



ANNUAL REPORT 1997



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 integrity 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.

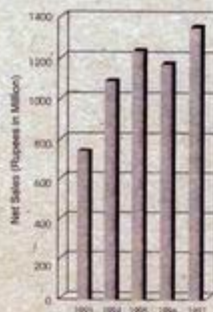
We believe in diversification through new manufacturing facilities and through equity participation.





## Five Years Financial Summary

(Rupees in thousand, except amounts per share)



	1997	1996	1995	1994	1993
<b>Operating Results:</b>					
Net Sales	1,398,384	1,187,626	1,204,483	1,090,098	645,774
Cost of Sales	1,233,714	1,040,912	1,017,561	1,011,269	623,989
Selling, General and Admin Expenses	43,735	36,978	46,215	44,386	31,404
Interest Expenses	189,290	168,803	137,158	104,624	64,682
Other Income, Net	66,131	26,066	55,979	96,565	70,375
Pre-Tax Profit/(Loss)	(3,037)	(33,319)	56,252	24,831	(4,213)
Income Tax	6,155	(17,196)	1,522	5,450	(11,771)
Net Income	(9,192)	(16,123)	54,730	19,381	7,558

### Per share Results and Return:

Earning Per Share	(0.35)	(0.67)	2.57	1.07	0.55
Stock Dividend per Share	1:10	1:10	1:10	1:10	1:10
Net Income to Sales Percent	(0.66)	(1.36)	4.54	1.78	1.17
Return on Average Assets Percent	(0.55)	(1.02)	3.39	1.24	0.56
Return on Average Equity Percent	(1.94)	(3.34)	12.22	5.12	2.38

### Financial Position:

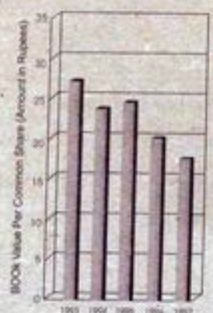
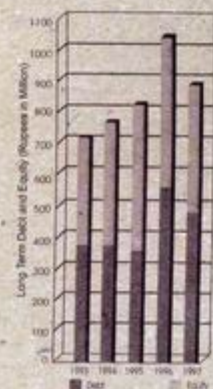
Current Assets	821,965	565,000	704,115	754,398	592,632
Current Liabilities	1,023,355	674,023	755,614	800,523	710,842
Operating Fixed Assets	768,703	801,017	808,026	529,515	401,084
Total Assets	1,790,570	1,561,415	1,594,810	1,630,077	1,500,634
Long-Term Debt	462,621	538,059	320,478	340,877	350,763
Shareholders' equity	470,264	479,456	485,110	410,844	346,002
Break-up Value per Share	17.66	19.81	22.77	22.59	25.12

### Financial Ratios:

Current Liabilities to Current Assets	1.25	1.15	1.07	1.06	1.20
Long-Term Debt to Capitalization Percent	49.59	52.88	39.78	45.35	50.34
Total Debt to Total Assets Percent	73.74	69.29	69.58	74.80	76.94
Interest Coverage (Times)	0.98	0.80	1.43	1.25	0.94
Average Collection Period (Days)	6.90	1.09	7.66	9.40	5.49
Inventory Turnover (Times)	3.67	10.43	6.90	6.13	3.46
Fixed Assets Turnover (Times)	1.71	1.39	1.40	1.29	0.75
Total Assets Turnover (Times)	0.78	0.76	0.76	0.67	0.43

### Other Data:

Depreciation & Amortization	91,100	94,457	116,639	89,011	80,307
Capital Expenditure	54,086	83,215	367,357	187,346	163,433





**PRODUCTION DATA 1974-1997**

SUGAR					MOLASSES INDUSTRIAL PARTICLE			
							ALCOHOL	BOARD
	Duration	Cane	Sugar		Process		Industrial	Particle
	of season	Crushed	Produced	Recovery	Losses	Molasses	Alcohol	Board
Season	(Days)	(M. Tons)	(M. Tons)	(Percent)	(Percent)	(M. Tons)	(Litres)	(Cubic Meters)
1996-97	176	1,036,955.123	79,740.000	7.69	2.50	54,711	6,015,000	Nil
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	5,299.260
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	8.99	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 SHAKARGANJ:**

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 a neighbouring textile company. Power supplied by Shakarganj makes sufficient electricity available with WAPDA to cater for the needs of 5375 domestic consumers. This takes 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 1997

Dear Shakarganj Investor:

The Sugar Industry continued to face problems during the year under review.

Inconsistent government policy driven by political considerations instead of economic realities can be pointed out as the major reason for these problems. Major flaws in the policy are summarised as follows:

- Indiscriminate sanctioning of loans by state owned financial institutions for installation of sugar production capacity much in excess of country's sugar requirement;
- Increase in price of sugarcane by the government to the extent that local industry lost its competitive advantage;
- Encouragement to sugar importers by imposing lower rate of import duty compared to excise duty levied on local sugar production. This resulted in import of three times more sugar than what was required to fill the gap between production and consumption.

These factors alongwith several others sealed the fate of the sugar industry for the year 1996/97 and seriously affected the viability of this important industry for the next few years.

### How did Shakarganj respond to the challenge

Sugarcane shortage continued during 1996/97. Sugarcane crushed by Sugar Mills in Punjab was 16.29 million Metric Tons in 1996/97 compared to 16.99 million Metric Tons in 1995/96. Sugar production also declined to 1.29 million Metric Tons during the period under review from 1.37 million Metric Tons in 1995/96.

Your management put in extra efforts in sugarcane procurement and we were able to increase sugar production by 32 percent in 1996/97 while total sugar production in the country declined. In other words sugar production went up from 60,285 Metric Tons in 1995/96 to 79,740 Metric Tons in fiscal 1997. Intense competition for raw material resulted in increase in raw material cost by 28 percent. However, our cost remained within the industry average.

In short, the year under review was dominated by high raw material cost, excessive imports and pressure to sell at levels below the cost of production in the second half of the financial year.

### Sugar Division

Sugar Division is the main engine of your company. 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 7.69 percent compared to 7.92 percent a year earlier. Raw material cost increased by 28 percent from 1995/96 level and 94 percent from 1994/95 level. Our only achievement in 1996/97 was 32 percent increase in sugar production. This production level positioned your company as the largest sugar producer in Punjab.

### Industrial Alcohol Division

Price of molasses declined from 1995/96 levels. It became economical to run this division to full capacity.





Production of Industrial Alcohol which was restricted to 2.57 million litres in 1995/96 was increased to 6.01 million litres during the year under review. This division produced a net sales revenue of Rs. 47.427 million and a gross profit of Rs. 15.984 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. Moreover building industry was under severe recession. Demand for Particle Board reduced enormously. In view of these factors your management decided to keep this operation closed during the period under review.

We have noticed recently that demand for Particle Board is picking up. Kanewood was restarted on 20 February, 1998. We plan to produce 4,000 Cubic Meters of Particle Board during 1997/98.

### **Co-Generation**

During fiscal 1997 our income from this co-product increased to Rs. 3,853 million compared to Rs. 3,045 million in 1996. 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. Our experience with our new customer is satisfactory and our business is growing.

### **Financial Analysis**

Your management exercised strict control on costs inspite of difficulties. Administrative expenses as percentage of sales were reduced from 2.73 percent to 2.48 percent. Financial charges were also down from 14.24 percent to 13.59 percent. Stores and spares inventory was reduced

from Rs. 42.68 million in 1995/96 to Rs. 31.90 million during the year under review. Stock in trade however increased mainly due to glut in the sugar market created by excessive import of sugar. Average collection period also increased from 1.09 days to 6.90 days due to sugar glut. Inventory turn over decreased from 10.43 times to 3.67 times for the same reason.

### **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. 933.13 million worked out to Rs. 531.38 million. Your company's contribution towards Federal, Provincial and Local taxes were Rs. 198.24 million. We spent Rs. 189.29 million as cost of financing and share of workers was Rs. 61.13 million. During the last ten years, your company has made a consolidated contribution of Rs. 1.48 billion in shape of Federal, Provincial and Local Taxes.





## Statement of Value Added

	(Rs. in Million)			
	1997	1996		
SALES REVENUE	1,398.38	1,187.63		
OTHER RECEIPTS	66.13	26.07		
	1,464.51	1,213.70		
LESS: MATERIALS & SERVICES	933.13	791.47		
VALUE ADDED	531.38	422.23		
APPLIED THE FOLLOWING WAY:			%AGE	%AGE
TO EMPLOYEES:				
WAGES, SALARIES AND RELATED COSTS	61.13	11.50	51.64	12.23
TO GOVERNMENT:				
INCOME TAX, EXCISE DUTY, SALES TAX AND OTHER TAXES	198.24	37.31	123.15	29.16
TO PROVIDERS OF CAPITAL:				
FINANCE CHARGES ON LOANS AND ADVANCES	189.29	35.62	168.80	39.98
TRANSFER FROM SHARE PREMIUM ACCOUNT	(26.62)	- 5.01	( 24.20 )	- 5.73
DIVIDEND TO SHAREHOLDERS	26.62	5.01	24.20	5.73
	189.29	35.62	168.80	39.98
TO CHARITABLE INSTITUTIONS	0.81	0.15	0.32	0.08
TO PROVIDE FOR MAINTENANCE & EXPANSION OF ASSETS:				
DEPRECIATION/AMORTIZATION	91.10	17.14	94.46	22.57
PROFIT/(LOSS) RETAINED	( 9.19 )	- 1.72	( 16.12 )	- 3.82
	81.91	15.42	78.34	18.55
	531.38	100.00	422.23	100.00

## Human Resource Development

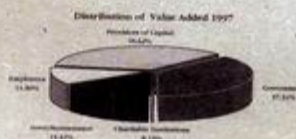
At Shakarganj there is a strong emphasis on Human Resource Development. Training of Shakarganj Team is a continuous process and has a top priority. A well equipped Library with latest books on all aspects of our business is maintained for the benefit of team members. The Library subscribes to some 150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

We invite internationally renowned sugar experts to train our team. In-house training programmes are organised both for the Shakarganj Team and Sugarcane Farmers. In addition to this we send our people to training programmes both within and outside the country. Expenditure on training during 1996/97 was Rs. 2.287 million.

