

### ANNUAL REPORT 1999

Shakarganj Mills Limited



### Five Years Financial Summary (Rupees in Thousand, except amounts per share)

Long Some Debs

KOOK Value Per Common Share (Amount in Rup

1995 1996 III Dela

1995 1996 1997

	1999	1998	1997	1996	1995
Operating Results:					
Net Sales	1,864,677	1,816.421	1,398,384	1,187,626	1,204,483
Cost of Sales	1,627,251	1,657,492	1,233,714	1,040,912	1,017,561
Selling, General and Admin Expenses	79,351	47,160	43,735	36,978	46,215
Interest Expenses	179,395	179,744	189,290	168,803	137,158
Other Income, Net	32,682	46,815	66,131	26,066	55,979
Pre-Tax Profit/(Loss)	10,505	(21,830)	(3,037)	(33.319)	56,252
Income Tax	9,210	8,441	6,155	(17,196)	1,522
Net-Income	1,295	·· (30,271)	(9,192)	(16,123)	54,730
Per Share Results and Return:	199				
Earning Per Share	0.04	(1.03)	(0.35)	(0.67)	2.5
Stock Dividend Per Share	1:10	1:10	1:10	1:10	1:10
Net Income Sales Percent	0.07	(1.67)	(0.66)	(1.36)	4.5
Return on Average Assets Percent	0.07	(1.69)	(0.55)	(1.02)	3.3
Return on Average Equity Percent	0.29	(6.65)	(1.94)	(3.34)	, 12.2
Financial Position:					
Current Assets	850,919	826,450	821,965	565,000	704,11
Current Liabilities	962,678	950,180	1,023,355	674,023	755,61
Operating Fixed Assets	745,879	727,120	768,703	801,017	808,02
Total Assets	1,757,592	1,785,026	1,790,570	1,561,415	1,594,81
Long-Term Debt	407,537	429,361	462,621	538,059	320,47
Shareholders' Equity	441,288	439,993	470,264	479,456	485,11
Break-up Value per share	15.07	15:02	17:66	19:81	22.7
Financial Ratios:	1				
Current Liabilities to Current Assets	1.13	1.15	1.25	1.15	. 1.0
Long-Term Debt to Capitalization Perc		49.39	49.59	52.88	39.7
Total Debt to Total Assets Percent	74.89	75.35	73.74	69.29	69.5
Interest Coverage (Times)	1.06	0.88	0.98	0.80	1.4
Average Collection period (Days)	5.65	1.39	6.90	1.09	7.0
Inventory Turnover (Times)	4.96	3.90	3.67	10.43	6.9
Fixed Assets Turnover (Times)	2.20	2.22	1.71	1.39	1.
Total Assets Turnover (Times)	1.06	1.02	0.78	0.76	0.
Other Data:	100			58.	
	72.547	90.478	91,100	94,457	116,6
Depreciation & Amortization	/4.71/	90,4/0	74,400	1 49 4 7 1	367.35



#### PRODUCTION DATA 1974-1999

-		SUGAR			LOSSES	MOLASSE	S INDUSTRIAL ALCOHOL	PARTICLE BOARD
Season	Duration of Season (Days)	Cane Crushed (M.Tons)	Sugar Produced (M.Tons)	Recovery (Percent)	Process (Percent)	Molasses (M.Tons)	Industrial Alcohol (Litres)	Particle Board (Cubic Meter
1998-99	157	1,350,118.540	101,479,000	7.51	2.23	61,756	5.324.756	1,921,688
1997-98	163	1,434,389.418	112,430.000	7.85	2.38	73,477	6,350,000	2,784.438
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	20	1,662.757
1991-92	174	746,506.346	63,985.500	8.57	2.53	37,710	1945.900	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 (77)	a internationa	lly renowned
1984-85	168	441,717.765	39,522,600	8.96	2.38	22.	spert from Franc	
1983-84	173	427,169.490	35,501.200	8.31	2.40		d intensive train	ing courses
1982-83	173	361,291.485	29,440.000	8.16	2.44	16 -	staff. In-house tr	aining
1981-82	207	466,040.000	39,474.000	8.47	2.48	21		sed both for
1980-81	187	287,723.000	25,562.00	8.89	2.42	13.5/	infanto 1. m	and boint for
1979-80	112	61,206.625	5,610 apr	8.95	2.25	2.358	Din	
1978-79	114	107,106.070	9.2	8.80	2.27	4,1471,11	2410	
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 all 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 bagesse is converted to high quality Particle Board. Surplus power is supplied to a neighbouring textile company.

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 1999**

Dear Shakarganj Investor:

The sugar crop in the area of Shakarganj this year was very badly effected by a disease known as Red-Rot of Sugarcane. Some of the fields were virtually wiped out by this disease, reducing the availability of ane. The queries deteriorated substantially due to the deteriorated substantialy due to the deteriorated substantially due to

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by curtailing expenses and any age production. Your company age this lear was the highest producer of sugar in Pakistan. The raw material cost increased by 1.19 percent, as sugarcane had to be brought from long distances due to shortage of sugarcane within the vicinity of the Mills.

The carry-over stock of sugar on 1st October 1998 in the country was 0.513 million Tons. This was added to this year's production of 3.541 million Tons. This created a bumper supply in the market. The price of sugar remained depressed. The production of sugar in the country increased as compared to consumption. This has created a great problem for the industry.

#### **Sugar Division**

The bigger activity of your company is in the Sugar Division. This year again, *Shakarganj* remained the largest sugar producer in the country. The sugarcane crop was effected due to disease and sugarcane had to be brought from the long distances. The management was successful to keep the increase in cost as low as 1.19 percent. Sugar production was 101,479 M. Tons as compared to 112,430 M. Tons last year. Due to bad quality of cane the sugar recovery fell to 7.51 percent as compared to 7.85 percent last year. Actual crushing days were also lower at 154 as compared to 162 last year.

#### **Industrial Alcohol Division**

This division achieved a satisfactory performance for the year under report. The plant operated at the optimum capacity and obtained a higher yield of 1.5 percent per ton of molasses. The total production of industrial alcohol was 5.32 million litres as compared to 6.35 million litres tast year. The gross profit worked out at Rs. 41.34 million as against Rs. 11.51 million lost yes.

267.20

#### **Kanewood Industries**

This division converts sugarcane bagasse into particle board, which is a very useful and popular building material. Our plant of particle board is marketing its product under the brand name Kanewood which is becoming popular day by day in the market due to its very good quality. The recession in the building industry continued and this has not shown say appreciable increase. The plant this year again was started late viz. On 24<sup>°</sup> February 1999. Production stood at 23,484 sheets which works out to 1922 cubic meters.

#### Export

This year your company made efforts to export as much as of sugar and distillate as possible due to over production in the local market. The company was able to export sugar worth Rs. 150 million and distillate worth Rs. 84 million. I am very happy to inform you that your company stood among top companies for export of distillate and has been awarded Export Trophy by The Federation of Pakistan Chambers of Commerce and Industry (FPCCI). This is a great achievement of the company.

#### **Co-Generation**

During the year under review, our sales of electric power to private sector reached an all time high of Rs. 12.9 million. This extra power is produced as a co-product. This has become a significant revenue earning for the company.

#### **Financial Analysis**

Strict control on cost of production was continued. Administrative expenses as percentage of sales went up from 2.09 percent to 2.23 percent. The main increase came in salary and wages which increased every year. Financial charges were down from 9.93 percent to 9.64 percent.

#### **Contribution to Economy**

During the year under review value added to the materials and services of Rs. 1.293 billion worked out to Rs. 603.61 million. Your company's contribution towards Federal, Provincial and Local taxes were to the tune of Rs. 279.01 million. We spent Rs. 179.40 million, as cost of financing and share of workers was Rs. 71.06 million. During the last ten years, your company has made a consolidated contribution of Rs. 1.85 billion in shape of Federal, Provincial and Local taxes.



#### Statement of Value Added

	1999	(Rs. In Mi	llion) 1998	
SALES REVENUE	1,864.68		1,816.42	
OTHER RECEIPTS	32.68		46.81	
	1,897.36		1,863.23	
LESS: MATERIELS & SERVICES	1,293.75		1,346.55	
VALUE ADDED	603.61		516.68	
APPLIED THE FOLLOWING WAY: TO EMPLOYEES:		%AGE	-	%AGE
WAGES, SALARIES AND RELATED COSTS	71.06	11.77	68.62	13.28
TO GOVERNMENT:				
INCOME TAX, EXCISE DUTY, SALES TAX AND OTHER TAXES	279.01	46.22	207.44	40.15
TO PROVIDERS OF CAPITAL				
FINANCE CHARGES ON LOANS AND ADVANCES	179.40	29.72	179.74	34.79
	179.40	29.72	179.74	34.79
TO CHARITABLE INSTITUTIONS	0.30	0.05	0.67	0.13
TO PROVIDE FOR MAINTENANCE & EXPANSION OF ASSETS:				
DEPRECIATION / AMORTIZATION	72.55	12.02	90.48	17.51
PROFIT / (LOSS) RETAINED	1.30	0.21	(30.27)	(5.86
	73.84	12.23	60.21	11.65
	603.61	100.00	516.68	100.00

#### Human Resource Development

A strong emphasis on Human Resources Development continued a *Shakarganj*. Training of *Shakargan* personnel was kept up and given top priority. A well equipped Library wii latest books on all aspects of our business is maintained for the benefit of the team members. The Library subscribes to some 130 periodicals and collection of books exceeds 4600

We invite training renowned sugar eert from France this year and cristing courses for cristiff. In-house training progr. e organised both for the Shaku. Suppl' ream and Sugarcan Farmers. In addition to this we send our people to training programmes both within and outside the country. Expenditure on training during 1998/99 was Rs. 2.171 million.

#### **ISO 9002 Certification**

Your company has achieved the certification under ISO-9002 by January 2000. The work was stated in July 1999. The total documentation has been an in-house exercise.

#### **Environmental Awareness**

The awareness campaign for conservation at *Shakarganj* continued as before and appreciable improvements were achieved. We are making efforts to reduce the waste and recycle process chemicals. In fact we are slowly moving towards zero discharge. The waste Water at this plant was reduced by 56 percent this year. Our environmental policy revolves 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 20,000 trees have been planted this year around the sugar factory making a total of about 60,000 trees. We are also encouraging the farmers about around the sugar factory to plant trees by providing plants and know how. The filter cake and distillery wastes are mixed and required chemical are added to make a good Biocompost, which is supplied, to the farmers for use as fertilizer at a nominal price. This has become very popular among the growers and this year the demand was higher than what could be produced.

#### About 1999/2000

As indicated in the Future Outlook last year, sugar production in Pakistan is expected to remain at a much lower level than previous year. This is mainly due to Red-Rot disease and acute shortage of raw material. Satellite imaging system at very right time gave us indication about shortage of cane by about 40 to 45 percent. We started our crushing on 1 November 1999 and for the first month did fairly very well. Afterward the prices of sugarcane were increased by the Mills around us and process of price war started.

#### **Future Outlook**

It is expected that sugarcane production in 2000-2001 will improve as compared to 1999-2000. The ariety produced by Shakarganj Sugar Research Institute has been very popular this year and farmers have Replaced their old varieties by this new variety. In fact our Seed Bank has been giving great service to the farmers and helping them to replace the old varieties.

The economic condition in the country is stabilizing and we look to the future with confidence. We are well capable to utilize our full capacity, reduce our production cost and increase our sales. Efforts to convert the waste in value added material would also benefit the company and improve the financial results.

#### 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.

**Chief Executive Officer** 

April 03, 2000



Flow of Funds Analysis Development of net current position in million of Rupees

	Sep. 30 1997	Change	Sep. 30 1998	Change	Sep. 30 1999
Liquid Assets	+ 588.69	+ 19.55	+ 608.24	+ 98.82	+ 509.42
Short term receivable	+ 26.44	- 19.52	+ 6.92	- 21.92	+ 28.84
Short term liabilities and provision	- 802.99	- 20.56	- 823.55	- 15.95	- 807.60
	- 187.86	- 20.53	- 208.39	- 60.95	- 269.34
Factors affecting the change		/		/	
In net current position		/		/	/
Source of Funds			Contract Line		- States
Net Income/(loss) for the year			- 30.27		+ 1.29
Depreciation			+ 80.11		+ 61.59
Amortization of assets subject to Finance Lease			10.17		10.05
Finance Lease	2 manutes	. Water alle	- 10.37		+ 10.95
Internal Financing			+ 60.21		+ 73.83
Fixed Assets disposed		10 70	+ 0.81	AND TO STO	+ 1.25
Redeemable Capital			+173.40		+185.94
Liability against assets subject to					
Finance Lease			+ 55.06		+ 30.94
Sales of Investments			+ 68.89		
Source of Funds - Total			+358.37	-	+ 291.96
Application of Funds:			No. Charles		
Addition to Fixed assets			- 38.38		- 70.64
Assets subject to Finance Lease			- 55.06		- 30.94
Addition to Investments			- 56.03		- 20.00
Redeemable Capital			- 165.87		- 178.61
Long Term deposits			- 5.13		- 1.67
Liability against assets subject to			and the second second		- THERE
Finance lease			- 17.64		- 21.90
Loans Repaid			- 40.79		· 29.15
Application of Funds - Total			- 378.90	2076	- 352.91
Changes in the net position			· 20.53	and the	- 60.95



#### Board of Governors.

Mr. M. Asghar Qureshi Chairman

Mr. Altaf M. Saleem Member

Mr. M. Awais Qureshi Member

Mr. Abdul Haq Saeed Member

Dr. Shahid Afghan Member

#### Shakarganj Sugar Research Institute.

#### **Principal Functions**

- Sugarcane breeding to evolve fertilizer responsive, disease resistant and stress tolerance varieties with high sucrose content.
- To investigate the agronomic problem of sugarcane production.
- Research and development on biocompost prepared from Sugar industry effluents and its use for sustainable agriculture.
- To study soils in sugarcane producing areas and to relate these to crop management.
- To study the fertigation requirements of sugarcane.
- To study and monitor the pests and disease of sugarcane and so develop appropriate control measures.
- To conduct basic research on germination of sugarcane setts, sucrose production, translocation and storage and on the environmental influences on these processes.
- To provide advice on the use of fertilizers and other agricultural chemicals, irrigation, drainage, diseases and pests control, the use of machines and equipment, land and water management, and other aspects of crop production planting 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 other countries.
- To improve technology of sugarcane production inside the sugar factories by improving process and milling efficiency.



#### Shakarganj Sugar Research Institute's Review 1999

A thorough assessment of the activities of Sugar Research Institute in the light of problems as faced by the Sugar Industry at present was made and a major restructuring was carried out. The main problem faced by the industry is low recovery and very low yield per acre of sugarcane crop. Returns from sugarcane at this level of production does not seem very attractive for the growers even at a very high price of Rs. 35/- per 40 kgs as fixed by the government. A major factor to make the crop attractive for growers is to give a package to the growers, which could result in appreciably higher yields than are being obtained at present. The present average yield ranges around 20 tons per acre, which is very low and has to be raised to 30-40 tons per acre average yield to make sugarcane corp attractive for growers.

The profitability of the sugar industry lies in higher sugar percentage in cane. The available sugarcane varieties are having low sugar contents and the sugar recovery being obtained at the Mills especially in central Punjab is very low. There is need for expediting the work of evolving new varieties with high sugar contents at as early a date as possible. Fuzz of the required quantity and desired parentage has been imported from Louisiana, and for the first time, the Institute has been successful in raising 45 thousand seedlings out of this fuzz. In previous years the number of seedling raised per year  $\gamma$  were about , 5,000 to 10,000. With larger number of seedling, the chances of finding promising clones increase significantly. The Institute has been able in screening new varieties suitable for our climate and we hope that in near future the Institute will be able to relase some promising varieties. A summary is given below:

Status of germplasm under different selection stages at SSRI Jhang

(Autumn 1999)

	(Autumn 1999)			
Stage /	Description	Year		Acreage
S. Year		98	99	
Stage-5/95	Final Varietal Trials			
	S95NSG-Series	22	6	1 acre
	a. NUVY - Trials (7 locations)		1	1 acre
	b. Coordinated Trials ( 4 locations)		8	lacre
	c. Fertilizer, Irrigation, Seed rate, Weed control, Diseased screening,		6	1 acre
	Seed Treatment and Post Harvest Losses studies.			
	Losses studies.			
Stage-4/96	Semi-Final Varietal Trials			
	S96NSG-Series	137	23	1 acre
Stage-3/97-98	Ratoon seedlings (SASAEX, South Africa)			
	RS97NSG-Series	19	7	1 acre
	RS98NSG-Series	48	13	1 acre
Stage-2/98	Progeny clones (CSIRO, Australia)			
	S98CSSG- Series	17590	2205	5 acres
Stage-1/99	Original seedlings transplanted in field			
	a. SASAEX, South Africa (S99NSG- Series)		1202	2 Kanal
	b. BSES, Australia ( \$99QSG- Series )		689	1.5 Kanal
	c. Houma, USA ( \$99 HoSG- Series )		33516	9.5 acres
		· Total:	35407	
	Seed Multiplication of Promising clones			
	1. S95NSG-Series			
	a. SSRI Farms		8	8 acres
	b. Cane Seed Bank		8	38 acres
	2. S96NSG-Series		35	2 acres
	3. S97NSG-Series		2	1 acre
	4. HS-Clones		4	1 Marla
	5. NWFP, Mardan-Clones		78	1.5 Kanal
	6. NARC, Islamabad- Clones		2	1 Maria
	7. AARI, Faisalabad- Clones 10		8	2 Kanal



#### **Research** Activities and Achievements

Research strategy to evolve sugarcane clones acceptable to both farmer and sugar industry was followed since the inception of SSRL Major activity of SSRI during the year under report was related to screening of new selected lines out of the fuzz obtained from South Africa, Mauritius, Australia and USA.

Research activities conduced on various aspects of cane production are given below:

- 1. Sugarcane variety development
- 2. Biological control of borer complex
- Studies on disease tolerance
- 4. Establishment of biocompost plant
- 5. Bio-technology project
- 6. Soil and water advisory service
- 7. SML Nestle molasses feed project
- 8. Refresher courses
- 9. Publication of research journals
- 10. Research staff

#### 1. Sugarcane variety development

Studies on quantitative and qualitative characteristics of seedling clones/varieties for selection of promising strains under different selection stages was in progress. Status of the germplasm in hand at SSRI has briefly been discussed earlier in the report.

#### a. Germplasm under different selection stages

Sufficient germplasm was available to advance with better agro-economic traits. Stage wise description is briefly given below.

At stage-I original seedlings obtained from 78 bi-parental crosses transplanted were 35407 on about 10 acres at Ghazi Shah Farm of SSRI in single stools (2x3 ft. )

At stage II from 17591 original seedlings of CSIRO fuzz 2205 progeny clones were selected and advanced during autumn 1999. In the same year 20 clones from ratoon seedlings - 1997/98 of SASEX fuzz has shown a good promise.

At stage III from single plots of 137 advance clones about 25 promising clones were selected for semi-final varietal trials.

At stage-IV/V amongst 22 clones from semi-final varietal trials four were selected for final trials, these clones were included for different agronomic, pathological, entomological and coordinated trials at various locations.

Studies were in progress for the material collected from other research stations that included 78 clones from SCRI Mardan, 8 clones from AARI, Faisalabad, 4 clones from Habib Sugar Mills and 2 clones from NARC Islamabad.

#### B. Coordinated varietal trials

Four promising clones of SSRI i.e. S96NSG6, S96NSG15, S96NSG39 and S96NSG60 were included in the coordinated varietal trials at different locations in the country. This will be useful for compilation of data from different locations for approval of varieties in the future. Agro-economic traits of a promising varieties included in this trial are given in the following table.

#### Performance of sugarcane promising clones included in coordinated trial

Sr.	Promising	Growth	Germin-	Tiller/	Yield	Diseas	e reaction	Rec./CCS	(%)
No.	Clones	habit	ation %	plant	(t ha')	Red ro	t Rust	cane Nov.	
1.	\$95NSG-6	Erect	73	3.10	116	R	R	9.64	
2.	\$95NSG-15	Erect	64	4.20	98	R	R	8.62	
3.	\$95NSG-39	Erect	65	4.00	123	R	R	9.74	
4	\$95NSG-60	Erect	57	6.30	109	R	R	9.13	
5	HS-102	Erect	56	2.41	89	R	R	8.50	
6.	SPF-213	Erect	61	4.32	108	R	R	11.50	
7.	CPF-236	Erect	56	2.52	83	MR	R	14.58	
8.	CPF-237	Erect	54	2.72	74	R	R	12.72	



#### c. Registration of promising clones

Correspondence with Federal Seed Certification and Registration Department (FSC & RD) for registration of new promising clones like \$95NSG6, \$95SNG15, \$95NSG39 and \$95NSF60 was in progress. The technical staff of FSC and RD visited the spot at \$SRI for observation during October 1999. Remaining information after harvest of the promising clones on a prescribed Performa has been forwarded for further necessary action.

#### 2. Biological control of borer complex

The parasitized eggs of trichogramma were released in cane fields for control of borer complex @ 3-4 cards per acres and as many as 12,131 acres were covered by releasing more than 35 thousand tricho cards by early October, 1999. A target of 60,000 acres was fixed for year 2000.

#### 3. Studies on disease tolerance

Screening of different clones/cultivars against various diseases remained in progress at Basti Ghazi Shah and Ashaba Farms. The details are given below.

Screening stage of clones Clones	Total clones	Selected
Original seedlings - 1999	17590	2205
Ratoon seedlings - 1997	19	10
Ratoon seedlings - 1998	48	26
Semi final varietal trials	137	36
Final varietal trials	22	10

Observations of the germ plasm mentioned above were recorded on rust, smut, pokkah boeng and mosaic. Final data on different diseases was compiled after recording observation of red rot after 60 days of inoculation.

#### 4. Establishment of bio-compost plant

After getting the successful results by conducting different experiments on effluents, a composting plant has been established for the preparation of biocompost with help of microbes isolated at the Institute. The waste material from the mills viz filter cake, spent wash from the distillery and effluents from the sugar mills are used as raw material for the compost.

Parameter	Filtercake	Stillage	Biocompost
pH (1:10)	7-7.2	4.2-4.7	6.5-7.2
Total N (%)	.1.50-1.60	0.13-0.22	1.45-1.70
Total P (%)	1.15-1.25	0.05-0.09	1.35-1.50
Total K (%)	0.75-1.00	0.90-1.10	3.30-4.50
Organic Matter (%)	65-75	55-60	55-65

Composition of filtercake, stillage and biocompost

#### 5. Biotechnology project

SML-Sudzucker joint project on biotechnology was started during the year under report. Collection of soil samples from different locations of Jhang for isolation of bacteria was done. Samples were analyzed and slant containing isolated microorganisms sent to Sudzucker, Germany. The slants were duly purified and studied at different temperatures.

#### 6. Soil and water advisory service

The soil science laboratory provided valuable service to growers. Analysis of composite soil samples from 3076 acres for 2228 growers around SML was completed. The data is utilized for formulating recommendation in soil reclamation and increasing productivity. The water quality data collected from 1364 tube wells indicated that 42% of the water samples were fit for irrigation, while 45% were quality unfit and 13% were marginally fit, Soil and water quality status map of SML cane growing area is drawn as a ready reference to guide and recommended the growers for improvement of soil water quality to increase the productivity.



#### 7. SML Nestle molasses feed project

Summery of the results gave useful information showing that cost of molasses feed over a period 4 months was 15kg @ Rs.46/-. The advantage of extra milk over a period of 4 month was Rs. 720/-. Thus the grower got an added advantage of Rs. 673 per animal over a period of 4 months. The animals fed on molasses feed showed an improvement in their general health with shiny skin and increased weight as compared to other animals.

#### 8. Refresher courses

Like previous year refresher courses were initiated at SSRI for cane development staff of SML, Jhang. In some courses speakers were invited from other concerned companies. Practical demonstration was also given in the field. Examination was taken after completion of each refresher course and a certificate from SSRI was given to the successful participants.

#### 9. Publication of research journal

Previously Pakistan Sugar Journal (PSJ) was published quarterly. For this year it was decided to publish it on bio-monthly basis. Now it also fulfills requirement of ISO having ISSN- 1028.1193.

#### 10. Research Staff

At present technical research staff comprised Director Research, one Soil Chemist and one Plant Pathologist handling different aspects of research. We are short of staff but efforts are being made to get some more scientists of suitable gualifications and aptitude to augment the strength of the research staff.

We report with grief the sad demise of our Plant Pathologist, Mr. Muhammad Arshad Khan. He was a very competent scientist in his discipline and had the honour of being the first Plant Pathologist in Pakistan who identified new races of red rot disease in sugarcane. Very special appreciation goes to him for his work at various selection stages, particularly in testing and screening of SPSG-26, approved by the government for commercial cultivation in 1999.

M. ASGHAR QURESHI Chairman SSRI



#### Directors' Report to Shareholders

#### **Dear Shakarganj Investor:**

Your Directors are pleased to present the 32nd Annual Report alongwith audited accounts of the company for the year ended September 30, 1999.

#### **Financial Results**

Your Company's operations for the year resulted in profit after taxation of Rs. 1.295 million as against loss of Rs. 30.271 million in 1998; EPS Rs. 0.044. After adding profit of Rs. 0.590 million brought forward from previous year the profit available for appropriation comes to Rs. 1.885 million which is being carried forward.

In view of the meagre profits, your Directors do not recommend any dividend for the year ended September 30, 1999.

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

#### **Changes in Board of Directors**

Mr. Altaf M. Saleem has been working for the company for the last 27 years. He has been the Chief Executive Officer since 1978. He has been appointed to a public office as Minister Incharge for Privatisation by the Government of Pakistan. He has resigned from the company in order to avoid any possible conflict of interest. The Board of Directors has accepted his resignation for the period he will remain with the Government. He will rejoin the Board when relieved from the Government.

The Board of Directors wishes to record its appreciation and acknowledgment for the valuable contributions made by Mr. Altaf M. Saleem during the period of his office. The Board wishes him success in his new assignment.

During the year, Mr. Irfan Ahmad Imtiazi representing NIT retired on completion of his term of office while Mr. Muhammad Asif and Mr. Gul Nawaz representing NIT were elected as Directors for a term of three years.

The Board records its appreciation for the valuable services rendered by the outgoing director and welcome the newly appointed directors.

#### Auditors

Riaz Ahmad & Company, Chartered Accountants retire and offer themselves for re-appointment.

#### 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, 1999 is not made as the Directors are of the view that the decline in the market value as on September 30, 1999 was temporary and would reverse once the stock market improves. In fact, due to increase in prices of shares in the subsequent period, the shortfall of market value has been decreased by Rs. 89.063 million on March 14, 2000.

