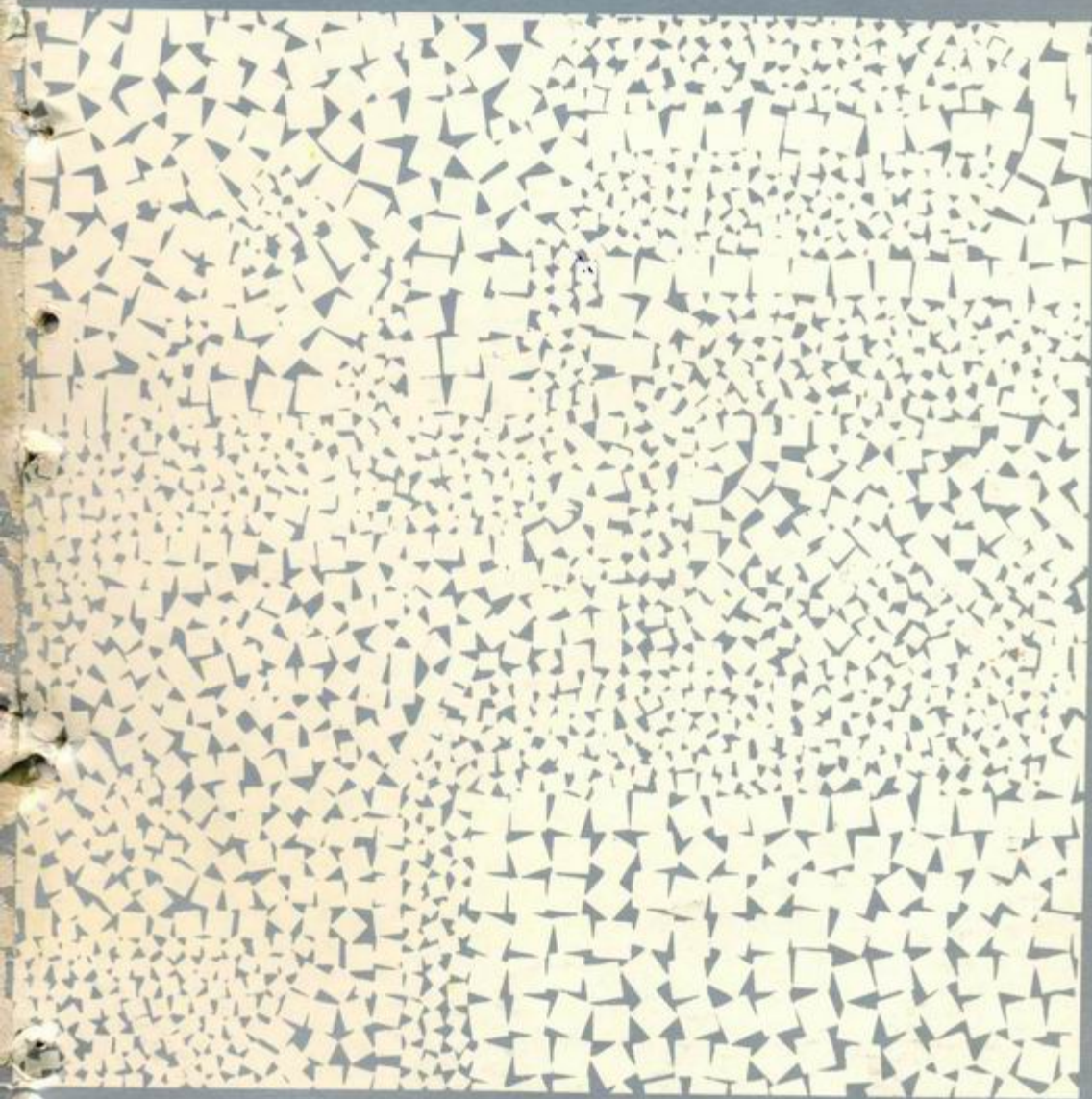


Shakarganj 1982 Annual Report

CRESCENT GROUP



*"The future belongs to those
who prepare for it."*

1982 Highlights

- Earnings were a record Rs. 12.94 per share, up from Rs. 7.22 in 1981.
- Sales increased to Rs.231 million, compared with Rs.117 million in 1981 and Rs. 28 million in 1980.
- Shareholders equity was up 72.12 percent to Rs.53.22 million compared to Rs.30.92 million at the end of 1981.
- More than one-third of 1982 profit was paid to Shareholders.

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Flow-of-Funds Analysis

Development of net
current position in
millions of rupees:

	Sep. '30 1980	Change	Sep. '30 1981	Change	Sept. '30 1982
Liquid Assets	16.64	+57.35	73.99	45.47	119.46
Short-term receivable	—	—	—	+ 5.03	5.03
Short-term liabilities and provision	65.59	-35.35	-100.94	-15.91	-116.85
	-48.95	+22.00	-26.95	+34.95	+ 7.64

Factors affecting the change
in the net current position.

Source of Funds	+21.65	+ 45.29
Net income for the year	+ 6.10	+ 7.34
Depreciation		
Profit on sale of fixed assets	- (0.07)	+ 0.01
Internal Financing	+27.68	+ 52.64
Share Capital	+ —	+ 5.00
Proceeds of Fixed Assets	+0.29	+ 0.20
Source of Funds - Total	+ 27.97	+ 57.84
Application of Funds:		
Addition to Fixed Assets	- 3.28	- 13.89
Addition to Investment	- —	- 1.17
Long term loans & deposits	- 0.04	- 0.06
Loan repaid	- 0.65	- 5.31
Debenture repaid	- 2.00	- —
Dividend paid	- —	- 2.82
Application of funds - Total	- 5.97	- 23.25
Change in the net position	+ 22.00	+ 34.59



From the Board Room

Dear Shareholder:

Your Directors are pleased to present the Fourteenth Annual Report along with detailed notes for the year ended 30th September' 1982.

Your Company's operations for the year resulted in a net profit of Rs.30,292,917 as against Rs.21,654,689 in 1981. After charging Rs.7,344,268 for depreciation and Rs.7,883,817 for interest on loans and advances and providing Rs.15 million for Deferred Taxation, profit available for appropriation comes to Rs.30,421,226. Your Directors recommend appropriation of profit as follows:

Profit available for	
Appropriation	30,421,226
Transfer to Balancing and	
Modernisation Reserve	10,000,000
Transfer to General	
Reserve	4,200,000
Transfer to Research and	
Development Reserve	3,000,000
Interim Dividend	3,000,000
Final Dividend at 30 percent	10,000,000
Un-appropriated Profit	
Carried Forward	221,226

PICIC exercised its option to convert their loan of Rs.5 million into shares effective April 01' 1982, increasing the Paid-up Capital of your company to Rs.35 million. PICIC is entitled of 50 percent of the total dividend.