## International Engineering and Energy Workshop on Factory Design

Shakarganj appeared on the international scene when International Society of Sugar Cane Technologists selected Shakarganj Sugar Research Institute to organize the first ever ISSCT workshop in Pakistan.

This workshop was organized from 23 to 28 February, 1997 and 70 participants from all over the world visited your sugar factory on 24 February 1997.







## 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
- All decisions at Shakarganj shall favour environment
- Information is open and free

Shakarganj takes active part in tree plantation with the community. To set an example 40,000 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 at a nominal price.

## Board Room Changes

Mr. Asad Ali Sheikh who joined our Board in 1996 as Nominee of PICIC resigned on 6 January, 1998 and was replaced by Mr. Muhammad Bilal Sheikh. Mr. Asad Ali Sheikh made valuable contribution to the Board and we place on record our appreciation for the guidance provided to the company during his tenure. Mr.

Muhammad Bilal 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 1997/98

Sugar season started on 17 November 1997 and till 20 February 1998, 67,427 Metric Tons of sugar was produced at an average recovery of 7.56 percent. In 1996/97 season the factory started operations on 28 October 1996 and upto 20 February 1997 sugar production was 57,210 Metric Tons. So far Shakarganj is the largest sugar producer in the country. Financial performance for the year will depend on the sugar price which at present is depressed. It is still to be seen as to what extent we are able to offset the high cost of raw material from the sugar price.

## Future Outlook

Pakistan will produce half a million tons of surplus sugar in 1997/98. It is estimated that sugar cane crop in 1998/99 will be still larger. Given favourable growing and harvesting conditions, a surplus of 600,000 tons is estimated in 1998/99. Pakistan will need to export 1.1 million tons of sugar in two years. This large surplus has come at a time when most Asian countries have been hit by currency crisis. Sugar consumption has been growing at a steady 4 percent in the Asian region. Recent

crises has resulted in dampening of sugar demand in most Asian countries. Strong economies like Malaysia have launched official campaigns to reduce sugar consumption. Pakistan's sugar industry will face problems of surplus after going through a period dominated by shortages. We look to the future with confidence and hope to produce better results for our share holders. We are better positioned to reduce our production costs through full capacity utilization and conversion of waste materials into value added co-products.

## 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 backbone of our industry and we thank them for their continued support.

**ALTAF M. SALEEM**  
Chief Executive

20 February 1998





## Flow of Funds Analysis

### Development of net current position in million of Rupees

	Sep. 30 1995	Change	Sept. 30 1996	Change	Sept. 30 1997
Liquid assets	+ 324.44	- 3.19	+ 321.25	+ 267.44	+ 588.69
Short term receivable	+ 25.29	- 21.74	+ 3.55	+ 22.89	+ 26.44
Short term liabilities and provision	- 697.86	- 206.25	- 491.61	- 311.38	- 802.99
	- 348.13	+ 181.32	- 166.81	- 21.05	- 187.86
Factors affecting the change in net current position					
Source of Funds					
Net Income/(loss) for the year			- 16.12		- 9.19
Depreciation			+ 87.95		+ 84.68
Amortization of assets subject to Finance Lease			+ 6.50		+ 6.42
Deferred Taxation			- 22.50		- 0.00
Internal Financing			+ 55.83		+ 81.91
Right share issued and premium thereon			+ 10.47		+ 0.00
Fixed Assets disposed			+ 2.27		+ 2.57
Redeemable Capital			+ 213.10		+ 30.00
Long Term Loan			+ 73.87		+ 0.00
Liability against assets subject to Finance Lease			+ 15.41		+ 29.55
Sales of Investments			+ 6.18		+ 36.17
Source of Funds - Total			+ 377.13		+ 180.20
Application of Funds:					
Addition to Fixed assets			- 73.16		- 27.94
Assets subject to Finance Lease			- 15.41		- 29.55
Addition to Investments			- 10.21		- 11.15
Redeemable Capital			- 64.46		- 87.44
Long Term deposits			+ 4.35		- 0.03
Liability against assets subject to Finance Lease			- 31.96		- 27.14
Loans Repaid			- 4.93		- 18.00
Dividend paid			- 0.03		- 0.00
Application of Funds - Total			- 195.81		- 201.25
Changes in the net position			+ 181.32		- 21.05





## 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:

- Sugarcane breeding to evolve fertilizer - responsive, disease resistant varieties of sugarcane with higher sucrose content.
- To investigate the agronomic problems of sugarcane production.
- To study soils in sugarcane-producing areas and to relate these to crop management.
- To study the nutritional requirements of sugarcane.
- To study and monitor the pests and diseases of sugarcane and to 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 course 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 1997

Shakarganj Sugar Research Institute was established in July, 1983. The main objective is to promote research activities in sugarcane agriculture, milling and processing sections of sugar mills. Initially Research work was started in various disciplines of sugarcane crop. Since then work is under way on sugarcane variety development, agronomic requirements, diseases tolerance and pest problems of sugarcane crop in the area. The research division is run by six scientists possessing excellent professional qualifications, minimum being Masters in the respective fields. Two of them have Ph. D. degree while the third one is completing his requirements for the Doctorate degree.

### Research Activities

1. Research Institute is equipped with soil science, plant pathology and biological control Laboratories.
2. Two hundred seventy six Acres of leased land, at various locations is used to cater the research experiments, varietal trials, preliminary selection of germplasm and cultural studies in different soil and ecological conditions.
3. Over four thousand books on Agriculture, Engineering, Business Management and Computer Technology provide technical support to Research work. The institute library subscribes to almost all the sugar journals available in the sugar world.

### Research Achievements

#### 1. Research Studies

The agro-economic studies were carried out on the following aspects of different cane varieties.

- a. Sugarcane varietal trials
- b. Screening of promising lines against different diseases of sugarcane
- c. Studies on response of sugarcane to different fertilizer levels.
- d. Studies on economic weed control methods.
- e. Comparative study of narrow and wider row spacing
- f. Studies on fertilization requirements of sugarcane varieties.
- g. Impact of variable seed rate on agro-economic traits of sugarcane varieties.

#### 2. Cane Variety Development Programme

The cane fuzz received from South Africa Sugar Experiment Station, Natal, South Africa during 1995, gave very outstanding clones based on favourable morphological characters and agro-economic traits. As a result 590 progeny lines and 78 clones in advance nursery were promoted for further evaluation. Germplasm of 168 local and exotic clones/varieties was also collected from different research sources in Pakistan. Sugarcane varieties/clones in germplasm pool are listed as under:

South Africa/ Nursery-I clones	78	[S96 N/M]
Progeny lines	590	[S97 N/M]
Sao Paulo Nursery-II clones	53	[S96 SP]
Nursery-II clones	49	[S97 SP]
U.S.A. Cane varieties	49	[CP]
Misc. HS/Th clones	17	





The varieties/clones are screened against different prevalent diseases like red rot, whip smut, mosaic, pokkah boeng, red stripe, leaf rust and eye spot (*Helminthosporium*). Varietal trials were conducted to evaluate yield quality performance at SSRI farms and seed multiplication farms of SHAKARGUNJ MILLS LIMITED. Of the promising varieties under test, SPSG-26, SPSG-79, SPSG-224 and SPSG-394, had shown good cane and sugar yield potential. Unfortunately, the latter two varieties were found to be moderately susceptible to red rot, as such were deleted from the programme. The two varieties SPSG-26 and SPSG-79, have shown resistance to red rot and are very good yielders. The varieties are being pushed for commercial propagation. Since CO 1148 the main commercial variety of sugarcane in Punjab, has severely got infested by red rot, efforts are afoot to replace it with foresaid varieties.

The institute has been successful in promoting superior varieties like SPSG-26 and SPSG-79 in the supply area of Shakarganj Mills Limited. These varieties are now grow on 10,000 acres of land.

### **3. Biological Control of Cane Pests**

A biological control laboratory, during second year of operation provided coverage to 29,000 acres of sugarcane by releasing the parasite tricho-cards. It helped to control sugarcane stem borer, gurdaspur borer and root borer to a considerable degree. The borer infestation was restricted to only 3-6% against 12-20% in un-released fields. This service was provided to some adjoining mills also.

### **4. Soil and Water Advisory Service**

The soil science laboratory caters to the needs of various research studies of the institute. The services are also extended to sugarcane growers in mill zone area. Monthly Advisory Meetings have been started since last year. Sugarcane growers are invited to participate and discuss in details of the soil and water analysis of their land. Necessary expert advice is provided. We plan to cover 20,000 acres during the current year in our soil and water testing programme.

### **5. ISSCT Engineering and Energy Workshop on Factory Design**

Shakarganj Sugar Research Institute Organized an Engineering and Energy Workshop on Factory Design. It was for the first time that such a workshop was awarded to Pakistan by International Society of Sugarcane Technologists. Seventy-Eight delegates attended the workshop including twenty-eight participants from outside Pakistan. They came from Australia, Brazil, Canada, Germany, Indonesia, India, Mauritius, Sri Lanka, South Africa, United Kingdom and U.S.A.

Participants also visited Shakarganj Mills. They took keen interest in manufacture of Sugar, Industrial Alcohol, Bio-compost and Research activities followed at Shakarganj Sugar Research Institute. They also visited other sugar and co-product manufacturing facilities at Faisalabad and Sangla Hill. Latest work in Engineering, Plant design and Energy was discussed in detail. Topics like Sugarcane Milling, Diffusion sugar quality, Ultra Filtration, Juice Softening, Energy/Power Generation, Evaporation, Impact of extraneous matter on sugar factory recovery, economics of small-units and automation of modern sugar mills were the main areas of interest.

The workshop was considered to be very successful by the International Society of Sugarcane Technologists.

DIRECTOR GENERAL RESEARCH  
SSRI





## Directors' Report to Shareholders

### Dear Shakarganj Investors:

Your Directors are pleased to present the 30th Annual Report alongwith audited account of the company for the year ended September 30, 1997.

### Financial Results

Your Company's operation for the year resulted in a Loss after taxation of Rs.9.192 million as against loss of Rs. 16.123 million in 1996. After deducting loss for the year from the unappropriated profit of Rs. 40.053 million brought forward from previous year, the profit available for appropriation comes to Rs. 30.861 million. Your Directors recommend appropriation of profit as follow.

