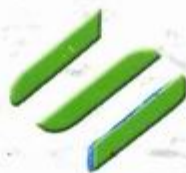




Annual Report
2001

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SHAKARGANJ MILLS LIMITED

Company Information

BOARD OF DIRECTORS

Mazhar Karim	<i>Chairman</i>
Gul Nawaz	(NIT)
Khalid Bashir	
Muhammad Anwar	
Muhammad Arshad	
Muhammad Bilal Sheikh	(PICIC)
Muhammad Asif	(NIT)

CHIEF EXECUTIVE

Ahsan M. Saleem

CORPORATE SECRETARY

Hilal Ahmad
Tariq Aleem

AUDITORS

Riaz Ahmad & Company
Chartered Accountants

MANAGEMENT

Muhammad Asghar Qureshi

Chief Advisor
*1999

Muhammad Awais Qureshi

Executive Vice President and
Chief Operating Officer
*1980

Manzoor Hussain Malik

Vice President
*1980

Hilal Ahmad

Advisor Finance
*1978

*Year Joined Company

Muhammad Zahid

Vice President
*1981

Pervaiz Akhtar

General Manager Production
*1981

Nusrat Ali

General Manager Engineering
*1977

Dr Shahid Afghan

Director Research
*1987

Five Years Financial Summary

(Rupees in thousand, except amounts per share and in percentage)

	2001	2000	1999	1998	1997
Operating Results:					
Net Sales	2,183,827	1,159,045	1,864,677	1,816,421	1,398,384
Cost of Sales	1,851,686	1,013,340	1,627,251	1,657,492	1,233,714
Selling, General and Admin Expenses	77,495	46,490	79,351	47,160	43,735
Interest Expenses	223,067	161,479	179,395	179,744	189,290
Other Income, Net	129,914	73,142	32,682	46,815	66,131
Pre-Tax Profit/(Loss)	25,193	10,217	10,505	(21,830)	(3,037)
Taxation	11,698	5,903	9,210	8,441	6,155
Net-Income	13,495	4,314	1,295	(30,271)	(9,192)

Per Share Results and Return:

Earning Per Share	0.46	0.15	0.04	(1.03)	(0.35)
Stock Dividend per Share	-	-	-	-	1:10
Net Income Sales Percent	0.62	0.37	0.07	(1.67)	(0.66)
Return on Average Assets Percent	0.82	0.27	0.07	(1.69)	(0.55)
Return on Average Equity Percent	2.98	0.97	0.29	(6.65)	(1.94)

Financial Position

Current Assets	675,554	424,779	863,642	826,450	821,965
Current Liabilities	968,488	736,766	962,678	950,180	1,023,355
Operating Fixed Assets	700,568	701,690	745,879	727,120	768,703
Total Assets	1,849,787	1,433,551	1,757,592	1,785,026	1,790,570
Long-Term Debt	670,158	358,468	407,537	429,361	462,621
Shareholders' Equity	459,097	445,602	441,288	439,993	470,264
Break-up Value per Share	15.68	15.22	15.07	15.02	17.66

Financial Ratios:

Current Liabilities to Current Assets	1.43	1.30	1.11	1.15	1.25
Long-Term Debt to Capitalization Percent	59.35	42.48	48.01	49.39	49.59
Total Debt to Total Assets Percent	75.18	68.92	74.89	75.35	73.74
Interest Coverage (Times)	1.23	1.07	1.06	0.88	0.98
Average Collection Period (Days)	9.10	6.61	5.65	1.39	6.90
Inventory Turnover (Times)	5.52	23.31	4.96	3.90	3.67
Fixed Assets Turnover (Times)	2.66	1.46	2.20	2.22	1.71
Total Assets Turnover (Times)	1.18	0.82	1.06	1.02	0.78

Other Data:

Depreciation & Amortization	67,347	67,861	72,547	90,478	91,100
Capital Expenditure	58,640	19,130	81,599	39,332	54,086

Production Data 1974-2001

Season	S u g a r					Molasses (M.Tons)	Industrial Alcohol (Litres)	Particle Board (C.Meters)
	Duration of Season (Days)	Cane Crushed (M.Tons)	Sugar Produced (M.Tons)	Recovery (Percent)	Process Losses (Percent)			
2000-2001	161	1,054,992.27	79,126.30	7.50	2.31	53,601	10,469,000	1,570.96
Raw Sugar								
Processed		27,811.59	26,423.70					
1999-2000	144	524,376.69	39,965.00	7.63	2.20	24,243	4,967,000	497.48
1998-1999	157	1,350,118.54	101,479.00	7.51	2.23	61,756	5,324,756	1,921.69
1997-1998	163	1,434,389.42	112,430.00	7.85	2.38	73,477	6,350,000	2,784.44
1996-1997	176	1,036,955.12	79,740.00	7.69	2.50	54,711	6,015,000	Nil
1995-1996	151	763,316.24	60,285.00	7.92	2.65	39,397	2,573,700	2,117.54
1994-1995	157	1,057,035.58	86,075.00	8.11	2.77	53,172	5,460,000	5,299.26
1993-1994	196	1,203,371.20	88,116.50	7.34	2.65	60,150	5,250,076	4,334.77
1992-1993	161	691,838.64	54,055.00	7.85	2.68	35,980	4,887,020	1,662.76
1991-1992	174	746,506.35	63,985.50	8.57	2.53	37,710	4,525,900	3,360.00
1990-1991	204	866,552.13	65,536.80	7.56	2.59	47,135	3,422,204	642.94
1989-1990	187	708,632.50	57,912.00	8.17	2.31	33,180	3,030,217	-
1988-1989	170	446,324.86	36,366.80	7.70	2.44	22,410	-	-
1987-1988	193	698,604.86	55,726.00	7.98	2.61	38,740	308,494	-
1986-1987	149	333,601.08	27,898.60	8.36	2.24	15,060	1,855,809	-
1985-1986	113	237,601.67	20,625.00	8.66	2.29	11,470	20,239	-
1984-1985	168	441,717.77	39,522.60	8.96	2.38	22,580	-	-
1983-1984	173	427,169.49	35,501.20	8.31	2.40	21,860	-	-
1982-1983	173	361,291.49	29,440.00	8.16	2.44	16,255	-	-
1981-1982	207	466,040.00	39,474.00	8.47	2.48	21,255	-	-
1980-1981	187	287,723.00	25,562.00	8.89	2.42	13,373	-	-
1979-1980	112	61,206.63	5,619.30	8.95	2.25	2,358	-	-
1978-1979	114	107,106.07	9,267.30	8.80	2.27	4,147	-	-
1977-1978	177	319,960.40	27,620.00	8.61	2.44	14,103	-	-
1976-1977	166	308,987.44	26,085.60	8.45	2.67	15,228	-	-
1975-1976	157	246,393.59	18,864.88	7.61	2.68	11,424	-	-
1974-1975	107	104,069.16	8,252.62	8.30	2.75	4,182	-	-
1973-1974	101	87,824.72	5,476.83	6.28	3.57	4,726	-	-

Statement of Value Added

	(Rupees in million)			
	2001		2000	
SALES REVENUE	2,183.83		1,180.68	
OTHER RECEIPTS	<u>20.71</u>		<u>80.14</u>	
	2,204.54		1,260.82	
LESS: MATERIALS & SERVICES	<u>1,471.92</u>		<u>821.98</u>	
VALUE ADDED	<u>732.62</u>		<u>438.84</u>	
APPLIED THE FOLLOWING WAY:		%AGE		%AGE
TO EMPLOYEES:				
WAGES, SALARIES AND RELATED COSTS	71.96	9.82	62.52	14.25
TO GOVERNMENT:				
INCOME TAX, EXCISE DUTY, SALES TAX AND OTHER TAXES	330.99	45.18	142.55	32.48
TO PROVIDERS OF CAPITAL				
FINANCE CHARGES ON LOANS AND ADVANCES	223.07	30.45	161.48	36.80
TO CHARITABLE INSTITUTIONS	5.79	0.79	0.12	0.03
TO PROVISION FOR DIMINUTION AND DEFERRED COST	19.98	2.73	0.00	0.00
TO PROVIDE FOR MAINTENANCE & EXPANSION OF ASSETS:				
DEPRECIATION/AMORTIZATION	67.34	9.19	67.86	15.46
PROFIT RETAINED	13.50	1.84	4.31	0.98
	<u>80.84</u>	<u>11.03</u>	<u>72.17</u>	<u>16.45</u>
	<u>732.62</u>	<u>100.00</u>	<u>438.84</u>	<u>100.00</u>

Flow of Funds Analysis

Development of net current position in million

	Sep. 30 1999	Change	Sep. 30 2000	Change	Sep. 30 2001
Liquid Assets	+ 509.42	-294.24	+215.18	+315.85	+531.03
Short term receivable	+ 28.84	-7.46	+21.38	+33.04	+54.42
Short term liabilities and provision	- 807.60	+242.48	-565.12	-86.36	-651.48
	- 269.34	-59.22	-328.56	+262.53	-66.03

Factors affecting the change in net current position:

Source of Funds

Net Income for the year	+4.31	+13.49
Depreciation	+58.17	+59.21
Amortization of assets subject to finance lease	+9.69	+8.13

Internal Financing

Fixed Assets disposed	+5.15	+0.55
Redeemable Capital	+123.42	+535.30
Liability against assets subject to finance lease	+19.49	+5.38
Sales of Investments	+0.00	+4.96

Source of Funds - Total

+220.23 +627.02

Application of Funds:

Addition to Fixed assets	-16.48	-74.91
Assets subject to Finance Lease	-19.49	-5.38
Addition to Investments	-5.35	-55.98
Redeemable Capital	-200.19	-190.54
Long Term deposits	-9.36	-3.92
Liability against assets subject to finance lease	-26.92	-30.05
Loans Repaid	-1.66	-3.71

Application of Funds - Total

-279.45 -364.49

Changes in the net position

-59.22 +262.53

Shakarganj Sugar Research Institute's Review 2001

Board of Governors

Mr. M. Asghar Qureshi	Chairman
Mr. M. Awais Qureshi	Member
Mr. Malik Manzoor Hussain	Member
Dr. Shahid Afghan	Member

Principal functions of Shakarganj Sugar Research Institute (SSRI)

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

This report summarizes research and development work being conducted at Shakarganj Sugar Research Institute (SSRI) with emphasis on main goals that were reached during the year 2000-2001.

