

ANNUAL REPORT
1980

Shakarganj Mills Limited



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BOARD OF DIRECTORS

Mr. Altaf M. Saleem
(Chief Executive)
Mr. Haroon I. Kayani
(Nominee ICP)
Mr. Khalid Bashir
Mr. Maqbool Ahmed
Mr. Mazhar Karim
Mr. Mohammad Javed Amin
Mr. Shaukat Shafi
Mr. Wahabuddin Shah
(Nominee PICIC)

CORPORATE SECRETARY

Mr. M. Y. Rahi

AUDITORS

Riaz Ahmed & Co.
Chartered Accountants

LEGAL ADVISORS

Hasan & Hasan
(Advocates)

REGISTERED OFFICE

40-B, Off Zafar Ali Road,
Gulberg-V, Lahore

WORKS

Jhang



NOTICE OF MEETING

Whereas in Civil Original No. 76 of 1981 in the matter of Shakarganj Mills Limited, 40-B, Off. Zafar Ali Road, Gulberg-V, Lahore, Mr. Justice Gul Mohammad Khan, Lahore High Court, Lahore High Court, Lahore has appointed me vide Orders dated January 07, 1982, as Chairman to hold Annual General Meeting of the Company for the year ended 30th September, 1980.

Now, THEREFORE

Notice is hereby given that the 13th Annual General Meeting of the Shareholders of Shakarganj Mills Limited will be held at Shakarganj Mills Limited, Toba Tek Singh Road, Jhang, on the 6th May, 1982, at 11.30 A.M. to transact the following business:

- 1) To confirm the Minutes of the last Annual General Meeting held on March 22, 1982;
- 2) To receive and adopt Directors' Report and audited accounts along with Auditors' Report of the Company for the year ended 30th September, 1980;
- 3) To appoint Auditors of the Company for the year 1980-81 and to fix their remuneration;
- 4) To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of Lahore High Court, Lahore.

Dated: 20th April, 1982

Syed Kamal Mufti,
Advocate,
Chairman of the Meeting.

NOTES:

- i) A member of the Company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of his/her.
- ii) Proxies, in order to be effective must be received by the Company at Registered Office, 40-B, Off Zafar Ali Road, Gulberg-V, Lahore not less than 72 hours before the Meeting.
- iii) The Share Transfer Books of the Company will remain closed from May 2, to May 11, 1982 (both days inclusive).
- iv) Shareholders are requested to notify any change in address immediately.





FROM THE BOARD ROOM

Your Directors have pleasure in presenting Thirteenth Annual Report with audited accounts of the Company for the year ended 30th September, 1980.

It is a matter of regret that Company has once again sustained a loss amounting to Rs. 15,335,843.00 during the year under review:

Net Loss after providing all operational & administrative expenses, depreciation and interest on loans	15,335,843.00
Added to this balance brought forward	—
Total accumulated loss carried forward	<u>15,335,843.00</u>

Mill crushed much below its capacity due to non-availability of cane. In spite of several efforts Mill could crush 61,206.625 Tons cane which was the lowest crushing figure ever since its coming into production.

During the year factory worked 112 days (2669.45 Hours) as against 114 days (2717.60 Hours) in 1978-79 and 177 days (4232 Hours) in 1977-78. No cane stoppage during the year was 1648.15 Hours (61.74% of total crushing period) as against 992.15 Hours (36.5% of total crushing period in 1978-79 and 308.55 Hours (7.29% of total crushing period) during 1977-78.

The Auditors, Messrs Riaz Ahmad & Co., retire and offer themselves for re-appointment.

Your directors place on record their appreciation to all the employees for their dedication and efforts and with their continued support Company will make great success in the future.

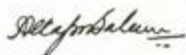
FOR & ON BEHALF OF THE BOARD:

ALTAF M. SALEEM
Director



BALANCE SHEET AS AT SEPTEMBER 30, 1980

	Note	1980 Rupees	1979 Rupees
CAPITAL AND RESERVES			
Authorised capital			
5,000,000 ordinary shares of Rupees 10 each		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital			
3,000,000 ordinary shares of Rupees 10 each fully paid up in cash		30,000,000	30,000,000
Capital reserves	2	18,766,490	16,990,163
LONG TERM DEBTS			
Loans	3	<u>28,510,220</u>	<u>39,499,390</u>
Debentures	4	<u>—</u>	<u>2,000,000</u>
		28,510,220	41,499,390
CURRENT LIABILITIES			
Borrowing from banks	5	<u>13,798,836</u>	<u>13,385,231</u>
Current maturity of long term debts	6	<u>30,710,931</u>	<u>20,779,530</u>
Creditors and accrued expenses	7	<u>62,567,497</u>	<u>49,521,984</u>
		107,077,264	83,686,745
		<u>184,353,974</u>	<u>172,176,298</u>


ALTAF M. SALEEM
Director

Read with the annexed notes.



