

CRESCENT GROUP



Shakarganj Mills Limited



Twentyfifth
Annual Report
1992



Silver Jubilee
1967-1992



شرع اللہ تعالیٰ کے پاک آئے جنابیت مہربان اور ہم کرنے والا ہے۔

Corporate Mission

Preamble

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

Basic Purpose

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

What We Do

Our main business area is the production of refined cane sugar and sugar by-products. We recognise the value of technological improvement keep in step with the latest innovations and developments in our field. We believe in modern management practice and use latest techniques. We constantly train our people and keep them highly motivated as they are our most important assets. We strongly believe in integrity in business and integrity of Shakarganj depends on integrity of each one of its employees. We consider Research and Development as back bone of our business and conduct extensive Agricultural Research through Shakarganj Sugar Research Institute. We consider our farmers who are our raw material suppliers as the most important part of our business. We transfer the technology and results of our research to our farmers with the objective of matching their sugar cane output to world standard. We believe in diversification through new manufacturing facilities and through equity participation.

Financial Highlights 1992

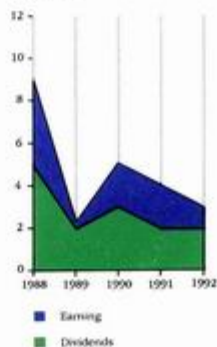
*RUPEES IN THOUSAND

	1992	1991	Percent Change
OPERATING RESULTS			
Revenues	686,466	727,225	-5.60%
Income from Operations	55,837	61,226	-8.80%
Net Income	35,184	34,682	1.45%
Earnings Available for Common Stock	19,680	14,400	36.67%
DATA PER COMMON SHARE			
Earnings	3.58	4.82	-25.73%
Dividends Paid	2.00	2.00	—
Book Value	29.39	31.19	-5.77%
Stock Price Range	90-50	45-32	—
FINANCIAL POSITION AT SEPTEMBER 30			
Assets	1,187,794	738,071	60.93%
Capitalization	654,574	377,608	73.35%
Long-Term Debt and Capital Lease Obligation	55.81%	40.66%	37.26%
Common Equity	44.19%	59.34%	-25.53%
OTHER STATISTICS			
Return on Average Common Equity	13.71%	16.78%	-18.30%
Market to Book Value (Year End)	197.35%	129.00%	52.98%
Cash Flow	60,664	69,671	-12.93%
Common Shares (Average, Thousands)	9,840	7,200	36.67%

*Except per share amounts

EARNINGS AND DIVIDENDS PAID PER SHARE

Rupees


CONSOLIDATED REVENUES

Rupees in Thousand



Production Data 1974 - 1992

Season	Duration of Season (Days)	SUGAR			MOLASSES		INDUSTRIAL ALCOHOL	PARTICLE BOARD
		Cane Crushed (M. Tons)	Sugar Produced (M. Tons)	Recovery (Percent)	Process Losses (Percent)	Molasses Produced (M. Tons)	Industrial Alcohol Produced (Litres)	Particle Board Produced (Cubic Meters)
1991-92	174	746,506.346	63,985.500	8.57	2.53	37,710	4,525,900	3,360.00
1990-91	204	866,552.129	65,536.800	7.56	2.59	47,135	3,422,204	642.94
1989-90	187	708,632.495	57,912.000	8.17	2.31	33,180	3,030,217	
1988-89	170	446,324.860	36,366.800	7.70	2.44	22,410		
1987-88	193	698,604.856	55,726.000	7.98	2.61	38,740	308,494	
1986-87	149	333,601.075	27,898.600	8.36	2.24	15,060	1,855,809	
1985-86	113	237,601.670	20,625.000	8.66	2.29	11,470	20,239	
1984-85	168	441,717.765	39,522.600	8.96	2.38	22,580		
1983-84	173	427,169.490	35,501.200	8.31	2.40	21,860		
1982-83	173	361,291.485	29,440.000	8.16	2.44	16,255		
1981-82	207	466,040.000	39,474.000	8.47	2.48	21,255		
1980-81	187	287,723.000	25,562.000	8.89	2.42	13,373		
1979-80	112	61,206.625	5,619.300	8.95	2.25	2,358		
1978-79	114	107,106.070	9,267.300	8.80	2.27	4,147		
1977-78	177	319,960.400	27,620.000	8.61	2.44	14,103		
1976-77	166	308,987.443	26,085.600	8.45	2.67	15,228		
1975-76	157	246,393.593	18,864.880	7.61	2.68	11,424		
1974-75	107	104,069.161	8,252.618	8.30	2.75	4,182		
1973-74	101	87,824.720	5,476.830	6.28	3.57	4,726		

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About 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.

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.

At Shakarganj two co-products of sugar are manufactured. Molasses is converted into Industrial Alcohol and Sugarcane bagasse is converted to high quality Particle Board.

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

To Our Shareholders



ALTAF M. SALEEM
Chief Executive

Dear Shakarganj Investor:

Your company is celebrating its Silver Jubilee this year, I will briefly comment on the first Twenty-Five Years of your Company and then present the review for fiscal 1992.

Twenty-Five years of Shakarganj:

Shakarganj Mills Limited was incorporated as a public limited company on 20th September, 1967 for the purpose of setting up a sugar manufacturing facility in the Punjab. First few years were spent in seeking government approvals in a highly regulated environment. A site was selected in District Jhang and serious work on the project started in 1971. Pakistan was going through upheaval at that time. We saw the separation of East Pakistan and a closure of Karachi Stock Exchange for a long period. These factors adversely affected the implementation of the project resulting in major cost over runs.

With extraordinary efforts of the management the project went into production on 7th January, 1974. By then the Pakistan currency had been devalued and our debt increased by 136 percent overnight.

Our first grinding campaign was a disaster as we had to crush a frost affected crop resulting in a production of 5476 M.Tons of sugar at an average recovery of 6.28 percent. Our production capacity was 23,000 M.Tons.

The company plunged into a deeper financial crisis which was further aggravated by compulsory sale of sugar to the government at a price which was fixed much below the cost of production of new Mills.

The company was lucky to have an experienced Chief Executive in (Late) Haji Mian Muhammad Shafi at that time. He steered the company out of trouble in the most difficult times in Shakarganj's history.

Shakarganj went public in 1979 and was listed on the Lahore and Karachi Stock Exchange. Early 1980's saw yet another crisis for the Sugar Industry in the Punjab. Shakarganj stock was being traded at a fifty percent discount and our market capitalization was down to Rs.15 million.

A revival plan for the company was chalked out under the guidance of the Board of Directors on the following parameters:

- Improvement in quality and quantity of raw material through Research.
- Balancing Modernization, Replacement and Expansion for becoming cost effective producer.
- Diversification into Co-Products like Industrial Alcohol and Particle Board.
- Better utilization of excess funds by building a diversified Investment Portfolio.
- Training and development of Human Resources.

Your management took urgent steps to implement the strategic plan developed around the parameters laid down by the Board of Directors. Some of the achievements are summarized below:

- Establishment of Shakarganj Sugar Research Institute in 1983 for improving the quality and quantity of raw material.
- Upgrading the sugar manufacturing facilities increasing production capacity to 54,400 M.Tons from 23,000 M.Tons
- Establishment of Shakarganj Distillery in 1985 with daily production capacity of 40,000 litres of Industrial Alcohol.
- Establishment of Kanewood Industries in 1990 for manufacturing Particle Board from surplus bagasse.
- Investment Portfolio built at a cost of Rs.152.97 million. It includes unrealised capital gain of Rs.215.45 million at the year end. In addition to this during the last two years capital gain of Rs. 60.48 million was realised.
- Market Capitalization increased from Rs. 15 million to over Rs.500 million.
- Extensive training efforts including local and foreign training of employees is a continuous process at Shakarganj. During last five years, 9 foreign experts were invited to stay at the project for two to eight weeks and trained our staff. Twelve members of senior and middle management have received foreign training.

Sugar Industry has once again plunged into a crisis due to over capacity and defective government policy of subsidized imports. Your company has successfully dealt with two major crisis in the last twenty years since it started production. We are confident that with the grace of Allah and with your support we will come out of this crisis.

Review of Fiscal 1992:

Fiscal 1992 was not much different from 1991. We continued to face a number of challenges during the year. Efforts of your management were negated by several external factors, some of which are summarized below:

- Lower raw material availability due to short sugarcane crop resulting from unfavourable climatic conditions.
- Higher cost of raw material per ton of sugar due to intense competition resulting from establishment of new Sugar Mills in close proximity. Cost of sugarcane per ton went upto Rs. 5,784/- from Rs. 5,615/- an increase of 3.01 percent.
- Subsidized sugar imports aided by irrational Government Policy of importing sugar at dumping price resulted in weak domestic sugar market having no relationship to cost of production.
- Rampant inflation caused increase in transport charges, higher mark-up on borrowings, increase in utility cost by the Government and increase in cost of spares due to eroding value of Pak Rupees.



Process House - Lower Deck

- Once again our investment portfolio built over a number of years came to our rescue and enabled our company to make a profit for fiscal 1992.

International Sugar Scenario:

The world sugar balance is a useful indicator of the state of world sugar economy. It reflects both, the relationship of production to consumption and change in stock levels. World sugar production continues to be in excess of world sugar consumption and a substantial stock is available to keep the international price of sugar depressed.

All major sugar producing countries in the world are protected by subsidy, import quotas, tariff protection or a combination of these measures. The USA and EEC are major examples of this.

Protectionism in one form or another is rampant and surplus or overflow sugars find their way on the world free market which in effect is a "dumping market" with prices that are often low and bearing no relation to production costs.

National Sugar Scenario:

It is obvious from the Government policies that there is undue sensitivity to any increase in domestic price of sugar. The industry is expected to sell sugar below a hypothetical price calculated by the Government without any scientific reasoning whatsoever. Whenever the price tends to cross this "Hypothetical Barrier", measures are taken to create a situation which is conducive to dumping of sugar from the world free market.

A different standard is applied when it comes to fixing support price for sugarcane which constitutes over 50 percent of our cost of production. Sugarcane price is increased without any hesitation year after year. During the last four years average yearly increase in sugarcane price was eleven percent for example.

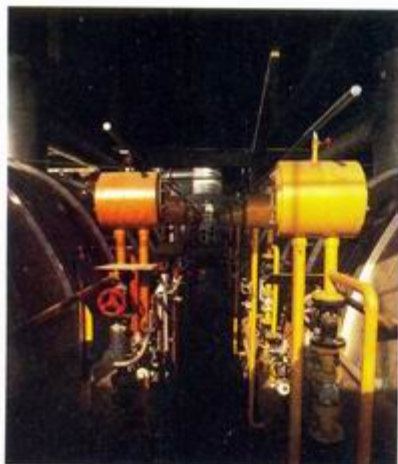
No consideration is given to increase in the cost of raw-material and other statutory increases like salary, wages, turnover tax and corporate assets tax when making comparison of domestic cost of production with imported sugar.

