



# ANNUAL REPORT 1996



Shakarganj  Mills Limited



## Corporate Mission

### Preamble

We, the management of Shaharganj 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 Shaharganj 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 preserve 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.

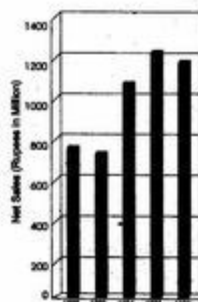
We recognise the value of technological improvement keep in step with the latest innovations and developments in our field. We believe in modern management practice and use latest techniques. We constantly train our people and keep them highly motivated as they are our most important assets. We strongly believe in business and integrity of Shaharganj 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 Shaharganj Sugar 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 diversification through new manufacturing facilities and through equity participation.

## Five Years Financial Summary

(Rupees in thousand), except amounts per share



	1996	1995	1994	1993	1992
<b>Operating Results:</b>					
Net Sales	1,187,626	1,204,483	1,090,098	645,774	686,466
Cost of Sales	1,040,912	1,017,561	1,011,269	623,989	601,602
Selling, General and Admin : Expenses	36,978	46,215	44,386	31,404	29,027
Interest Expenses	168,803	137,158	104,624	64,682	59,540
Other Income, Net	26,066	55,979	96,565	70,393	40,369
Pre-Tax Profit/(Loss)	(33,319)	56,252	24,831	(4,213)	39,540
Income Tax	(17,196)	1,522	5,450	(11,771)	(360)
Net Income	(16,123)	54,730	19,381	7,558	35,180

## Per share Results and Return:

Earning Per Share	(0.67)	2.57	1.07	0.55	3.58
Cash Dividends Per Share	-	-	-	-	-
Stocks Dividends per Share	-	-	-	-	-
Net Income to Sales Percent	1:10	1:10	1:10	1:10	1:10
Return on Average Assets Percent	(1.36)	4.54	1.78	1.17	3.65
Return on Average Equity Percent	(3.34)	12.22	5.12	2.38	13.71

## Financial Position:

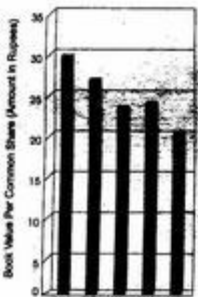
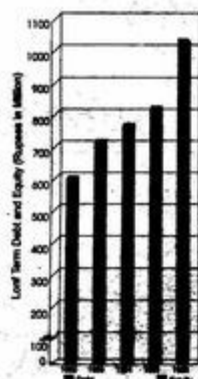
Current Assets	585,000	704,115	754,398	592,632	368,299
Current Liabilities	674,023	755,614	800,523	710,842	480,475
Operating Fixed Assets	801,017	808,026	529,515	401,084	282,970
Total Assets	1,561,415	1,594,810	1,630,077	1,500,634	1,187,794
Long-Term Debt	538,059	320,478	340,877	350,763	296,250
Shareholders' equity	479,456	485,110	450,844	346,002	289,244
Break-up Value per Share	19.81	22.77	22.59	25.12	29.39

## Financial Ratios:

Current Liabilities to Current Assets	1.14	1.07	1.06	1.20	1.30
Long-Term Debt to Capitalization	39.78	39.78	45.35	50.34	50.60
Total Debt to Total Assets	69.78	69.58	74.80	76.94	75.64
Interest Coverage (Times)	0.82	1.43	1.25	0.94	1.62
Average Collection Period (Days)	1.00	7.66	9.40	5.49	2.96
Inventory Turnover (Times)	10.43	6.90	6.13	3.46	5.15
Plant Assets Turnover (Times)	1.39	1.40	1.29	0.75	0.89
Total Assets Turnover (Times)	0.76	0.76	0.67	0.43	0.58

## Other Data:

Depreciation & Amortization	94,457	116,639	89,011	80,307	63,017
Capital Expenditure	83,215	367,357	187,346	163,433	49,670





## Production Data 1974-1996

Season	Duration of Season (Days)	SUGAR				MOLASSES	INDUSTRIAL ALCOHOL	PARTICLE BOARD
		Cane Crushed (M. Tons)	sugar Produced (M. Tons)	Recovery (Percent)	Process Losses (Percent)	Molasses Produced (M. Tons)	Industrial Alcohol Produced (Liters)	Particle Board Produced (Cubic Meters)
1995-96	151	763,316.236	60,285.000	7.92	2.65	39,397	2,573,700	2,117,539
1994-95	157	1,057,035.578	86,075.000	8.11	2.77	53,172	5,460,000	5,299,250
1993-94	196	1,203,371.201	88,116.500	7.34	2.65	60,150	5,250,076	4,334,770
1992-93	161	691,838.635	54,055.000	7.85	2.68	35,980	4,887,020	1,662,757
1991-92	174	746,506.346	63,985.500	8.57	2.53	37,710	4,525,900	3,360,000
1990-91	204	866,552.129	65,536.800	7.56	2.59	47,135	3,422,204	642,940
1989-90	187	708,632.495	57,912.000	8.17	2.31	33,180	3,030,217	
1988-89	170	446,324.860	36,366.800	7.70	2.44	22,410		
1987-88	193	698,604.856	55,726.000	7.98	2.61	38,740	308,494	
1986-87	149	333,601.075	27,898.600	8.36	2.24	15,060	1,855,809	
1985-86	113	237,601.670	20,625.000	8.66	2.29	11,470	20,239	
1984-85	168	441,717.765	39,522.600	8.96	2.38	22,580		
1983-84	173	427,169.490	35,501.200	8.31	2.40	21,860		
1982-83	173	361,291.485	29,440.000	8.16	2.44	16,255		
1981-82	207	466,040.000	39,474.000	8.47	2.48	21,255		
1980-81	187	287,723.000	25,562.000	8.89	2.42	13,373		
1979-80	112	61,206.625	5,619.300	8.95	2.25	2,358		
1978-79	114	107,106.070	9,267.300	8.80	2.27	4,147		
1977-78	177	319,960.400	27,620.000	8.61	2.44	14,103		
1976-77	166	308,987.443	26,085.600	8.45	2.67	15,228		
1975-76	157	246,393.593	18,864.880	7.61	2.68	11,424		
1974-75	107	104,069.161	8,252.618	8.30	2.75	4,182		
1973-74	101	87,824.720	5,476.830	6.28	3.57	4,726		

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## ABOUT SHAKARAGANJ

**Shakarganj Mills Limited** is a Public Limited Company incorporated on September 20, 1967 and is listed on the Stock Exchanges of Pakistan. The manufacturing facilities consisting of Sugar, Industrial Alcohol and Particle Board are located in the famous town of Jhang in the central Punjab. High quality sugar conforming to international standard is manufactured and used by Pharmaceutical Industry and other food manufacturers in addition to quality conscious housewives.

At Shakarganj three co-products of sugar are produced. Molasses is converted into Industrial Alcohol and Sugarcane bagasse is converted to high quality Particle Board. Surplus power is supplied to the national grid. Power supplied by Shakarganj caters to the needs of 5375 domestic consumers. We take care of 12.86 percent of domestic load of Jhang City.

Research and development is very important aspect of business at Shakarganj and for this purpose Shakarganj Sugar Research Institute has been established since 1983 along side the other facilities. Shakarganj serves 24,500 farming families in addition to several other suppliers.

Crescent Business Management (Private) Limited is a wholly owned subsidiary of Shakarganj. This Company manages First Crescent Modaraba which is listed on Karachi, Lahore and Islamabad Stock Exchanges. First Crescent Modaraba is dedicated to reform the financial and business conduct and bring it in accordance with the principles enshrined in the Sharia.

## To our Shareholders

### Review of Fiscal 1996

Dear Shakarganj Investor:

The year under review turned out to be a nightmare for your company. Sugar production declined to 60,285 metric tons from 86,075 metric tons while raw material cost rose by 51 percent in 1995/96. Major reasons for shortfall in sugar production and steep increase in cost of production are summarized below:

- Shortage of sugarcane crop due to displacement of sugarcane area by cotton.
- Diversion of sugarcane to 'Gur' manufacturing due to high price of 'Gur'.
- Phenomenal increase in raw material cost as a result of short sugarcane crop and increase in sugarcane crushing capacity.

### Sugar Division

Sugar Division is the main engine of your company. This division remained under extreme pressure and very low capacity utilization could be achieved. Shortage of sugarcane created a sellers market for the commodity and we were unable to exercise control over the quality of raw material. Sugarcane was supplied with a lot of trash resulting in low sucrose recovery of 7.92 percent compared to 8.11 percent a year earlier. Raw material cost skyrocketed by 51 percent from 1994/95 level. Net sales remained at about the same level of 1994/95. Gross profit declined to 121 million in 1995/96 from 160 million last year.

### Industrial Alcohol Division

Price of molasses increased to a level where it was profitable to sell the raw material instead of converting it to Industrial Alcohol. For this reason

Industrial Alcohol production was restricted to 2.57 million litres compared to 5.46 million litres in 1994/95. This division produced net sales revenue of Rs. 42.40 million and a gross profit of Rs. 21.24 million.

### Kanewood Industries

Particle Board Plant operates under the name of Kanewood Industries. This plant is designed to utilize surplus bagasse from the sugar plant to convert it into particle board. Short sugarcane crop resulted in lower availability of bagasse. This curtailed particle board production to 2118 cubic meters compared to 5300 cubic meters in 1994/95. Kanewood Industries generated net sales revenue of Rs. 15.40 million compared to Rs. 20.47 million in 1994/95. Gross profit for Kanewood Industries increased from Rs. 2.77 million in 1994/95 to Rs. 4.21 million in the year under review.

### Co-Generation

Shakarganj took a major step in co-generation of electricity and became the first private sector power supplier to Water and Power Development Authority (WAPDA). We entered into an agreement to this effect on 25 July, 1993. Unfortunately we were not treated fairly and faced many difficulties in dealing with WAPDA. During 1996 we explored other options and started supplying power to a private sector manufacturing company. During the year under review a revenue of Rs. 3 million was generated from this source.

### Financial Analysis

Higher Raw material cost was recovered to some extent from higher sale price of sugar. Our problems were aggravated by rampant inflation resulting in increased transportation cost and higher mark-up on borrowings. Utility charges were

increased several times during the season and cost of spares increased due to eroding value of Pak Rupee.

Your management exercised strict control on costs inspite of difficulties. Administrative expenses as percentage of sales were 2.73 percent compared

to 2.70 percent in 1994/95. Average collection period was reduced from 7.66 days to 1.09 days. Inventory turnover time was 10.43 in 1995/96 compared to 6.90 times last year.

Fixed Assets turnover and total Assets turnover remained at 1994/95 level.

### Contribution to Economy

Shakarganj plays an important role in terms of contribution to the economy. During the year under review, value added to the materials and services of Rs. 791.47 million worked out to Rs. 422.23 million. Your company's contribution towards Federal, Provincial and local taxes were Rs. 123.13 million. We spent Rs. 168.80 million as cost of financing and share of workers was Rs. 51.64 million. During the last ten years, your company has made a consolidated contribution of Rs. 1.39 billion in shape of Federal, Provincial and Local Taxes.