Research Activities and Achievements

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

- ❖ Sugarcane variety development
- ❖ Biological control of borer complex
- ❖ Establishment of tissue culture laboratory
- ❖ Studies on disease tolerance
- ❖ Studies on insect resistance
- ❖ SML-Sudzucker biotechnology project
- ❖ Agronomic trials
- ❖ Soil and water advisory service
- ❖ Workshop on R&D activities
- ❖ Publication of Research Journals
- ❖ Library of SSRI

At present our whole strategy rests on hybrid seed (fuzz) obtained from different international research institutes like Bureau of Sugar Experiment Station (BSES), Commonwealth Scientific Industrial Research Organization (Davis Laboratories) Australia, South African Sugar Association Experiment Station (SASAEX), South Africa and Louisiana Agricultural Experiment Station, USA. Fuzz of required quantity having desirable parentage was imported from above mentioned research organizations. Promising clones collected from various research stations were studied during the year under report. There were 15 clones from SCRI Mardan, 25 clones from AARI, Faisalabad, 4 clones from Habib Sugar Mills and 3 clones from NARC Islamabad, 7 clones from Sri Lanka, 1 clone from ROC-China and 10 clones from USA. The detail on status of promising clones under different selection stages is given in table-1.

Table-1 Status of Germplasm under Different Selection Stages at SSRI Jhang

Stage / S. Year	Description	Year	
		2000	2001
Stage-1/ 2000-2001	Original seedlings		
	Ho-USA	30859	54150
	CP-USA	11057	4116
	BSES-Australia	-	4693
	CSR-Australia	-	27611
	SASAEX- South Africa	-	5590
	Total	41916	96962
Stage-2/ 1999-2000	Progeny clones		
	a. SASAEX, South Africa (S99NSG- Series)	95	-
	b. BSES, Australia (S99QSG- Series)	67	-
	c. Houma/CP, USA (S99 HoSG- Series)	1847	1903
	Total	2040	1903
Stage-3 1998-1999	Advanced clones		
	Houma	-	468
	SASEX	-	17
	BSES (CSR) S98CSSG- Series	127	2
	Total	127	487
Stage-4/ 1997-1998	Semi-Final Variety Trials		
	S98CSSG-Series	127	87
	RS97/98 NSG- Series	17	5
	Total	144	92
Stage-5/ 1996-1997	Final Variety Trials		
	S96NSG-Series	16	4
	National Trials¹		
	National uniform yield trial (7 locations)	1	2
	Coordinated trial (4 locations)	8	8
	Agronomic studies on Fertilizer, Irrigation, Seed rate, Weedcontrol, Diseased screening, Seed Treatment and Post Harvest Losses studies.	4	4

Introduction of germplasm from other institutions

SRI, Faisalabad clones	20	23
Habib Sugar Mills-clones	4	4
SCRI-clones, Mardan	47	15
NARC-clones, Islamabad	2	3
SRI-clones, Sri Lanka	7	7
ROC, China	1	1
USA clones	-	10

1. Sugarcane variety development

a. Original seedlings

At stage-I, from 127 bi-parental crosses 96962 seedlings were raised amongst the material 2000 poly bag-seedlings were donated to Sugarcane Research Institute, Faisalabad. 76962 original seedlings were transplanted in field on 17 acres at Ghazi Shah and Ashaba farm of SSRI a single stool during autumn 2001.

b. Progeny clones

At stage-II, from 41916 original seedlings of HO and CP of USA origin a total of 1903 progeny clones were selected and advanced on an area of 4 acres during autumn 2001.

c. Advance clones

At stage-III, from single lines of 1847 progenies 487 clones were selected and advanced in a plot size of 400 sq. ft. during autumn 2001. Parent wise performance and data on agronomic traits of each clone was recorded.

d. Promising clones for semifinal trials

At stage-IV, amongst 144 clones for semifinal varietal trials 92 were selected. Most of selected clones had shown better germination capacity, optimum tillering potential, striped cane yield, early maturity trend with high sucrose content and resistance against major diseases like red rot, rust, smut and pokah boeng.

e. Promising clone for final studies

At stage-V, four (4) clones viz. S96NSG-49, S96NSG-311, S96NSG-387 and S96NSG-555 have shown better performance. These were included in coordinated trials, extensive testing and seed multiplication program. Agronomic traits of these promising clones are elaborated in Table-2a. Quality trend compared with standard check SPSP-26 is given in Table-2b.

Table-2a Agronomic traits of clones in final trials (2000-2001)

Clones	Plant type	Ratoon ability	(3 years pooled means)				Disease Reaction		
			Ger. (%) Average	Tiller/ plant average	Millable cane (acre)	Yield/ acre (mds.)	Red rot	Rust	Smut
S96NSG-49	Erect	Excellent	59	5.5	76750	1535	R	R	R
S96NSG-311	S. Erect	Excellent	60	5.70	70826	1328	R	R	MR
S96NSG-387	Erect	V. good	62	3.90	63876	1034	R	R	R
S96NSG-555	Erect	V. good	69	4.10	64640	1616	R	R	R
SPSP-26	Erect	Medium	64	2.73	49095	942	R	R	MS

Table-2b Sugar recovery % cane of promising clones at final stage (2000-2001)

Clones	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
S96NSG-49	9.71	9.71	10.50	10.60	10.74	10.80
S96NSG-311	9.41	9.73	10.70	10.60	10.70	11.30
S96NSG-387	8.57	9.51	9.78	10.29	10.36	10.53
S96NSG-555	8.95	9.22	10.20	10.60	10.60	10.70
SPSG-26	8.22	8.80	9.26	10.10	10.22	10.59

2. Biological control of borers complex

Biological control of borer complex was very successful from its initiation in 1996. Infestation in Trichogramma released area was found below economic threshold level. Parasitized Trichogramma was found beneficial for sugarcane crop against top borer, stem borer, gurdaspur borer and root borer. One lac twenty five thousand tricho cards were prepared, and installed in grower's fields covering an area of 40000 acres from March to September 2001. The tricho cards were sold to the farmers at a heavily subsidized price of Rs.3/- per card.

3. Establishment of tissue culture laboratory

Laboratory for tissue culture of promising clones was initiated at this institute in February 2001. Invitro-micro-propagation provides an opportunity for rapid multiplication of sugarcane clones. The technique of growing plants under total aseptic and artificial conditions on the nutrient medium have grown into an industry. Under existing capacity of Lab about seventeen thousand exceeding could be shifted to the field periodically. Different promising lines of SSRI have been included for tissue culture propagation, viz. NSG-6, NSG-39, NSG-60, NSG-311, NSG-387 and NSG-555. In July 1000 plants were shifted for hardening. After acclimatization of two months these have been transplanted in Field in the last week of August 2001. Seed obtained from tissue culture will be kept on experimental farm till September 2002 and in September 2003 it would be distributed to the farmers.

4. Studies on disease tolerance

Ten different sources of sugarcane varieties were selected for screening against diseases like red rot, rust, pokah boeng and smut during the year under report. Amongst 2274 clones tested against combined resistant to major diseases only 354 have shown positive reaction. All the clone in final stage and most of in semi final has exhibited combined resistant. Out of 2040 progenies only 240 were recorded for combined resistance. Series wise detail of combined resistance is given in table-2.

Table-2 Screening of clones series-wise under combined resistance of diseases

Sr. No.	Origin	No. of clones	Resistance to				Combined
			Red rot	Rust	P. boeng	Smut	
SSRI							
1	Promising varieties South Africa (S95NSG series)	4	4	4	2	4	2
2	Promising varieties South Africa (S96N series)	16	14	13	11	12	10
3	Advance lines (Nursery-II) South Africa (RS97 & RS98NSG series)	17	8	11	9	10	7

Sr. No.	Origin	No. of clones	Resistance to				Combined
			Red rot	Rust	P. boeng	Smut	
4	Advance clones (Nursery-II) CSIRO Australia (S98CSSG series)	127	87	97	102	110	75
5	Progeny clones (Nursery-I) SCRI, Mardan	2040	487	288	302	252	240
6	Mardan varieties SRI, Faisalabad	47	15	27	26	31	12
7	Faisalabad varieties Habib Sugar Mill, Nawabshah	8	4	8	8	8	4
8	HS varieties	6	1	6	6	5	1
9	USA clones (S97US series)	3	2	3	3	2	2
10	Sri Lanka clones (SL series)	6	2	6	6	6	1
Total		2274	624	463	475	440	354

5. Studies on insect resistance

Seventy-one promising clones of different series were included in the trial for insect resistance. The infestation of top borer, stem borer, root borer and gurdaspur borer was estimated counting infested internodes of mill-able stalks. The results have shown that some of promising clones have combined resistance against borer complex.

6. Biotechnology project

The project was in progress during year under report. Sudzucker send us an experimental protocol for the isolation and screening of microorganisms. Samples were collected from different locations for screening of microorganisms. Five installments of different slants were dispatched to Sudzucker Germany. Detail of installments sent is given below.

Date	Installment	No. of slants	Sampling location	Date of collection	Dilution	Temp
01.10.2000	5	08	4	1 Aug. – 11 Sept. 2000	1:10 & 1:100	30°C
11.12.2000	6	06	3	1 Oct. – 15 Nov. 2000	1:10 & 1:100	30°C
02.04.2001	7	09	3	1 Jan. – 15 Feb. 2001	1:10 & 1:100	30°C
03.07.2001	8	07	7	23 Jun. – 25 Jun. 2001	1:10	30°C
01.10.2001	9	29	29	24 Aug. – 5 Sept. 2001	1:10	30°C

7. Agronomic trials

The institute provides technical guidance to farmers about production technology for enhancing yield in context of agronomic, pathological and entomological aspects. Agronomic trials to develop low cost production technology were conducted, which comprised increasing efficiency of fertilizers, irrigation water, seed rate, sowing techniques, economical weed control method, integrated pest management, ratoon-crop management and determination of post-harvest losses.

Shakarganj Sugar Research Institute's Review 2001

8. Soil and water advisory service

Soil and Water Advisory Service is a permanent feature of this institute. It is beneficial for cane growers of this area, to know salinity and fertility status of soils for judicious use of fertilizer. Analysis of composite soil samples from 953 acres around SML was completed. Water samples for quality analysis were collected from 119 tube wells.

9. Workshop on R&D activities on sugarcane crop

A two days workshop on "R&D activities on sugarcane crop in Pakistan" was held on September 15-16, 2000 at Shakarganj Sugar Research Institute (SSRI), Jhang. The aim was to get the scientists, working on various disciplines of sugarcane crop under one roof, to have a through discussion on various aspects of research and development. Thirty-one scientists (31) participated in the workshop of Eleven (11) Research Institutes from all over the country. Fourteen (14) research manuscripts were presented and discussed. The views of all the concerned scientists working on this crop gave a valuable input to formulate recommendations for improvement of sugarcane crop in the country.