	Note	1980 Rupees	1979 Rupees
FIXED ASSETS			
Operating assets (As per schedule annexed)		152,280,342	153,587,588
Capital work-in-progress	8	22,589	124,070
		<u>152,302,931</u>	<u>153,711,658</u>

CURRENT ASSETS

Stores and spares	9	8,427,990	9,504,429
Stocks	10	5,691,958	4,132,998
Trade debtors		—	28,992
Other receivables	11	2,016,911	3,862,082
Cash and bank balances	12	578,341	936,139
		<u>16,715,200</u>	<u>18,464,640</u>

PROFIT AND LOSS ACCOUNT-

Adverse balance	15,335,843	—
	<u>184,353,974</u>	<u>172,176,298</u>



MAZHAR KARIM
Director



SCHEDULE OF FIXED ASSETS AS AT SEPTEMBER 30, 1980

DESCRIPTION	C O S T		D E P R E C I A T I O N				Book value as at September 30, 1980	Rate %		
	Reassessed value/original cost as at October 1, 1979	Additions	Deletions	As at September 30, 1980	Deletions	Provided			As at September 30, 1980	
										As at October 1, 1979
Land	3,750,000	—	—	3,750,000	—	—	—	3,750,000	—	
Buildings and roads	17,038,038	3,500	—	17,041,538	2,883,038	—	502,618	3,385,656	13,655,882	5-10
Plant and machinery	153,096,446	1,942,580	—	155,039,026	19,529,613	—	3,173,699	22,703,312	132,335,714	10
Laboratory equipments	163,104	—	—	163,104	65,821	—	9,728	75,549	87,555	10
Tubewell and water pump	280,857	274	—	281,131	97,897	—	18,323	116,220	164,911	10
Electric installations	468,165	—	—	468,165	143,720	—	32,444	176,164	292,001	10
Weightbridges and scales	488,945	117,603	—	606,548	165,050	—	44,150	209,200	397,348	10
Furniture and fixtures	515,876	105,766	482	621,160	139,340	130	48,195	187,405	433,755	10
Office equipments	180,363	2,840	—	183,203	51,929	—	13,127	65,056	118,147	10
Vehicles	989,650	614,779	112,344	1,492,085	427,406	37,573	220,450	610,283	881,802	20
Guns	9,578	—	—	9,578	3,890	—	569	4,459	5,119	10
Library books	66,490	6,202	—	72,692	29,524	—	12,950	42,474	30,218	30
Tools and equipments	80,295	65,404	205	145,494	10,656	27	13,486	24,115	121,379	10
Telephone equipments	10,873	—	612	10,261	3,208	181	723	3,750	6,511	10
1980 Rupees	177,138,680	2,858,948	113,643	179,883,985	23,551,092	37,911	4,090,462	27,603,643	152,280,342	
1979 Rupees	170,278,801	6,859,879	—	177,138,680	19,406,701	—	4,144,391	23,551,092	153,587,588	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1980

	NOTE	1980 Rupees	1979 Rupees
SALES	13	28,651,659	45,744,332
COST OF SALES	14	30,861,164	44,875,704
GROSS PROFIT/(LOSS)		(2,209,505)	868,628
DEDUCT/(ADD): EXPENSES			
Administrative	15	2,089,862	2,174,530
Selling and distribution	16	69,371	78,069
Financial	17	11,188,169	11,147,718
		(13,347,402)	13,400,317
OPERATING LOSS		15,556,907	12,531,689
OTHER INCOME	18	221,064	388,246
LOSS FOR THE YEAR		15,335,843	12,143,443
PREVIOUS YEARS' LOSS BROUGHT FORWARD		—	4,879,801
		15,335,843	17,023,244
LOSSES ADJUSTED AGAINST CAPITAL RESERVE		—	17,023,244
ACCUMULATED LOSS CARRIED TO BALANCE SHEET		15,335,843	—

Read with the annexed notes.