## Statement of Value Added

	(Rs. In Million)			
	1996		1995	
Sales Revenue	1,187.63		1,204.48	
Other Receipts	26.07		55.98	
	<u>1,213.70</u>		<u>1,260.46</u>	
Less Materials & Services	791.47		714.50	
Value Added	<u>422.23</u>		<u>545.96</u>	
Applied the Following Way		% AGE		% AGE
To Employees :				
Wages, Salaries & Related Costs	51.64	12.23	47.55	8.71
To Government:				
Income Tax, Excise Duty, Sales Tax and other Taxes	123.13	29.16	189.67	34.74
To Providers of Capital:				
Finance Charges on Loans and Advances	168.80	39.98	137.06	25.10
Transfer From Share Premium Account	(24.20)	(5.73)	(22.00)	(4.03)
Dividend to Shareholder	24.20	5.73	22.00	4.03
	<u>168.80</u>	<u>39.98</u>	<u>137.06</u>	<u>25.10</u>
To Charitable Institutions	0.32	0.08	0.31	0.06
To Provide for Maintenance & Expansion of Assets				
Depreciation/Amortization	94.46	22.37	116.64	21.36
Profit/(Loss) Retained	(16.12)	(3.82)	54.73	10.02
	<u>78.34</u>	<u>18.55</u>	<u>171.37</u>	<u>31.39</u>
	<u>422.23</u>	<u>100.00</u>	<u>545.96</u>	<u>100.00</u>

## Human Resource Development

At Shakarganj there is a strong emphasis on Human Resource Development. Training of Shakarganj Team is a continuous process and has a top priority. A well equipped Library with latest books on all aspects of our business is maintained for the benefit of team members. The Library subscribes to some 150 periodicals and collection of books exceeds 4000.

## Environmental Awareness

Shakarganj is clear about its responsibility to the environment and is very active in conservation. We are constantly making efforts to reduce waste and recycle process chemicals. Our environmental policy evolves around three basic principles:

- Shakarganj assumes responsibility for the environment;
- Decisions shall favour environment;
- Information shall be open and free.

Shakarganj takes active part in tree plantation with the community. To set an example 40000 trees have been planted around the sugar factory. The same piece of land had only one tree in 1974. Recycling of sugarcane nutrients to the field is done by mixing filter cake with distillery stillage. After decomposition under anaerobic conditions, Biocompost is supplied to the farmers for use as fertilizer.

Distribution of Value Added 1995



Distribution of Value Added 1996



## Board Room Changes

Mr. Sikandar Rashid Ahmed who joined our Board in 1990 as Nominee of PICIC resigned on July 15, 1996 and was replaced by Mr. Asad Ali Sheikh. Mr. Sikandar Rashid Ahmed made valuable contribution to the Board and we place on record our appreciation for the guidance

provided to the company during his tenure. Mr. Asad Ali Sheikh brings valuable experience to the Board and we are confident that the company will greatly benefit from his presence in the Board Room.

**About 1996/97**

Sugar season started on 28 October 1996 and lasted for 177 days. Shakarganj produced 79,740 metric tons of sugar and became the highest sugar producer in Punjab. Shortage of sugarcane continued to persist in 1996/97. Although total sugarcane availability to Sugar Mills in the Punjab remained lower than 1995/96, Shakarganj was able to record 32 percent higher sugar production in 1996/97. Financial outcome will depend on sugar price during the off season months. It is still to be seen as to what extent we will be able to offset the high cost of raw material from sugar price.

**Future Outlook**

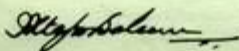
We are expecting a turnaround in 1997/98. High sugarcane price has generated a lot of enthusiasm in the farmers. Area under sugarcane cultivation is increasing. A bumper crop is forecast for 1997/98 given favourable growing and harvesting conditions.

Presently imported sugar is given preferential treatment regarding levy of custom duty compared to locally produced sugar. This matter is being taken up with the concerned authorities. Once this anomaly is removed, we will get a level playing field. We can look to the future with confidence and hope that 1997/98 will be a profitable year.

**Directors, Employees and Suppliers**

The Directors are always a source of guidance and support for the Management and we appreciate their commitment to your company's progress and prosperity.

Your company's progress has mainly been possible through the dedication of the employees and they deserve a very warm vote of thanks. They have always shown their willingness to take advantage of opportunities and face challenges of changing economic picture. Our sugarcane farmers are the back bone of our industry and we thank them for their continued support.



**ALTAF M. SALEEM**  
Chief Executive

April 29, 1997





## Flow of Funds Analysis

Development of net current position in million of Rupees

	Sep. 30 1994	Change	Sept. 30 1995	Change	Sept. 30 1996
Liquid assets	+ 520.97	- 196.53	+ 324.44	- 3.19	+ 321.25
Short term receivable	+ 28.08	- 2.79	+ 25.29	- 21.74	+ 3.55
Short term liabilities and provision	- 753.76	- 55.90	- 697.86	- 206.25	- 491.61
	- 204.75	- 143.42	+ 348.13	+ 181.32	- 166.81
<b>Factors affecting the change in net current position</b>					
<b>Source of Funds</b>					
Net Income/(loss) for the year			+ 54.73		- 16.12
Depreciation			+ 88.73		+ 87.95
Amortization of assets subject to Finance Lease			+ 27.91		+ 6.50
Deferred Taxation			- 4.50		- 22.50
Internal Financing			+ 166.87		+ 55.83
Right share issued and premium thereon			+ 19.54		+ 10.47
Fixed Assets disposed			+ 0.12		+ 2.27
Redeemable Capital			—		+ 213.10
Long Term Loan			—		+ 73.87
Liability against assets subject to Finance Lease			+ 2.99		+ 15.41
Sales of Investments			+ 43.39		+ 6.18
Source of Funds - Total			+ 232.91		+ 377.13
<b>Application of Funds:</b>					
Addition to Fixed assets			- 127.93		- 73.16
Assets subject to Finance Lease			- 2.99		- 15.41
Addition to Investments			- 192.42		- 10.21
Redeemable Capital			- 14.52		- 64.46
Long Term deposits			- 0.85		+ 4.35
Liability against assets subject to Finance lease			- 31.66		- 31.96
Custom Debentures			- 0.84		—
Loans Repaid			- 5.12		- 4.93
Dividend paid					- 0.03
Application of Funds - Total			- 376.33		- 195.81
Changes in the net position			- 143.42		+ 181.32





## 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 Sugar Research Institute

### Principal Functions

- Shakarganj breeding to evolve fertilizer - responsive disease resistant varieties of sugarcane with high 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 & storage, and on the environmental influences on these processes.
- To provide advice on the use of fertilizers and other agricultural chemicals, irrigation, drainage, diseases & pests control, the use of machines & equipment, land & water management and other aspects of crop production planning & 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 1996

This Division was set up in July 1983, with the aim to strengthen research activities in sugarcane Agriculture, Sugar Manufacturing and Sugar Engineering. As a first phase, Shakarganj Sugar Research Institute (SSRI) activities in Sugarcane Agriculture were started. Which revolved around selecting/evolving new sugarcane varieties, guidance to sugarcane farmers about Agronomic, Pathological and Entomological problems of sugarcane. This division is operated through six scientists. This is the only institute of its kind in the sugar industry of Pakistan.

### Research Facilities:

- Library: Established in 1989, presently having 4000 books on Agri. Engineering, Business management, computer and 48 International Journals.
- Laboratories: Breeding, Agronomy/soil science, Pathology & Biological Control of Borers.
- Farm Land: Research experiments were started on 30 acres piece of land in vicinity of the institute.

By 1997 these activities were spread on following farms:

SSRI Farm	Seed Bank 1	Seed Bank 2	Seed Bank 3	Seed Bank 4	Seed Bank 5	Seed Bank 6	Seed Bank 7	Seed Bank 8	Seed Bank 9	Seed Bank 10	Seed Bank 11	Total
Year	1990	1990	1991	1991	1992	1994	1994	1995	1995	1996	1996	90-96
Leased/Owned	Leased	Leased	Leased	Owned	Leased	Leased	Leased	Leased	Leased	Leased	Leased	
Total Acreage	40	100	22	550	360	44	26	37	50	150	90	1469
S.Cane Acreage	20	61	14	485	320	32	21	27	39	115	85	1219

### Progress Accomplished:

By the year 1988 (Autumn) two varieties SPSG-26 and 394 were selected both were early maturing higher sugar contents than BL-4 (present commercial variety). On completion of agronomic and pathological tests these varieties were taken to farmers, a gradual switching over to these varieties is continue. More recently varieties SPSG-224 and SPSG-79 have also been added to the list. A brief introduction of the characteristics of SSRI/Commercial varieties is given in table below:

Sugarcane Varieties	Year of Evolution	Lodging Tendency	Harvest Period	Recoverable Yield Pot. (t Acre <sup>-1</sup> )	Sugar Content (%)	Disease Reaction (Red rot)
SPSG-26	1990	Medium	Early	48.0	9.0 - 11.5	Resistant
SPSG-394	1991	Tolerant	Early	40.0	8.5 - 11.0	Mod Suspect
SPSG-224	1992	Medium	Medium	40.0	8.0 - 10.4	Resistant
SPSG-79	1992	Tolerant	Late	40.0	8.5 - 10.0	Resistant
BL-4	1968	Medium	Early	36.0	8.5 - 10.5	Susceptible
CO-1148 (Indian)	Introduction 1980	Medium	Late	32.0	6.0 - 10.0	Susceptible

Fuzz of 30 bi-parental crosses from SASEX (South Africa) and 5 from MSIRI (Mauritius) were purchased in 1995. From this material, 12251 original seedlings were raised and first stage selection is spread on 343 lines, as first phase.

Sugarcane handling on problem soil was achieved through improved planting technique on saline, sodic, clay and Sandy soil. Transfer of technology through demonstration at farmers land is a permanent feature of SSRI.

Screening of Sugarcane/nursery is done against different diseases. Viz: red rot, red stripe, leaf rust, whip smut, sugarcane mosaic and pokha being.

Biological control of Pyrilla was initiated in 1991. Control of borer complex was started from 1995, 11585 acres were covered during 1996 and 30000 acres target was fixed for 1997.



## Directors' Report to Shareholders

### Dear Shakarganj Investors:

Your Directors are pleased to present the Twenty-Ninth Annual Report alongwith audited accounts of the company for the year ended September 30, 1996.

### Financial Results

Your Company's operation for the year resulted in a loss after taxation of Rs. 16.123 million as against a net profit Rs. 54.730 million in 1995. After deducting loss for the year from the unappropriated profit of Rs. 56.176 million brought forward from previous year, the profit available for appropriation comes to Rs. 40.053 million. Your Directors recommend appropriation of profit as follow.

(Rupees in thousand)

Profit available for appropriation	40,053
Unappropriated profit C/F.	40,053

Your Directors recommend issue of bonus shares out of capital reserve created for premium on issue of right shares, at the rate of 10% of the Shareholding.

Financial condition and future prospects are discussed in detail in Chief Executive's Review elsewhere. The Directors endorse the contents of the Chief Executive's review which deals with the company's activities, performance and future prospects.

### Auditors

Riaz Ahmad & Company, Chartered Accountants retire and offer themselves for reappointment.

### Auditors' Qualification

As regards auditors' qualification in their report to the members, the Directors would like to inform the shareholders that the provision for fall in the market value of short term investments as on September 30, 1996 was not made as the market value of these investments as on February 23, 1997 i.e., the date of finalisation of accounts, was more than the cost. The directors are of the view that the decline in the market value as on 30 September 1996 was temporary and subsequently reversed. The Directors also consider that the fair value of the Company's investments determined on

February 23, 1997 is more significant than their depreciation on the balance sheet date.

### Pattern of Shareholding

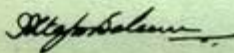
A statement showing the pattern of shareholding in the company as on September 30, 1996 appears on page 58

### Subsidiary Company

The audited accounts of the wholly owned subsidiary, Crescent Business Management (Pvt) Limited, for the year ended June 30, 1996 are attached.

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 for their continued support.

For and on behalf of the Board



**Altaf M. Saleem**  
Chief Executive

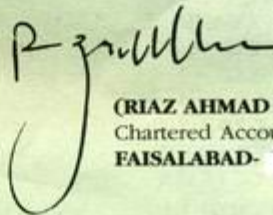
April 29, 1997  
Lahore

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHAKARGANJ MILLS LIMITED** as at 30 September 1996 and the related profit and loss account and statement of sources and application of funds, together with the notes forming part thereof, for the year then ended and we state that as explained in note No.21.1 to the accounts, the provision for diminution in market value of short term investments as on 30 September 1996 amounting to Rupees 98.462 million has not been made. Had it been provided, the loss for the year would have been higher by Rupees 98.462 million. Except for this failure, 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 except for the changes as stated in notes 2.6 and 2.7 with which we concur;
  - 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 sources and application of funds, 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 1996 and of the loss and the changes in statement of sources and application of funds for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



**(RIAZ AHMAD & COMPANY)**  
Chartered Accountants  
**FAISALABAD - 29 APR 1997**

Valuation of Investment at cost which was more than market price.