10. Publication of research journal

Pakistan Sugar Journal was published regularly on bio-monthly basis. Some papers received from other countries like Egypt and Bangladesh were included in various issues of the esteemed journal during the year under report. Five hundred copies were distributed amongst the members.

11. Library of SSRI

The library contains latest books, manuals, proceedings, research journals and audio-video aids covering different aspects related to sugarcane and sugar industry. It was facilitated with computer devi-decimal program to search the concerned subject quickly and easily. Four thousand one hundred and ninety two (4192) books were available during the year under report. Ten (10) international research journals on sugar, eighteen (18) on management, Two (2) on engineering, Twelve (12) on sugarcane crop and five (5) were subscribed on miscellaneous topics. Audio-Video aids on management, agriculture, skill training, and communication were twenty-eight (28).

Notice of Annual General Meeting

Notice is hereby given that the 34th Annual General Meeting of the shareholders of **SHAKARGANJ MILLS LIMITED** will be held on Saturday, the March 30, 2002 at 11 a.m. at Holiday Inn Hotel, Lahore to transact the following business :-

1. To receive, consider and adopt audited accounts of the company for the year ended September 30, 2001, together with the Directors' and Auditors' Reports there on.
2. To approve the payment of Cash Dividend @ 7.5% i.e. Rs.0.75 per share as recommended by the Board of Directors.
3. To appoint auditors and to fix their remuneration. The Retiring Auditors, M/s Riaz Ahmed & Company Chartered Accountants, being eligible, offer themselves for reappointment.
4. To elect seven Directors of the Company, as fixed by the Board, for a period of three years commencing from June 01, 2002 in accordance with the provision of the Companies Ordinance, 1984. The following Directors retire and are eligible for re-election:

1. Mr. Mazhar Karim	2. Mr. Gul Nawaz
3. Mr. Muhammad Anwar	4. Mr. Muhammad Arshad
5. Mr. Muhammad Asif	6. Mr. Muhammad Bilal Sheikh
7. Mr. Khalid Bashir	

By Order of the Board

Lahore
March 08, 2002

Tariq Aleem
Corporate Secretary

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.

The instrument appointing a proxy and the power of attorney or other authority under which it is signed, a notarially certified copy of the power of attorney must be deposited at the registered office of the company at least 48 hours before the meeting.

Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to please bring their original National Identity Card along with their participant's I.D. number and their account number in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting.

NOTE :

Any person who is interested to contest the election to the office of a Director shall file with the company at its Registered Office, notice of his intention to contest for the election. Such notice must be filed with the company not later than fourteen days before the date of Annual General Meeting.

BOOK CLOSURE :

The Share Transfer Books of the Company will remain closed from March 22, 2002 to March 30, 2002 (both days inclusive). Cash dividend, if approved, will be issued to such members whose names appear on the register of members as on March 22, 2002.

Directors' Report to Shareholders

Dear Shakarganj Shareholders/ Investors:

Your directors are pleased to present 34th Annual report along with audited accounts of the company for the year ended September 30, 2001.

Size of sugarcane crop was larger than 1999-2000. Shortage of canal water was compensated by timely rains. The crushing season was started on 30th October 2000. We have been successful in spreading improved varieties of cane on a reasonable scale. Most of the varieties are early maturing and we could start the season early getting reasonable recovery.

Sugar Division

Aggressive sugarcane procurement policy was adopted. Emphasis was given on higher production level and sugarcane was supported with remelting of raw sugar. This became possible due to timely and wise decision of the Government to overcome the shortage of sugar. Production from refining raw sugar instead of importing refined sugar at higher dollar cost.

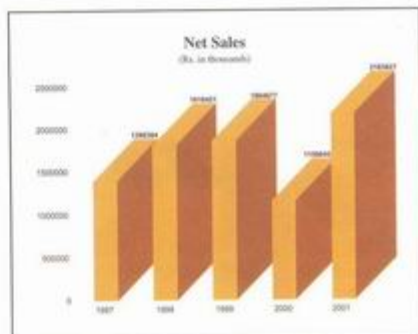
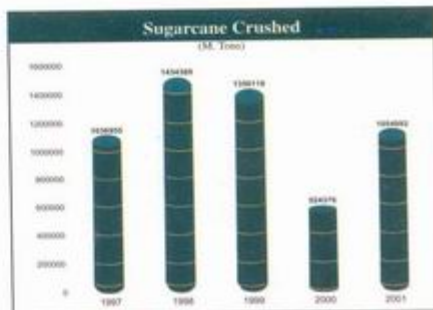
Your company responded to this new opportunity and was able to achieve a production level of 105,550 metric tons of sugar. Without raw sugar, we would have barely touched production level of 79,000 metric tons. Sugar recovered percent cane was 7.5 percent as compared to 7.6 percent last year. The main reason of small decrease of 0.1% was supply of cane with a high percentage of trash in view of our aggressive sugarcane procurement policy.

Ethanol Division

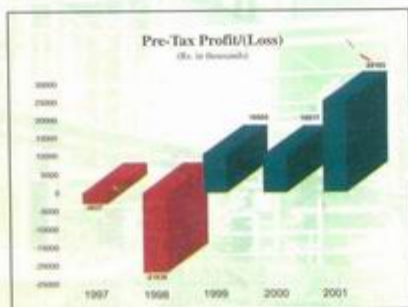
Certain modernization and balancing was done in the Ethanol Distillery and we obtained significantly higher production than last year. The distillery produced 10 million litres of ethanol against 5 million litres last year. The production achieved this year is the highest since the establishment of the distillery plant.

Particle Board Division

This division runs on bagasse which becomes surplus from the sugar factory after meeting its entire energy requirements. The availability of surplus bagasse from sugar factory this year was significantly higher than last year. This division produced 1,571 Cubic Meters of board as



Directors' Report to Shareholders



compared to 497 Cubic Meters last year. Although production was higher in 1999-2000, it was still much below our capacity.

Financial

The total sale improved to Rs.2,183.82 million from Rs.1,159.05 million last year. The gross profit was Rs.332.14 million against Rs.145.71 million last year. This is an improvement of 227.95%. The operating profit was Rs.254.65 million as against Rs.99.21 million last year, an improvement of 256.66%. The financial charges however increased due to factors beyond the control of management. The position has been explained under note - 27 in main accounts. Net profit after taxation is Rs.13.48 million against 4.31 million last year. The earning per share improved to Rs.0.46 against Rs.0.15 last year.

Co-Generation

In the year under report, we only generated Extra electricity of Rs.6.78 million. We expect that generation of surplus electricity will increase considerably in future.

Contribution to Economy

During the year under review, your company's contribution to Federal, Provincial and Local taxes were to the tune of Rs.330.99 million. We spent Rs.223.07 million as cost of financing and share of workers was Rs.71.96 million. During the last ten years, your company has made a consolidated contribution of Rs.2.02 billion in shape of Federal, Provincial and Local taxes.

Human Resources Development

As strong commitment towards the development of human calibre and professional human resources, the company in collaboration of Lahore University of Management Sciences (LUMS) has finalized a diploma programme for its promising employees. This is a two years programme and aimed at improvement in the knowledge and understanding level of the employees of the development in various disciplines of management. These efforts will result in a major management upgrading. It will also help the company to effectively meet the challenges posed by the changing economic scenario.

Directors' Report to Shareholders

Environmental Awareness

Our efforts to reduce the wastewater have borne fruit and it has been considerably reduced. Our environmental policy revolves around three basic principals:

- Shakarganj assumes responsibility for the environment.
- All decisions at Shakarganj shall favour environment.
- Information is open and free.

Shakarganj takes active part in tree plantation with the community. To set an example over 50,000 trees have been planted around the sugar factory. The tree plantation continued as before and about 10,000 trees were further added in the premises. The filter cake and distillery waste are mixed and required nutrients are added to make a good Bio-compost, supply to the farmers for use as fertilizer @ Rs.200/- per trolley load was continued. This has become very popular among the growers and this year demand was again higher than what could be produced.

Social Obligations

Your company is well aware of the social obligation towards the community around. We have taken initiative for enhancing the quality of education at primary level at Jhang district.

A teacher-training institute with the technical help of Ali Education Foundation has been started in a well-equipped building. Two classes of lady teachers (70 Nos.) from all over Jhang district have passed out and third class (35 Nos.) is under training. This aimed at imparting the latest methods of education to the enrolled teachers. These trained teachers would go back to their schools with enhanced teaching skills and this will contribute towards the improvement in standard of education in the district at primary level.

We are also planning a top class scheme for disadvantaged children of our district in near future.

About 2001/2002

The crop for 2001-2002 is above average. Production

of all products, Sugar, Ethanol, Particle Board and Electricity is expected to be all time high. The year started with a large stock of sugar with sugar factories and thus prices remained very depressed in the second half of the year. The current season has started with very good crushing however, the financial results will mainly depend on sale price of sugar. Our balancing, modernization and expansion of Distillery has been completed with cost of Rs. 70 million. It has been brought into the production subsequently.

Future Outlook

The profitability of sugar mills depends largely on the quantity and quality of sugarcane crop. Your company is doing its best in helping the farmers to grow better crop on as large an area as possible. Your company advanced a large sum of money for supply of inputs to growers at the appropriate time. New varieties are being introduced which are beneficial both for growers and the mills. We hope with these developing efforts, your company would be able to do better year by year in all the divisions.

We hope with economy of energy within our factories in future, Co-Generation of electricity and its sale will become a permanent feature.

The production capacity of Ethanol distillery has been improved. Particle board division is being upgraded. We hope that both co-products would contribute towards the profitability of the company.

Auditors

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

Pattern of Shareholding

A statement showing the pattern of shareholding in the company on September 30, 2001 appears on page 54.

Directors' Report to Shareholders

Directors, Employees and Suppliers

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

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

AHSAN M. SALEEM
Chief Executive

Dated: February 16, 2002

Auditors' Report to the Members

We have audited the annexed balance sheet of **SHAKARGANJ MILLS LIMITED** as at 30 September 2001 and the related profit and loss account, cash flow statement and statement of changes in equity, 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.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the significant estimates made by management, as well as, evaluating the overall presentation of the above said statement. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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 except for the changes as stated in note 2.10 and 2.14 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and accordance to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, 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 2001 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance.