Altaf M. Saleem

ALTAF M. SALEEM
Director

Mazhar Karim

MAZHAR KARIM
Director

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED SEPTEMBER 30, 1980

	1980 Rupees	1979 Rupees
SOURCES OF FUNDS		
Loss before taxation	15,335,843	12,143,443
Credits/(charges) to income not affecting working capital		
Depreciation	(4,090,462)	(4,144,391)
Gain on disposal of fixed assets	13,869	-
	<u>(4,076,593)</u>	<u>(4,144,391)</u>
	(11,259,250)	(7,999,052)
Other sources		
Proceeds from issue of shares	-	15,000,000
Proceeds from sale of fixed assets	88,640	-
Net movement of specified current assets less current liabilities	<u>15,928,077</u>	<u>5,981,959</u>
	<u>4,757,467</u>	<u>12,982,907</u>
APPLICATION OF FUNDS		
Capital expenditure	2,757,467	1,542,927
Repayment of bridge finance advance	-	8,500,000
Repayment of debentures	2,000,000	2,000,000
Workers' Profit Participation Fund	-	408,741
Payment of shares issue expenses and underwriter's commission	-	531,239
	<u>4,757,467</u>	<u>12,982,907</u>
MOVEMENT OF SPECIFIED CURRENT ASSETS AND LIABILITIES		
Increase/(decrease) in current assets		
Stores and spares	(1,077,400)	2,203,248
Stocks	1,558,960	(3,407,254)
Trade debtors	(28,992)	(279,494)
Other receivables	(1,845,171)	917,111
Cash and bank balances	(357,798)	137,126
	<u>(1,750,401)</u>	<u>(429,263)</u>
(Increase)/decrease in current liabilities		
Borrowing from banks	(413,605)	(3,090,032)
Creditors and accrued expenses	(13,764,071)	(2,462,664)
	<u>(14,177,676)</u>	<u>(5,552,696)</u>
	<u>15,928,077</u>	<u>5,981,959</u>



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1980

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Fixed assets

Depreciation is charged to income applying reducing balance method and is based on the historical cost and not the reassessed value of fixed assets.

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

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

1.2 Stores, spares and stocks

These are valued on the following basis:

Stores and spares	at moving average cost
Work in process	at net realisable value
Sugar	at net realisable value
Molasses	at net realisable value

1.3 Exchange rates

Foreign currency loans are converted into Pakistani rupee at the rates of exchange ruling at the balance sheet date. Exchange gain is transferred to exchange equalisation reserve and any loss is first set off against such reserve and balance, if any, charged to plant and machinery.

1.4 Taxation

Charge for taxation is based on taxable income. However, the Company does not account for deferred taxation.

1.5 Cost

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



2. CAPITAL RESERVES	1980 Rupees	1979 Rupees
Reserve arising from revaluation of fixed assets on September 30, 1979	16,990,163	16,990,163
Exchange equalisation reserve	<u>1,776,327</u>	<u>-</u>
	<u>18,766,490</u>	<u>16,990,163</u>

3. LONG TERM LOANS

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

Loan No.	Currency	Amount in foreign currency	1980 Rupees	1979 Rupees
NI.BK/1	Dutch Guilders	329,940	1,667,163	1,697,982
AL.BK/1	Dutch Guilders	10,260,000	51,843,057	52,801,408
Dutch Suppliers Loan-Addendum	Dutch Guilders	734,412	<u>3,710,931</u>	<u>3,779,530</u>
			57,221,151	58,278,920
			<u>28,710,931</u>	<u>18,779,530</u>
Less: Current maturity (Note 6)			<u>28,510,220</u>	<u>39,499,390</u>

3.1 Loans referred to in Note 3 above are secured against:

- a first charge by way of equitable Mortgage (with option to convert the same into a legal mortgage whenever required by PICIC) on the Company's immovable properties wherever situated by deposit of title deed with PICIC;
- a letter of hypothecation of all plant and machinery;
- a first floating charge on all other undertakings, goodwill and assets;
- an irrevocable power of attorney in favour of PICIC with full powers among others to sell all assets of the Company;
- personal guarantee of the directors of the Company.

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

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

... provide that 20 per cent of the debentures shall be convertible into shares in the Company at the option of PICIC.

