees 10 each fully paid	38	38
200 bonus shares of Rupees 10 each	—	—
Noon Sugar Mills Limited		
13,500 ordinary shares of Rupees 10 each fully paid	166	166
3,132 (1987:1,620) bonus shares of Rupees 10 each	—	—
Pakistan Industrial Credit and Investment Corporation Limited		
727,727 (1987:553,142) ordinary shares of Rupees 10 each fully paid	11,010	7,230
55,314 (1987: Nil) bonus shares of Rupees 10 each	—	—
Karachi Electric Supply Corporation Limited		
10,000 ordinary shares of Rupees 10 each fully paid	111	111
1,000 (1987:Nil) bonus shares of Rupees 10 each	—	—
National Development Leasing Corporation Limited		
203,800 ordinary shares of Rupees 10 each fully paid	4,270	—

I.C.I.

10,000 ordinary shares of Rupees 10 each fully paid	487	—
	<u>26,247</u>	<u>16,157</u>

Unquoted:

Associated undertakings:

Pakistan Industrial Leasing Corporation Limited		
900,000 ordinary shares of Rupees 10 each fully paid	9,000	—
Deposit for issue of shares	—	500
Equity held 30%		
Break-up value is Rupees 9,000 million		
Crescent Spinning Mills Limited		
Deposit for issue of 250,000 ordinary shares of Rupees 10 each	2,500	—
	<u>37,747</u>	<u>16,657</u>

- 21.1 Aggregate market value of quoted investments as at 30 September 1988 was Rupees 59.32 million (1987: Rupees 31.12 million).
- 21.2 Investment having face value of Rupees 3 million (1987: Rupees 3 million) is pledged with National Development Leasing Corporation Limited as security against assets subject to finance lease.

22. Long Term Deposits

Securities	153	153
Margin with:		
National Leasing Corporation Limited	3,322	3,322
Asian Leasing Corporation Limited	180	—
	<u>3,655</u>	<u>3,475</u>

23. Stores, Spare Parts and Loose Tools

Stores	9,271	7,480
Spare parts	11,901	12,219
Loose tools	199	174
Discarded machinery held for disposal	2,549	2,549
	<u>23,920</u>	<u>22,422</u>
Less: Provision for obsolescence	5,550	1,500
	<u>18,370</u>	<u>20,922</u>

(RUPEES IN THOUSAND)

	1988	1987
24. Stock-in-Trade		
Work-in-process	220	229
Finished goods		
Own products		
Sugar	24,501	30,757
Molasses	5,716	821
Distillate	6,127	8,249
Purchased goods	11	193
	36,355	40,020
	36,575	40,249
25. Trade Debts		
These are unsecured but considered good		
26. Advances, Deposits, Prepayments and other Receivables		
Loans and advances - Considered good		
Employees - Interest free	138	143
Suppliers and contractors	3,570	1,034
Income tax	9,145	2,981
Letters of credit	1,389	1,550
Sugarcane growers (Note 26.3)	4,467	13,876
	18,709	19,584
Considered doubtful		
Sugarcane growers	5,064	6,533
Less: Provision for doubtful	5,064	6,533
	—	—
	18,709	19,584
Deposits		
Excise duty	—	122
Sales tax	29	17
Education cess	2	92
Margin	120	460
	151	691
Claims		
Insurance	15	15
Others	83	83
	98	98
Short term prepayments	232	132
Due from associated undertakings	12,643	1,441
Due from Employees' Provident Fund Trust	9	24
Accrued interest	178	9
Sundry receivables	1,708	2,560
	33,728	24,539

- 26.1 The maximum aggregate amount due from Chief Executive and Executive at the end of any month during the year was Rupees 73,796 (1987: Rupees 5,637).
- 26.2 The aggregate amount due from Chief Executive and Executive of the company is Rupees Nil and Rupees 2,822 at the close of financial year (1987: Rupees Nil and Rupees 3,278) respectively.
- 26.3 Loans to sugarcane growers are partly interest free and partly interest bearing at the rate of 11 to 12 percent per annum.