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

The Management renews its pledge to continue its best efforts to manage prudently the Company's business for the benefit of all and sincerely thanks its shareholders, employees, customers and suppliers who by their continued support have made 1982, a successful year for Shakarganj Mills Limited.

Sincerely,

Mazhar Karim,
Director

Chief Executive Officer's Review

Dear Shakarganj Investor:

Once again I am pleased to present my Annual Review on the achievements of your Company in Fiscal 1982.

During this year which ended on September 30, 1982, the profit increased by 105.97 percent while the sales increased by 96.52 percent. Sugar production during the year shows a rise of 54.42 percent from 1981. In terms of quantity the production increased from 25,562 M. Tons in 1981 to 39,474 M. Tons in 1982.

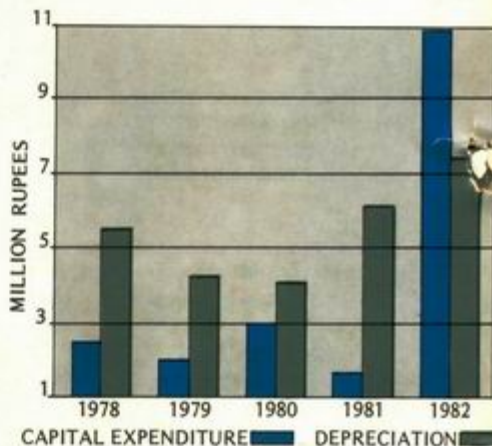
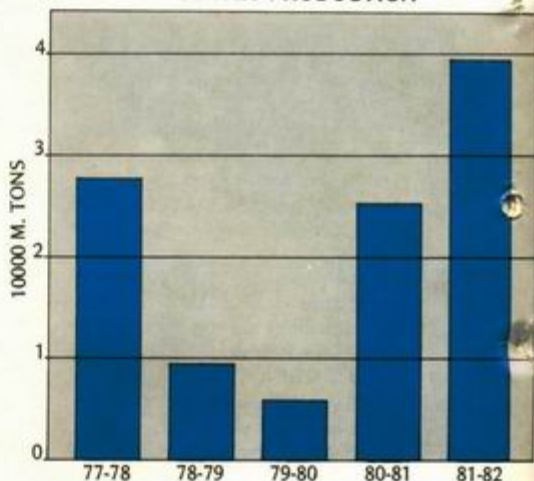
There was a slight increase in cost of sales as percentage of sales revenue. This year it was 73.47 percent as compared to 70.11 percent in 1981. Administrative expenses as percentage of sales revenue decreased from 2.63 percent in 1981 to 1.86 percent in 1982.

CAPITAL EXPENDITURE

Extensive plans for balancing and modernizing of processing facilities and sugar storage were taken in hand and total capital expenditure during the year was Rs.10.84 million compared to Rs.1.62 million in 1981. When compared to the depreciation for the year the capital expenditure was 41.97 percent higher. It is for the first time in company's history that capital expenditure has been higher than depreciation.

Capital expenditure will climb even higher in Fiscal 1983 and your Management expects to bring steadily improving return to the shareholders with investments in the right equipment.

SUGAR PRODUCTION



PAID UP CAPITAL

Paid up capital of your company increased from Rs.30 million to Rs. 35 million effective April 01, 1982 when Pakistan Industrial Credit and Investment Corporation Limited exercised its option to convert Rs. 5 million out of the loan into share capital. PICIC is entitled to 50 percent of the total dividend declared for the Fiscal 1982.

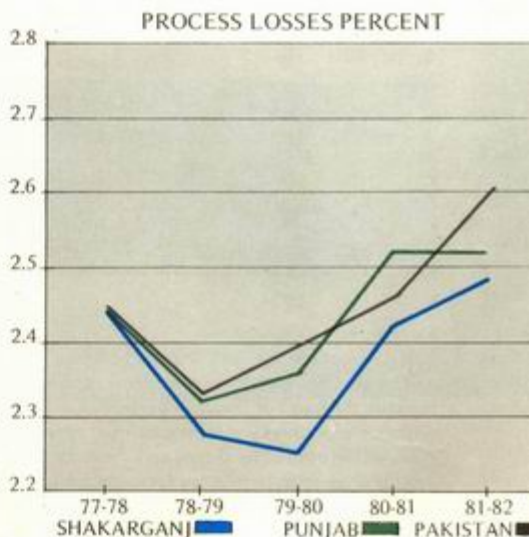
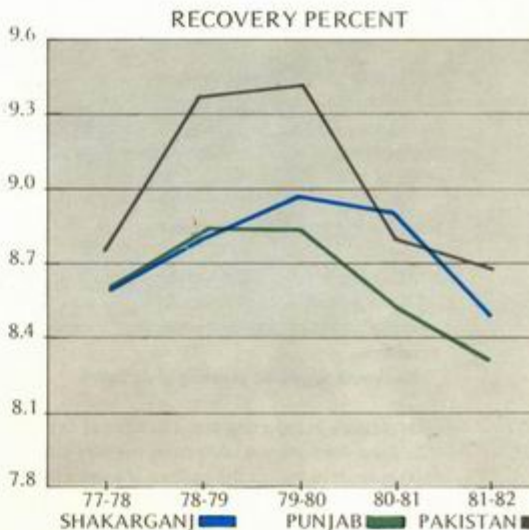
Paid up capital was further increased to Rs.37.5 million effective October 01' 1982 when PICIC converted Rs.2.5 million out of the loan into share capital. With this PICIC has exercised its entire option for conversion of loan into shares as provided in the Loan Agreement.

SUGAR RECOVERY

Recovery of sugar was 8.47 percent in 1982 compared to 8.89 percent in the preceeding year. The fall in recovery can partly be attributed to the higher number of working days which was 207 compared to 187 in Fiscal 1981. The process losses also increased from 2.42 percent in 1981 to 2.48 percent mainly due to higher rate of crushing.