#### (Rupees in thousand)

Profit available for appropriation	30,861
Unappropriated profit C/F.	30,861

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 Review elsewhere. The Directors endorse the contents of the Chief Executive 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, 1997 is not made as the Directors are of the view that the decline in the market value as on 30 September 1997 was temporary and would reverse once the stock market improves.

### Pattern of Shareholding

A statement showing the pattern of shareholding in the company as on 30 September 1997 appears on page 62.

### Subsidiary Company

The audited accounts of the wholly owned subsidiary, Crescent Business Management (Pvt) Limited, for the year ended June 30, 1997 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

February 20, 1998.  
Lahore



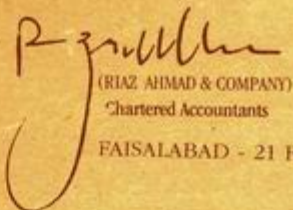


## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SHAKARGANJ MILLS LIMITED as at 30 September 1997 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 mentioned in note No. 21.1 to the accounts, the provision for diminution in market value of short term investments as on 30 September 1997 amounting to Rupees 50.074 million has not been made. Had it been provided, the loss for the year would have been higher and value of short term investments as on 30 September 1997 would have been lower accordingly. 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.

- 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 1997 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 - 21 February, 1998



**BALANCE SHEET AS AT**

	NOTE	(RUPEES IN THOUSAND)	
		1997	1996
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b>			
50 000 000 ordinary shares of Rupees 10 each		<b>500 000</b>	500 000
<b>Issued, subscribed and paid up share capital</b>	3	266 236	242 033
<b>Reserves</b>	4	173 167	197 370
<b>Unappropriated profit</b>		<b>30 861</b>	40 053
		<b>470 264</b>	479 456
<b>SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS</b>			
		<b>10 745</b>	10 745
<b>REDEEMABLE CAPITAL</b>	5	203 597	306 947
<b>LONG TERM LOANS</b>	6	52 869	75 070
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>	7	29 740	15 174
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities	8	<b>219 664</b>	181 706
Short term finances	9	<b>542 496</b>	316 774
Creditors, accrued and other liabilities	10	<b>224 525</b>	145 028
Workers' participation fund	11	607	607
Provision for taxation		35 368	29 213
Unclaimed dividend		695	695
		<b>1 023 355</b>	674 023
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	<b>1 790 570</b>	1 561 415

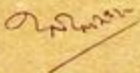
*The annexed notes form an integral part of these accounts.*

**ALTAF M. SALEEM**  
Chief Executive



**30 SEPTEMBER 1997**

	NOTE	(RUPEES IN THOUSAND)	
		1997	1996
<b>TANGIBLE FIXED ASSETS</b>			
Operating fixed assets	13	768 703	801 017
Assets subject to finance lease	14	47 474	48 419
Capital work-in-progress	15	—	2 073
		<b>816 177</b>	<b>851 509</b>
<b>LONG TERM INVESTMENTS</b>	16	<b>149 155</b>	<b>141 665</b>
<b>LONG TERM DEPOSITS</b>	17	<b>3 273</b>	<b>3 241</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	18	31 909	42 682
Stock-in-trade	19	349 590	71 238
Trade debts-unsecured but considered good		26 442	3 546
Advances, deposits, prepayments and other receivables	20	101 655	117 270
Short term investments	21	206 835	240 201
Cash and bank balances	22	105 534	90 063
		<b>821 965</b>	<b>565 000</b>
		<b>1 790 570</b>	<b>1 561 415</b>

  
**I. A. IMTIAZI**  
 Director

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

	NOTE	(RUPEES IN THOUSAND)	
		1997	1996
SALES	23	1 398 384	1 187 626
COST OF GOODS SOLD	24	1 233 714	1 040 912
GROSS PROFIT		164 670	146 714
OPERATING EXPENSES			
Administrative and general	25	34 724	32 406
Selling and distribution	26	9 011	4 572
		43 735	36 978
OPERATING PROFIT	27	120 935	109 736
OTHER INCOME	28	66 131	26 066
		187 066	135 802
FINANCIAL AND OTHER CHARGES	29	190 103	169 121
LOSS BEFORE TAXATION		( 3 037 )	( 33 319 )
TAXATION	30	( 6 155 )	17 196
LOSS AFTER TAXATION		( 9 192 )	( 16 123 )
UNAPPROPRIATED PROFIT BROUGHT FORWARD		40 053	56 176
UNAPPROPRIATED PROFIT CARRIED TO BALANCE SHEET		30 861	40 053

*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 1997

(RUPEES IN THOUSAND)

1997 1996

**CASH FLOWS FROM OPERATING ACTIVITIES****Loss before taxation**

( 3 037 ) ( 33 319 )

**Adjustments to reconcile loss to net cash provided by operating activities**

Contribution to employees

retirement benefits

4 680

4 268

Depreciation and amortization

91 100

94 457

Gain on disposal of operating

fixed assets

( 1 591 )

( 1 733 )

Profit / (loss) on sale of investments

4 498

( 1 249 )

Financial charges

184 792

168 803

**Cash flows from operating activities before working capital changes**

280 442

231 227

(Increase)/decrease in current assets

Stores, spares parts and loose tools

10 773

1 082

Stock in trade

( 278 352 )

59 479

Trade debts

( 22 896 )

21 739

Advances, deposits, prepayments

and other receivables

17 198

22 208

Increase/(decrease) in current liabilities

Short term running finances

225 722

( 215 413 )

Creditors accrued and other liabilities

81 264

( 3 676 )

Workers' participation fund

—

( 2 359 )

**NET CASH FLOWS FROM WORKING CAPITAL CHANGES**

33 709

( 116 940 )

**CASH FLOWS FROM OPERATING ACTIVITIES**

314 151

114 287

Financial charges paid

( 187 597 )

( 158 924 )

Income tax paid

( 1 583 )

( 3 632 )

Employees retirement benefits paid

( 3 640 )

( 4 239 )

**NET CASH FLOWS FROM OPERATING ACTIVITIES**

121 331

( 52 508 )



## (RUPEES IN THOUSAND)

1997

1996

**CASH FLOWS FROM INVESTING ACTIVITIES**

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

3 312	4 001
( 27 936 )	( 73 160 )
( 32 )	4 345
32 530	7 428
( 11 152 )	( 10 208 )

**NET CASH FLOWS FROM  
INVESTING ACTIVITIES**

( 3 278 ) ( 67 594 )

**CASH FLOWS FROM FINANCING ACTIVITIES**

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

—	6 979
—	3 490
30 000	213 104
—	73 866
( 87 441 )	( 64 457 )
( 17 997 )	( 4 932 )
( 27 144 )	( 31 965 )
—	( 36 )

**NET CASH FLOWS FROM FINANCING ACTIVITIES**

( 102 582 ) 196 049

**NET INCREASE IN CASH  
AND CASH EQUIVALENT**

15 471 75 947

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

90 063 14 116

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

105 534 90 063

**ALTAF M. SALEEM**  
Chief Executive

**I. A. IMTIAZI**  
Director





## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

### 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, purchase and sale 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

The 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.

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

#### 2.3 Taxation

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

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

#### 2.4 Foreign currencies

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

#### 2.5 Tangible fixed assets and depreciation

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. 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.

#### **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.

	<b>(RUPEES IN THOUSAND)</b>	
	<b>1997</b>	<b>1996</b>
<b>3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
13 198 995 ordinary shares of Rupees 10 each fully paid up in cash	<b>131 990</b>	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	<b>7 500</b>	7 500
12 674 668 (1996:10 254 335) ordinary shares of Rupees 10 each issued as fully paid bonus shares	<b>126 746</b>	102 543
	<b>266 236</b>	242 033



## (RUPEES IN THOUSAND)

1997

1996

## 4. RESERVES

## Capital:

Balancing and modernization

15 000

15 000

Research and development

5 000

5 000

Premium on issue of right shares:

Balance as at 01 October

50 088

70 801

Add: Premium on right shares

issued/subscribed during the year

—

3 490

50 088

74 291

Transferred to reserve for issue  
of bonus shares

26 624

24 203

23 464

50 088

For issue of bonus shares:

Balance as at 01 October

24 203

22 003

Transferred from premium,  
on issue of right shares

26 624

24 203

50 827

46 206

Nominal value of shares issued

24 203

22 003

26 624

24 203

50 088

74 291

70 088

94 291

Revenue:

General

Dividend equalization

78 079

78 079

25 000

25 000

103 079

103 079

173 167

197 370



## 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)				EMIGRANTS BANK INTERNATIONAL P.I.S.C		FANSAI BANK LIMITED		JESCO (PVT) LIMITED		FIRST LEASING CORPORATION LIMITED		FIRST INTER-NATIONAL INVESTMENT BANK LIMITED		1997	1996
	SIBR/PIS	SIBR/PIS	SIBR/PIS	SIBR/PIS	PICIC	PICICO	(NOTE 5.2)	(NOTE 5.3)	(NOTE 5.4)	(NOTE 5.5)	(NOTE 5.6)					
	XII/9	XV/7	XXII/2	XIX/1	PIS/29	PIS/39										
	AND	XXIII/3	PIS	XXII/1												
	XIV/10	XXI/2	XXVI/7	XXIII/20			LOAN I	LOAN II	LOAN I	LOAN II						
			XXX/7	XXXXII/11												
			XXXXVI/6													
Balance as at 01 October	748	86 690	18 940	100 298	14 246	6 900	25 000	36 000	25 000	37 000	24 968	40 000	—	—	415 780	272 153
Received during the year	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Less: Repaid	748	86 680	18 940	100 298	14 246	6 900	25 000	36 000	25 000	37 000	24 968	40 000	—	—	30 000	-213 104
Current Portion (Note 8)	335	11 184	2 444	21 115	9 697	2 760	12 500	—	31 945	—	11 265	—	—	—	82 441	64 457
	335	11 184	2 444	21 115	4 749	2 760	12 500	36 000	13 697	37 000	9 000	9 000	—	—	159 742	113 635
	660	22 568	4 888	42 230	14 246	4 520	25 000	36 000	27 000	37 000	20 265	9 000	—	—	242 183	178 280
Balance as at 30 September	82	64 312	14 052	58 068	—	1 380	—	—	—	—	4 703	31 000	—	—	205 987	396 947
Short-term limit	2 670	100 600	52 627	110 945	19 880	9 279	25 000	36 000	25 000	37 000	30 000	40 000	—	—	30 000	—
Unrevoked credit facility	—	—	12 465	89	856	999	—	—	—	—	—	—	—	—	—	—
No. of instalments	23	36	53	21	24	12	8	2	8	2	28	28	8	—	—	—
Repayment date of 1st instalment	April 95	July 95	April 96	April 96	April 96	December 96	September 96	December 96	March 97	October 97	October 97	October 97	Quarterly	—	—	—
Rate of markup (per annum)	6%	7%	7%	8%	15.70%	17.10%	10%	14.6%	10%	13%	19.50%	19.50%	21.50%	—	—	—