		(RUPEES IN THOUSAND)	
		1988	1987
27. Cash and Bank Balances			
Cash in hand		47	193
Cash with banks on:			
Right share collection accounts			
Current accounts		—	8,011
Short term deposit accounts		1,537	1,396
Dividend accounts		13,390	725
		13	7
		<u>14,940</u>	<u>10,139</u>
		<u>14,987</u>	<u>10,332</u>
28. Sales			
Own products:			
Sugar		493,991	215,049
Molasses (Bye-product)		22,037	8,092
Distillate		2,717	1,906
Bagasse		547	—
Purchased goods		<u>643</u>	<u>255,201</u>
		<u>519,935</u>	<u>480,248</u>
Commission to selling agents			
Own products		3,049	1,330
Purchased goods		—	170
		<u>3,049</u>	<u>1,500</u>
		<u>516,886</u>	<u>478,748</u>
29. Cost of Goods Sold			
Sugar (Note 29.1)		360,013	442,605
Distillate (Note 29.2)		<u>7,577</u>	<u>1,678</u>
		<u>367,590</u>	<u>444,283</u>
29.1 Cost of Goods Sold — Sugar			
Raw material			
Sugarcane purchased		207,325	97,387
Delivery expenses		15,017	16,530
Less: Recovered		<u>1,855</u>	<u>767</u>



(RUPEES IN THOUSAND)

	1988	1987
Sugarcane subsidy	13,162	15,763
Sugarcane development cess	5,470	2,469
Market committee fee	1,048	500
Loading and unloading	1,127	473
Octroi	803	360
	228,935	116,952
Salaries, wages and other benefits	17,041	9,082
Workers' Welfare	31	57
Stores and spare parts	7,646	3,132
Dyes and chemicals	1,629	429
Packing material	8,847	3,864
Power and fuel	1,940	3,174
Repair and maintenance	14,047	3,434
Insurance	811	544
Vehicles' running	144	219
Travelling, conveyance and entertainment	72	79
Printing and stationery	111	189
Rent, rates and taxes	87	159
Excise duty	52,163	59,982
Other factory overheads	1,111	640
Sugarcane research and development	552	448
Staff training and development	694	—
Depreciation/amortization	22,363	18,498
	358,224	220,882
Work-in-process inventory		
As at 1 October	229	191
As at 30 September	220	229
	9	(38)
Cost of goods produced	358,233	220,844
Cost of goods purchased for resale	237	84,907
	358,470	305,751
Finished goods inventory		
As at 1 October	31,771	168,625
As at 30 September	30,228	31,771
	1,543	136,854
	360,013	442,605
29.2 Cost of Goods Sold - Distillate		
Molasses	763	4,312
Stores and spare parts	617	1,109
Salaries, wages and other benefits	332	300
Insurance	44	181
Other factory overheads	306	22
Depreciation	3,393	3,794
Cost of goods produced	5,455	9,718
Finished goods inventory		
As at 1 October	8,249	209
As at 30 September	6,127	8,249
	2,122	(8,040)
	7,577	1,678

(RUPEES IN THOUSAND)

30. Administrative, Selling and General Expenses

Salaries, wages and other benefits	1988	1987
Directors' meeting fee	5,617	3,544
Travelling and conveyance	5	3
Printing and stationery	534	279
Telephone, postage and telegrams	399	202
Vehicles' running	276	276
Legal and professional	440	380
Auditors' remuneration	238	393
Audit fee	45	35
Out of pocket expenses	7	4
	52	39
Repairs and maintenance	331	173
Entertainment	88	65
Subscription	198	79
Rent, rates and taxes	26	35
Publicity	275	313
Consultancy and advisory services	483	—
Loading and unloading	161	637
Insurance	419	179
Handling and distribution	442	249
Registered Office expenses	693	574
Miscellaneous	276	251
Depreciation/amortization	2,160	828
	<u>13,113</u>	<u>8,499</u>