Average recovery of sugar on national level for 1982 was 8.68 percent and for Punjab for the same year was 8.33 percent. It can be seen from the recovery graph for the last 5 years that we have been getting higher recovery than the average recovery of Punjab since 1979. Similarly the graph for process losses for the last 5 years shows that our losses have always been lower than the average losses for both Pakistan and Punjab. The losses for Pakistan and Punjab for 1982 were 2.61 and 2.52 percent, respectively.

Although Process losses are lower and sugar recovery exceeds industry's norms, yet these are below the target we have set for ourselves.



RESEARCH AND DEVELOPMENT

We initiated a 5-year Sugarcane Development Programme in August 1980 in our Mills Zone Area as reported in my Review of Fiscal 1981.

This plan includes following goals:

- .. Achieving per acre yield matching world standard in Shakarganj Mills Zone Area.
- .. Replacement of outdated sugarcane varieties with better varieties.
- .. Maximum sugarcane planting in Autumn.

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

Comparative figures of sugarcane supplied during 1980-81 and 1981-82 from Mills Zone Area and Free Area also speak of the success of our sugarcane development plan.

Sugarcane supplies

YEAR	MILL ZONE AREA		FREE AREA	
	Qty. MT.	%age of total	Qty. MT.	%age of total
1980-81	179,817	62.50	107,906	37.50
1981-82	397,086	85.20	68,954	14.80

We at Shakarganj believe that it is possible to get per acre yield of sugarcane comparable to world standard with dedicated efforts and proper research. In order to achieve our objective the Board of Directors has made a generous allocation of Rs.3 million for research and development. These funds will be utilized for setting up a Research Department to develop production technology for sugarcane and provision of specialist advice on specific problem in the field as well as Special Advisory Service for fertilization, land and water management and mechanization.

An extensive reference library dealing with all aspects of sugarcane agriculture and related subjects will be maintained at the Research Department.

The principal functions of the Research Station are listed below:

- .. To investigate the agronomic problems of sugarcane production.
- .. To study soils in sugarcane-producing areas and to relate these to crop management.
- .. To study the nutritional requirements of sugarcane.
- .. To study and monitor the pests and diseases of sugarcane and so develop appropriate control measures.
- .. To conduct basic research on the germination of sugarcane sets, sucrose production, translocation and storage, and on the environmental influences on these processes.
- .. To provide advice on the use of fertilizers and other agricultural chemicals, irrigation, drainage, diseases and pest control, the use of machines and equipment, land and water management, and other aspects of crop production planning and management.
- .. To publish and disseminate information on all aspects of sugarcane production.
- .. To provide educational courses in various aspects of sugarcane growing for growers.
- .. To collaborate and exchange information and material with Research Organizations in Pakistan and in other countries.

AREA OF CONCERN

Purchasing Centres

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

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

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

The problem of Purchasing Centres which is peculiar for the Mills of the Punjab only, is becoming more serious with the ever increasing price of fuel and lubricants. Percentage of sugarcane being supplied at Factory Gate is decreasing year after year and more sugarcane is delivered at the Purchasing Centres. Factory Gate supplies constituted 72 percent of the total supplies in our case is 1977-78. In Fiscal 1982 only 52 percent of our total sugarcane was delivered at the Factory Gate while the other 48 percent was delivered at Purchasing Centres.

We incurred extra expenditure exceeding Rs.8.00 million on sugarcane purchased at the Purchasing Centres and this is expected to increase further in future years if corrective action is not taken by the Government.

Cost of sugarcane calculated in the Ex-Factory price of sugar fixed by the Government is Rs.105.23 assuming an average recovery of 8.55 percent and average purchase price of sugarcane at Rs.9.00 per maund. Actually the position is different from this. Only half of the sugarcane which is delivered at Factory Gate, is available to the Factories at the Government support price. The other half purchased at the Purchasing Centres costs much more and for this reason the average cost of sugarcane is more than the Government support price.

This problem has become very serious after the Government decision regarding sharing of profit with the Farmers earned by the Sugar Mills on account of sucrose content being higher than that assumed in the Ex-Factory price fixation formula. For the purposes of calculating this share, cost incurred by the Mills on sugarcane used to produce one maund of sugar is taken as Rs.105.23 and no allowance is given for higher cost incurred on sugarcane purchased at Purchasing Centres. In this way Mills are made to share the profit which has actually not been made as even at 8.55 percent recovery the cost of sugar per maund of sugar is higher than Rs.105.23.

When compared with other two sugarcane growing provinces i.e. Sind and NWFP where only one price at Factory Gate is fixed and the Mills are allowed to deduct total freight incurred on cane at outside Centres, the differential treatment between the provinces becomes very clear.

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

Break-up of sugarcane supplies

Year	Factory Gate Percent	Purchasing Centre Percent
1977-78	72.00	28.00
1978-79	65.00	35.00
1979-80	62.00	38.00
1980-81	61.36	38.64
1981-82	52.00	48.00

Purchasing centre expenses Per Maund

Transportation	Re. 1.00
Less: Recovered	Re. 0.37
Subsidized by Mills	0.63
Octroi Duty	0.10
Loading	0.20
Miscellaneous (Depreciation on Weighbridges, Tents, Furniture and Salary of Staff)	0.20
Shortage etc.	0.30
Total:-	Re. 1.43

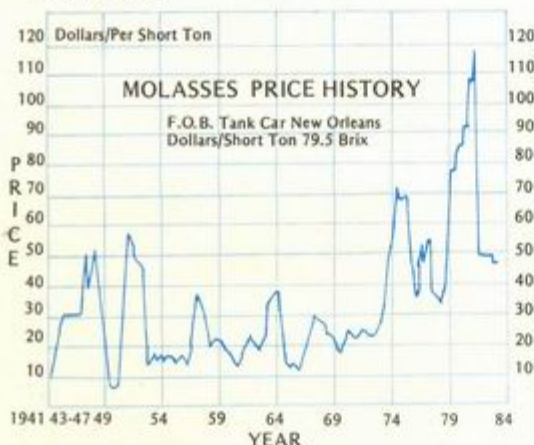
The practice of Purchasing Centres is also a very big national loss because due to double handling and delay in transportation of sugarcane to the Factory Gate, substantial loss of sucrose content takes place due to inversion and a lot of sugar is lost in this process which can otherwise be bagged.

Payment of Weekly Bills

Weekly payment of sugar bills by the Government to Punjab Mills is also not in line with procedure followed in Sind and NWFP. Only 55 percent payment is made on our weekly bills while in the other two provinces 70 percent payment is made to the Mills. We have requested the Government to treat the Mills in Punjab at par with the Mills in Sind and NWFP on several occasions but there has been no progress so far. At the end of Fiscal 1982 our bills receivable from the Government exceeded Rs.35 million against the sugar produced during this campaign.

