

Baba Farid Sugar Mills Limited

Annual Report 1999

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COMPANY'S INFORMATION

BOARD OF DIRECTORS

CHIEF EXECUTIVE
MR. GHULAM MOHAMMED A. FECTO
DIRECTORS

MR. MUNAWAR ALI FECTO
MR. KAISER MEHMOOD FECTO
DR. ABDUL WAHID MOHAMMED
MR. JAMES R. RICHARDS
MR. SAID AHMED
MR. YAHYA AHMED BAWANY
MR. FAZLUR REHMAN
CH. BARKAT ALI

SECRETARY

MR. MUHAMMED ANWAR NATHANI (ACA)

AUDITORS

M/S. HYDER BHIMJI & CO.
(Chartered Accountants)

M/S. A.R. DIWAN & CO.
(Chartered Accountants)

BANKERS

MUSLIM COMMERCIAL BANK LTD.
HABIB BANK LTD.

REGISTERED OFFICE

1ST FLOOR, PANORAMA CENTRE,
RAJA GHAZANFAR ALI KHAN ROAD,
KARACHI-75530

ZONAL OFFICE

1ST FLOOR, NAWA-E-WAQT HOUSE,
4-SHAHRAH-E-FATIMA JINNAH
LAHORE.

MILLS

OKARA (Distt. OKARA)

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of the members of the Company will be held on Thursday the 30th March, 2000 at 4.00 P.M. at Hotel Metropole, Club Road, Karachi to transact the following business.

ORDINARY BUSINESS

(1) To receive and adopt the Report of the Directors and the Audited Accounts of the Company together with the Auditors' Report for the Financial Year ended 30th September, 1999.

(2) To appoint Auditors for the year 1999-2000 and fix their remuneration.

Karachi: the 23rd February, 2000

NOTES:

(1) The Share Transfer Books of the Company will remain closed from March 22, 2000 to March 30, 2000 (both days inclusive).

(2) All the members Should bring their original National Identity Cards at the time of the meeting.

(3) A member entitled to attend and vote at this Meeting may appoint another member as his/her Proxy to attend, speak and vote on his/her behalf. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.

CDS Account Holder:

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen

By order
(GHULAM MO)

Chief

signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original NIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

DIRECTORS' REPORT

The Members,
BABA FARID SUGAR MILLS LIMITED,
KARACHI.

Gentlemen,
Your Directors present their Twenty First Annual Report together with the audited accounts of the company for the year ended September 30, 1999.

The operational performance for the year under review is as under:

Commencement of Season.

Concluding of Season

Duration of Season	Days
Sugar cane Crushed	M.T.
Production of Refined Sugar	M.T.
Sucrose Content	%

From the above operational performance it is observed that our mill has crushed lesser quantity of sugar cane and consequently production of refined sugar was less than last year due to fall in sucrose recovery because of viral attack on sugar cane crop and growing excessive availability of Indian variety which is ruining the sugar industry. Trading results during the year depict a modest upward improvement in sale, due to

slight increase in sugar prices in the local market but not in proportion to increase in price of sugar cane. The Company also availed the opportunity of exporting sugar under the policy announced by Government. The Company has exported 25% of its sugar production during the year despite the lower International prices, because of non-performance penalty imposed by the Government.

Your Company has incurred loss due to low sucrose recovery (which is lowest in the Company's history i.e.6.63%) because of reasons mentioned above.

Your Board regretfully recommends that DIVIDEND for the year review be passed over. The Earning per share also decreased to Rs. (8.16) from Rs. (2.93) of previous year.

CURRENT YEAR PROSPECTS

In the year 1999-2000 crushing season commenced on November 15, 1999 and as on February 15, 2000 we have crushed 273,702 tons of sugar cane producing 18,717 tons of refined sugar with sucrose content 6.92%. We will be able to crush 350,000 tons to 375,000 tons approximately during the current season subject to availability of sugar cane as both yield per acre and area under cultivation has been reduced by 25% to 30%. The Company will be able to achieve the target production despite low sucrose recovery.

In the current season neighbouring mill started Price War and using total unethical and unbusiness like method for lifting huge quantity of cane from our Natural Zones. We strongly recommend to Government not to allow export of sugar as we feel there is going to be shortage of sugar and Government may have to import at least 0.200 million M.T. of sugar in the months of July to October 2000 as Country will face acute shortage. We also recommend the revival of zoning system that was abolished due to political reasons in order to improve the varieties of cane as well as to improve sucrose recovery.