#### Pattern of Shareholding

A statement showing the pattern of shareholding in the company as on September 30, 1999 appears on page 127

#### The Millennium Compliance

The company has updated its hardware and software with the Year 2000 and the directors are confident that the company's internal operations will not be disputed due to this issue.

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

#### Chairman

April 03, 2000 Lahore.



#### Auditors' Report to the Members

We have audited the annexed balance sheet of SHAKARGANJ MILLS LIMITED as at 30 September 1999 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 report that the provision for diminution in market/breakup value of short term investments as on 30 September 1999 amounting to Rupees 167.910 million (Note 21.1) has not been made. Had it been provided, the profit for the year and value of short term investments as on 30 September 1999 would have been lower accordingly. Except for this failure, we state that we have obtain 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:

- in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - 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;
  - the expenditure incurred during the year was for the purpose of the company's business; and
  - 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 1999 and of the profit 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:- April 04, 2000.



#### Balance Sheet as at

		(RUPEES IN	THOUSAND)	
	NOTE	1999	1998	
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised share capital				
50 000 000 ordinary shares of Rupees 10 each		500,000	500,000	
Issued, subscribed and paid				
up share capital	3	292,860	292,860	
Reserves	4	146,543	146,543	
Unappropriated profit		1,885	590	
		441,288	439,993	
SURPLUS ON REVALUATION OF		and the second sec		
OPERATING FIXED ASSETS		10,745	10,745	
NON-CURRENT LIABILITIES				
REDEEMABLE CAPITAL	5	251,206	297,721	
LONG TERM LOANS	6	27,678	25,940	
LIABILITIES AGAINST ASSETS				
SUBJECT TO FINANCE LEASE	7	63,997	60,447	
		342,881	384,108	
CURRENT LIABILITIES				
Current portion of long				
term liabilities	8	154,370	125,929	
Short term finances	9	468,209	544,703	
Creditors, accrued and				
other liabilities	10	287,513	235,043	
Workers' participation fund	11	553		
Provision for taxation		51,338	43,810	
Unclaimed dividend		695	69	
		962,678	950,180	
CONTINGENCIES AND COMMITMENTS	12		1 certific	
		1,757,592	1,785,026	

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Shakarganj '99

#### 30 September 1999

	NOTE	(RUPEES IN TI 1999	HOUSAND) 1998
ASSETS			
NON-CURRENT ASSETS			
TANGIBLE FIXED ASSETS			
Operating fixed assets	13	745,879	727,120
Assets subject to finance lease	14	100,242	82,219
Capital work-in-progress		-	8,993
		846,121	818,332
EQUITY INVESTMENTS	15	93,076	93,076
LONG TERM DEPOSITS	16	10,079	8,402 919,810
CURRENT ASSETS			
Stores, spare parts and loose tools	17	37,136	36,085
Stock-in-trade	18	339,174	429,940
Trade debts	- 19	28,841	6,924
Advances, deposits, prepayments and other receivables	20	109,324	92,146
Short term investments	21	270,053	250,053
Cash and bank balances	22	23,788	50,068
	The second second second	808,316	865,216

1,757,592 1,785 026

Chairman

Shakarganj '99

#### Profit and Loss Account for the year ended 30 September 1999

		(RUPEES IN	THOUSAND)
	NOTE	1999	1998
SALES	23	1,864,677	1,816,421
COST OF GOODS SOLD	24	1,627,251	1,657,492
GROSS PROFIT		237,426	158,929
OPERATING EXPENSES		in the second	
Administrative and general Selling and distribution	25 26	41,548 37,803	37,915 9,245
		79,351	47,160
OPERATING PROFIT	27	158,075	111,769
OTHER INCOME	28	32,682	46,815
		190,757	158,584
FINANCIAL AND OTHER CHARGES WORKERS' PARTICIPATION FUND	29	179,699 553	180,414
PROFIT/(LOSS) BEFORE TAXATION		<u>180,252</u> 10,505	<u>180,414</u> (21,830)
TAXATION	30	(9,210)	(8,441)
PROFIT/(LOSS) AFTER TAXATION		1,295	(30,271)
UNAPPROPRIATED PROFIT BROUGHT FORWARD		590	30,861
UNAPPROPRIATED PROFIT CARRIED TO BALANCE SHEET		1,885	590
EARNING/(LOSS) PER SHARE (RUPEES)	33	0.04	(1.03)
			2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2

The annexed notes form an integral part of these accounts.

**Chief Executive Officer** 

Chairman



Statement of Sources and Application of Funds (Cash Flow Statement) for the year ended 30 September 1999

ended 30 September 1999	(RUPEES IN	THOUSAND)
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	10,505	(21,830)
Adjustments to reconcile profit/(loss) to		
net cash provided by operating activities		
a standard	72,547	90,478
Depreciation and amortization	9,275	4,799
Contribution to employees retirement benefits	(375)	(452)
Gain on disposal of operating fixed assets		(31)
Gain on sale of investments	(2,524)	(7,114)
Credit balances added back Financial charges	179,395	179,744
rinalicial charges		1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -
Cash flows from operating activities before working		
capital changes	268,823	245,594
Cash Flows From Working Capital Changes		*
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	(1,051)	(126)
Stores, spare parts and house tools	90,766	(80,350)
Trade debts	(21,917)	19,518
Advances, deposits, prepayments and other receivables	(748)	16,957
Increase/(decrease) in current liabilities		1.00
Short term finances	(76,494)	2,207
Creditors accrued and other liabilities	56,506	22,837
Workers' participation fund	553	(607)
NET CASH FLOWS FROM WORKING CAPITAL		
CHANGES	47,615	(19,564)
	316,438	226,030
CASH FLOWS FROM OPERATING ACTIVITIES	510,450	
Exampled abarran paid	(182,792)	(191,061)
Financial charges paid	(18,112)	(4,383)
Income tax paid Employees retirement benefits paid	(7,390)	(5,801)
	108,144	24,785
NET CASH FLOWS FROM OPERATING ACTIVITIES		



	(RUPEES IN	THOUSAND)
	1999	1998
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	1,622	1,258
Fixed assets acquired	(70,638)	(38,376)
Long term deposits	(1,677)	(5,129)
Sale proceeds of investments		68,923
Investments made	(20,000)	(56,031)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(90,693)	(29,355)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital	185,944	173,400
Redemption of redeemable capital	(178,615)	(165,866)
Repayment of long term loans	(29,153)	(40,794)
Repayment of finance lease liabilities	(21,907)	(17,636)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(43,731)	(50,896)
NET DECREASE IN CASH AND CASH EQUIVALENT	(26,280)	(55,466)
CASH AND CASH EQUIVALENT AT THE		
BEGINNING OF THE YEAR	50,068	105,534
CASH AND CASH EQUIVALENT AT THE END		
OF THE YEAR	23,788	50,068

#### Chief Executive Officer

Chairman

#### Notes to the Accounts for the year ended 30 September 1999

#### 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.

#### 1.1 Compliance with International Accounting Standards (IAS)

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

#### 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 cader 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 and 8 Percent of basic pay for officers and workers respectively.

#### 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 up to 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/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, the useful life of buildings and plant and machinery has been reassessed and depreciation is charged at the rate of 7.50 percent instead of 10 percent as referred in Note 13 on the basis of revised estimated useful life. The profit for the year has been increased by Rupees 19.063 million due to revision In estimates of the useful life of these assets.



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. Amortization of lease assets is charged to current year's income. During the year, the useful life of buildings and plant and machinery has been reassessed and amortization is charged at the rate of 7.50 percent instead of 10 percent as referred in Note 14 on the basis of revised estimated useful life. The profit for the year has been increased by Rupees 2.441 Million due to revision in estimates of the useful life of these assets.

#### 2.7 Borrowing cost

Interest, Mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

#### 2.8 Equity investments

Long term investments are stated at cost. Provision for diminution in value is made, if considered permanent. Short term investments are stated at the lower of cost and market value determined on aggregate portfolio basis.

#### 2.9 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. Items in transit are stated at invoice values plus other charges paid thereon to the balance sheet date.

#### 2.10 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.

#### 2.11 Trade debts

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

#### 2.12 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.

Shakarganj '99

		(RUPEES IN	THOUSAND)
		1999	1998
ISSUED, SUBSCRIBED AND PAI SHARE CAPITAL	D UP		
13,198,995 ordinary shares of Rupees 10 each fully paid up		131,990	131,990
750,000 ordinary shares of F issued to Pakistan Industrial C Corporation Limited against	redit and Investment		
to convert 20 percent of the fully paid up shares	ir Ioan into	7,500	7,500
15,337,034 ordinary shares o each issued as fully paid bon		153,370	153,370
		292,860	292,860

## Shakarganj '99

# 4. STATEMENT OF CHANGES IN EQUITY

(RUPEES IN THOUSAND)

Balance as on 30 September1999	Net profit for the year	Balance as on 30 September 1998	Net loss for the year	Nominal value of shares issued	Balance as on 01 October 1997			
				ed				
292,860		292,860		26,624	266,236		CAPITAL	SHARE
15,000		15,000		•	15,000	Balancing Modernization		
5,000		5,000			5,000	Research and development	Capital	
23,464	•	23,464	,		23,464	Premium on issue of right Shares		- ICOIN
43,464		43,464			43,464	Sub-Total	1000	1 555
				(26,624)	26,624	Sub-Total For issue of General bonus shares		RESERVES
78,079		78,079			78,079	General		
25,000		25,000			25,000	Dividend equalization	Revenue	
103,079		222		(96,624)		Sub-Total		1000
146,54		103,079 146,543		(26,624) (26,624)	173,16		Total	-
103,079 146,543 1,885	- 1,295	3 590	- (30,271) (		129,703 173,167 30,861 470,264		Total PROFIT/(LOSS)	UN-APPROPRIATED TOTAL
441,288	1,295	439,993	(30,271)		470,264		2	ED TOTAL

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

	PAKISTAN IN	PAKISTAN INDUSTRIAL CREDIT AND	T AND	BANKING	FIRST INTERNATIONAL	FIRST LEASING	JESCO (PRIVATE)	1999	1999 1998
	INTERIMENT	INVESTMENT CORPORATION LIMITED	LIMITED	COMPANIES	INVESTMENT BANK LIMITED	CORPORATION	LIMITED		
	LOANITON	LOANVANDVI	VI PLS-50 E 5.1 )	(NOTE 5.2)	(NOTE 5.3)	(NOTE 5.4)	(NOTE 5.5)		274
Balance at as 01 October	136,513	1,380	•	126,396	26,250	44,762	35,572	370,873	363,339
Received during the year		•	18,419	150,000			17,525	185,944	173,400
	136,513	1,380	18,419	276,396	26,250	44,762	53,097	556,817	536,739
Less: Repaid	34,827	1,380	,	126,396	11,250	4,762		178,615	165,866
Current Portion (Note 8)	34,744	,	9,210	18,750	15,000	40,000	9,292		73,152
	69,571	1,380	9,210	145,146	26,250	44,762	9,292	305,611	239,018
Balance as at 30 September	66,942		9,209	131,250			43,805	251,206	297,721
Sanctioned Limit	247,102	9,279	36,842	312,200	30,000	40,000	53,097		
Unavailed credit facility	12,554	9999	18,423	,					
No of installments 21 to	21 to 36 Quarterly 12 Quarterly	2 Quarterly	08 Quarterly	08 Quarterly	08 Quarterly	18 Monthly	08 Monthly 01 Lumsum		
Repayment date of 1st Installment	April 93 to April 96	April 96	April 2000 Se	April 2000 September 2000	October 98	April 99 [	December 99 October 2000		
Rate of mark-up (per annum)	06 to 08%	17.16%	16%	18.25%	19%	19%	19 to 22%		

200

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- 5.1 As per purchase and sale agreements, Pakistan Industrial Credit and Investment Corporation Limited has purchased machinery valuing Rupees 323.331 million (1998: Rupees 286.489 million) from the company which was deemed to have been resold to the company at marked-up price of Rupees 507.871 million (1998: Rupees 464.490 million) which includes rebate of Rupees 86.091 million (1998: Rupees 77.415 million) on timely payments of marked-up price. These are secured against securities mentioned in note No.6.1.
- 5.2 Finance from Banking Companies are secured against first charge on fixed assets of the company ranking pari passu with other creditors, deposit of U.S. Dollar and personal guarantee of Directors.
- 5.3 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, upto the extent of Rupees 40 million and personal guarantee of the director.
- 5.4 The finance was obtained from First Leasing Corporation Limited under Morabaha arrangement. Leasing company has purchased goods valuing Rupees 40 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.
- 5.5 The finances obtained from Jhang Electric Supply Corporation (Private) Limited is secured against hypothecation of stores, spares and book debts of the company.

		(RUPEES IN	THOUSAND)
LONG TERM LOANS		1999	1998
Pakistan Industrial C	redit and Investment		
<b>Corporation Limited</b>	1		
Loan No:			
IBRD-3019	(Note 6.1 and 6.2)	3,284	4,755
ADB-966	(Note 6.1 and 6.2)	26,051	27,733
Asian Finance and I	nvestment Corporation		
Limited	and a state of the second second		26,000
	of the second second second	A CARLES AND A CARLES AND A	
		29,335	58,488
Less: Current portio	n (Note 8)	1,657	32,548
		27,678	25,940

- 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 No.9.4; and

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(d) demand promissory note.

6.

Shakarganj '99

6.2 Loan No. IBRD-3019 and Ioan No. ADB-996 are repayable in 09 and 12 semi annual installments commenced from 01 July 2000 respectively as per revised repayment schedule. Loans carry interest at the rate of 15 and 15.61 percent per annum respectively.

(RUPEES IN THOUSAND) 1999 1998

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

The amount of future rentals and periods during which they fall due are as under:

20 Castanhar 1000		32,682
30 September 1999 30 September 2000	38,631	28,525
	33,360	23,254
30 September 2001	24,119	13,528
30 September 2002 30 September 2003	16,592	8,762
30 September 2003	2,957	
Balance rentals as at 30 September	115,659	106,751
Less: financial charges	25,945	26,075
Present value of minimum lease payments	89,714	80,676
Less: Current portion (Note 8)	25,717	20,229
	63,997	60,447

7.1 The value of minimum lease rental payments has been discounted at an implicit interest rate ranging from 19 to 25 percent. The balance rentals are payable in monthly/quarterly installments 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 born by lessee. Lessee shall have no right to terminate lease agreements and if lease agreements are terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 9.813 million (1998: Rupees 0.384 million) included in long term deposits, prepayments and other Receivables (Note 20).

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

Redeemable capital	126,996	73,152
Long term loans	1,657	32,548
Liabilities against assets subject to finance lease	25,717	20,229
	154,370	125,929



		(RUPEES IN	THOUSAND)
		1999	1998
SHORT TERM FINANCES			
Secured:			
From investment banks	(Note 9.1)	156,500	145,000
From investment company	(Note 9.2)	7,500	18,750
From finance corporation	(Note 9.3)	33,699	12.5
		197,699	163,750
From banking companies:			
Secured (Note 9.4)		270,014	379,642
Unsecured-Unpresented che	ques	496	1,311
		270,510	380,953
		468,209	544,703

9. SHORT

- 9.1 Short term finances obtained from Investment Banks include Rupees 9.500 million (1998: Rupees 10) million) from Crescent Investment Bank Limited (An associated undertaking). Finances are secured by way of hypothecation of stores, spares, stocks, book debts and pledge of shares of listed companies having face value of Rupees 8.289 million (1998: Rupees 6.280 million) as referred to in Note 21.2 and personal guarantees of directors. Mark-up is payable at the rate of 18.50 to 22 percent per annum. The finances are repayable on different dates before 30 September 2000.
- 9.2 This forms part of total sanctioned limit of Rupees 7.500 million (1998: Rupees 22.500 million) obtained from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited and carries mark-up at the rate of 18.25 to 20 percent per annum. The finance is secured by way of pledge of shares of listed companies having face value of Rupees 48.144 million (1998: Rupees 48.144 million) as referred to Note 21.2. The finance is Repayable in July 2000.
- 9.3 This forms part of total sanctioned limit of Rupees 80 million obtained from National Development Finance Corporation and carries mark-up at the rate of 20.07 percent per annum. The finance is secured by way of pledge of stocks of refined sugar and personal guarantees of directors of the company. The finance is repayable in two equal installments in October 1999 and June 2000.
- 9.4 These are secured against pledge and hypothecation of stores, spare parts, stocks, book debts, pledge of shares of listed companies having face value of Rupees 3.610 million as referred to in Note 15.2 and 21.2 (1998: Rupees 16.084 million), second charge on fixed assets of the company and personal guarantee of directors. Mark-up is chargeable at the rate of paisas 49 to 57 per Rupees 1,000 per day. These from part of aggregate credit facility of Rupees 307 million (1998: Rupees 567 million).

Shakarganj '99

		(RUPEES IN	THOUSAND)
		1999	1998
10.	CREDITORS, ACCRUED AND OTHER		
	LIABILITIES		
	Creditors	39,133	45,693
	Advance from customers	44,483	20,681
	Securities from contractors - Interest free, repayable		
	on completion of contracts	1,076	1,072
	Income tax deducted at source	380	427
	Mark-up accrued on redeemable capital - Secured	14,513	9,818
	Interest accrued on long term loans - Secured	1,160	2,447
	Mark-up accrued on short term finances - Secured	22,480	29,285
	Excise duty and sales tax payable	24,514	13,622
	Due to Gratuity fund	873	46
	Due to associated undertakings	32,053	52,183
	Payable to pension fund	1,112	123
	Due to Employees Provident Fund Trust	141	72
	Due to director	218	199
	Other accrued liabilities	105,377	59,375
		287,513	235,043
11.	WORKERS' PARTICIPATION FUND-ALLOCATION FOR THE YEAR	553	

#### 11. WORKERS' PARTICIPATION FUND-ALLOCATION FOR THE YEAR

11.1 Interest is paid at the prescribed rate under the Act on the funds utilized by the company till the date of allocation to workers.

#### 12 CONTINGENCIES AND COMMITMENTS

The company is contingently liable in respect of employees' claims amounting to Rupees 0.100 million (1998: Rupees 0.100 million), Central Excise duty claims amounting to Rupees 19.833 million (1998: Rupees 19.707 million) and other claims amounting to Rupees 3.421 million (1998: Rupees 50.163 million). These claims have not been acknowledged by the company and cases are pending with various courts.

#### Commitments

The capital commitments are Rupees 1.665 million (1998: Rupees 0.591 million). Letters of credit other than for capital expenditure are amounting to Rupees 0.383 million (1998: Rupees 1.148 million).



#### 13. OPERATING FIXED ASSETS

#### (RUPEES IN THOUSAND)

DESCRIPTION	COSTA	E-ASSESSED	VALUE	DE	PRECI	ATIO	N	BOOK VALUE	DEPRECIATI	ON Rate
	At at 01 October 1998	Additions/ (Deletions)	As at 30 September 1999	As at 01 October 1998	Adjustments		As at 30 September 1999	AS AT 30 SEPTEMBER 1999	New %	Old %
Land free hold (Note 13.1	1) 25,924		25,924			•	-	25,924	•	
Buildings and roads on Freehold land	99,640	4,890	104,530	59,739		3,359	63,098	41,432	7.5	10
Plant and machinery	1,240,125	68,611	1,308,736	591,030		53,828	644,858	663,878	7.5	10
Laboratory equipments	917	- 35	952	909		17	926	26	40	40
Tubewell and water pump	ps 2,870	199	3,069	1,902		233	2,135	934	20	20
Electric installations	1,031	2,840	3,871	818	-	611	1,429	2,442	20	20
Weighbridges and scales	4,284	•	4,284	3,225		212	3,437	847	20	20
Furniture and foctures	9,638	936 (37)	10,537	7,147	(24)	683	7,806	2,731	20.	20
Office equipments	5,821	983	6,804	5,456		539	5,995	809	40	40
Vehicles	11,579	1,974 (1,864)	11,689	6,139	(630)	1,236	6,745	4,944	20	20
Arms and ammunition	86		86	54		3	57	29	10	10
Library books	4,493	639	5,429	3,135		688	3,823	1,606	30	30
Tools and equipments	3,741	132	3,873	3,484		155	3,639	234	40	40
Telephone equipments	294	63	357	285		29	314	43	40	40
1999	1,410,443	81,599 (1,901)	1,490,141	683,323	(654)	61,593	744,262	745,879		
1998	1,372,071	39,332 (960)	1,410,443	603,368	(154)	80,109	683,323	727,120		



- 13.1 The company has given 10.39 acres land valuing Rupees 0.260 million for 20 years lease to Crescent Ujala Limited 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 and 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 (1998: Rupees 38.637 million).
- 13.3 Borrowing cost capitalized during the year was Rupees 7.074 million (1998: Rupees 3.422 million) under the head of plant and machinery.

			(RUPEES IN THOUSAND	
			1999	1998
13.4	Depreciation	n charge for the year has been allocated as follows:		
	Cost of goo	ds sold		
	Sugar	(Note 24.2)	55,179	72,758
	Distillate	(Note 24.3)	1,163	1,579
	and the second se	(Note 24.4)	1,029	1,465
	Administrati	ive and general		
	expenses -	Sugar (Note 25.1)	4,222	4,307
	and the second		61,593	80,109

# 13.5 DISPOSAL OF OPERATING FIXED ASSETS

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(RUPEES IN THOUSAND)

DESCRIPTION	COST	ACCUMULATED	BOOK	PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASERS
Furniture and Fixtures	0					
Deep Freezer	7	6	-	-	As per company policy	Sarfraz Khan (Company employee)
Show case and sofa set	7	3	+	5	As per company policy	Gualzar Ahmad (Company ex-employee)
Double bed and dressing table	7	5	2	3	As per company policy	ljaz Ahmad (Company employee)
Double bed, sofa set and table	16	10	6	4	As per company policy	Falak Sher (Company ex-employee)
VEHICLES						
Suzuki Margala 1300 CC JGB 2929	271	53	218	271	As per company policy	Dr. Sardar Ahmad Qureshi (Company ex-employee)
Suzuki Margala 1300 CC JGA 9946	149	54	95	130	As per company policy	Nusrat Ali (Company employee)
Suzuki Margala 1300 CC JGA 9747	36	18	18	123	As per company policy	Nasir Mahmood (Company employee)
Suzuki Khyber 1000 CC JGB 4872	162	58	104	112	As per company policy	Muhammad Yar Rahi (Company employee)
Suzuki Mehran 800 CC JGB 2478	122	44	78	87	As per company policy	Mirza Mehfooz Ali (Company employee)
Suzuki Margala 1300 CC JGB 2000	196	71	125	136	As per company policy	Khalid Mahmood Malik (Company employee)
Suzuki Margala 1300 CC JGB 2603	200	72	128	135	As per company policy	Magsood Ahmed (Company employee)
Suzuki Khyber 1000 CC JGB 2607	168	60	108	111	As per company policy	Muhammad Younas (Company employee)
Suzuki Khyber 1000 CC JGB 2600	165	59	106	108	As per company policy	Zahid Mahmood (Company employee)
Suzuki Margala 1300 CC JGB 4000	196	71	125	136	As per company policy	Siddique Sahi (Company employee)
Suzuki Khyber 1000 CC JGB 2602	168	60	108	111	As per company policy	Tariq Javed (Company (employee)
Motor cycles 100 CC JGA 7823	2	1	1	33	As per company policy	Arif Ali (Company employee)
Motor cycles 100 CC JGA 7159	1	1		30	As per company policy	Abdul Jabbar (Company employee)
Motor cycles 100 CC JGA 7146	1	1		29	As per company policy	Gulzar Ahmed (Company employee)
Motor cycles 100 CC JGA 8479	5	2	3	. 27	As per company policy	Afzal Sindhu (Company employee)
Motor ovies 100 CC IGR 0800			17	30		Catana Abara di Canana ana ana ana



#### 14. ASSETS SUBJECT TO FINANCE LEASE

#### (RUPEES IN THOUSAND)

DESCRIPTION		COST			AMORTIZATION	4	and the second se	BOOK VALUE	AMORTIZATIO	N RATE
	At at 01 October 1998	Additions/ (Deletion)	As at 30 September 1999	As at 01 October 1998	Adjustments	Charge for the year	As at 30 September 1999	AS AT 30 SEPTEMBER 1999	NEW %	Old %
Building	255		255	238		17	255		7.5	10
Plant and machinery	86,130	24,235	110,365	12,700		7,325	20,025	90,340	7.5	10
Vehicles	13,381	2,166 (3,845)	11,702	4,609	(1,877)	1,794	4,526	7,176	20	20
Equipments		4,544	4,544			1,818	1,818	2,726	40	40
1999	99,766	30,945 (3,845)	126,866	17,547	(1,877)	10,954	26,624	100,242		
1998	65,881	55,063 (21,178)	99,766	18,407	(11,229)	10,369	17,547	82,219		

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)
And the second se	1999	1998
Cost of goods sold- Sugar (Note 24.2)	7,325	8,159
Administrative and general Expenses-Sugar (Note 25.1)	3,629	2,210
	10,954	10,369



(RUPEES	IN	THOUSAND)
1999		1998

#### **15. EQUITY 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		
733,870 ordinary shares of Rupees 10 each fully paid	55,326	55,326
Pakistan Industrial Leasing Corporation Limited		
625,000 ordinary shares of Rupees 10 each fully paid	20,000	20,000
	83,076	83,076
UNQUOTED		
Subsidiary Company:		
Crescent Business Management (Private) Limited -		
1,000,000 ordinary shares of Rupees 10 each fully paid	10,000	10,000
Equity held: 88.79%		
Break up value as per last audited accounts was		
Rupees zero per share		
	93,076	93,076

- 15.1 Aggregate market value of quoted investments as at 30 September 1999 was Rupees 26.963 million (1998: Rupees 17.173 million).
- 15.2 Following investments having face value of Rupees 6.500 million (1998: Rupees 6.500 million) are deposited as security with banking companies and investment banks:

Against short term finances obtained from Banking Companies (Note 9.4)	3,500	3,500
Against bank guarantee issued by Crescent Investment	0,000	0,000
Bank Limited (An associated undertaking)	3,000	3,000
	6,500	6,500