(RIAZ AHMAD AND COMPANY)
Chartered Accountants

Faisalabad
February 26, 2002

BALANCE SHEET AS

	NOTE	(RUPEES IN THOUSAND)	
		2001	2000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		500,000	500,000
50 000 000 ordinary shares of Rupees 10 each			
Issued, subscribed and paid up share capital	3	292,860	292,860
Reserves		144,243	146,543
Unappropriated profit		29	6,199
		437,132	445,602
Surplus on revaluation of operating fixed assets		10,745	10,745
NON-CURRENT LIABILITIES			
Non-participating redeemable capital	4	360,477	163,546
Long term loans	5	19,659	23,968
Liabilities against assets subject to finance lease	6	31,321	52,924
		411,457	240,438
CURRENT LIABILITIES			
Current portion of long term liabilities	7	316,310	170,954
Short term finances	8	350,601	300,597
Creditors, accrued and other liabilities	9	265,862	206,739
Workers' participation fund	10	1,332	546
Provision for taxation		33,688	57,241
Unclaimed dividend		695	695
Proposed dividend		21,965	
		990,453	736,766
CONTINGENCIES AND COMMITMENTS			
	11	-	-
		1,849,787	1,433,555

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

AT 30 SEPTEMBER 2001

	NOTE	(RUPEES IN THOUSAND)	
		2001	2000
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets	12	700,568	701,690
Assets subject to finance lease	13	79,924	97,277
Capital work-in-progress	14	40,994	10,119
		<u>821,486</u>	<u>809,086</u>
Equity investments	15	329,384	180,247
Long term deposits and deferred cost	16	23,363	19,439
		<u>1,174,233</u>	<u>1,008,772</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	17	36,245	33,625
Stock-in-trade	18	359,447	17,034
Trade debts	19	54,421	21,379
Advances, deposits, prepayments and other receivables	20	113,640	142,979
Short term investments	21	90,105	188,229
Cash and bank balances	22	21,696	21,533
		<u>675,554</u>	<u>424,779</u>
		<u>1,849,787</u>	<u>1,433,551</u>

CHAIRMAN

**PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30 SEPTEMBER 2001**

	NOTE	(RUPEES IN THOUSAND 2001	2000
SALES	23.1	2,183,827	1,159,042
COST OF GOODS SOLD	23.2	1,851,686	1,013,342
GROSS PROFIT		332,141	145,700
OPERATING EXPENSES			
Administrative and general	24	42,523	37,742
Selling and distribution	25	34,972	8,742
		77,495	46,484
OPERATING PROFIT		254,646	99,216
OTHER INCOME	26	129,914	73,142
		384,560	172,358
FINANCIAL AND OTHER CHARGES	27	358,038	161,602
WORKERS' PARTICIPATION FUND		1,329	542
		359,367	162,146
PROFIT BEFORE TAXATION		25,193	10,212
TAXATION	28	11,698	5,902
PROFIT AFTER TAXATION		13,495	4,310
UNAPPROPRIATED PROFIT BROUGHT FORWARD		6,199	1,882
TRANSFER FROM GENERAL RESERVES		2,300	6,199
PROFIT AVAILABLE FOR APPROPRIATION		21,994	6,199
APPROPRIATION:			
Proposed dividend Rs. 0.75 (2000: Rs. Nil) per share		21,965	
UNAPPROPRIATED PROFIT CARRIED TO BALANCE SHEET		29	6,199
EARNING PER SHARE (Rupees)	31	0.46	0.10

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

CHAIRMAN

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2001

	(RUPEES IN THOUSAND)	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,193	10,217
Adjustments to reconcile profit to net cash provided by Operating activities		
Depreciation and amortization	67,347	67,861
Amortization of deferred cost	4,641	-
Contribution to employees' retirement benefits	8,148	4,876
Gain on disposal of operating fixed assets	(791)	(16,876)
Profit on sale of investment	(264)	-
Dividend from associates	8,604	-
Share in post acquisition profits of associates	(109,204)	-
Provision for diminution in market value of investments	127,918	-
Financial charges	223,067	161,479
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	354,659	227,557
CASH FLOWS FROM WORKING CAPITAL CHANGES		
(INCREASE)/DECREASE IN CURRENT ASSETS		
Stores, spare parts and loose tools	(2,620)	3,511
Stock in trade	(342,413)	322,140
Trade debts	(33,042)	7,462
Advances, deposits, prepayments and other receivables	343	(21,717)
NET (INCREASE)/DECREASE IN CURRENT ASSETS	(377,732)	311,396
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Short term finances	50,004	(167,612)
Creditors, accrued and other liabilities	29,433	(73,715)
Workers' participation fund	792	(13)
NET INCREASE/(DECREASE) IN CURRENT LIABILITIES	80,229	(241,340)
NET CASH FLOWS FROM WORKING CAPITAL CHANGES	(297,503)	70,056
CASH FLOWS FROM OPERATING ACTIVITIES	57,156	297,613

	(RUPEES IN THOUSANDS) 2001	2000
Financial charges paid	(194,779)	(166,940)
Income tax paid	(7,006)	(11,180)
Employees' retirement benefits paid	(5,996)	(7,200)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(150,625)	112,200
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating fixed assets	1,338	22,000
Fixed assets acquired	(74,913)	(16,400)
Long term deposits and deferred cost	(8,565)	(9,300)
Investment sold	5,224	5,300
Investments made	(83,290)	(5,300)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(160,206)	(9,100)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital	535,298	123,400
Redemption of redeemable capital	(190,540)	(200,100)
Repayment of long term loans	(3,710)	(1,600)
Repayment of finance lease liabilities	(30,054)	(26,900)
NET CASH FLOWS FROM FINANCING ACTIVITIES	310,994	(105,300)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	163	(2,200)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	21,533	23,700
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21,696	21,500

CHIEF EXECUTIVE

CHAIRMAN

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2001

	SHARE CAPITAL	RESERVES							UN-APPRO- PRIATED Profit	TOTAL	
		Capital			Revenue		Total				
		Balancing modernization	Research and development	Premium on issue of right shares	Sub-Total	General		Dividend equalization			
Balance as on 01 October 1999	292,860	15,000	5,000	23,464	43,464	78,079	25,000	103,079	146,543	1,885	441,208
Net profit for the year	-	-	-	-	-	-	-	-	-	4,314	4,314
Balance as on 30 September 2000	292,860	15,000	5,000	23,464	43,464	78,079	25,000	103,079	146,543	6,199	445,602
Net profit for the year	-	-	-	-	-	-	-	-	-	13,495	13,495
Transfer from reserve	-	-	-	-	-	-	(2,300)	-	(2,300)	2,300	-
Proposed dividend (7.5%)	-	-	-	-	-	-	-	-	-	(21,965)	(21,965)
Balance as on 30 September 2001	292,860	15,000	5,000	23,464	43,464	78,079	22,700	100,779	144,243	29	437,132

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2001

1. STATUS AND NATURE OF BUSINESS

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

These financial statements have been prepared in compliance with requirements of Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention as modified by the capitalization of exchange differences, revaluation of certain operating fixed assets and valuation of investments in associates as referred to in Note 2.5, 2.6 and 2.10.

2.3 Staff retirement benefits

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

The company also operates a funded contributory provident fund scheme for all permanent employees. Equal monthly contributions are made both by the company and employees at a rate of 7 and 8 percent of basic pay of officers and workers respectively.

2.4 Taxation

Current

Charge for current taxation is based on taxable income at current tax rates after taking into account applicable tax rebates and credits.

Deferred

The company accounts for deferred tax liability recognising all taxable temporary differences. However, a deferred tax asset is recognised for all deductible temporary differences to the extent, if it is probable, that taxable profit will be available against which the deductible temporary differences will be utilized.

2.5 Foreign currencies

Assets and 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 assets and liabilities in foreign currencies is charged to the current year's income.

2.6 Tangible fixed assets and depreciation

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

Cost of tangible fixed assets consists of historical cost, applicable exchange differences, appreciated value and direct attributable cost of bringing the assets to working condition. Borrowing cost pertaining to the construction/ erection period upto the date of completion is also capitalized as part of historical cost.

Depreciation on operating fixed assets is charged to income on reducing balance method to write off the cost/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.

2.7 Assets subject to finance lease

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

2.8 Deferred cost

The expenses from where the benefits are expected to accrue for more than one year are deferred and amortized over the period of five years or the period in which the economic benefits are consumed by the company, whichever is shorter.

2.9 Borrowing cost

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

2.10 Equity investments

Long term investments in associated undertakings are stated using equity method. Previous investments in associated undertaking were stated at cost. This change has been made as per International Accounting Standards 28. The financial impact for the year due to this change comes to Rupees 100.600 million.

Short-term investments are stated at the lower of cost and market value determined on aggregate portfolio basis.

2.11 Stores, spare parts and loose tools

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

2.12 Stock-in-trade

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

2.13 Trade debts

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

2.14 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers. Dividend income from associated undertakings is recognized as reduction in cost of investments as prescribed by International Accounting Standard 28 and on other investments when right to receive the dividend is established. Dividend of Rupees 8.604 million was adjusted against investment in associated undertakings. Gain/loss on investment in associated undertakings is accounted for to recognize the post acquisition changes in the share of net assets of the investee and in case of

investment on receipt basis.

(RUPEES IN THOUSAND)
2001 2000

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

13 198 995 (2000: 13 198 995) ordinary shares of Rupees 10 each fully paid up in cash	131,990	131,990
750 000 (2000: 750 000) ordinary shares of Rupees 10 each issued to Pakistan Industrial Credit and Investment Corporation Limited against their right of option to convert 20 percent of their loan into fully paid up shares	7,500	7,500
15 337 034 (2000: 15 337 034) ordinary shares of Rupees 10 each issued as fully paid bonus shares	153,370	153,370
	<u>292,860</u>	<u>292,860</u>

3.1 10 902 506 (2000: 12 193 602) shares of the company are held by associated undertakings.

4. NON-PARTICIPATING REDEEMABLE CAPITAL-SECURED

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

Term finance certificates (Note 4.1)	250,000	-
Pakistan Industrial Credit and Investment Corporation Limited - Loan I to IV (Note 4.2)	34,071	66,943
- PLS-50 (Note 4.2)	4,605	27,631
Banking companies (Note 4.3)	276,318	131,250
First International Investment Bank Limited (Note 4.4)	15,000	15,000
Others (Note 4.5)	66,196	60,608
	<u>646,190</u>	<u>301,432</u>
Less: Current portion (Note 7)	<u>(285,713)</u>	<u>(137,886)</u>
	<u>360,477</u>	<u>163,546</u>

4.1 The company has issued non-participatory registered Term Finance Certificates (TFCs) which are listed on Lahore Stock Exchange to repay the short term high rate borrowing. It carries floating profit/mark-up based on State Bank of Pakistan discount rate plus two percent with a minimum floor of 15 percent and ceiling of 18.75 percent. The profit/mark-up and principle will be repayable in eight semi annual installment.