Endeavours are being made for a better future and financial outcome although these would be primarily dependent on production achievement, selling prices in local market and optimum utilization of resources. The prices of sugar in local market is showing rising trend and hope this will further improve in the years to come. We are now giving better quality of seeds in order to replace Indian variety. Your Directors are pleased to inform that there are no defaults and improvement in production and financial results hopefully in coming days would show better profits.

During the year there was complete industrial peace and harmony in all areas of our operation. Your Directors place on record their appreciation for the honest and dedicated work of the staff and workers of all categories and have pleasure to mention here that during the year under review, the Management Employees relations continued to remain quite cordial.

Your Directors express their thanks to the officials of the Ministry of Food and Agriculture, other Government Agencies and Pakistan Sugar Mills Association for the support and encouragement they have extended to sugar industry and which we hope will be continued in future too. We would also like to express our sincere thanks to all the banks/financial institutions for their continued support and co-operation.

Your Company entered the new millennium fully compliant the Y2K requirements.

Messrs Hyder Bhimji & Co and Messrs A. R. Diwan & Co. the Auditors of the Company retire and offer themselves for reappointment.

Statement showing the pattern of holding of the shares held by the members of Baba Farid Sugar Mills Limited as on September 30, 1999 is annexed.

With Allah's blessing we move forward with hope and determination to be more prosperous and stronger in future.

KARACHI: February 23, 2000

By Order
(GHULAM MUHAMMAD)
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of BABA FARID SUGAR MILLS LIMITED, as at September 30, 1999 and the related profit and loss account and statement of changes in financial position (cash flow statement together with the notes forming part thereof 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 purpose of our audit and after due verification thereof, we report that;

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion;

i) the Balance Sheet and profit and Loss Account together with the notes thereon have been drawn-up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year were for the purpose of Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and statement of changes in financial position (cash flow statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 1999 and of the loss and the changes in financial position for the year then ended; and

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

Ordinance, 1980.

Without qualifying our report, we draw your attention to note No. 2 of the financial statements in respect of appropriateness of going concern basis. However, the financial statements have been prepared on that basis in view of matters stated in that note.

A. R. DIWAN & CO.
Chartered Accountants

HYDER
Chartered

Karachi: the 23rd February, 2000

BALANCE SHEET AS AT SEPTEMBER 30, 1999

SHARE CAPITAL AND RESERVES	NOTE	R
SHARE CAPITAL:		
Authorized		
10,000,000 Ordinary Shares of		
Rs. 10/-each		
Issued subscribed & Paid up	3-5	
Revenue Reserve	4	
Accumulated (Loss) \ Unappropriated Profit		
SUB-ORDINATED LOANS	6	
DEFERRED LIABILITIES	7	
LIABILITIES AGAINST ASSETS		
SUBJECT TO FINANCE LEASE	8	
CURRENT LIABILITIES		
Current Portion of Deferred Liabilities	7.1	
Current Portion of Liabilities		
Against Assets Subject to Finance Lease	8.1	
Short Term Running Finance		
(Utilized under Mark-up arrangements)	9	
Provision for Taxation		
Creditors Accrued and Other Liabilities	10	
CONTINGENCIES AND COMMITMENTS	11	
TOTAL		

FIXED ASSETS

Operating Assets	12
Capital Work-in-Progress	12.2

LONG TERM INVESTMENTS

13

LONG TERM DEPOSITS**CURRENT ASSETS**

Stores, Spares and Loose Tools	14
Stock-in-Trade	15
Trade Debts	16
Loans and Advances	17
Deposits, Prepayments and Other Receivables	18
Cash and Bank Balances	19

TOTAL

Note: The annexed notes form an integral part of these accounts

Karachi: the 23rd February, 2000

(GHULAM MOHAMMED A. FECTO)
Chief Executive

(SAI)
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**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

	<i>NOTE</i>	
Sales	20	
Cost of sales	21	
Gross profit		
Administrative Expenses	22	
Selling & Distribution Expenses	23	
Operating (Loss)/Profit		
Other Income	25	