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		(RUPEES IN	THOUSAND)
		1999	1998
6. LONG	TERM DEPOSITS		
		266	251
Security	es y deposit against leasehold assets (Note 7.1)	9,813	8,151
		10,079	8,402
7. STORES	S, SPARES PARTS AND LOOSE TOOLS		- Contraction
		23,720	23,216
Stores		14.,188	13,667
Spare		728	702
Loose	tools	38,636	37,585
Less: P	rovision for obsolescence	1,500	1,500
		37,136	36,085
18. STOCK	-IN-TRADE		
Work-i	in-process	1,406	3,319
Finishe	ed goods:	and the set of	
Sugar		294,629	351,591
Molass	and the second se	7,878	4,782
- Distilla		22,593	58,321
Kanew		12,668	11,927
Numeri		337,768	426,621
		339,174	429,940
9. TRADE	DEBTS	and the second second	
	lered good:		
	ed (against letters of credit)	19,471	
Unsect		9,370	6,924
		28,841	6,924
20. ADVAN	NCES, DEPOSITS, PREPAYMENTS		
	OTHER RECEIVABLES		
Loans	and advances -Considered good:		
Employ	yees-Interest free	126	74
and the second second second	ers and contractors	8,846	9,045
Incom		46,941	30,511
	ane growers (Note 20.1)	4,681	5,621
Jugure		60,594	45,251



		(RUPEES IN	THOUSAND)
		1999	1998
	Considered doubtful:		
	Sugarcane growers	2,001	2,001
	Less: Provision for doubtful	2,001	2,001
		60,594	45,251
	Deposits:		
	Excise duty and Sales tax	-	389
	Margin against bank guarantees	1,352	2,070
	Security deposit against leasehold assets (Note 7.1)	905	384
		2,257	2,843
	Letters of credit	688	1,301
	Short term prepayments	33,694	26,213
	Due from associated undertakings (Note 20.2)	624	1,397
	Accrued interest	530	796
	Sundry receivables	10,937	14,345
20.1	Loans to sugarcane growers are partly interest free and partly inter- rate of 18.25 and 19.71 percent per annum.	109,324 est bearing at the	92,146
	rate of 18.25 and 19.71 percent per annum.		92,140
			92,146
	rate of 18.25 and 19.71 percent per annum.		362
	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS		362 569
	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited	est bearing at the	362 569 450
	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited	est bearing at the 160	362 569 450 16
	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited	est bearing at the 160	362 569 450
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited	est bearing at the 160 464	362 569 450 16
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited Crescent Knitwear Limited	est bearing at the 160 464	362 569 450 16
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited Crescent Knitwear Limited SHORT TERM INVESTMENTS	est bearing at the 160 464	362 569 450 16
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited Crescent Knitwear Limited SHORT TERM INVESTMENTS QUOTED Associated Undertakings:	est bearing at the 160 464	362 569 450 16
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited Crescent Knitwear Limited SHORT TERM INVESTMENTS QUOTED Associated Undertakings: Crescent Sugar Mills and Distillery Limited	est bearing at the 160 464	362 569 450 16
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited Crescent Knitwear Limited SHORT TERM INVESTMENTS QUOTED Associated Undertakings:	est bearing at the 160 464 624	362 569 450 16 1,397
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited Crescent Knitwear Limited SHORT TERM INVESTMENTS QUOTED Associated Undertakings: Crescent Sugar Mills and Distillery Limited 487,132 ordinary shares of Rupees 10 each fully paid	est bearing at the 160 464 624	362 569 450 16 1,397 10,080
20.2	rate of 18.25 and 19.71 percent per annum. DUE FROM ASSOCIATED UNDERTAKINGS Crescent Jute Products Limited Crescent Group Services (Private) Limited Jhang Electric Supply Corporation (Private) Limited Crescent Knitwear Limited SHORT TERM INVESTMENTS QUOTED Associated Undertakings: Crescent Sugar Mills and Distillery Limited 487,132 ordinary shares of Rupees 10 each fully paid 150,276 bonus shares of Rupees 10 each	est bearing at the 160 464 624	362 569 450 16 1,397

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	(RUPEES IN	THOUSAND)
	1999	1998
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		
Jubilee Spinning and Weaving Mills Limited		
4,000 ordinary shares of Rupees 10 each fully paid	66	66
11,584 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
51,529 (1998: 42,341) bonus shares of Rupees 5 each		
The Crescent Textile Mills Limited		
143,943 ordinary shares of Rupees 10 each fully paid	2,234	2,234
41,268 (1998: 28,182) bonus shares of Rupees 10 each		
Crescent Steel and Allied Products Limited		
180,000 (1998:133,500) ordinary shares of Rupees 10 each		
fully paid	2,784	1,226
323,415 bonus shares of Rupees 10 each		
Pakistan Industrial Leasing Corporation Limited		
2,323,430 (1998:1,642,886) ordinary shares of		
Rupees 10 each fully paid	65,158	52,568
784,636 (1998:Nil) bonus shares of Rupees 10 each		-
Equity held: 17.13%		
Crescent Investment Bank Limited		
1,241,595 (1998: 1,209,595) ordinary shares of		
Rupees 10 each fully paid	20,508	19,844
454,565 (1998: Nil) bonus shares of Rupees 10 each		
Pakistan Industrial Credit and Investment		
Corporation Limited		
1,963,326 ordinary shares of Rupees 10 each fully paid	94,275	94,275
1,153,462 bonus shares of Rupees 10 each		-
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(RUPEES IN THOUSAND) 1999 1998

Others:		
First Crescent Modaraba	965	965
110,000 ordinary shares of Rupees 10 each fully paid	905	905
1,786 bonus shares of Rupees 10 each		
Crescent Leasing Corporation Limited		
2,291,000 (1998: 2,274,271) ordinary shares of	20.440	30,252
Rupees 10 each fully paid	30,440	30,232
343,650 (1998: Nil) bonus shares of Rupees 10 each		
Equity held: 15.27%		
Crescent Spinning Mills Limited		2.42
341,300 ordinary shares of Rupees 10 each fully paid	3,413	3,413
Crescent Knitwear Limited		
700,000 (1998: 212,195) ordinary shares of	and the second second	and the second
Rupees 10 each fully paid	7,122	2,122
Husein Sugar Mills Limited		
631bonus shares of Rupees 10 each		
AR Pak. International Investment Limited		
10,000 ordinary shares of Rupees 10 each	93	93
Pakistan International Airlines Corporation		
51 bonus shares of Rupees 10 each		1
Atlas Bot Lease Company Limited		
26,406 bonus shares of Rupees 10 each		
Pakistan Oil Fields Limited		
500 ordinary shares of Rupees 10 each fully paid	34	34
125 bonus shares of Rupees 10 each	1. A.	
Prudential Discount and Guarantee House Limited		
131,000 ordinary shares of Rupees 10 each fully paid	1,033	1,033
Sui Northern Gas Pipelines Limited		
61,242 (1998: 53,254) bonus shares of Rupees 10 each		
Muslim Commercial Bank Limited		
3,565 bonus shares of Rupees 10 each		
Nazir Cotton Mills Limited	4,711	4,711
471,113 ordinary shares of Rupees 10 each fully paid	4,/11	4,711

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	(RUPEES IN	THOUSAND)
	1999	1998
Shaheen Cotton Mills Limited 1,050,000 ordinary shares of Rupee 10 each fully paid	13,650	13,650
Unquoted-Associated Undertaking:		
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	2,200	2,200
last audited accounts was Rupees zero per shares	270,053	250,053

- 21.1 Market/break-up value of short term investments as on 30 September 1999 was Rupees 102.143 million (1998: Rupees 102.070 million) which was lower than the cost by Rupees 167.910 million. However, due to increase in prices of shares in subsequent period, the short fall of market value has been decreased by Rupees 89.063 million on 14 March 2000.
- 21.2 Following investments having face value of Rupees 66.389 million (1998: Rupees76.854 million) are deposited as security with banks, financial institutions and investment companies.

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

29

Investment banks	(Note 9.1)	8,289	6,280
Investment compani		48,144	48,144
Banking companies	(Note 9.4)	110	12,584
Against bank guara	ntees issued by:	9,309	9,309
Crescent Investment	Bank Limited	9,309	1,507
Against central exci	se duty on loan:		
	edit and Investment	537	537
Corporation Limited		66,389	76,854
			-
2. CASH AND BANK BA	ALANCES		
Cash in hand		154	379
Cash with banks on			
Current accounts		16,856	15,749
Short term deposit	accounts	6,353	6,262
Dividend account	accounts	14	14
LATING CONTRACTOR CONTRACTOR CONTRACTOR	unt	411	27,664
Dollar deposit acco	unc	23,634	49,689
		23,788	50,068

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22.1 Term deposit receipts amounting to Rupees 6.353 million (1998: Rupees 6.262 million) are lying with Muslim Commercial Bank Limited under lien against loans to sugarcane growers.

	(RUPEES II	N THOUSAND)
	1999	1998
23. SALES		
Sugar:		
Local	1,669,292	1,784,210
Export	150,035	
Rebate on export of sugar	52,686 202,721	
	1,872,013	1,784,210
Distillate:		
Local	44,581	32,437
Export	<u>84,106</u> 128,687	32,437
Kanewood	8,295	7,345
Molasses (By-product)	38,860	68,960
·	2,047,855	1,892,952
Less: Commission to selling agents	4,689	10,293
Sales tax on sugar	178,489 183,178	66,238 76,531
	1,864,677	1,816,421
24. COST OF GOODS SOLD		
Sugar (Note 24.1)	1,528,010	1,632,671 17,159
Distillate (Note 24.3) Kanewood (Note 24.4)	87,342 11,899	7,662
	1,627,251	1,657,492
24.1 COST OF GOODS SOLD - SUGAR	and the second	
	1,236,902	1,298,553
Raw material	44,028	45,128
Salaries, wages and other benefits Stores, spare parts and loose tools	3,588	5,088
Dyes and chemicals	13,885	12,805
Packing material	20,535	20,798
	27,356	32,267
Fuel and power	17,929	21,413
Repair and maintenance	3,153	4,783
Insurance	640	665
Vehicles' running	237	206
Travelling and conveyance	131	200

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		(RUPEES IN 1999	THOUSAND) 1998
		1999	1990
	Printing and stationery	379	407
	Rent, rates and taxes	114	160
	Excise duty	22,586	128,187
	Other factory overheads	6,445	6,940
	Sugarcane research and development	9,779	8,851
	Staff training and development	2,171	2,281
	Depreciation/amortization (Note 24.2)	62,504	80,917
	Depreciatory and azaron (note 2 m2)	1,472,231	1,669,449
	Work-in-process inventory:		
	As at 01 October	3,319	2,464
	As at 30 September	1,406	3,319
		1,913	(855)
	Cost of goods produced	1,474,144	1,668,594
	Finished goods inventory:	356,373	320,450
	As at 01 October		356,373
	As at 30 September	302,507 53,866	(35,923)
		1,528,010	1,632,671
24.2	DEPRECIATION/AMORTIZATION	Constant a state of the	a de la de l
			70 750
	Depreciation (Note 13.4)	55,179	72,758
	Amortization (Note 14.2)	7,325	8,159
		62,504	80,917
24.3	COST OF GOODS SOLD - DISTILLATE		
	and the second se	05.754	30,355
	Molasses	25,756	875
	Stores, spare parts and loose tools	1,197	1,652
	Salaries, wages and other benefits	2,102	
	Chemicals	5,263	4,262
	Fuel and power	14,454	11,201
	Insurance	95	93
	Other factory overheads	1,584	1,116
	Depreciation (Note 13.4)	1,163	1,579
	Cost of goods produced	51,614	51,133
	Finished goods inventory:		
	As at 01 October	58,321	24,347
	As at 30 September	22,593	58,321
	As at so september	35,728	(33,974)
		87,342	17,159

Shakarganj '99

(RUPEES	IN THOUSAN	ID)
1999	199	8

Adi	ninistrative and general	2,867	598
Sell	ing and distribution	10,832	146
		13,699	744
		27,646	10,768
27.3 OP	ERATING LOSS - KANEWOOD	Service Manager	
Sal	es - Net	8,093	7,145
Cos	t of goods sold	11,899	7,669
	oss loss	(3,806)	(517)
Op	erating expenses		
Ad	ministrative and general	181	149
Sel	ing and distribution	68	36
		249	185
		(4,055)	(702)
8. OTHER I	NCOME		
	ion on fertilizer	45	218
	disposal of operating fixed assets	375	459
	income (Note 28.1)	2,708	13,245
	n bank deposits	1,254	1,186
	on advances to associated undertakings	6,756	5,786
	sale of investments		31
	iral farm income	10,697	11,806
Rental	Contractor of the second second second	107	
	y income	7,919	3,097
Credit b Miscella	alances added back	2,524 297	3,776
maccild			

#### 28.1 DIVIDEND INCOME

#### Associated undertakings:

Crescent Leasing Corporation Limited		3,436
The Premier Insurance Company of Pakistan Limited	46	52
Crescent Steel and Allied Products Limited	2,281	1,587
Pakistan Industrial Leasing Corporation Limited		7,852
The Crescent Textile Mills Limited	327	303
44		

Shakarganj '99

	(RUPEES IN	THOUSAND)
	1999	1998
Others:		
AR Pak International Investment Limited	5	5
Atlas Bot Lease Company Limited	40	
Pakistan Oil fields Limited	1	2
Muslim Commercial Bank Limited	8	8
-	2,708	13,245
9. FINANCIAL AND OTHER CHARGES		-
Financial		
Mark-up/interest on:		
Redeemable capital	40,283	46,854
Short term finances	107,979	100,649
Advances from associated undertakings	4,014	3,020
Long term loans	5,685	9,005
Finance charges on lease liabilities	16,326	11,654
Lease agreements fee	728	277
Bank charges and commission	4,380	8,285
	1,79,395	179,744
Others:		
Donations (Note 29.1)	304	670
	179,699	180,414

#### 29.1 DONATIONS

A sum of Rupees 200,000 (1998: Rupees 200,000) was donated to Crescent Educational Trust, 45-Shahrah-e-Quaid-e-Azam, Lahore in which the following directors of the company are trustees:

Mr. Mazhar Karim Mr. Khalid Bashir

#### 30. TAXATION

This represents provision for the year against 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 548.726 million as on 30 September 1999 (1998: Rupees 407.807 million).



#### 31. CHIEF EXECUTIVE 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:

	99		998
Chief Executive	Executives	Chief Executive	Executives
	(RUPEES IN	THOUSAND)	
2,040	11,817	1,944	11,830
918	2,830	875	2,866
143	776	136	774
408	1,880	389	1,789
170	822	162	765
	592		686
204	1,181	194	1,183
85	636	24	644
3,968	20,534	3,724	20,537
1	55	1	56
	Executive \$,040 918 143 408 170 204 85	Executive         Executives           (RUPEES IN           2,040         11,817           918         2,830           143         776           408         1,880           170         822           -         592           204         1,181           85         636           3,968         20,534	Executive         Executives         Executive           (RUPEES IN THOUSAND)         (RUPEES IN THOUSAND)           \$2,040         11,817         1,944           918         \$2,830         875           143         776         136           408         1,880         389           170         822         162           -         592         -           204         1,181         194           85         636         24           3,968         20,534         3,724

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

31.2 Aggregate amount charged in the accounts for fee to six directors in respect of three meetings was Rupees 35,000 (1998: Rupees 27,500 for six directors of two meetings).

#### 32. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 46.235 million (1998: Rupees 36.339 million).

The company purchased from and sold to associated undertakings, materials, goods and services in the aggregate sum of Rupees 1.229 million and Rupees 1.044 million respectively (1998: Rupees 4.010 million and Rupees Nil) respectively. Purchases/sales of materials, goods and services are made at prevailing market prices.

Mark-up on advances to associated undertakings is received/paid at the rate of 18.50 to 21 percent per Annum (Note 28 and Note 29).

#### 33. EARNING/(LOSS) PER SHARE -BASIC

There is no dilutive effect on the basic earning per share, which is based on:

Profit/(loss) attributable to ord	inary		
Shareholders	(Rupees in thousand)	1,295	(30,271)
Number of shares		29,286,029	29,286,029
Earning/(loss) per share	(Rupees)	0.04	(1.03)

V Shakargani '99

# 34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

# 34.1 Financial assets and liabilities

(RUPEES IN THOUSAND)

Intracts         Intract         Intracts					1999					
Interest Rates         Maturity within Res         Maturity oner year within         Maturity oner year oner year         Maturity bit         Maturity oner year         Maturity oner year         Maturity oner year         Maturity oner         Matu			- Children	INTEREST	MARK-UP BEARING		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	NON INTEREST I	BEARING	
Mathematical		Interest Rates Range %	Maturity within one year	Maturity more than one year but less than five years	Maturity more than five years	Sub-Total	Maturity within one year	Maturity more than one year but less than five years	Sub-Total	Total
Alter Anticipation         Image: Figure	Financial Assets									
Colls, prepariments         E.         E. <td>Long term deposits</td> <td></td> <td>•</td> <td>•</td> <td></td> <td></td> <td></td> <td>10,079</td> <td>10,079</td> <td>10,079</td>	Long term deposits		•	•				10,079	10,079	10,079
costs, prepayments         .         .         .         28,699         .           sholes         .         .         .         .         .         28,699         .           stimults         .         .         .         .         .         .         63,661         .           tethert         .         .         .         .         .         .         63,661         .           tethert         .         .         .         .         .         .         .         .         .           tether         .	Trade debts		•		•	•	28,841		28,841	28,841
Istment         -         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         63,661         -         -         -         63,661         -         -         63,661         -         -         -         63,661         -         -         -         63,661         -         -         -         63,661         -         -         -         -         63,661         - <t< td=""><td>Advances, deposits, prepayments and other receivables</td><td></td><td></td><td></td><td>•</td><td></td><td>28,689</td><td></td><td>28,689</td><td>28,689</td></t<>	Advances, deposits, prepayments and other receivables				•		28,689		28,689	28,689
belances         15         6,764         ·         6,764         ·         0,704         ·           Ittles         6,764         ·         ·         6,764         ·         138,215         10,079           Ittles         06 to 22         126,996         251,206         8,849         29,335         ·         ·         ·           a satest subject         15 to 16.65         1,657         18,829         8,849         29,335         · </td <td>Short term investment</td> <td></td> <td>•</td> <td></td> <td></td> <td>•</td> <td>63,661</td> <td></td> <td>63,661</td> <td>63,661</td>	Short term investment		•			•	63,661		63,661	63,661
6,764         - 6,764         138,915         10,079           Itles	Cash and bank balances	15	6,764			6,764	17,024		17,024	23,788
applain         06 to 22         126,996         251,206         318,202         318,202         3           a         15 to 16.65         1,657         18,829         8,849         29,335         -         -         -           at assets subject         19 to 25         25,717         63,997         -         89,714         -         <	Financial Liabilities		6,764			6,764	138,215	10,079	148,249	155,058
1         15 to 16.65         1,657         18,829         8,849         29,335         .	Redeemable capital	06 to 22	126,996	251,206		378,202				378,202
19 to 25         25,717         63,997         63,997         69,714         -         -         99,714         -	Long term loans Liabilities against assets unhiert	15 to 16.65	1,657	18,829	8,849	29,335	•		•	29,335
Inces 18.5 to 22 468,009 - 468,009 - 218,136 - 1 18.5 to 22 468,009 - 218,136 - 2 18,136 - 2 18,136 - 2 19,136 - 2 19,135 - 2 19,135 - 2 10,135	to finance lease	19 to 25	25,717	63,997		89,714	•			89,714
ued and other liabilities 218,136 23,354	Short term finances	18.5 to 22	468,209			468,209				468,209
- 23,354 - 23,354 - 23,354 - 22,048 - 24,040 243,538 - 20,048 - 24,048 - 24,3,538 - 24,3,548 - 24,3,548 - 24,3,548 - 24,3,548 - 24,3,548 - 24,3,558 - 24,3,558 - 24,3,558 - 24,3,558 - 24,3,558 - 24,558 - 258 - 258 - 2588 - 2588 - 2588 - 258 - 2588 - 2588 - 2588 - 2588 - 2588 - 2588	Creditors, accrued and other liabilities		•			•	218,136		218,136	218,136
622,579 334,032 8,849 965,460 243,538 -	Contingencies		•				23,354		23,354	23,354
334,032 8,849 965,460 243,538 -	Commitments		*				2,048	10 M	2,048	2,048
			622,579	334,032	8,849	965,460	243,538		243,538	1,208,998

Shakarganj '99

#### 34.2 Financial instruments and risk management policies

The company issues financial instruments mainly to finance its operations. In addition financial instruments such as trade receivables and tread payables arise directly from the company's operation.

The company finances its operations primarily by a mixture of issued share capital, retained profits, long term and short term loans and liabilities. Company borrows funds in local currency usually at fixed rate of interest.

Overall risks arising from the company's financial instruments are limited.

#### (a) Interest rate risk

Since the company borrows funds usually at fixed interest rates, therefore the risk occurrence is minimal.

#### (b) Foreign exchange risk management

Foreign currency risk on financial instruments, receivables or payable in foreign currency is also not material.

#### (c) Credit risk

The company deals mostly with regular and permanent customers who pay the instrument on due dates. Company considers the credit risk as minimal.

#### (d) Fair value of financial assets and liability

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values except for equity investments which are stated at cost less provision for diminution in break-up/market value of investment. Market value is also disclosed in note 15.1 and 21.1.

		(RUPEES IN 1	THOUSAND)
35.	EMPLOYEES RETIREMENTS BENEFITS	1999	1998
	Contribution to :		
	Employees provident fund trust	1,388	1,388
	Pension fund	6,330	2,297
	Gratuity fund	1,557	1,114
	Employees oldage benefits	976	776
		10,251	5,575
	Number of employees at the year end	641	641

Shakarganj '99

#### 36. PLANT CAPACITY AND ACTUAL PRODUCTION

Sugar:		
Capacity	108,800	M. Tons in 160 days i.e.
	680	M. Tons per day
Actual production:		
Current year	101,479	M. Tons in 157 days i.e.
	646.363	M. Tons per day
Previous year	112,430	M. Tons in 162 days i.e.
	694.012	M. Tons per day
Distillery:		
Capacity	40,000	Liters per day
Actual production:		
Current year	5,324,756	Litres in 210 days i.e.
	25,356	Litres per day
Previous year	6,350,000	Litres in 247 days i.e.
	25,709	Litres per day
Kanewood:		
Capacity	30	Cubic meters per day
Actual production:		
Current year	1,921.679	Cubic meters in 72 days i.e.
	26.689	Cubic meters per day
Previous year	2,784.438	Cubic meters in 147 days i.e.
	18.942	Cubic meters per day

#### 36.1 REASONS FOR LOW PRODUCTION

#### Sugar

Decrease in season days and recovery percent (due to out break of sugarcane disease) were attributable to decrease in production.

#### Distillery

Production of distillate was kept up to the level of available market.

#### Kanewood

Low demand for particle board due to recession in building industry.

Shakarganj '99

	(RUPEES	IN THOUSAND)
	1999	1998
EGMENT ASSETS AND OTHER INFORMA	TION	
Sugar	1,716,991	1,743,753
	19,862	20,185
kanewood	20,739	21,088
	1,757,592	1,785,026
Sugar Distillery Kanewood	19,862 20,739	20,18 21,08

37.1 Molasses and baggase (By - Products of Sugar) are issued to distillery and particle board plant at market prices.

#### **38. CORRESPONDING FIGURES**

Figures have been re-arranged, wherever necessary, for the purpose of comparison.

Chief Executive Officer

Chairman

50

Shakarganj '99

# Statement and Report under Sub Section (1) (e), (f) and (g) of Section 237 of the Companies Ordinance, 1984

	1		
		Manag	Crescent Business ement (Pvt) Limited
Sta	tement 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, 1999.		100%
ь)	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 June 30, 1999 are:		
	(i) for the last financial year of the subsidiary.	Rs	(5,176,900)
	(ii) for the previous periods.		(9,707,368)
	(iii) accumulated to last audited balance sheet as at June 30, 1999.		(14,884,268)
(c)	The net agreegate 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, 1999 are:		
	(i) for the financial year ended September 30, 1999		Nil
	(ii) for the previous periods.		Nil
Stat	ement under sub-section (1) (f) and (g)		N/A

Chairman



Crescent Business Management (Private) Limited

Financial Statements June 30, 1999

# **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 1999:

	RUPEE	S IN MILLION
Financial Results:	Outstanding As on 30/6/99	Outstanding As on 30/6/98
Long Term Investments	46.14	23.36
Advances, prepayments etc.	2.66	1.54
Other Assets	0.09	0.15
Total Assets	48.89	25.05
Financed By:		Part and
Due to Holding Company	30.56	24.42
Other Liabilities	21.95	0.34
Equity	(3.62)	0.29
Total Resources	48.89	25.05

#### Merger:

During the year, the Honorable Lahore High Court approved the merger of Al-Atta Management Services (Private) Limited with Crescent Business Management (Private) Limited and Al-Atta Leasing Modaraba with First Crescent Modaraba effective February 01,1999.

#### **Review of Operations:**

During the year under review the Company incurred a net loss of Rs. 4.72 million as compared to a loss of Rs. 4.25 million during the corresponding period last year. The main reasons for the loss were low revenue from investments and high markup cost on borrowings. Efforts are being made by the company to reduce its borrowing by divestment of its portfolio as and when condition of Stock Market improves. During the year under review, the company incurred management & administration expenses of Rs. 0.54 million as against Rs. 0.55 million during the corresponding period last year. The company suffered a loss per share of Rupees 4.19.

Crescent Business Management (Pvt) Limited

#### **Future Prospects:**

The Directors perceive that the position of First Crescent Modaraba (FCM) will be further strengthened due to merger of Al-Atta Leasing Modaraba with FCM, henceforth more benefits will flow to the company.