- 5.1 As per purchase and sale agreements, Pakistan Industrial Credit and Investment Corporation Limited has purchased machinery valuing Rupees 286.489 million (1996: 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 (1996: Rupees 464.490 million) which includes rebate of Rupees 77.415 million (1996: Rupees 77.415 million) on timely payments of marked up price. Loans are secured against security mentioned in note 6.1.
- 5.2 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).
- 5.3 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 is secured against deposits of US dollars included in cash and bank balances (Note 22).
- 5.4 This finance obtained from Jhang Electric Supply Corporation (Private) Limited is secured against hypothecation of stores, spares and book debts of the company.
- 5.5 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.
- 5.6 The finance from First International Investment Bank Limited is secured against first charge on fixed assets of the company both movable and immovable, ranking pari passu, up to extent of Rupees 40,000 million and personal guarantee of the director of the company.

	(RUPEES IN THOUSAND)	
	1997	1996
<b>6. LONG TERM LOANS</b>		
Pakistan Industrial Credit and Investment Corporation Limited		
Loan No:		
ADB-455/20	—	404
IBRD-3019 (Note 6.2)	7 396	9 683
ADB-966 (Note 6.2)	30 740	33 326
Asian Finance and Investment Corporation Limited (Note 6.3)	61 146	73 866
	<b>99 282</b>	<b>117 279</b>
Less: Current portion (Note 8)	46 413	42,209
	<b>52 869</b>	<b>75 070</b>





- 6.1 Long term loans from Pakistan Industrial Credit and Investment Corporation Limited are secured against:
- (a) first legal mortgage on company's present and future immovable properties wherever situated including all buildings, plant and machinery and fixtures.
  - (b) 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) 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 9.5: and
  - (d) demand promissory note.
- 6.2 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.
- 6.3 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 commenced from 29 March 1997.

	(RUPEES IN THOUSAND)	
	1997	1996
<b>7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Present value of minimum lease Payments	43 249	40 838
Less:Current portion(Note 8)	13 509	25 664
	<u>29 740</u>	<u>15 174</u>

- 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 deposits of Rupees 3.029 million (1996: Rupees 3.013 million) included in long term deposits (Note 17) and Rupees 2.108 million (1996:Rupees 7.428 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 1997	NO. OF INSTALMENTS OUTSTANDING	APPROXIMATE RATE OF INTEREST PER ANNUM	REPAYMENT OF LAST INSTALMENT
	(Rupees in thousand)		%	
National Development Leasing Corporation Limited	400	08 Monthly	20-22	May 1998
International Multi Leasing Corporation Limited	1 485	11 Monthly	23	August 1998
First Grindlays Modaraba	14 393	56 Monthly	19-22	May 2002
Standard Chartered Mercantile Leasing Company Limited	7 992	43 Monthly	20	April 2001
Al-Zamin Leasing Modaraba	554	22 Monthly	20	July 1999
Capital Assets Leasing Corporation Limited	1 909	12 Monthly	20	September 1998
Ibrahim Leasing Limited	2 907	25 Monthly	22	October 1999
Security Leasing Corporation Limited	531	32 Monthly	21	May 2000
Faysal Bank Limited	8 566	09 Quarterly	21	November 1999
First Crescent Modaraba	5 604	36 Monthly	25	August 2000





## (RUPEES IN THOUSAND)

**8. CURRENT PORTION OF LONG TERM LIABILITIES**

	1997	1996
Redeemable capital	159 742	113 833
Long term loans	46 413	42 209
Liabilities against assets subject to finance lease	13 509	25 664
	<u>219 664</u>	<u>181 706</u>

**9. SHORT TERM FINANCES****Secured:**

From investment banks (Note 9.1)	112 507	34 326
From Jhang Electric Supply Corporation (Private) Limited (Note 9.2)	51 273	20 000
From investment company (Note 9.3)	22 500	30 000
From Crescent Ujala Limited (Note 9.4)	49 500	—
From Crescent Knitwear Limited	—	50 000
	<u>235 780</u>	<u>134 326</u>

From banking companies:

Secured (Note 9.5)	298 475	181 750
Unsecured-Unpresented cheques	8 241	698
	<u>306 716</u>	<u>182 448</u>
	<u>542 496</u>	<u>316 774</u>

9.1 Short term finances obtained from Investment Banks include Rupees 10,000 million (1996: 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 33,837 million as referred to in Note 21.2. Mark up is payable at the rate of 19 to 20 percent per annum. The finances are repayable on different dates between 29 December 1997 to 30 June 1998.

9.2 The finance obtained from Jhang Electric Supply Corporation (Private) Limited carries mark-up at the rate of 19.5 to 26 percent per annum and is repayable on 05 October 1997. 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 21 to 22 percent per annum. The finance is secured by way of pledge of shares of listed companies having face value of Rupees 48,144 million as referred to Note 21.2. The finance is repayable on 12 June 1998.
- 9.4 The finance obtained from Crescent Ujala Limited carries mark up at the rate of paisa 57 to 60 per Rupees 1 000 per day. The finance is repayable on 30 December 1997 and 06 January 1998 and is secured against bank guarantee given by Crescent Investment Bank Limited.
- 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 16,084 million as referred to in note 16.2 and 21.2 (1996 : 73,323 million) and second charge on fixed assets of the company. Mark up is charged at the rate of paisa 52 to 60 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 331,500 million (1996: Rupees 316,774 million).

## (RUPEES IN THOUSAND)

## 10. CREDITORS, ACCRUED AND OTHER LIABILITIES

## Creditors

	1997	1996
Trade	21 699	12 648
Others	18 221	21 519
	<u>39 920</u>	<u>34 167</u>
Advances from customers	31 575	4 795
Securities from contractors-Interest free, repayable on completion of contracts	1 300	1 126
Income tax deducted at source	791	558
Mark up accrued on redeemable capital-Secured	18 908	16 372
Interest accrued on long term loans-Secured	4 394	1 690
Mark up accrued on short term running finances-Secured	29 565	37 935
Excise duty and sales tax payable	36 110	6 339
Due to Gratuity fund	464	22
Due to associated undertakings	32 741	32 157
Payable to pension fund	646	140
Due to Provident fund trust	133	43
Due to director	199	171
Other accrued liabilities	27 779	9 513
	<u>224 525</u>	<u>145 028</u>





## (RUPEES IN THOUSAND)

1997

1996

**11. WORKERS' PARTICIPATION FUND**

Balance as at 01 October	607	2 966
Interest accrued	—	8
	<u>607</u>	<u>2 974</u>
Less:		
Payments made to workers	—	2 367
	<u>607</u>	<u>607</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 (1996: Rupees 0.100 million), Central Excise duty claims amounting to Rupees 26.802 million (1996: Rupees 14.998 million) and other claims amounting to Rupees 23.002 million (1996: Rupees 1.477 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 4.373 million (1996: Rupees 1.540 million).

**13. OPERATING FIXED ASSETS****(RUPEES IN THOUSAND)**

DESCRIPTION	COST/RE-ASSESSED VALUE			ACCUMULATED DEPRECIATION AS AT 30 SEP- 1997	BOOK VALUE AS AT 30 SEPTEMBER 1997	DEPRECIATION Charge for the year 1997	Rate %
	As at 01 October 1996	Additions/ (Deletions)	As at 30 September				
Land freehold (Note 13.1)	25 924	—	25 924	—	25 924	—	—
Buildings and roads on freehold land	94 800	3 062	97 862	55 306	42 556	4 728	10
Plant and machinery	1 163 880	45 012 (1 275)	1 207 617	518 991	688 626	76 514	10
Laboratory equipments	917	—	917	903	14	9	40
Tubewell and water pumps	1 850	453	2 303	1 660	643	161	20
Electric installations	946	8	954	765	189	47	20
Weighbridges and scales	4 137	509 (359)	4 287	2 963	1 324	331	20
Furniture and fixtures	8 787	466 (25)	9 228	6 571	2 657	664	20
Office equipments	5 345	473	5 818	5 212	606	404	40
Vehicles	7 096	3 567 (911)	9 752	4 800	4 952	1 238	20
Arms and ammunition	86	—	86	50	36	4	10
Library books	3 163	263	3 426	2 555	871	374	30
Tools and equipments	3 343	262	3 605	3 313	292	195	40
Telephone equipments	281	11	292	279	13	8	40
<b>1997</b>	1 320 555	54 086 (2 570)	1 372 071	603 368	768 703	84 677	
<b>1996</b>	1 240 289	83 215 (2 949)	1 320 555	519 538	801 017	87 955	





- 13.1 The 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 13 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 (1996: Rupees 38.637 million).
- 13.3 Borrowing cost capitalized during the year was Rupees 3.180 million (1996: Nil) under the head of plant and machinery.
- 13.4 Depreciation charge for the year has been allocated as follows:

	(RUPEES IN THOUSAND)	
	1997	1996
Cost of goods sold		
Sugar (Note 24.2)	77 050	80 265
Distillate (Note 24.4)	1 676	1 854
Kanewood (Note 24.5)	1 624	1 791
Administrative, selling and general expenses-Sugar(Note 25.1)	4 327	4 045
	<u>84 677</u>	<u>87 955</u>