Financial Expenses	26
Other Charges	27
Net (Loss) before Taxation	
Taxation	28
Net (Loss) after Taxation	
Un-appropriated Profit brought forward	
Transfer from Revenue Reserve	
Accumulated (Loss)/Unappropriated Profit carried forward	

NOTE: The annexed notes form an integral part of these account

(GHULAM MOHAMMED A. FECTO)
Chief Executive

(SAID
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Karachi: the 23rd February, 2000

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED 30TH SEPTEMBER, 1999**

	<i>NOTE</i>
CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated from operations	A
Financial charges paid	
Taxes paid	
Net cash inflow from operating activities	
CASH FLOW FROM INVESTING ACTIVITIES	
Fixed capital expenditure	
Sales proceeds of fixed assets	
Decrease in long term deposits	

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CASH FLOW FROM FINANCING ACTIVITIES

Increase in short term finance
Proceeds of liabilities against
assets subject to finance lease
Repayment of liabilities against
assets subject to finance lease
Increase in sub-ordinated loan
Increase in Deferred Liabilities

Net increase/(decrease)in cash and
Cash equivalents
Cash and Cash Equivalent in the beginning of
the year

Cash and cash equivalents at the end of year

A. CASH FLOW FROM OPERATING ACTIVITIES

(Loss) before taxation

Add/(less) adjustment for non cash
charges and other items
Depreciation
(Profit) on disposal of fixed assets
Financial charges
Provision for Obsolete. Stores Items

(Loss)/Profit before working capital changes

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

(Increase)/decrease in current assets
Stores and ,spares
Stock-in-trade
Trade debts
Loans and advances
Deposits, prepayments & Receivables

Increase/(decrease) in current liabilities
Creditors and accrued liabilities

Cash generated from operations

The annexed notes form an integral part of these accounts.

(GHULAM MOHAMMED A. FECTO)
Chief Executive

(SAI)
D

Karachi: the 23rd February, 2000

NOTES TO THE ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1999

1. THE COMPANY AND ITS OPERATIONS:

Baba Farid Sugar Mills Limited was incorporated in Pakistan in 1978 as a Public Limited Company and its shares are quoted on the Karachi and Lahore Stock Exchanges. The Company is principally engaged in the production and sale of Sugar.

2. GOING CONCERN:

These accounts have been prepared on going concern basis despite the fact that accumulated loss have caused erosion in the share capital of the Company and the current ratio is adverse. However the going concern basis is valid as:

- a) The company is able to arrange finance for its smooth operations.
- b) Repayment of liabilities is being made and there are no defaults.
- c) Subsequent production and financial result of the Company have shown improvements and profits.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:

2.1.1. Accounting Convention:

The accounts of the Company are prepared on historical cost convention.

2.1.2. Foreign Currency Translation:

Loans in Foreign Currency if any, is translated into Pak rupees at the rate of exchange ruling on the Balance Sheet date. The resultant difference is adjusted to assets acquired under the loans:

2.1.3. Staff Retirement Benefits:

The Company operates a Contributory Provident Fund Scheme for all permanent employees eligible to the benefit.

2.1.4. Taxation:

The charge for the current taxation is based on taxable income at the current rates of taxation after considering admissible tax credits and rebates, if any. The Company accounts for the deferred taxation on all major timing differences using the liability method.

2.1.5. Fixed Assets:

Company Owned Assets:

These are stated at cost less accumulated depreciation except leasehold land and capital work-in-progress which are stated at cost. Depreciation is computed by applying reducing balance method whereby the cost of an asset will be written off over its estimated useful life. In case of Sugar Machinery depreciation is charged on actual Working days. Full year's depreciation is charged on the assets acquired during the year while no depreciation is charged in the year of their disposal.

Maintenance and normal repairs are charged to Profit & Loss Account as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired. Profit or Loss on disposal of fixed assets is included in income currently.

Leased Assets (Under Finance Lease):

The Company accounts for plant and machinery under financial lease by recording the asset and related liability. The amounts are determined on the basis of discounted value of total minimum lease payment and residual value of the assets at the end of lease period to be paid by the Company. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged at the rate specified in the related note to write off the asset over its estimated useful life in view of the certainty of the ownership of the asset at the end of the lease period.