It is secured against first pari passu charge on all present and future fixed assets of the company and pledge of marketable securities to the tune of Rupees 100 million. The TFCs issued to general and institutional investors are in set of eight TFCs each having face value of Rupees 5,000/-, Rupees 25,000/-, Rupees 50,000/-, Rupees 100,000/- and Rupees 1,000,000/-.

- 4.2 Pakistan Industrial Credit and Investment Corporation Limited has purchased machinery valued at Rupees 323.331 million (2000: Rupees 323.331 million) from the company which was deemed to have been resold to the company at marked up price of Rupees 507.871 million (2000: Rupees 507.871 million) which includes rebate of Rupees 86.091 million (2000: Rupees 86.091 million) on timely payments. Loans are secured against securities mentioned in note 5.1 and repayable in 21 to 36 quarterly installments. Mark up ranges between 7 to 8 percent for loan PLS-IV and 16 percent for loan PLS-50.
- 4.3 Finances from banking companies are repayable in one lumpsum to eight quarterly installments. These carries mark-up ranges between 14 to 16.50 percent. These facilities are secured against first charge on fixed assets ranking pari passu with other creditors, pledge of finished goods and personal guarantee of directors.
- 4.4 Finance from First International Investment Bank Limited is repayable in one lumpsum installment. This carries mark-up ranges between 14.50 to 16.50 percent. These facilities are secured against first charge on the fixed assets of the company both moveable and immovable, ranking pari passu charge upto Rupees 20 million and personal guarantee of directors.
- 4.5 It includes finances from Jhang Electric Supply Corporation (Private) Limited repayable on 30 September 2003 and carries mark-up ranges between 20 to 22 percent. These facilities are secured against hypothecation of stores, spares and book debts of the company.

(RUPEES IN THOUSAND)
2001 **2000**

5. LONG TERM LOANS

Pakistan Industrial Credit and Investment Corporation Limited

Loan No:

IBRD-3019

(Note 5.1 and 5.2)

2,417

3,01

ADB-966

(Note 5.1 and 5.2)

21,551

24,66

23,968

27,61

Less: Current portion

(Note 7)

4,309

3,71

19,659

23,96

- 5.1 Long term loans from Pakistan Industrial Credit and Investment Corporation Limited are secured against:

- (a) first legal mortgage on company's present and future immovable properties wherever situated including all buildings, plant and machinery and fixtures;

- (b) first charge ranking pari passu with the existing charges by way of hypothecation in respect of all the machinery of the company, present and future;
- (c) first floating charge ranking pari passu with the existing charge on all other assets of the company, both present and future, subject to the hypothecation or charge in favour of company's bankers as referred to in Note 8.3; and
- (d) demand promissory note.

5.2 Loan No.IBRD-3019 and Loan No.ADB-966 are payable in 9 and 12 semi annual installments commenced from 01 January 1993 and 01 July 1994. Loans carry interest at the rate of 15 and 15.65 percent per annum respectively. According to revised schedule last installment will be due on 01 January 2006 and 01 July 2004 respectively.

		(RUPEES IN THOUSAND)	
		2001	2000
6.	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future rentals and periods during which they fall due are as under:			
30 September 2001	-		39,745
30 September 2002	32,528		30,506
30 September 2003	24,825		22,802
30 September 2004	7,717		6,112
30 September 2005	2,126		2,126
Balance rentals as at 30 September	67,196		101,291
Less: Financial charges	9,587		19,009
Present value of minimum lease payments	57,609		82,282
Less: Current portion (Note 7)	26,288		29,358
	31,321		52,924

6.1 The value of minimum lease rental payments has been discounted at an implicit interest rate ranging from 17 to 22 percent. The balance rentals are payable in monthly/quarterly installments and in case of default in any payment, an additional charge at the rate of 2 percent shall be paid. Taxes, repairs and insurance costs are born by lessee. Lessee shall have no right to terminate lease agreements and if lease agreements are terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against deposit of Rupees 5.799 million (2000: Rupees 9.091 million) included in long term deposits and deferred cost (Note 16) and Rupees 3.717 million (2000: Rupees 2.121 million) included in advances, deposits, prepayments and other receivables (Note 20).

6.2 Minimum lease payments and their present values are regrouped as under:

	2001		(Rupees in thousand) 2000	
	Within one year	More than one year but less than five years	Within one year	More than one year but less than five years
Total of minimum lease payments	32,528	34,668	39,745	61,500
Less: Financial charges	6,240	3,347	10,387	8,600
Present value of minimum lease payments	26,288	31,321	29,358	52,900

(RUPEES IN THOUSAND)
2001 2000

7. CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital	285,713	137,800
Long term loans	4,309	3,700
Liabilities against assets subject to finance lease	26,288	29,300
	316,310	170,800

8. SHORT TERM FINANCES- Secured:

From investment banks (Note 8.1)	47,000	104,700
From investment company (Note 8.2)	27,500	7,500
From finance corporation	-	32,000
	74,500	144,200
From banking companies:		
Secured (Note 8.3)	256,106	155,300
Unsecured-Unpresented cheques	19,995	9,500
	276,101	156,300
	350,601	300,500

8.1 Short term finances obtained from Investment Banks are secured by way hypothecation stores, spares, pledge of finished goods, book debts and pledge of shares of listed companies having face value of Rupees 67.162 million (2000:Rupees 24.525 million) as referred to in Note 15.3 and Note 21.2. Mark-up is payable at the rate of 14.50 to 17.00 percent per annum. These finances are repayable on different dates before 30 April 2002.

8.2 This forms part of total sanctioned limit of Rupees 27.500 million (2000: Rupees 7.500 million) obtained from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited and carries mark-up at the rate of 16 percent per annum. The finance is repayable in December 2001 and secured by way of Bank guarantee issued by Al-Baraka Islamic Bank.

8.3 These are secured against pledge and hypothecation of stores, spare parts, stocks, shares, book debts, current assets, demand promissory note and second charge on fixed assets of the company and personal guarantee of directors. Mark-up is chargeable at the rate of paisas 33 to 46 per Rupees 1,000 per day. These form part of aggregate credit facility of Rupees 859.500 million (2000: Rupees 402.224 million).

	(RUPEES IN THOUSAND)	
	2001	2000
9. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	32,202	27,834
Advance from customers	55,487	44,659
Securities from contractors – Interest free, repayable on completion of contracts	1,122	810
Income tax deducted at source	781	198
Mark-up accrued on redeemable capital – Secured	24,155	13,588
Interest accrued on long term loans – Secured	960	1,105
Mark-up accrued on short term finances – Secured	35,858	17,992
Sales tax payable	14,862	4,016
Due to gratuity fund	358	535
Due to associated undertakings	50,518	52,641
Payable to pension fund	1,579	-
Other accrued liabilities	47,980	43,361
	<u>265,862</u>	<u>206,739</u>
10. WORKERS' PARTICIPATION FUND		
Balance as at 01 October	540	553
Allocation for the year	1,329	540
Interest accrued	67	52
	<u>1,936</u>	<u>1,145</u>
Less: Payments made during the year	<u>604</u>	<u>605</u>
	<u>1,332</u>	<u>540</u>

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

11. CONTINGENCIES AND COMMITMENTS

Contingencies

The company is contingently liable in respect of employees' claims amounting to Rupees Nil (2000: Rupees 0.100 million), Central Excise duty claims amounting to Rupees 17.929 million (2000: Rupees 18.435 million) and other claims amounting to Rupees Nil (2000: Rupees 0.025 million). These claims have not been acknowledged by the company and cases are pending with various courts. Company's share of contingencies of associated undertakings is Rupees 58.285 million.

Commitments

The capital commitments are Rupees Nil (2000: Rupees Nil). Company's share of commitments of associated undertakings is Rupees 498.832 million.

12. OPERATING FIXED ASSETS

(RUPEES IN THOUSANDS)

DESCRIPTION	COST/RE-ASSESSED VALUE			DEPRECIATION				BOOK VALUE
	As at 01 October 2000	Additions/ (Deletions)	As at 30 September 2001	As at 01 October 2000	Adjustments	Charge for the year	As at 30 September 2001	AS AT 30 SEPTEMBER 2001
Land freehold (Note 12.1)	22,421	-	22,157	-	-	-	-	22,157
		(264)						
Buildings and roads on freehold land	104,968	4,658	109,626	66,232	-	3,247	69,479	40,547
Plant and machinery	1,319,817	44,938	1,364,673	693,328	(189)	50,350	743,489	620,964
		(283)						
Tools and equipments	12,517	3,174	15,686	11,510	(4)	1,672	13,178	2,508
		(5)						
Water, electric and weighbridge equipments	11,606	2,679	14,446	7,921	(38)	1,312	9,195	5,251
		(39)						
Furniture and fixtures	10,567	386	10,914	8,303	(40)	530	8,793	2,121
		(59)						
Vehicles	12,836	2,390	14,887	7,338	(171)	1,544	8,712	6,175
		(339)						
Arms and ammunition	86	-	86	60	-	3	63	23
Library books	6,172	214	6,387	4,528	-	557	5,085	1,302
2001	1,500,911	58,640	1,558,562	799,221	(442)	59,215	857,994	700,568
		(969)						
2000	1,490,141	10,130	1,500,911	744,262	(3,215)	58,174	799,221	701,690
		(8,360)						

12.1 The company has given 10.39 acres land valuing Rupees 0.260 million for 20 years lease to Crescent Ujala Limited on annual rent of Rupees 3,968 per acre. Lease rent will be increased by 15 percent after every three years and lease is extendible for another term of 20 years with mutual consent of both parties.

12.2 Land, buildings and plant and machinery were revalued by an independent valuer as at 30 September 1979 and stated in note 12 at appreciated value. Had there been no revaluation at that date, the value of these operating fixed assets would have been lower by Rupees 38.637 million (2000: Rupees 38.637 million).

12.3 The book value of land, buildings on freehold land and plant and machinery on cost basis was Rupees 19.328 million, Rupees 39.287 million and Rupees 617.647 million respectively (2000: Rupees 19.521 million, Rupees 37.876 million and Rupees 623.151 million respectively).