## 13.5 DISPOSAL OF OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
<b>PLANT AND MACHINERY</b>						
Carbon steels boiler generation	263	26	237	263	Sale and lease back	Faysal Bank Limited, Bilal Road, Civil Lines, Faisalabad.
Tubes seamless	1 012	102	910	1 012	-do-	-do-
<b>WEIGHBRIDGE AND SCALES</b>						
Heavy duty Weighbridge 30 Ton	359	71	288	360	-do-	First Grindlays Modaraba ANZ Grindlays Bank Building Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.
<b>FURNITURE AND FIXTURE</b>						
Bed, Chairs, Sofa Set and Water Cooler	25	9	16	17	Negotiation	Company's ex. employees
<b>VEHICLES</b>						
Pajero Jeep FDL-699	155	122	33	50	-do-	Mr. Ali Akhtar, 8-Railway Road, Faisalabad.
Pajero Jeep JGA-4158	22	13	9	325	-do-	Mr. Saeed Afzal, 179-B, Rail Bazar, Faisalabad.
Suzuki Jeep JGA-3806	188	156	32	135	-do-	Mr. Shakeel Ahmad, 179-B, Rail Bazar, Faisalabad.
Sunny Car JGA-8448	21	10	11	350	-do-	Mr. Shoukat Ali, Ayub Chowk, Jhang.
Suzuki Mehran JGA-7818	8	4	4	54	-do-	Mr. Tahir Khan ex. employee
Suzuki Mehran JGA-7909	7	3	4	51	-do-	Company's employee
Nissan Sunny LOC-6411	21	12	9	144	-do-	Company's employee
Suzuki Sedan LOD-6371	18	9	9	90	-do-	Company's employee
Motor Cycle JGB-4958	43	9	34	43	Sale and lease back	Standard Chartered Mercantile Leasing Company Limited, Suit No. 2, 19-B, S.M.C.H.S., Saddar, Karachi.
Motor Cycles (11)	24	14	10	117	Negotiation	Company's employees
Suzuki JGA-1859	72	66	6	26	-do-	Mr. Nazar Muhammad, Sargodha Road, Faisalabad.
Tractor JGA-5771	332	223	109	275	Insurance claim	The Premier Insurance Company of Pakistan Limited, 23-Shahrah-e-Quaid-e-Azam, Lahore.





## 14. ASSETS SUBJECT TO FINANCE LEASE

(RUPEES IN THOUSAND)

DESCRIPTION	As at 01 October	C O S T Additions/ (Deletions) 1996	As at 30 September	ACCUMULATED AMORTIZATION AS AT 30 SEP- 1997	BOOK VALUE AS AT 30 SEPTEMBER TEMBER 1997	AMORTIZATION CHARGE FOR THE YEAR 1997
Building	255	—	255	221	34	17
Plant and machinery	92 246	24 963 ( 63 819)	53 390	14 120	59 270	4 363
Vehicles	11 808	4 592 ( 4 164)	12 236	4 066	8 170	2 043
Equipments	354	( 354)	—	—	—	—
1997	104 663	29 555 ( 68 337)	65 881	18 407	47 474	6 423
1996	125 719	15 415 ( 36 471)	104 663	56 244	48 419	6 502

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)

	1997	1996
Cost of goods sold		
Sugar (Note 24.2)	4 363	4 254
Disillate (Note 24.4)	—	274
Administrative, selling and general expenses-Sugar (Note 25.1)	2 060	1 974
	<u>6 423</u>	<u>6 502</u>



(RUPEES IN THOUSAND)

1997

1996

**15. CAPITAL WORK-IN-PROGRESS**

Buildings	—	2 049
Plant and machinery	—	24
	<hr/>	<hr/>
	—	2 073
	<hr/>	<hr/>

**16. LONG TERM INVESTMENTS****QUOTED****Associated undertakings:****Crescent Investment Bank Limited**

475 000 ordinary shares of Rupees  
10 each fully paid

4 750                      4 750

**Crescent Steel and Allied  
Products Limited**

300 000 ordinary shares of  
Rupees 10 each fully paid

3 000                      3 000

**Pakistan Industrial Credit  
and Investment Corporation  
Limited**

1 435 296 Ordinary shares  
of Rupees 10 each fully paid

108 205                      100 715

**Pakistan Industrial Leasing  
Corporation Limited**

625 000 Ordinary shares of  
Rupees 10 each fully paid

20 000                      20 000

**UNQUOTED****Subsidiary company:****Crescent Business Management  
(Private) Limited Wholly owned**

1 000 000 ordinary shares of  
Rupees 10 each fully paid

10 000                      10 000

Break up value as per last audited  
accounts was Rupees 9.98 per share





(RUPEES IN THOUSAND)

1997

1996

**ASSOCIATED UNDERTAKINGS:****Shams Food Products Limited**

Deposit for issue of 100 000

Ordinary shares of Rupees 10 each

1 000

1 000

**Crescent Group Services  
(Private) Limited**

220 000 ordinary shares of

Rupees 10 each fully paid.

Equity held 18.96 percent

Break-up value as per last

audited accounts was

Rupees zero per share

2 200

2 200

**149 155****141 665**

16.1 Aggregate market value of quoted investments as at 30 September 1997 was Rupees 44.048 million (1996: Rupees 25.442 million).

16.2 Following investments having face value of Rupees 6.500 million (1996: Rupees 11.250 million) are deposited as security with financial institution, banking companies, and investment banks:

Against redeemable capital obtained from National Development Finance Corporation

—

4 750

Against short term running finances obtained from Banking companies (Note 9.5)

3 500

3 500

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

3 000

3 000

**6 500****11 250****17. LONG TERM DEPOSITS**

Securities

244

228

Margin against leasehold assets

(Note 7.1)

3 029

3 013

**3 273****3 241**



## (RUPEES IN THOUSAND)

1997 1996

## 18. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	23 138	28 481
Spare parts	13 622	19 131
Loose tools	699	620
	<hr/>	<hr/>
	37 459	48 232
Less: Provision for obsolescence	5 550	5 550
	<hr/>	<hr/>
	31 909	42 682

## 19. STOCK-IN-TRADE

Work-in-process	2 464	2 669
Finished goods		
Sugar	308 657	38 216
Molasses	11 793	12 604
Distillate	24 347	13 594
Kanewood	2 329	4 155
	<hr/>	<hr/>
	347 126	68 569
	<hr/>	<hr/>
	349 590	71 238

## 20. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances-Considered good		
Employees-Interest free	119	94
Suppliers and contractors	7 588	12 817
Income tax	26 127	24 544
Sugarcane growers (Note 20.1)	8 249	5 770
	<hr/>	<hr/>
	42 083	43 225
Considered doubtful:		
Sugarcane growers	5 065	5 065
Less : Provision for doubtful	5 065	5 065
	<hr/>	<hr/>
	—	—
	<hr/>	<hr/>
	42 083	43 225





## (RUPEES IN THOUSAND)

1997

1996

## Deposits:

Excise duty	17	731
Sales tax	53	53
Margin against bank guarantees	430	772
Margin against leasehold assets (Note 7.1)	2 108	7 428
	2 608	8 984
Letters of credit	1 517	11
Short term prepayments	18 573	13 338
Due from associated undertakings	29 284	42 793
Accrued interest	117	105
Sundry receivables	7 473	8 814
	101 655	117 270

20.1 Loans to sugarcane growers are partly interest free and partly interest bearing at the rate of 13.50 and 19.71 percent per annum.

## 21. SHORT TERM INVESTMENTS

## QUOTED

## Associated undertakings:

## Crescent Sugar Mills and Distillery Limited

487 132 ordinary shares of Rupees 10 each fully paid	15 118	15 118
381 821(1996:268 480) bonus shares of Rupees 10 each	—	—

## Crescent Boards Limited

84 700 ordinary shares of Rupees 10 each fully paid	978	978
7 260 bonus shares of Rupees 10 each	—	—

## Crescent Jute Products Limited

434 982 ordinary shares of Rupees 10 each fully paid	10 249	10 249
101 835 bonus shares of Rupees 10 each	—	—



## (RUPEES IN THOUSAND)

1997 1996

**Jubilee Spinning and Weaving Mills Limited**

4 000 ordinary shares of Rupees 10 each fully paid	66	66
10 168 (1996: 8 880) bonus shares of Rupees 10 each	—	—

**The Premier Insurance Company of Pakistan Limited**

3 600 ordinary shares of Rupees 5 each fully paid	60	60
42 341 bonus shares of Rupees 5 each	—	—

**The Crescent Textile Mills Limited**

143 943 (1996: 150 943) ordinary shares of Rupees 10 each fully paid	3 397	3 562
105 321 (1996: 82 661) bonus shares of Rupees 10 each	—	—

**Crescent Steel and Allied Products Limited**

133 500 (1996: 180 000) ordinary shares of Rupees 10 each fully paid	1 519	1 800
313 500 (1996: 210 000) bonus shares of Rupees 10 each	—	—

**Pakistan Industrial Leasing Corporation Limited**

2 369 016 (1996: 3 053 060) ordinary shares of Rupees 10 each fully paid	83 747	105 644
248 520 bonus shares of Rupees 10 each	—	—

**Crescent Investment Bank Limited**

1 790 801 (1996: 1 816 301) ordinary shares of Rupees 10 each fully paid	35 424	36 105
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**

2 274 271 (1996: 2 291 000) ordinary shares of Rupees 10 each fully paid	30 252	30 474
--	--------	--------





(RUPEES IN THOUSAND)

	1997	1996
<b>Pakistan Industrial Credit and Investment Corporation Limited</b>		
2 007 362 bonus shares of Rupees 10 each	—	—
<b>Others</b>		
<b>Crescent Spinning Mills Limited</b>		
341 300 Ordinary shares of Rupees 10 each fully paid	3 413	3 413
<b>Crescent Knitwear Limited</b>		
212 195 (1996 : 350 000) ordinary shares of Rupees 10 each fully paid	2 122	3 500
<b>Husain Sugar Mills Limited</b>		
1 472 bonus shares of Rupees 10 each	—	—
<b>AR Pak International Investment Limited</b>		
10 000 ordinary shares of Rupees 10 each fully paid	93	93
<b>Pakistan International Airlines Corporation</b>		
51 bonus shares of Rupees 10 each	—	—
<b>Atlas Bot Lease Company Limited</b>		
221 624 bonus shares of Rupees 10 each	—	—
<b>Pakistan Oil Fields Limited</b>		
500 ordinary shares of Rupees 10 each fully paid	34	34
125 (1996 : Nil) bonus shares of Rupees 10 each		
<b>Prudential Discount and Guarantee House Limited</b>		
131 000 ordinary shares of Rupees 10 each fully paid	1 033	1 033
<b>Sui Northern Gas Pipelines Limited</b>		
1996 : 202 600 ordinary shares of Rupees 10 each fully paid	—	8 133
1996 : 40 520 bonus shares of Rupees 10 each		



## (RUPEES IN THOUSAND)

1997

1996

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

4

4

**Muslim Commercial Bank Limited**1996: 17 625 ordinary shares  
of Rupees 10 each fully paid  
3 565 (1996: 35 540) bonus shares  
of Rupees 10 each

—

609

—

—

**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

---

206 835

---

240 201

21.1 Market value of the short term quoted investments as on 30 September 1997 was Rupees 156.761 million (1996: Rupees 161.739 million) which was lower than the cost by Rupees 50.074 million. No provision for the fall in market value as on 30 September 1997 was made.