31. Operating Profit

Sugar (Note 31.1)	141,397	25,938
Distillate (Note 31.2)	(5,214)	28
	<u>136,183</u>	<u>25,966</u>

31.1 Operating Profit — Sugar

Sales - Net	514,392	476,959
Cost of goods sold	360,013	442,605
Gross profit	154,379	34,354
Administrative, selling and general expenses	12,982	8,416
	<u>141,397</u>	<u>25,938</u>

31.2 Operating Profit/(Loss) — Distillate

Sales - net	2,494	1,789
Cost of goods sold	7,577	1,678
Gross profit/(loss)	(5,083)	111
Administrative, selling and general expenses	(131)	83
	<u>(5,214)</u>	<u>28</u>



(RUPEES IN THOUSAND)

32. Other Income

	1988	1987
Sale of scrap	426	294
Commission on fertilizer	142	161
Gain on sale of stores	27	72
Dividend (Note 32.1)	1,882	1,630
Return on bank deposits	219	41
Interest on advances to associated undertakings	96	18
Agricultural farm income	104	550
Rental	29	227
Shares underwriting commission	—	138
Bad debts recovered	—	105
Provision for doubtful written back	—	1,476
Interest on advance income tax	—	169
Miscellaneous	469	46
	<u>3,394</u>	<u>4,927</u>

32.1 Dividend Income

Associated undertakings

Crescent Sugar Mills and Distillery Limited	738	257
Crescent Boards Limited	73	—
Crescent Jute Products Limited	356	181
Jubilee Spinning and Weaving Mills Limited	10	10
The Premier Insurance Company of Pakistan Limited	12	8
The Crescent Textile Mills Limited	102	49

Others

Adam Sugar Mills Limited (Former Bahawalnagar Sugar Mills Limited)	5	3
Pakistan Industrial Credit and Investment Corporation Limited	553	1,105
Karachi Electric Supply Corporation Limited	10	17
Noon Sugar Mills Limited	23	—
	<u>1,882</u>	<u>1,630</u>

33. Financial and Other Charges

Financial

Mark-up on:

Redeemable capital	563	670
Short term running finances	8,566	10,307

Interest:

Custom debentures	246	281
Long term loans	4,937	3,531
Advances from associated undertakings	655	4,589
Workers' Participation Fund (Note 15.1)	6	69
Finance charge on assets subject to finance lease	1,736	1,784
Lease agreements fee	107	104
Bank charges and commission	342	479
	<u>17,158</u>	<u>21,814</u>

Provision for doubtful loans to sugarcane growers	1,890	—
Donations (Note 33.1)	1,500	200
Workers' Welfare Fund	2,400	—
Provision for obsolete stores and spares	2,750	—
Loss on disposal of operating fixed assets	989	564
Bad debts written-off	746	—
	<u>27,433</u>	<u>22,578</u>

33.1 Donations

A sum of Rupees 400,000 (1987: 200,000) was donated to Crescent Educational Trust, 45-Shahrah-e-Quaid-e-Azam, Lahore in which the following Directors of the company are trustees:

Mr. Mazhar Karim
Mr. Muhammad Javed Amin
Mr. Muhammad Anwar
Mr. Khalid Bashir
Mr. Maqbool Ahmad

34. Taxation

(RUPEES IN THOUSAND)

	1988	1987
Current:		
For the year	(42,000)	—
Prior years'	(17,200)	3,951
Deferred:		
Current year	5,409	4,926
Due to change in tax rate	(3,096)	—
	2,313	4,926
	(56,887)	8,877

35. 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:

Description	1988		1987	
	Chief Executive	Executive	Chief Executive	Executive
	(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	330	231	243	214
Bonus	275	195	80	73
Housing	149	84	109	64
Company's contribution to Provident Fund	23	15	13	14
Contribution to pension fund	59	35	—	30
Other benefits				
Conveyance allowance	—	4	—	4
Utility allowance	33	20	19	18
Entertainment allowance	—	6	3	6
Reimbursable expenses	27	24	—	16
	896	614	467	439
Number of persons	1	1	1	1

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

35.2 The aggregate amount charged in the accounts for fee to 6 Directors in respect of two meetings was Rupees 4,500 (1987: 3,000 for 6 Directors).