IAS-2 quotes "Investment are valued at cost or market price whichever ever is lesser"

Contrary to IAS-2





## BALANCE SHEET AS AT

NOTE

(RUPEES IN THOUSAND)

1996

1995

## SHARE CAPITAL AND RESERVES

## Authorised share capital

50 000 000 ordinary shares  
of Rupees 10 each

500 000

500 000

Issued, subscribed and paid  
up share capital

3

242 033

213 051

## Reserves

4

197 370

215 883

## Unappropriated profit

40 053

56 176

479 456

485 110

## SURPLUS ON REVALUATION OF

## OPERATING FIXED ASSETS

## REDEEMABLE CAPITAL

5

10 745

10 745

306 947

250 616

## LONG TERM LOANS

6

75 070

43 412

## LIABILITIES AGAINST ASSETS

## SUBJECT TO FINANCE LEASE

7

15 174

26 813

## DEFERRED TAXATION

—

22 500

## CURRENT LIABILITIES

Current portion of long  
term liabilities

8

181 706

57 025

Short term finances

9

316 774

532 187

Creditors, accrued and

other liabilities

10

585 000

616 088

Workers' participation fund

11

145 028

138 796

Provision for taxation

607

2 966

Unclaimed dividend

29 213

23 909

695

731

674 023

755 614

## CONTINGENCIES AND COMMITMENTS

12

1 561 415

1 594 810

The annexed notes form an integral part of these accounts.

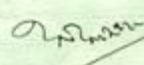
ALTAF M. SALEEM  
Chief Executive

30 SEPTEMBER 1996

	NOTE	(RUPEES IN THOUSAND)	
		1996	1995
<b>TANGIBLE FIXED ASSETS</b>			
Operating fixed assets	13	801 017	808 026
Assets subject to finance lease	14	48 419	46 644
Capital work-in-progress	15	2 073	4 989
		<b>851 509</b>	<b>859 659</b>
<b>LONG TERM INVESTMENTS</b>			
	16	121 665	111 477
<b>LONG TERM DEPOSITS</b>			
	17	3 241	7 586
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	18	42 682	43 764
Stock-in-trade	19	71 238	130 717
Trade debts-Unsecured but considered good		3 546	25 285
Advances, deposits, prepayments and other receivables	20	117 270	135 846
Short term investments	21	260 201	266 360
Cash and bank balances	22	90 063	14 116
		<b>585 000</b>	<b>616 088</b>

**1 561 415****1 594 810**

Balance Sheet

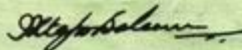
  
**I.A. IMTIAZI**  
 Director



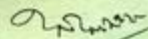
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1996**

	NOTE	(RUPEES IN THOUSAND)	
		1996	1995
<b>SALES</b>	23	<b>1 187 626</b>	1 204 483
<b>COST OF GOODS SOLD</b>	24	<b>1 040 912</b>	1 017 561
<b>GROSS PROFIT</b>		<b>146 714</b>	186 922
<b>OPERATING EXPENSES</b>			
Administrative and general	25	<b>32 406</b>	32 521
Selling and distribution	26	<b>4 572</b>	13 694
		<b>36 978</b>	46 215
<b>OPERATING PROFIT</b>	27	<b>109 736</b>	140 707
<b>OTHER INCOME</b>	28	<b>26 066</b>	55 979
		<b>135 802</b>	196 686
<b>FINANCIAL AND OTHER CHARGES</b>	29	<b>169 121</b>	137 468
<b>WORKERS' PARTICIPATION FUND</b>		<b>—</b>	2 966
		<b>169 121</b>	140 434
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(33 319)</b>	56 252
<b>TAXATION</b>	30	<b>17 196</b>	(1 522)
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(16 123)</b>	54 730
<b>UNAPPROPRIATED PROFIT BROUGHT FORWARD</b>		<b>56 176</b>	1 446
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>40 053</b>	56 176
<b>APPROPRIATION</b>		<b>—</b>	—
<b>UNAPPROPRIATED PROFIT</b>		<b>40 053</b>	56 176

The annexed notes form an integral part of these accounts.



**ALTAF M. SALEEM**  
Chief Executive



**I.A. IMTIAZI**  
Director

# STATEMENT OF SOURCES AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 SEPTEMBER 1996

(RUPEES IN THOUSAND)

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(loss) before taxation

PU ml (33 319) 56 252

### Adjustments to reconcile profit to net cash provided by operating activities

Contribution to employees' retirement benefits

4 268 3 156

Depreciation and amortization

94 457 116 639

Gain on disposal of operating fixed assets

(1729) (1 733) (719)

Profit on sale of investments

(1 249) (19 385)

Financial charges

168 803 137 158

## CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

231 227 293 101

(Increase)/Decrease in current assets

Stores and spares

1 082 (2 672)

Stock in trade

59 479 6 067

Trade debts

21 739 2 793

Advances, deposits, prepayments  
and other receivables

22 208 50 095

Increase/(Decrease) in current liabilities

Short term finances

(215 413) (60 765)

Creditors accrued and other liabilities

(3 676) 6 954

Workers' participation fund

(2 359) 1 596

## CASH FLOWS FROM WORKING CAPITAL CHANGES

(116 940) 4 068

## CASH FLOWS FROM OPERATING ACTIVITIES

Financial charges paid

114 287 297 169  
(158 924) (130 269)

Income tax paid

(3 632) (1 960)

Employees' retirement benefit paid

(4 239) (3 757)

## NET CASH FLOWS FROM OPERATING ACTIVITIES

(52 508) 161 183



(RUPEES IN THOUSAND)

1996

1995

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of operating fixed assets  
Fixed assets acquired  
Long term deposits  
Sale proceeds of investments  
Investments made

4 001	839
(73 160)	(127 927)
4 345	(854)
7 428	62 775
(10 208)	(192 424)

**NET CASH FLOWS FROM INVESTING ACTIVITIES**

(67 594) (257 591)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Share capital  
Premium on issue of right shares  
Redeemable capital  
Long term loans  
Redemption of redeemable capital  
Custom debentures redeemed  
Repayment of long term loans  
Repayment of finance lease liabilities  
Dividend paid

6 979	13 024
3 490	6 512
213 104	—
73 866	—
(64 457)	(14 515)
—	(835)
(4 932)	(5 119)
(31 965)	(31 656)
(36)	(1)

**NET CASH FLOWS FROM FINANCING ACTIVITIES**

196 049 (32 590)

**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT**

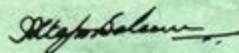
75 947 (128 998)

**CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR**

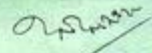
14 116 143 114

**CASH AND CASH EQUIVALENT AT THE END OF THE YEAR**

90 063 14 116



ALTAF M. SALEEM  
Chief Executive



L.A. IMTIAZI  
Director

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1996****1. STATUS AND NATURE OF BUSINESS**

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

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1 Accounting convention**

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

**2.2 Staff retirement benefits**

Company operates pension and gratuity fund schemes for all permanent employees who are in management cadre and salaried director. Premium is payable to the funds monthly on the basis of actuarial computation subject to a maximum 20% and 8.33% of basic salary of the employees respectively.

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 7 percent of basic pay to the fund.

**2.3 Taxation**





## 2.5 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost and appreciated value less accumulated depreciation. Freehold land is stated at cost/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 capitalized 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. 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 capitalized.

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. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of liabilities. Assets so acquired are amortized over their expected useful life at the rates mentioned in note No. 13. Previously, these assets were amortized over the useful life of the assets or lease term whichever was shorter. This change has been made by the management on the decision to exercise the purchase option upon expiry of lease term. The financial benefit for the year due to this revision comes to Rupees 18.489 million. Amortization of leased assets is charged to current year's income.

## 2.7 Equity investments

Long term investments are stated at cost and short term investments are stated at the lower of cost and market value determined on aggregate portfolio basis. In previous years, short term investments were stated at cost. The change in policy for valuation of short term investments has been made for the compliance with International Accounting Standards. Refer note No. 21.1.



## 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 realizable value except molasses (by-product) which is valued at net realizable value. Cost in relation to work-in-process and finished goods consists of average material cost, direct labour and factory overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

## 2.10 Trade debts

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

## 2.11 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers. Dividend income and gain on sale of investments are accounted for on receipt basis.

### (RUPEES IN THOUSAND)

1996

1995

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

13 198 995 ordinary shares  
of Rupees 10 each fully paid  
up in cash

131 990

131 990

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

10 254 335(1995:8 054 032) ordinary  
shares of Rupees 10 each issued as  
fully paid bonus shares

102 543

80 540

242 033

220 030

Less: 697 893 right shares of  
Rupees 10 each not subscribed  
by members until 30 September

—

6 979

242 033

213 051





## (RUPEES IN THOUSAND)

1996

1995

## 4. RESERVES

**Capital:**

Balancing and modernization  
Research and development

15 000

15 000

5 000

5 000

Premium on issue of right shares:

Balance as at 01 October  
Add: Premium on right shares  
issued/subscribed during the year

70 801

86 292

3 490

10 001

74 291

96 293

Less: Premium on 697 893  
right shares at the rate of  
Rupees 5 each not subscribed  
by members until 30 September

—

3 489

24 203

22 003

24 203

25 492

50 088

70 801

Transferred to reserve for issue  
of bonus shares

For issue of bonus shares:

Balance as at 01 October  
Transferred from premium on issue  
of right shares

22 003

18 184

24 203

22 003

46 206

40 187

22 003

18 184

24 203

22 003

Nominal value of shares issued

94 291

112 804

**Revenue:**

General

Dividend equalization

78 079

78 079

25 000

25 000

103 079

103 079

197 370

215 883

## 5. REDEEMABLE CAPITAL

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

(RUPEES IN THOUSAND)

	PAKISTAN INDUSTRIAL CREDIT AND INVESTMENT CORPORATION LIMITED (NOTE 5.1)				NDIC (NOTE 5.2)		EMIRATES BANK INTERNATIONAL P.J.S.C. (NOTE 5.3)		FAYSAL BANK LIMITED (NOTE 5.4)		JESCO (PVT) LIMITED CORPORATION (NOTES 5.5) LTD (NOTE 5.6)		FIRST LEASING CORPORATION (NOTE 5.6)	
	SBR/PLS XII/9 AND XIV/10	SBR/PLS XV/7 XXXIII/3	SBR/PLS XXXII/2 PLS XXI/2	SBR/PLS XIX/1 XXXI/7 XXXII/20 XXX/7 XXXXII/II	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29	PLC/C PLS/29
Balance as at 01 October	1 081	97 865	20 161	110 821	18 994	8 211	15 000	—	—	—	—	—	—	272 133 286 648
Received during the year	—	—	—	35	—	69	—	25 000	56 000	25 000	57 000	50 000	40 000	213 104
Less: Repaid	1 081	97 865	20 161	110 856	18 994	8 280	15 000	25 000	56 000	25 000	57 000	50 000	40 000	485 237 286 648
Current portion (Note 8)	333	11 184	1 221	10 558	4 748	1 380	10 000	—	—	—	—	25 032	—	64 457 14 515
Balance as at 30 September	666	22 369	3 665	31 673	14 245	4 140	15 000	12 900	18 000	12 900	18 500	25 032	—	178 290 36 032
Unvalued credit facility	415	75 496	16 496	79 183	4 749	4 140	—	12 900	18 000	12 900	18 500	24 968	40 000	306 947 250 616
Unvalued credit facility	2 870	100 660	52 627	110 945	19 850	9 279	50 000	25 000	36 000	25 000	57 000	50 000	40 000	—
No. of instalments	23	36	53	21	24	12	10	8	2	8	2	28	28	—
Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Monthly	Quarterly	Yearly	Quarterly	Annual	Quarterly	Annual	Monthly	Monthly	—
Repayment date of last instalment	April 93	July 95	April 96	April 96	April 96	April 96	March 92	December 96	September 96	December 96	March 97	October 97	October 97	—
Rate of mark up (per annum)	6%	7%	7% & 8%	8%	15.70%	17.16%	17%	10%	14.6%	19%	15%	16.30%	19.30%	—