21.2 Following investments having face value of Rupees 104.463 million (1996: Rupees 122.533 million) are deposited as security with banks, financial institutions and investment companies.

**AGAINST REDEEMABLE CAPITAL**  
obtained from National Development  
Finance Corporation

—

250

**Against short term running finances**  
obtained from:

Investment banks (Note 9.1)

33 837

8 817

Investment companies (Note 9.3)

48 144

36 930

Banking companies (Note 9.5)

12 584

69 823

**Against bank guarantees issued by:**

Crescent Investment Bank Limited

9 309

6 124





(RUPEES IN THOUSAND)

1997 1996

**Against central excise duty on loan:**

Atlas Bot Investment Bank Limited  
Pakistan Industrial Credit and Investment  
Corporation Limited

52 52

537 537

104 463 12 533

**22. CASH AND BANK BALANCES**

Cash in hand

248 369

Cash with banks on:

Current accounts

15 921 13 003

Short term deposit accounts

4 064 3 664

Dividend account

14 14

PLS saving account

— 7

Right shares collection account

1 6

Dollar Deposit Account

85 286 73 000

105 286 89 694

105 534 90 063

22.1 Term deposit receipts amounting to Rupees 4,059 million (1996 : Rupees 3,659 million) are lying with Muslim Commercial Bank Limited under lien against loans to sugarcane growers.

**23. SALES**

Sugar-Local

1 289 500 1 082 930

Distillate:

Local

17 904 43 353

Export

29 845 —

Kanewood

2 666 15 962

Molasses (By product)

60 798 49 516

Bagasse (By-product)

— 430

1 400 713 1 192 191

2 329 4 565

Less: Commission to selling agents

1 398 384 1 187 626



## (RUPEES IN THOUSAND)

1997

1996

**24 COST OF GOODS SOLD**

Sugar (Note 24.1)	1 196 777	1 008 564
Distillate (Note 24.3)	31 443	21 162
Kanewood (Note 24.5)	5 494	11 186
	<u>1 233 714</u>	<u>1 040 912</u>

**24.1 COST OF GOODS SOLD-SUGAR**

Raw material	1 045 675	599 263
Salaries, wages and other benefits	39 723	33 816
Stores, spare parts and loose tools	6 588	5 811
Dyes and chemicals	10 156	6 383
Packing material	17 048	11 112
Fuel and power	44 662	29 261
Repair and maintenance	31 902	29 456
Insurance	4 804	4 078
Vehicles' running	722	789
Travelling and conveyance	205	150
Printing and stationery	349	316
Rent, rates and taxes	143	152
Excise duty	167 454	126 599
Other factory overheads	5 129	3 935
Sugarcane research and development	7 942	6 340
Staff training and development	2 287	1 621
Depreciation/amortization (Note 24.2)	81 413	84 519
	<u>1 466 202</u>	<u>943 601</u>

## Work-in-process inventory:

As at 01 October

As at 30 September

2 669

2 464

493

2 669

205

( 2 176 )

## Cost of goods produced

Finished goods inventory:

As at 01 October

As at 30 September

1 466 407

941 425

50 820

320 450

117 959

50 820

( 269 630 )

67 139

1 196 777

1 008 564





## (RUPEES IN THOUSAND)

1997

1996

## 24.2 DEPRECIATION/AMORTIZATION

Depreciation (Note 13.4)

77 050

80 265

Amortization (Note 14.2)

4 363

4 254

81 413

84 519

## 24.3 COST OF GOODS SOLD-DISTILLATE

Molasses

25 659

18 227

Stores, spare parts and loose tools

649

2 740

Salaries, wages and other benefits

1 442

1 246

Chemicals

3 533

2 164

Fuel and power

8 145

679

Insurance

94

114

Other factory overheads

998

687

Depreciation/amortization (Note 24.4)

1 676

2 128

Cost of goods produced

42 196

27 985

Finished goods inventory:

As at 01 October

13 594

6 771

As at 30 September

24 347

13 594

( 10 753 )

( 6 823 )

31 443

21 162

## 24.4 DEPRECIATION/AMORTIZATION

Depreciation (Note 13.4)

1 676

1,854

Amortization (Note 14.2)

—

274

1 676

2 128

## 24.5 COST OF GOODS SOLD-KANEWOOD

Raw material

—

3 015

Store, spare parts and loose tools

524

1 520

Salaries, wages and other benefits

1 382

1 349

Insurance

102

160

Diesel

13

1 308

Other factory overheads

23

704

Depreciation (Note 13.4)

1 624

1 791

Cost of goods produced

3 668

9 847



## (RUPEES IN THOUSAND)

1997

1996

Finished goods inventory:

As at 01 October

4 155

5 494

As at 30 September

2 329

4 155

1 826

1 339

5 494

11 186

## 25. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and other benefits

16 280

13 591

Directors' meeting fee

20

5

Travelling and conveyance

977

1 397

Printing and stationery

719

617

Telephone, postage and telegrams

1 228

1 330

Vehicles' running

2 267

2 187

Legal and professional

1 346

1 205

Auditors' remuneration:

Audit fee

170

150

Out of pocket expenses

15

15

185

165

Repair and maintenance

1 410

1 153

Entertainment

193

149

Subscription

968

1 313

Rent, rates and taxes

426

540

Publicity

263

126

Registered office expenses

514

818

Miscellaneous

1 541

1 791

Depreciation/amortization (Note 25.1)

6 387

6 019

34 724

32 406

## 25.1 DEPRECIATION/AMORTIZATION

Depreciation (Note 13.4)

4 327

4 045

Amortization (Note 14.2)

2 060

1 974

6 387

6 019





## (RUPEES IN THOUSAND)

1997

1996

**26. SELLING AND DISTRIBUTION EXPENSES**

Freight and forwarding	5 700	1 634
Handling and distribution	1 203	973
Loading and unloading	658	508
Insurance	1 450	1 457
	<u>9 011</u>	<u>4 572</u>

**27. OPERATING PROFIT/(LOSS)**

Sugar (Note 27.1)	109 397	86 083
Distillate (Note 27.2)	14 501	19 862
Kanewood (Note 27.3)	( 2 963 )	3 791
	<u>120 935</u>	<u>109 736</u>

**27.1 OPERATING PROFIT-SUGAR**

Sales-Net	1 348 344	1 129 824
Cost of goods sold	1 196 777	1 008 564
Gross profit	<u>151 567</u>	<u>121 260</u>
Operating expenses		
Administrative and general	33 481	30 829
Selling and distribution	8 689	4 348
	<u>42 170</u>	<u>35 177</u>
	<u>109 397</u>	<u>86 083</u>

**27.2 OPERATING PROFIT-DISTILLATE**

Sales-Net	47 427	42 405
Cost of goods sold	31 443	21 162
Gross profit	<u>15 984</u>	<u>21 243</u>
Operating expenses		
Administrative and general	1 178	1 157
Selling and distribution	305	224
	<u>1 483</u>	<u>1 381</u>
	<u>14 501</u>	<u>19 862</u>



## (RUPEES IN THOUSAND)

1997 1996

## 27.3 OPERATING PROFIT/(LOSS)-KANEWOOD

Sales-Net	2 613	15 397
Cost of goods sold	5 494	11 186
Gross profit/(loss)	( 2 881 )	4 211
Operating expenses		
Administrative and general	65	361
Selling and distribution	17	59
	82	420
	( 2 963 )	3 791

## 28. OTHER INCOME

Commission on fertilizer	202	88
Gain on disposal of operating fixed assets	1 591	1 733
Dividend income (Note 28.1)	12 509	1 233
Return on bank deposits	1 195	515
Mark-up on advances to associated undertaking	8 610	3 695
Profit on sale of investments	—	1 249
Agricultural farm income	12 117	8 461
Rental	128	50
Electricity income	3 853	3 045
Credit balances added back	21 446	—
Miscellaneous	4 480	5 997
	66 131	26 066

## 28.1 DIVIDEND INCOME

## Associated undertakings

Crescent Leasing Corporation Limited	3 435	—
The Premier Insurance Company of Pakistan Limited	34	29
Crescent Steel and Allied Products Limited	1 035	1 035
Pakistan Industrial Leasing Corporation Limited	7 853	—





## (RUPEES IN THOUSAND)

**Others**

	1997	1996
AR Pak International Investment Limited	5	—
Prudential Discount and Guarantee House Limited	66	132
		Atlas Bot Lease
Company Limited	79	37
Pakistan Oilfields Limited	2	—
	<b>12 509</b>	<b>1 233</b>

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

Mark up on:		
Redeemable capital	48 300	37 897
Short term running finances	110 771	102 625
Advances from associated undertakings	—	5 117
Interest on:		
Long term loans	9 701	7 130
Workers' participation fund	—	8
Finance charges on liabilities against assets subject to finance lease	6 736	6 778
Lease agreements fee	1 709	146
Bank charges, commission and excise duty	7 575	9 102
	<b>184 792</b>	<b>168 803</b>

**Others**

Donations (Note 29.1)	813	318
Loss on sale of investments	4 498	—
	<b>190 103</b>	<b>169 121</b>

**29.1 DONATIONS**

A sum of Rupees 200 000 (1996: Rupees 200 000) was donated to Crescent Educational Trust, 83-Babar Block, New Garden Town, Lahore in which the following directors of the company are trustees:

Mr.Mazhar Karim  
Mr.Khalid Bashir



## (RUPEES IN THOUSAND)

1997 1996

## 30. TAXATION

For the year:

Current	( 6 155 )	( 5 304 )
Deferred tax	—	22 500
	<u>( 6 155 )</u>	<u>17 196</u>

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 422.430 million as on 30 September 1997 (1996: Rupees 493.945 million).