We are expected to subsidize the Pakistani housewife and manufacturers of sugar containing products at the cost of investors in the sugar companies. How long can the industry subsidize the consumers? Majority of sugar companies have gone into red in the last two years. A realistic change in the policy framework is long over-due if this vital industry is to be saved from a total collapse. It is unfair to expect from us to operate under circumstances where domestic sugar price has no relationship with our cost of production.

We are against protectionist policies but we urge the Government to make pragmatic attempts to level the playing field somewhat and take corrective action to ensure fair competition with world sugar producers.

Average per capita domestic consumption of sugar is estimated at 15 kilograms. A family of six persons consumes 90 kilograms of sugar per annum. Increase of Re. 1 per kilogram in the price of sugar has an impact of Rs.7.50 per month or Rs. 1.25 per person on the monthly budget.

We are confident that with this background information you will be in a better position to evaluate the performance of your management.



Process House - Upper Deck

Sugar Division:

Balancing and Modernization Program started during 1991 has been partly implemented. We are still waiting for supply of equipment from a private sector sugar machinery manufacturer based in Lahore. Our supplies have been delayed by two years and still some important components have not been supplied.

Operating efficiency of sugar plant was satisfactory during 1991-92 season. Sugar production decreased by 2.37 percent from last year production level of 65,536 M. Tons. Sugarcane crushing was down 13.85 percent but we were able to achieve a production level of 63,985 M. Tons of sugar in 174 days compared to 2.37 percent higher production in 204 days in 1991-92.

Industrial Alcohol Division:

Distillery plant achieved better efficiency and industrial alcohol production was up from 3.4 million litres in 142 days last year to 4.5 million

litres in 159 days in 1991-92. Production target for 1992-93 has been fixed at 7 million litres. By 24th February, 1993 we have produced 2.3 million litres.

Kanewood Industries:

Particle Board plant produced 3360 cubic meters of particle board in 240 days compared to 643 cubic meters last year. Full potential of this plant will be exploited after our expanded capacity of sugar division becomes operational and surplus bagasse becomes abundantly available.

Crescent Business

Management (Private) Limited:

Keeping in line with the changing economy scenario and business environment of the country, Shakarganj entered the financial sector through its wholly owned subsidiary, Crescent Business Management (Private) Limited. This company manages First Crescent Modaraba. This Modaraba was offered on the Stock Exchange in June 1991 with Paid Up Capital of Rs.100 million.

The mission of this Modaraba is to seek the pleasure of Allah through the reform and transformation of financial and business conduct in accordance with the principles enshrined in the Shariah. The First Crescent Modaraba commenced the business operations on July 24, 1991. For the period ended 30 June, 1992 First Crescent Modaraba has registered a profit of Rs. 20.12 million and announced a dividend of 20 percent in shape of bonus. For the half year ended on 31st December, 1992 First Crescent Modaraba has posted a profit of Rs. 16.66 million.



Auditorium At Shakarganj Sugar Research Institute

Training and Development:

We at Shakarganj believe in professional management. All appointments are made on open merit. Our policies are geared for attracting and retaining motivated and competent people. We have a well qualified but young team with an

average age of 42 years. We have people with Doctorates, Masters in Science and Business Administration and Engineering Graduates. We believe in constant training and re-training. We send our people to courses and study tours both within and outside Pakistan. In addition, we invite foreign experts for on-site training of our manpower - most valuable asset of Shakarganj. During the last five years we have invited 9 foreign experts for in-house training.

We have an upto-date Library with latest books and journals for the benefit of those who want to improve their skills. Investment in learning exceeded Rs.2.9 million in 1992.

Increase in Paid Up Capital:

The Board of Directors has followed the policy of increasing the Paid Up Capital of Company in pace with growth rate.

For fiscal 1992, the Directors have recommended stock dividend of 20 percent which will further increase the Paid Up Capital to Rs.118.08 million. The cash retained in the company will be used to fund the growth.

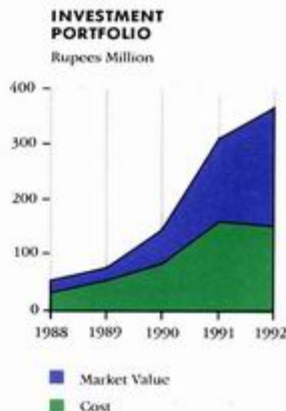
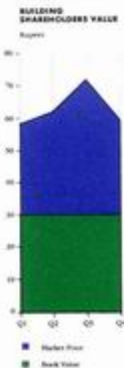
Your Directors have also announced a right issue of 16.66 percent at a premium of Rs. 15 per share subject to official approval.

Investment Portfolio:

During the fiscal 1992, new investments of Rs. 44.94 million were made increasing the size of portfolio to Rs. 152.96 million at cost. Market value of our portfolio stood at Rs. 368.92 million at the year end yielding a premium of 141 percent or Rs. 215.96 million. Our portfolio contributed Rs. 36.38 million to the company's profit for fiscal 1992 in shape of dividend and capital gain.

Contribution to Economy:

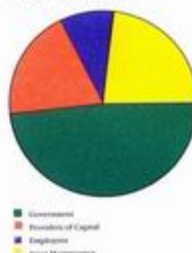
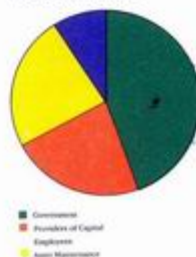
Your company plays a very important role with regard to its contribution to economy. The value addition after material and services of Rs. 378.09 million was Rs. 348.75 million. The share of Government in the value added was 44.86 percent or Rs. 156.44 million last year. Share of employees was up from Rs. 30.15 million in 1991 to Rs.34.40 million in 1992.



Statement of value added

(RS. IN MILLION)

	1992		1991
SALES REVENUE	686.47		727.23
OTHER RECEIPTS	40.37		35.40
	<u>726.84</u>		<u>762.63</u>
LESS: MATERIAL & SERVICES	378.09		439.88
	<u>348.75</u>		<u>322.75</u>
APPLIED THE FOLLOWING WAY :		%AGE	%AGE
TO EMPLOYEES:			
WAGES, SALARIES AND RELATED COSTS	34.40	9.86%	30.15 9.35%
TO GOVERNMENT:			
INCOME TAX, EXCISE DUTY, SALES TAX AND OTHER TAXES	156.44	44.86%	155.99 48.33%
TO PROVIDERS OF CAPITAL:			
FINANCE CHARGES ON LOANS AND ADVANCES	59.51	17.06%	48.72 15.10%
DIVIDENDS TO SHAREHOLDERS	19.68	5.65%	14.40 4.46%
	<u>79.19</u>	<u>22.71%</u>	<u>63.12</u> <u>19.56%</u>
TO CHARITABLE INSTITUTIONS	0.20	0.06%	0.20 0.06%
TO PROVIDE FOR MAINTENANCE & EXPANSION OF ASSETS:			
DEPRECIATION/AMORTIZATION	63.02	18.07%	53.01 16.42%
PROFIT RETAINED	15.50	4.44%	20.28 6.28%
	<u>78.52</u>	<u>22.51%</u>	<u>73.29</u> <u>22.70%</u>
	<u>348.75</u>	<u>100.00%</u>	<u>322.75</u> <u>100.00%</u>

DISTRIBUTION OF
VALUE ADDED 1991DISTRIBUTION OF
VALUE ADDED 1992

Flow of funds analysis

Development of net current position in million of Rupees

	Sept. 30 1990	Change	Sept. 30 1991	Change	Sept. 30 1992
Liquid Assets	+ 222.40	- 14.27	+ 208.13	+ 120.22	+ 328.35
Short-term receivable	+ 1.80	+ 2.40	+ 4.20	+ 1.37	+ 5.57
Short-term liabilities and provisions	- 239.84	- 22.25	- 262.09	- 169.72	- 431.81
	- 15.64	- 34.12	- 49.76	- 48.13	- 97.89
Factors affecting the change in the net current position:					
Source of Funds :					
Net income for the year			+ 34.68		+ 35.18
Depreciation			+ 30.07		+ 32.12
Amortization of assets subject to Finance Lease			+ 25.21		+ 30.90
Deferred Taxation			+ 7.00		- 4.00
Profit on sale of fixed assets			—		—
Internal Financing :			+ 96.96		+ 94.20
Right Share issued and Premium thereon			—		+ 30.0
Fixed Assets disposed			+ 0.06		+ 0.29
Redeemable Capital			+ 99.11		+ 149.07
Long Term loan			—		+ 50.37
Liability against Assets subject to Finance Lease			+ 27.99		+ 68.93
Sale of long-term investments			+ 11.78		+ 23.88
Long-term deposits			+ 0.98		+ 1.09
Source of Funds-Total			+ 236.68		+ 417.83
Application of Funds :					
Addition to Fixed Assets			- 160.80		- 296.07
Assets subject to Finance Lease			- 27.99		- 68.92
Addition to Investments			- 29.49		- 44.94
Redeemable Capital			- 7.75		- 15.19
Long Term deposits			- 1.05		- 6.48
Liability against assets subject to Finance Lease			- 23.62		- 29.26
Custom Debentures			- 0.44		- 0.24
Loans repaid			- 10.81		- 4.84
Dividend paid			- 9.05		- 0.02
Application of Funds-Total			- 271.00		- 465.96
Changes in the net position			- 34.12		- 48.13

1992 COMPARED TO 1991

Revenues decreased by Rs. 41 million or 6 percent.

- * Sugar sales declined by Rs. 53 million or 8 percent.
- * Alcohol sales up Rs. 14 million.

Operating expenses as a percentage of sales increased from 3.32 percent in 1991 to 4.23 percent in 1992.

- * Selling expenses as a percentage of sales increased 0.38 percent.
- * Administration expenses as a percentage of sales increased from 3.15 percent in 1991 to 3.67 percent. Primarily due to export expenses incurred on export of Alcohol during the year.

Earning contribution increased Rs. 0.96 million or 2.78 percent.

- * Mark up expenses increased Rs. 10.79 million primarily due to increased short term debt and higher interest rates and levy of Excise Duty on Borrowing. The increase in mark-up expenses as a percentage of sales is 1.57 percent.
- * Income from equity investments increased Rs. 3.95 million due to better dividend pay out and due to timely realization of capital gains in a buoyant stock market.

1991 COMPARED TO 1990

Revenues increased by Rs. 118 million or 19 percent.

- * Sugar sales were up Rs. 115 million or 20 percent.
- * Alcohol sales declined Rs. 8 million.

Operating expenses as a percentage of sales increased from 2.79 percent in 1990 to 3.32 percent in 1991.

- * Selling expenses as a percentage of sales increased 0.04 percent.
- * Administration expenses as a percentage of sales increased from 2.64 percent in 1990 to 3.15 percent. Primarily due to levy of Corporate Asset Tax by the Government.

Earning contribution increased Rs. 2.9 million or 9 percent.

- * Mark up expenses increased Rs. 13.4 million primarily due to increased short term debt and higher interest rates. The increase in mark up expenses as a percentage of sales is 1.84 percent.
- * Income from equity investments increased Rs. 27.3 million due to better dividend pay out and due to timely realization of capital gains in a buoyant stock market.
- * Provision for income tax decreased Rs. 9 million primarily due to decrease in the taxable income.