3.3 Loan No. NI. BK/1 carries interest at the annual rate of 9 percent and is repayable in twenty-four semi-annual instalments commencing from July 1, 1972.

3.4 Loan No. AL. BK/1 carries interest at the annual rate of 8 percent and is repayable in twenty semi-annual instalments commencing from May 15, 1972.

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

3.6 PICIC has agreed to reschedule the repayment of overdue instalments of the loans in half yearly instalments commencing from December 31, 1977.

3.7 The Dutch Guilders have been converted into Pak Rupee at the rate of Dfl 19.7905 = Pak Rupees 100.

3.8 According to Ministry of Finance letter No. 6(1)CM.111/69 dated August 10, 1974, the amount of this additional claim is no longer payable to Dutch Suppliers as Royal Government of Netherland accorded debt relief to Government of Pakistan for this amount. Since the additional claim is now not to be remitted to Dutch Suppliers in foreign exchange, the Company made representation to Ministry of Finance, Economic Affairs Division firstly for passing this lawful relief to the Company. Secondly, since no foreign exchange is to be remitted by PICIC on this account the amount should be recovered equivalent rupee as due on the date of debt relief.



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

	1980 Rupees	1979 Rupees
4. DEBENTURES		
As at October 1,	4,000,000	6,000,000
LESS: Redeemed during the year	2,000,000	2,000,000
: Current maturity (Note 6)	2,000,000	2,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
	<u>—</u>	<u>2,000,000</u>

- 4.1 The debentures are registered and secured by way of mortgage of land, buildings and machinery ranking pari passu with mortgage in favour of PICIC and ICP and carry interest at 4 per cent per annum above the bank rate which is payable bi-annually on the first day of January and July.

5. BORROWING FROM BANKS

Secured:

i) United Bank Limited - Cash credit	5,028,067	4,969,130
ii) Muslim Commercial Bank Limited	960,809	1,040,796
iii) Muslim Commercial Bank Limited	4,945,518	7,373,645
iv) Agricultural Development Bank of Pakistan (Note 5.2)	2,760,297	—
	<u>13,694,691</u>	<u>13,383,571</u>

Unsecured

v) Habib Bank Limited	1,465	—
vi) National Bank of Pakistan	1,660	1,660
vii) United Bank Limited	101,020	—
	<u>104,145</u>	<u>1,660</u>
	<u>13,798,836</u>	<u>13,385,231</u>

- 5.1 The above referred borrowings (i), (ii) and (iii) are secured by way of hypothecation of stores, stocks of sugar, second charge on fixed assets and personal guarantee of all the directors. The total credit facility is of Rupees 13 million.
- 5.2 This represents undisbursed balance of loan obtained from Agricultural Development Bank of Pakistan against the Company's guarantees for the supply of fertilizers, seeds, pesticides and agricultural services to sugarcane growers. The total credit facility is of Rupees 7.5 million.



	1980 Rupees	1979 Rupees
6. CURRENT MATURITY OF LONG TERM DEBTS		
Long term loans		
Overdue instalments	18,710,931	8,779,530
Instalments due within one year	<u>10,000,000</u>	<u>10,000,000</u>
	28,710,931	18,779,530
Debentures		
Instalments due within one year	<u>2,000,000</u>	<u>2,000,000</u>
	<u>30,710,931</u>	<u>20,779,530</u>
7. CREDITORS AND ACCRUED EXPENSES		
Creditors	1,956,407	3,574,777
Advances from customers	1,754,983	2,751,430
Due to associated companies (Note 7.1)	10,069,862	1,708,232
Miscellaneous accrued expenses	661,158	549,827
Interest on secured loans	47,171,096	39,729,651
Excise duty	538,880	1,058,222
Others	<u>415,111</u>	<u>149,845</u>
	<u>62,567,497</u>	<u>49,521,984</u>
7.1 DUE TO ASSOCIATED COMPANIES		
Crescent Boards Limited	220,107	—
Crescent Textile Mills Limited	5,099,019	1,169,028
Crescent Jute Products Limited	2,667,696	—
M.A.M.B. Limited	31,822	34,287
Jubilee Spinning & Weaving Mills Ltd.	1,474,752	13,000
Shamas Textile Mills Limited	12,521	—
Crescent Sugar Mills & Distillery Ltd.	<u>563,945</u>	<u>491,917</u>
	<u>10,069,862</u>	<u>1,708,232</u>
7.2 The liabilities referred to in Note 7 above may be reclassified as follows:		
For goods	3,711,389	6,326,207
For expenses	48,786,246	41,487,545
For other finance	<u>10,069,862</u>	<u>1,708,232</u>
	<u>62,567,497</u>	<u>49,521,984</u>
8. CAPITAL WORK-IN-PROGRESS		

This represents the cost of construction work-in-progress.