Molasses

Molasses price in the international market crashed and was sold at 36.8 percent lesser price than the price assumed by the Government in the Ex-Factory price of sugar at which it is procured. Decrease in revenue from sale of Molasses exceeded Rs.3 million inspite of the quantity being twice as much as in 1981.



There is still no sign of improvement in the international price of Molasses. An Export Duty of 25 percent is imposed on export of Molasses. This duty was imposed when the price of Molasses was high in the international market but in the present situation there is no justification for this duty because the Mills are getting a price which is even lower than the price assumed in the Ex-Factory price of sugar. We, therefore, bring it to the notice of the concerned authority and request that this Export Duty be withdrawn at the earliest.

CAMPAIGN 1982-83

Sugar production in 1982-83 was 29,440.00 M. Tons. Factory operated for 174 days from October 06' 1982 to March 28' 1983. Average recovery of marketable sugar for the season was 8.16 percent. Due to unfavourable weather conditions during the summer months sugarcane crop in Punjab was adversely affected. Moreover, our ability to purchase sugarcane from far off area by subsidizing transportation charges was drastically reduced due to change in formula for Excise Duty exemption. According to the new formula our Excise Free Target was enhanced from 17,291 M. Tons in 1981-82 to 32,518 M. Tons for the current campaign.

FUTURE OUTLOOK

We look forward to the future with confidence and expect that investments made in balancing and modernization will produce substantially higher profits for the investors in Shakarganj.

We have already added one crusher to our existing 4 mill tandem and this unit has been satisfactorily run on trial basis during 1982-83 campaign. For 1983-84 campaign, in addition to this extra crusher, we are adding cane preparation equipment and we expect to improve our milling results.

The principal base of our confidence lies in our internal strength. One basic strength is our comprehensive sugarcane development programme that will ensure adequate raw material supplies during the next campaign. The other is our advanced manufacturing capability that will enable us to manufacture sugar with greater cost effectiveness. For 1983-84 crop 7,500 acres of improved variety sugarcane was planted and upto March 31' 1983, 10,000 acres of sugarcane was planted for the same campaign under our Supervised Plantation Programme. Given favourable harvesting conditions we are hopeful of much improved results in 1983-84.

IN APPRECIATION

This Review would be incomplete without giving recognition to the hard work and loyalty of our employees. We are grateful to our customers and specially to our growers, who are the backbone of our business. Obviously we also want to express our appreciation for the continued interest and support of our shareholders.

Sincerely,

Altam Saleem

Altam M. Saleem,
Chief Executive Officer

Auditors' Report to the Shareholders

We have examined the annexed balance sheet as at September 30, 1982 and the annexed profit and loss account, statement of changes in the financial position together with the notes to the accounts for the year ended September 30, 1982 of Shakarganj Mills Limited and we state that we have obtained all the information and explanations which we required and, after due verification, thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Act, 1913;
- (b) in our opinion, the balance sheet and profit and loss account have been drawn up:
 - i) in conformity with the Companies Act, 1913; and
 - ii) in accordance with the requirements of the Second Schedule to the Securities and Exchange Rules 1971; and
- (c) in our opinion and to the best of our information and according to the explanations given to us;
 - i) the balance sheet and the profit and loss account and the statement of changes in financial position, which are in agreement with the books of account, exhibit respectively a true and correct view of the state of company's affairs as at September 30, 1982 and of the profit and the changes in the financial position for the year ended on that date;
 - ii) The expenditure incurred was for the purpose of the company's business; and
 - iii) Zakat deductible at source, if any, under the Zakat and Ushr Ordinance, 1980, has been deducted by the company and credited to the Central Zakat Fund established under section 7 of that Ordinance.



(Riaz Ahmad & Company)
Chartered Accountants

LAHORE-March 3, 1983.

Balance Sheet

as at September 30, 1982

Capital and Liabilities		Note	1982 Rupees	1981 Rupees
Share Capital				
Authorised	5,00,000 ordinary shares of Rupees 10 each			
	Issued, subscribed and paid up	2	50,000,000 35,000,000	50,000,000 30,000,000
Reserves and surplus				
	Capital reserve	3	29,941,470	48,023,892
	Revenue reserves	4	18,000,000	800,000
	Unappropriated profit		221,226	128,309
			48,162,696	48,952,201
Long Term Loans and Deferred Liabilities				
	Long term loan	5	34,968,489	913,051
	Provision for deferred taxation		15,000,000	—
			49,968,489	913,051
Current Liabilities				
	Borrowing from banks	6	9,802,923	16,041,488
	Current maturity of long term loan	7	10,000,000	42,176,223
	Creditors, provisions and accrued charges	8	110,352,897	83,510,551
	Due to associated undertakings	9	213,215	244,842
	Workers' profit participation fund		2,383,838	1,147,089
	Dividend payable		5,567,493	1,640,537
	Proposed dividend		10,000,000	3,750,000
			148,320,366	148,510,730
Contingent Liabilities and Commitments				
		10	—	—
			281,451,551	223,375,982

Property and Assets		Note	1982 Rupees	1981 Rupees
Fixed Assets	Operating assets	11	150,886,036	147,584,394
	Capital work-in-progress	12	4,725,867	1,684,704
			<u>155,611,903</u>	<u>149,269,098</u>
Investments		13	1,167,930	—
Long Term Loans and Deposits		14	180,360	120,549
Current Assets	Stores and stocks	15	76,917,300	55,287,077
	Trade debtors	16	5,030,734	—
	Other receivables	17	17,857,445	10,457,008
	Due by associated undertakings	18	17,476,432	4,899,470
	Cash and bank balances	19	7,209,447	3,342,780
			<u>124,491,358</u>	<u>73,986,335</u>
			<u>281,451,551</u>	<u>223,375,982</u>
Mazhar Karim				
Altaf M. Saleem				
Mohammad Javed Amin				
Directors				
The annexed notes form an integral part of these accounts.				