ABOUT 1992 - 93

The year ahead will be yet another year of challenges for Shakarganj. Both international and national sugar situation remains the same as in 1991-92. Some of the key factors affecting your company's profitability in fiscal year 1992-93 are summarized below :

- Depressed domestic sugar market having no relationship with cost of production due, mainly, to irrational Government policy.
- Increase in cost of raw material from Rs.418.75 per M. Ton to Rs. 489.04 per M. Ton.
- Intense competition for raw material from new mills in close proximity and a short sugar cane crop affected by floods.
- All time higher rate of inflation.

Your management is well equipped to face even the most difficult of situations. Shakarganj has excellent people working for it and they have the tenacity to convert challenges to opportunities. The only thing we ask for, is a level playing field. Whilst recognising the magnitude of problems confronting the sugar industry, we would like to convey to our shareholders, our faith in the inherent strength and efficiency of Shakarganj. We are well poised to face the future with confidence.

Directors and Employees

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 pictures. Our sugarcane farmers are the back bone of our industry and we thank them for their continued support.



ALTAF M. SALEEM
Chief Executive

Board of Governors

Mr. Altaf M. Saleem
Chairman

Mr. M. Asghar Qureshi
Vice Chairman

Dr. S. A. Qureshi
Director General

Mr. M. Awais Qureshi
Member
Mr. Abdul Haq Saeed
Member

Shakarganj Sugar Research Institute

Principal Functions

- Sugarcane breeding to evolve fertilizer-responsive, disease resistant varieties of sugarcane with higher sucrose content.
- To investigate the agronomic problems of sugarcane production.
- To study soils in sugarcane producing areas and to relate these to crop management.
- To study the nutritional requirements of sugarcane.
- To study and monitor the pests and diseases of sugarcane and so develop appropriate control measures.
- To conduct basic research on the germination of sugarcane setts, sucrose production, translocation and storage, and on the environmental influences on these processes.
- To provide advice on the use of fertilizers and other agricultural chemicals, irrigation, drainage, diseases and pests control, the use of machines and equipment, land and water management and other aspects of crop production planning and management.
- To publish and disseminate information on all aspects of sugarcane production.
- To provide educational courses in various aspects of sugarcane growing for growers.
- To collaborate and exchange information and material with Research Organizations in Pakistan and in other countries.
- To improve technology of sugar production inside the sugar factories by improving milling efficiency.

Director General's Review



Plant Pathology Laboratory At SSRI

SSRI is now well established to develop complete technology of cane production, particularly, suitable to small farmers. In most of our trials on farmers land where water was not the constraint the cost benefit ratio for the important inputs like machinery, fertilizer, weed control and earthing up has shown ratio of 1 : 3. Better adapted varieties have also been established and the institute now plans to push two more varieties alongwith SPSG-26 in commercial production. All these have shown higher yield potential resistant to important diseases like red-rot, helminthosporium and leaf rust and have also shown better recovery.

The organization decided to implement the production project under supervised cane production programme on 200 acres for which machinery particularly chiseling, disc harrowing and ridging, seed of the newly evolved varieties and fertilizer etc., on loan basis were arranged. This was to be given in the form of interest free loan at the village level. This showed great success and even surpassed the target when about 409 acres under new varieties with package of technology were covered.

This shows SSRI has established more appropriate technology of cane production which can be acceptable both to the growers and the industry.

During the year under report, SSRI has equipped plant pathology laboratory with modern apparatus and started working on scientific lines.

In the production project SSRI has also taken seed production at the village level to meet the local demand. The seed used is treated with necessary fungicide and also attended to roughing off types.

Soil science laboratory is also working to supply the services to the cooperating farmers where soil and water samples are collected and farmers advised to maintain the water and soil health.

The future emphasis will remain on production project under the supervised cane production programme. However, we have to do something to ensure the cane supply to the Shakarganj Mills Limited. If technology transfer alongwith assurance to supply the cane comes up well, the cane yields can be more than double alongwith increase in recovery by 1.5%.

The yield quality and disease reactions on different varieties of sugarcane are attached as appendix I and II.

YIELD AND QUALITY OF DIFFERENT S. CANE VARIETIES OF SSRI, SML, JHANG.

S. No.	Varieties	Yield Potential with respect to Check	Quality Characteristics	
			Fibre % Cane	Pol % Cane
1.	SPSG-26	10-12% + BL-4	13.48	12.40
2.	SPSG-394	4-5% + BL-4	13.87	12.55
3.	SPSG-114	AT PAR TO BL-4	13.83	12.52
4.	SPSG-79	AT PART TO SPSG-26	13.22	12.99
5.	BL-4	(CHECK)	13.01	12.02

DISEASE REACTION OF DIFFERENT S. CANE VARIETIES DURING 1990-92 AT SHAKARGANJ SUGAR RESEARCH INSTITUTE, JHANG.

S. No.	Varieties	Red Rot	Brown Stripe	Red Stripe	Rust
1	SPSG-26	HR	R	R	HR
2	SPSG-394	R	R	R	HR
3	SPSG-114	R	R	R	HR
4	SPSG-79	R	R	R	HR
5	BL-4 (CHECK)	HR	S	R	HR
6	BF-162 (CHECK)	MR	R	MS	S
7	CO-1148 (CHECK)	MS	R	R	HR

No Infection	= 0%
Highly Resistant	(HR) = 1-4%
Resistant	(R) = 5-8%
Moderately Resistant	(MR) = 9-14%
Moderately Susceptible	(MS) = 15-40%
Susceptible	(S) = 40% & above

DR. S. A. QURESHI
Director General Research

Five Years Financial Summary

(Rupees in thousands
except amounts per share)

	1992	1991	1990	1989	1988
Operating Results :					
Net Sales	686,466	727,225	609,104	350,741	516,886
Cost of sales	601,602	641,841	509,159	327,520	367,590
Selling, general & admin; expenses	29,027	24,158	17,004	11,603	13,113
Interest expenses	59,540	48,716	35,293	16,651	17,158
Other charges	2,031	2,592	4,970	551	16,014
Other income, Net	40,368	35,400	8,796	9,674	3,394
Pre-tax profit	34,634	45,318	51,474	4,090	106,405
Income taxes	(550)	10,636	19,691	(9,634)	56,887
Net income	35,184	34,682	31,783	13,724	49,518
Per Share Results and Return :					
Earning per share	3.58	4.82	5.29	2.28	9.90
Cash dividends per share	—	—	1.5	2.25	5.5
Stock dividends per share	1.5	1.5	1.5	—	—
Net income to sales percent	5.13	4.77	5.22	3.91	9.58
Return on average assets percent	3.65	5.18	6.02	3.24	13.39
Return on average equity percent	13.71	16.78	17.86	8.91	38.06
Financial Position :					
Current assets	333,917	212,331	160,648	101,827	109,856
Current liabilities	480,475	303,718	290,702	162,045	155,849
Operating fixed assets	282,970	265,694	228,801	205,483	200,928
Total assets	1,187,794	738,071	599,687	456,055	388,884
Long-term debt	296,250	117,079	36,959	43,189	51,566
Shareholders' equity	289,244	224,060	189,378	166,594	141,294
Break-up value per share	29.39	31.19	31.56	27.76	28.25
Financial Ratios :					
Current liabilities to current assets	1.44	1.43	1.81	1.72	1.42
Long-term debt to					
Capitalization percent	50.60	34.32	16.32	20.58	26.74
Total debt to total assets percent	75.64	69.64	68.42	68.47	63.67
Interest coverage times	1.62	1.98	2.60	1.27	8.13
Average collection period days	2.96	2.11	1.08	0.30	4.00
Inventory turnover times	5.15	10.55	9.56	11.36	9.41
Fixed assets turnover times	0.89	1.54	1.79	1.19	2.18
Total assets turnover times	0.58	0.99	1.02	0.77	1.33
Other Data :					
Depreciation and Amortization	63,017	55,278	44,610	19,954	23,257
Capital expenditure	49,679	67,016	49,756	25,078	33,758

Directors' Report to Shareholders

Dear Shakarganj Investor :

Your Directors are pleased to present the Twenty Fourth Annual Report alongwith detailed notes for the year ended September 30, 1992.

Your Company's operations for the year resulted in a net profit of Rs.35.18 million as against Rs.34.68 million in 1991. After charging Rs. 63.01 million for Depreciation and Amortization and Rs.59.51 million for interest on Loans and Advances, Profit available for appropriation comes to Rs.35.65 million. Your Directors recommend appropriation of profit as follows :

(Rupees in Thousand)

Profit available for appropriation	35,647
Proposed Bonus Share Issue (1:5) @ 20 percent	19,680
Transfer to General Reserve	15,000
Un-appropriated Profit c/f	967

Financial condition of the Company and future prospects are discussed in detailed in Chief Executive's review elsewhere.

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

The Management renews its pledge to continue its best efforts to manage prudently the Company's business for the benefit of all and sincerely thanks its shareholders, employees, customers and suppliers who by their continued support have made 1992 a successful year for Shakarganj.

For and on behalf of the Board :



ALTAF M. SALEEM
Chief Executive

February 07, 1993.

Auditors' Report to the Members

We have audited the annexed balance sheet of SHAKARGANJ MILLS LIMITED as at 30 September 1992 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 1992 and of the profit 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.



(RIAZ AHMAD & COMPANY)
Chartered Accountants

LAHORE: 08 February 1993

Balance Sheet as at 30 September 1992

(RUPEES IN THOUSAND)

SHARE CAPITAL AND RESERVES	NOTE	1992	1991
Authorised share capital			
25,000,000 (1991 : 25,000,000) ordinary shares of Rupees 10 each		250,000	250,000
Issued, subscribed and paid up share capital	3	98,400	72,000
Reserves	4	189,877	151,597
Unappropriated profit		967	463
		289,244	224,060
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS		10,745	10,745
REDEEMABLE CAPITAL	5	229,564	98,219
DEBENTURES AND LONG TERM LOANS			
Custom debentures	6	320	656
Long term loans	7	52,699	2,859
		53,019	3,515
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	8	82,747	51,814
DEFERRED TAXATION	9	42,000	46,000
CURRENT LIABILITIES			
Current portion of long term liabilities	10	47,865	40,811
Short term running finances	11	316,024	199,161
Creditors, accrued and other liabilities	12	89,456	39,580
Workers' participation fund	13	1,926	2,412
Provision for taxation		25,204	21,754
		480,475	303,718
CONTINGENCIES AND COMMITMENTS	14		
		1,187,794	738,071

(RUPEES IN THOUSAND)

TANGIBLE FIXED ASSETS	NOTE	1992	1991
Operating fixed assets	15	282,970	265,694
Assets subject to finance lease	16	105,969	68,436
Capital work-in-progress	17	384,604	137,721
		773,543	471,851
LONG TERM INVESTMENTS	18	63,674	42,619
LONG TERM DEPOSITS	19	16,660	11,270
CURRENT ASSETS			
Stores, spare parts and loose tools	20	50,332	45,285
Stock-in-trade	21	82,907	23,663
Trade debts-Unsecured but considered good		5,565	4,199
Advances, deposits, prepayments and other receivables	22	101,035	69,653
Short term investments	23	89,293	63,557
Cash and bank balances	24	4,785	5,974
		333,917	212,331
		1,187,794	738,071

The annexed notes form an integral part of these accounts.