- 5.1 As per purchase and sale agreements, Pakistan Industrial Credit and Investment Corporation Limited has purchased machinery valuing Rupees 286.489 million (1995: Rupees 286.489 million) from the company which was deemed to have been resold to the company at marked up price of Rupees 464.490 million (1995: Rupees 464.490 million) which includes rebate of Rupees 77.415 million (1995: Rupees 77.415 million) on timely payments of marked up price. Loans are secured against security mentioned in note No. 6.1.
- 5.2 Marked up price of the credit facility is Rupees 84.901 million. Rebate in the marked up price for timely payments will be allowed at a rate determined by National Development Finance Corporation (NDFC). Liability is secured against deposit of shares of listed companies having face value of Rupees 5.000 million as referred to in note 16.2 and 21.2 and guarantee given by Crescent Investment Bank Limited (An associated undertaking).
- 5.3 Finance from Emirates Bank International P.J.S.C. includes Rupees 25.000 million secured against charge on fixed assets of the company ranking pari passu with other creditors and Rupees 36.000 million is secured against deposits of US dollars included in cash and bank balances (Note 22).
- 5.4 Finance from Faysal Bank Limited includes Rupees 25.000 million secured against charge on fixed assets of the company ranking pari passu with other creditors and Rupees 37.000 million secured against deposits of US dollars included in cash and bank balances (Note 22).
- 5.5 This finance obtained from Jhang Electric Supply Corporation (Private) Limited is secured against hypothecation of stores, spares and book debts of the company.
- 5.6 The finance was obtained from First Leasing Corporation Limited under Morabaha arrangement. Leasing company has purchased goods valuing Rupees 40.000 million from the company which were repurchased by the company at Rupees 47.600 million. The finance is secured by way of pledge and hypothecation of stocks.

**(RUPEES IN THOUSAND)****6. LONG TERM LOANS**

Pakistan Industrial Credit and  
Investment Corporation Limited

Loan No:

ADB-455/20 (Note 6.2)

IBRD-3019 (Note 6.3)

ADB-966 (Note 6.3)

Asian Finance and Investment  
Corporation Limited (Note 6.4)

1996	1995
404	1 135
9 683	11 660
33 326	35 550
73 866	—
<b>117 279</b>	<b>48 345</b>
42 209	4 933
<b>75 070</b>	<b>43 412</b>

Less: Current portion (Note 8)



- 6.1 Long term loans from Pakistan Industrial Credit and Investment Corporation Limited are secured against:
- (a) a first legal mortgage on company's present and future immovable properties wherever situated including all buildings, plant and machinery and fixture.
  - (b) a first charge ranking pari passu with the existing charges 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 No.9.5; and
  - (d) a demand promissory note.
- 6.2 Loan No. ADB-455/20 is repayable in 20 semi annual instalments commenced from 01 July 1987 and carries interest at the rate of 14 percent per annum.
- 6.3 Loan No. IBRD-3019 and loan No.ADB-996 are repayable in 15 and 20 semi annual instalments commenced from 01 January 1993 and 01 July 1994. Loans carry interest at the rate of 15 and 15.65 percent per annum respectively.
- 6.4 This represents foreign currency loan of US dollar 2.000 million from Asian Finance and Investment Corporation Limited. The loan is secured against first pari passu charge on fixed assets of the company. It carries interest at the rate of 3 percent per annum above 6 months LIBOR, rate. The loan is repayable in four half yearly instalments commencing from 29 March 1997.

**(RUPEES IN THOUSAND)**

1996

1995

**7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments  
Less: Current portion (Note 8)

40 838

57 388

25 664

30 575

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15 174

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26 813

- 7.1 The value of minimum lease rental payments has been discounted at an implicit interest rate. The rentals are paid in monthly/quarterly instalments and in case of default of any payment, an additional charge at the rate of 2 percent shall be paid. Taxes, repairs and insurance costs are to be borne by lessee. Lessee shall have no right to terminate lease agreements and if lease agreements are terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 3.013 million (1995: Rupees 7.344 million) included in long term deposits (Note 17) and Rupees 7.428 million (1995: Rupees 4.907 million) included in advances, deposits, prepayments and other receivables (Note 20).





7.2 Approximate rate of interest and balance rentals payable under lease agreements are as under:

DESCRIPTION	BALANCE RENTALS OUTSTANDING AS AT 30 SEPTEMBER 1996 (Rupees in thousand)	NO.OF INSTALMENTS OUTSTANDING	APPROXIMATE RATE OF INTEREST PER ANNUM %	REPAYMENT OF LAST INSTALMENT
National Development Leasing Corporation Limited	1 098	20 Monthly	20-22	May 1998
ORIX Leasing Pakistan Limited	9 467	12 Monthly	14-20	September 1997
International Multi Leasing Corporation Limited	6 890	23 Monthly	23	August 1998
First Grindlays Modaraba	993	9 Monthly	19-22	June 1997
Standard Chartered Mercantile Leasing Company Limited	17 880	55 Monthly	20	April 2001
Al-Zamin Leasing Modaraba	995	34 Monthly	20	July 1999
Capital Assets Leasing Corporation Limited	3 716	24 Monthly	20	September 1998
Al-Ata Leasing Modaraba	1 174	3 Monthly	20	December 1996
Ibrahim Leasing Limited	4 888	37 Monthly	22	October 1999
Security Leasing Corporation Limited	928	44 Monthly	21	May 2000
Pakistan Kuwait Investment Company (Private) Limited	144	4 Quarterly	21	August 1997

## (RUPEES IN THOUSAND)

## 8. CURRENT PORTION OF LONG TERM LIABILITIES

	1996	1995
Redeemable capital	113 833	21 517
Long term loans	42 209	4 933
Liabilities against assets subject to finance lease	25 664	30 575
	<b>181 706</b>	<b>57 025</b>

## 9. SHORT TERM FINANCES

## Secured:

National Development Finance Corporation	—	54 900
From investment banks (Note 9.1)	34 326	72 326
From Jhang Electric Supply Corporation (Private) Limited (Note 9.2)	20 000	50 000
From investment company (Note 9.3)	30 000	60 000
From Crescent Knitwear Limited (Note 9.4)	50 000	50 000
From leasing company	—	40 000
	<b>134 326</b>	<b>327 226</b>

## From banking companies:

Secured (Note 9.5)	<b>181 750</b>	<b>204 040</b>
Unsecured-Unpresented cheques	<b>698</b>	<b>921</b>

<b>182 448</b>	<b>204 961</b>
<b>316 774</b>	<b>532 187</b>

9.1 Short term finances obtained from Investment Banks include Rupees 10.000 million (1995: Rupees 10.000 million) from Crescent Investment Bank Limited (An associated undertaking). Finances are secured by way of hypothecation of stores, spares, stocks and book debts and pledge of shares of listed companies having face value of Rupees 8.817 million as referred to in Note 21.2. Mark up is payable at the rate of 19 to 21 percent per annum. The finances are repayable on different dates between 09 October 1996 to 29 December 1996.





- 9.2 The finance obtained from Jhang Electric Supply Corporation (Private) Limited carries mark-up at the rate of 22 percent per annum and is repayable on 31 December 1996. It is secured against hypothecation of stores, spares and book debts of the company.
- 9.3 Short term running finance of Rupees 30.000 million obtained from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited carries mark up at the rate of 23 percent per annum. The finance is secured by way of pledge of shares of listed companies having face value of Rupees 36.930 million as referred to Note 21.2. The finance is repayable on 23 June 1997.
- 9.4 The finance obtained from Crescent Knitwear Limited carries mark up at the rate of paisas 52 per Rupees 1 000 per day. The finance is repayable in December 1996.
- 9.5 These are secured against pledge and hypothecation of stores, spares, stocks, book debts, pledge of shares of listed companies having face value of Rupees 73.323 million as referred to in note 16.2 and 21.2 (1995: 71.774 million) and second charge on fixed assets of the company. Mark up is charged at the rate of paisas 49 to 58 per Rupees 1 000 per day. Agricultural Development Bank of Pakistan charged mark up at the rate of 13.50 percent per annum. These form part of aggregate credit facilities of Rupees 316.774 million (1995: Rupees 319.500 million).

**(RUPEES IN THOUSAND)**

1996 1995

**10. CREDITORS, ACCRUED AND OTHER LIABILITIES**

## Creditors

Trade	12 648	5 225
Others	21 519	17 107
	<u>34 167</u>	<u>22 332</u>
Advances from customers	4 795	19 842
Securities from contractors-Interest free, repayable on completion of contracts	1 126	834
Income tax deducted at source	558	361
Mark up accrued on redeemable capital-Secured	16 372	6 017
Interest accrued on long term loans-Secured	1 690	1 897
Mark up accrued on short term running finances-Secured	37 935	38 204
Excise duty and sales tax payable	6 339	12 447
Due to Gratuity fund	22	—
Due to associated undertakings	32 157	28 389
Payable to pension fund	140	144
Due to Provident fund trust	43	32
Due to director	171	115
Other accrued liabilities	9 513	8 182
	<u>145 028</u>	<u>138 796</u>

## (RUPEES IN THOUSAND)

## 11. WORKERS' PARTICIPATION FUND

	1996	1995
Balance as at 01 October	2 966	1 370
Share of company's profit for the year	—	2 966
Interest accrued	8	92
	<u>2 974</u>	<u>4 428</u>
Less: Payments made to workers	2 367	1 462
	<u>607</u>	<u>2 966</u>

11.1 The company retains workers' participation fund for its business operations till the date of allocation to workers. Interest is paid at the prescribed rate under the Act on funds utilized by the company.

## 12. CONTINGENCIES AND COMMITMENTS

**Contingencies**

The company is contingently liable in respect of employees' claims amounting to Rupees 0.100 million (1995: Rupees 0.200 million), Central Excise duty claims amounting to Rupees 14.998 million (1995: Rupees 2.197 million) and other claims amounting to Rupees 1.477 million (1995: Rupees 0.800 million). These claims have not been acknowledged by the company and cases are pending with various courts.

**Commitments**

There are no capital commitments. Letters of credit other than for capital expenditure are amounting to Rupees 1.540 million (1995: Rupees 2.159 million).