The Directors hope that during the coming financial year the profitability of the Company will improve through reduction in financial costs 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 31, 1999



Crescent Business Management (Pvt) Limited

# Auditors' Report to the Members

We have audited the annexed balance sheet of CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED as at June 30,1999 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:
  - 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 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 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 30,1999 and of the loss for the year then ended; and
- in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore: FAZAL MAHMOOD & COMPANY Chartered Accountants

Dated: December 31, 1999

# **Balance Sheet**

	NOTE	1999 Rupees	1998 Rupees
CAPITAL AND LIABILITIES			
SHARE CAPITAL			
Authorized:			
5,000,000 Ordinance shares			
of Rs.10/- each		50,000,000	50,000,000
Issued, subscribed and paid up:	3	11,262,500	10,000,000
Accumulated (Loss)		(14,884,268)	(9,707,368)
		(3,621,768)	292,632
CURRENT LIABILITIES			
Due to Associated and Holding			
Companies	4	30,559,764	24,422,847
Creditors and Accruals	5	21,636,259	20,220
Provision for Taxation		319,913	317,773
		52,515,936	24,760,840
Contingencies & Commitments	6	•	•
		48,894,168	25,053,472

The annexed notes form an integral part of these accounts

**Chief Executive** 

# as at June 30, 1999

	NOTE	1999	1998
	see and the second	Rupees	Rupees
PROPERTY AND ASSETS			
FIXED ASSETS-at written down value	7	66,464	77,387
LONG TERM INVESTMENT	8	46,136,565	23,360,065
CURRENT ASSETS			
Due from associated companies		1,306,814	575,915
Advances, Deposits, Prepayments and Other receivables	9	1,360,072	967,608
Cash and Bank Balances	10	24,253	72,497
		2,691,139	1,616,020

48,894,168 25,053,472



# Profit and Loss Account for the year ended June 30, 1999

	1777	
for the year ended june 50, 1999	Rupees	Rupees
Profit received from bank	6,986	17,662
Management fee	924,934	-
Dividend Income	•	967,200
Bonus shares Fractional Entitlement		
	931,920	984,880
Less:		
Staff Salary and Benefits	18,000	36,000
Travelling and conveyance	850	710
Printing and Stationery	9,261	14,100
Legal and Professional	22,500	58,220
Audit Fee	15,000	15,000
Out of Pocket Expenses	2,500	2,500
Entertainment	13,325	7,280
Registration, Fee and Subscription	14,167	10,600
Rent, rates and taxes	375,000	306,250
Bank Charges and Commission	182	140
Meeting Fee	7,000	7,500
Mark-up to Holding Company	5,120,200	4,676, 598
General Expenses	93	5,320
Amortization of deferred costs	· .	-
Repair and Maintenance	46,375	78,052
Depreciation	10,923	12,760
Depression	5,655, 376	5,231,030
(Loss) / Profit before taxation	(4,723,456)	(4,246,150)
Provision for taxation		4,924
(Loss)/profit after taxation	(4,723,456)	(4,251,074)
Previous year balance brought forward	(9,707,368)	(5,456,294)
Net loss of Al-Atta Management Services		
Net loss of Al-Atta Management Services	(453,444)	
(Private) Limited as on February 01,1999		
BALANCE CARRIED TO BALANCE SHEET	(14,884,268)	(9,707,368)

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The annexed notes form an integral part of these accounts.

1998



Crescent Business Management (Pvt) Limited

### Notes to the Accounts for the year ended June 30, 1999

#### Note

#### 1. STATUS AND NATURE OF BUSINESS

Crescent Business Management (Private) Limited is incorporated in Pakistan 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 Modraba Companies and Modarabas, Islamabad.

#### 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 modaraba (s) floated by the company is recognized on the basis of annual audited accounts of the modaraba (s).

Return on deposits with banks is recognized 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 the 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.

			1999	1998
			Rupees	Rupees
3.	ISSUED, SUBSCRIBED AND PAID UP			
	1,126,250 (1998 1,000,000) ordinary			
	shares of Rs. 10/- each fully paid			
	in cash. 1,000,000 ordinary shares			
	of Rs. 10/- each are held by holding			
	company and its nominees	3.a	11,262,500	10,000,000
	3.a. Increase in paid up share capital of Rs. 1,	262,500/- (126,250 c	ordinary shares)	10,000,000
		262,500/- (126,250 c ger of Al-Atta Manage agement (Private) Lin	ordinary shares) ement Services hited. The merger ha	35
4.	3.a. Increase in paid up share capital of Rs. 1, represents effect of post investment mer (Private) Limited in Crescent Business Mar	262,500/- (126,250 c ger of Al-Atta Manage agement (Private) Lin High Court, Lahore wa	ordinary shares) ement Services hited. The merger ha	35
4.	<ul> <li>3.a. Increase in paid up share capital of Rs. 1, represents effect of post investment mer (Private) Limited in Crescent Business Mar been sanctioned by Honourable Lahore I</li> <li>DUE TO ASSOCIATED AND HOLDING COMPANI</li> </ul>	262,500/- (126,250 c ger of Al-Atta Manage agement (Private) Lin High Court, Lahore wa	ordinary shares) ement Services hited. The merger ha	35
4.	<ul> <li>3.a. Increase in paid up share capital of Rs. 1, represents effect of post investment mer (Private) Limited in Crescent Business Mar been sanctioned by Honourable Lahore I</li> <li>DUE TO ASSOCIATED AND HOLDING COMPANI Crescent Investment Bank Ltd .</li> </ul>	262,500/- (126,250 c ger of Al-Atta Manage agement (Private) Lin High Court, Lahore wa	ordinary shares) ement Services hited. The merger ha	35
4.	<ul> <li>3.a. Increase in paid up share capital of Rs. 1, represents effect of post investment mer (Private) Limited in Crescent Business Mar been sanctioned by Honourable Lahore I</li> <li>DUE TO ASSOCIATED AND HOLDING COMPANI Crescent Investment Bank Ltd . Shakarganj Mills Ltd Secured</li> </ul>	262,500/- (126,250 c ger of Al-Atta Manage agement (Private) Lin High Court, Lahore wa	ordinary shares) ement Services hited. The merger ha e.f. February 01,199	as 29.
4.	<ul> <li>3.a. Increase in paid up share capital of Rs. 1, represents effect of post investment mer (Private) Limited in Crescent Business Mar been sanctioned by Honourable Lahore I</li> <li>DUE TO ASSOCIATED AND HOLDING COMPANI Crescent Investment Bank Ltd . Shakarganj Mills Ltd Secured Crescent Group Services (Pvt) Ltd.</li> </ul>	262,500/- (126,250 c ger of Al-Atta Manage agement (Private) Lin High Court, Lahore wa ES 4.1	ordinary shares) ement Services hited. The merger ha e.f. February 01,199 276,646	as 29. 276,646
4.	<ul> <li>3.a. Increase in paid up share capital of Rs. 1, represents effect of post investment mer (Private) Limited in Crescent Business Mar been sanctioned by Honourable Lahore I</li> <li>DUE TO ASSOCIATED AND HOLDING COMPANI Crescent Investment Bank Ltd . Shakarganj Mills Ltd Secured</li> </ul>	262,500/- (126,250 c ger of Al-Atta Manage agement (Private) Lin High Court, Lahore wa ES 4.1	ordinary shares) ement Services hited. The merger ha e.f. February 01,199 276,646	as 29. 276,646 23,453,387

30,559,764 24,422,847

- 4.1 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.
- 4.2 i) This represents the loan payable to holding company and mark up thereon.
  - ii) Mark-up is charged @ 21% p.a. (1998 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 Ioan.
  - iv) Repayment to be made as per availability of funds with the company.

#### 5. CREDITORS AND ACCRUALS

Creditors Accrued expenses	21,514,000 122,259	20,220
	21,636,259	20,220



#### 6. CONTINGENCIES AND COMMITMENTS

Contingencies and Liability:

The company is in appeal before Income Tax Appellate Tribunal Against the assessment framed by tax authorities for assessment year 1993-94 and 1994-95. The management is hopeful that the appeals would be decided in company's favour.

#### 7. SCHEDULE OF TANGIBLE FIXED ASSETS

	с	OST		-	DE	PREC	ATION	Written
PARTICULARS	As on 01/07/1998	Additions/ (Deletions)	As on 30/06/1999	RATE	Up to 01/07/1998	Charged for the year	Accumulated as at 30/06/1999	Down Value As at 30/06/1999
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Office Equipment	15,500	-	15,500	15	6,950	1,283	8,233	7,267
Electric Installation	64,920	-	64,920	15	26,356	5,785	32,141	32,779
Telephone Equipment	31,700	-	31,700	15	15,152	2,482	17,634	14,066
Furniture & Fixture	15,250	-	15,250	10	1,525	1,373	2,898	12,352
Total Rs. 1999	127,370	_	127,370	8	49,983	10,923	60,906	66,464
Total Rs. 1998	88,620	38,750	127,370		37,223	12,760	49,983	77,387

199	1999		
Rupe	Rupees		
			ONG TERM INVESTMENT
			nvestment in subsidiary
			Crescent Capital Management (Pvt.) Ltd.
			1,750,000 ordinary shares of Rs. 10/-
			each. Break up value per share as per
	17,776,500		audited accounts is Rs. 6.50.
			nvestment in Associated Undertaking
			First Crescent Modaraba
			1,000,000 certificates of
10,000,00	10,000,000	8.1	Rs. 10/- each
			592,467 bonus certificates of
			Rs. 10/- each.
1,093,59	1,093,595		54,300 certificates @ Rs. 20.14
			557,980 certificates of
	5,000,000	8.2	Rs. 10/- each
			(Aggregate Market value
			Rs. 4,960,681/- 1998 Rs. 4,940,301)
			nvestment in Listed Companies other than
			nentioned above:
			Crescent Leasing Corporation Limited
			403,000 ordinary shares of
4,030,00	4,030,000	8.3	Rs. 10/- each
4,231,50	4,231,500		241,800 right shares @ Rs. 17.50
			96,720 bonus shares of Rs. 10/- each
			(Aggregate Market value
			Rs. 4,078,360/- 1998 Rs. 6,125,600)
			Pioneer Cement Limited
12,97	12,970	8.4	1,297 ordinary shares
			of Rs. 10/- each
12,00	112,000	*	2,000 shares @ Rs. 56
			(Aggregate Market value
			Rs. 8,407/- 1998 Rs. 9,891)
			Nazir Cotton Mills Limited
			300,000, ordinary shares of
3,000,00	3,000,000	8.4	Rs. 10/- each
	Contraction of the second	•	(Aggregate Market value
			Rs. 1,425,000/- 1998 Rs. 1,425,000)



10.

	1999	1998
	Rupees	Rupees
Un-listed Companies:		
International Assets Management Company Ltd.		
88,000 ordinary shares of Rs. 10/- each Break up value per share as per audited	880,000	880,000
accounts is Rs. 49.26 (1998 Rs. 48.83)	46,136,565	23,360,065

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.

- 8.1 This represents investment made as Modaraba Company and forms 10% of the total paid-up fund of the First Crescent Modaraba as at flotation date of the modaraba.
- 8.2 These represent modaraba certificates issued by First Crescent Modaraba in consideration for investment in Al-Atta Leasing Modaraba incorporated in books of account by Crescent Business Management (Private) Limited in accordance with the merger sanctioned by honourable Lahore High Court, Lahore. First Crescent Modaraba has issued modaraba certificates in ratio of 0.9662 modaraba certificate of First Crescent Modaraba for every one modaraba certificate of Al-Atta Leasing Modaraba.
- 8.3 These shares were taken up to fulfill underwriting commitments. These also includes 151,000 right shares subscribed @ Rs. 10/- each.
- 8.4 These shares were taken up to fulfill underwriting commitments.

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

Advance Income tax	1,054,572	767,608
Proposed Central Asian Bank	200,000	200,000
Other receivables and prepayments	105,500	
	1,360,072	967,608
. CASH AND BANK BALANCES		
Cash in hand		33,161
Cash at Banks:		
On current account	21,751	18,143
On deposit account	2,502	21,193
	24,253	39,336
	24,253	72,497



#### 11. FINANCIAL STATEMENTS OF MODARABA AND SUBSIDIARY COMPANY

The Modaraba company floated a Modaraba under the name of First Crescent Modaraba. The company has acquired a subsidiary company namely Crescent Capital Modaraba (Private) Limited during the year. Therefore, financial statements of the company include the audited financial statements alongwith auditors' and directors' report of the modaraba and the subsidiary company, as required by the provisions of the Companies Ordinance, 1984.

#### 12. GENERAL

- 12.1 The company is entitled to receive a management fee to the extent of 10% of the net annual profits of each modaraba to be floated by it on the basis of annual audited accounts of the modarabas.
- 12.2 i) Figures have been rounded off to the nearest rupee.
  - Previous year's figures have been re-arranged wherever necessary for the purpose of comparison.

Chief Executive

Director

# Statement and Report under Sub Section (1) (e), (f) and (g) of Section 237 of the Companies Ordinance, 1984

Crescent Capital Management (Pvt) Limited

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

a)	Limit	nt of the interest of Crescent Business Management (Pvt) ted (the holding company) in the equity of subsidiary the end of the last of the financial years of the subsidiary		85.36%
ь)	the acc	net aggregate amount so far as it concerns members of holding company and is not dealt with in the company's ounts of the subsidiary's profits after deducting its losses ice versa		
	(i)	for the financial year or years of the subsidiary aforesaid; and	Rs.	(792,597)
	(ii)	for the previous financial years of the subsidiary since became the holding company's subsidiary;.		Nil
(c)		net aggregate amount of the profits of the subsidiary after Jucting its losses or vice versa		
	(i)	for the financial year or years of the subsidiary aforesaid; and		Nil
	(ii)	for the previous financial years of the subsidiary since its became the holding company's subsidiary;.		Nil
Sta	teme	nt under sub-section (1) (f) and (g)		N/A

Crescent Capital Management (Private) Limited

Financial Statements June 30, 1999

# **Directors' Report**

The Directors take pleasure in presenting the audited financials of the company to the shareholders for the period from 1st July, 1998 to 30th June, 1999.

#### Overview

The Capital Markets in Pakistan did not perform well during the period under review. The overall slow-down of the economic growth, compound after May-98, kept its sluggish pace throughout the year and affected the business environment in general and our business in particular. The business went through various setbacks, some, initiated by the mercuric economic policy of the Govt.,Complete stoppage of foreign investment inflow, as well as the resulting shrinkage in trade volumes of the Interbank Markets. Due to this decrease in the available volumes in the market some of the clients also resorted to the policy of "directdealing", thus reducing our revenues further.

Despite the unfavourable business scenario our company managed to overcome many hurdles on the course to penetrating this highly competitive market. When the Crescent Group took over this company many banks/financial institutions had already suspended the "trading lines". But with sheer pursuance and reputation of a professional brokerage house our company managed to re-open the said Lines with banks like Citibank American Express, Hongkong Shanghai, First Intl. Investment Bank etc. to name a few. Our company also managed to, not only, retain the status of being amongst the top seven brokerage houses but also increase its share in the market's traded volume.

The brokerage revenue and other fee based revenues have shown a considerable improvement of 30% amounting to Rs. 6.2 million compared to Rs. 4.8 million in the previous year. However, the results are not in line with the earlier expectations of the management and an overall loss of Rs. 2.2 million has been booked. This was mainly due to the increase in the Lease Finance Charges, Office Rent Vehicle running expenses, Telephone Expenses, Depreciation, Entertainment and Miscellaneous Expenses. These expenses collectively amounted to Rs. 4.0 Million as compared to Rs. 2.7 Million in the previous year.

#### **Money Markets**

Revenue in this Department has been relatively low, in lieu of the earlier expected targets, but has increased by 72% to Rs. 6.2 million as compared to Rs. 4.8 million in the previous year. Since the business in this areas revolves around the activity within the Interbank Market the inconsistency of the economic condtitions, along with the initiation of "direct-dealings" practice by some institutions had an adverse effect on the revenues. During the year the Money Markets increased its traded volume by 101% Rs. 385.8 Billion from Rs. 192.4 Billion of last year.

#### **Forex Desk**

This department's revenues decreased by 39% from Rs. 1.81 Million, last year to, Rs 1.10 Million along with transactions totalling US.\$ 336.7 Million down by 44% from U.S.\$ 484.04 Million in the previous year. Again the prevalent economics scenario and numerous periodic restriction imposed by the State Bank of Pakistan confined this area of business within difficult parameters to trade in. These constraints, as you all know surfaced after May-98 and complled the entire market to sustain heavily reduced revenues in this area.

The future prospects are visibly bright as, the past year was not only trying but also full of new experiences for the management, now the company having a niche in the market would easily be able to perform against the previously well entrenched competition. Now that trading teams have settled down and some new inclusions are lined up we believe that the future profitability of your company is assured. The Directors would also like to appreciate the efforts and hard work of the staff in achieving the present status for the company during the year.

Samina Hamid Khan Chief Executive

# **Balance Sheet**

	NOTE	1999 Rupees	1998 Rupees
SHARE CAPITAL AND RESERVES			
Authorized Capital			
5,000,000 Ordinance shares of Rs.10/- each		50,000,000	50,000,000
Issued, subscribed and paid up capital			
2,050,000 ordinary shares of Rs. 10 each fully paid in cash		20,500,000	20,500,000
Accumulated Loss		(7,166,886)	(4,922,416)
		13,333,114	15,577,587
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	3	1,973,468	1,323,431
CURRENT LIABILITIES			
Current portion of liabilities against assets	3	658,530	446,113
subject to finance lease			
Creditors and accrued expenses	4	965,462	149,311
		1,623,992	595,424

16,930,574 17,496,439

The annexed notes form an integral part of these accounts

**Chief Executive** 

# Auditors' Report to the Members

We have audited the annexed balance sheet of CRESCENT CAPITAL MANAGEMENT (PRIVATE) LIMITED as at June 30,1999 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984 and Rule 21 of the Investment Companies and Investment Advisor's Rules, 1971;
- b) in our opinion:
  - 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 Rule 21 of the Investment Companies and Investment Advisor's Rules, 1971 and are in agreement with the books of account are further in accordance with the accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - 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 statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 and Rule 21 of the Investment Companies and Investment Advisor's Rules, 1971 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30,1999 and of the loss and the changes in financial position for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi: KHALID MAJID HUSAIN RAHMAN Chartered Accountants

Dated: December 02, 1999

# **Balance Sheet**

	NOTE	1999 Rupees	1998 Rupees
SHARE CAPITAL AND RESERVES			
Authorized Capital			
5,000,000 Ordinance shares of Rs.10/- each		50,000,000	50,000,000
Issued, subscribed and paid up capital 2,050,000 ordinary shares of Rs. 10 each fully paid in cash		20,500,000	20,500,000
Accumulated Loss		(7,166,886)	(4,922,416)
THE ACADET ASSETS		13,333,114	
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	3	1,973,468	1,323,431
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease	3	658,530	446,113
Creditors and accrued expenses	. 4	965,462	149,311
and the second state of the		1,623,992	595,424

16,930,574 17,496,439

The annexed notes form an integral part of these accounts

**Chief Executive** 

# as at June 30, 1999

	NOTE	1999	1998
		Rupees	Rupees
FIXED ASSETS	5	5,290,484	3,515,450
FOREIGN EXCHANGE LICENSE		651,282	651,282
LONG TERM INVESTMENTS	6	96,032	146,032
LONG TERM RECEIVABLE	7	323,701	320,701
LONG TERM DEPOSITS		253,350	193,550
DEFERRED COSTS	8	584,861	1,169,719
CURRENT ASSETS			
Short term musharika finance	9	5,912,152	8,490,848
Trade debtors	10	1,063,086	991,871
Advances, deposits, prepayments			
and other receivables	11	301,254	254,956
Advance taxation		2,049,977	1,519,829
Cash and bank balances	12	404,395	242,201
		9,730,864	11,499,705

16,930,574 17,4

17,496,439

Director

# Profit and Loss Account for the year ended June 30, 1999

	Note	1999	1998
		Rupees	Rupees
Revenue	13	7,561,314	6,760,409
Administrative expenses	14	9,414,373	8,825,451
Provision for diminution in value of investments		50,000	
Operating loss		(1,903,059)	(2,065,042)
Other income	15	196,613	66,141
Financial charges	16	(500,024)	(167,877)
Loss before taxation		(2,206,470)	(2,166,778)
Taxation - Current		(38,000)	(34,000)
Loss after taxation		(2,244,470)	(2,200,778)
Loss brought forward		(4,922,416)	(2,721,638)
Accumulated loss carried forward		(7,166,886)	(4,922,416)

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The annexed notes form an integral part of these accounts.

**Chief Executive** 

Director

2,156,321

(524,918)

Position (Cash Flow Statement)		
for the year ended June 30, 1999	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES	Rupees	Rupees
Loss before taxation	(2,206,470)	(2,166,778)
Adjustments for:		
Amortization of deferred cost	584,858	584,858
Depreciation	938,986	633,459
(Gain)/loss on disposal of assets	(173,102)	341,059
Finance charges on leased assets	495,591	163,680
Provision for diminution in value of investments	50,000	-
A DO DE MARINE	1,896,333	1,723,056
Operating loss before working capital changes	(310,137)	(443,722)
Decrease/ (Increase)/ in current assets		
Short term musharika finance	2,578,696	(690,848)
Trade debtors	(71,215)	624,338
Advances, deposits, prepayments and other receivables	(46,298)	493,315
	2,461,183	426,805
(Increase)/ decrease in long term receivable	(3,000)	27,000
(Increase)/ decrease in long term deposits	(59,800)	(125,152)
Increase/ (decrease) in creditors and accrued expenses	816,151	(1,149,434)
Net cash (used in)/ generated from operating		
activities before income tax	2,904,397	(1,264,503)
Income tax paid	(568,148)	(513,768)
Net cash (used in)/ generated from operating activities	2,336,249	(1,778,271)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,613,068)	
Sale proceeds of fixed assets	1,088,150	1,961,321
Disposal of short term investments		230,000
Purchase of long term investments		(35,000)

Net cash (used in)/ generated from investing activities

	1999 Rupees	1998 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities Bank overdraft	(1,649,137)	(2,247,386) (8,257)
Net cash (used in) financing activities	(1,649,137)	(2,255,643)
Increase/ (decrease) in cash and bank balances during the year	162,194	(1,877,593)
Cash and bank balances at beginning of the year	242,201	2,119,794
Cash and balances at end of the year	404,395	242,201

# Notes to the Accounts for the year ended June 30, 1999

#### 1. STATUS AND NATURE OF BUSINESS

Shoaib Capital (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 on January 24, 1995 as a private limited company. The name of the Company had been changed to Crescent Capital Management (Private) Limited with effect from June 6, 1998. The Company is registered as an investment and advisor under Investment Companies and Investment Advisor's Rules, 1971. The principal activities of the Company include money market brokerage, investment advisory, portfolio management, equity research and corporate finance.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Accounting Convention

These financial statement have been prepared under the historical cost convention.

#### 2.2 Fixed assets

#### Owned

Fixed assets are stated at cost less accumulated depreciation. Depreciation charge is based on the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Full year's depreciation is charged on the assets acquired during the year, whereas no depreciation is charged in the year of disposal. Normal repairs and maintenance are charged to income as and when incurred.

#### Leased

Assets subject to finance lease are stated at lower of percent value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligations under the lease are accounted for as liabilities. Depreciation charge is based on the reducing balance method whereby the cost of an asset is written off over its estimated useful life.

#### 2.3 Foreign exchange license

This has been stated at acquisition cost.

#### 2.4 Long term investments

These are stated at cost less any provision for other than temporary diminution in market value determined on the basis of respective individual security.
### 2.5 Deferred costs

Expenses incurred on incorporation of the Company and cost incurred during the initial period are deferred and are amortised over a period of five years in equal installments, commencing from the year in which these have been incurred.

### 2.6 Foreign currencies

Foreign currencies are translated into Pak Rupees at the rate of exchange prevailing on the date of the transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling on the balance sheet date. Exchange differences are included in income currently.

### 2.7 Revenue recognition

Brokerage, advisory fee and commission incomes are recognized as and when services are provided. Return on Musharika investments and short term placements is recognized on accrual basis. Dividend income is recognised when right to receive dividend is established.

### 2.8 Taxation

### Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any, or half percent of turnover, whichever is higher.

### Deferred

The Company provides for deferred taxation using liability method, excluding the tax effect of those timing differences, which are not likely to reverse in foreseeable future. The company does not account for net deferred tax debits. Deferred tax debit balances not recognised in the accounts as at June 30, 1999 amounted to Rs.2,547,924.

	1999	1998
	Rupees	Rupees
LIABILITIES AGAINST ASSETS SUBJECT		
TO FINANCE LEASE		
Present value of minimum lease payments	3,490,077	2,381,518
Less: Finance charges allocated to future periods	858,079	611,974
Net present value	2,631,998	1,769,544
Current portion shown under current liabilities	658,530	446,113
	1,973,468	1,323,431

The amount of future payments and the period in which they will become due are:

Year to June 30, 1999		755,824
Year to June 30, 2000	1,132,393	634,585
Year to June 30, 2001	1,035,758	531,216
Year to June 30, 2002	1,008,611	459,893
Year to June 30, 2003	313,315	-
	3,490,077	2,381,518
Less: Finance charges allocated to future periods	(858,079)	(611,974)
	2,631,998	1,769,544
	and the second se	

Rentals are payable in equal monthly installments. Repair and insurance costs are to be borne by the lessee. Financing rates of 20.83% to 22.33% per annum have been used as discounting factor.

### CREDITORS AND ACCRUED EXPENSES

3.

Creditors	27,349	47,037
Accrued expenses	938,113	102,274
	965,462	149,311

### 5. FIXED ASSETS

	Cost Depreciation			Written down	Depre			
	As on July 1, 1998	Additions/ (deletions) inter-tran- sfer	June 30, 1999	July 1	Charge for the year	June 30,	Value as at June 30, 1999	ciation rate % per annum
Owned								975
Furniture and								
fixture 377,752	306,688	613,219 (71,221)	94,557	53,153	134,823 (12,887)	478,396	5-10	
Office equipment	974,200	168,380 (98,100) 202,194	1,246,674	263,121	95,536 (26,586) 54,795	386,866	859,808	10
Computer software	245,000	initia e	245,000	66,395	17,861	84,256	160,744	10
Vehicles		1,138,000	1,189,000		*232,822 24.888	257,710	931,290	20
	1,596,952	1,613,068 (169,321) 253,194	3,293,893	424,073	399,372 (39,473) 79,683	863,655	2,430,238	-
eased	-	The Street	1	The Sheet			17 18 19 19 19 19 19 19 19 19 19 19 19 19 19	
Office equipment	682,694	975,000 (202,194)	1,455,500	106,715	140,358 (54,795)	192,278	1,263,222	10
ehicles	2,294,000	1,041,000 (981,500) (51,000)	2,302,500	527,408	399,256 (196,300) (24,888)	705,476	1,597,024	20
	2,976,694	2,016,000 (981,500) (253,194)	3,758,000	634,123	539,614 (196,300) (79,683)	897,754	2,860,246	-
	4,573,646	3,629,068	7,051,893	1,058,196	938,986 (235,773)	1,761,409	5,290,484	
1998	5,113,984	2,695,000 (3,235,338)	4,573,646	1,194,014	633,459 (769,277)	1,058,196	3,515,450	

the

			1999	1998
			Rupees	Rupees
LONG TERM I	NVESTMEN	TS		
The holdings a mentioned.	are in ordir	nary certificates/shares/units of Rs. 10 each unl	ess otherwise	
1999	1998			
No.of S				
	Listed Co	ompany/Modarabas (Note 6.1)		
1875	1875	Company - Cherat Cement Company Limited	79,122	79,122
		Modarabas		
1000	1000	- Ist Punjab Modaraba	7,580	7,580
1000	1000	- Ibrahim Modaraba	8,590	8,590
2000	2000	- Modaraba Al-Mali	15,740	15,740
	Unlisted	Company (Note 6.2)		
3500	3500	SCL Alpha Fund Limited	35,000	35,000
			146,032	146,039
		vision for diminution in value investments	50,000	
				-
			96,032	146,039

- 6.1 Shares and certificates of modarabas are in the names of ex-employees of the Company namely; Salman Ali Shoaib, Syed Ali Sultan and Asad Ali Mulji. However, the certificates and the shares with verified transfer deeds are in possession of the Company.
- 6.2 Shares certificates are in the name of seven directors of the company, each holding 500 shares. The shares with verified transfer deeds are in position of the company.