36. Transactions with Associated Undertakings

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 14.110 million (1987: Rupees 1.855 million).

The company purchased from and sold to associated undertakings material goods and services in the aggregate sum of Rupees 10.151 million and Rupees 11.051 million respectively (1987: Rupees 4.610 million and Rupees 3.340 million respectively.) Purchase/sale of goods and services is made at prevailing market prices.

Mark-up on advances from/to associated undertakings is paid/recovered at the rate of paisa 39 to 43 per Rupees 1,000 per day.

37. 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 55,726 M. Tons in 193 days i.e. 288,736 M. Tons per day

Previous year 27,899 M. Tons in 149 days i.e. 187,239 M. Tons per day

Distillery

Capacity 40,000 litres per day

Actual production

Current year 308,497 litres in 22 days

Previous year 1,855,809 litres in 103 days

37.1 Reason for Low Production of Distillery

The plant was not run to the full capacity as the international market of industrial alcohol was low due to lower prices of oil.

(RUPEES IN THOUSAND)

1988 1987

38. Segment Assets and other Information

Sugar Unit	352,119	307,768
Distillery Unit	36,765	42,489
	<u>388,884</u>	<u>350,257</u>

Molasses (Bye-product of sugar) is issued to distillery at selling price.

39. Comparative Figures

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

Altat M. Saleem
Chief Executive

Sk. Jahangir
Director

Form '34'
Pattern of Holding of Shares
Held by the Shareholders as at 30-09-1988

<u>No. of Shareholders</u>	<u>Shareholding</u>		<u>Total Shares Held</u>
	<u>FROM</u>	<u>TO</u>	
130	1	100	4903
432	101	500	83451
67	501	1000	49911
119	1001	5000	288936
32	5001	10000	219397
10	10001	15000	124619
1	15001	20000	17298
1	20001	25000	24146
1	25001	30000	25225
4	30001	35000	126023
1	40001	45000	43866
1	45001	50000	45596
1	50001	55000	53832
2	70001	75000	143803
1	80001	85000	81132
1	95001	100000	97381
1	150001	155000	153412
1	325001	330000	330000
1	380001	385000	382026
1	550001	555000	551570
1	590001	595000	592500
1	625001	630000	627507
1	930001	935000	933466
811			5000000

Categories of

<u>Shareholders</u>	<u>Number</u>	<u>Sharesheld</u>	<u>Percentage</u>
Individuals	792	1115934	22.32%
Investment Companies	3	714756	14.30%
Insurance Companies	2	49466	0.99%
Joint Stock Companies	5	2350474	47.01%
Financial Institutions	1	708639	14.17%
Others (See below)	8	60731	1.21%

Total:-	811	5000000	100.00%
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Others

Private Companies	6	33972	0.68%
Trust	2	26759	0.53%

Total:-	8	60731	1.21%
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SHAKARGANJ MILLS LIMITED

Folio Number _____

No of Shares held _____

Form of Proxy

I/We _____
of _____ in the district of _____
being a member of Shakarganj Mills
Limited hereby appoint _____
of _____ as my proxy to
vote for me and on my behalf at the Annual General Meeting of the Company to be held on the
30th day of March, 1989 at 11.30 am and at any adjournment thereof.

(Member's Signature)

Place: _____

Date: _____

Affix Eighty Paise Revenue Stamp

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