Leased Assets (Under Operating Lease):

Lease rentals payable on assets held under operating lease are charged to profit and loss account for the year.

2.1.6 Long Term Investments in Certificate of Investments (COI):

These are stated at cost.

2.1.7 Stores, Spares, Accessories and Loose Tools:

These are valued at cost on the basis of First-in-First-out method except those in transit, which are valued at actual.

Stock-in-Trade:

a) Stock-in-Process:

Stock-in-Process is valued at average raw material cost.

b) Finished Goods:

Stock of manufactured Sugar is valued at the lower of average cost and net realizable value.

c) Molasses:

Valued at net realizable price.

2.1.9. Trade Debts:

Debts considered irrecoverable are written off and provision is made for the debts considered doubtful, if any.

2.1.10 Revenue Recognition:

Sales are recorded on despatch of goods to Customers.

3. ISSUED, SUBSCRIBED AND PAID-UP

6,400,000 (1998: 6,400,000) Ordinary

Shares of Rs. 10/- each fully paid

Issued for cash.

3,050,000 (1998: 3,050,000) Ordinary

Shares of Rs. 10/- each fully paid

Bonus Shares.

4. REVENUE RESERVE

General Reserve

Transferred to Profit & Loss A/c

5. STATEMENT OF CHANGES IN EQUITY

	<i>Shares Capital</i>	<i>General Reserve</i>	<i>Unap Pro</i>
Balance as on Sept. 30, 1997	94,500,000	32,500,000	
Net Loss for the year	--	--	
Transfer from General Reserve	--	(27,500,000)	
	-----	-----	
Balance as on Sept. 30, 1998	94,500,000	5,000,000	
Net Loss for the Year	--	--	
Transfer from General Reserve		(5,000,000)	
	-----	-----	
Balance as on Sept. 30, 1999	94,500,000	--	
	=====	=====	

6. SUB-ORDINATED LOANS (UNSECURED)

From Associated Undertakings
(The above loan is interest free)

7. DEFERRED LIABILITIES

Deferred Taxation
Road development cess
Less: Current maturity (Note 7.1)

The above liability represents unpaid balance of the Road Development Cess which has been deferred by the Government of Pakistan. The above liability is to be paid in 18 monthly installments commencing from November 1999.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE (SECURED)

From Leasing Companies
Less: Classified as current liabilities
liabilities being repayable within next twelve months (Note 8.1)

a) The above liabilities represents unpaid balance of total minimum lease payment and residual value payable at the end of lease term.

b) The rental under lease agreement in respect of above liabilities over future accounting years as under:

1998 - 1999
1999 - 2000
2000- 2001
2001 - 2002
2002 - 2003

Financial Charges Allocated

to future period

c) At the end of lease period the ownership of assets shall be transferred to the Company at residual value.

d) The cost of operating and maintaining the leased assets is to be borne by the Company.

e) The payment of lease rentals are secured by way of demand promissory note and personal guarantee of sponsoring directors except lease payable to BEL which are secured by way of second charge on all present & future assets of the Company

f) Discounting factor implicit in the lease ranges between 1.66% to 2.25% per month.

g) There are no financial restrictions imposed by the lease agreement.

**9. SHORT TERM RUNNING FINANCE:
(UTILIZED UNDER MARK-UP ARRANGEMENT)**

From Financial Institutions.	(Secured) 9.1
From Banking Companies.	(Secured) 9.2
Others:	(Unsecured)
Temporary finance	

9.1 Security:

Secured against hypothecation of Stores & Spares, Finished goods and collaterally Secured by way of exclusive charge over fixed assets of the Company and personal guarantee of the sponsoring directors. Additionally, the company has also furnished bank guarantee to the extent of Rs. 49.198 Million which in turn is secured by personal guarantee of the sponsoring directors.

Mark-up:

55 to 60 paisas per thousand per day on daily product basis.

Repayment:

Renewable annually

9.2 Security:

Secured against hypothecation/pledge of Sugar, Stores & Spares and personal guarantee of the sponsoring directors.

Mark-up:

55 to 60 paisas per thousand per day on daily product basis.

Repayment:

Renewable annually

Aggregate Credit facility available to the Company in Million rupees.