### 7. LONG TERM RECEIVABLE

Expenses incurred on the incorporation of SCL Alpha Fund Limited have been disbursed by Company. These expenses are recoverable from the fund over a period of five years in equal annual installments from the date of commencement of business of the fund.

	1999	1998
COSTS	Rupees	Rupees
y expenses 228,150 e expenses 122,500	228,150	
	2,573,643	2,573,643
rtization to-date (2,339,432)	2,924,293 (1,754,574)	2,924,293
	584,861	1,169,719
RM MÚSHARIKA FINANCE		
d good		
5 010 150		4,000,000
5,912,152	4,490,848	
-	5,912,152	8,490,848
	O COSTS         y expenses       228,150         ise expenses       122,500         ortization to-date       (2,339,432)         RM MÜSHARIKA FINANCE       d good         d       5,912,152	Rupees         Rupees           y expenses         228,150         228,150           ise expenses         122,500         122,500           prtization to-date         (2,339,432)         2,924,293           prtization to-date         (2,339,432)         584,861           RM MÚSHARIKA FINANCE         584,861         4,490,848

These represent funds placed under Musharika Agreement with Al-Zamin Leasing Modaraba and First Crescent Modaraba. Expected rate of profit range between 18% to 18.75% (1998: 16% to 20%) per annum. Projected profits on the above transactions have been accrued during the year.

### 10. TRADE DEBTORS - Unsecured, considered good

Inter bank brokerage 820,792 Advisory fee	749,577 54,100	54,100
Others	188,194	188,194
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	1,063,086	991,871
Advances to staff Security deposits Prepayments 117,492 Other receivables	63,258 38,000 23,000 82,504	45,217 95,320 91,419
	301,254	254,956
12. CASH AND BANK BALANCES		
Cash in hand At banks - on current accounts - on deposit accounts	9,080 389,005 6,310	11,603 223,987 6,611
	404,395	242,201

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			1999	1998
			Rupees	Rupees
3. R	EVENUE			
	Brokerage income		6,212,050	4,774,816
	Advisory fee		100,000	476,000
	leturn on musharika finance		1,249,264	1,509,593
			7,561,314	6,760,409
			New York Comments	
1. /	ADMINISTRATIVE EXPENSES			
	Salaries and other benefits	3,714,645	2,964,617	
	Directors' remuneration-	1,050,062		
	Rent, rates and taxes	953,393	735,080	
	Vehicle running	516,585	327,303	
	Insurance	238,672	171,746	
	Repair and maintenance	146,112	108,023	
	Computer expenses		28,125	7,197
	Power and utilities		152,637	254,484
	Fees and subscription	109,240	143,050	
	Books and periodicals	10,505	12,637	
		164,365	120,677	
	Printing and stationery Advertising and business p		46,618	35,756
	Advertising and ousiness p		1,156,238	809,771
	Telephone, fax and postag Amortization of deferred of	arte	584,858	584,858
			59,050	
	Auditor's remuneration	59,655	131,390	
	Legal and professional	76,150	938,986	633,459
	Depreciation		111,730	000,101
	Travelling and conveyance		142,123	
	Entertainment	269,052		
	Loss on disposal of assets	-	341,059	81,379
	Other expenses		188,972	01,3/1
			9,414,373	8,825,451
15.	OTHER INCOME			
	Interest income		23,511	66,141
	Gain on disposal of fixed a	ssets	173,102	
			196,613	66,141

1999 Rupees	1998 Rupees
163,680 4,197 532	
500,024	167,877
	Rupees 163,680 4,197 532

### 17. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified wherever necessary for the purpose of comparison.

**Chief Executive** 

Director



Consolidated Accounts of Shakarganj and Subsidiaries



### Auditors' Report to the Members

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of SHAKARGANJ MILLS LIMITED AND ITS SUBSIDIARY COMPANIES as at 30 September 1999 and the related consolidated profit and loss account and consolidated cash flow statement, together with the notes forming part thereof, for the year ended 30 September 1999. We have also expressed separate opinion on the financial statements of Shakarganj Mills Limited while its subsidiary companies Crescent Business Management (Private) Limited and Crescent Capital Management (Private) Limited, were audited by other firms of Chartered Accountants, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination was made in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The provision for diminution in market/break-up value of short term investments as on 30 September 1999 amounting to Rupees 167.910 million (Note 22.1) has not been made. Had it been provided, the profit for the year and value of short term investments as on 30 September 1999 would have been lower accordingly. Except for this failure, in our opinion, the consolidated financial statements examined by us present fairly the financial position of Shakarganj Mills Limited and its subsidiary companies as at 30 September 1999 and the results of their operations for the year then ended.

RIAZ AHMAD & COMPANY Chartered Accountants

FAISALABAD: April 04, 2000

Shakarganj '99

### Balance Sheet as at

	(RUPEES IN TH	HOUSAND)
NOTE	1999	1998

### EQUITY AND LIABILITIES

### SHARE CAPITAL AND RESERVES

### Authorised share capital

50 000 000 ordinary shares of Rupees 10 each		500,000	500,000
Issued, subscribed and paid			
up share capital	3	292,860	292,860
Reserves	4	140,851	146,543
Unappropriated profit		6,974	11,098
		440,685	450,501
SURPLUS ON REVALUATION OF		10 745	10,745
OPERATING FIXED ASSETS		10,745	10,745
MINORITY INTEREST		2,993	Sere make
NON-CURRENT LIABILITIES			
REDEEMABLE CAPITAL	5	251,206	297,721
LONG TERM LOANS	6	27,678	25,940
LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASE	-7	65,970	60,447
		344,854	384,108
CURRENT LIABILITIES			
Current portion of long			
term liabilities	8	155,029	125,929
Short term finances	9	468,209	544,703
Creditors, accrued and			
other liabilities	10	340,674	259,485
Workers' participation fund	11	553	
Provision for taxation		51,658	44,128
Unclaimed dividend		695	695
		1,016,818	974,940
CONTINGENCIES AND COMMITMENTS	12		

1,816,095 1,820,294

The annexed notes form an integral part of these accounts.

30 September 1999

	(RUPEES IN THOU		
	NOTE	1999	1998
ASSETS			
NON-CURRENT ASSETS			
TANGIBLE FIXED ASSETS			
Operating fixed assets	13	748,376	727,197
Assets subject to finance	14	103,103	82,219
ease	14	103,103	
Capital work-in-progress			8,993
		851,479	818,409
EQUITY INVESTMENTS	15	131,987	126,651
FOREIGN EXCHANGE LICENSE		651	10.4
LONG TERM DEPOSITS AND RECEIVABLES	16	10,656	8,402
DEFERRED COST	17	585	
		995,358	953,462
CURRENT ASSETS			
Stores, spare parts and loose tools	18	37,136	36,085
		a second	Sec. 1
Stock-in-trade	19	339,174	429,940
Trade debts	20	29,904	6,924
Advances, deposits, prepayments			02.600
and other receivables	21	114,342	93,689
Short term investments	22	275,965	250,053
Cash and bank balances	23	24,216	50,141
		820,737	866,832
		1,816,095	1,820,294

Chairman



### Profit and Loss Account for the year ended 30 September 1999

		(RUPEES IN	THOUSAND
	NOTE	1999	1998
SALES AND REVNUE	24	1,869,692	1,816,421
COST OF GOODS SOLD	25	1,627,251	1,657,492
GROSS PROFIT		242,441	158,929
OPERATING EXPENSES			
Administrative and general	26	46,511	38,469
Selling and distribution	27	37,803	9,245
		84,314	47,714
OPERATING PROFIT	28	158,127	111,215
OTHER INCOME	29	27,719	43,124
		185,846	154,339
FINANCIAL AND OTHER CHARGES	30	180,315	180,414
WORKERS' PARTICIPATION FUND		553	-
		<u>180,868</u> 4,978	180,414 (26,075)
SHARE OF PROFIT/(LOSS) OF ASSOCIATED COMPANIES		(1,084)	6,021
PROFIT/(LOSS) BEFORE TAXATION		3,894	(20,054)
NOITAXATION	31	(7,906)	(8,722)
OSS AFTER TAXATION		(4,012)	(28,776)
AINORITY INTEREST		341	
		(3,671)	(28,776)
INAPPROPRIATED PROFIT BROUGHT ORWARD		11,098	39,874
IET LOSS OF AL-ATTA MANAGEMENT SERVICES		in the second	
PRIVATE) LIMITED		(453)	
		10,645	39,874
NAPPROPRIATED PROFIT CARRIED TO ALANCE SHEET		6,974	11,098
OSS PER SHARE (RUPEES)	34	(0.14)	(0.98)
he annexed notes form an integral part of these accounts.			100 100

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Statement of Sources and Application of Funds (Cash Flow Statement) for the year ended 30 September 1999

ended 30 September 1999	(RUPEES IN 1	HOUSAND)
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	3,894	(20,054)
Adjustments to reconcile profit/(loss) to		
net cash provided by operating activities		
Depreciation and amortization	72,981	90,491
Amortization of deferred cost	293	
Contribution to employees retirement benefits	9,397	4,799
Gain on disposal of operating fixed assets	(513)	(452)
Gain on also of investments	terrest the second second	(31)
Credit balances added back	(2,524)	(6,021)
Credit Dalances added Odck	1,084	(3,228)
Share of profit/(loss) of associated companies Financial charges	179,668	179,744
Cash flows from operating activities before working		
capital changes	264,280	245,248
Cash Flows From Working Capital Changes		
(Increase)/decrease in current assets		D. S. S.
and the second se	(1,051)	(126)
Stores, spare parts and loose tools	90,766	(80,350)
Stock-in-trade	(22,275)	19,518
Trade debts Advances, deposits, prepayments and other receivables	(558)	26,469
Increase/(decrease) in current liabilities	State and	
Short term finances	(76,494)	2,207
Creditors accrued and other liabilities	84,304	14,808
Workers' participation fund	553	(607)
NET CASH FLOWS FROM WORKING CAPITAL CHANGES	75,245	(18,081)
CASH FLOWS FROM OPERATING ACTIVITIES	339,525	227,167

Shakarganj '99

	(RUPEES IN	THOUSAND)
	1999	1998
nancial charges paid	(183,065)	(191,061)
icome tax paid	(18,703)	(4,669)
mployees retirement benefits paid	(7,512)	(5,801)
IET CASH FLOWS FROM OPERATING ACTIVITIES	130,245	25,636
ASH FLOWS FROM INVESTING ACTIVITIES	and the second se	
roceeds from sale of operating fixed assets	2,029	1,258
ixed assets acquired	(71,113)	(38,415)
ong term deposits	(1,691)	(5,129)
ale proceeds of investments		68,923
nvestments made	(44,053)	(56,853)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(114,828)	(30,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Winority interest	2,993	
Redeemable capital	185,944	173,400
Redemption of redeemable capital	(178,615)	(165,866)
Repayment of long term loans	(29,153)	(40,794
Repayment of finance lease liabilities	(22,802)	(17,636)
THE REAL PROPERTY FROM FRIANCING ACTIVITIES	(41,633)	(50,896
NET CASH FLOWS FROM FINANCING ACTIVITIES	(26,216)	(55,476)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENT		
NET DECREASE IN CASH AND CASH EQUIVALENT	50,141	105,617
NET DECREASE IN CASH AND CASH EQUIVALENT	291	
NET DECREASE IN CASH AND CASH EQUIVALENT CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		105,617

Chairman



### Notes to the Accounts for the year ended 30 September 1999

### 1. THE GROUP AND ITS ACTIVITIES

### **Holding Company**

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.

### Subsidiary companies

Crescent Business Management (Private) Limited, subsidiary company, was incorporated in Pakistan as Private Limited Company. The primary aim of the company is flotation and management of modarabas and for this purpose it has been registered as modaraba company with the registrar of modarabas companies and modarabas, Islamabad.

Shoaib Capital (Private) Limited was incorporated in Pakistan under the Companies Ordinance, 1884 on 24 January 1995 as a private limited company. The name of the company had been changed to Crescent Capital management (Private) Limited with effect from 06 June 1998. The company is registered as an investment advisor under Investment Companies and Investment Advisor's Rules, 1971. The principal activities of the company include money market brokerage, investment advisory, portfolio management, equity research and corporate finance.

### 1.1 Compliance with International Accounting Standards (IAS)

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

### 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 2.5 and 2.6.

### 2.2 Basis of consolidation

Considered financial statement include Shakarganj Mills Limited and following subsidiary companies incorporated in Pakistan

		Financial year ending on:
1	Crescent Business Management (Private) Limited	30 June 1999
	Crescent Capital Management (Private) Limited	30 June 1999

The subsidiaries are consolidated using purchase method from the effective date of acquisition.

### 2.3 Staff retirement benefits

Shakarganj Mills Limited operates pension and gratuity fund schemes for all permanent employees who are in management cader 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 and 8 Percent of basic pay of officers and workers respectively.

### 2.4 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.

### 2.5 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.

### 2.6 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 up to 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 / 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. During the year, the useful life of buildings and plant and machinery has been reassessed and depreciation is charged at the rate of 7.50 percent instead of 10 percent as referred in Note 13 on the basis of revised estimated useful life. The profit for the year has been increased by Rupees 19.063 million due to revision in estimates of the useful life of these assets.

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.

### 2.7 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. Amortization of lease assets is charged to current year's income. During the year, the useful life of buildings and plant and machinery as referred in Note 14 of leased assets has been reassessed and amortization is charged at the rate of 7.50 percent instead of 10 percent as referred in Note 14 on the basis of revised estimated useful life. The profit for the year has been increased by Rupees 2.441 Million due to revision in estimates of the useful life of these assets.



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### **Crescent Business Management (Private) Limited**

Management fees from modarabas floated by the company is recognized on the basis of annual audited accounts of the modarabas. Return on deposits with the banks is recognized on a time proportionated basis after considering the principal outstanding and applicable rates of profit thereon.

### **Crescent Capital Management (Private) Limited**

Brokerage, advisory fee and commission incomes are recognized as and when services are provided. Return on Musharika investments and short term placements is recognized on accrual bases. Dividend income is recognized when right to receive dividend is established.

		(RUPEES IN	THOUSAND)
		1999	1998
3.	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
	13,198,995 ordinary shares of		
	Rupees 10 each fully paid up in cash	131,990	131,990
	750,000 ordinary shares of Rupees 10 each issued to Pakistan Industrial Credit and Investment Corporation Limited against their right of option to convert 20 percent of their loan into		
	fully paid up shares	7,500	7,500
	15,337,034 Ordinary shares of Rupees 10 each issued As fully paid bonus shares	153,370	153,370
	the set of the set of the set of the balance of the set	292,860	292,860



### 2.8 Equity investments

Long term investment in associated companies is accounted for by equity method. Other long term investments are stated at cost. Provision for diminution in value is made, if considered permanent. Short term investments are stated at the lower of cost and market value determined on aggregate portfolio basis.

### 2.9 Borrowing cost

Interest, Mark-up and other charges on long term liabilities are capitalized up to the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to income.

### 2.10 Foreign exchange license

This has been stated at acquisition cost

### 2.11 Deferred cost

Expenses incurred on incorporation of the company and cost incurred during the initial period are deferred and are amortised over a period of five years in equal installments, commencing from the year in which these have been incurred.

### 2.12 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.

### 2.13 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.

### 2.14 Trade debts

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

### 2.15 Revenue recognition

### Shakarganj Mills Limited

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.

1 Shakarganj '99

Consolidated Accounts

# 4. STATEMENT OF CHANGES IN EQUITY

(RUPEES IN THOUSAND)

	SHARE					DECEDIVEC					THE PARTY IS IN THE PARTY IS INTERPARTY IS IN THE PARTY IS INTERPARTY ISTURIES INTERPARTY IS INTERPARTY IS INTERPARTY ISTURIES INTERPART	
	CAPITAL		Capital			VESENTES		Descention		5.0	UN-APPROPRIATED TOTAL	IDIAL
		Balancing Modernization	Research and development	100000	Sub-Total	Premium on Sub-Total For Issue of General Issue of right bonus shares Shares	General	Dividend equalization	Sub-Total			
Balance as on 01 October 1997	266,236	15,000	5,000	23,464	43,464	26,624	78,079	25,000	129,703 173,167	173,167	42,667	482,070
Nominal value of shares issued	26,624	•	•	•	•	(26,624)	. 1		(26,624) (26,624)	(26,624)		
Net loss for the year		•	•	•	•		•	•	•		- (31,569) (31,569)	(31,569)
Balance as on 30 September 1998	292,860	15,000	5,000	23,464	43,464	• •	78,079	25,000	103,079 146,543	146,543	11,098	450,501
Goodwill written off	•	•	•	•		•	(5,692)	•	(5,692)	(5,692)	1	(5,692)
Net loss for the year		•	•	•			•	•			(4,124)	(4,124)
Balance as on 30 September 1999	292,860	15,000	5,000	23,464 43,464	43,464	1	- 72,387	25,000	97,387 140,851	140,851	6,974	440,685

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## REDEEMABLE CAPITAL

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

Consolidated Accounts

		Balance at as 01 October	Received during the year		Less: Repaid	Current Portion (Note 8)		Balance as at 30 September	Sanctioned Limit	Unavailed credit facility	No of installments 21 to 36	Repayment date of 1st A Installment	
INVESTMENT	(	136,513		136,513	34,827	34,744	69,571	66,942	247,102	12,554	21 to 36 Quarterly 12 Quarterly	April 93 to April 96	06 to 08%
2 85	Z	1,380		1,380	1,380		1,380		9,279	666		April 96	17.16%
PIS-50	1.1.1		18,419	18,419		9,210	9,210	9,209	36,842	18,423	08 Quarterly	April 2000 S	16%
COMPANIES	(NOTE 5.2)	126,396	150,000	276,396	126,396	18,750	145,146	131,250	312,200		08 Quarterly	April 2000 September 2000	18.25%
FIRST INTERNATIONAL INVESTMENT BANK LIMITED	(NOTE 5.3)	26,250	•	26,250	11,250	15,000	26,250		30,000		08 Quarterly	October 98	19%
FIRST LEASING CORPORATION LIMITED	(NOTE 5.4)	44,762		44,762	4,762	40,000	44,762		40,000		18 Monthly	April 99	10%
JESCO (PRIVATE) LIMITED	(NOTE 5.5)	35,572	17,525	53,097		9,292	9,292	43,805	53,097	•	08 Monthly 01 Lumsum	December 99 October 2000	1010002
1999		370,873	185,944	556,817	178,615	126,996	305,611	251,206					
Total 1998	No. 18	363,339	173,400	536,739	165,866	73,152	239,018	297,721					

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- 5.1 As per purchase and sale agreements, Pakistan Industrial Credit and Investment Corporation Limited has purchased machinery valuing Rupees 323.331 million (1998: Rupees 286.489 million) from the company which was deemed to have been resold to the company at marked-up price of Rupees 507.871 million (1998: Rupees 464.490 million) which includes rebate of Rupees 86.091 million (1998: Rupees 77.415 million) on timely payments of marked-up price. These are secured against securities mentioned in note No.6.1.
- 5.2 Finance from Banking Companies are secured against first charge on fixed assets of the company ranking pari passu with other creditors, deposit of U.S. Dollar and personal guarantee of Directors.
- 5.3 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, upto the extent of Rupees 40 million and personal guarantee of the director.
- 5.4 The finance was obtained from First Leasing Corporation Limited under Morabaha arrangement. Leasing company has purchased goods valuing Rupees 40 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.
- 5.5 The finances obtained from Jhang Electric Supply Corporation (Private) Limited is secured against hypothecation of stores, spares and book debts of the company.

		(RUPEES IN	THOUSAND)
LONG TERM LOAN	s .	1999	1998
Pakistan Industrial ( Corporation Limite	Credit and Investment		
Loan No:			
IBRD-3019	(Note 6.1 and 6.2)	3,284	4,755
ADB-966	(Note 6.1 and 6.2)	26,051	27,733
Asian Finance and	Investment Corporation		
Limited			26,000
		29,335	58,488
Less: Current portio	on (Note 8)	1,657	32,548
		27,678	25,940

- 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 No.9.4; and
  - (d) demand promissory note.



6.2 Loan No. IBRD-3019 and Ioan No. ADB-996 are repayable in 09 and 12 semi annual installments commencing from 01 July 2000 respectively as per revised repayment schedule. Loans carry interest at the rate of 15 and 15.61 percent per annum respectively.

(RUPEES IN	THOUSAND)
1999	1998

### LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future rentals and periods during which they fall due are as under:

		20 400
30 September 1999		32,682
30 September 2000	39,763	28,525
30 September 2001	34,396	23,254
30 September 2002	25,128	13,528
30 September 2003	16,905	8,762
30 September 2004	2,957	-
Balance rentals as at 30 September	119,149	106,751
Less: financial charges	26,803	26,075
Present value of minimum lease payments	92,346	80,676
Less: Current portion (Note 8)	26,376	20,229
	65,970	60,447

7.1 The value of minimum lease rental payments has been discounted at an implicit interest rate ranging from 19 to 25 percent. The balance rentals are payable in monthly/quarterly installments 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 born by lessee. Lessee shall have no right to terminate lease agreements and if lease agreements are terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 10.066 million (1998: Rupees 8.151 million) included in long term deposits (Note 16) and Rupees 0.905 million (1998: Rupees 0.384 million) included in advances, deposits, prepayments and other Receivables (Note 20).

### CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital	126,996	73,152
Long term loans	1.657	32,548
Liabilities against assets subject to finance lease	26,376	20,229
	155.029	125,929



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	(RUPEES IN	THOUSAND)
	1999	1998
HORT TERM FINANCES		
ecured:		
rom investment banks (Note 9.1)	156,500	145,000
rom investment company (Note 9.2)	7,500	18,750
rom finance corporation (Note 9.3)	33,699	-
	197,699	163,750
rom banking companies:		
secured (Note 9.4)	270,014	379,642
Insecured-Unpresented cheques	496	1,311
	270,510	380,953
	468,209	544,703

- 9.1 Short term finances obtained from Investment Banks include Rupees 9.500 million (1998: Rupees 10 million) from Crescent Investment Bank Limited (An associated undertaking). Finances are secured by way of hypothecation of stores, spares, stocks, book debts and pledge of shares of listed companies having face value of Rupees 8.289 million (1998: Rupees 6.280 million) as referred to in Note 22.3 and personal guarantees of directors. Mark-up is payable at the rate of 18.50 to 22 percent per annum. The finances are repayable on different dates before 30 September 2000.
- 9.2 This forms part of total sanctioned limit of Rupees 7.500 million (1998: Rupees 22.500 million) obtained from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited and carries mark-up at the rate of 18.25 to 20 percent per annum. The finance is secured by way of pledge of shares of listed companies having face value of Rupees 48.144 million (1998: Rupees 48.144 million) as referred to Note 22.3. The finance is Repayable in July 2000.
- 9.3 This forms part of total sanctioned limit of Rupees 80 million obtained from National Development Finance Corporation and carries mark-up at the rate of 20.07 percent per annum. The finance is secured by way of pledge of stocks of refined sugar and personal guarantees of directors of the company. The finance is repayable in two equal installments in October 1999 and June 2000.
- 9.4 These are secured against pledge and hypothecation of stores, spare parts, stocks, book debts, pledge of shares of listed companies having face value of Rupees 3.610 million as referred to in Note 15.2 and 22.3 (1998: Rupees 16.084 million), second charge on fixed assets of the company and personal guarantee of directors. Mark-up is chargeable at the rate of paisas 49 to 57 per Rupees 1,000 per day. These from part of aggregate credit facility of Rupees 307 million (1998: Rupees 567 million).

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	(RUPEES IN 1	HOUSAND)
	1999	1998
CREDITORS, ACCRUED AND OTHER		
LIABILITIES		
Creditors	60,674	45,713
Advance from customers	44,483	20,681
Securities from contractors - Interest free, repayable		
on completion of contracts	1,076	1,079
Income tax deducted at source	380	427
Mark-up accrued on redeemable capital - Secured	14,513	9,818
Interest accrued on long term loans - Secured	1,160	2,447
Mark-up accrued on short term finances - Secured	22,480	29,285
Excise duty and sales tax payable	24,514	13,629
Due to Gratuity fund	873	44
Due to associated undertakings	62,613	76,60
Payable to pension fund	1,112	12
Due to Employees Provident Fund Trust	141	7
Due to director	218	19
Other accrued liabilities	106,437	59,37
	340,674	259,48

### 11. WORKERS' PARTICIPATION FUND-ALLOCATION FOR THE YEAR

553

11.1 Interest is paid at the prescribed rate under the Act on the funds utilized by the company till the date of allocation to workers.

### 12 CONTINGENCIES AND COMMITMENTS

### Contingencies

Shakarganj Mills Limited is contingently liable in respect of employees' claims amounting to Rupees 0.100 million (1998: Rupees 0.100 million), Central Excise duty claims amounting to Rupees 19.833 million (1998: Rupees 19.707 million) and other claims amounting to Rupees 3.421 million (1998: Rupees 50.163 million). These claims have not been acknowledged by the company and cases are pending with various courts. The subsidiary company M/s Crescent Business Management (Private) Limited is in appeal before Income Tax Tribunal against the assessment framed by tax authorities for assessment years 1993-94 and 1994-95. The management is hopeful that the appeals would be decided in company's favour.

### Commitments

The capital commitments are Rupees 1.665 million (1998: Rupees 0.591 million). Letters of credit other than for capital expenditure are amounting to Rupees 0.383 million (1998: Rupees 1.148 million).