## 13. OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

DESCRIPTION	COST/RE-ASSESSED VALUE			ACCUMULATED DEPRECIATION AS AT 30 SEPTEMBER 1996	BOOK VALUE AS AT 30 SEPTEMBER 1996	DEPRECIATION	
	As at 01 October 1995	Additions/ (Deletions)	As at 30 September 1996			Charge for the year	Rate %
Land freehold(Note 13.1)	25 924	—	25 924	—	25 924	—	—
Buildings and roads on freehold land	84 487	10 313	94 800	50 578	44 222	4 914	10
Plant and machinery	1 096 683	69 468 (2 271)	1 163 880	442 606	721 274	80 142	10
Laboratory equipments	917	—	917	893	24	16	40
Tubewell and water pumps	1 834	16	1 850	1 499	351	88	20
Electric installations	773	173	946	717	229	57	20
Weighbridges and scales	3 352	859 (74)	4 137	2 704	1 433	358	20
Furniture and fixtures	8 587	421 (221)	8 787	5 915	2 872	718	20
Office equipments	5 063	317 (35)	5 345	4 808	537	357	40
Vehicles	6 485	956 (345)	7 096	4 202	2 894	723	20
Arms and ammunition	86	—	86	46	40	4	10
Library books	2 601	562	3 163	2 181	982	420	30
Tools and equipments	3 224	122 (3)	3 343	3 118	225	151	40
Telephone equipments	273	8	281	271	10	7	40
<b>1996</b>	1 240 289	83 215 (2 949)	1 320 555	519 538	801 017	87 955	
<b>1995</b>	873 170	367 357 (238)	1 240 289	432 263	808 026	88 726	

- 13.1 Company has given 10.39 acres land valuing Rupees 0.260 million for 20 years lease to Crescent Ujala Limited a project of Crescent Jute Products Limited (An associated undertaking) on annual rent of Rupees 3 968 per acre. Lease rent will be increased by 15 percent after every three years and lease is extendible for an other term of 20 years with mutual consent of both parties.
- 13.2 Land, buildings, plant and machinery were revalued by an independent valuer as at 30 September 1979 and stated in note 14 at appreciated value. Had there been no revaluation on that date, the value of these operating fixed assets would have been lower by Rupees 38.637 million (1995: Rupees 38.637 million).
- 13.3 Depreciation charge for the year has been allocated as follows:

	(RUPEES IN THOUSAND)	
	1996	1995
Cost of goods sold		
Sugar (Note 24.2)	80 265	81 077
Distillate (Note 24.4)	1 854	2 001
Kanewood (Note 24.5)	1 791	2 045
Administrative, selling and general expenses-Sugar (Note 25.1)	4 045	3 603
	<u>87 955</u>	<u>88 726</u>



## 13.4 DISPOSAL OF OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
<b>PLANT &amp; MACHINERY</b>						
DSM Screens	149	110	39	235	Negotiation	Kohinoor Sugar Mills Ltd
Mud Discharge Pump	105	94	11	40	-do-	-do-
Variable Speed Drive	1 357	137	1 220	1 357	Sale and lease back	Ibrahim Leasing Limited.
Blower Fan with Air Filter	45	4	41	45	-do-	-do-
Bailing Press	615	61	554	615	-do-	-do-
<b>WEIGHBRIDGE AND SCALES</b>						
Digital Weighing Scale	74	15	59	74	-do-	-do-
<b>FURNITURE AND FIXTURE</b>						
Sofa Sets and show cases	22	15	7	22	Negotiation	Company's Employee
Chairs, beds and almerah	25	16	9	20	-do-	-do-
Air Conditions and deep freezer	134	66	68	115	-do-	-do-
Televisions	26	15	11	23	-do-	-do-
Cooking range and dinning sets	14	9	5	20	-do-	-do-
<b>OFFICE EQUIPMENTS</b>						
Olympia Electric Type Writer	35	35	—	5	-do-	Arfa Filling Station Jhang
<b>VEHICLES</b>						
Suzuki Car LOC-2368	16	7	9	135	-do-	Manzoor Hussain Contractor
Suzuki Car LOC-5183	17	8	9	117	-do-	Company's employee
Suzuki Car JGA-4945	14	7	7	145	-do-	Company's ex-employee
Suzuki Car LOD-9571	11	4	7	70	-do-	Company's employee
Nissan Sunny LOD-3843	17	7	10	205	-do-	Company's ex-employee
Motor Cycle (37 Nos.)	67	27	40	552	-do-	Company's employees
Trolleys for Tractors	203	41	162	202	Sale and lease back	Ibrahim Leasing Limited
<b>TOOLS AND EQUIPMENTS</b>						
Iris Nap Hand Sprayer	3	3	—	4	Negotiation	Major Wasif Ali Shah

Profit (Gain)

3997  
2268  
1729

## 14. ASSETS SUBJECT TO FINANCE LEASE

(RUPEES IN THOUSAND)

DESCRIPTION	C O S T			ACCUMULATED AMORTIZATION AS AT 30 SEP- TEMBER 1996	BOOK VALUE AS AT 30 SEPTEMBER 1996	AMORTIZATION CHARGE FOR THE YEAR
	As at 01 October 1995	Additions/ (Deletions)	As at 30 September 1996			
Building	255	—	255	204	51	17
Plant and machinery	112 754	10 765 (31 273)	92 246	51 655	40 591	4 510
Vehicles	12 356	4 650 (5 198)	11 808	4 102	7 706	1 927
Equipments	354	—	354	283	71	48
<b>1996</b>	125 719	15 415 (36 471)	104 663	56 244	48 419	6 502
<b>1995</b>	138 583	2 994 (15 858)	125 719	79 075	46 644	27 913

14.1 Deletions represent the leased assets purchased at the expiry of lease term and transferred to operating fixed assets.

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

(RUPEES IN THOUSAND)

	1996	1995
Cost of goods sold		
Sugar (Note 24.2)	4 254	23 364
Distillate (Note 24.4)	274	274
Administrative, selling and general expenses-Sugar (Note 25.1)	1 974	4 275
	<b>6 502</b>	<b>27 913</b>

Amortization

Depreciation on Fixed Assets

87955

+ " " Leasehold  
Assets.

6502

94457

31  
1207  
344





		(RUPEES IN THOUSAND)	
		1996	1995
<b>15. CAPITAL WORK-IN-PROGRESS</b>			
Buildings		2 049	2 185
Plant and machinery		24	2 804
		<u>2 073</u>	<u>4 989</u>
<b>16. LONG TERM INVESTMENTS QUOTED</b>			
<b>Associated undertakings:</b>			
<b>Crescent Investment Bank Limited</b>			
475 000 ordinary shares of Rupees 10 each fully paid		4 750	4 750
<b>Crescent Steel and Allied Products Limited</b>			
300 000 ordinary shares of Rupees 10 each fully paid		3 000	3 000
<b>Pakistan Industrial Credit and Investment Corporation Limited</b>			
1 435 296 Ordinary shares of Rupees 10 each fully paid		100 715	90 527
<b>UNQUOTED</b>			
<b>Subsidiary company:</b>			
<b>Crescent Business Management (Private) Limited-Wholly owned</b>			
1 000 000 ordinary shares of Rupees 10 each fully paid.		10 000	10 000
Break up value as per audited accounts of 30 June 1996 was Rupees 3.42 per share (1995: Rupees 9.98) per share			
<b>Associated Undertakings:</b>			
<b>Shams Food Products Limited</b>			
Deposit for issue of 100000 ordinary shares of Rupees 10 each		1 000	1 000
<b>Crescent Group Services (Private) Limited</b>			
220 000 ordinary shares of Rupees 10 each fully paid		2 200	2 200
Equity held 18.96 percent			
Break-up value as per last audited accounts was Rupees zero per share			
		<u>121 665</u>	<u>111 477</u>

- 16.1 Aggregate market value of quoted investments as at 30 September 1996 was Rupees 25.442 million (1995: Rupees 76.538 million).
- 16.2 Following investments having face value of Rupees 11.250 million (1995: Rupees 11.250 million) are deposited as security with financial institution, banking companies, and investment banks:

**(RUPEES IN THOUSAND)**

1996 1995

Against redeemable capital obtained from National Development Finance Corporation (Note 5.2)

4 750 4 750

Against short term running finances obtained from Banking companies

3 500 3 500

Against bank guarantee issued by Crescent Investment Bank Limited (An associated undertaking)

3 000 3 000

**11 250 11 250**

**17. LONG TERM DEPOSITS**

Securities

228 242

Margin against leasehold assets (Note 7.1)

3 013 7 344

**3 241 7 586**

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

Stores

28 481 29 179

Spare parts

19 131 19 504

Loose tools

620 631

**48 232 49 314**

Less: Provision for obsolescence

5 550 5 550

**42 682 43 764**





## (RUPEES IN THOUSAND)

## 19. STOCK-IN-TRADE

## Work-in-process

2 669

493

## Finished goods

Sugar

38 216

108 388

Molasses

12 604

9 571

Distillate

13 594

6 771

Kanewood

4 155

5 494

68 569

130 224

71 238

130 717

20. ADVANCES, DEPOSITS, PREPAYMENTS  
AND OTHER RECEIVABLES

Loans and advances-Considered good:

Employees-Interest free

94

105

Due from gratuity fund trust

—

7

Suppliers and contractors

12 817

15 477

Income tax

24 544

20 912

Sugarcane growers (Note 20.1)

5 770

4 922

43 225

41 423

Considered doubtful:

Sugarcane growers

5 065

5 064

Less:Provision for doubtful

5 065

5 064

43 225

41 423

Deposits:

Excise duty

731

4 578

Sales tax

53

53

Margin against bank guarantees

772

251

Margin against leasehold assets

7 428

4 907

(Note 7.1)

8 984

9 789

Letters of credit

1 130

475

Short term prepayments

13 338

10 076

Due from associated undertakings

42 793

39 207

Accrued interest

105

92

Sundry receivables

8 814

4 784

117 270

135 846



20.1 Loans to sugarcane growers are partly interest free and partly interest bearing at the rate of 13.50 percent per annum.

(RUPEES IN THOUSAND)

1996

1995

## 21. SHORT TERM INVESTMENTS QUOTED

### Associated undertakings:

#### Crescent Sugar Mills and Distillery Limited

487 132 ordinary shares of  
Rupees 10 each fully paid  
268 480(1995:199 788) bonus  
shares of Rupees 10 each

15 118

15 118

—

—

#### Crescent Boards Limited

84 700 ordinary shares of  
Rupees 10 each fully paid  
7 260 bonus shares of Rupees  
10 each

978

978

—

—

#### Crescent Jute Products Limited

434 982 ordinary shares of  
Rupees 10 each fully paid  
101 835 bonus shares of  
Rupees 10 each

10 249

10 249

—

—

#### Jubilee Spinning and Weaving Mills Limited

4 000 ordinary shares of  
Rupees 10 each fully paid  
8 880 (1995: 7 200) 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  
42 341 bonus shares of  
Rupees 5 each

60

60

—

—





## (RUPEES IN THOUSAND)

1996

1995

**The Crescent Textile Mills Limited**

150 943 (1995:344 994) ordinary shares

of Rupees 10 each fully paid

3 562

8 146

82 661 (1995: 71 409) bonus shares

of Rupees 10 each

**Crescent Steel and Allied Products Limited**

180 000 ordinary shares of

Rupees 10 each fully paid

1 800

1 800

210 000 (1995:120 000) bonus  
shares of Rupees 10 each**Pakistan Industrial Leasing Corporation Limited**

3 683 060 ordinary shares of

Rupees 10 each fully paid

125 644

125 644

243 520 bonus shares of

Rupees 10 each

**Crescent Investment Bank Limited**

1 816 301(1995:1 892 301) ordinary

shares of Rupees 10 each fully paid

36 105

37 560

378 814 bonus shares of Rupees 10 each

**First Crescent Modaraba**

110 000 ordinary shares

of Rupees 10 each fully paid

965

965

1 786 bonus shares of

Rupees 10 each

**Crescent Leasing Corporation Limited**

2 291 000 ordinary shares of Rupees

10 each fully paid

30 474

30 474

**Pakistan Industrial Credit and Investment Corporation Limited**

2 007 362 bonus shares

of Rupees 10 each

**Others****Crescent Spinning Mills Limited**

341 300 Ordinary shares of Rupees

10 each fully paid

3 413

3 413

**Husein Sugar Mills Limited**

1 472 bonus shares of Rupees 10 each

**Crescent Knitwear Limited**

350 000 ordinary shares of

Rupees 10 each fully paid

3 500

3 500



## (RUPEES IN THOUSAND)

1996 1995

**AR Pak International Investment Limited**10 000 ordinary shares of  
Rupees 10 each fully paid

93 93

**Pakistan International Airlines Corporation**

51 bonus shares of Rupees 10 each

— —

**Atlas Bot Lease Company Limited**221 624 bonus shares  
of Rupees 10 each

— —

**Pakistan Oil Fields Limited**500 ordinary shares of  
Rupees 10 each fully paid

34 34

**Prudential Discount and Guarantee House Limited**131 000 ordinary shares of  
Rupees 10 each fully paid

1 033 1 033

**Sui Northern Gas Pipelines Limited**202 600 ordinary shares of  
Rupees 10 each fully paid  
40 520 (1995:Nil) bonus shares  
of Rupees 10 each fully paid

8 133 8 133

— —

**ICI Pakistan Limited**50 ordinary shares of Rupees 10  
each fully paid

4 4

**Muslim Commercial Bank Limited**17 625 (1995: 21 125) ordinary shares  
of Rupees 10 each fully paid  
35 540(1995:26 430) bonus shares  
of Rupees 10 each

609 729

— —

**Nazir Cotton Mills Limited**471 113 ordinary shares of  
Rupees 10 each fully paid

4 711 4 711

**Shaheen Cotton Mills Limited**1 050 000 ordinary shares of  
Rupees 10 each fully paid

13 650 13 650

260 201 266 360





- 21.1 Market value of the short term quoted investments as on 30 September 1996 was Rupees 161.739 million (1995: Rupees 379.537 million), which was lower than the cost by Rupees 98.462 million. No provision for the fall in market value as on 30 September 1996 was made as the market value of these investments was Rupees 260.338 million as on 23 February 1997 i.e. the date on which the accounts were finalized. The management is of the view that the decline in market value as on 30 September 1996 was temporary and subsequently reversed. Therefore, the fair value of investments determined on 23 February 1997 is more significant than their depreciation on the balance sheet date.
- 21.2 Following investments having face value of Rupees 122.533 million (1995: Rupees 109.818 million) are deposited as security with banks, financial institutions and investment companies.