## 31. CHIEF EXECUTIVE'S, 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:

	1997		1996	
	Chief Executive	Executives	Chief Executive	Executives
(RUPEES IN THOUSAND)				
Managerial remuneration	1 842	9 540	1 530	7 590
Housing	829	2 148	612	1 699
Contribution to:				
Provident fund	129	629	107	500
Pension fund	368	2 170	306	1 997
Gratuity fund	127	1 138	127	1 073
Hospitalisation	—	837	—	635
Other benefits:				
Utility allowance	184	954	153	758
Reimbursable expenses	29	481	10	415
	<u>3 508</u>	<u>17 897</u>	<u>2 845</u>	<u>14 667</u>
Number of persons	<u>1</u>	<u>49</u>	<u>1</u>	<u>39</u>

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 two meetings was Rupees 20 thousand (1996: Rupees 5 thousand for six directors of three meetings).

### 32. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 44.104 million (1996: Rupees 48.653 million).

The Company purchased from and sold to associated undertakings, materials, goods and services in the aggregate sum of Rupees 0.304 million and Rupees 0.002 million (1996: Rupees 3.709 million and Rupees Nil) 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 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	M.Tons per day

#### Actual production:

Current year	79,740	M.Tons in 176 days i.e.
	453,068	M.Tons per day

Previous year	60,285	M.Tons in 151 days i.e.
	399,238	M.Tons per day

#### Distillery:

Capacity	40,000	Litres per day
----------	--------	----------------

#### Actual production:

Current year	6,015,000	Litres in 240 days i.e. 25,063
		Litres per day

Previous year	2,573,700	Litres in 90 days i.e. 28,597
		Litres per day



**Kanewood:**

Capacity 30 Cubic meters per day

**Actual production:**

Current year Nil

Previous year 2 117,539 Cubic meters in 82 days i.e.  
25,824 Cubic meters per day

**33.1 REASONS FOR LOW PRODUCTION**

**Distillery**

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

**Kanewood**

Particle Board plant remained closed during the year due to accumulation of stocks of Previous year and low demand for particle Board due to recession in building industry.

**(RUPEES IN THOUSAND)**

1997 1996

**34. SEGMENT ASSETS AND OTHER INFORMATION**

Sugar	1 749 168	1 525 328
Distillery	20 248	17 649
Kanewood	21 154	18 438
	<u>1 790 570</u>	<u>1 561 415</u>

34.1 Molasses (By-Products of Sugar) are issued to distillery plant at market prices.

**35. CORRESPONDING FIGURES**

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

**ALTAF M. SALEEM**  
Chief Executive

**I. A. IMTIAZI**  
Director





**STATEMENT AND REPORT UNDER SUB SECTION (1) (e), (f) AND (g)  
OF SECTION 237 OF THE COMPANIES ORDINANCE, 1984**

**Crescent Business  
Management (Pvt) Limited**

**Statement under sub-section (1) (e)**

- a) Extent of the interest of Crescent Business Management (Pvt) Limited (the holding company) in the equity of its subsidiary at the end of the year September 30, 1997. 100 %

- b) The net aggregate amount of profit, less (losses) of the subsidiary company, so far as these concern members of the holding company and have not been dealt with in the accounts of the holding company for the year ended September 30, 1997 are:

(i) for the last financial year of the subsidiary.	Rs.	1,121,012
(ii) for the previous periods.		( 6,577,306 )
(iii) accumulated to last audited balance sheet as at June 30, 1997.		<u>5,456,294</u>

- c) The net aggregate amount of losses of the subsidiary company so far as these have been dealt with or provision made for losses in the accounts of the holding company for the year ended September 30, 1997 are:

(i) for the financial year ended September 30, 1997.	Nil
(ii) for the previous periods.	Nil

**Statement under sub-section (1) (f) and (g)**

N/A

**ALTAF M. SALEEM**  
Chief Executive

**I. A. IMTIAZI**  
Director



**Crescent  
Business Management  
(Private) Limited**

**Financial Statements  
June 30, 1997**



**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 1997:

Financial Results:	(Rs. In million)	
	Outstanding As on 30/6/97	Outstanding As on 30/6/96
Long term Investments	23.36	29.49
Advances, prepayments etc.	12.23	0.65
Other Assets	1.74	0.26
Total Assets	37.33	30.40
<b>Financed By:</b>		
Due to Holding Company	32.46	26.66
Other Liabilities	0.32	0.31
Equity	4.55	3.43
Total Resources	37.33	30.40

**Review of Operations:**

During the year under review the Company incurred a net profit of Rs. 1.13 million as compared to a loss of Rs. 6.56 million during the corresponding period of last year. The main reason for the profit was the capital gain realized on sale of shares of SNGPL and Dhan Fibres. Efforts are being made by the Company to reduce its borrowing by divestment of its investment as and when conditions of stock Market improves. During the year under review, the company received a Management Fee of Rupees 1.00 million from First Crescent Modaraba. During the year, the company incurred management & administration expenses of Rs. 0.50 million as against Rs. 0.66 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, 1997 due to low profitability resulting from conservative provisioning and low earnings on its equity portfolio.

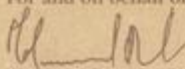
**Future Prospects:**

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: December 06, 1997

**Auditors' report to the members**

We have audited the annexed Balance Sheet of **CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED** as at June 30, 1997 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;
- c) 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, 1997 and of the Profit for the year then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



**FAZAL MAHMOOD & COMPANY**  
 Chartered Accountants

Date: December 06, 1997  
 Place: Lahore

**Balance Sheet**

	Note	1997 Rupees	1996 Rupees
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
Authorised:			
5,000,000 Ordinary Shares of Rs. 10/- each		50,000,000	50,000,000
Issued, Subscribed & 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)		(5,456,294)	(6,577,306)
		4,543,706	3,422,694
<b>CURRENT LIABILITIES</b>			
Due to Associated and Holding Companies	3	32,454,036	26,655,897
Accrued Liabilities		17,500	17,500
Provision for taxation		312,849	303,013
		32,784,385	26,976,410
Contingencies & Commitments	4	—	—
		37,328,091	30,399,104

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

**Chief Executive**

Dated:- Dec. 06, 1997

Place: Lahore.





as at June 30, 1997

	Note	1997 Rupees	1996 Rupees
<b>PROPERTY AND ASSETS</b>			
FIXED ASSETS-At written down value	5	51,397	54,466
LONG TERM INVESTMENTS.	6	23,360,065	29,486,955
<b>CURRENT ASSETS</b>			
Due from First Crescent Modaraba		1,599,215	194,615
Advances, Deposits and Prepayments	7	682,112	655,112
Other receivables		11,552,754	—
Cash and Bank Balances	8	82,548	7,956
		13,916,629	857,683
		<u>37,328,091</u>	<u>30,399,104</u>

Director

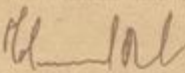


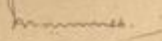
# Profit and Loss Account

## For the year ended June 30, 1997

	1997 Rupees	1996 Rupees
Profit received from bank	85	7,897
Management Fee	1,000,000	—
Dividend Income	967,200	—
Gains on Disposal of Shares	5,425,864	—
	<b>7,393,149</b>	<b>7,897</b>
Less:		
Staff Salary and Benefits	42,200	52,370
Travelling and Conveyance	200	19,544
Printing and Stationery	17,709	7,118
Legal and Professional	4,700	2,700
Audit Fee	15,000	15,000
Out of Pocket Expenses	2,500	2,500
Entertainment	6,539	29,390
Registration expenses	20,200	25,000
Office Rent Charges	300,000	300,000
Bank Charges and Commission	38	110
Meeting fee	4,000	4,500
Mark - up to Holding Company	5,765,741	5,912,792
General expenses	5,100	1,805
Advertisement	—	10,640
Professional Tax Paid	10,000	40,000
Repair and Maintenance	59,305	136,275
Depreciation	9,069	9,613
	<b>6,262,301</b>	<b>6,569,357</b>
Profit/(Loss) Before Taxation	<b>1,130,848</b>	<b>( 6,561,460 )</b>
Provision for Taxation	<b>9,836</b>	<b>—</b>
Profit/(Loss) after Taxation	<b>1,121,012</b>	<b>( 6,561,460 )</b>
Previous year balance brought forward	<b>( 6,577,306 )</b>	<b>( 15,846 )</b>
BALANCE CARRIED TO BALANCE SHEET	<b>( 5,456,294 )</b>	<b>( 6,577,306 )</b>

The annexed notes form an integral part of these account

  
Chief Executive

  
Director



**Notes to the accounts for the year ended June 30, 1997****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 Investments**

These are stated at cost.

**2.3 Revenue recognition**

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**

		<b>1997</b>	<b>1996</b>
		<b>Rupees</b>	<b>Rupees</b>
Crescent Investment Bank Limited	3.1	276,646	276,646
Shakarganj Mills Limited - Secured	3.2	30,999,543	25,931,003
Crescent Group Services (Pvt.) Limited		802,847	373,248
Crescent Foundation		375,000	75,000
		<b>32,454,036</b>	<b>26,655,897</b>



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.

ii) Mark-up is charged @ 21% p.a. (1996-21% p.a.) on daily product basis.

iii) The loan is secured against 315,000 shares of Crescent Leasing Corporation Limited and 300,000 shares of Nazir Cotton Mills Limited. The above shares will remain in the custody of Shakarganj Mills Limited till repayment of loan.