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## 13. OPERATING FIXED ASSETS

DESCRIPTION	COS	COST/RE-ASSESSED VALUE	VALUE			DEPRECIATION	TATIO	z		BOOK VALUE	DEP	DEPRECIATION RATE	RATE
	At at 01 October 1998	At at 01 Assets acquired Additions/ October as at 31 (Deletions) 1998 December 1998	d Additions/ (Deletions)	As at 30 September 1999	As at 01 October 1998	On assets acquired as at 31 December 1998	Adjustments	Charge for the year	As at 30 September 1999	AS AT 30 SEPTEMBER 1999	Holding company Old New %	New %	Subsidiary companies
Land free hold (Note 13.1)	25,924	•	•	25,924		•				25,924		•	
Buildings and roads on Freehold land	079'66		4,890	104,530	59,739		•	3,359	860'69	41,432	10	00	•
Plant and machinery	1,240,125	•	68,611	1,308,736	591,030	•	•	53,828	644,858	663,878	10	00	•
Laboratory equipments	214	•	35	952	606		-	17	926	26	40	97	•
Tubewell and water pumps	2,870	•	199	3,069	1,902			233	2,135	934	80	8	
Electric installations	1,096		2,840	3,936	844	•		617	1,461	2,475	80	8	15
Weigh bridges and scales	4,284	•	•	4,284	3,225			212	3,437	847	80	8	•
Furniture and focures	9,653	685	936 (108)	11,166	7,149	121	(37)	111	7,944	3,222	20	8	5-10
Office equipments	5,836	1,345	1,228 (98)	8,311	5,463	441	(36)	596	6,474	1,837	07	94	10-15
Vehicles	11,579		3,163 (1,864)	12,878	6,139	•	(491)	1,355	7,003	5,875	50	8	50
Arms and ammunition	86			88	2			e	57	50	10	10	
Library books	4,493		936	5,429	3,135			889	3,823	1,606	30	30	
Tools and equipments	3,741	•	132	3,873	3,484	•	•	155	3,639	234	40	40	
Telephone equipments	326		63	389	300	•		. 32	332	57	40	07	15
1999	1,410,570	2,030	83,033 (2,070)	1,493,563	683,373	562	(554)	61,806	745,187	748,376			
1998	1,372,160		39,370 (960)	1,410,570	603,405		(154)	80,122	683,373	727,197			



(RUPEES IN THOUSAND)

1998

1999

- 13.1 The company has given 10.39 acres land valuing Rupees 0.260 million for 20 years lease to Crescent Ujala Limited, 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 another term of 20 years with mutual consent of both parties.
- 13.2 Land, buildings and 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 (1998: Rupees 38.637 million).
- 13.3 Borrowing cost capitalized during the year was Rupees 7.074 million (1998: Rupees 3.422 million) under the head of plant and machinery.

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

Cost of goods sold

Sugar (Note 25.2)	55,179	72,758
Distillate (Note 25.3)	1,163	1,579
Kanewood (Note 25.4)	1,029	1,465
Administrative and general		
expenses - Sugar (Note 26.2)	4,435	4,320
	61,806	80,122

Shakarganj '99

### Consolidated Accounts

# 13.5 DISPOSAL OF OPERATING FIXED ASSETS

**Furniture and Fixtures** DESCRIPTION VEHICLES and electric penal Airconditioner, telephone cables OFFICE EQUIPMENTS Metal door and gni Double bed, sofa set and table Double bed and dressing table Show case and sofa set Deep Freezer Suzuki Margala 1300 CC JGA 9946 Suzuki Margala 1300 CC JGB 2929 Motor cycles 100 CC JGA 8479 Motor cycles 100 CC JGA 7146 Motor cycles 100 CC JGA 7159 Suzuki Margala 1300 CC JGB 4000 Suzuki Khyber 1000 CC JGB 2600 Suzuki Margala 1300 CC JGB 2603 Suzuki Margala 1300 CC JGB 2000 Suzuki Mehran 800 CC JGB 2478 Suzuki Khyber 1000 CC JGB 4872 Suzuki Margala 1300 CC JGA 9747 Motor cycles 100 CC JGA 7823 Suzuki Khyber 1000 CC JGB 2602 Suzuki Khyber 1000 CC JGB 2607 COST 149 162 196 196 196 168 271 8 16111 Nou ACCUMULATED DEPRECIATION 23 10500 -UR 10 BOOK 95 104 125 108 108 1 6004 30 PROCEEDS 271 130 123 112 136 135 136 5 40 4 30 29 33 ω υπ -MODE OF Negotiation As per company policy Negotiation As per company policy As per company policy As per company policy As per company policy As per company polic) As per company policy Gualzar Ahmad (Company ex-employee) PARTICULARS OF PURCHASERS Nusrat Ali (Company employee) Mrs. Kamal Shoiab (Land lady) Falak Sher (Company ex-employee) ljaz Ahmad (Company employee) Sarfraz Khan (Company employee) Muhammad Yar Rahi (Company employee) Nasir Mahmood (Company employee) Dr. Sardar Ahmad Qureshi (Company ex-employee) Mrs. Kamal Shoiab (Land lady) Arit Ali (Company employee) Siddique Sahi (Company employee) Zahid Mahmood (Company employee) Muhammad Younas (Company employee) Magsood Ahmed (Company employee) Khalid Mahmood Malik (Company employee) Mirza Mehtooz Ali (Company employee) Afzal Sindhu (Company employee) Gulzar Ahmed (Company employee) Abdul Jabbar (Company employee) fariq Javed (Company (employee) (RUPEES IN THOUSAND)

Motor cycles 100 CC JGB 2892

As per company polic

Guizar Ahmed (Company employee,

Shakarganj '99

## 14. ASSETS SUBJECT TO FINANCE LEASE

### (RUPEES IN THOUSAND)

NECOUDTION		Building	Plant and machinery	Vehicles	Equipments	1999	1998
	As at 01 October 1998	255	86,130	13,381		99,766	65,881
COST	Assets acquired Additions as at 31 (Deletions) December 1998			2,311	1,658	3,969	
	(Deletions)		24,235	3,190 (4,878)	4,544 (202)	31,969	55,063
	s/ As at 30 / ts) September ( 1999	255	110,365	.14,004	6,000	130,624	99,766
	As at 01 October 1998	238	12,700	4,609		17,547	18,407
	On assets acquired as at 31 December 1998		-	768	184	952	
AMORTIZATION	Adjustment			(2,098)	(55)	(2,153)	(11,229)
-	Charge for the year	17	7,325	1,952	1,881	11,175	10,369
	As at 30 September 1999	255	20,025	5,231	2,010		17,547
BOOK VALUE	AS AT 30 SEPTEMBER 1999		90,340	8,773	3,990	103,103	82,219
	Old New %	10	10	20	40		
		00	80	19	\$		
ON KAIE	company %			20	10		

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:

 
 Cost of goods sold-Sugar (Note 25.9)
 7,325
 8,159

 Administrative and general Expenses-Sugar (Note 26.2)
 3,850
 9,210

 11,175
 10,369



### 15. EQUITY INVESTMENTS

and the second second second	120.00			
(RUPEES	IM	THO	ICAND)	
RUPEES	11.4	Inov	John D)	

	10				KUPEES IN THE	JUSAND)
		1999			1998	
	COST	SHARE OF POST ACQUISITION PROFIT	NET	COST	SHARE OF POST ACQUISITION PROFIT	NET
QUOTED Associated undertakings:						
Crescent Investment Bank Limited 475,000 ordinary shares of Rupees 10						10,097
each fully paid	4,750	4,595	9,345	4,750	5,347	10,047
Crescent Steel and Allied Products Limited 300,000 ordinary shares of Rupees 10						
each fully paid	3,000	6,818	9,818	3,000	6,463	9,463
Pakistan Industrial Credit and Investment Corporation Limited						
733,870 ordinary shares of Rupees 10 each fully paid	55,326	185	55,511	55,326	184	55,510
Pakistan Industrial Leasing Corporation						
Limited						
625,000 ordinary shares of Rupees 10 each fully paid	20,000	8,857	28,857	20,000	8,221	28,221
Others						
First Crescent Modaraba						
1,612,280 (1998: 1,054,300) ordinary						11,093
shares of Rupees 10 each fully paid	16,093		16,093	11,093	1. 1.	11,095
592,467 bonus shares of Rupees 10 each	•					
Crescent Leasing Corporation Limited						
644,800 ordinary shares of Rupees 10	0.040		8,262	8,262		8,262
each fully paid	8,262		0,202			
96,720(1998:Nil) bonus shares of Rupees 10 each					•	
Pioneer Cement Limited						
3,297, ordinary shares of Rupees 10						125
each fully paid	125		125	125		125
Nazir Cotton Mills Limited						
300,000 ordinary shares of Rupees 10						3,000
each fully paid	3,000	an entre entre	3,000	3,000		3,000
Cherate Cement Company Limited						
1,875 ordinary shares of Rupees 10			79	-		
each fully paid	79		14			
First Punjab Modaraba						
1,000 ordinary shares of Rupees 10			8		-	1.50%
each fully paid	8		8			

Shakarganj '99

		1999			1998	
	COST	SHARE OF POST ACQUISITIO PROFIT		COST	SHARE OF POST ACQUISITION PROFIT	NET
brahim Modaraba ,000 ordinary shares of Rupees 10 each fully paid	8		8			
wodaraba Al-Mali 2,000 ordinary shares of Rupees 10 each fully paid	16		16			
	110,667	20,455	131,122	105,556	20,215	125,771
Others:						
Internantional Asset Management Company Limited 88,000 ordinary shares of Rupees 10 each fully paid Break-up value as per last audited account was Rupees 49.26 (1998: Rupees 48.83) per share	880		880	880		880
SCL-Alpha Fund Limited 3,500 ordinary shares of Rupees 10 each fully paid	35		35			
	111,582	20,455	132,037	106,436	20,215	126,651
Less: Provision for dimunition in market value of investments	50		50			
	111,532	20,455	131,987	106,436	20,215	126,65

- 15.1 Aggregate market value of quoted investments as at 30 September 1999 was Rupees 37.507 million (1998: Rupees 43.318 million).
- 15.2 Following investments having face value of Rupees 6.500 million (1998: Rupees 6.500 million) are Deposited as security with banking companies and investment banks:

	(RUPEES IN	
	1999	1998
Against short term finances obtained from Banking companies (Note 9.4) Against bank guarantee issued by Crescent Investment Bank Limited	3,500	3,500
(An associated undertaking)	3,000	3,000
	6,500	6,500



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		(RUPEES IN T	HOUSAND)
		1999	1998
16.	LONG TERM DEPOSITS AND RECEIVABLES		
	Securities	266	251
	Security deposit against leasehold assets (Note 7.1)	10,066	8,151
	Receivable (Note 16.1)	324	-
		10,656	8,402

16.1 Expenses incurred on the incorporation of SCL Alpha Fund Limited have been disbursed by the company. These expenses are recoverable from the fund over a period of five years in equal annual installments from the date of commencement of business of the fund.

### 17. DEFERRED COST

	04	- 28
Preliminary expenses		22 -
Share issue expenses	2.5	
Pre-operating expenses		
	2,9	24 -
Less: Amortization to date	(2,33	9) -
		85 -
8. STORES, SPARES PARTS AND LOOSE TO	OLS	
Stores	23,7	20 23,216
Spare parts	14,1	
Loose tools	7	28 702
	38,6	36 37,585
Less: Provision for obsolescence	1,5	00 1,500
	37,1	36 36,085
9. STOCK-IN-TRADE		
Work-in-process	1,4	06 3,319
Finished goods:	A A A A A A A A A A A A A A A A A A A	
Sugar	294,6	29 351,591

	Sugar		294,629	351,591
	Molasses		7,878	4,782
	Distillate		22,593	58,321
	Kanewood		12,668	11,927
			337,768	426,621
			339,174	429,940
20.	TRADE DEBTS			
	Considered good:			
	Secured (against letters of credit)		19,471	
	Unsecured		10,433	6,924
			29,904	6,924
		and a state of the		

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21. ADVANO	ES, DEPOSITS, PREPAYMENTS	(RUPEES IN	THOUSAND)
AND OT	HER RECEIVABLES	1999	1998
Loans ar	nd advances -Considered good:		
Employe	ees-Interest free	189	74
Supplier	rs and contractors	8,846	9,045
Income	tax	50,046	31,278
Sugarca	ne growers (Note 21.1)	4,681	5,621
		63,762	46,018
Conside	red doubtful:		
Sugarca	ne growers	2,001	2,001
	ovision for doubtful	2,001	2,001
		63,762	46,018
Deposit	S:		
Excise o	luty and Sales tax	· ·	389
Margin	against bank guarantees	1,352	2,070
Security	deposit against leasehold assets (Note 7.1)	905	384
		2,257	2,843
Letters	of credit	688	1,301
Short te	erm prepayments	33,811	26,213
	m associated undertakings (Note 21.2)	631	1,973
	d interest	530	796
Sundry	receivables	12,663	14,545
		114,342	93,689

21.1 Loans to sugarcane growers are partly interest free and partly interest bearing at the rate of 18.25 and 19.71 percent per annum.

### 21.2 DUE FROM ASSOCIATED UNDERTAKINGS

Crescent Jute Products Limited		362
Crescent Group Services (Private) Limited	167	569
Jhang Electric Supply Corporation (Private) Limited	464	450
Crescent Knitwear Limited		16
First Crescent Modaraba		576
	631	1,973



(RUPEES	IN THOUSAND)
1999	1998

### 22. SHORT TERM INVESTMENTS

EQUITY		
QUOTED		
Associated Undertakings:		
Crescent Sugar Mills and Distillery Limited		
487,132 ordinary shares of Rupees 10 each fully paid	10,080	10,080
150,276 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	Sector States	
Jubilee Spinning and Weaving Mills Limited		
4,000 ordinary shares of Rupees 10 each fully paid	66	66
11,584 bonus shares of Rupees 10 each	and participants	
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	and the second	
The Crescent Textile Mills Limited		
143,943 ordinary shares of Rupees 10 each		
fully paid	2,234	2,234
41,268 (1998: 28,182) bonus shares of Rupees 10 each	-	2,254
Crescent Steel and Allied Products Limited		
180,000 (1998:133,500) ordinary shares of Rupees 10 each		
fully paid	2,784	1,226
323,415 bonus shares of Rupees 10 each		
Pakistan Industrial Leasing Corporation Limited		
2,323,430 (1998: 1,642,886) ordinary shares of		
Rupees 10 each fully paid	65,158	52,568
784,636 (1998: Nil) bonus shares of Rupees 10 each	Martin Carton	1.1
Equity held: 17.13%		
Crescent Investment Bank Limited		
1,241,595 (1998:1,209,595) ordinary shares of Rupees		
10 each fully paid	20,508	19,844
454,565 (1998: Nil) bonus shares of Rupees 10 each	and and a state	



	(RUPEES IN	THOUSAND)
	1999	1998
Pakistan Industrial Credit and Investment		
Corporation Limited		
1,963,326 ordinary shares of Rupees 10 each fully paid	94,275	94,275
1,153,462 bonus shares of Rupees 10 each		•
Others:		
First Crescent Modaraba		
110,000 ordinary shares of Rupees 10 each fully paid	965	965
1,786 bonus shares of Rupees 10 each	-	-
Crescent Leasing Corporation Limited		
2,291,000 (1998: 2,274,271) ordinary shares of		
Rupees 10 each fully paid	30,440	30,252
343,650 (1998: Nil) bonus shares of Rupees 10 each		-
Equity held: 15.27%		
Crescent Spinning Mills Limited		
341,300 ordinary shares of Rupees 10 each fully paid	3,413	3,413
Crescent Knitwear Limited		
700,000 (1998: 212,195) ordinary shares of		
Rupees 10 each fully paid	7,122	2,122
Husein Sugar Mills Limited		
631bonus shares of Rupees 10 each		
AR Pak International Investment Limited	install all a second	
10,000 ordinary shares of Rupees 10 each	93	93
Pakistan International Airlines Corporation		
51 bonus shares of Rupees 10 each	Same and Section	-
Atlas Bot Lease Company Limited		10 miles
26,406 bonus shares of Rupees 10 each		
Pakistan Oil Fields Limited		
500 ordinary shares of Rupees 10 each fully paid	34	34
125 bonus shares of Rupees 10 each		
Prudential Discount and Guarantee House Limited		
131,000 ordinary shares of Rupees 10 each fully paid	1,033	1,033
Sui Northern Gas Pipelines Limited		
61,242 (1998: 53,254 bonus shares of Rupees 10 each		
Muslim Commercial Bank Limited		
3,565 bonus shares of Rupees 10 each		-

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	(RUPEES IN THOUSAND)	
	1999	1998
Nazir Cotton Mills Limited		
\$71,113 ordinary shares of Rupees 10 each fully paid	4,711	4,711
Shaheen Cotton Mills Limited		
,050,000 ordinary shares of Rupees 10 each fully paid	13,650	13,650
	267,853	247,853
UNQUOTED		
Associated Undertaking:		
Crescent Group Services (Private) Limited		
220,000 Ordinary shares of Rupees 10 each fully paid	2,200	2,200
quity held 18.96 percent. Break-up value as per		
ast audited accounts was Rupees zero per shares	070 070	050.052
	270,053	250,053
OTHER		
Musharika investment Note 22.2)	5,912	-
	275,965	250,053

22.1 Market/break-up value of short term equity investments as on 30 September 1999 was Rupees 102.143 million (1998: Rupees 102.070 million) which was lower than the cost by Rupees 167.910 million. However, due to increase in prices of shares in subsequent period, the short fall of market value has been decreased by Rupees 89.063 million on 14 March 2000.

22,2 These represent funds placed under Musharika agreement with Al-Zamin Leasing Modaraba and First Crescent Modaraba. Expected rate of profit range between 18 percent to 18.75 percent (1998: 16 percent to 20 percent) per annum. Project profits on the above transaction have been accrued during the year.

22.3 Following investments having face value of Rupees 66.389 million (1998: Rupees76.854 million) are deposited as security with banks, financial institutions and Investment companies.

CANCE OF COMPANY AND			
Investment banks	(Note 9.1)	8,289	6,280
Investment companies	(Note 9.2)	48,144	48,144
Banking companies	(Note 9.4)	110	12,584
Against bank guarante Crescent Investment Bar	Charlen and a contract of the second s	9,309	9,309
Creacent investment bu	in Linited		
Against central excise	duty on loan:		
Pakistan Industrial Credi	t and Investment		
Corporation Limited		537	537
		66.389	76.854

### Against short term finances obtained from:

Shakarganj '99

	(RUPEES IN THOUSAND)	
	1999	1998
23. CASH AND BANK BALANCES		
Cash in hand	163	413
Cash with banks on:		
Current accounts	17,267	15,767
Short term deposit accounts	6,361	6,283
Dividend account	14	14
Dollar deposit account	411	27,664
	24,053	49,728
	24,216	50,141
		-

23.1 Term deposit receipts amounting to Rupees 6.353 million (1998: Rupees 6.262 million) are lying with Muslim Commercial Bank Limited under lien against loans to sugarcane growers.

### 24. SALES AND REVENUE

Sale:

Sugar:

Local	1,669,292	1,784,210
	150,035	
Export Rebate on export of sugar	52,686	-
Repate on export of sugar	202,721	-
	1,872,013	1,784,210
Distillate		
Local	44,581	32,437
	84,106	-
Export	128,687	32,437
Kanewood	8,295	7,345
Molasses (By-product)	38,860	68,960
Molasses (by-product)	2,047,855	1,892,952
Less: Commission to selling agents	4,689	10,293
	178,489	66,238
Sales tax on sugar	183,178	76,531
	1,864,677	1,816,421


Consolidated Accounts

			(RUPEES	IN THOUSAND
	Desugar		1999	1998
	Revenue:			
	Management	fee	925	
	Brokerage ind	come	3,577	
	Return on Mu	ishrika finance	513	
			5,015	
			1,869,692	1,816,421
5.	COST OF GO	ODS SOLD	outing alor supro-	-
	Cuman			
	Sugar	(Note 25.1)	1,528,010	1,632,67
	Distillate	(Note 25.3)	87,342	17,159
	Kanewood	(Note 25.4)	11,899	7,665
			1,627,251	1,657,499
	25.1 COST C	F GOODS SOLD - SUGAR		1
	Raw ma	terial	1,236,902	1 000 553
	Salaries	, wages and other benefits	44,028	1,298,553 45,128
		spare parts and loose tools	3,588	45,128
		d chemicals	13,885	
	A STATE OF A	material	20,535	12,805
	Fuel and		20,335	20,798
		nd maintenance	17,929	32,267
	Insuranc		3,153	21,413 4,783
	Vehicles	running	640	4,765
		g and conveyance	237	206
		and stationery	379	407
		es and taxes	114	160
	Excise d		22,586	128,187
		ctory overheads	6,445	6,940
		ne research and development	9,779	8,851
		ning and development	2,171	2,281
		ation/amortization (Note 25.2)	62,504	80,917
			1,472,231	1,669,449
	Work-In-	process inventory:		
		October	3,319	2,464
	As at 30	September	1,406	3,319
			1,913	(855)
	Cost of g	oods produced	1,474,144	1,668,594
		goods inventory:		
	As at 01		356,373	320,450
	As at 30 !	September	302,507	356,373
			53,866	(35,923)
			1,528,010	1,632,671



5.2 DEPRECIATION/AMORTIZATION		1998
D.2 DEPRECIATION AMONTEATION		
a 1.0 - 01-12.0	55,179	72,758
Depreciation (Note 13.4) Amortization (Note 14.2)	7,325	8,159
	62,504	80,917
25.3 COST OF GOODS SOLD - DISTILLATE		
	25,756	30,35
Molasses	1,197	87
Stores, spare parts and loose tools	2,102	1,65
Salaries, wages and other benefits	5,263	4,26
Chemicals	14,454	11,20
Fuel and power	95	9
Insurance	1,584	1,11
Other factory overheads	1,163	1,57
Depreciation (Note 13.4)	1,103	- 1,51
Cost of goods produced	51,614	51,13
Finished goods inventory:		
As at 01 October	58,321	24,34
As at 30 September	22,593	58,39
	35,728	(33,97
	87,342	17,15
25.4 COST OF GOODS SOLD - KANEWOOD		
Raw material	2,287	4,83
Stores, spare parts and loose tools	4,339	5,34
Salaries, wages and other benefits	1,549	1,59
Insurance	101	10
Fuel and power	3,031	3,68
Other factory overheads	304	30
Depreciation (Note 13.4)	1,029	1,40
Cost of goods produced	12,640	17,26
Finished goods inventory:		
As at 01 October	11,927	2,32
As at 30 September	12,668	11,99
La de ca achenicas	(741)	(9,59)
	11,899	7,66



	(RUPEES IN THOUSAND)	
	1999	1998
26. ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, wages and other benefits	23,250	18,039
Directors' meeting fee	42	35
Travelling and conveyance	1,132	1,086
Printing and stationery	739	676
Telephone, postage and telegrams	1,787	1,215
Vehicles' running	2,504	2,157
Legal and professional	1,215	1,371
Auditors' remuneration: (Note 26.1)		
Audit fee	250	185
Out of pocket expenses	18	18
out of pocket offennes	268	203
Repair and maintenance	1,224	2,185
Entertainment	370	257
Subscription	1,763	1,358
Rent, rates and taxes	1,327	968
Publicity	265	268
Registered office expenses	751	565
Miscellaneous	1,589	1,556
Depreciation/amortization (Note 26.2)	8,285	6,530
	46,511	38,469

26.1	Auditors' remuneration		1999		1998
		Fee	Out of pocket	Fee	Out of pocket
	Riaz Ahmad and Company	205	15	170	15
	Fazal Mahmood and Company	15	3	15	3
	Khalid, Majid, Husain, Rehman and Company	30		-	
26.2	Depreciation/amortization	250		185	
	Depreciation (Note 13.4) Amortization (Note 14.2)			4,435 3,850	4,320 2,210
				8,285	6,530

Shakarganj '99

Consolidated Accounts

		(RUPEES IN T	HOUSAND) 1998
25.2	DEPRECIATION/AMORTIZATION		
	Depreciation (Note 13.4)	55,179	72,758
	Amortization (Note 14.2)	7,325	8,159
		62,504	80,917
25.3	COST OF GOODS SOLD - DISTILLATE		
		OF 754	30,355
	Molasses	25,756	875
	Stores, spare parts and loose tools	1,197	1,652
	Salaries, wages and other benefits	2,102	4,262
	Chemicals	5,263	11,201
	Fuel and power	14,454 95	93
	Insurance	1,584	1,116
	Other factory overheads	1,163	1,579
	Depreciation (Note 13.4)	1,103	1,577
	Cost of goods produced	51,614	51,133
	Finished goods inventory:		
	As at 01 October	58,321	24,347
50 A	As at 30 September	22,593	58,321
		35,728	(33,974)
		87,342	17,159
25.4	COST OF GOODS SOLD - KANEWOOD		
	Raw material	2,287	4,837
	Stores, spare parts and loose tools	4,339	5,347
	Salaries, wages and other benefits	1,549	1,527
	Insurance	101	100
	Fuel and power	3,031	3,680
	Other factory overheads	304	304
	Depreciation (Note 13.4)	1,029	1,465
	Cost of goods produced	12,640	17,260
	Finished goods inventory:		1.2.3
	As at 01 October	11,927	2,329
	As at 30 September	12,668	11,927
		(741)	(9,598)
		11,899	7,662



	(RUPEES IN	THOUSAND)
	1999	1998
26. ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, wages and other benefits	23,250	18,039
Directors' meeting fee	42	35
Travelling and conveyance	1,132	1,086
Printing and stationery	739	676
Telephone, postage and telegrams	1,787	1,215
Vehicles' running	2,504	2,157
Legal and professional	1,215	1,371
Auditors' remuneration: (Note 26.1)		and the second second
Audit fee	250	185
Out of pocket expenses	18	18
	268	203
Repair and maintenance	1,224	2,185
Entertainment	370	257
Subscription	1,763	1,358
Rent, rates and taxes	1,327	968
Publicity	265	268
Registered office expenses	751	565
Miscellaneous	1,589	1,556
Depreciation/amortization (Note 26.2)	8,285	6,530
	46,511	38,469

### 26.1 Auditors' remuneration

26.1	Auditors' remuneration		1999		1998
		Fee	Out of pocket	Fee	Out of pocket
	Riaz Ahmad and Company	205	15	170	15
	Fazal Mahmood and Company	15	3	15	3
	Khalid, Majid, Husain, Rehman and Company	30			
26.2	Depreciation/amortization	250	18	185	
	Depreciation (Note 13.4) Amortization (Note 14.2)			4,435 3,850	4,320 2,210
				8,285	6,530