**(RUPEES IN THOUSAND)**

	1996	1995
<b>Against redeemable capital obtained from National Development Finance Corporation (Note 5.2)</b>	<b>250</b>	250
<b>Against short term running finances obtained from:</b>		
Investment banks (Note 9.1)	8 817	4 669
Investment companies (Note 9.3)	36 930	30 032
Banking companies (Note 9.5)	69 823	68 274
<b>Against bank guarantees issued by:</b>		
Crescent Investment Bank Limited	6 124	6 124
<b>Against central excise duty on loan:</b>		
Atlas Bot Investment Bank Limited	52	52
Pakistan Industrial Credit & Investment Corporation Limited	537	417
	<b>122 533</b>	109 818

## (RUPEES IN THOUSAND)

1996

1995

**22. CASH AND BANK BALANCES**

Cash in hand	369	221
Cash with banks on:		
Current accounts	13 003	3 325
Short term deposit accounts	3 664	6 708
Dividend account	14	14
PLS saving account	7	2
Right shares collection account	6	3 846
Dollar Deposit Account	73 000	—
	89 694	13 895
	<b>90 063</b>	<b>14 116</b>

22.1 Term deposit receipts amounting to Rupees 3.659 million (1995:Rupees 3.315 million) are lying with Muslim Commercial Bank Limited under lien against loans to sugarcane growers.

**23. SALES**

## Sugar:

Local	1 082 930	1 034 938
Export	—	47 613

## Distillate:

Local	43 353	29 941
Export	—	33 143

## Kaneewood

15 962	21 239
--------	--------

## Molasses (Bye product)

49 516	43 606
--------	--------

## Bagasse (Bye-product) ✓

430	96
-----	----

Less: Commission to selling agents

1 192 191	1 210 576
4 565	6 093
<b>1 187 626</b>	<b>1 204 483</b>



## (RUPEES IN THOUSAND)

1996

1995

## 24. COST OF GOODS SOLD

Sugar (Note 24.1)	1 008 564	961 773
Distillate (Note 24.3)	21 162	38 095
Kanewood (Note 24.5)	11 186	17 693
	<u>1 040 912</u>	<u>101 7561</u>

## 24.1 COST OF GOODS SOLD-SUGAR

Raw material	599 263	549 151
Salaries, wages and other benefits	33 816	32 283
Stores, spare parts and loose tools	5 811	6 609
Dyes and chemicals	6 383	6 163
Packing material	11 112	15 270
Fuel and power	29 261	28 765
Repair and maintenance	29 456	33 534
Insurance	4 078	3 703
Vehicles' running	789	997
Travelling and conveyance	150	75
Printing and stationery	316	295
Rent, rates and taxes	152	320
Excise duty	126 599	157 030
Other factory overheads	3 935	4 330
Sugarcane research and development	6 340	6 398
Staff training and development	1 621	1 455
Depreciation/amortization (Note 24.2)	84 519	104 441

Cost Part 7m  
86 64

## Work-in-process inventory:

As at 01 October

As at 30 September

943 601 950 819

493	4 629
2 669	493

(2 176) 4 136

## Cost of goods produced

## Finished goods inventory:

As at 01 October

As at 30 September

941 425 954 955

117 959	124 777
50 820	117 959

67 139 6 818

1 008 564 961 773

## 24.2 DEPRECIATION/AMORTIZATION

Depreciation (Note 13.3)

Amortization (Note 14.2)

80 265 81 077

4 254 23 36484 519 104 441



## (RUPEES IN THOUSAND)

## 24.3 COST OF GOODS SOLD-DISTILLATE

	1996	1995
Molasses	18 227	28 677
Stores, spare parts and loose tools	2 740	2 133
Salaries, wages and other benefits	1 246	1 332
Chemicals	2 164	4 269
Fuel and power	679	1 998
Insurance	114	52
Other factory overheads	687	563
Depreciation/amortization (Note 24.4)	2 128	2 275
Cost of goods produced	27 985	41 299
Finished goods inventory		
As at 01 October	6 771	3 567
As at 30 September	13 594	6 771
	(6 823)	(3 204)
	21 162	38 095

## 24.4 DEPRECIATION/AMORTIZATION

Depreciation (Note 13.3)	1 854	2 001
Amortization (Note 14.2)	274	274
	2 128	2 275

## 24.5 COST OF GOODS SOLD-KANEWOOD

Raw material	3 015	9 112
Store, spare parts and loose tools	1 520	2 705
Salaries, wages and other benefits	1 349	1 208
Insurance	160	125
Diesel	1 308	2 206
Other factory overheads	704	1 975
Depreciation (Note 13.3)	1 791	2 045
Cost of goods produced	9 847	19 376
Finished goods inventory		
As at 01 October	5 494	3 811
As at 30 September	4 155	5 494
	1 339	(1 683)
	11 186	17 693



**(RUPEES IN THOUSAND)**

1996

1995

**25. ADMINISTRATIVE AND GENERAL EXPENSES**

Salaries, wages and other benefits	13 591	11 752
Directors' meeting fee	5	5
Travelling and conveyance	1 397	1 471
Printing and stationery	617	800
Telephone, postage and telegrams	1 330	1 209
Vehicles' running	2 187	1 747
Legal and professional	1 205	1 111
Auditors' remuneration:		
Audit fee	150	130
	15	15
Out of pocket expenses	165	145
Repair and maintenance	1 153	1 676
Entertainment	149	276
Subscription	1 313	1 342
Rent, rates and taxes	540	272
Publicity	126	158
Registered office expenses	818	1 368
Miscellaneous	1 791	1 311
Depreciation/amortization (Note 25.1)	6 019	7 878
	32 406	32 521

**25.1 DEPRECIATION/AMORTIZATION**

Depreciation (Note 13.3)	4 045	3 603
Amortization (Note 14.2)	1 974	4 275
	6 019	7 878

**26. SELLING AND DISTRIBUTION EXPENSES**

Freight and forwarding	1 634	10 014
Handling and distribution	973	1 317
Loading and unloading	508	850
Insurance	1 457	1 513
	4 572	13 694

**27. OPERATING PROFIT**

Sugar (Note 27.1)	86 083	116 641
Distillate (Note 27.2)	19 862	21 846
Kanewood (Note 27.3)	3 791	2 220
	109 736	140 707



**(RUPEES IN THOUSAND)**  
**1996**                      **1995**

**27.1 OPERATING PROFIT-SUGAR**

Sales-Net	<b>1 129 824</b>	1 121 708
Cost of goods sold	<b>1 008 564</b>	961 773
Gross profit	<b>121 260</b>	159 935
Operating expenses		
Administrative and general	<b>30 829</b>	30 309
Selling and distribution	<b>4 348</b>	12 985
	<b>35 177</b>	43 294
	<b>86 083</b>	116 641

**27.2 OPERATING PROFIT-DISTILLATE**

Sales-Net	<b>42 405</b>	62 305
Cost of goods sold	<b>21 162</b>	38 095
Gross profit	<b>21 243</b>	24 210
Operating expenses		
Administrative and general	<b>1 157</b>	1 655
Selling and distribution	<b>224</b>	709
	<b>1 381</b>	2 364
	<b>19 862</b>	21 846

**27.3 OPERATING PROFIT-KANEWOOD**

Sales-Net	<b>15 397</b>	20 470
Cost of goods sold	<b>11 186</b>	17 693
Gross profit	<b>4 211</b>	2 777
Administrative and general expenses	<b>420</b>	557
	<b>3 791</b>	2 220



## (RUPEES IN THOUSAND)

## 28. OTHER INCOME

	1996	1995
Commission on fertiliser	88	146
Gain on disposal of operating fixed assets ✓	1 733	719
Dividend income (Note 28.1)	1 233	19 589
Return on bank deposits ✓	515	445
Mark-up on advances to associated undertakings ✓	3 695	5 478
Profit on sale of investments	1 249	19 385
Agricultural farm income	8 461	5 860
Lease income	—	4
Rental	50	49
Underwriting commission	—	164
Electricity income	3 045	3 011
Miscellaneous	5 997	1 129
	<u>26 066</u>	<u>55 979</u>

## 28.1 DIVIDEND INCOME

## Associated undertakings

Crescent Investment Bank Limited	—	3 747
The Premier Insurance Company of Pakistan Limited	29	21
Crescent Steel and Allied Products Limited	1 035	900
Pakistan Industrial Leasing Corporation Limited		
Pakistan Industrial Credit and Investment Corporation		



(RUPEES IN THOUSAND)

1996

1995

**29. FINANCIAL AND OTHER CHARGES****Financial**

Mark up on:

Redeemable capital

37 897

17 552

Short term running finances

102 625

88 452

Advances from associated undertakings

5 117

1 671

Interest on:

Custom debentures

—

4

Long term loans

7 130

8 273

Workers' participation fund

8

92

Finance charges on liabilities against

assets subject to finance lease

6 778

10 335

Lease agreements fee

146

405

Bank charges, commission and

excise duty

9 102

10 374

**Donations (Note 29.1)**

168 803

137 158

318

310

**29.1 DONATIONS**

169 121

137 468

A sum of Rupees 200 000 (1995: Rupees 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. Khalid Bashir

**30. TAXATION**

For the year:

Current

(5 304)

(6 022)

Deferred tax

22 500

4 500

17 196

(1 522)

The provision for current taxation represents the minimum tax due under the Income Tax Ordinance, 1979. After considering the available tax losses, no provision for taxation except minimum tax is required. Tax losses available to be carried forward are Rupees 493.945 million as on 30 September 1996 (1995: Rupees 339.951 million).





### 31. CHIEF EXECUTIVE, DIRECTORS' AND EXECUTIVES' REMUNERATION

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

	1996		1995	
	Chief Executive	Executives	Chief Executives	Executives
	(RUPEES IN THOUSAND)			
<b>Managerial remuneration</b>	<b>1 530.7</b>	<b>590</b>	<b>1 170</b>	<b>5 482</b>
<b>Housing</b>	<b>612</b>	<b>1 699</b>	<b>526</b>	<b>1 265</b>
<b>Company's contribution to provident fund</b>	<b>107</b>	<b>500</b>	<b>82</b>	<b>384</b>
<b>Contribution to:</b>				
Pension fund	306	1 997	234	901
Gratuity fund	127	1 073	97	390
Hospitalisation	—	635	—	145
<b>Other benefits:</b>				
Utility allowance	153	758	117	542
<b>Reimbursable expenses</b>	<b>10</b>	<b>415</b>	<b>14</b>	<b>250</b>
	<b>2 845</b>	<b>14 667</b>	<b>2 240</b>	<b>9 359</b>
<b>Number of persons</b>	<b>1</b>	<b>39</b>	<b>1</b>	<b>29</b>

31.1 Chief executive and five executives have been provided free maintained vehicles by the company.

31.2 Aggregate amount charged in the accounts for fee to six directors in respect of three meetings was Rupees 5 thousand (1995: Rupees 5 thousand for six directors).