(RUPEES IN THOUSAND)
2001 2000

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

Cost of goods sold

Sugar	(Note 23.2)	52,472	52,074
Distillate	(Note 23.2)	1,216	1,097
Kanewood	(Note 23.2)	947	952
Administrative and general expenses-			
Sugar	(Note 24.1)	4,580	4,051
		59,215	58,174

12.5 DISPOSAL OF OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASERS
LAND						
Land at Chak No.75 RB, Tehsil, Jaranwala, Distt. Faisalabad.	264	-	264	502	Agreement	Al-Rahmat Textile Mills (Pvt) Limited, Faisalabad.
PLANT AND MACHINERY	Nos.					
Controller	2	283	189	94	Negotiation	Kohinoor Sugar Mills Limited, Joharabad.
FURNITURE AND FIXTURES						
Sofa set	1	10	7	3	Negotiation	Nasir Mahmood Nasir (Company's Ex-employee)
Double bed, sofa and table	4	10	4	6	Negotiation	Maqsood-ul-Hassan (Company's Ex-employee)
Television	1	17	15	2	Negotiation	M. Asghar, Faisalabad Road, Jhang.
VCP	1	7	4	3	Negotiation	Nadeem Nisar (Company's Ex-employee)
Bed, chair and table	7	8	5	3	Negotiation	Talib Hussain Talib (Company's employee)
Dining table and chair	8	8	5	3	Negotiation	Allah Ditta (Company's Ex-employee)
VEHICLES						
Suzuki Khyber JGB 4004	1	180	66	114	As per company policy	Shahzad Aslam Hashmi (Company's employee)
Toyota Corona LOE 4388	1	42	31	11	As per company policy	Awais Qureshi (Company's Advisor)
Suzuki Sedan LOD 5086	1	18	14	4	Negotiation	Ch. Mohammad Anwar, 30-B, Model Town, Lahore.
Motor Cycle	2	47	33	14	Negotiation	Allah Ditta (Company's Ex-employee)
Motor Cycle	1	2	2	-	9	As per company policy
Motor Cycle	1	5	3	2	11	As per company policy
Motor Cycle	1	23	11	12	16	As per company policy
Motor Cycle	1	23	11	12	16	As per company policy
OFFICE AND OTHER EQUIPMENTS						
Fax machine	1	4	3	1	24	Claim
Spray Machine	1	1	1	-	1	Negotiation
Weighbridge	1	39	38	1	60	Negotiation

13. ASSETS SUBJECT TO FINANCE LEASE

(RUPEES IN THOUSAND)

DESCRIPTION	C O S T			AMORTIZATION				BOOK VALUE	AMORTIZATION
	As at 01 October 2000	Additions/ (Deletion)	As at 30 September 2001	As at 01 October 2000	Adjustments	Charge for the year 2001	As at 30 September 2001	AS AT 30 SEPTEMBER 2001	RATE %
Building	255	-	255	255	-	-	255	-	7.5
Plant and machinery	114,171	-	96,560	23,509	(5,396)	5,883	23,996	72,564	7.5
		(17,611)							
Vehicles	8,336	5,381	9,055	3,356	(2,275)	1,595	2,676	6,379	20
		(4,662)							
Equipments	4,544	-	4,544	2,909	-	654	3,563	981	40
2001	127,306	5,381	110,414	30,029	(7,671)	8,132	30,490	79,924	
		(22,273)							
2000	126,867	19,489	127,306	26,624	(6,282)	9,687	30,029	97,277	
		(19,050)							

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

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

(RUPEES IN THOUSAND)
2001 2000

Cost of goods sold- Sugar	(Note 23.2)	5,883	7.5
Administrative and general expenses-Sugar	(Note 24.1)	2,249	2.3
		8,132	9.8

14. CAPITAL WORK-IN-PROGRESS

Buildings	-	2.1
Plant and machinery	26,301	7.7
Advance against supply of machinery	14,693	
	40,994	10.0

		(RUPEES IN THOUSAND)	
		2001	2000
15. EQUITY INVESTMENTS			
QUOTED			
Associated undertakings:			
Crescent Investment Bank Limited			
3 121 180 (2000: 2 171 160) ordinary shares of Rupees 10 each fully paid		80,013	25,258
Crescent Steel and Allied Products Limited			
912 525 (2000: 803 415) ordinary shares of Rupees 10 each fully paid		33,780	5,784
Pakistan Industrial Leasing Corporation Limited			
4 707 816 (2000: 3 733 066) ordinary shares of Rupees 10 each fully paid Equity held 21.60%		126,237	85,158
Crescent Sugar Mills and Distillery Limited			
955 848 (2000: 637 408) ordinary shares of Rupees 10 each fully paid		15,034	10,080
Crescent Boards Limited			
91 960 (2000: 91 960) ordinary shares of Rupees 10 each fully paid		1,596	978
Crescent Jute Products Limited			
536 817 (2000: 536 817) ordinary shares of Rupees 10 each fully paid		-	10,249
Jubilee Spinning and Weaving Mills Limited			
15 584 (2000: 15 584) ordinary shares of Rupees 10 each fully paid		63	66
The Crescent Textile Mills Limited			
238 075 (2000: 185 211) ordinary shares of Rupees 10 each fully paid		9,021	2,234
Crescent Leasing Corporation Limited			
3 381 230 (2000: 2 634 650) ordinary shares of Rupees 10 each fully paid Equity held 15.27%		58,151	30,440
UNQUOTED			
Crescent Business Management (Private) Limited			
550 000 (2000: 1 000 000) ordinary shares of Rupees 10 each fully paid Equity held: 48.84%		5,489	10,000
Break up value as per last audited accounts as on 30 June 2001 was Rupees 9.98 per share.			
		329,384	180,247

15.1 Aggregate value of investments using equity method as on 30 September 2000 was Rupees 252.059 million. However, the comparative figures are presented on cost basis.

15.2 Aggregate market value of quoted investments as at 30 September 2001 was Rupees 83.1 million (2000: Rupees 103.785 million).

15.3 Following investments having face value of Rupees 120.164 million (2000: Rupees 3.000 million) are deposited as security with banking companies and investment banks:

	(RUPEES IN THOUSAND)	
	2001	2000
Against short term finances obtained from Banking Companies (Note 8.3)	66,290	
Against bank guarantee issued by Crescent Investment Bank Limited (An associated undertaking)	4,528	3,000
Against Term Finance Certificate to Orix Investment Bank Limited	49,110	
Against Central Excise duty on loan	236	
	<u>120,164</u>	

16. LONG TERM DEPOSITS AND DEFERRED COST

Deposits:		
Securities	266	
Security deposit against leasehold assets (Note 6.1)	5,799	
	<u>6,065</u>	
Deferred expenses:		
TFC issue expenses	5,067	
New Cane Varieties Development	16,872	
Less: Amortized to date	(4,641)	
	<u>17,298</u>	
	<u>23,363</u>	

17. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	23,173	
Spare parts	13,861	
Loose tools	711	
	<u>37,745</u>	
Less: Provision for obsolescence	1,500	
	<u>36,245</u>	

(RUPEES IN THOUSAND)
2001 2000

18. STOCK-IN-TRADE

Work-in-process

1,546

1,945

Finished goods:

Sugar

349,921

9,668

Molasses

2,279

-

Distillate

4,939

3,150

Kanewood

762

2,271

357,901

15,089

359,447

17,034

54,421

21,379

19. TRADE DEBTS-Considered good – Unsecured

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

Loans and advances –Considered good:

Employees-Interest free

170

96

Suppliers and contractors

7,512

6,503

Income tax

29,883

58,128

Pension fund

-

751

Sugarcane growers

(Note 20.1)

29,645

18,525

67,210

84,003

Considered doubtful:

Sugarcane growers

2,001

2,001

Less: Provision for doubtful

2,001

2,001

67,210

84,003

Deposits:

Margin against bank guarantees

1,624

1,159

Security deposit against leasehold assets (Note 6.1)

3,717

2,121

5,341

3,280

Letters of credit

3,005

-

Short term prepayments

15,734

28,379

Accrued interest

91

96

Sundry receivables

22,259

27,221

113,640

142,979

- 20.1 Loans to sugarcane growers are partly interest free and partly interest bearing at the rate of 16.79 percent per annum.

(RUPEES IN THOUSANDS)
2001

21. SHORT TERM INVESTMENTS

QUOTED

The Premier Insurance Company of Pakistan Limited

40 129 (2000: 55 129) ordinary shares of
Rupees 5 each fully paid

44

Pakistan Industrial Credit and Investment Corporation

6 221 777 (2000: 3 850 658) ordinary shares of
Rupees 10 each fully paid

179,410

First Crescent Modaraba

101 786 (2000: 101 786) certificates of
Rupees 10 each fully paid

965

Crescent Knitwear Limited

700 000 (2000: 700 000) ordinary shares of
Rupees 10 each fully paid

7,122

Husein Sugar Mills Limited

631 (2000: 631) ordinary bonus shares of
Rupees 10 each fully paid

-

AR Pak. International Investment Limited

10 000 (2000: 10 000) ordinary shares of Rupees 10 each

93

Pakistan International Airlines Corporation

51 (2000: 51) ordinary bonus shares of
Rupees 10 each fully paid

-

Pakistan Oil Fields Limited

750 (2000: 750) ordinary shares of Rupees 10 each
fully paid

34

Prudential Discount and Guarantee House Limited

131 000 (2000: 131 000) ordinary shares of
Rupees 10 each fully paid

1,033

Sui Northern Gas Pipelines Limited

70 454 (2000: 70 454) ordinary bonus shares of
Rupees 10 each fully paid

-

(RUPEES IN THOUSAND)**2001****2000****Pakistan Telecommunication Corporation Limited**10 000 (2000: 10 000) ordinary shares of
Rupees 10 each fully paid**295****295****Fauji Fertilizer Company Limited**25 000 (2000: 25 000) ordinary shares of
Rupees 10 each fully paid**1,620****1,620****Atlas Lease Limited**50 540 (2000: 43 569) ordinary shares of
Rupees 10 each fully paid**132****132****Muslim Commercial Bank Limited**3 565 (2000: 3 565) ordinary bonus shares of
Rupees 10 each fully paid**-****-****Shaheen Cotton Mills Limited**1 050 000 (2000: 1 050 000) ordinary shares of
Rupees 10 each fully paid**13,650****13,650****Nazir Cotton Mills Limited**471 113 (2000: 471 113) ordinary shares of
Rupees 10 each fully paid**4,711****4,711****Crescent Spinning & Weaving Mills Limited**341 300 (2000: 341 300) ordinary shares of
Rupees 10 each fully paid**3,413****3,413****UNQUOTED-Associated Undertaking****Crescent Group Services (Private) Limited**220 000 (2000: 220 000) ordinary shares of
Rupees 10 each fully paid**2,200****2,200**Equity held 18.96 percent. Break-up value as per last
audited accounts was Rupees zero per share.**Other-Crescent Ujala Limited**330 000 (2000: 330 000) ordinary shares of
Rupees 10 each fully paid**3,300****3,300**Break-up value Rupees 10.01 per share based on
audited accounts of 1999-2000

Chief Executive: Mr. Anjum M. Saleem

218,022**188,229****(127,917)****-****90,105****188,229**

Less: Provision for diminution in value of Investments

21.1 Market/break-up value of short-term investments as on 30 September 2001 was Rupees 90.105 million (2000: Rupees 83.964 million).