Statement of Changes in Financial Position

for the year ended September 30, 1982

		1982 Rupees	1981 Rupees
Source of funds	Profit before taxation	45,292,917	21,654,689
	Depreciation	7,344,268	6,100,060
	Loss/(Gain) on disposal of fixed assets	6,223	(71,073)
		<u>52,643,408</u>	<u>27,683,676</u>
	Funds provided by operation		
	Other sources		
	Proceeds from disposal of fixed assets	196,046	288,196
	Share capital	5,000,000	—
		<u>57,839,454</u>	<u>27,971,872</u>
Application of funds	Capital expenditure	13,889,342	3,283,350
	Long term loans and deposits	59,811	38,703
	Loans repaid	5,310,042	652,028
	Dividend paid	2,823,044	—
	Repayment of debentures	—	2,000,000
	Investments	1,167,930	—
	Net movement of specified current assets less current liabilities	34,589,285	21,997,791
		<u>57,839,454</u>	<u>27,971,872</u>
Movement of specified current assets and liabilities			
		1982 Rupees	1981 Rupees
Increase/(decrease) in current assets	Stores and stocks	21,630,223	41,167,129
	Trade debtors	5,030,734	—
	Other receivables	7,400,437	8,672,463
	Due by associated undertakings	12,576,962	4,748,950
	Cash and bank balances	3,866,667	2,764,439
		<u>50,505,023</u>	<u>57,352,981</u>
(Increase)/decrease in current liabilities	Borrowing from banks	6,238,565	(2,242,652)
	Creditors, provisions and accrued charges	(20,949,181)	(41,790,469)
	Due to associated undertakings	31,627	9,825,020
	Workers' profit participation fund	(1,236,749)	(1,147,089)
		<u>(15,915,738)</u>	<u>(35,355,190)</u>
Net Movement of specified current assets less current liabilities		<u>34,589,285</u>	<u>21,997,791</u>

Notes to the Account

for the year ended September 30, 1982

1. Significant accounting policies

1.1 Fixed assets

Depreciation on fixed assets is charged to income applying the reducing balance method and is based on the historical cost and not the reased value of fixed assets. Depreciation for extra shift workings is not charged in the accounts.

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

Gain or loss on disposal of fixed assets is included in income currently.

1.2 Investments

These are stated at cost.

1.3 Inventories

Inventories have been valued at the lower of historical cost and net realisable value according to International Accounting Standard No.2 except molasses stock which is stated at net realisable value. In the previous years sugar and work in process stocks were valued at net realisable value. Had the sugar and work in process stocks been valued at net realisable value consistent with previous years, the profit for the year would have been higher by Rupees 28.184 million.

1.4 Foreign currency

Liabilities in foreign currency are converted into Pak rupee at the rate of exchange ruling at the balance sheet date. Exchange gain is transferred to exchange equalisation reserve and any loss is first set off against such reserve and balance, if any, is charged to plant and machinery.

1.5 Taxation

Charge for taxation is based on taxable income. Deferred tax liability of Rupees 15 million has been accounted for on adhoc basis.

1.6 Revenue recognition

Revenue from sales is recognised on delivery of goods to customers.

1.7 Cost

These accounts have been prepared under the historical cost convention except for fixed assets which were revalued by an independent valuer on September 30, 1979.

	1982	1981
	Rupees	Rupees

2. Issued, subscribed and paid up capital

3,000,000 ordinary shares of Rupees 10 each fully paid in cash	30,000,000	30,000,000
500,000 ordinary shares of Rupees 10 each issued to Pakistan Industrial Credit and Investment Corporation Limited against their right of option to convert 20% of the loan into fully paid shares	5,000,000	—
	35,000,000	30,000,000

3. Capital reserve

Reserve arising from revaluation of fixed assets on September 30, 1979	16,990,163	16,990,163
Exchange equalisation		
As at October 1,	26,033,729	1,776,327
Exchange gain/(loss) for the year	(13,082,422)	24,257,402
	12,951,307	26,033,729
	29,941,470	43,023,892

4. Revenue reserves

General		
Balance as at October 1,	800,000	—
Transfer from profit and loss account	4,200,000	800,000
	5,000,000	800,000
Balancing and modernisation	10,000,000	—
Research and development	3,000,000	—
	18,000,000	800,000

5. Long term loan

The loan from Pakistan Industrial Credit and Investment Corporation Limited (PICIC) comprise of:

Loan No.	Currency	Amount in foreign currency	1982 Rupees	1981 Rupees
NI.BK/I	Dutch Guilders	126,900	573,042	749,335
AL.BK/I	Dutch Guilders	9,096,960	41,079,069	39,511,688
Dutch Suppliers Loan-				
Addendum	Dutch Guilders	734,412	3,316,378	2,828,251
			44,968,489	43,089,274
Less: Current maturity (Note 7)			10,000,000	42,176,223
			34,968,489	913,051

5.1 Loan referred to in Note 5 above is secured against:

(a) a first charge by way of equitable mortgage (with option to convert the same into a legal mortgage whenever required by PICIC) on the Company's immovable properties wherever situated by deposit of title deed with PICIC;

(b) a letter of hypothecation of all plant and machinery;

(c) a first floating charge on all other undertakings, goodwill and assets;

(d) an irrevocable power of attorney in favour of PICIC with full powers among others to sell all assets of the company; and

(e) personal guarantee of the directors of the company.

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

... provide that all debentures representing the loan shall rank pari passu in point of security;

... provide that 20 percent of the debentures shall be convertible into shares in the company at the option of PICIC.

5.3 Loan No. NI.BK/I and AL.BK/I carries interest at the annual rate of 9 percent and 8 percent per annum. The loan is repayable in two equal instalments of Rupees 5 million each on June 25 and December 25 in each year commenced from the year 1982 according to the revised schedule.

5.4 The dutch suppliers loan-addendum represents the additional liability on account of price increase and is payable in cash to PICIC in seven equal half yearly instalments commencing from July 1, 1975 and bears interest at the annual rate of 7 percent.

5.5 The Dutch Guilders have been converted into Pak Rupees at the rate of Dfl 22.1450 = Pak Rupees 100.

5.6 According to Ministry of Finance letter No.6 (1) CM.III/69 dated August 10, 1974, the amount of this additional claim is no longer payable to Dutch Suppliers as Royal Government of Netherland accorded debt relief to Government of Pakistan for this amount. Since the additional claim is now not to be remitted to Dutch Suppliers in foreign exchange, the company made representation to Ministry of Finance, Economic Affairs Division firstly for passing this lawful relief to the company. Secondly, since no foreign exchange is to be remitted by PICIC on this account, the amount should be recovered equivalent rupee as due on the date of debt relief.