	1980 Rupees	1979 Rupees
9. STORES AND SPARES		
Stores	2,657,961	3,488,156
Spares	5,770,029	6,016,273
	<u>8,427,990</u>	<u>9,504,429</u>
10. STOCKS		
Sugar	3,504,480	3,317,191
Molasses	1,558,696	—
Work-in-process	138,167	723,723
Other stock	490,615	92,084
	<u>5,691,958</u>	<u>4,132,998</u>
11. OTHER RECEIVABLES		
These comprise of:		
Advances:		
Suppliers	1,260,247	1,290,212
Employees	148,098	166,732
Transport contractors	17,651	17,651
Cane growers	207,766	—
Letters of credit	—	420,181
Due by associated companies (Note 11.1)	150,520	1,785,069
Security deposits	81,846	80,626
Claims (Note 11.2)	211,884	205,262
Prepayments	58,899	16,349
	<u>2,136,911</u>	<u>3,982,082</u>
Less: Provision for doubtful	120,000	120,000
	<u>2,016,911</u>	<u>3,862,082</u>
11.1 DUE BY ASSOCIATED COMPANIES		
Crescent Jute Products Limited	—	1,782,550
Ujala Cotton Mills Limited	150,520	2,519
	<u>150,520</u>	<u>1,785,069</u>
11.2 Claims include a sum of Rupees 80,741 due from an ex-employee for which the case has been filed in a court of law.		
11.3 The maximum debit balances outstanding at any time during the year in respect of the following are as follows:		
Associated Companies	337,089	2,155,122
Directors	144,451	203,142
Officers	48,445	28,349



	1980 Rupees	1979 Rupees
12. CASH AND BANK BALANCES		
Cash in hand	20,894	28,741
Cash in transit	—	320,000
With banks — Current accounts	157,447	587,398
— Deposit account	400,000	—
	<u>578,341</u>	<u>936,139</u>
13. SALES		
Sugar	28,619,363	42,085,648
Molasses	32,296	3,658,684
	<u>28,651,659</u>	<u>45,744,332</u>
14. COST OF SALES		
Cane procurement	14,622,382	18,596,510
Salaries, wages and other benefits	2,288,810	2,529,927
Stores consumed	653,741	1,266,088
Power and fuel	1,802,195	1,251,013
Other manufacturing expenses	1,456,736	1,913,863
Excise duty	7,586,055	12,495,600
Depreciation	3,611,674	3,738,187
	<u>32,021,593</u>	<u>41,791,188</u>
(Increase)/decrease in:		
Work in process (Note 14.1)	585,556	(674,986)
Finished goods (Note 14.2)	(1,745,985)	3,759,502
	<u>(1,160,429)</u>	<u>3,084,516</u>
	<u>30,861,164</u>	<u>44,875,704</u>
14.1 WORK IN PROCESS INVENTORY		
As at October 1,	723,723	48,737
As at September 30,	138,167	723,723
	<u>585,556</u>	<u>674,986</u>
14.2 FINISHED GOODS INVENTORY		
As at October 1,	3,317,191	7,076,693
As at September 30,	5,063,176	3,317,191
	<u>1,745,985</u>	<u>3,759,502</u>



	1980 Rupees	1979 Rupees
15. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits	536,439	643,374
Directors' remuneration	141,867	127,700
Travelling and conveyance	88,600	92,019
Printing and stationery	156,021	123,210
Postage, telephone and telegrams	100,107	148,553
Vehicle running	218,206	238,747
Legal and professional	68,331	24,050
Auditors' remuneration:		
Audit fee	20,000	15,000
Out of Pocket expenses	5,500	5,342
	25,500	20,342
Repair and maintenance	72,375	62,620
Uniforms and liveries	15,268	4,074
Entertainment	51,212	25,873
Subscription and donations	43,766	225,062
Advertisement	16,140	2,420
Miscellaneous	77,242	30,282
Depreciation	478,788	406,204
	2,089,862	2,174,530
16. SELLING AND DISTRIBUTION EXPENSES		
Loading and unloading	14,184	14,610
Insurance	41,484	33,298
Stacking	11,806	29,775
Miscellaneous	1,897	386
	69,371	78,069
17. FINANCIAL EXPENSES		
Interest on:		
Bank overdrafts and cash credit	1,486,832	1,566,922
Bridge finance	47,093	812,087
Debentures	420,000	700,000
Long term loans	8,230,003	7,685,769
Associated Companies	871,519	361,987
Bank charges	132,722	20,953
	11,188,169	11,147,718
18. OTHER INCOME		
Sale of scrap	27,599	152,593
Commission on fertilizer	95,169	60,950
Gain on disposal of fixed assets (Note 18.1)	13,869	-
Credit balances written back	191	137,192
Profit on sale of stores	13,891	3,238
Miscellaneous	70,345	34,273
	221,064	388,246