Altaf M. Saleem
Chief Executive



Sk. Jahangir
Director

Profit & Loss Accounts for the Year Ended 30 September 1992

(RUPEES IN THOUSAND)

	NOTE	1992	1991
SALES	25	686,466	727,225
COST OF GOODS SOLD	26	601,602	641,841
GROSS PROFIT		84,864	85,384
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES	27	29,027	24,158
OPERATING PROFIT	28	55,837	61,226
OTHER INCOME	29	40,368	35,588
		96,205	96,814
FINANCIAL AND OTHER CHARGES	30	59,740	49,104
WORKERS' PARTICIPATION FUND		1,831	2,392
		61,571	51,496
PROFIT BEFORE TAXATION		34,634	45,318
TAXATION	31	(550)	10,636
PROFIT AFTER TAXATION		35,184	34,682
UNAPPROPRIATED PROFIT BROUGHT FORWARD		463	181
PROFIT AVAILABLE FOR APPROPRIATION		35,647	34,863
APPROPRIATIONS			
Reserve for issue of bonus shares		19,680	14,400
General reserve		15,000	16,000
Dividend equalization reserve		—	4,000
		34,680	34,400
UNAPPROPRIATED PROFIT		967	463

The annexed notes form an integral part of these accounts.



Altaf M. Saleem
Chief Executive



Sk. Jahangir
Director

Statement of Changes in Financial Position For the Year Ended 30 September 1992

(RUPEES IN THOUSAND)

	1992	1991
SOURCES OF FUNDS		
Profit after taxation	35,184	34,682
Adjustment for items not involving the movement of funds		
Depreciation	32,117	30,070
Amortization of assets subject to finance lease	30,900	25,208
Deferred taxation	(4,000)	7,000
Gain on disposal of operating fixed assets	(231)	(112)
Gain on sale of investments	(33,306)	(27,177)
Funds provided by operations	60,664	69,671
Other sources		
Share capital and reserves		
Proceed from issue of right shares	12,000	—
Premium on issue of right shares	18,000	—
	30,000	—
Proceeds from disposal of operating fixed assets	517	167
Sale of investment	57,190	38,956
Redeemable capital	149,070	99,114
Long term loan	50,366	—
Long term deposit	1,087	983
Liabilities against assets subject to finance lease	68,926	27,986
Net decrease in working capital	48,135	34,120
	465,955	270,997
APPLICATION OF FUNDS		
Tangible fixed assets		
Operating fixed assets and capital work-in-progress	296,069	160,801
Assets subject to finance lease	68,926	27,986
	364,995	188,787
Redeemable capital	15,188	7,746
Liabilities against assets subject to finance lease	29,261	23,620
Custom debentures	238	439
Long term loans	4,839	10,809
Long term investments	44,939	29,492
Long term deposits	6,477	1,056
Dividend paid	18	9,048
	465,955	270,997

Analysis of Working Capital

(RUPEES IN THOUSAND)

	1992	1991
[Increase]/decrease in current assets		
Stores, spare parts and loose tools	(5,047)	(15,433)
Stock-in-trade	(59,244)	10,181
Trade debts	(1,366)	(2,403)
Advances, deposits, prepayments and other receivables	(31,382)	21,133
Short term investments	(25,736)	--
Cash and bank balances	1,189	(1,604)
	(121,586)	11,874
Increase/[decrease] in current liabilities		
Short term running finances	116,863	73,133
Creditors, accrued and other liabilities	49,894	(7,965)
Workers' participation fund	(486)	(358)
Provision for taxation	3,450	(42,564)
	169,721	22,246
NET DECREASE IN WORKING CAPITAL	48,135	34,120



Altaf M. Saleem
Chief Executive



Sk. Jahangir
Director

Notes to the accounts for the Year Ended 30 September 1992

1. STATUS AND NATURE OF BUSINESS

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

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

2.2 Staff retirement benefits

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

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

2.3 Taxation

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

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

2.4 Foreign currencies

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

2.5. Tangible fixed assets and depreciation

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

Cost of tangible fixed assets consists of historical cost, applicable exchange differences, appreciated value and direct attributable cost of bringing the assets to working condition. Borrowing cost pertaining to the construction/

erection period upto the date of completion is also capitalised as part of historical cost.

Depreciation on operating fixed assets is charged to income on reducing balance method to write off the cost or appreciated value including related exchange differences over their expected useful life.

Full year's depreciation is charged on additions, while no depreciation is charged on assets deleted during the year.

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

Gain or loss on disposal of operating fixed assets is charged to current year's income.

2.6 Assets subject to finance lease

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

2.7 Investments

These are stated at cost.

2.8 Stores, spare parts and loose tools

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

2.9 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net 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, factory overhead and direct labour. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.10 Trade debts

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

2.11 Revenue recognition

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

(RUPEES IN THOUSAND)		
	1992	1991
3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
6,200,000 (1991 : 5,000,000) ordinary shares of Rupees 10 each fully paid up in cash	62,000	50,000
750,000 ordinary shares of Rupees 10 each issued to Pakistan Industrial Credit and Investment Corporation Limited against their right of option to convert 20 percent of their loan into fully paid up shares	7,500	7,500
2,890,000 [1991 : 1,450,000] ordinary shares of Rupees 10 each issued as fully paid bonus shares	28,900	14,500
	98,400	72,000
4. RESERVES		
Capital		
Balancing and modernization	15,000	15,000
Research and development	5,000	5,000
Premium on issue of right shares		
Balance as at 01 October	23,618	23,618
Premium on right shares issued during the year	18,000	—
	41,618	23,618
For issue of bonus shares		
Balance as at 01 October	14,400	12,000
Transfer from profit and loss account	19,680	14,400
	34,080	26,400
Nominal value of shares issued	14,400	12,000
	19,680	14,400
	81,298	58,018
Revenue		
General		
Balance as at 01 October	68,579	52,579
Transfer from profit and loss account	15,000	16,000
Dividend equalization	83,579	68,579
Balance as at 01 October	25,000	21,000
Transfer from profit and loss account	—	4,000
	25,000	25,000
	108,579	93,579
	189,877	151,597

5. REDEEMABLE CAPITAL

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

(RUPEES IN THOUSAND)

Pakistan Industrial Credit and Investment Corporation Limited [Note 5.1]											
	SBR/ PLS-XII/9 & XIV/10	SBR/ PLS- X/22	PICIC/ PLS- 19	SBR/ PLS- 15	SBR/ PLS-XIX/1 & XXII/1	SBR/ PLS-XVIII/ 3 & XV/7	PICIC/ PLS- 29	PICIC/ PLS- 39	NDFC (NOTE 5.2)	1992	1991
Balance as at 01 October	3,349	6,495	1,044	1,312	11,116	60,170	-	-	25,000	106,486	17,118
Received during the year	-	-	-	-	63,161	40,490	13,049	7,370	25,000	149,070	99,114
	3,349	6,495	1,044	1,312	74,277	100,660	13,049	7,370	50,000	257,556	116,232
Less : Repaid	957	1,875	1,044	1,312	-	-	-	-	10,000	15,188	7,746
Current portion (Note 10)	956	1,848	-	-	-	-	-	-	10,000	12,804	10,267
	1,913	3,723	1,044	1,312	-	-	-	-	20,000	27,992	18,013
Balance as at 30 September	1,436	2,772	-	-	74,277	100,660	13,049	7,370	30,000	229,564	98,219
Sanctioned limit	4,305	10,257	-	-	133,287	110,856	19,850	9,279	50,000		
Unavailed credit facility	-	343	-	-	59,010	10,196	6,801	1,909	-		
No. of instalments	09 Half Yearly	21 Quarterly	-	-	38 Quarterly	38 Quarterly	24 Quarterly	13 Quarterly	10 Half Yearly		
Payment date of 1st instalment	January 1991	April 1990	-	-	Not yet finalized	Not yet finalized	Not yet finalized	Not yet finalized	March 1992		
Rate of mark up (Per annum)	6 %	6 %	-	-	7 %	8 %	15.70 %	15.70 %	17 %		

5.1 As per purchase and sale agreements, Pakistan Industrial Credit and Investment Corporation Limited has purchased machinery valuing Rupees 287.834 million (1991 : 270.183 million) from the company which was deemed to have been resold to the company at marked up price of Rupees 466.770 million (1991 : Rupees 438.070 million) which includes rebate of Rupees 77.752 million (1991 : Rupees 73.005 million) on timely payments of marked up price. Securities are mentioned in note No. 7.1.

5.2 Marked up price of the credit facility is Rupees 84.901 million. Rebate in the market up price for timely payments will be allowed at a rate determined by National Development Finance Corporation (NDFC). Liability is secured against deposit of shares of listed companies having face value of Rupees 12.931 million as referred to in note 18.2 and 23.2 and guarantee given by Crescent Investment Bank Limited. An associated undertaking.

(RUPEES IN THOUSAND)

	1992	1991
6. CUSTOM DEBENTURES - Unsecured		
These are made up as under :		
Balance as at 30 September	656	894
Less: Current portion (Note 10)	336	238
	320	656

- 6.1 These have been issued in favour of Collector of Customs to cover the deferred element of custom duty on the import of plant and machinery. The debentures are repayable in six half yearly instalments commencing from 11 May 1988 and carry interest at the rate of 1 percent above the bank rate.

(RUPEES IN THOUSAND)

	1992	1991
7. LONG TERM LOANS		
Pakistan Industrial Credit and Investment Corporation Limited		
Loan No :		
SBR-61	—	4,253
ADB-455/20 (Note 7.2)	2,821	3,247
IBRD-2380 (Note 7.2)	39	199
IBRD-3019 (Note 7.3)	16,135	—
ADB-966 (Note 7.3)	34,231	—
	53,226	7,699
Less: Current portion (Note 10)	527	4,840
	52,699	2,859

- 7.1 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, plants and machinery and fixtures;
 - a first charge ranking pari passu with the existing charges by way of hypothecation in respect of all the machinery of the company, present and future;
 - a first floating charge ranking pari passu with the existing charges on all other assets of the company, both present and future, subject to the hypothecation or charges in favour of company's bankers as referred to in note No.11.1; and
 - a demand promissory note.
- 7.2 Loan No.ADB-455/20 and IBRD-2380 are repayable in 20 and 12 semi annual instalments commencing from 01 July 1987 and 01 July 1989 respectively and carry interest at the rate of 14 percent per annum.
- 7.3 Loan No.IBRD-3019 and ADB-966 are repayable in 18 and 20 semi annual instalments respectively and carry interest at the rate of 15 percent per annum. Repayment dates of the loans are not finalized.
- 7.4 Sanctioned limit of loans from Pakistan Industrial Credit and Investment Corporation Limited is Rupees 72.755 million (1991 : Rupees 115.292 million) However, loans of Rupees 17.284 million (1991 : Rupees 59.671 million) remained undisbursed at balance sheet date.