(RUPEES IN THOUSAND)         1999       1998         27. SELLING AND DISTRIBUTION EXPENSES       23,001         Freight and forwarding: Sugar       23,001         Sugar Distillate       10,282         Handling and distribution       1,910         Loading and unloading       1,543         Insurance       37,803         9,245       37,803         50       92.00ERATING PROFIT /(LOSS)         Sugar (Note 28.1)       134,484       101,149         Distillate (Note 28.2)       27,646       10,768         Kanewood (Note 28.3)       4(,055)       10,768         Kanewood (Note 28.3)       10,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       158,127       111,215         28.1 OPERATING PROFIT - SUGAR       38,500       37,729         Sales - Net       1,528,010       1,632,671         Gross profit       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE       38,500       37,729         Selling and distribution       28,687       28,671         28.2 OPERATING PROFIT - DISTILLATE       39,687					
27. SELLING AND DISTRIBUTION EXPENSES         Freight and forwarding: Sugar Distillate       23,001       5,027         Handling and distribution       1,910       1,651         Loading and unloading Insurance       1,543       1,607         98. OPERATING PROFIT /(LOSS)       37,803       9,245         Sugar       (Note 28.1)       134,484       101,149         Distillate       (Note 28.2)       27,646       10,768         Kanewood       (Note 28.3)       (4,055)       170,768         Modaraba/Investment (Note 28.4)       52       111,215         28.1 OPERATING PROFIT - SUGAR Sales - Net Cost of goods sold       1,528,010       1,632,671         Gross profit       11,228,092       147,934         Operating expenses       38,500       37,722         Administrative and general Selling and distribution       38,500       37,722         Operating expenses       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold       87,342       1				(RUPEES I	N THOUSAND)
Freight and forwarding: Sugar Distillate       23,001 10,282       5,027 5,027         Handling and distribution Loading and unloading Insurance       1,910 1,651       1,651 1,067       960 1,047         28. OPERATING PROFIT /(LOSS)       37,803       9,245         Sugar       (Note 28.1) Distillate       134,484       101,149 27,646       10,768 10,768         Sugar       (Note 28.2) Modaraba/Investment (Note 28.4)       52       7,646       10,768 10,768         Sales - Net Cost of goods sold Gross profit       1,797,897 1,780,605 Cost of goods sold Gross profit       1,797,897 1,780,605 Cost of goods sold Gross profit       1,632,671 14,938         Sales - Net Cost of goods sold Gross profit       1,99,887 134,484       101,149 14,934         Sales - Net Cost of goods sold Gross profit       1,528,010 1,632,671 134,484       37,722 13,690 14,7345         Sales - Net Cost of goods sold Gross profit       134,484 101,149       101,149         S2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold Gross profit       134,484 101,149       101,149         S2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold Gross profit       128,687 41,345       28,671 41,345         Operating expenses       2,667 41,345       598 146       146				1999	1998
Sugar Distillate       10,282       5,027         Handling and distribution Loading and unloading Insurance       1,910       1,651         98. OPERATING PROFIT /LOSS)       37,803       9,245         Sugar       (Note 28.1)       134,484       101,149         Distillate       (Note 28.1)       134,484       101,149         Distillate       (Note 28.2)       27,646       10,768         Kanewood       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215         28.1 OPERATING PROFIT - SUGAR Sales - Net       1,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       199,887       147,934         Operating expenses       38,500       37,722         Administrative and general Selling and distribution       28,671       27,342         Sales - Net       11,419       11,419         98.2 OPERATING PROFIT - DISTILLATE       134,484       101,149         Sales - Net       128,687       98,671         Cost of goods sold       87,342       17,159         Operating expenses       134,484       101,149 </td <td>27.</td> <td>SELLING AND D</td> <td>ISTRIBUTION EXPENSES</td> <td></td> <td></td>	27.	SELLING AND D	ISTRIBUTION EXPENSES		
Sugar Distillate       10,282       5,027         Handling and distribution Loading and unloading Insurance       1,910       1,651         8       OPERATING PROFIT /(LOSS)       37,803       9,245         98       OPERATING PROFIT /(LOSS)       37,803       9,245         98       OPERATING PROFIT /(LOSS)       37,803       9,245         98       OPERATING PROFIT /(LOSS)       27,646       10,149         90       Distillate       (Note 28.1)       134,484       101,149         90       Distillate       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215       158,127       111,215         928.1       OPERATING PROFIT - SUGAR Sales - Net       1,727,897       1,780,605       1,632,671         Gross profit       1,528,010       1,632,671       147,934         Operating expenses       38,500       37,722       9,063         46,785       134,484       101,149       9,867       146,785         98.2       OPERATING PROFIT - DISTILLATE       138,500       37,722       9,063         98.2       OPERATING PROFIT - DISTILLATE       134,484		Freight and for	varding	03.001	
Distillate       1,910       1,543       1,067       960         Loading and unloading Insurance       1,543       1,607       960         28. OPERATING PROFIT /(LOSS)       37,803       9,245         Sugar       (Note 28.1)       134,484       101,149         Distillate       (Note 28.2)       27,646       10,768         Kanewood       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215         28.1 OPERATING PROFIT - SUGAR       52       111,215         Sales - Net       1,528,010       1,632,671         Gross profit       1,528,010       1,632,671         Operating expenses       38,500       27,722         Administrative and general Selling and distribution       26,903       65,403         Selling and distribution       128,687       28,671         Operating expenses       134,484       101,149         Operating expenses       134,484       101,149         Sales - Net       128,687       28,671         Cost of goods sold       87,342       17,159         Gross profit       41,345       11,512			turung.		5 007
Handling and distribution     1,067     960       Loading and unloading     1,543     1,607       Insurance     37,803     9,245       98. OPERATING PROFIT /(LOSS)     37,803     9,245       Sugar     (Note 28.1)     134,484     101,149       Distillate     (Note 28.2)     27,646     10,768       Kanewood     (Note 28.3)     (4,655)     (702)       Modaraba/Investment (Note 28.4)     52     -     -       Sales - Net     52     -     -       Cost of goods sold     1,528,010     1,528,010     1,632,671       Gross profit     199,887     1,727,897     1,780,605       Operating expenses     38,500     37,722     -       Administrative and general     38,500     37,722     -       Selling and distribution     38,500     37,722     -       Sales - Net     Cost of goods sold     87,342     17,159       Gross profit     134,484     101,149     -       Sales - Net     Cost of goods sold     87,342     17,159       Gross profit     41,345     11,512     -     - <td></td> <td></td> <td></td> <td>10,282</td> <td>5,027</td>				10,282	5,027
Handling and distribution     1,067     960       Loading and unloading     1,543     1,607       Insurance     37,803     9,245       98. OPERATING PROFIT /(LOSS)     37,803     9,245       Sugar     (Note 28.1)     134,484     101,149       Distillate     (Note 28.2)     27,646     10,768       Kanewood     (Note 28.3)     (4,655)     (702)       Modaraba/Investment (Note 28.4)     52     -     -       Sales - Net     52     -     -       Cost of goods sold     1,528,010     1,528,010     1,632,671       Gross profit     199,887     1,727,897     1,780,605       Operating expenses     38,500     37,722     -       Administrative and general     38,500     37,722     -       Selling and distribution     38,500     37,722     -       Sales - Net     Cost of goods sold     87,342     17,159       Gross profit     134,484     101,149     -       Sales - Net     Cost of goods sold     87,342     17,159       Gross profit     41,345     11,512     -     - <td></td> <td></td> <td></td> <td>1.910</td> <td>1 451</td>				1.910	1 451
Loading and unloading Insurance       1,543       1,607         37,803       9,245         28. OPERATING PROFIT /(LOSS)       37,803       9,245         Sugar       (Note 28.1)       134,484       101,149         Distillate       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215       52         28.1 OPERATING PROFIT - SUGAR       52       111,215       52         Sales - Net       52       111,215       52,601       1,632,671         Operating expenses       38,500       37,722       9,063       46,785         Administrative and general Selling and distribution       38,500       37,722       9,063         92.2 OPERATING PROFIT - DISTILLATE       58,687       28,671       101,149         28.2 OPERATING PROFIT - DISTILLATE       58,687       28,671       101,149         28.2 OPERATING PROFIT - DISTILLATE       58,687       28,671       101,149         28.2 OPERATING PROFIT - DISTILLATE       58,687       58,671       101,149         28.4       10,149       10,632,6711		Handling and d	istribution		and the second se
Insurance       37,803       9,245         28. OPERATING PROFIT /(LOSS)       314,484       101,149         Distillate       (Note 28.1)       27,646       10,768         Kanewood       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215         28.1       OPERATING PROFIT - SUGAR       52       111,215         Sales - Net       1,727,897       1,780,605       1,528,010       1,632,671         Gross profit       199,887       147,934       0perating expenses       36,500       37,722         Administrative and general       26,903       65,403       46,785       134,484       101,149         28.2       OPERATING PROFIT - DISTILLATE       38,500       37,722       17,724         Selling and distribution       28,687       28,671       46,785         Operating expenses       134,484       101,149         28.2       OPERATING PROFIT - DISTILLATE       38,500       37,722         Sales - Net       128,687       28,671       134,484         Operating expenses       11,512       11,512         Operating expenses       598		Loading and un	loading		
28. OPERATING PROFIT /(LOSS)         Sugar       (Note 28.1)         Distillate       (Note 28.2)         Kanewood       (Note 28.3)         Modaraba/Investment (Note 28.4)       52         28.1 OPERATING PROFIT - SUGAR       52         Sales - Net       1,727,897         Cost of goods sold       1,632,671         Gross profit       199,887         Operating expenses       38,500         Administrative and general       38,500         Selling and distribution       26,903         9,003       65,403         46,785       134,484         101,149         28.2 OPERATING PROFIT - DISTILLATE         Sales - Net       188,687         Cost of goods sold       87,342         Gross profit       134,484         101,149         28.2 OPERATING PROFIT - DISTILLATE         Sales - Net       128,687         Cost of goods sold       87,342         Gross profit       11,512         Operating expenses       38,650         Administrative and general       5467         Selling and distribution       598         Selling and distribu		Insurance		.,	1,001
Sugar       (Note 28.1)       134,484       101,149         Distillate       (Note 28.2)       27,646       10,768         Kanewood       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215         28.1 OPERATING PROFIT - SUGAR       158,127       111,215         Sales - Net       1,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       199,887       147,934         Operating expenses       38,500       37,722         Selling and distribution       26,903       46,785         134,484       101,149       9,063         Gross profit       134,484       101,149         Operating expenses       38,500       37,722         Selling and distribution       26,903       46,785         134,484       101,149       28.2 OPERATING PROFIT - DISTILLATE       128,687       28,671         Sords poold       87,342       17,159       11,512         Operating expenses       2,867       28,671       11,512         Operating expenses       2,867       10,832       146				37,803	9,245
Distillate       (Note 28.2)       27,646       10,768         Kanewood       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215         28.1 OPERATING PROFIT - SUGAR       52       111,215         Sales - Net       1,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       199,887       147,934         Operating expenses       38,500       37,722         Administrative and general       38,500       37,729         Selling and distribution       26,903       9,063         65,403       46,785       134,484         101,149       28.2 OPERATING PROFIT - DISTILLATE       38,500       37,722         Sales - Net       128,687       28,671       28,671         Cost of goods sold       87,342       17,159       11,512         Operating expenses       41,345       11,512       0perating expenses         Administrative and general       2,867       598       146         Selling and distribution       13,699       744	28.	OPERATING PRO	OFIT /(LOSS)		
Distillate       (Note 28.2)       27,646       10,768         Kanewood       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215         28.1 OPERATING PROFIT - SUGAR       52       111,215         Sales - Net       1,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       199,887       147,934         Operating expenses       38,500       37,722         Administrative and general       38,500       37,729         Selling and distribution       26,903       9,063         65,403       46,785       134,484         101,149       28.2 OPERATING PROFIT - DISTILLATE       38,500       37,722         Sales - Net       128,687       28,671       28,671         Cost of goods sold       87,342       17,159       11,512         Operating expenses       41,345       11,512       0perating expenses         Administrative and general       2,867       598       146         Selling and distribution       13,699       744		Sugar	(Note 98.1)	124 404	101.140
Kanewood       (Note 28.3)       (4,055)       (702)         Modaraba/Investment (Note 28.4)       52       111,215         28.1 OPERATING PROFIT - SUGAR Sales - Net Cost of goods sold       1,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       199,887       147,934         Operating expenses       26,903       9,663         Administrative and general Selling and distribution       28,500       27,722         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold       87,342       17,159         Operating expenses       128,687       28,671         Administrative and general Selling and distribution       9,867       134,484         011,149       11,512       11,512         Operating expenses       11,512       11,512         Operating expenses       28,667       598         Administrative and general Selling and distribution       146       13,699         146       13,699       744		and the second se			A COMPANY AND A MARKED
Modaraba/Investment (Note 28.4)       52         158,127       111,215         28.1 OPERATING PROFIT - SUGAR Sales - Net Cost of goods sold Gross profit       1,727,897       1,780,605         Operating expenses       1,528,010       1,632,671         Operating expenses       38,500       27,722         Administrative and general Selling and distribution       26,903       67,403         46,785       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold Gross profit       128,687       28,671         Operating expenses       128,687       28,671         Operating expenses       41,345       17,159         Operating expenses       2,867       598         Administrative and general Selling and distribution       2,867       598         10,832       146       13,699       744		Kanewood			
28.1 OPERATING PROFIT - SUGAR Sales - Net       158,127       111,215         28.1 OPERATING PROFIT - SUGAR Sales - Net       1,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       199,887       147,934         Operating expenses       38,500       37,722         Administrative and general Selling and distribution       26,903       65,403         46,785       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold       128,687       28,671         Gross profit       128,687       28,671       17,159         Gross profit       11,215       11,215       11,215         Operating expenses       134,484       101,149       11,215         Operating expenses       128,687       28,671       17,159         Gross profit       11,215       11,512       11,512         Operating expenses       2,867       598       146         Administrative and general Selling and distribution       13,699       544		Modaraba/Inves			(702)
Sales - Net       1,727,897       1,780,605         Cost of goods sold       1,528,010       1,632,671         Gross profit       199,887       147,934         Operating expenses       38,500       37,722         Administrative and general       38,500       9,063         Selling and distribution       26,903       9,063         65,403       46,785       134,484         101,149       28.2       OPERATING PROFIT - DISTILLATE       128,687       28,671         Sales - Net       128,687       28,671       17,159         Gross profit       41,345       11,512         Operating expenses       2,867       598         Administrative and general       2,867       598         Selling and distribution       10,832       146					111,215
Sales - Net     1,727,897     1,780,605       Cost of goods sold     1,528,010     1,632,671       Gross profit     199,887     147,934       Operating expenses     38,500     37,722       Administrative and general     38,500     9,063       Selling and distribution     26,903     9,063       65,403     46,785     134,484       101,149     28.2     OPERATING PROFIT - DISTILLATE       Sales - Net     128,687     28,671       Cost of goods sold     87,342     17,159       Gross profit     41,345     11,512       Operating expenses     2,867     598       Administrative and general     2,867     598       Selling and distribution     10,832     146       13,699     744		28.1 OPERATING	S PROFIT - SUGAR		
Cost of goods sold Gross profit       1,528,010 199,887       1,632,671 147,934         Operating expenses       38,500 26,903       37,722 9,063         Administrative and general Selling and distribution       38,500 26,903       37,722 9,063         05,403       46,785         134,484       101,149         98.2       OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold Gross profit       128,687 9,867       28,671 17,159         Operating expenses       17,159 41,345       17,159 11,512       17,159 41,345       17,159 11,512         Operating expenses       2,867 10,832       598 146 13,699       598 146				1,797,897	1 780 605
Gross profit199,887147,934Operating expenses38,50037,792Selling and distribution26,9039,06365,40346,785134,484101,14928.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold Gross profit128,68728,6710perating expenses128,68728,6710perating expenses2,86717,15911,5120perating expenses10,83211,51210,83213,699744		Cost of go	ods sold		
Administrative and general     38,500     37,722       Selling and distribution     26,903     65,403     46,785       134,484     101,149       28.2     OPERATING PROFIT - DISTILLATE     128,687     28,671       Sales - Net     128,687     28,671       Cost of goods sold     87,342     17,159       Gross profit     41,345     11,512       Operating expenses     2,867     598       Administrative and general     2,867     598       Selling and distribution     10,832     598       13,699     744		Gross prof	it .		
Selling and distribution       26,903 65,403       9,063 46,785         134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold Gross profit       128,687 87,342       28,671 17,159         Gross profit       41,345       11,512         Operating expenses       2,867 10,832       598 146         Administrative and general Selling and distribution       2,867 13,699       598 146		Operating	expenses		
Selling and distribution       26,903 65,403       9,063 46,785         134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE Sales - Net Cost of goods sold Gross profit       128,687 87,342       28,671 17,159         Gross profit       41,345       11,512         Operating expenses       2,867 10,832       598 146         Administrative and general Selling and distribution       2,867 13,699       598 146		Administrat	tive and general	38 500	37 700
28.2 OPERATING PROFIT - DISTILLATE       65,403       46,785         Sales - Net       134,484       101,149         28.2 OPERATING PROFIT - DISTILLATE       128,687       28,671         Sales - Net       128,687       28,671         Cost of goods sold       87,342       17,159         Gross profit       41,345       11,512         Operating expenses       2,867       598         Administrative and general       2,867       598         Selling and distribution       10,832       146         13,699       744       14					
28.2 OPERATING PROFIT - DISTILLATE       Sales - Net       Cost of goods sold       Gross profit       Operating expenses       Administrative and general       Selling and distribution       10,832       13,699       744					
Sales - Net Cost of goods sold       128,687 87,342       28,671 17,159         Gross profit       41,345       11,512         Operating expenses       11,512       11,512         Administrative and general Selling and distribution       2,867 10,832       598 146 13,699				134,484	101,149
Sales - Net Cost of goods sold       128,687 87,342       28,671 17,159         Gross profit       41,345       11,512         Operating expenses       11,512       11,512         Administrative and general Selling and distribution       2,867 10,832       598 146 13,699		28.2 OPERATING	PROFIT - DISTILLATE	100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100 - 100	
Cost of goods sold87,34217,159Gross profit41,34511,512Operating expenses2,867598Administrative and general10,832146Selling and distribution13,699744				198 687	08 671
Gross profit   41,345   11,512     Operating expenses   41,345   11,512     Administrative and general   2,867   598     Selling and distribution   10,832   146     13,699   744		Cost of goo	ids sold		
Administrative and general 2,867 598 10,832 146 13,699 744		Gross profit			
Selling and distribution       10,832       146         13,699       744		Operating e	expenses		
Selling and distribution       10,832       146         13,699       744		Administrat	ive and general	2.867	598
13,699 744					
				27,646	10,768