18.1 GAIN ON DISPOSAL OF FIXED ASSETS

Description	Cost	Book Value	Sale Proceeds	Profit	Mode of Sale	Sold to
Vespa Scooter, LEG-6429	3,202	1,049	1,725	676	Negotiation	Mr. Nowsher Ali (Employee)
Honda Motor Cycle, JV-1659	7,408	2,428	2,630	202	Negotiation	Mr. Abdul Ghani (Employee)
Yamaha Motor Cycle, FDC-4279	8,200	5,248	5,285	37	Negotiation	Mr. Muhammad Yaqoob (Employee)
Suzuki Pick-up, FDB-5087	26,436	10,828	12,500	1,672	Negotiation	Messrs Ilaqi Bakhtsh, Nasir Ali (Out-sider)
Suzuki Pick-up	34,098	34,098	38,500	4,402	Negotiation	Mr. Bashir Ahmad (Out-sider)
Tractor Trolley	16,500	10,560	14,000	3,440	Negotiation	Chenab Agriculture Farm, Jhang (out sider)
Tractor Trolley	16,500	10,560	14,000	3,440	Negotiation	Crescent Model Farm, Chiniot. (out sider)
	Rupees 112,344	74,771	88,640	13,869		

19. TRANSACTIONS WITH ASSOCIATED COMPANIES

Aggregate amounts of purchases and sales to associated companies were as under:

	1980 Rupees	1979 Rupees
Purchases	256,445	555,556
Sales	134,471	23,935

20. PAYMENTS TO DIRECTORS AND OFFICERS

	1980		1979	
	Directors Rupees	Officers Rupees	Directors Rupees	Officers Rupees
Managerial remuneration	141,867	543,938	127,700	231,694
Housing	22,000	100,608	13,100	51,915
Company's contribution to provident fund	—	24,001	—	10,925
Group Insurance	—	1,076	—	1,770
Other benefits	12,000	1,798	13,363	14,428
Reimbursable expenses	67,773	40,187	49,620	19,518

21. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity	Actual production	
	Metric Tons	1980 Metric Tons	1979 Metric Tons
Sugarcane crushing per 22 hours	1,500.00	61,206.625	107,106.070
Sugar production	23,167.00	5,619.300	9,267.300

21.1 REASONS FOR LOW PRODUCTION

The under utilization of capacity was mainly due to short supply of sugarcane during the year under reference.

22. FIGURES

Figures have been rounded off to the nearest rupee.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the annexed balance sheet as at September 30, 1980 and the annexed profit and loss account and statement of changes in financial position together with the notes to the accounts for the year ended September 30, 1980 of Shakarganj Mills Limited and we state that we have obtained all the information and explanations which we required and, after due verification thereof, we report that:

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

Lahore March 25, 1982.

Riaz Ahmad & Co.
CHARTERED ACCOUNTANTS



Please quote Folio No.



Shakarganj Mills Limited

Please quote
Number of shares held

FORM OF PROXY

I, _____
of _____ being a
member of SHAKARGANJ MILLS LIMITED and entitled to vote hereby appoint

as my proxy in my absence to attend and vote for me and on my behalf at the
_____ Annual General Meeting of the Company to be held on 6th May, 1982
at Shakarganj Mills Limited, Toba Tek Singh Road, Jhang and at any adjournment
thereof. _____

As witness my hand this _____ day of _____ 1982.

Signed by the said _____ in the presence
of _____

Date _____

Place _____

Affix Forty Paisa
Revenue Stamp which
must be cancelled
either by signature
over it or by some
other means

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