(RUPEES IN THOUSAND)

	1992	1991
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	116,945	77,280
Less: Current portion (Note 10)	34,198	25,466
	82,747	51,814

8.1 The present value of minimum lease payments has been discounted using the sum of digit method. The rentals are paid in monthly equal instalments and in case of default of any payment, an additional charge at the rate of 2 percent shall be paid. Taxes, repairs and insurance costs are to be borne by lessee. Lessee shall have no right to terminate lease agreements and if lease agreements are terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 16.511 million (1991 : Rupees 11.117 million) included in long term deposits (Note 19).

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

Description	Balance rentals outstanding as at 30 September 1992	No. of Instalment outstanding	Approximate rate of interest per annum	Expiry period
	(Rupees in thousand)		%	
National Development Leasing Corporation Limited	12,389	17 Monthly	5 - 18	February 1994
Asian Leasing Corporation Limited	12,406	47 Monthly	15	August 1996
Pakistan Industrial Leasing Corporation Limited (Associated undertaking)	9,288	20 Monthly	19	April 1994
ORIX Leasing Pakistan Limited	46,867	56 Monthly	14 - 20	May 1997
BRR Capital Modaraba	7,647	33 Monthly	21 - 22	June 1995
Atlas BOT Lease Company Limited	13,979	46 Monthly	18	July 1996
Credit and Leasing Corporation Limited	5,849	47 Monthly	15	August 1996
International Multi Leasing Corporation Limited	2,088	50 Monthly	20	November 1996
First Grindlays Modaraba	12,130	44 Monthly	19 - 22	May 1996
Standard Chartered Mercantile Leasing Company Limited	23,671	58 Monthly	20	July 1997
Al-Zamin Leasing Modaraba	4,315	47 Monthly	20	August 1996
(RUPEES IN THOUSAND)				

	1992	1991
9. DEFERRED TAXATION		
Timing differences relating to accelerated tax depreciation	42,973	47,019
Other timing differences	(973)	(1,019)
	42,000	46,000

(RUPEES IN THOUSAND)

	1992	1991
10. CURRENT PORTION OF LONG TERM LIABILITIES		
Redeemable capital	12,804	10,267
Custom debentures	336	238
Long term loans	527	4,840
Liabilities against assets subject to finance lease	34,198	25,466
	47,865	40,811
11. SHORT TERM RUNNING FINANCES		
Running finances under mark up arrangements have been obtained :		
From financial institutions - Secured		
Pakistan Industrial Credit and Investment Corporation Limited (Note 11.1)	90,000	90,000
National Development Finance Corporation (Note 11.2)	32,500	—
From investment banks (Note 11.3)	76,800	31,800
From modaraba (Note 11.4)	10,000	—
	209,300	121,800
From banking companies		
Secured (Note 11.5)	104,920	74,148
Unsecured-Unpresented cheques	1,804	3,213
	106,724	77,361
	316,024	199,161

- 11.1 Credit facility of Rupees 40.000 million obtained from Pakistan Industrial Credit and Investment Corporation Limited is secured against hypothecation of stocks, stores and spares and pledge of shares of listed companies having face value of Rupees 12.862 million as referred to in note 18.2 and 23.2. Credit facility of Rupees 50 million is secured against bank guarantee given by Crescent Investment Bank Limited (An associated undertaking). Mark up has been accounted for proportionately upto 30 September 1992 at the rate of paisas 45 to 49 per Rupees 1,000 per day. The finances are repayable on 30 June 1993 and 31 March 1993 respectively.
- 11.2 Short term running finance from National Development Finance Corporation forms part of total credit facility of Rupees 80 million (1991 : Rupees 80million). National Development Finance Corporation has purchased goods valuing Rupees 80 million from the company which were deemed to have been resold to the company at marked up price of Rupees 96 million. This is secured against pledge of said goods and 20 percent additional goods of same description. Mark up has been accounted for proportionately upto 30 September 1992 at the rate of paisas 45 per Rupees 1,000 per day after considering paisas 10 rebate per Rupees 1,000 per day on timely payments of marked up price. The finance is repayable on 31 March 1993.

- 11.3 Short term running finance obtained from Investment Banks includes Rupees 31.800 million (1991 : Rupees 31.800 million) from Crescent Investment Bank Limited (An associated undertaking). Finance is secured by way of hypothecation of stores, spares, stocks and books debts and pledge of shares of listed companies having face value of Rupees 27.302 million as referred to in note No. 18.2 and 23.2. Mark up is payable at the rate of 18.75 percent per annum. The finances are repayable on different dates between 09 January 1992 to 08 April 1993.
- 11.4 This represents finance obtained from First Nishat Modaraba under Morabaha arrangements. the modaraba has purchased goods valuing Rupees 10.000 million from the company which were repurchased by the company at Rupees 10.937 million. Finance is secured against hypothecation of stocks and pledge of shares of listed companies having face value of Rupees 2.161 million as referred to in Note No.23.2. Mark up has been accounted for proportionately uptill 30 September 1992. The finance is repayable on 26 March 1993.
- 11.5 These are secured against pledge and hypothecation of stores, spares, stocks, book debts and shares having face value of Rupees 9.122 million as referred to in Note No.23.2 and second charge on fixed assets of the company. Mark up is charged at the rate of paisas 43 to 48 per Rupees 1,000 per day, other than Agricultural Development Bank of Pakistan which charged mark up at the rate of 12.50 percent per annum. These form part of aggregate credit facilities of Rupees 159 million (1991 : Rupees 159 million).

(RUPEES IN THOUSAND)

	1992	1991
12. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors		
Trade	14,089	4,301
Others	9,217	9,188
	23,306	13,489
Advances from customers	1,693	257
Security deposits from contractors payable on completion of contracts-Interest free	468	495
Income tax deducted at source	323	167
Interest on custom debentures-Unsecured	17	24
Mark up accrued on redeemable capital-Secured	3,602	224
Interest accrued on long term loans-Secured	1,987	216
Mark up accrued on short term running finances-Secured	12,676	10,601
Due to employees provident fund trust	—	19
Excise duty and sales tax payable	12,814	1,229
Due to associated undertakings	20,605	1,314
Due to director	54	6
Workers' welfare fund	1,885	1,885
Corporate assets tax payable	—	2,000
Unclaimed dividend	803	821
Other accrued liabilities	9,223	6,833
	89,456	39,580

(RUPEES IN THOUSAND)

	1992	1991
13. WORKERS' PARTICIPATION FUND		
Balance as at 01 October	2,412	2,770
Share of company's profit for the year	1,831	2,392
Interest accrued	31	188
	4,274	5,350
Less :		
Paid to workers	860	1,117
Deposited in workers' welfare fund	1,488	1,821
	2,348	2,938
	1,926	2,412

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

14. CONTINGENCIES AND COMMITMENTS

Contingencies

- ... Company is contingently liable in respect of employees' and other claims not acknowledged as debts amounting to Rupees 3.160 million [1991 : Rupees 0.279 million].

Commitments

- ... Contracts for capital expenditure amounting to Rupees 88.500 million [1991 : Rupees 31.585 million].
- ... Letters of credit other than for capital expenditure amounting to Rupees 3.089million (1991: Rupees 4.120 million).

15. OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

DESCRIPTION	COST/RE-ASSESSED VALUE As at 01 October 1991	Additions/ (Deletions)	As at 30 September 1992	Accumulated Depreciation As at 30 September 1992	Book Value As at 30 September 1992	DEPRECIATION Charge for the year	Rate %
Land freehold (Note 15.1)	12,371	-	12,371	-	12,371	-	-
Building and roads on freehold land	61,402	14,559	75,961	32,663	43,298	4,811	10
Plant and machinery	382,354	30,087	412,441	194,617	217,824	24,203	10
Laboratory Equipments	1,097	38 (135)	1,000	860	140	93	40
Tubewell and water pumps	1,572	36	1,608	1,094	514	128	20
Electric installations	718	-	718	583	135	34	20
Weighbridges and scales	1,483	1,708	3,191	1,459	1,732	433	20
Furniture and fixtures	4,957	975	5,932	3,190	2,742	685	20
Office equipments	3,810	565	4,375	3,496	879	586	40
Vehicles	4,865	1,141 (526)	5,480	3,244	2,236	559	20
Arms and ammunition	86	-	86	25	61	7	10
Library books	1,046	332	1,378	901	477	204	30
Tools and equipments	2,684	231	2,915	2,374	541	361	40
Telephone equipments	254	7	261	241	20	13	40
1992	478,699	49,679 (661)	527,717	244,747	282,970	32,117	
1991	411,950	67,016 (267)	478,699	213,005	265,694	30,070	

- 15.1 Company has given 10.39 acres land valuing rupees 0.260 million for 20 years' lease to Ujala Cotton Mills, a project of Crescent Jute Products Limited (An associated undertaking) on annual rent of Rupees 3,450 per acre. Lease rent will be increased by 15 percent after every three years and lease is extendable for an other term of 20 years with mutual consent of both parties.
- 15.2 Land, Buildings, plant and machinery were revalued by an independent valuer as at 30 September 1979 and stated in Note 15 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 (1991 : Rupees 38.637 million)
- 15.3 Included in the additions to plant and machinery is exchange loss of Rupees NIL (1991 : Rupees 0.159 million) relating to liability in foreign currency for acquisition of these assets.

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

(RUPEES IN THOUSAND)		
	1992	1991
Cost of goods sold		
Sugar	23,502	22,549
Distillate	2,667	2,956
Kanewood	2,409	1,885
Trial run account-Kanewood	—	628
Administrative, selling and general expenses-Sugar	3,539	2,052
	32,117	30,070

15.5 DISPOSAL OF OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

DESCRIPTION	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
Vehicles						
Motor cycles (13 Nos.)	461	298	163	321	Negotiation	Mills Employees
Ford Wagon-JGA-1835	65	23	42	60	Negotiation	Mr. Zaheer-ud-Din, Faisalabad.
Laboratory equipments	135	54	81	136	Negotiation	Messrs Standard Chartered Mercan- tile Leasing Company Limited

16. ASSETS SUBJECT TO FINANCE LEASE

(RUPEES IN THOUSAND)

Description	As at 01 October 1991	C O S T Additions/ (Deletions)	As at 30 September 1992	Accumulated Amortization As at 30 September 1992	Book Value As at 30 September 1992	Amortization Charge for the year
Buildings	255	.	255	136	119	17
Plant and machinery	116,303	65,693 (24,071)	157,925	61,280	96,645	26,378
Vehicles	10,787	3,143 (1,259)	12,671	5,833	6,838	3,317
Equipments	5,131	90 (432)	4,789	2,422	2,367	1,188
1992	132,476	68,926 (25,762)	175,640	69,671	105,969	30,900
1991	105,473	27,986 (983)	132,476	64,040	68,436	25,208

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

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

(RUPEES IN THOUSAND)

	1992	1991
Cost of goods sold		
Sugar	21,533	16,520
Kanewood	5,060	3,417
Trial run account-Kanewood	—	1,642
Administrative, selling and general expenses-Sugar	4,307	3,629
	30,900	25,208