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

#### 4. CONTINGENCIES AND COMMITMENTS

##### Contingent Liability:

The tax department has made certain addbacks to the declared income for the assessment year 1993-94 and has raised additional tax demand against which, and against appellate order for assessment year 1994-95, the company is in appeal before Income Tax Appellate Tribunal. The management is hopeful that the case would be decided in company's favour.

#### 5. SCHEDULE OF TANGIBLE FIXED ASSETS

PARTICULARS	COST			R A T E	DEPRECIATION			Written down Value as at 30/06/1997
	As on 01/07/1996	Additions/ (deletions)	As on 30/06/1997		Up to 01/07/1996	Charged for the Year	Accumulated as at 30/06/1997	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Office Equipment	9,500	6,000	15,500	15	3,666	1,775	5,441	10,059
Electric Installations	41,420	—	41,420	15	15,691	3,859	19,550	21,870
Telephone Equipment	31,700	—	31,700	15	8,797	3,435	12,232	19,468
Total Rs. 1997	82,620	6,000	88,620		28,154	9,069	37,223	51,397
Total Rs. 1996	868,689	— ( 786,069 )	82,620		175,755 ( 157,214 )	9,613	28,154	54,466





	1997 Rupees	1996 Rupees
--	----------------	----------------

**6. LONG TERM INVESTMENTS.****Listed Companies:****First Crescent Modaraba**

1,000,000 certificates of Rs. 10/- each			
592,467 Bonus Certificates of Rs. 10/- each	6.1	10,000,000	10,000,000
54,300 Shares @ Rs. 20.14		1,093,595	1,093,595
(Aggregate Market value			
Rs. 6,257,715-1996 Rs. 4,116,918)			

**Pioneer Cement Limited**

1,297 ordinary shares	6.2	12,970	12,970
of Rs. 10/- each			
2,000 Shares @ Rs. 56		112,000	112,000
(Aggregate Market value			
Rs. 23,079-1996 Rs. 27,200)			

**Sui Northern Gas Pipe Lines Limited**

Nil ( 1996 152,600) ordinary shares	6.2	—	6,126,890
Nil ( 1996 67,144) bonus shares			
(Aggregate Market value			
Rs. Nil-1996 Rs. 8,899,632)			

**Nazir Cotton Mills Limited.**

300,000 ordinary shares of			
Rs. 10/- each	6.2	3,000,000	3,000,000
(Aggregate Market value			
Rs. 1,395,000 - 1996 Rs. 1,620,000)			

**Crescent Leasing Corporation Ltd.**

403,000 Ordinary Shares of Rs. 10/-	6.3	4,030,000	4,030,000
each			
241,800 right shares @ Rs. 17.50		4,231,500	4,231,500
(Aggregate Market value			
Rs. 5,158,400 - 1996 Rs. 4,997,200)			

**Un-Listed Companies****International Asset Management Co. Ltd.**

88,000 Ordinary shares of Rs. 10/- each		880,000	880,000
Break up value per share as per audited			
accounts Rs. 40.85 - (1996 Rs. 38.80)			

23,360,065	29,486,955
------------	------------



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 as at floatation date of the 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

	1997 Rupees	1996 Rupees
Advance Income Tax	482,112	455,112
Proposed Central Asian Bank	200,000	200,000
	<u>682,112</u>	<u>655,112</u>

## 8. CASH AND BANK BALANCES

Cash in Hand	19,902	1,515
Cash at Banks:		
On Current Account	62,315	1,595
On Deposit Account	331	4,846
	<u>62,646</u>	<u>6,441</u>
	<u>82,548</u>	<u>7,956</u>

## 9. FINANCIAL STATEMENTS OF MODARABA

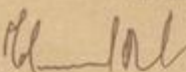
The Modaraba Company floated a Modaraba under the name of First Crescent Modaraba. Therefore, financial statements of the company include the financial statements of the Modaraba, as required by the provisions of the Companies Ordinance, 1984.

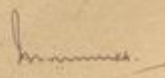
## 10. GENERAL

10.1 The company is entitled to receive a management fee @ 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, the management fee charged for the year is Rs. 1,000,000/- as resolved by the Board of Directors.

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

ii) 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 30th Annual General Meeting of the shareholders of SHAKARGANJ MILLS LIMITED will be held on Monday the March 30, 1998 at 11:30 a.m. at Registered Office 83-Babar Block, New Garden Town, Lahore to transact the following business:-

### AGENDA:

1. To receive and adopt the Audited Accounts of the Company for the year ended September 30, 1997 together with the Directors' and Auditors' Reports thereon.
2. 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%).
3. To appoint Auditors and fix their remuneration. The present Auditors M/s. Riaz Ahmad & 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 on his/her behalf. 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 March 25, 1998 to March 31, 1998 (both days inclusive). Transfers received at the Registered Office of the Company by the close of business on March 24, 1998 will be treated in time for the purpose of issue of Bonus shares to the transferees.

### ON BEHALF OF THE BOARD

#### ZAHEER A. SHAIKH

Corporate Secretary.

#### REGISTERED OFFICE:

83-Babar Block, New Garden Town, Lahore.

Tel: (042) 5881974-75, (042) 5839631

Fax: (042) 5881976

E-mail: rashid.sadiq@cressoft.com.pk.

E-mail: azeem@brain.net.pk.

Dated: February 20, 1998.



# Pattern of Holding of Shares

Held by the shareholders as at 30th September, 1997

Form 34

NO. OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
144	1	100	4727
219	101	500	61788
249	501	1000	108290
203	1001	5000	451648
47	5001	10000	542044
20	10001	15000	242718
11	15001	20000	190646
10	20001	25000	217459
12	25001	30000	330116
9	30001	35000	259796
7	35001	40000	262400
6	40001	45000	247302
6	45001	50000	281643
3	50001	55000	158872
2	55001	60000	114283
1	60001	65000	64935
3	65001	70000	200968
5	70001	75000	212957
1	75001	80000	70084
1	80001	85000	80610
1	85001	90000	97212
1	90001	95000	128564
2	95001	100000	285121
1	100001	105000	164477
1	105001	110000	169484
1	110001	115000	174157
1	115001	120000	183550
1	120001	125000	193261
1	125001	130000	201313
1	130001	135000	212055
1	135001	140000	233584
1	140001	145000	278514
1	145001	150000	708442
1	150001	155000	758007
1	155001	160000	796231
1	160001	165000	816865
1	165001	170000	930560
1	170001	175000	953385
1	175001	180000	1087875
1	180001	185000	1741360
1	185001	190000	2420531
1	190001	195000	2936953
1	195001	200000	7167150
980			26623661

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Individuals	943	4829963	18.11
Investment Companies	8	1006074	3.78
Insurance Companies	2	233674	0.87
Joint Stock Companies	19	9908826	37.22
Financial Institutions	6	9416346	35.37
Others	6	1237778	4.65
<b>Total</b>	<b>980</b>	<b>26623661</b>	<b>100.00</b>
Others			
Modarabas	5	1096208	4.12
Non-Resident	1	141570	0.53
<b>TOTAL</b>	<b>6</b>	<b>1237778</b>	<b>4.65</b>





## Directors

### Altat M. Saleem

Chief Executive Officer  
Shakarganj Mills Limited  
\*1975

### Irfan Ahmad Imtiaz

Nominee NIT  
1993

### 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

### Muhammad Bilal Sheikh

Nominee PICIC  
1998

### \*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

### Altat M. Saleem, 47

President and  
Chief Executive Officer  
\*1973

### Muhammad Awais Qureshi, 57

Executive Vice President and  
Chief Operating Officer  
1980

### Abdul Haq Saeed, 57

Vice President  
1985

### Bilal Ahmad, 56

Vice President and  
Chief Financial Officer  
1978

### Muhammad Zahid, 55

Vice President  
1981

### Dr. S. A. Qureshi, 76

Director General Research  
1983

### Zulfiqar Ahmad, 45

General Manager Planning  
1976

### Pervaiz Akhtar, 44

General Manager Production  
1981

### Nusrat Ali, 46

General Manager Engineering  
1977

\*Year Joined Company



## Investor Information

### Operating Divisions

#### Shakarganj Mills Limited

Sugar Division  
Management House, Toba Road,  
Jhang, Pakistan  
Tel: 92-0471-614971-614973  
Tlx: 43471 CJP PK  
Fax: 92-0471-620272  
E-mail: shakar@sml.fsb.erum.com.pk

#### Shakarganj Distillery

Industrial Alcohol Division  
Toba Road, Jhang, Pakistan  
Tel: 92-0471-614971-614973  
Fax: 92-0471-620272  
E-mail: shakar@sml.fsb.erum.com.pk

#### Kanewood Industries

Particle Board Division  
Toba Road, Jhang, Pakistan  
Tel: 92-0471-614971-614973  
Fax: 92-0471-620272  
E-mail: shakar@sml.fsb.erum.com.pk

#### 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  
E-mail: rashid.sadiq@cressoft.com.pk  
E-mail: azeem@brain.net.pk

#### 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: 92-0471-614971-614973  
Fax: 92-0471-620272  
E-mail: shakar@sml.fsb.erum.com.pk

### 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  
E-mail: rashid.sadiq@cressoft.com.pk  
E-mail: azeem@brain.net.pk

### Annual Meeting

30th Annual General  
Meeting of Shakarganj Mills  
Limited will be held on  
Monday, March 30, 1998  
at 11:30 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, 1997 will be  
despatched to the Shareholders  
on or about May 14, 1998





30<sup>th</sup> ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

This Form of Proxy, in order to be effective, must be deposited duly completed, at the Company's Registered Office at 83-Babar Block, New Garden Town, Lahore, not less than 48 hours before the time for holding the meeting.

A proxy must be a member of the Company registered with the Company.

Please quote Registered Folio Number

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member of **SHAKARGANJ MILLS LIMITED** and holder of \_\_\_\_\_ ordinary shares

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

who is also member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting to be held at Company's Registered Office, 83, Babar Block, New Garden Town, Lahore, on Monday, the March 30, 1998 at 11:30 a.m. and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of 1998

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

(Witness Signature)

(Member's Signature)

Date: \_\_\_\_\_

Place: \_\_\_\_\_

Affix Rs.5/- Revenue Stamp  
which must be cancelled  
either by Signature over it or  
by some other means