10. CREDITORS, ACCRUED & OTHER LIABILITIES:

Due to Associated Undertakings
Trade Creditors
Accrued Expenses
Advance from Customers
Advance from Others
Mark-up accrued on Secured finances
Accrued interest on unsecured finances
Deferred Custom Duty
Unclaimed Dividend
Sales Tax Payable
Other Liabilities (Note 10.1)

10.1 Other Liabilities:

Excise duty payable
Staff Income Tax Payable
Others

11. CONTINGENCIES AND COMMITMENTS:

11.1 The rental under lease agreement in respect of Vehicles under operating lease amounting to Rs. 361,656 (1998: Rs. 999,829)

Payable over the next years:

Years ended

1999 - 2000

2000 - 2001

11.2 The Company has been successful in appeals against addition made by the tax department in the Assessment Year from 1992-93 to 1996-97 & 1998-99. However, the department has preferred appeals in the income tax appellate Tribunal which are pending. Company's tax advisors are hopeful for a favorable outcome.

12. OPERATING ASSETS

	<i>COST</i>		
	<i>AS AT</i>	<i>ADDITIONS</i>	<i>SALES</i>
	<i>01-10-98</i>	<i>DURING THE</i>	<i>AND</i>
	<i>YEAR</i>	<i>ADJUSTMENT</i>	
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
OWNED			
Land (Lease Hold)	11,269,575	208,330	--
Buildings (On Lease-hold Land)	74,893,233	--	--
Plant and Machinery	305,563,237	37,560,892	--
Electric Installation	9,576,080	--	--
Tools and Equipments	2,474,604	70,053	--
Vehicles	14,849,675	180,000	(850,000)
Furniture & Fixtures	4,757,286	39,610	--
Equipments	5,348,266	208,600	--
	-----	-----	-----
	428,731,956	38,267,485	(850,000)
LEASED			
Leased Machinery	134,717,796	19,600,000	(37,270,176)
	-----	-----	-----
Total Rupees 1999	563,449,752	57,867,485	(38,120,176)
	=====	=====	=====
Total Rupees 1998	558,770,295	4,679,457	--
	=====	=====	=====

NOTES: (a) Depreciation on Plant and Machinery has been charged on actual working days of plant operation i.e. 153 days for normal 123 days for shift in proportion to 365 and 300 days respectively.

(b) Depreciation for the year is charged as under:

Raw Material Procurement Expenses

Manufacturing Expenses

Administrative Expenses

Selling Expenses

12.1 DISPOSAL OF FIXED ASSETS

Mercedez Benz Sedan Car	850,000	776,986	73,014
1999 Total Rupees	----- 850,000 =====	----- 776,986 =====	----- 73,014 =====
1998 Total Rupees	----- -- =====	----- -- =====	----- -- =====

12.2 Capital Work in Progress

Civil Works. Office Block Extension

13. LONG TERM INVESTMENT:

Certificate of Investment
Investment with NDLC

The above COI's are under pledged with the
leasing company.

14. STORES, SPARES & LOOSE TOOLS:

Stores
Spares & Accessories
Loose Tools

Provision for obsolete items

15. STOCK-IN-TRADE:

In Stock - Sugar
- Molasses

Work- in - Process

16. TRADE DEBTS (Considered Good)

Export proceeds receivables-Secured

Local debts-Unsecured (Considered Good)

17. LOANS & ADVANCES - Unsecured:

Loans to Cane Growers

- Considered Good

Considered doubtful

Provision there against

Loans to Staff

Advance against supplies

Advance against expenses

Included in Loans to staff is Rs. 310,379 (1998: Rs. 799, 444) due from executives. Maximum aggregate balance due from executives at the end of any month was Rs. 473,095 (1998: 799,444)

**18. DEPOSITS, PREPAYMENTS AND
OTHER RECEIVABLES (Considered Good)**

Deposits

Prepaid Expenses

Other Receivables

Income Tax & Sales Tax Refundable

Maximum aggregate balance receivable from Associated

Undertakings at the end of any month was Rs. Nil
(1998: Rs. 24,851).