**Consolidated Accounts** 

98.3     OPERATING LOSS - KANEWOOD     8,093     7,145       Sales - Net     8,093     7,145       Cost of goods sold     11,899     7,662       Gross loss     (3,806)     (5177)       Operating expenses     181     149       Selling and distribution     68.9     36       98.4     OPERATING PROFIT-MODARABA/INVESTMENT     5,015       Revenue     4,963     49.953       Administrative and general expenses     4,963       Administrative and general expenses     52       29. OTHER INCOME     5015       Commission on fertilizer     45     911       Gain on disposal of operating fixed assets     53     1453       Dividend income (Net 29:1)     2,708     14,213       Rettal     10,697     11,800       Mark-up on advances to associated undertakings     10,697     11,800       Origen advances to associated undertakings     53     37145       Operating income     2,594     7,719     3,907       Creating balances added back     2,594     7,719     3,927       Operating inscreamed and allicel produots limited     2,281     1,88 <th></th> <th></th> <th>(RUPEES IN 1</th> <th>HOUSAND)</th>			(RUPEES IN 1	HOUSAND)
Sales - Net     8,093     7,145       Cost of goods sold     11,899     7,645       Gross loss     11,899     7,662       Operating expenses     181     149       Administrative and general     181     36       Selling and distribution     648     36       28.4     OPERATING PROFIT-MODARABA/INVESTMENT     5,015     7       Revenue     4,963     -     4,963     -       Administrative and general expenses     4,963     -     -     -       29. OTHER INCOME     52     - <td< th=""><th></th><th></th><th>1999</th><th>1998</th></td<>			1999	1998
Sales - Net     8,093     7,145       Cost of goods sold     11,899     7,645       Gross loss     11,899     7,662       Operating expenses     181     149       Administrative and general     181     36       Selling and distribution     648     36       28.4     OPERATING PROFIT-MODARABA/INVESTMENT     5,015     7       Revenue     4,963     -     4,963     -       Administrative and general expenses     4,963     -     -     -       29. OTHER INCOME     52     - <td< td=""><td>28.3</td><td>OPERATING LOSS - KANEWOOD</td><td></td><td></td></td<>	28.3	OPERATING LOSS - KANEWOOD		
Control sponse solution     (3,806)     (517)       Operating expenses     (4,055)     (702)       Administrative and general Selling and distribution     (68) (4,055)     (702)       28.4 OPERATING PROFIT-MODARABA/INVESTMENT Revenue Administrative and general expenses     5,015 (4,055)     (702)       28.4 OPERATING PROFIT-MODARABA/INVESTMENT Revenue Administrative and general expenses     4,503 (4,055)     (702)       29. OTHER INCOME     50     52     (4,055)     (702)       29. OTHER INCOME     513     455 (1,27)     (4,27)     (4,27)       Return on bank deposits     513     455 (1,27)     (4,27)     (4,27)       Return on bank deposits     10,697     11,800     33     (1,27)       Mark-up on advances to associated undertakings     10,697     11,800     33     33       Agricultural farm income     10,697     11,800     33     33       Rettal     107     107     10     33     34     34       Sectared undertakings:     27,719     43,12     30     36     327     30       Others:     Associated undertakings:     27,719     43,12     327     30				7,145
Gross loss     (3,806)     (517)       Operating expenses     181     149       Selling and distribution     648     36       Selling and distribution     648     36       28.4     OPERATING PROFIT-MODARABA/INVESTMENT     5,015     7021       Revenue     5,015     7022     7021       Administrative and general expenses     4,963     52     7021       29. OTHER INCOME     7001     2,708     14,921       Commission on fertilizer     45     216     733       Commission on fertilizer     45     216     733       Commission on fertilizer     45     216     741     1,000       Mark-up on advances to associated undertakings     1,635     1,100     741     1,000       Mark-up on advances to associated undertakings     10,697     11,800     711     710       Rental     7091     3,097     3,717     3,719     3,927     3,017       29.1     DIVIDEND INCOME     27,719     43,122     7,850     7,851     7,851       Associated undertakings:			11,899	7,662
Administrative and general     181 68 249     149 36 36 36 36 36 36 36 36 36 36 36 36 36			(3,806)	(517)
Administrative and general   68   36     Selling and distribution   249   185     9244   OPERATING PROFIT-MODARABA/INVESTMENT   Revenue   5,015     Revenue   5,015   7     Administrative and general expenses   4,963   7     29. OTHER INCOME   7   7     Commission on fertilizer   45   216     Gain on disposal of operating fixed assets   513   455     Dividend income (Note 29.1)   9,708   14,211     Return on bank deposits   1,635   1,100     Gain on sale of investments   1,635   1,100     Gain on sale of investments   1,697   11,800     Agricultural farm income   107   10     Rental   107   10     Electricity income   2,924   7,111     Associated undertakings:   27,719   43,12     29.1 DIVIDEND INCOME   27,719   43,12     Associated undertakings:   2,281   1,58     Crescent Leasing Corporation Limited   -   4,40     The Premier insurance Company of Pakistan Limited   46   53     Crescent Steel and Allied Products Limited   -   7,819     Associated undertakings:   -   -     Crescent Steel and		Operating expenses		
Setting and distribution     68     36       284     OPERATING PROFIT-MODARABA/INVESTMENT     7(4,055)     7(702)       28.4     OPERATING PROFIT-MODARABA/INVESTMENT     5,015     7       Revenue     4,963     -     -       Administrative and general expenses     4,963     -     -       29.     OTHER INCOME     52     -     -       Commission on fertilizer     45     218     -     -       Gain on disposal of operating fixed assets     513     455     1,1274     1,200       Mark-up on advances to associated undertakings     1,635     1,106     -     -       Gain on sale of investments     10,697     11,800     -     -     -       Agricultural farm income     10,697     11,800     -     -     -     -     -     -     -     -     -     -     -     30,697     11,800     -		Administrative and general		149
(4,055)     (702)       28.4 OPERATING PROFIT-MODARABA/INVESTMENT     5,015       Revenue     4,963       Administrative and general expenses     4,963       Administrative and general expenses     52       29. OTHER INCOME     52       Commission on fertilizer     45     216       Gain on disposal of operating fixed assets     513     455       Dividend income (Note 29.1)     2,708     14,213       Return on bank deposits     1,274     1,200       Mark-up on advances to associated undertakings     1,635     1,100       Gain on sile of investments     -     33       Agricultural farm income     10,697     11,800       Rental     107     10       Rental     107     10       Viscellanceus     297     3,774       29.1 DIVIDEND INCOME     27,719     43,12       Associated undertakings:     -     46     5       Crescent Leasing Corporation Limited     -     7,855     7,855       The Premier Insurance Company of Pakistan Limited     -     7,855     7,855       Pakistan Industrial Leasing Corporation Limited     - <td< td=""><td></td><td></td><td></td><td></td></td<>				
Revenue     5,015       Administrative and general expenses     4,963       29. OTHER INCOME     52       Commission on fertilizer     45     216       Gain on disposal of operating fixed assets     513     455       Dividend income (Note 29.1)     2,708     14,213       Return on bank deposits     1,274     1,200       Mark-up on advances to associated undertakings     1,635     1,100       Gain on sale of investments     -     33       Agricultural farm income     10,697     11,800       Rental     107     100       Electricity income     7,919     3,097       Credit balances added back     2,524     7,114       Miscellaneous     297     3,7719       29.1 DIVIDEND INCOME     27,719     43,122       Associated undertakings:     -     -       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     -       The Crescent Textile Mills Limited     -     7,855       The Crescent Textile Mills Limited     -     7,855       The Crescent Textile Mills Limited     327			Company of the owner	(702)
Revenue     5,015       Administrative and general expenses     4,963       29. OTHER INCOME     52       Commission on fertilizer     45     216       Gain on disposal of operating fixed assets     513     455       Dividend income (Note 29.1)     2,708     14,213       Return on bank deposits     1,274     1,200       Mark-up on advances to associated undertakings     1,635     1,100       Gain on sale of investments     -     33       Agricultural farm income     10,697     11,800       Rental     107     100       Electricity income     7,919     3,097       Credit balances added back     2,524     7,114       Miscellaneous     297     3,7719       29.1 DIVIDEND INCOME     27,719     43,122       Associated undertakings:     -     -       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     -       The Crescent Textile Mills Limited     -     7,855       The Crescent Textile Mills Limited     -     7,855       The Crescent Textile Mills Limited     327			and the second second	
Administrative and general expenses     4963 52       Administrative and general expenses     52       Administrative and general expenses     52       29. OTHER INCOME     5       Commission on fertilizer     45       Gain on disposal of operating fixed assets     513       Dividend income (Note 29.1)     2,708       Return on bank deposits     1,274       Mark-up on advances to associated undertakings     1,635       Agricultural farm income     10,697       Rental     107       Electricity income     2,524       Credit balances added back     2,524       Associated undertakings:     297       29.1 DIVIDEND INCOME     27,719       Associated undertakings:     -       Crescent Leasing Corporation Limited     -       The Premier Insurance Company of Pakistan Limited     46       The Crescent Textile Mills Limited     -       Atlas Bot Lease Company Limited     40       Pakistan Oil fields Limited     1       Atlas Bot Lease Company Limited     40       Pakistan Oil fields Limited     1       Muslim Commercial Bank Limited     1	28.4		EALE	
29. OTHER INCOME   52     29. OTHER INCOME   45     Commission on fertilizer   45     Gain on disposal of operating fixed assets   513     Dividend income (Note 29.1)   2,708     Return on bank deposits   1,274     Mark-up on advances to associated undertakings   1,635     Gain on sale of investments   33     Agricultural farm income   10,697     Rental   107     Electricity income   7,919     Credit balances added back   2,524     VibleND INCOME   27,719     Associated undertakings:   27,719     Crescent Leasing Corporation Limited   -     The Premier Insurance Company of Pakistan Limited   -     The Crescent Textile Mills Limited   -     AR Pak International Investment Limited   40     Atlas Bot Lease Company Limited   40     Pakistan Oil fields Limited   1     Mark as bot Lease Company Limited   1     Muslim Commercial Bank Limited   1				
Commission on fertilizer45218Gain on disposal of operating fixed assets513455Dividend income (Note 29.1)2,70814,213Return on bank deposits1,2741,204Mark-up on advances to associated undertakings1,6351,105Gain on sale of investments0,69711,804Gain on sale of investments10,69711,804Agricultural farm income10,69711,804Rental107100Electricity income7,9193,097Credit balances added back2,5247,114Miscellaneous2973,77429.1 DIVIDEND INCOME27,71943,124Associated undertakings:27,71943,124Crescent Leasing Corporation Limited-4,400The Premier Insurance Company of Pakistan Limited465Others:327300Others:AR Pak International Investment Limited327Atlas Bot Lease Company Limited11Pakistan Oil fields Limited11Muslim Commercial Bank Limited840		Administrative and general expenses	and the second sec	
Gain on disposal of operating fixed assets     513     453       Dividend income (Note 29.1)     \$2,708     14,213       Return on bank deposits     1,274     1,204       Mark-up on advances to associated undertakings     1,635     1,100       Gain on sale of investments     -     337       Agricultural farm income     10,697     11,800       Rental     107     100       Electricity income     2,524     7,114       Miscellaneous     297     3,770       Q21.1     DIVIDEND INCOME     27,719     43,122       Associated undertakings:     -     -     46       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     55       Pakistan Industrial Leasing Corporation Limited     -     7,855       The Crescent Textile Mills Limited     327     300       Others:     -     -     -       AR Pak International Investment Limited     5     -       Atlas Bot Lease Company Limited     1     -       Atlas Bot Lease Company Limited     1     -       Muslim Commercial Bank Li	29. OT	HER INCOME		1
Gain on disposal of operating fixed assets     513     455       Dividend income (Note 29.1)     2,708     14,213       Return on bank deposits     1,274     1,200       Mark-up on advances to associated undertakings     1,635     1,100       Gain on sale of investments     -     -     33       Agricultural farm income     10,697     11,800       Rental     107     100     1007     100       Rental     107     1007     100     1007     100       Rental     107     1007     100     1007     1007     100       Rental     107     1007	Con	mmission on fertilizer	45	218
Dividend income (Note 29.1)     2,708     14,213       Return on bank deposits     1,274     1,204       Mark-up on advances to associated undertakings     1,635     1,100       Gain on sale of investments     -     33       Agricultural farm income     10,697     11,800       Rental     107     100       Electricity income     7,919     3,097       Credit balances added back     2,524     7,114       Miscellaneous     297     3,770       29.1 DIVIDEND INCOME     27,719     43,124       Associated undertakings:     -     -       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     55       Crescent Steel and Allied Products Limited     -     7,851       Pakistan Industrial Leasing Corporation Limited     -     7,851       The Crescent Textile Mills Limited     327     301       Others:     -     -     400       Atlas Bot Lease Company Limited     1     -       Atlas Bot Lease Company Limited     1     -       Atlas Bot Lease Company Limited     1			513	452
Return on bank deposits     1,274     1,204       Mark-up on advances to associated undertakings     1,635     1,100       Gain on sale of investments     -     33       Agricultural farm income     10,697     11,800       Rental     107     100       Electricity income     7,919     3,099       Credit balances added back     2,524     7,114       Miscellaneous     297     3,774       29.1     DIVIDEND INCOME     27,719     43,122       Associated undertakings:     -     -     4,400       Crescent Leasing Corporation Limited     -     -     4,400       The Premier Insurance Company of Pakistan Limited     -     -     7,855       Orescent Steel and Allied Products Limited     -     -     7,855       The Crescent Textile Mills Limited     327     300       Others:     -     -     40     -       Atlas Bot Lease Company Limited     1     -     -       Atlas Bot Lease Company Limited     1     -     -       Atlas Bot Lease Company Limited     1     -     -       Atlas Bot Lease Company Limited </td <td></td> <td></td> <td>2,708</td> <td>14,213</td>			2,708	14,213
Mark-up on advances to associated undertakings     1,635     1,100       Gain on sale of investments     33       Agricultural farm income     10,697     11,800       Rental     107     10       Electricity income     7,919     3,097       Credit balances added back     2,524     7,114       Miscellaneous     297     3,770       29.1     DIVIDEND INCOME     27,719     43,122       Associated undertakings:     -     -     4,400       The Premier Insurance Company of Pakistan Limited     -     -     4,400       The Premier Insurance Company of Pakistan Limited     -     7,819     300       Crescent Steel and Allied Products Limited     -     7,850     -     7,850       The Crescent Textile Mills Limited     327     300     -     7,850       Others:     -     -     400     -     -       AR Pak International Investment Limited     5     -     -     -       AR Pak International Investment Limited     1     -     -     -       Aklas Bot Lease Company Limited     1     1     -     -     -			1,274	1,204
Gain on sale of investments     -     -     3       Agricultural farm income     10,697     11,800       Rental     107     100       Electricity income     7,919     3,09       Credit balances added back     2,524     7,114       Miscellaneous     297     3,774       29.1     DIVIDEND INCOME     27,719     43,124       Associated undertakings:     -     -     -       Crescent Leasing Corporation Limited     -     -     -       Associated undertakings:     -     -     -     -       Crescent Leasing Corporation Limited     -     -     -     -       Associated undertakings:     -     -     -     -     -       Crescent Leasing Corporation Limited     -     -     -     -     -       Akistan Industrial Leasing Corporation Limited     -     -     -     -     -     -       Others:     -     -     -     -     -     -     -     -       Akistan Oil fields Limited     1     -     -     -     -     -     -     <			1,635	1,109
Agricultural farm income     10,697     11,800       Rental     107     100       Electricity income     7,919     3,097       Credit balances added back     2,524     7,110       Miscellaneous     297     3,770       29.1 DIVIDEND INCOME     27,719     43,120       Associated undertakings:     27,719     43,120       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     466     55       Crescent Steel and Allied Products Limited     2,281     1,583       Pakistan Industrial Leasing Corporation Limited     -     7,855       The Crescent Textile Mills Limited     327     30       Others:     -     400     -       AR Pak International Investment Limited     40     40       Pakistan Oil fields Limited     1     9       Atlas Bot Lease Company Limited     1     9       Muslim Commercial Bank Limited     8     1			-	31
Rental     107     100       Electricity income     7,919     3,099       Credit balances added back     2,524     7,114       Miscellaneous     297     3,774       29.1     DIVIDEND INCOME     27,719     43,124       Associated undertakings:     27,719     43,124       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     55       Crescent Steel and Allied Products Limited     2,281     1,587       Pakistan Industrial Leasing Corporation Limited     -     7,859       The Crescent Textile Mills Limited     327     300       Others:     -     -     400       Pakistan Oil fields Limited     1     40     40       Pakistan Oil fields Limited     1     1     40       Pakistan Oil fields Limited     1     5     40			10,697	11,806
Credit balances added back     2,524     7,114       Miscellaneous     297     3,774       29.1 DIVIDEND INCOME     27,719     43,124       Associated undertakings:     27,719     43,124       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     55       Crescent Steel and Allied Products Limited     2,281     1,588       Pakistan Industrial Leasing Corporation Limited     -     7,855       The Crescent Textile Mills Limited     327     300       Others:     -     -     400       AR Pak International Investment Limited     40     40       Pakistan Oil fields Limited     1     2       Muslim Commercial Bank Limited     8     -				104
Viscellaneous   297   3,774     Miscellaneous   297   3,774     29.1 DIVIDEND INCOME   27,719   43,124     Associated undertakings:     Crescent Leasing Corporation Limited   -   4,40     The Premier Insurance Company of Pakistan Limited   46   50     Crescent Steel and Allied Products Limited   2,281   1,585     Pakistan Industrial Leasing Corporation Limited   -   7,855     The Crescent Textile Mills Limited   327   305     Others:     AR Pak International Investment Limited   5     Atlas Bot Lease Company Limited   40     Pakistan Oil fields Limited   1     Muslim Commercial Bank Limited   8	Ele	ctricity income		3,097
Miscellaneous     297     3,774       29.1 DIVIDEND INCOME     27,719     43,124       Associated undertakings:     27,719     43,124       Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     55       Crescent Steel and Allied Products Limited     2,281     1,588       Pakistan Industrial Leasing Corporation Limited     -     7,855       The Crescent Textile Mills Limited     327     303       Others:     -     -       AR Pak International Investment Limited     5     -       Atlas Bot Lease Company Limited     40     -       Pakistan Oil fields Limited     1     -       Muslim Commercial Bank Limited     8     -				7,114
29.1 DIVIDEND INCOME       Associated undertakings:       Crescent Leasing Corporation Limited     -       The Premier Insurance Company of Pakistan Limited     46       The Premier Insurance Company of Pakistan Limited     2,281       Pakistan Industrial Leasing Corporation Limited     -       Pakistan Industrial Leasing Corporation Limited     -       The Crescent Textile Mills Limited     -       Others:     -       AR Pak International Investment Limited     5       Atlas Bot Lease Company Limited     40       Pakistan Oil fields Limited     1       Muslim Commercial Bank Limited     8			297	3,776
Associated undertakings:       Crescent Leasing Corporation Limited     -     4,40.       The Premier Insurance Company of Pakistan Limited     46     57.       Crescent Steel and Allied Products Limited     2,281     1,583.       Pakistan Industrial Leasing Corporation Limited     -     7,857.       The Crescent Textile Mills Limited     327     303.       Others:       AR Pak International Investment Limited     5       Atlas Bot Lease Company Limited     40       Pakistan Oil fields Limited     1       Muslim Commercial Bank Limited     8			27,719	43,124
Crescent Leasing Corporation Limited     -     4,400       The Premier Insurance Company of Pakistan Limited     46     55       Crescent Steel and Allied Products Limited     2,281     1,583       Pakistan Industrial Leasing Corporation Limited     -     7,855       The Crescent Textile Mills Limited     327     303       Others:       AR Pak International Investment Limited     5       Atlas Bot Lease Company Limited     40       Pakistan Oil fields Limited     1       Muslim Commercial Bank Limited     8	29.	1 DIVIDEND INCOME		101152010
The Premier Insurance Company of Pakistan Limited   46   55     Crescent Steel and Allied Products Limited   2,281   1,58     Pakistan Industrial Leasing Corporation Limited   -   7,855     The Crescent Textile Mills Limited   327   30     Others:     AR Pak International Investment Limited   5     Atlas Bot Lease Company Limited   40     Pakistan Oil fields Limited   1     Muslim Commercial Bank Limited   8		Associated undertakings:		
AR Pak International Investment Limited   5     Atlas Bot Lease Company Limited   40     Pakistan Oil fields Limited   1		Crescent Leasing Corporation Limited		4,404
Pakistan Industrial Leasing Corporation Limited   -   7,850     The Crescent Textile Mills Limited   327   300     Others:   -   -   7,850     AR Pak International Investment Limited   5   -     Atlas Bot Lease Company Limited   40   -     Pakistan Oil fields Limited   1   -     Muslim Commercial Bank Limited   8   -				52
AR Pak International Investment Limited   327   30.     Others:   AR Pak International Investment Limited   5     AR Pak International Investment Limited   40     Pakistan Oil fields Limited   1     Muslim Commercial Bank Limited   8			2,281	
Others:     AR Pak International Investment Limited     5     Atlas Bot Lease Company Limited     40     Pakistan Oil fields Limited     1     Muslim Commercial Bank Limited			and the same of th	
AR Pak International Investment Limited 5 Atlas Bot Lease Company Limited 40 Pakistan Oil fields Limited 1 Muslim Commercial Bank Limited 8		The Crescent Textile Mills Limited	327	303
Atlas Bot Lease Company Limited 40 Pakistan Oil fields Limited 1		Others:		
Pakistan Oil fields Limited 1 Muslim Commercial Bank Limited 8				5
Muslim Commercial Bank Limited 8				-
				2
2,708 14,21		Muslim Commercial Bank Limited	8	8
			2,708	14,213



		(RUPEES IN	THOUSAND)
30.	FINANCIAL AND OTHER CHARGES	1999	1998
	Financial:		
	Mark-up on:		
	Redeemable capital	40,283	46,854
	Short term finances	107,979	100,649
	Advances from associated undertakings	4,014	3,020
	Interest on Long term loans	5,685	9,005
	Finance charges on lease liabilities	16,598	11,654
	Lease agreements fee	728	277
	Bank charges and commission	4,381	8,285
		1,79,668	179,744
	Others:		
	Donations (Note 30.1)	304	670
	Dimunition in value of investments	50	
	Amortization of deferred cost	293	•
		180,315	180,414
	20.1 DONUTIONS		

### 30.1 DONATIONS

A sum of Rupees 200,000 (1998: Rupees 200,000) was donated to Crescent Educational Trust, 45-Shahrah-e-Quaid-e-Azam, Lahore in which the following directors of the company are trustees:

Mr. Mazhar Karim Mr. Khalid Bashir

### 31. TAXATION

Holding and subsidiary company:

Current-for the year	9,230	8,446
Associates	(1,324)	276
	7,906	8,722

This represents provision against 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 548.726 million as on 30 September 1999 (1998: Rupees 407.807 million).



### 32. CHIEF EXECUTIVE 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:

	19	199	19	998
	Chief Executive	Executives	Chief Executive	Executives
		(RUPEES IN	THOUSAND)	
Managerial remuneration	2,040	13,406	1,944	11,830
Housing	918	3,475	875	2,866
Contribution to:				
Provident fund	143	871	136	774
Pension fund	408	1,880	389	1,789
Employees' oldage benefits		19	· ·	
Gratuity fund	170	822	162	765
Hospitalisation		754		686
Other benefits:				
Utility allowance	204	1,324	194	1,183
Leave encashment		54	•	
Reimbursable expenses	85	666	24	644
	3,968	23,271	3,724	20,537
Number of persons	1	67	1	56

32.1 Chief executive and twelve executives have been provided free maintained vehicles by the company.

32.2 Aggregate amount charged in the accounts for fee to six directors in respect of three meetings was Rupees 35,000 (1998: Rupees 27,500 for six directors of two meetings).

### 33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 46.235 million (1998: Rupees 36.339 million).

The company purchased from and sold to associated undertakings, materials, goods and services in the aggregate sum of Rupees 1.229 million and Rupees 1.044 million respectively (1998: Rupees 4.010 million and Rupees Nil) respectively. Purchases/sales of materials, goods and services are made at prevailing market prices.

Mark-up on advances to associated undertakings is received/paid at the rate of 18.50 to 21 percent per annum (Note 27 and Note 28).

### 34. LOSS PER SHARES-BASIC

There is no dilutive effect on the basic loss per share, which is based on:

Loss attributable to ordinary Shareholders Number of shares Loss per share	(Rupees in thousand)	(4,012)	(28,776)
	(Rupees)	29,286,029 (0.14)	29,286,029 (0.98)

Shakarganj '99

### Consolidated Accounts

# 35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

## 35.1 Interest/Mark-up rate

(RUPEES IN THOUSAND)

The company's exposure to interest/mark-up rate risk and effective rates on its financial assets and financial liabilities are summarised as follows:

Redeemable capital Long term loans Lubilities against assets subject to finance lease Short term finances Creditors, accrued and other liabilities Contingencies Commitments	Financial Liabilities	Cash and bank balances	and other receivables Short term investments	Advances, deposits, prepayments	Trade debts	Long term investments Long term deposits and receivables	Financial Assets		
06 to 22 15 to 16.65 19 to 25 18.5 to 22	i	15						Rates Range %	Interest
126,996 1,657 26,376 468,209 - - - - - - - - - - - - - - - - - - -	6,766							within one year	Maturity
251,206 18,829 65,970			•		•	•		one year but less than five years	INTEREST, Maturity more than
8,849				-				five years	INTEREST/MARK-UP BEARING
378,202 29,335 92,346 468,209 -	6,766 6,766					•		sub-lotal	
- - - - - - - - - - - - - - - - - - -	17,450 146,724	69,573	29,797	29,904				Maturity within one year	
	39,112			•	10,656	28,456		Maturity more than one year but less than five years	NON INTEREST BEARING
	17,450 185,836	69,573	29,797	29,904	10,656	28,456		Sub-Total	BEARING
378,202 29,335 92,346 468,209 271,297 271,297 23,354 2,048	24,216 192,602	69,573	29,797	29,904	10,656	28,456		i Total	



### 35.2 Financial instruments and risk management policies

The companies issue financial instruments mainly to finance its operations. In addition financial instruments such as trade receivables and tread payables arise directly from the companys' operation.

The companies finance operations primarily by a mixture of issued share capital, retained profits, long term and short term loans and liabilities. Companies borrow funds in local currency usually at fixed rate of interest.

Overall risks arising from the company's financial instruments are limited.

### (a) Interest rate risk

Since the companies borrow funds usually at fixed interest rates, therefore the risk occurrence is minimal.

### (b) Foreign exchange risk management

Foreign currency risk on financial instruments, receivables or payable in foreign currency is also not material.

### (c) Credit risk

The companies deal mostly with regular and permanent customers who pay the instrument on due dates. Companies consider the credit risk as minimal.

### (d) Fair value of financial assets and liability

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values except for equity investments which are stated at cost less provision for diminution in break-up/market value of investment. Market value is also disclosed in note 15.1 and 21.1.

		(RUPEES IN 1	(HOUSAND)
36.	EMPLOYEES RETIREMENT BENEFITS	1999	1998
	Contribution to :		
	Employees provident fund trust	1,510	1,388
	Pension fund	6,330	2,297
	Gratuity fund	1,557	1,114
	Employees' oldage benefits	1,013	776
		10,410	5,575
	Number of employees at the year end	666	614
			014



### 37. PLANT CAPACITY AND ACTUAL PRODUCTION

Sugar:		and a state of the state of the
Capacity	108,800	M. Tons in 160 days i.e.
Actual production:	000	M. Tons per day
Current year	101,479	M. Tons in 157 days i.e.
	646.363	M. Tons per day
Previous year	112,430	M. Tons in 162 days i.e.
	694.012	M. Tons per day
Distillery:		in tons per day
Capacity	40,000	Liters per day
Actual production:		
Current year	5,324,756	Litres in 210 days i.e.
	25,356	Litres per day
Previous year	6,350,000	Litres in 247 days i.e.
	25,709	Litres per day
Kanewood:		
Capacity	30	Cubic meters per day
Actual production:		
Current year	1,921.679	Cubic meters in 72 days i.e.
	26.689	Cubic meters per day
Previous year	2,784.438	Cubic meters in 147 days i.e.
	18.942	Cubic meters per day

### **37.1 REASONS FOR LOW PRODUCTION**

### Sugar

Decrease in season days and recovery percent (due to out break of sugarcane disease) were attributable to decrease in production.

### Distillery

Production of distillate was kept up to the level of available market.

### Kanewood

Low demand for particle board due to recession in building industry.



	(RUPEES IN THOUSAND)		
38. SEGMENT ASSETS AND OTHER INFORMATION	1999	1998	
Sugar Distillery Kanewood Modaraba/Investment	1,716,991 19,862 20,739 58,503	1,743,753 20,185 21,088 35,268	
	1,816,095	1,820,294	

38.1 Molasses and baggase (By - Products of Sugar) are issued to distillery and particle board plant at market prices.

### 39. GENERAL

- Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.
- ii) The subsidiary company M/s Crescent Business Management (Private) Limited is entitled to receive a management fee to the extent of ten percent of the net annual profit of each modaraba to be floated by it on the basis on annual audited accounts of the modarabas.

Chief Executive Officer

Chairman



### **Annual General Meeting**

NOTICE IS HEREBY GIVEN THAT the 32<sup>°°</sup> Annual General Meeting of the shareholders of SHAKARGANJ MILLS LIMITED will be held on Saturday the April 29, 2000 at 9:00 a.m. at Registered Office 83-Babar Block, New Garden Town, Lahore to transact the following business:-

- To receive, consider and adopt the Audited Accounts of the company for the year ended September 30,1999 together with the Directors' and Auditors' Reports thereon.
- TO appoint Auditors and fix their remuneration.

### PARTICIPATION IN THE ANNUAL GENERAL MEETING:

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

### **BOOK CLOSURE:**

The Members Register will remain closed from April 25, 2000 to May 01,2000 (both days inclusive).

### **ON BEHALF OF THE BOARD**

### RASHID SADIQ

**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 Dated: April 03, 2000



### Pattern of holding of shares Held by the Shareholders as at September 30, 1999

Form 34

	SHAREHOLDING				
No. of Shareholders	From	То	Total Shares Held		
155	1	100	5436		
207	101	500	57767		
243	501	1000	170836		
245	1001	5000	461875		
	5001	10000	387418		
52	10001	15000	. 244178		
20	15001	20000	186519		
11	20001	25000	269828		
12	25001	30000	197040		
7		35000	312398		
10	30001	40000	298873		
8	35001	45000	346436		
8	40001		138185		
3	45001	50000	313874		
6	50001	55000	57898		
1	55001	60000	187335		
3	60001	65000			
333	70001	75000	216313		
3	75001	80000	234228		
1	80001	85000	83692		
1	95001	100000	95727		
1	105001	110000	106933		
1	140001	145000	141420		
1	155001	160000	157906		
1	160001	165000	164970		
1	180001	185000	180924		
1	185001	190000	186432		
4	190001	195000	191572		
	200001	205000	204105		
1	220001	225000	221444		
4	225001	230000	229480		
	255001	260000	256920		
	305001	310000	306365		
	315001	320000	315444		
	470001	475000	472204		
	625001	630000	625416		
	775001	780000	779286		
	830001	835000	833327		
	875001	880000	875854		
	895001	900000	898551		
		1440000	1439762		
9	1435001	1920000	1915496		
1	1915001	2670000	2666984		
	2665001		3230648		
1	3230001	3235000	8618728		
	8615001	8620000			
984			29286027		

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Individuals	946	5341695	18.239
Investment Companies	5	1121447	3.830
Insurance Companies	2	257041	0.878
Joint Stock Companies	19	11138901	58.035
Financial Institutions	6	10601562	36.200
Others	6	825381	2.818
Total	984	29286027	100.00
Others			
Modarabas	5	811224	2.770
Non-Resident	1	14157	0.048
TOTAL	6	825381	2.818



### DIRECTORS

Gul Nawaz Nominee NIT 1999

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 Asif Nominee NIT 1999

Muhammad Bilal Sheikh Nominee PICIC 1998

\* Year elected to Board

General Counsel Sh. Maqsood Ahmad, Advocate

Independent Auditors Riaz Ahmad & Company Chartered Accountants

Corporate Secretary Rashid Sadiq

### OFFICERS

Altaf M.Saleem President (on leave) * *1973	49
Muhammad Asghar Qureshi Chief Advisor Shakarganj Mills Limited	72
Chairman Shakarganj Sugar Research Institute 1999	
Muhammad Awais Qureshi Executive Vice President and Chief Operating Officer 1980	59
Abdul Haq Saeed Vice President 1985	59
Hilal Ahmad Vice President and Chief Financial Officer 1978	58
Muhammad Zahid Vice President 1981	57
Pervaiz Akhtar General Manager Production 1981	46
Nusrat Ali 48 General Manager Engineering 1977	
Dr. Shahid Afghan Director Research 1998	37
*Year Joined Company	



### Investor Information

**Operating Divisions** 

Shakarganj Mills Limited Sugar Division Management House, Toba Road, Jhang, Pakistan. Tel: 92-0471-614971-614973 Tix: 43471 CJP PK. Fax: 92-0471-620272 E.mail:ssugar@paknet4.ptc.pk

### Shakarganj Distillery

Industrial Alcohol Division Toba Road, Jhang, Pakistan. Tel: 92-0471-614971-614973 Fax: 92-0471-620272 E. mail:ssugar@paknet4.ptc.pk

### Kanewood Industries

Particle Board Division Toba Road, Jhang, Pakistan. Tel: 92-0471-614971-614973 Fax: 92-0471-620272 E.mail:ssugar@paknet4.ptc.pk

### Crescent Business Management (Private) Limited

Financial Services Division 83-Babar Block, New Garden Town Lahore, Pakistan Tel: 92-42-5839631,5881974-75 Fax: 92-42-5881976 E.mail rashid sadiq@cressoft.com.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. Skaharganj 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 Rahi Asif Ali Sadaqat Hussain Tel: 92-0471-614971-614973 Fax: 92-0471-620272 E-mail:ssugar@Paknet4.ptc.pk

### Shareholder Information

Inquires concerning lost stock certificate, 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: 92-42-5839631, 5881974-75 Fax: 92-42-5881976 E-mail: Rashid.sadiq@cressoft.com.pk

### Annual Meeting

32nd Annual General Meeting of Shakarganj Mills Limited will be held on April 29, 2000 at 9:00 a.m. at 83-Babar Block, New Garden Town, Lahore.

Proxy material is enclosed with this Annual Report.