21.2 Following investments having face value of Rupees 42.267 million (2000: Rupees 34.371 million) are deposited as security with banks, financial institutions and investment companies.

		(RUPEES IN THOUSAND)	
		2001	2000
Against finances from:			
Investment banks	(Note 4.1)	41,000	24,525
Banking companies	(Note 8.3)	872	-
Against bank guarantees issued by:			
Crescent Investment Bank Limited-associated undertaking		94	9,309
Against central excise duty on loan		301	537
		42,267	34,371

22. CASH AND BANK BALANCES

Cash in hand	406	193
Cash with banks on:		
Current accounts	18,522	15,968
Deposit accounts	1,911	5,126
Dividend account	14	14
Foreign currency account	843	232
	21,290	21,340
	21,696	21,533

22.1 Term deposit receipts amounting to Rupees 1.505 million (2000: Rupees 4.759 million) are lying with Muslim Commercial Bank Limited under lien against loans to sugarcane growers.

23. OPERATING RESULTS

		(RUPEES IN THOUSAND)							
		Sugar Unit		Distillery Unit		Kanewood Unit		Total	
		2001	2000	2001	2000	2001	2000	2001	2000
Sales	(Note 23.1)	2,041,295	1,090,397	208,964	75,176	12,329	15,108	2,183,827	1,159,045
Cost of goods sold	(Note 23.2)	1,781,606	953,807	135,495	65,458	13,346	15,711	1,851,686	1,013,340
		259,689	136,590	73,469	9,718	(1,017)	(603)	332,141	145,705
Administrative and general	(Note 24)	38,364	34,855	3,927	2,403	232	483	42,523	37,741
Selling and distribution	(Note 25)	5,173	2,810	29,768	5,900	31	39	34,972	8,749
		43,537	37,665	33,695	8,303	263	522	77,495	46,490
		216,152	98,925	39,774	1,415	(1,280)	(1,125)	254,646	99,215

(RUPEES IN THOUSAND)

Sugar Unit		Distillery Unit		Kanewood Unit		Total	
2001	2000	2001	2000	2001	2000	2001	2000

23.1 SALES

Local	2,261,644	1,192,840	59,333	27,273	12,329	15,108	2,333,306	1,235,221
Export	-	-	151,917	47,903	-	-	151,917	47,903
Inter-segment								
Baggage	2,608	331	-	-	-	-	-	-
Molasses	76,153	21,305	-	-	-	-	-	-
	2,340,405	1,214,476	211,250	75,176	12,329	15,108	2,485,223	1,283,124
Less: Commission to selling agents	3,297	2,446	2,286	-	-	-	5,583	2,446
Sales Tax	295,813	121,633	-	-	-	-	295,813	121,633
	299,110	124,079	2,286	-	-	-	301,396	124,079
	2,041,295	1,090,397	208,964	75,176	12,329	15,108	2,183,827	1,159,045

23.2 COST OF GOODS SOLD

Purchases	-	-	76,153	21,305	2,608	331	-	-
Inter-segment	-	-	-	-	-	-	-	-
Raw Material Cost	1,934,912	497,590	11,746	-	2,465	797	1,949,123	498,387
	1,934,912	497,590	87,899	21,305	5,073	1,128	1,949,123	498,387
Salaries, wages and other benefits	45,550	39,236	2,117	1,476	1,585	1,581	49,252	42,293
Stores, spare parts and loose tools	5,388	3,388	1,792	706	705	406	7,885	4,500
Dyes and chemicals	9,699	4,685	4,843	4,693	-	-	14,542	9,578
Packing material	20,780	8,997	-	-	-	-	20,780	8,997
Fuel and Power	10,406	16,002	37,100	15,285	3,198	1,055	50,704	32,342
Repair and maintenance	21,696	18,156	-	-	-	-	21,696	18,156
Insurance	3,097	2,921	170	165	96	98	3,363	3,184
Vehicles' operating & maintenance	1,467	852	-	-	-	-	1,467	852
Travelling and conveyance	273	208	-	-	-	-	273	208
Printing and stationery	361	252	-	-	-	-	361	252
Rent, rates and taxes	130	170	-	-	-	-	130	170
Other factory overheads	5,037	4,087	2,147	1,288	232	94	7,416	5,469
Sugarcane research and development	6,200	4,543	-	-	-	-	6,200	4,543
Staff training and development	388	795	-	-	-	-	388	795
Depreciation/amortization	58,355	59,425	1,216	1,097	947	952	60,518	61,474
	2,123,739	661,507	137,284	46,015	11,836	5,314	2,194,098	691,200

RUPEES IN THOUSAND)								
	Sugar Unit		Distillery Unit		Kanewood Unit		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
Work in process inventory:								
As at 01 October	1,945	1,406	-	-	-	-	1,945	1,406
As at 30 September	1,546	1,945	-	-	-	-	1,546	1,945
	399	(539)	-	-	-	-	399	(539)
	2,124,138	660,968	137,284	46,015	11,836	5,314	2,194,497	690,661
Cost of goods produced								
Finished goods inventory:								
As at 01 October	9,668	302,507	3,150	22,593	2,272	12,668	15,090	337,768
As at 30 September	352,200	9,668	4,939	3,150	762	2,271	357,901	15,089
	(342,532)	292,839	(1,789)	19,443	1,510	10,397	(342,811)	322,679
	1,781,606	953,807	135,495	65,458	13,346	15,711	1,851,686	1,013,340

23.3 INTER-SEGMENT SALES/PURCHASES

Inter-segment sales/purchases have been eliminated from total figures.

(RUPEES IN THOUSAND)		
	2001	2000
24. ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, wages and other benefits	22,280	19,418
Directors' meeting fee	38	12
Travelling and conveyance	1,466	1,067
Printing and stationery	572	480
Telephone, postage and telegrams	1,515	1,375
Vehicles' running	2,485	2,313
Legal and professional	1,058	975
Auditors' remuneration:		
Audit fee	225	225
Out of pocket expenses	15	15
	240	240
Repair and maintenance	1,438	961
Entertainment	98	83
Subscription	1,788	1,641
Rent, rates and taxes	692	713
Publicity	187	182
Registered office expenses	503	634
Miscellaneous	1,334	1,260
Depreciation/amortization (Note 24.1)	6,829	6,387
	42,523	37,741

(RUPEES IN THOUSAND)**2001****2000****24.1 Depreciation/Amortization**

Depreciation	(Note 12.4)
Amortization	(Note 13.2)

4,580**4,051****2,249****2,336****6,829****6,387****25. SELLING AND DISTRIBUTION EXPENSES**

Freight and forwarding - Distillate
Handling and distribution
Loading and unloading
Insurance

29,238**5,707****2,015****882****2,081****808****1,638****1,352****34,972****8,749****26. OTHER INCOME**

Commission on fertilizer
Gain on disposal of operating fixed assets
Dividend income
Return on bank deposits
Mark-up on advances to associated undertakings
Agricultural farm income
Rental income
Electricity income
Gain on sale of imported sugar
Profit on sale of investment
Share in post acquisition profits of associates
Miscellaneous

128**153****791****16,876****6,970****33,137****268****463****3,555****6,841****-****6,585****103****126****6,784****-****-****7,564****264****-****109,204****-****1,847****1,397****129,914****73,142****27. FINANCIAL AND OTHER CHARGES****Financial****Mark-up/interest on:**

Redeemable capital
Short term finances
Advances from associated undertakings
Long term loans
Workers' participation fund
Finance charges on lease liabilities
Lease agreements fee
Bank charges, commission and excise duty

54,887**49,912****147,911****84,700****-****1,932****4,016****4,505****67****52****10,860****14,314****151****256****5,175****5,808****223,067****161,479**

	(RUPEES IN THOUSAND)	
	2001	2000
Other:		
Provision for diminution in market value of investments	127,918	-
Donations	5,786	121
Amortization of deferred cost (TFCs)	1,267	-
	358,038	161,600

27.1 There was no interest of any director or his spouse in the donees.

28. TAXATION

This represents provision for the year against minimum tax under Section 80D of the Income Tax Ordinance, 1979. After considering the available tax losses, no provision for taxation except minimum tax is required. Tax losses available to be carried forward are Rupees 448.148 million as on 30 September 2001 (2000: Rupees 472.899 million).

29. CHIEF EXECUTIVE AND EXECUTIVES' REMUNERATION

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

DESCRIPTION	2001		2000	
	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration	-	16,527	1,680	14,004
Housing	-	4,500	756	3,528
Contribution to:				
Provident fund	-	957	118	897
Pension fund	-	2,423	336	2,039
Gratuity fund	-	1,064	140	881
Hospitalization	-	599	-	159
Other benefits:				
Utility allowance	-	1,642	168	1,400
Reimbursable expenses	-	552	2	727
	-	28,264	3,200	23,635
Number of persons	1	63	1	59

29.1 Three executives (2000: Five executives) have been provided free maintained vehicles by the company.

29.2 Aggregate amount charged in the accounts for fee to six directors in respect of three meetings was Rupees 37,500 (2000: Rupees 12,500 for three meetings).

30. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 30.831 million (2000: Rupees 39.889 million).

The company purchased from associated undertakings materials, goods and services in the aggregate sum of Rupees 2.143 million (2000: Rupees 0.019 million). Purchases of materials, goods and services are made at prevailing market prices.

Mark-up on advances to associated undertakings is received at the rate of 18.5 to 21 percent per annum (Note 26).