17. CAPITAL WORK-IN-PROGRESS

This comprises of:

Building	961	1,156
Plant and machinery	347,741	28,409
Project examination fee	2,281	2,111
Advance to suppliers-Machinery	28,833	106,045
Advance to contractors-Building	4,788	—
	384,604	137,721

18. LONG TERM INVESTMENTS

Quoted

Associated undertakings

Crescent Investment Bank Limited 1,799,051 (1991 : 1,279,000) ordinary shares of Rupees 10 each fully paid	30,906	13,619
Pakistan Industrial Leasing Corporation Limited 1,200,000 ordinary shares of Rupees 10 each fully paid Equity held 22.13 percent (1991 : 24.53 percent)	12,000	12,000
Crescent Spinning Mills Limited 556,800 (1991 : 400,000) ordinary shares of Rupees 10 each fully paid	5,568	4,000
Crescent Steel and Allied Products Limited 300,000 ordinary shares of Rupees 10 each fully paid	3,000	3,000

(RUPEES IN THOUSAND)

	1992	1991
Unquoted		
Subsidiary company		
Crescent Business Management (Private) Limited-Wholly owned 1,000,000 ordinary shares of Rupees 10 each fully paid. Break up value as per audited accounts of 31 December 1991 was Rupees 9.65 (1990 : Rupees 9.98) per share	10,000	10,000
Associated undertakings		
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 audited accounts of 30 June 1991 was Rupees —35.06 per share	2,200	—
	63,674	42,619
18.1 Aggregate market value of quoted investments as at 30 September 1992 was Rupees 130.672 million (1991 : Rupees 111.891 million).		
18.2 Following investments having face value of Rupees 24.800 million (1991 : Rupees 21.270 million) are deposited as security with investment banks and financial institutions:		
Against short term finances obtained from:		
Financial institution (Note 11.1)	4,500	7,770
Investment banks (Note 11.3)	18,800	12,000
Against redeemable capital obtained from:		
National Development Finance Corporation (Note 5.2)	1,500	1,500
	24,800	21,270
19. LONG TERM DEPOSITS		
Securities	149	153
Margin against leasehold assets	16,511	11,117
	16,660	11,270
20. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	35,657	32,645
Spare parts	19,582	17,492
Loose tools	643	698
	55,882	50,835
Less : Provision for obsolescence	5,550	5,550
	50,332	45,285

(RUPEES IN THOUSAND)

	1992	1991
21. STOCK-IN-TRADE		
Work-in-process	375	458
Finished goods		
Sugar	56,716	8,683
Molasses	124	1,362
Distillate	18,117	11,290
Kanewood	7,575	1,870
	82,532	23,205
	82,907	23,663
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances-Considered good		
Employees-Interest free	294	170
Due from Shakarganj Mills Gratuity Fund	468	—
Due from Shakarganj Mills Pension Fund	112	—
Due from Provident Fund trust	27	—
Suppliers and contractors	24,977	14,101
Income tax	28,361	25,957
Sugarcane growers (Note 22.3)	19,699	18,496
	73,938	58,724
Considered doubtful		
Sugarcane growers	5,064	5,064
Less : Provision for doubtful	5,064	5,064
	—	—
	73,938	58,724
Deposits		
Excise duty	658	229
Sales tax	1	2
Margin	248	166
	907	397
Letters of credit	229	1,036
Short term prepayments	3,602	88
Due from associated undertakings	11,658	1,966
Accrued interest	82	52
Excise duty refundable	554	554
Sundry receivables	10,065	6,836
	101,035	69,653

22.1 Maximum aggregate amount due from chief executive and executives at the end of any month during the year was Rupees 0.174 million (1991 : Rupees 0.112 million).

22.2 Aggregate amounts due from chief executive and executives of the company are Rupees 0.019 million and Rupees 0.068 million at the close of financial year (1991 : Rupees 0.067 million and Rupees 0.016 million) respectively.

22.3 Loans to sugarcane growers are partly interest free and partly interest bearing at the rate of 12.5 percent per annum.

(RUPEES IN THOUSAND)

	1992	1991
23. SHORT TERM INVESTMENTS		
Quoted		
Associated undertakings		
Crescent Sugar Mills and Distillery Limited		
146,744 ordinary shares of		
Rupees 10 each fully paid	2,823	2,823
14,257 (1991 : 94,600) 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		
404,092 ordinary shares of		
Rupees 10 each fully paid	8,823	8,823
52,734 bonus shares of		
Rupees 10 each	—	—
Jubilee Spinning and Weaving Mills Limited		
4,000 ordinary shares of		
Rupees 10 each fully paid	66	66
2,325 (1991 : 1,500) 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
22,102 (1991 : 16,171) bonus		
shares of Rupees 5 each	—	—
The Crescent Textile Mills Limited		
36,972 (1991 : 29,250) ordinary shares		
of Rupees 10 each fully paid	996	648
9,360 (1991 : 2,925) bonus shares		
of Rupees 10 each	—	—
Pakistan Industrial Leasing		
Corporation Limited		
1,235,200 (1991 : 1,253,200) ordinary		
shares of Rupees 10 each fully paid	12,531	12,924
Equity held 22.13 percent		
(1991 : 24.53 percent)		
First Crescent Modaraba		
31,000 modaraba certificates		
of Rupees 10 each fully paid	801	—

	(RUPEES IN THOUSAND)	
	1992	1991
Others		
Pakistan Industrial Credit and Investment Corporation Limited		
1,232,895 (1991 : 969,027) ordinary shares of Rupees 10 each fully paid	37,299	19,047
362,257 bonus shares of Rupees 10 each	—	—
Karachi Electric Supply Corporation Limited		
2,088 (1991 : 1,856) bonus shares of Rupees 10 each	—	—
Husein Sugar Mills Limited		
8,381 (1991 : 6,984) bonus shares of Rupees 10 each	—	—
AR Pak International Investment Limited		
10,000 ordinary shares of Rupees 10 each fully paid	93	93
Pakistan International Airlines Corporation		
58,000 ordinary shares of Rupees 10 each fully paid	—	522
Atlas BOT Lease Company Limited		
4,000 (1991 : 410,000) ordinary shares of Rupees 10 each fully paid	109	8,103
Baba Farid Sugar Mills Limited		
10,000 ordinary shares of Rupees 10 each fully paid	136	136
Pakistan Oil Fields Limited		
140,000 ordinary shares of Rupees 10 each fully paid	8,260	8,260
Pakistan Industrial and Commercial Leasing Corporation Limited		
5,000 ordinary shares of Rupees 10 each fully paid	74	74
Prudential Discount and Guarantee House Limited		
46,800 ordinary shares of Rupees 10 each fully paid	407	—
Bank Commerce Al-Habib Limited		
5,000 ordinary shares of Rupees 10 each fully paid	147	—
Sui Northern Gas Pipelines Limited		
202,559 ordinary shares of Rupees 10 each fully paid	8,133	—
ICI Pakistan Limited		
56,550 ordinary shares of Rupees 10 each fully paid	4,522	—
The Muslim Commercial Bank Limited		
30,000 ordinary shares of Rupees 10 each fully paid	2,035	—
Unquoted-Associated undertaking		
Shams Food Products Limited		
Deposit for issue of 100,000 ordinary shares of Rupees 10 each	1,000	1,000
	89,293	63,557

(RUPEES IN THOUSAND)		
	1992	1991
23.1 Aggregate market value of quoted investments as at 30 September 1992 was Rupees 226.050 million (1991 : Rupees 185.739 million).		
23.2 Following investments having face value of Rupees 40.194 million (1991 : Rupees 38.371 million) are deposited as security with banks, financial institutions and modarabas.		
Against liabilities for assets subject to finance lease		
National Development Leasing Corporation Limited	—	500
Pakistan Industrial Leasing Corporation Limited	—	4,716
Against short term finance obtained from		
Financial institution (Note 11.1)	8,362	8,362
Commercial Banks (Note 11.5)	9,122	8,224
Investment Banks (Note 11.3)	8,502	4,342
Modaraba (Note 11.4)	2,161	—
Against redeemable capital obtained from		
National Development Finance Corporation (Note 5.2)	11,431	11,431
Against guarantee issued by		
Standard Chartered Bank	616	796
	40,194	38,371
24. CASH AND BANK BALANCES		
Cash in hand	127	66
Cash with banks on:		
Current accounts	1,656	3,418
Short term deposit accounts	3,002	2,275
Dividend account	—	215
	4,658	5,908
	4,785	5,974
24.1 Term deposit receipts amounting to Rupees 1.320 million (1991 : Rupees 1.288 million) are lying with The Muslim Commercial Bank Limited under lien against loans to sugarcane growers.		
25. SALES		
Sugar	631,592	685,056
Distillate	24,202	10,382
Kanewood	6,900	2,209
Molasses (By product)	26,969	33,276
Bagasse (By-product)	676	213
	690,339	731,136
Less : Commission to selling agents	3,873	3,911
	686,466	727,225
26. COST OF GOODS SOLD		
Sugar (Note 26.1)	575,147	626,221
Distillate (Note 26.3)	13,960	6,809
Kanewood (Note 26.4)	12,495	8,811
	601,602	641,841

(RUPEES IN THOUSAND)

	1992	1991
26.1 COST OF GOODS SOLD-SUGAR		
Raw material		
Sugarcane purchased	308,621	330,143
Sugarcane subsidy		
Delivery expenses	74,464	33,075
Less : Recovered	25,532	8,273
	48,932	24,802
Sugarcane development cess	7,858	8,414
Market committee fee	1,866	1,300
Loading and unloading	1,481	1,584
Octroi	1,346	1,765
	370,104	368,008
Salaries, wages and other benefits	21,330	18,249
Stores, spare parts and loose tools	3,285	3,883
Dyes and chemicals	3,214	4,285
Packing material	9,229	11,089
Fuel and power	10,802	4,964
Repair and maintenance	13,590	13,969
Insurance	1,609	1,966
Vehicles' running	746	483
Travelling and conveyance	110	144
Printing and stationery	454	494
Rent, rates and taxes	99	308
Excise duty	137,569	132,746
Other factory overheads	1,428	1,822
Sugarcane research and development	1,794	1,857
Staff training and development	1,525	1,473
Depreciation/amortization (Note 26.2)	45,035	39,069
	621,923	604,809
Work-in-process inventory		
As at 01 October	297	280
As at 30 September	278	297
	19	(17)
Cost of goods produced	621,942	604,792
Finished goods inventory		
As at 01 October	10,045	31,474
As at 30 September	56,840	10,045
	(46,795)	21,429
	575,147	626,221
26.2 DEPRECIATION/AMORTIZATION		
Depreciation	23,502	22,549
Amortization	21,533	16,520
	45,035	39,069

(RUPEES IN THOUSAND)