### 32. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 48.653 million (1995: Rupees 39.873 million).

The company purchased from and sold to associated undertakings, materials, goods and services in the aggregate sum of Rupees 3.709 million and Rupees Nil respectively (1995: Rupees 9.430 million and Rupees 1.605 million respectively). Purchases/sales of material, goods and services are made at prevailing market prices.

Mark up on advances to associated undertakings is received/ paid at the rate of 21 to 22 percent per annum (Note 28 and 29).

### 33. PLANT CAPACITY AND ACTUAL PRODUCTION

#### Sugar:

Capacity	68 000 M.Tons in 160 days i.e. 425.000 M.Tons per day
----------	----------------------------------------------------------

#### Actual production:

Current year	60 285.000 M.Tons in 151 days i.e. 399.240 M.Tons per day
--------------	--------------------------------------------------------------

Previous year	86 075.250 M.Tons in 157 days i.e. 548.250 M.Tons per day
---------------	--------------------------------------------------------------

#### Distillery:

Capacity 40 000 Litres per day

#### Actual production:

Current year	2 573 700 Litres in 90 days i.e. 28 597 Litres per day
--------------	-----------------------------------------------------------

Previous year	5 460 000 Litres in 245 days i.e. 22 286 Litres per day
---------------	------------------------------------------------------------

#### Kanewood:

Capacity 30 Cubic meters per day

#### Actual production:

Current year	2 117.539 Cubic meters in 82 days i.e. 25.824 Cubic meters per day
--------------	-----------------------------------------------------------------------

Previous year	5 299.260 Cubic meters in 192 days i.e. 29.940 Cubic meters per day
---------------	------------------------------------------------------------------------



**33.1 REASONS FOR LOW PRODUCTION****Sugar**

Production of sugar is low mainly due to shortage and irregular supply of sugarcane.

**Distillery**

Production of distillate was kept upto the level of available market.

**Kanewood**

Production was made according to the demand in the market.

**(RUPEES IN THOUSAND)****34. SEGMENT ASSETS AND OTHER INFORMATION**

	1996	1995
Sugar	<b>1 525 328</b>	1 558 002
Distillery	<b>17 649</b>	18 006
Kanewood	<b>18 438</b>	18 802
	<b>1 561 415</b>	1 594 810

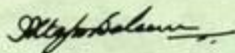
34.1 Molasses and bagasse (Bye-Products of Sugar) are issued to distillery plant and kanewood plant at market prices.

**35. COMPARATIVE FIGURES**

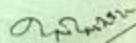
Previous year's figures have been re-arranged, wherever necessary, for the purpose of comparison.

**STATEMENT PURSUANT TO SECTION 237 OF THE COMPANIES ORDINANCE, 1984.**

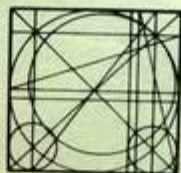
Accounts of the subsidiary company M/s. Crescent Business Management (Pvt) Limited for the year ended June 30, 1996 are annexed to these accounts. The accumulated losses of the subsidiary company are not dealt with in the accounts of the holding company.



**ALTAF M. SALEEM**  
Chief Executive



**I.A. IMTIAZI**  
Director



**Crescent**  
**Business Management**  
**(Pvt) Limited**  
June 30, 1996





## DIRECTORS' REPORT

The Directors have pleasure in presenting the audited accounts of the Company together with Auditors' Report thereon for the year ended 30 June 1996:

Financial Results:	Outstanding	Outstanding
	As on 30/6/96	As on 30/6/95
Long term Investment	29.49	29.49
Other Assets	0.91	1.38
Total Assets	30.40	30.87

Financed By:		
	As on 30/6/96	As on 30/6/95
Due to Holding Company	26.66	20.44
Other Liabilities	0.31	0.45
Equity	3.43	9.98
Total Resources	30.40	30.87

### Review of Operation:

During the year under review the Company incurred a net loss of Rs. 6.56 million as compared to a loss of Rs. 3.24 million during the corresponding period of last year. The main reason for the loss was the cost incurred on borrowing from its parent company against the security of its investment in listed securities. Efforts are being made by the Company to reduce its borrowing by divestment of its investment as and when conditions of stock Market improves. The year under review was the second consecutive year in which the company did not receive any Management Fee from the First Crescent Modaraba. The Modaraba however, took over the expenses of its management and administration during the year. These expenses were previously being met by the Company itself. During the year the company incurred management & administration expenses of Rs. 0.65 million as against Rs. 2.88 million during the corresponding period last year. The Directors have decided to skip the dividend to certificate holders of FCM for the year ended 30 June 1996 due to low profitability resulting from conservative provisioning and low earning on its equity portfolio.

### Future Prospects:

The Directors hope that during the coming financial year the profitability of the Company will improve through reduction in financial cost and divestment of investment in listed securities.

### Auditors:

The Auditors M/s. Fazal Mahmood & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

### For and on behalf of the board.

**MAHMOOD AHMED**

Chief Executive

Dated November 23, 1996

## Auditors' report to the members

We have audited the annexed Balance Sheet for CRESCENT BUSINESS MANAGEMENT (PRIVATE) Limited as at June 30, 1996 and the related Profit and Loss Account, 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 purposes 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;
- a) In our opinion and to the best of our information and according to the explanation given to us, the balance sheet, profit and loss account 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 June 30, 1996 and of the Loss for the year then ended; and
- b) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

**FAZAL MAHMOOD & COMPANY**

Chartered Accountants

Date: 04 December, 1996

Place: Lahore



## Balance Sheet

### CAPITAL AND LIABILITIES

#### SHARE CAPITAL

Note

1996  
Rupees1995  
Rupees

Authorised:

5,000,000 Ordinary Shares  
of Rs. 10/- each50,000,00050,000,000

Issued, Subscribed &amp; Paid up:

1,000,000 ordinary shares of  
Rs. 10/-each  
fully paid in cash  
(All shares are held by  
holding company and its nominees)

10,000,000

10,000,000

Accumulated (Loss)

(6,577,306)

(15,846)

### DEFERRED LIABILITIES

Deferred Liabilities - Staff Gratuity

124,108

### CURRENT LIABILITIES

Due to Associated and Holding Companies  
Accrued Liabilities  
Provision for taxation

3

26,655,897  
17,500  
303,01320,442,640  
19,195  
303,01326,976,41020,764,848

### CONTINGENCIES & COMMITMENTS

4

30,399,10430,873,110

*The annexed notes form an integral part of these accounts*

Chief Executive





as at June 30, 1996

	Note	1996 Rupees	1995 Rupees
<b>PROPERTY AND ASSETS</b>			
<b>FIXED ASSETS-At written down value</b>	5	<b>54,466</b>	692,934
<b>LONG TERM INVESTMENT</b>	6	<b>29,486,955</b>	29,486,955
<b>CURRENT ASSETS</b>			
Due from First Crescent Modaraba		<b>194,615</b>	-
Advances, Deposits & Prepayments	7	<b>655,112</b>	551,679
Cash and Bank Balances	8	<b>7,956</b>	141,542
		<b>857,683</b>	693,221
		<b>30,399,104</b>	<b>30,873,110</b>

Director



# Profit and Loss Account

For the year ended June 30, 1996

	1996 Rupees	1995 Rupees
Profit received from bank	7,897	17,166
Gain on Disposal of Shares	-	1,318,675
Underwriting and Take up Commission	-	235,556
	<b>7,897</b>	<b>1,571,397</b>
Less:		
Staff Salary and Benefits	52,370	1,579,522
Travelling and Conveyance	19,544	121,381
Printing and Stationery	7,118	8,811
Legal and Professional	2,700	8,540
Audit Fee	15,000	11,000
Out of Pocket Expenses	2,500	2,500
Postage, telephone and Telegram	-	28,495
Entertainment	29,390	14,695
Registration expenses	25,000	10,000
Corporate Service charges	-	311,040
Office Rent Charges	300,000	300,000
Bank Charges and Commission	110	305
Meeting fee	4,500	4,000
Mark - up to Holding Company	5,912,792	1,926,540
General expenses	1,805	-
Advertisement	10,640	-
Professional Tax Paid	40,000	-
Repair and Maintenance	136,275	170,777
Donation	-	136,200
Expenses on Investment account	-	8,145
Depreciation	9,613	168,522
	<b>6,569,357</b>	<b>4,810,473</b>
(Loss) Before Taxation	<b>(6,561,460)</b>	<b>(3,239,076)</b>
Provision for Taxation - Current	-	9,488
- Prior	-	20,195
(Loss) after Taxation	<b>(6,561,460)</b>	<b>(3,268,759)</b>
Previous year balance brought forward	<b>(15,846)</b>	<b>3,252,913</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>(6,577,306)</b>	<b>(15,846)</b>

The annexed notes form an integral part of these account

Chief Executive

Director



## Notes to the accounts for the year ended June 30, 1996

### Note

#### 1. STATUS AND NATURE OF BUSINESS

Crescent Business Management (Pvt) Limited is incorporated as private limited company by shares under the Companies Ordinance, 1984. The company is a wholly owned subsidiary of Shakarganj Mills Limited. The primary aim of the company is floatation and management of modarabas and for this purpose it has been registered as modaraba company with the Registrar of Modaraba Companies and Modarabas, Islamabad.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention : These accounts have been prepared under the historical cost convention.

2.2 Long Term Investment : These are stated at cost

2.3 Revenue recognition basis : Management fees from modarabas floated by the company is recognised on the basis of annual audited accounts of the modarabas.

Return on deposits with banks is recognised on a time proportionate basis after considering the principal outstanding and applicable rates of profit thereon.

2.4 Taxation : Provision for taxation is made on the basis of taxable Income, as per provisions of Income Tax Ordinance, 1979. Provision for current taxation is based on taxable Income at the current rates of taxation after taking into account brought forward losses and tax credits available, if any.  
The Company does not account for deferred taxation.

#### 3. DUE TO ASSOCIATED AND HOLDING COMPANIES

	Note	1996 Rupees	1995 Rupees
Crescent Investment Bank Ltd.	3.1	276,646	276,646
Shakarganj Mills Ltd.		-	-
Secured	3.2	25,931,003	19,751,853
First Crescent Modaraba		-	414,141
Crescent Group Services (Pvt.) Ltd.		373,248	-
Crescent Foundation		75,000	-
		<u>26,655,897</u>	<u>20,442,640</u>

3.1 This includes Rs. 275,000/- payable on account of advisory service and office space charges and Rs. 1,646/- payable on account of 41 shares of Sui Northern Gas Pipe Lines Limited @ Rs. 40.15/- each.

3.2 i) This represents the loan payable to Holding Company and mark-up thereon.

i) Mark-up is charged @ 21% p.a. (1995 @ 11.5% to 21% p.a.) on daily product basis.

ii) The loan is secured against the shares; namely of Sui Northern Gas Pipe Lines Limited 203,120 shares, taken up by the Crescent Business Management (Pvt.) Limited. The above shares will remain in the custody of Shakarganj Mills Limited till repayment of loan.

iii) Repayment to be made as per availability of funds with the Company.

#### 4. CONTINGENCIES & COMMITMENTS

##### Contingent Liability:

The tax department has made certain addbacks to declare income for the assessment year 1993-94 and has raised additional tax demand of Rs. 798,178/- against which the company is in appeal before Commissioner of Income Tax Appeal. The management is hopeful that the case would be decided in company's favour.