19. CASH AND BANK BALANCES:

Cash in hand
Balances with Banks
- In Current Accounts
- In Deposit Accounts

20. SALES:

Sugar-Local
Exports

Less: Commission on sale of Sugar
Sales tax on Sugar

21. COST OF SALES

Raw Materials & Expenses
thereon (Note 21.1)
Manufacturing Expenses (Note 21.2)
Excise Duty

Stock-in-Process:

Opening
Closing

Sale of by-products
Molasses
Molasses Stock Adjustment
V.F. Cake

Export Rebate on Sugar

Cost of Goods Manufactured

Finished Goods
Opening
Closing

Cost of Goods Sold

21.1. RAW MATERIAL & EXPENSES THEREON

Cost of Sugarcane and related
Expenses
Salaries, Wages, Bonuses and
Staff Benefits
Rent, Rates and Taxes
Establishment & Other
Expenses (Note 24)
Depreciation
Insurance

21.2 MANUFACTURING EXPENSES:

Processing and Packing Materials
Fuel and Power consumed
Salaries, Wages, Bonuses
& Staff Benefits
Stores and Spares consumed
Rates and Taxes
Establishment & Other
Expenses (Note: 24)
Insurance
Depreciation

22. ADMINISTRATIVE EXPENSES

Salaries, Bonus & Staff Benefits
Directors' Fee(Note 31)
Rent, Rates and Taxes
Establishment & Other Expenses (Note 24)
Insurance
Depreciation

23. SELLING AND DISTRIBUTION EXPENSES:

Export Expenses
Salaries, Bonuses and Staff Benefits
Establishment & Other Expenses
(Note 24)
Depreciation
Handling and Stacking Expenses
Insurance

24. ESTABLISHMENT AND OTHER EXPENSES

Postage and Telegram
Telephone & Telefax Charges
Printing and Stationary
Travelling Expenses
Entertainment Expenses
Conveyance Expenses
Papers and Periodicals
Fees and Subscription
Legal Fees and Expenses
Advertisement Expenses
Packing and Forwarding
Freight and Cartage
Messing Expenses
Guest House Expenses
Water Charges
Gardening Expenses
Electricity
Sundry Expenses
Repair and Maintenance
Vehicle Expenses
Lease Rent Expenses
Annual General Meeting Expenses
Security Services Charges
Effluent water disposal Expenses
Gas Charges
Zakat
Diesel Charges - Generator
Stores & Spares written off

Above expenses are allocated
as follows:

Raw Material
Manufacturing Expenses
Administrative Expenses
Selling and Distribution
Expenses

25. OTHER INCOME

Profit on C.O.I.
-On Short Notice and Time Deposits
-Others
Miscellaneous Receipts
Profit on disposal of Fixed Assets
Liabilities Written back
Rent Income
Provision of doubtful loans written-back

26. FINANCIAL EXPENSES

Finance Charges on Leases
Mark up on running & cash finance
Lease Initiation Expense
Excise Duty on Outstanding Loans
Bank Charges
Commission on Bank Guarantee

27. OTHER CHARGES

Charity & Donation
Auditors' Remuneration (Note 27.1)

27.1 Auditors Remuneration:

Audit Fees (Shared equally
by joint auditors)
Audit of (WPPF & PF) Hyder Bhimji & Co.
Travelling & Related Expenses-Hyder Bhimji & Co.

28. TAXATION

Current - For the year
- Prior years
- Deferred

29. EARNING PER SHARE

Net Loss after tax
Average Ordinary Shares
Earning per Share

30. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

30.1 The Company purchased goods, materials and services from associated undertaking aggregating to Rs. 149,838 (1998: Rs. 225,373)

30.2 The Company sold goods and materials to associated undertakings aggregating to Rs. 2,774,441 (1998: Rs. 8,612,473)

31. DETAILS OF PAYMENT TO DIRECTORS AND EXECUTIVES:

	<i>CHIEF EXECUTIVE</i>	<i>DIRECTORS</i>	<i>EXECUTIVES</i>
Managerial Remuneration	--	455,400	3,737,900
Allowances	--	209,436	1,661,947
Medical	--	27,324	224,274
Contribution to Provident Fund	--	45,636	370,942
Perquisites in Kind:			
Car expenses	73,781	137,276	--
Utilities	--	--	--
Telephone at Residence	12,112	85,867	32,048
	-----	-----	-----
	85,893	960,939	6,027,111
	=====	=====	=====
Number of Persons-1999	1	1	16
Number of Persons-1998	1	1	15