5.7 The company has filed the suit against PICIC claiming that originally sanctioned loan was for Rupees 14 million which was increased to Rupees 15.180 million. The company and its Counsels are of view that amounts were expressed in terms of Pak Rupee at the time of sanction of these loans. The agreement with PICIC contains no clause or provision to alter this basic position as such all exchange rate risk will be borne by PICIC. If these cases are adjudicated in favour of the company. The above liability will disappear and such amount will be refundable by PICIC to the company as may be found due after rendition of accounts through the High Court of Sind in the above suit.

	1982 Rupees	1981 Rupees
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6. Borrowing from banks

Secured:

United Bank Limited- Cash Credit (Note 6.1)	2,317,567	5,135,146
Agricultural Development Bank of Pakistan (Note 6.2)	7,399,034	10,378,839
	9,716,601	15,513,985

Unsecured:

National Bank of Pakistan, Karachi	1,660	1,660
United Bank Limited, Karachi	—	240,352
United Bank Limited, Jhang	84,662	285,491
	86,322	527,503
	9,802,923	16,041,488

6.1 The cash credit obtained from United Bank Limited as referred to in Note 5 is secured by way of hypothecation of stores, stocks of sugar, second charge on fixed assets and personal guarantee of all the directors. The total credit facility is of Rupees 5 million.

6.2 The loan as referred to in Note 6 above has been obtained from Agricultural Development Bank of Pakistan against the Company's guarantee for the supply of fertilizers, seeds, pesticides and agricultural services to sugarcane growers. The total credit facility is of Rupees 16.25 million.

	1982	1981
	Rupees	Rupees

7. Current Maturity of long term loan

Overdue instalments	—	32,176,223
Instalments due within one year	10,000,000	10,000,000
	10,000,000	42,176,223

8. Creditors, provisions and accrued charges

Creditors	4,355,687	2,247,917
Advance from customers	58,377,129	39,504,813
Provision for contingencies	2,500,000	—
Employees provident fund trust	4,106	80,256
Deposits	55,483	12,983
Income tax deducted at source	118,392	59,156
Interest on secured loans	43,486,449	40,190,953
Miscellaneous accrued charges	1,455,651	1,414,473
	110,352,897	83,510,551

8.1 The liabilities referred to in Note 8 above may be reclassified as follows:

For goods	2,542,591	1,400,784
For expenses	44,942,100	41,605,426
For other finance	62,868,206	40,504,341
	110,352,897	83,510,551

	1982	1981
	Rupees	Rupees

9. Due to associated undertakings

Crescent Boards Limited	—	26,014
Crescent Textile Mills Limited	21,046	—
M.A.M.B. Limited	45,891	26,445
Jubilee Spinning and Weaving Mills Limited	—	36,600
Shams Textile Mills Limited	8,127	4,957
Crescent Sugar Mills and Distillery Limited	138,151	150,821
	213,215	244,842

10. Contingent liabilities and commitments

.. The company is contingently liable in respect of guarantees issued in favour of bankers amounting to Rupees 2.776 million against loans granted to sugarcane growers.

.. Commitments in respect of contracts for capital expenditure are approximately amounting to Rupees 5.260 million as at September 30, 1982 (1981 Rupees 3.298 million).

11. OPERATING ASSETS

DESCRIPTION	C		O		S		T		D E P R E C I A T I O N			BOOK VALUE AS AT SEPTEMBER 30, 1982	RATE %
	Re-assessed value/original cost as at Oc- tober 1, 1982	Re-assessed value/original cost as at Oc- tober 1, 1982	Additions/ (Deletions)	As at September 30, 1982	As at October 1, 1981	Deletions	Provided for the year	As at September 30, 1982					
Land-freehold	3,750,000	3,750,000	—	3,750,000	—	—	—	—	—	—	3,750,000	—	—
Building and roads-													
On freehold land	17,453,278	17,453,278	7,117,704	24,570,982	3,867,739	—	1,153,517	5,021,256	19,549,726	5-10	19,549,726	5-10	—
Plant and machinery	155,222,236	155,222,236	1,948,518	157,170,754	27,849,045	—	5,514,757	33,363,802	123,806,952	10	123,806,952	10	—
Laboratory equipments	163,104	163,104	—	163,104	84,304	—	7,880	92,184	70,920	10	70,920	10	—
Tubewell and water pumps	297,246	297,246	—	297,246	134,322	—	16,292	150,614	146,632	10	146,632	10	—
Electric installations	473,624	473,624	36,051	509,675	205,910	—	30,377	236,287	273,388	10	273,388	10	—
Weightbridges and scales	767,798	767,798	—	767,798	265,060	—	50,274	315,334	452,464	10	452,464	10	—
Furniture and fixtures	744,387	744,387	203,726	948,113	242,637	—	70,548	313,185	634,928	10	634,928	10	—
Office equipments	166,078	166,078	72,750	238,828	69,165	—	16,966	86,131	152,697	10	152,697	10	—
Vehicles	1,700,862	1,700,862	1,276,786	2,977,648	663,754	247,050	422,325	839,029	1,689,300	20	1,689,300	20	—
Guns	9,578	9,578	—	9,578	4,971	—	461	5,432	4,146	10	4,146	10	—
Library books	81,550	81,550	69,128	150,678	54,197	—	28,944	83,141	67,537	30	67,537	30	—
Tools and equipments	210,204	210,204	123,108	333,312	42,724	—	29,059	71,783	261,529	10	261,529	10	—
Telephone equipments	35,169	35,169	408	35,577	6,892	—	2,868	9,760	25,817	10	25,817	10	—
1982 Rupees	181,075,114	181,075,114	10,848,179	191,923,293	33,490,720	247,050	7,344,268	40,587,938	150,886,036				
	(449,319)	(449,319)											
1981 Rupees	179,883,985	179,883,985	1,621,235	181,505,220	27,603,643	212,983	6,100,060	33,490,720	147,584,394				
	(430,106)	(430,106)											

11.1 Land, buildings, plant and machinery were revalued by an independent valuer on September 30, 1979 and stated in the above note at appreciated value. Had there been on revaluation on that date, the value of these fixed assets would have been lower by Rupees 42,214,409.