## 5. SCHEDULE OF TANGIBLE FIXED ASSETS

PARTICULARS	COST			RATE %	DEPRECIATION			Written down value as at 30/06/1996
	As on 01/07/1995	Additions/ (deletions)	As on 30/06/1996		Up to 01/07/1995	Charged for the Year	Accumulated as at 30/06/1996	
Office Equipment	Rupees 9,500	Rupees -	Rupees 9,500	15	Rupees 2,636	Rupees 1,030	Rupees 3,666	Rupees 5,834
Electric Installations	41,420	-	41,420	15	11,150	4,541	15,691	25,729
Telephone Equipment	31,700	-	31,700	15	4,755	4,042	8,797	22,903
Vehicles	786,069	(786,069)	-	20	157,214 (157,214)	-	-	-
Total Rs. 1996	868,689	- (786,069)	82,620		175,755 (157,214)	9,613	28,154	54,466
Total Rs. 1995	48,220	956,669 (136,200)	868,689		7,233	168,522	175,755	692,934

## 6. LONG TERM INVESTMENT

## Listed Companies:

**First Crescent Modaraba**

1,000,000 certificates of Rs. 10/- each

592,467 Bonus Certificates of Rs. 10/- each

54,300 Shares @ Rs. 20.14

(Aggregate Market value

Rs. 4,116,918) (1995 Rs. 13,174,136)

6.1

10,000,000

1,093,595

10,000,000

1,093,595

**Pioneer Cement Limited**

1,279 ordinary shares

of Rs. 10/- each

2,000 Shares @ Rs. 56

(Aggregate Market value

Rs. 27,200) (1995 Rs. 60,170)

6.2

12,970

112,000

12,970

112,000

**Sui Northern Gas Pipe Lines Limited**

152,600 ordinary shares

of Rs. 40.15/- each

67,114 bonus shares of Rs. 10/- each

(Aggregate Market value

Rs. 8,899,632) (1995 Rs. 5,493,600)

6.2

6,126,890

6,126,890

**Nazir Cotton Mills Limited**

300,000 ordinary shares of

Rs. 10/- each

(Aggregate Market value

Rs. 1,620,000) (1995 Rs. 1,650,000)

6.2

3,000,000

3,000,000





	Note	1996 Rupees	1995 Rupees
<b>Crescent Leasing Corporation Ltd.</b>			
403,000 Ordinary Shares of Rs. 10/- each (1995 403,000 shares)			
241,800 right shares @ Rs. 17.50	6.3	4,030,000	4,030,000
(Aggregate Market value Rs. 4,997,200) (1995 Rs. 7,898,800)		4,231,500	4,231,500
<b>Un-Listed Companies</b>			
<b>International Asset Management Co. Ltd.</b>			
88,000 Ordinary shares of Rs. 10/- each		880,000	880,000
Break up vale per share as per audited accounts Rs. 38.80 (1995 Rs. 26.45)			
		<b>29,486,955</b>	<b>29,486,955</b>

No provision has been made in these accounts for diminution in market value of investment as the management does not consider this to be a permanent impairment in the value of the company's investment.

- 6.1 This represents investment made as Modaraba Company and forms 10% of the total paid up fund of the First Crescent Modaraba.
- 6.2 These shares were taken up to fulfil underwriting commitments.
- 6.3 These shares were taken up to fulfil underwriting commitments. This also includes 151,000 right shares subscribed @ Rs. 10/- each.

#### 7. ADVANCES, DEPOSITS AND PREPAYMENTS

	1996 Rupees	1995 Rupees
Advances to Employees	-	2,000
Advance Income Tax	455,112	334,512
Proposed Central Asian Bank	200,000	200,000
Prepayments	-	15,167
	<b>655,112</b>	<b>551,679</b>

#### 8. CASH AND BANK BALANCES

Cash in Hand	1,515	36,515
Cash at Banks:		
On Current Account	1,595	26,003
On Deposit account	4,846	79,024
	<b>6,441</b>	<b>105,027</b>
	<b>7,956</b>	<b>141,542</b>

#### 9. FINANCIAL STATEMENTS OF MODARABA

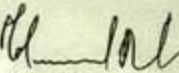
The Modaraba Company floated a Modaraba under the name of First Crescent Modaraba Therefore financial statements of the company include the financial statements of the modaraba as required by the provisions of the Companies Ordinance, 19984.

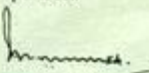
#### 10. GENERAL

10.11 The company is entitled to receive a management fee of 10% of the net annual profits of each modaraba to be floated by it on the basis of annual audited accounts of the modarabas. However, no fee has been received during the year as decided by the Board of Directors of the company in their meeting.

10.12 i) Figures have been rounded off to the nearest rupee.

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

  
Chief Executive

  
Director



## Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty Ninth Annual General Meeting of the shareholders of SHAKARGANJ MILLS LIMITED will be held on Saturday the May 31, 1997 at 9:00 a.m. at Registered Office 83-Babar, New Garden Town, Lahore to transact the following business:-

### AGENDA:

1. To confirm the Minutes of 28<sup>th</sup> Annual General Meeting held on March 30, 1996.
2. To receive and adopt the Audited Accounts of the Company for the year ended September 30, 1996 together with the Directors' and Auditors' Reports thereon.
3. To approve, as recommended by the Directors, the issue of Bonus shares to the shareholders in the ratio of one Bonus share for every ten existing shares (i.e. @ 10%).
4. To appoint Auditors for the next financial year and fix their remuneration. The present Auditors M/s. Riaz Ahmed & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

### 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 later than 48 hours before the time for holding the Meeting.

### BOOK CLOSURE:

The Share Transfer Books of the Company will remain closed from May 28, 1997 to June 03, 1997 (both days inclusive) and Bonus if approved, will be issued to such members whose names appear in the Company's Register of Members at the close of business on May 27, 1997.

ON BEHALF OF THE BOARD

**ZAHEER A. SHAIKH**  
Corporate Secretary

### REGISTERED OFFICE:

83-Babar Block, New Garden Town, LAHORE.  
Tel: (042) 5881974-75, 5839631  
Fax: (042) 5881976  
Dated: April 29, 1997.



**Pattern of Holding of Shares****Form 34'****Held by the shareholders as at 30<sup>th</sup> September, 1996**

<b>SHAREHOLDING</b>			
<b>No. OF</b>	<b>FROM</b>	<b>TO</b>	<b>TOTAL SHARE HELD</b>
143	1	100	4518
244	101	500	71189
235	501	1000	155489
181	1001	5000	399171
48	5001	10000	341737
17	10001	15000	210048
13	15001	20000	230568
8	20001	25000	183697
15	25001	30000	408973
5	30001	35000	163379
8	35001	40000	294371
7	40001	45000	301404
2	45001	50000	94991
3	50001	55000	157451
1	55001	60000	59030
5	60001	65000	313715
2	65001	70000	135344
1	75001	80000	78340
1	85001	90000	88375
1	115001	120000	116877
1	125001	130000	128700
1	130001	135000	130501
1	145001	150000	149525
1	150001	155000	154077
1	155001	160000	158325
1	165001	170000	168682
1	175001	180000	175692
1	180001	185000	183012
1	190001	195000	192778
1	210001	215000	212331
1	250001	255000	253195
1	640001	645000	644039
1	685001	690000	689846
1	720001	725000	723847
1	740001	745000	742605
1	845001	850000	848964
1	865001	870000	868023
1	890001	895000	891305
1	1580001	1585000	1583055
1	2320001	2325000	2320111
1	2665001	2670000	2669958
1	6505001	6510000	6506091
<b>962</b>			<b>24203329</b>

<b>CATEGORIES OF SHAREHOLDERS</b>	<b>NUMBER</b>	<b>SHARES HELD</b>	<b>PERCENTAGE</b>
Individuals	926	4387704	18.13
Investment Companies	4	914545	3.78
Insurance Companies	2	212431	0.88
Joint Stock Companies	17	8936160	36.92
Financial Institutions	7	8631936	35.66
Others	6	1120553	4.63
<b>Total</b>	<b>962</b>	<b>24203329</b>	<b>100.00</b>
Others			
Modarabas	5	991853	4.10
Non-Resident	1	128700	0.53
<b>TOTAL</b>	<b>6</b>	<b>1120553</b>	<b>4.63</b>



## Directors

### **Altaf M. Saleem**

*Chief Executive Officer*  
Shakarganj Mills Limited  
\*1975

### **Khalid Bashir**

*Chief Executive*  
Shams Textile Mills Limited  
1969

### **Mazhar Karim**

*Chief Executive*  
Crescent Jute Products Limited  
Chairman  
Shakarganj Mills Limited  
1971

### **Muhammad Anwar**

*Chief Executive*  
The Crescent Textile Mills Limited  
1984

### **Muhammad Arshad**

*Chief Executive*  
The Crescent Sugar Mills &  
Distillery Limited  
1996

### **Irfan Ahmad Imtiaz**

Nominee NIT  
1993

### **Asad Ali Shaikh**

Nominee PICIC  
1996

\*Year elected to Board

### **General Counsel**

Sh. Maqsood Ahmad, *Advocate*

### **Independent Auditors**

Riaz Ahmad & Company  
*Chartered Accountants*

### **Corporate Secretaries**

Zaheer A. Shaikh  
Rashid Sadiq

## Officers

### **Altaf M. Saleem, 46**

President and  
Chief Executive Officer  
\*1973

### **Muhammad Awais Qureshi, 56**

Executive Vice President and  
Chief Operating Officer  
1980

### **Abdul Haq Saeed, 56**

Vice President  
1985

### **Hilal Ahmad, 55**

Vice President and  
Chief Financial Officer  
1978

### **Muhammad Zahid, 54**

Vice President  
1981

### **Dr. S. A. Qureshi, 75**

Director General Research  
1983

### **Zulfiqar Ahmad, 44**

General Manager Planning  
1976

### **Pervaiz Akhtar, 43**

General Manager Production  
1981

### **Nusrat Ali, 45**

General Manager Engineering  
1977

\*Year Joined Company





## Investor Information

### Operating Divisions

#### Shakarganj Mills Limited

Sugar Division  
Management House, Toha Road,  
Jhang, Pakistan  
Tel: 92-0471-2030/2031  
Tlx: 43471 GJP Plc  
Fax: 92-0471-620272

#### Shakarganj Distillery

Industrial Alcohol Division  
Toha Road, Jhang, Pakistan  
Tel: 92-0471-2030/2031  
Fax: 92-0471-620272

#### Kanewood Industries

Particle Board Division  
Toha Road, Jhang, Pakistan  
Tel: 92-0471-2030/2031  
Fax: 92-0471-620272

#### Crescent Business Management (Private) Limited

Financial Services Division  
83-Babar Block, New Garden Town,  
Lahore, Pakistan  
Tel: 92-042-5881974/5, 5839631  
Fax: 92-042-5881976

### STOCK EXCHANGE LISTING

Shakarganj Mills Limited is listed on the Karachi, Lahore and Islamabad Stock Exchanges.

Daily quotes on the Company's stock can be obtained from leading newspapers. Shakarganj is listed under 'Sugar and Allied'.

### PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors and financial media desiring information about 'Shakarganj' should contact the following individuals in Corporate Investor Relation:

Muhammad Yar Razi  
Muhammad Ahmad Nadeem  
Tel: 92-0471-2030/2031  
Fax: 92-0471-620272

## Shareholder Information

Inquiries concerning lost stock certificates, dividend payments, change of address, verification of transfer deeds and share transfer should be directed to:

Shakarganj Mills Limited  
Shareholder Services  
83-Babar Block,  
New Garden Town,  
Lahore, Pakistan  
Tel: 92-042-5881974/5, 5839631  
Fax: 92-042-5881976

### ANNUAL MEETING

Twenty-Ninth Annual General Meeting of Shakarganj Mills Limited will be held on Saturday, May 31, 1997, at 9:00 a.m. in the Registered Office of the Company 83-Babar Block, New Garden Town, Lahore, Pakistan.

Proxy material is enclosed with this Annual Report.

### STOCK DIVIDEND

Bonus Shares on Company's Stock for the year ended September 30, 1996 will be dispatched to the Shareholders on or about July 15, 1997.



Shakarganj  
Mills  
Limited

**Shakarganj**

Nature's Energy Food

If undelivered please return to:

Registered Office

83, Babar Block, New Garden Town,

Lahore, 54000 Pakistan

Tel: 92-042-5881974 / 75, 5839631

Fax: 92-042-5881976