The aggregate amount charged for directors fees in the accounts is Rs. 8,000 (1998: Rs. 10,000) for 5 Directors (1998:5 Directors)

32. FINANCIAL ASSETS & LIABILITIES

INTEREST BEARING

FINANCIAL ASSETS	<i>With in One year</i>	<i>Above One year</i>	<i>S. Total</i>
Investment	3,000,000	--	3,000,000
Deposit	--	--	--
Loans & Advances	--	--	--
Prepayments & Other receivable	--	--	--
Cash & Bank balance	--	--	--
	-----	-----	-----
	3,000,000	--	3,000,000
FINANCIAL LIABILITIES			
Subordinated Loans	--	--	--
Road, Development Cess	--	--	--
Liabilities against Lease	22,959,882	37,373,786	60,333,668
Short term financing	102,780,939	--	102,780,939
Creditors & Accrued Liabilities	--	--	--
Unclaimed Dividend	--	--	--
	-----	-----	-----
	125,740,821	37,373,786	163,114,607
	-----	-----	-----
	(122,740,821)	(37,373,786)	(160,114,607)
	=====	=====	=====

INTEREST RATE DISCLOSURE

Effective interest rate for the monetary financial assets and liabilities are mentioned in the respective notes to the accounts.

FINANCIAL INSTRUMENT AND RISK MANAGEMENT

The Company issues financial instruments mainly to finance its operations in addition to the financial instruments, trade debts and trade creditors arise directly from the company's operations.

The Company finances its operations primarily by a mixture of issued share capital long & short term finances and loans, while it borrows funds usually at fixed rates of interest/mark-up.

a. Interest rate risk management

Since the company borrows funds usually at fixed interest/mark-up rates thus the risk arising is minimal.

b. Foreign exchange risk management

Foreign Currency risk arises where financial instruments contains receivable & payable in

foreign currency. Liabilities in foreign currency. If any are covered through forward foreign exchange cover whereas the receivable have limited risk and that too in company's favor.

c. Concentration of Credit Risk

The company considers that it is not exposed to major concentration of credit risk. The Company however, is exposed to credit related losses in the event of non-performance by counter parties to financial instruments but does not expect any counter parties to fail to meet the obligation.

d. Fair value of Financial Instruments.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair value.

TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The company purchased from associated companies goods, materials and Services aggregating to Rs. 149,838 (1998: Rs. 225,373)

33. CAPACITY AND PRODUCTION:

	<i>CAPACITY</i>		<i>M. Tons</i>	<i>PRODUCTI</i>
	<i>M. Tons</i>	<i>Days</i>		
1999	27,200	160	30,923	
1998	27,200	160	40,242	

*Based on 8.5% recovery rate

34. GENERAL:

a) Previous year's figures have been re-grouped and re-arranged wherever necessary for the purpose of comparison.

b) Figures have been rounded off to the nearest rupee.

**PATTERN OF SHAREHOLDINGS
AS AT 30TH SEPTEMBER, 1999**

<i>No. of Shareholders</i>	<i>Shareholdings</i>			
534	From	1	to	100
615	From	101	to	500
75	From	501	to	1,000
113	From	1,001	to	5,000
19	From	5,001	to	10,000
2	From	10,001	to	15,000
2	From	15,001	to	20,000
1	From	25,001	to	30,000

1	From	30,001	to	35,000
2	From	35,001	to	40,000
1	From	65,001	to	70,000
1	From	80,001	to	85,000
1	From	125,001	to	130,000
2	From	305,001	to	310,000
2	From	405,001	to	410,000
1	From	655,001	to	660,000
1	From	675,001	to	680,000
1	From	1,440,001	to	1,445,000
1	From	1,475,001	to	1,480,000
1	From	2,730,001	to	2,740,000

1376
=====

Categories of Shareholders

	<i>Number</i>	<i>Shares held</i>
Individuals	1363	4,974,762
Investment Companies	4	2,745,818
Insurance Companies	3	213,950
Joint Stock Companies	4	1,512,418
Financial Institutions	2	3,052
Modaraba Companies	--	--
Federal Government	--	--
Abandoned Property	--	--
Corporate Law Authority	--	--
Charitable Institutions	--	--
Trust	--	--
	-----	-----
TOTAL	1376	9,450,000
	=====	=====