	1982	1981		1982	1981
	Rupees	Rupees		Rupees	Rupees
12. Capital work in progress			15. Stores and stocks		
Plant and machinery	918,092	228,775	Stores	4,806,736	2,321,030
Building	93,324	6,073	Spare parts	6,059,664	5,460,201
Advance to suppliers	3,586,551	—	Loose tools	74,833	71,527
Advance to contractors	127,900	1,449,856	Stocks		
	<u>4,725,867</u>	<u>1,684,704</u>	Sugar	65,762,373	46,029,765
			Molasses	10,033	624,632
			Work-in-process	108,938	152,351
			Other	94,723	627,571
13. Investments				<u>76,917,300</u>	<u>55,287,077</u>
Associated Companies-Quoted			16. Trade Debtors		
Crescent Sugar Mills and Distillery Limited			These are unsecured but considered good.		
33,000 ordinary shares of Rupees 10 each	544,500	—			
Crescent Boards Limited			17. Other receivables		
24,000 ordinary shares of Rupees 10 each	264,000	—	These comprise of:		
Crescent Jute Products Limited			Advances		
4,800 ordinary shares of Rupees 10 each	87,600	—	Chief Executive	45,848	74,756
Jubilee Spinning and Weaving Mills Limited			Vice President Finance	107	—
4,000 ordinary shares of Rupees 10 each	65,600	—	Secretary	—	1,650
Premier Insurance Company of Pakistan Limited			Other employees	57,287	247,038
2,600 ordinary shares of Rupees 5 each	36,400	—	Contractors	186,962	219,125
Other-Quoted			Suppliers	3,967,660	2,209,160
State Enterprise Mutual Fund			Income tax	65,657	12,516
18,000 ordinary shares of Rupees 10 each	169,830	—	Letters of credit	2,319,399	319,195
	<u>1,167,930</u>	<u>—</u>	Loans to sugarcane growers	10,992,989	7,193,744
			Deposits	32,250	3,050
			Claims (Note 17.1)	227,584	219,120
			Accrued income	14,424	20,770
			Zakat	10,000	—
			Excise duty	4,984	4,984
			Prepayments	52,294	51,900
				<u>17,977,445</u>	<u>10,577,006</u>
			Less: Provision for doubtful	120,000	120,000
				<u>17,857,445</u>	<u>10,457,008</u>
13.1 Market value of quoted investments as at September 30, 1982 was Rupees 1,205,820.			17.1 Claims include a sum of Rupees 80,741 due from an ex-employee for which the case has been filed in the court of law.		
14. Long term loans and deposits-considered good			17.2 The maximum aggregate amount due from the Chief Executive, Director, Vice President Finance and Secretary at the end of any month during the year was Rupees 151,235 (1981: Rupees 145,353).		
Loans-employees	85,964	17,753			
Deposits-securities	94,396	82,796			
	<u>180,360</u>	<u>120,549</u>			
14.1 Interest free loans as referred above have been granted to employees against purchase of motor car and motor cycles and are repayable over a period of three years.					

Shakarganj Mills Limited

	1982	1981		1982	1981
	Rupees	Rupees		Rupees	Rupees
18. Due by associated undertakings			21. Cost of sales		
Crescent Boards Limited	77,884	—	Raw material		
Crescent Jute Products Limited	17,398,548	4,372,654	Sugarcane purchased	110,807,624	68,318,307
Ujala Cotton Mills Limited	—	497,833			
Crescent Textile Mills Limited	—	28,983	Delivery expenses	10,109,542	16,281,585
	<u>17,476,432</u>	<u>4,899,470</u>	Less: Recovered	1,240,516	3,224,540
				<u>8,869,026</u>	<u>13,057,045</u>
19. Cash and bank balances			Sugarcane subsidy	1,150,132	909,572
Cash in hand	8,240	75,921	Sugarcane development cess	1,277,507	795,321
With banks on:			Market committee fee	699,466	431,600
Current accounts	6,679,103	2,866,859	Loading and unloading	1,312,360	651,710
Deposit account	340,000	400,000	Octroi and toll tax	602,604	309,184
Dividend accounts	182,104	—		<u>124,718,719</u>	<u>84,472,739</u>
	<u>7,209,447</u>	<u>3,342,780</u>	Salaries, wages and other benefits	6,805,289	4,804,631
			Workers' welfare	126,292	38,275
20. Sales			Dyes and chemicals	607,645	433,034
Sugar	226,886,436	109,601,109	Packing material	4,155,184	2,464,939
Molasses	5,160,565	8,341,574	Stores consumed	65,617	34,444
Bagasse	205,385	—	Power and fuel	1,474,531	2,206,695
	<u>232,252,386</u>	<u>117,942,683</u>	Repairs and maintenance	5,850,208	3,046,772
Less: Commission	469,600	—	Insurance	336,289	341,078
	<u>231,782,786</u>	<u>117,942,683</u>	Vehicles running	228,691	266,931
			Travelling	208,817	39,709
			Entertainment	22,459	15,533
			Printing and stationery	220,777	109,026
			Rent, rates and taxes	49,095	54,211
			Excise duty	37,176,510	19,621,620
			Other factory expenses	343,545	511,656
			Depreciation	6,981,472	5,837,277
			Work-in-process		
				<u>152,351</u>	<u>138,167</u>
			As at October 1,		
			As at September 30,	108,938	152,351
				<u>43,413</u>	<u>(14,184)</u>
			Cost of goods produced	189,414,551	124,284,386
			Finished goods		
				<u>46,654,397</u>	<u>5,063,176</u>
			As at October 1,		
			As at September 30,	65,772,406	46,654,397
				<u>(19,118,009)</u>	<u>(41,591,221)</u>
				<u>170,296,542</u>	<u>82,693,165</u>

Shakarganj Mills Limited

	1982	1981		1982	1981
	Rupees	Rupees		Rupees	Rupees
22. Administrative expenses			25. Other income		
Salaries, wages and other benefits	2,073,650	1,649,712	Sales of scrap	124,439	83,693
Directors' meeting fee	1,000	1,300	Commission on fertilizer	156,356	110,934
Travelling and conveyance	118,317	58,190	Gain/(loss) on disposal of fixed assets (Note 25.2)	(6,223)	71,073
Printing and stationery	293,958	95,895	Credit balances written back	—	233
Communication	172,877	142,235	Gain on sale of stores	21,178	4,500
Vehicles running	376,878	281,623	Dividend from Investment Corporation of Pakistan	—	13,890
Legal and professional	105,072	95,141	Interest on bank deposits	130,031	42,030
Auditors' remuneration			Interest on current accounts with associated undertaking	1,273,120	85,740
Audit fee	20,000	20,000	Rent	69,215	50,934
Share capital-Audit fee	2,520	—	Miscellaneous	47,268	193,014
Out of pocket expenses	—	5,500			
	<u>22,520</u>	<u>25,500</u>		<u>1,815,384</u>	<u>656,043</u>
Repair and maintenance	36,059	50,572			
Uniforms and liveries	16,095	7,677			
Entertainment	66,288	44,203			
Subscription	263,328	57,652			
Donations	208,000	208,000			
Newspapers and periodicals	1,787	1,477			
Rent, rates and taxes	34,366	15,128			
Advertisement	61,998	37,639			
Miscellaneous	104,803	73,393			
Depreciation	362,796	262,783			
	<u>4,319,792</u>	<u>3,108,120</u>			
23. Selling and distribution expenses					
Loading and unloading	173,152	36,133			
Insurance	434,767	160,738			
Handling and stacking	313,345	70,720			
	<u>921,264</u>	<u>267,591</u>			
24. Financial expenses					
Interest on:					
Borrowing from banks	631,880	677,596			
Long term loans-Secured	7,092,288	8,215,383			
Current accounts with associated undertakings	49,566	647,004			
Debentures	—	140,000			
Advance-Food Department	35,490	—			
Bank charges	74,593	48,089			
	<u>7,883,817</u>	<u>9,728,072</u>			