31. EARNING PER SHARE-BASIC

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

		2001	2000
Profit attributable to ordinary Shareholders	(Rupees in thousand)	13,495	4,314
Number of ordinary shares		29 286 029	29 286 029
Earning per share	(Rupees)	0.46	0.15

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

32.1 Financial assets and liabilities

(RUPEES IN THOUSAND)

		2 0 0 1							
		INTEREST/MARK-UP BEARING				NON INTEREST BEARING			TOTAL
Interest rates range %	Maturity within one year	Maturity more than one year but less than five years	Maturity more than five years	Sub-Total	Maturity within one year	Maturity more than one year but less than five years	Sub-Total		
Financial Assets									
Long term deposits	-	-	-	-	-	6,065	6,065	6,065	
Trade debts	-	-	-	-	54,421	-	54,421	54,421	
Advances, deposits, prepayments and other receivables	-	-	-	-	61,301	-	61,301	61,301	
Short term investment	-	-	-	-	90,105	-	90,105	90,105	
Cash and bank balances	07 to 08	1,911	-	1,911	19,785	-	19,785	21,696	
		1,911	-	1,911	225,612	6,065	231,677	233,588	
Financial Liabilities									
Redeemable capital	07 to 22	285,713	360,477	646,190	-	-	-	646,190	
Long term loans	15 to 15.65	4,309	19,659	23,968	-	-	-	23,968	
Liabilities against assets subject to finance lease	17 to 22	26,288	31,321	57,609	-	-	-	57,609	
Short term finances	14.50 to 17	350,601	-	350,601	-	-	-	350,601	
Creditors, accrued and other liabilities	-	-	-	-	195,155	-	195,155	195,155	
Contingencies	-	-	-	-	17,929	-	17,929	17,929	
		666,911	411,457	1,078,368	213,084	-	213,084	1,291,452	

(RUPEES IN THOUSAND)

2 0 0 0									
INTEREST/MARK-UP BEARING						NON INTEREST BEARING			TOTAL
Interest rates range %	Maturity within one year	Maturity more than one year but less than five years	Maturity more than five years	Sub-Total	Maturity within one year	Maturity more than one year but less than five years	Sub-Total		
Financial Assets									
Long term deposits	-	-	-	-	-	9,357	9,357	9,357	
Trade debts	-	-	-	-	21,379	-	21,379	21,379	
Advances, deposits, prepayments and other receivables	-	-	-	-	55,721	-	55,721	55,721	
Short term investment	-	-	-	-	216,469	-	216,469	216,469	
Cash and bank balances	15	5,358	-	-	5,358	16,175	-	16,175	21,533
		5,358	-	-	5,358	309,744	9,357	319,101	324,459
Financial Liabilities									
Redeemable capital	07 to 22	137,886	163,546	-	301,432	-	-	-	301,432
Long term loans	15 to 15.65	3,710	20,794	3,174	27,678	-	-	-	27,678
Liabilities against assets subject to finance lease	17 to 22	29,358	52,924	-	82,282	-	-	-	82,282
Short term finances	14.50 to 23	300,597	-	-	300,597	-	-	-	300,597
Creditors, accrued and other liabilities	-	-	-	-	-	161,545	-	161,545	161,545
Contingencies	-	-	-	-	-	25,727	-	25,727	25,727
		471,551	237,264	3,174	711,989	187,272	-	187,272	899,261

32.2 Financial instruments and risk management policies

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

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

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

(a) Interest rate risk

Since the company borrows funds usually at fixed interest rates, therefore, the risk occurrence is minimal. However in case of term finance certificate the company has given profit rate in the range of 15 percent to 18.75 percent per annum.

(b) Foreign exchange risk management

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

(c) Credit risk

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

(d) Fair value of financial assets and liabilities

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

33. EMPLOYEES' RETIREMENT BENEFITS

(RUPEES IN THOUSAND)

	Pension Funds		Gratuity Funds	
	2001	2000	2001	2000
Current services cost	2,253	-	1,022	-
Return cost	4,953	-	1,562	-
Expected return on plan assets	(4,060)	-	(1,307)	-
Vested past service cost	820	-	-	-
(Decrease)/Increase in vested past service	-	-	318	-
Cost due to change in benefits	-	-	-	-
	<u>3,966</u>	<u>-</u>	<u>1,595</u>	<u>-</u>
MOVEMENT IN ASSETS/(LIABILITY)				
Assets/(liability) as on 01 October 2000	751	-	(535)	-
Amount charged to profit and loss account	(3,966)	-	(1,595)	-
Total contributions made during the year	1,636	-	1,773	-
Assets/(liability) as on 30 September 2001	<u>(1,579)</u>	<u>-</u>	<u>(357)</u>	<u>-</u>
These are made-up as under:				
Present value of defined benefits obligation	45,087	-	14,109	-
Fair value of plan assets	(42,989)	-	(13,088)	-
Vested past services cost to be recognized in later periods	(6,402)	-	(106)	-
Unrecognized actuarial losses/(gains)	2,725	-	(1,272)	-
	<u>(1,579)</u>	<u>-</u>	<u>(357)</u>	<u>-</u>

Number of employees at the year end 2001: 662 (2000: 548)

34. PLANT CAPACITY AND ACTUAL PRODUCTION

		2001	2000
SUGAR:			
Capacity in 160 days	M. Ton	108 800	108 800
Per day capacity	M. Ton	680	680
Actual production	M. Ton	105 550	39 965
Number of days	Days	161	144
Per day production	M. Ton	656	278
DISTILLERY UNIT			
Capacity	Litres per day	40 000	40 000
On the basis of 270 days working	Litres	10 800 000	11 800 000
Actual production	Litres	10 469 000	4 967 000
Number of days	Days	294	169
Per day production	Litres per day	35 609	29 391
PARTICLE BOARD UNIT			
Capacity	Cubic meter per day	30	30
Actual production	Cubic meter	1 570.956	497.480
Number of days	Days	65	20
Per day production	Cubic meter per day	24.169	24.874

34.1 Reasons for low production

Sugar

The sugarcane crop was very short. The shortage of sugar produced from sugarcane was met through refinement of raw sugar. During the season company imported 27 812 M. Tons of raw sugar.

Distillery

There was good improvement in capacity from last year. The shortfall in capacity was due to shortage of molasses.

Particle board

The low production of particle board was due to low baggas because of shortage of sugarcane.

(RUPEES IN THOUSAND)

2001

2000

35. SEGMENT ASSETS AND OTHER INFORMATION

Sugar

1,807,056

1,400,435

Distillery

20,903

16,200

Kanewood

21,828

16,916

1,849,787

1,433,551

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

36. CORRESPONDING FIGURES

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

36.2 The company issued consolidated financial statement in previous year. However during the year company disposed off some shares of subsidiary company. As result of that, the status of the subsidiary company changed to associated company. The impact of disposal on company's financial statements was immaterial and, therefore, consolidated financial statements for the current year has not been prepared.

36.3 Figures have been rounded off to thousand.

CHIEF EXECUTIVE

CHAIRMAN

Investor Information

Operating Division

Shakarganj Mills Limited

- Sugar Division
- Industrial Alcohol Division
- Particle Board Division

Management House, Toba Road
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Tel: 92-0471-614971-614973
Tlx: 43471CJP PK
Fax: 92-0471-620272
E-mail: ssugar@jng.paknet.com.pk

Crescent Business Management (Private) Limited

Financial Services Division
2nd Floor, 131 A-E/I, Main Boulevard,
Gulberg III, Lahore. Pakistan
Tel: 92-042-5712036 & 5877087
Fax: 92-042-5877325

Stock Exchange Listing

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

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

Public Information

Financial analysts, Stock brokers interested
investors and financial media desiring informa-
tion about "Shakarganj" should contact the
following individuals in Corporate Investor
Relation:

Muhammad Yar Rahi

Asif Ali

Sadaqat Hussain

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Fax: 92-0471-620272
E-mail: ssugar@jng.paknet.com.pk

Shareholder Information

Inquiries concerning lost stock certificate,
dividend payment change of address, verifica-
tion of transfer deeds and share transfer should
be directed to:

Shakarganj Mills Limited

Tariq Aleem

2nd Floor, 131 A-E/I, Main Boulevard,
Gulberg III, Lahore. Pakistan
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Fax: 92-042-5877325
E-mail: tariqaleem@hotmail.com

PATTERN OF HOLDING OF SHARES HELD BY SHAREHOLDERS AS AT SEPTEMBER 30, 2001

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
185	1	100	6,773
222	101	500	62,856
226	501	1,000	158,657
186	1,001	5,000	388,234
53	5,001	10,000	401,570
19	10,001	15,000	234,734
8	15,001	20,000	132,249
10	20,001	25,000	227,588
8	25,001	30,000	225,483
11	30,001	35,000	348,527
9	35,001	40,000	338,944
7	40,001	45,000	305,952
5	45,001	50,000	235,560
7	50,001	55,000	366,137
1	55,001	60,000	57,898
2	60,001	65,000	125,711
3	70,001	75,000	216,360
2	80,001	85,000	168,692
3	85,001	90,000	262,928
1	95,001	100,000	95,727
1	100,001	105,000	100,333
1	105,001	110,000	106,933
1	120,001	125,000	125,000
2	140,001	145,000	284,691
1	155,001	160,000	157,906
2	165,001	170,000	339,769
1	170,001	175,000	173,000
1	180,001	185,000	180,074
1	185,001	190,000	186,232
1	190,001	195,000	190,376
1	195,001	200,000	200,000
1	200,001	205,000	204,105
1	220,001	225,000	221,444
2	230,001	235,000	465,001
1	250,001	255,000	252,356
2	315,001	320,000	634,884
1	425,001	430,000	426,991
1	475,001	480,000	475,500
1	775,001	780,000	779,286
1	815,001	820,000	816,865
1	875,001	880,000	875,854
1	1,440,001	1,445,000	1,440,162
1	1,915,001	1,920,000	1,915,496
1	2,665,001	2,670,000	2,666,984
1	3,230,001	3,235,000	3,230,648
1	8,475,001	8,480,000	8,475,557
998			29,286,027

Categories of Shareholders	Numbers	Shares Held	Percentage
FINANCIAL INSTITUTION	15	12,041,776	41.12
INDIVIDUAL	937	5,554,694	18.97
INSURANCE COMPANIES	3	232,041	0.79
INVESTMENT COMPANIES	6	117,067	0.40
JOINT STOCK COMPANIES	24	10,556,285	36.05
CHARITABLE TRUSTS	2	145,886	0.50
MADARABAS	9	447,745	1.53
MADARABA MANAGEMENT CO.	1	190,376	0.65
NON-RESIDENT	1	157	0.00
998		29,286,027	100.00