	1992	1991
26.3 COST OF GOODS SOLD-DISTILLATE		
Molasses	10,374	9,577
Stores, spare parts and loose tools	953	596
Salaries, wages and other benefits	864	630
Chemicals	4,933	1,470
Insurance	429	62
Other factory overheads	567	718
Depreciation	2,667	2,956
Cost of goods produced	20,787	16,009
Finished goods inventory		
As at 01 October	11,290	2,090
As at 30 September	18,117	11,290
	(6,827)	(9,200)
	13,960	6,809
26.4 COST OF GOODS SOLD-KANEWOOD		
Raw material	4,765	1,258
Stores, spare parts and loose tools	2,447	2,236
Salaries, wages and other benefits	757	248
Insurance	266	94
Diesel	1,627	1,454
Other factory overheads	805	250
Depreciation/amortization (Note 26.5)	7,469	5,302
	18,136	10,842
Work-in-process inventory		
As at 01 October	161	—
As at 30 September	97	161
	64	(161)
Cost of goods produced	18,200	10,681
Finished goods inventory		
As at 01 October	1,870	—
As at 30 September	7,575	1,870
	(5,705)	(1,870)
	12,495	8,811
26.5 DEPRECIATION/AMORTIZATION		
Depreciation	2,409	1,885
Amortization	5,060	3,417
	7,469	5,302

(RUPEES IN THOUSAND)

	1992	1991
27. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES		
Salaries, wages and other benefits	8,083	7,156
Directors' meeting fee	5	5
Travelling and conveyance	1,265	565
Printing and stationery	376	672
Telephone, postage and telegrams	1,217	678
Vehicles' running	1,268	1,117
Legal and professional	381	318
Auditors' remuneration	—	—
Audit fee	90	80
Out of pocket expenses	15	15
	105	95
Repairs and maintenance	595	1,356
Entertainment	231	257
Subscription	711	531
Rent, rates and taxes	120	2,123
Publicity	181	243
Loading and unloading	411	464
Insurance	579	389
Handling and distribution	801	762
Export expenses	2,649	—
Registered office expenses	1,663	1,270
Miscellaneous	540	476
Depreciation/amortization (Note 27.1)	7,846	5,681
	29,027	24,158
27.1 DEPRECIATION/AMORTIZATION		
Depreciation	3,539	2,052
Amortization	4,307	3,629
	7,846	5,681
28. OPERATING PROFIT/(LOSS)		
Sugar (Note 28.1)	56,019	67,062
Distillate (Note 28.2)	5,839	2,015
Kanewood (Note 28.3)	(6,021)	(7,851)
	55,837	61,226
28.1 OPERATING PROFIT-Sugar		
Sales-Net	656,390	715,025
Cost of goods sold	575,147	626,221
Gross profit	81,243	88,804
Less : Administrative, selling and general expenses	25,224	21,742
	56,019	67,062

(RUPEES IN THOUSAND)		
	1992	1991
28.2 OPERATING PROFIT-Distillate		
Sales - Net	23,344	10,032
Cost of goods sold	13,960	6,809
Gross Profit	9,384	3,223
Less : Administrative, selling and general expenses	3,545	1,208
	5,839	2,015
28.3 OPERATING LOSS-Kanewood		
Sales-Net	6,732	2,168
Cost of goods sold	12,495	8,811
Gross loss	5,763	6,643
Less: Administrative, selling and general expenses	258	1,208
	6,021	7,851
29. OTHER INCOME		
Commission on fertilizer	215	277
Gain on sale of operating fixed assets	231	112
Dividend income (Note 29.1)	3,076	5,254
Return on bank deposits	252	367
Gain on sale of investments	33,306	27,177
Agricultural farm income	1,332	194
Lease income	36	36
Rental	23	38
Bad debts recovered	—	34
Compensation on advance tax	—	357
Miscellaneous	1,897	1,742
	40,368	35,588

(RUPEES IN THOUSAND)

	1992	1991
29.1 DIVIDEND INCOME		
Associated undertakings		
Crescent Sugar Mills and Distillery Limited	302	302
Jubilee Spinning and Weaving Mills Limited	7	11
The Premier Insurance Company of Pakistan Limited	20	25
The Crescent Textile Mills Limited	—	51
Pakistan Industrial Leasing Corporation Limited	—	2,299
Others		
Pakistan Industrial Credit and Investment Corporation Limited	1,579	1,328
Noon Sugar Mills Limited	—	65
AR Pak International Investment Limited	5	5
Husein Sugar Mills Limited	14	56
Thal Jute Mills Limited	11	37
Baba Farid Sugar Mills Limited	—	13
Nusrat Textile Mills Limited	—	8
Pakistan International Airlines Corporation Ltd.	73	73
Pakistan Oilfields Limited	1,065	975
Pakistan Industrial and Commercial Leasing Corporation Limited	—	6
	3,076	5,254
30. FINANCIAL AND OTHER CHARGES		
Financial		
Mark up on :		
Redeemable capital	594	1,366
Short term running finances	37,009	31,296
Advances from associated undertakings	475	314
Interest on custom debentures	121	121
Interest on :		
Long term loans	540	1,364
Workers' participation fund	31	188
Finance charges on assets subject to finance lease	15,138	11,000
Lease agreements fee	718	209
Bank charges, commission and excise duty	4,914	3,046
	59,540	48,904
Donations (Note 30.1)	200	200
	59,740	49,104

(RUPEES IN THOUSAND)

	1992	1991
30.1 DONATIONS		
A sum of Rupees 200,000 (1991 : 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. Muhammad Javed Amin		
Mr. Khalid Bashir		
Mr. Maqbool Ahmed		
31. TAXATION		
For the year		
Current	3,450	3,636
Deferred tax	(4,000)	7,000
	(550)	10,636

The provision for current taxation represents the minimum tax due under the Income Tax Ordinance, 1979. After considering the available tax losses, no provision for current taxation except minimum tax is required. Tax losses available to be carried forward are Rupees 5.649 million as on 30 September 1992 (1991 : Rupees 2.499 million).

32. DIRECTORS' AND EXECUTIVES' REMUNERATION

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

	1992		1991	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)
Managerial remuneration	720	2,257	720	1,360
Housing	324	447	324	147
Company's contribution to provident fund	50	150	50	88
Contribution to:				
Pension fund	144	427	46	109
Gratuity fund	60	178	—	—
Hospitalization	—	45	—	—
Other benefits				
Conveyance allowance	—	4	—	94
Utility allowance	72	225	72	112
Entertainment allowance	—	—	—	16
Reimbursable expenses	6	468	74	42
	1,376	4,201	1,286	1,968
Number of persons	1	12	1	5

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

32.2 Aggregate amount charged in the accounts for fee to 6 directors in respect of three meetings was Rupees 5 thousand (1991 : Rupees 5 thousand for six directors).

33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 21.066 million (1991 : Rupees 12.770 million).

Company purchased from and sold to associated undertakings, materials, goods and services in the aggregate sum of Rupees 34.901 million and Rupees 54.382 million respectively. (1991 : Rupees 4.172 million and Rupees 5.132 million respectively).

Purchases/sales of material, goods and services are made at prevailing market prices.

Mark up on advances to associated undertakings is paid at the rate of paisas 18.40 percent per annum (Note 30).

34. PLANT CAPACITY AND ACTUAL PRODUCTION**Sugar :**

Capacity	
Current year	54,400 M.Tons in 160 days i.e. 340.000 M.Tons per day
Previous year	47,600 M.Tons in 160 days i.e. 297.500 M.Tons per day

Actual production :

Current year	63,985.50 M. Tons in 174 days i.e. 367.73 M.Tons per day.
Previous year	65,536.80 M.Tons in 204 days i.e. 321.26 M.Tons per day

Distillery :

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

Actual production :

Current year	4525900 Litres in 159 days i.e. 28465 Litres per day
Previous year	3422204 Litres in 142 days i.e. 24100 Litres per day

Kanewood :

Capacity	30 Cubic meters per day
----------	-------------------------

Actual production

Current year	3,360 Cubic meters in 241 days i.e. 13.94 Cubic meters per day
Previous year	643 Cubic meters in 66 days i.e. 9.74 Cubic meters per day

34.1 REASONS FOR LOW PRODUCTION

Distillery: The plant was not run to the full capacity as the international market of industrial alcohol was low and it was operated only to meet local requirements.

Kanewood: The low production is mainly due to acute shortage of bagasse.

	1992	1991
35. SEGMENT ASSETS AND OTHER INFORMATION		
Sugar	1,113,503	665,466
Distillery	42,120	37,886
Kanewood	32,171	34,719
	1,187,794	738,071

35.1 Molasses and bagasse (By-Products of Sugar) are issued to distillery and kanewood at selling prices.

36. COMPARATIVE FIGURES

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

STATEMENT PURSUANT TO SECTION 237 OF THE COMPANIES ORDINANCE, 1984

Accounts of the subsidiary company M/s. Crescent Business Management (Pvt) Limited for the year ended December 31, 1991 are annexed to these accounts. The accumulated losses of the subsidiary company are not dealt with in the accounts of the holding company.

Altat M. Saleem

Altat M. Saleem
Chief Executive

Sk. Jahangir

Sk. Jahangir
Director

First Crescent Modaraba



Managed By
Crescent
Business Management
(Private) Limited

Directors' Report

The Board of Directors of Crescent Business Management (Pvt) Limited, takes pleasure in presenting the Annual Audited Accounts of the Company for the year ended December 31, 1991.

Your company floated a modaraba under the name of First Crescent Modaraba with a total fund capital of Rs. 100 million which was heavily over subscribed. First Crescent Modaraba started its business in August 1991 and within a short span of about five months upto December 31, 1992 earned a net profit of Rs. 11.287 million. The first financial year of the modaraba will close on June 30, 1992 and the management fee receivable @ 10% of the net annual profit of the modaraba will be reflected in the current financial year.

During the year the company made a net loss of Rs. 342,887. Your directors hope that during the current financial year these losses will be wiped out.

For and on behalf of the Board



ALTAF M. SALEEM
Chief Executive

Dated: June 9, 1992.

Auditors' Report to to the Members of Crescent Business Management (Pvt) Ltd.

We have audited the annexed balance sheet of CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED as at 31 December, 1991 and the related profit and loss account, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the expenditure incurred during the year was 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 and 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 Company's affairs as at December 31, 1991 and of the loss for the year then ended, and ;
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



(FAZAL MONIR & COMPANY)
Chartered Accountants

LAHORE: June 9, 1992.

CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED**Balance Sheet as at 31 December 1991**

		Rupees	Rupees
CAPITAL AND LIABILITIES	NOTE	1991	1990
SHARE CAPITAL			
Authorised :			
5,000,000 (1990 : 1,000,000) ordinary shares of Rupees 10 each		50,000,000	10,000,000
Issued, Subscribed & Paid up 1,000,000 (1990 : 250,000) ordinary shares of Rs. 10/- each fully paid in cash. (All shares are held by holding company and its nominees)		10,000,000	2,500,000
Accumulated loss		(348,675)	(5,788)
CURRENT LIABILITIES			
Due to associated and holding companies	3	526,986	192,350
Creditors for expense	4	5,000	8,300
		531,986	200,650
		10,183,311	2,694,862

CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED

		Rupees	Rupees
PROPERTY AND ASSETS	NOTE	1991	1990
LONG TERM INVESTMENT IN MODARABA	5	10,000,000	—
CURRENT ASSETS			
Due from associated undertaking	6	116,322	55,100
Advance tax		178	—
Cash And Bank Balances	7	66,811	2,639,762
		183,311	2,694,862
		10,183,311	2,694,862

The annexed notes form an integral part of these accounts



Altaf M. Saleem
Chief Executive



Rashid Ahmed
Director

CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED**Profit and Loss Account
for the Year Ended 31 December 1991**

	Rupees	
	1991	1990
PROFIT RECEIVED FROM BANK	55,650	134,762
Less : Staff Salary and Benefits	137,650	59,300
Travelling	23,695	17,250
Printing and Stationery	8,457	19,350
Legal and Professional	3,155	580
Audit Fee	5,000	5,000
Postage and telegram	200	3,750
Entertainment	3,344	14,200
Registration expense	60,000	21,120
Corporate Service charges	150,000	—
Bank Charges and Commission	7,036	—
	398,537	140,550
OPERATING (LOSS)/PROFIT	(342,887)	(5,788)
LOSS FROM PREVIOUS YEAR	(5,788)	—
LOSS CARRIED OVER TO BALANCE SHEET	(348,675)	(5,788)



Altaf M. Saleem
Chief Executive



Rashid Ahmed
Director

CRESCENT BUSINESS MANAGEMENT (PRIVATE) LIMITED**Notes to the accounts
for the Year Ended 31 December 1991****1. STATUS AND NATURE OF BUSINESS**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

These accounts have been prepared under the historical cost convention.

2.2 Long Term Investment in Modaraba

This is stated at cost.

2.3 Revenue recognition

Management fees from modarabas floated by the company will be recognised on the basis of annual audited accounts of the modarabas.

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

	Rupees	Rupees
	1991	1990
3. DUE TO ASSOCIATED AND HOLDING COMPANIES - Unsecured		
Crescent Investment Bank Limited	6,986	—
Crescent Group Services (Private) Limited	—	106,000
M/s. Shakarganj Mills Limited	520,000	86,350
	526,986	192,350
4. CREDITORS FOR EXPENSES		
M/s. MAF Printers Lahore	—	3,300
Audit fee payable	5,000	5,000
	5,000	8,300
5. LONG TERM INVESTMENT IN MODARABA		
1,000,000 certificates of Rs. 10/- each of First Crescent Modaraba. (Aggregate Market value Rs. 26,500,000)	10,000,000	—

This represents investment made as Modaraba Company and forms 10% of the total paid up fund of the First Crescent Modaraba.

	Rupees	Rupees
	1991	1990
6. DUE FROM ASSOCIATED UNDERTAKING		
First Crescent Modaraba Expenses reimbursable under rule 16 of Modaraba Ordinance	116,322	55,100
7. CASH AND BANK BALANCES		
Cash in hand	1,800	—
Cash in Bank		
On Current account	10,256	5,000
On Deposit account	54,755	2,634,762
	65,011	2,639,762
	66,811	2,639,762

8. FINANCIAL STATEMENTS OF MODARABA

During the year company floated a modaraba under the name of First Crescent Modaraba. The first financial year of the modaraba will close on 30th June, 1992 and hence no annual financial statements of the modaraba are available as on the balance sheet date. Therefore, financial statements of the company do not include the financial statements of the modaraba.

9. GENERAL

- 9.1 The company is entitled to receive a management fee of 10% of the net annual profits of each modaraba to be floated by it on the basis of annual audited accounts of the modarabas. As on the balance sheet date, the modaraba floated by the company has not completed the first year of operation, therefore, no management fee has been incorporated in these accounts.
- 9.2 Some of the previous year's figures have been re-arranged wherever necessary for the purposes of comparison.



Altaf M. Saleem
Chief Executive



Rashid Ahmed
Director

SHAKARGANJ MILLS LIMITED

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Fifth Annual General Meeting of the shareholders of SHAKARGANJ MILLS LIMITED will be held at Principal Office, 5th Floor, PAAF Building, 7-D, Kashmir/Egerton Road, Lahore on Monday the March 22, 1993 at 11.00 a.m. to transact the following business:-

AGENDA:

- To confirm the Minutes of 24th Annual General Meeting held on March 31, 1992.
- To receive and adopt audited accounts of the Company for the year ended September 30, 1992 together with the Directors' and Auditors' Reports thereon.
- To approve Bonus. The Directors have recommended the issuance of Bonus Shares in the ratio of one Bonus Share against every five existing ordinary shares (i.e. @ 20%).
- To elect Directors of the Company for a period of three years commencing from June 1, 1993 in accordance with the provisions of the Companies Ordinance, 1984, in place of retiring Directors namely:-
 1. Mr. Altaf M. Saleem
 2. Mr. Khalid Bashir
 3. Mr. Maqbul Ahmad
 4. Mr. Mazhar Karim
 5. Mr. Muhammad Anwar
 6. Mr. Muhammad Javed Amin
 7. Mr. Sk. Jahangir
- The Board of Directors have fixed the number of Elected Directors as Six. All retiring Directors shall be eligible to offer themselves for re-election.
- In addition, one Director nominated by Pakistan Industrial Credit & Investment Corporation Limited is not subject to retirement as provided under Section 183 of the Companies Ordinance, 1984.
- To appoint Auditors for the year 1992-93 and fix their remuneration. The present Auditors M/s Riaz Ahmad & Company, Chartered Accountants, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS:

To consider and pass the following resolutions under section 208 of the Companies Ordinance, 1984;

1. RESOLVED THAT consent be and is hereby accorded to give Guarantee/Cross Corporate Guarantee for Rs. 50 Million against security of assets of the company to raise finances required for implementation of Power Project of Jhang Electric Supply Corporation (Pvt) Limited a wholly owned subsidiary of the Company.

RESOLVED FURTHER THAT Chief Executive be and is hereby authorized to arrange Guarantee(s) and to do all such acts and things required in this regard.

2. RESOLVED THAT consent of the Company be and is hereby accorded to invest upto Rs. 7.50 Million for purchasing/acquiring ordinary shares of Crescent Knitwear Limited, an associated Company.

RESOLVED FURTHER THAT Chief Executive of the Company be and is hereby authorised to take or cause to be taken any and all actions necessary to purchase/acquire the shares and to dispose of the shares so purchased/acquired as he thinks fit on behalf of the Company.

STATEMENT UNDER SECTION 160 (1)(B) OF THE COMPANIES ORDINANCE, 1984.

JHANG ELECTRIC SUPPLY CORPORATION (PVT) LTD.

Jhang Electric Supply Corporation (Pvt) Limited a wholly owned subsidiary is setting up a power house to supply electricity to Shakarganj Mills Limited and any surplus to WAPDA. In order to raise financing for implementation of this project, Shakarganj Mills Limited will give guarantee/cross corporate guarantee against security of its assets. The Authorised Capital of the Company is Rs. 50 Million.

CRESCENT KNITWEAR LIMITED

Crescent Knitwear Limited a Public Limited Associated Company with Authorised Capital of Rs. 100 Million is putting up a project for manufacture of knitwear. The Directors of Shakarganj Mills Limited have no vested interest in this investment except that one of the Directors is also a Director in the above Company. A copy of Memorandum and Articles of Association each of the above said Companies is kept at the Registered Office which can be inspected from 10.00 a.m. to 11.30 a.m. on all working days upto March 21, 1993.

PARTICIPATION IN THE ANNUAL GENERAL MEETING

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

Nomination from Shareholders for the office of Director must be received at least 14 clear days before the time of Meeting at the Registered Office of the Company.

BOOK CLOSURE

The share transfer books of the Company for the entitlement of Bonus Shares will remain closed from March 14 to March 22, 1993, (Both days inclusive)

RIGHT ISSUE

The Directors of the Company in their meeting held on February 7, 1993 have decided to issue Right Shares in the ratio of one right share against every six existing shares @ Rs. 25/- per share (Including Rs. 15/- as premium) subject to the approval of Controller of Capital Issues, Government of Pakistan. The separate dates of book closure for the entitlement of right shares will be announced on receipt of consent from the Controller of Capital Issues.

On behalf of the Board
CORPORATE SECRETARY

REGISTERED OFFICE
45, Shahrah-e-Quaid-e-Azam, Lahore.

Dated: February 15, 1993.

FORM '34'
Pattern of Holding of Shares
Held by the Shareholders as at 30-09-92.

Shareholding			
No. of Shareholders	From	To	Total Shares Held
143	1	100	6271
380	101	500	97701
79	501	1000	54007
114	1001	5000	260316
29	5001	10000	209448
29	10001	15000	360541
9	15001	20000	151495
6	20001	25000	130453
6	25001	30000	163895
2	30001	35000	60983
2	40001	45000	87540
1	45001	50000	47519
4	60001	65000	246707
1	65001	70000	68580
1	80001	85000	83981
1	85001	90000	86326
1	90001	95000	90000
1	110001	115000	111056
1	120001	125000	120661
1	140001	145000	140194
1	300001	305000	301912
1	395001	400000	398205
1	475001	480000	475200
1	545001	550000	549467
1	750001	755000	751826
1	1085001	1090000	1085488
1	1825001	1830000	1829167
1	1870001	1875000	1871061
819			9840000
Categories of Shareholders	Number	Shares Held	Percentage
Individuals	790	1948302	19.80
Investment Companies	5	515031	5.23
Insurance Companies	2	86470	0.88
Financial Institutions	4	2572722	26.15
Joint Stock Companies	10	4461989	45.35
Modaraba Companies	1	12000	0.12
Others (See Below)	7	243486	2.47
Total :	819	9840000	100.00
Others			
Trust	2	52033	0.53
Modarabas	4	101453	1.03
Non-Resident	1	90000	0.91
	7	243486	2.47

Directors

Altaf M. Saleem

Chief Executive Officer
Shakarganj Mills Limited
*1975

Khalid Bashir

Chief Executive
Shams Textile Mills Limited
1969

Maqbul Ahmad

Chief Executive
Crescent Boards 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 Javed Amin

Chief Executive
Crescent Spinning Mills Limited
1978

Sk. Jahangir

Nominee NIT
1990

Sikandar Rashid Ahmed

Nominee PICIC
1990

*Year elected to Board

General Counsel

Hassan and Hassan, Advocates
Sb. Maqsood Ahmed, Advocate

Independent Auditors

Riaz Ahmad and Company
Chartered Accountants

Corporate Secretary

Zabeer A. Shaikh

Officers

Altaf M. Saleem, 42

President and
Chief Executive Officer
*1973

Muhammad Awais Qureshi, 52

Executive Vice President and
Chief Operating Officer
1980

Abdul Haq Saeed, 52

Vice President
1985

Hilal Ahmad, 51

Vice President and
Chief Financial Officer
1978

Muhammad Zahid, 50

Vice President
1981

Dr. S.A. Qureshi, 71

Director General Research
1983

Zulfiqar Ahmad, 40

General Manager Planning
1976

Mujeebullah Khan, 43

General Manager Production
1977

Nusrat Ali, 41

General Manager Engineering
1977

*Year joined company