24.1. Interest has been paid at the rate of 14 percent per annum on balances due to associated undertakings.

25.2 GAIN/(LOSS) ON DISPOSAL OF FIXED ASSETS

DESCRIPTION	ORIGINAL COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	GAIN/(LOSS)	MODE OF SALE	PARTICULARS OF BUYERS
Tractor-JC-3619	56,102	37,719	18,383	16,300	(2,083)	Negotiation	Haji Hiral Ahmad, Company's employee, House No. 675, Farooqabad, Faisalabad.
Toyota Mark II, LEV-4725	105,000	51,240	53,760	41,000	(12,760)	Negotiation	Din Toun, Gulberg, Lahore.
Cycle-No. 826146M	475	250	225	225	—	Negotiation	Mr. Mohammad Adam, Company's employee.
Toyota-FDC-90	88,850	59,736	29,114	38,700	9,586	Negotiation	Mr. Fazal-ur-Rehman, Ex-Technical Manager.
Tractor-JC-3649	56,102	37,718	18,384	11,750	(6,634)	Negotiation	Mr. Nasir Abbas, Contractor, 444 -A, Satalite Town, Jhang.
Datsun-LEV-2636	103,800	37,368	66,432	70,000	3,568	Negotiation	Messrs Crescent Jute Products Limited, 7th Floor, Habib Bank Building, Circular Road, Faisalabad.
Mazda-FDB-5238	38,990	23,019	15,971	18,071	2,100	Insurance Claim	Premier Insurance Company of Pakistan Limited, 23- Shahr-e-Quaid-e-Azam, Lahore
1982 Rupees	449,319	247,050	202,269	196,046	(6,223)		
1981 Rupees	430,106	212,983	217,123	288,196	71,073		

26. Donations

Secretary, Officers Club, Jhang	5,000
Crescent Foundation	200,000
Secretary, Halqua-e-Arabab-e-Ghalib, Jhang	1,000
Friends Football Club, Jhang	1,500
Prince Hockey Club, Jhang	500
	<hr/> 208,000
1981	<hr/> 208,000

27. Associated undertakings

The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 21.665 million (1981: Rupees 6.420 million).

The company purchased from and sold to associated undertakings materials, goods and services in the aggregate sum of Rupees 0.484 million and Rupees 0.342 million respectively (1981: Rupees 0.893 million and Rupees 0.368 million respectively).

28. Directors and officers remuneration

The aggregate amount charged in the accounts of the year for remuneration, allowances, including all benefits, to Chief Executive Directors, Vice President Finance, Secretary and Executives of the company were as follows:

	Chief Executive	Directors	Vice President Finance	Secretary	Executives	Total
Meeting fee	—	1,000	—	—	—	1,000
Managerial remuneration	84,000	—	45,875	24,238	—	154,113
Housing	24,000	—	12,000	4,845	—	40,845
Company's contribution to Provident Fund	—	—	3,027	1,598	—	4,625
Group insurance	—	—	220	116	—	336
Other benefits	21,000	—	12,400	2,325	—	35,725
Bonus	56,690	—	28,068	16,213	—	100,971
Reimbursable expenses	61,120	—	6,461	5,718	—	73,299
1982 Rupees	246,810	1,000	108,051	55,053	—	410,914
1981 Rupees	156,098	19,639	85,236	40,302	—	301,275
No. of persons						
1982	1	1	1	1	—	4
1981	1	1	1	1	—	4

28.1 Chief Executive of the company has been provided free maintained vehicle.

29. Plant capacity and actual production

Sugar	
Capacity	23,167 M. Tons in 160 days i.e. 144.79 M. Tons per day.
Actual production	
Current year	39,474 M. Tons in 207 days i.e. 190.69 M. Tons per day.
Previous year	25,562 M. Tons in 187 days i.e. 136.69 M. Tons per day.

30. Figures

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

Form "A"

Pattern of Holdings of the Shares held by the Shareholders
as at September 30, 1982

No. of Shareholders	Shareholders			Total Share Held
	From	To		
387	1	100	shares	38,610
226	101	500	shares	78,000
79	501	1000	shares	70,000
157	1001	5000	shares	431,200
23	5001	10000	shares	185,800
23	10001	above	shares	2,696,390
<u>895</u>				<u>3,500,000</u>

Categories of Shareholders	Number	Share Held	Percentage
Individual	878	986,320	28.18
Investment Corporation of Pakistan	1	66,250	1.89
Insurance Company	1	9,000	0.26
Joint Stock Companies	8	1,596,210	45.60
Financial Institutions	6	825,210	23.58
Others-Crescent Foundation	1	17,010	0.49
	<u>895</u>	<u>3,500,000</u>	<u>100.00</u>

FORM OF PROXY

I, _____
of _____

member of SHAKARGANJ MILLS LIMITED and entitled to vote hereby appoint

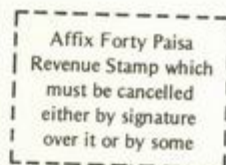
as my proxy in my absence to attend and vote for me and on my behalf at the Fifteenth Annual General Meeting of the Company to be held on May 07, 1983 at 11.30 A.M. at Shakarganj Mills Limited, Toba Tek Singh Road, Jhang and at any adjournment thereof.

As witness my hand this _____ day of _____ 1983

Signed by the said _____ in the presence
of _____

Date _____

Place _____



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

Please quote Folio No.

Please quote Number of shares held