

Baba Farid Sugar Mills Limited

Annual Report 2000

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COMPANY'S INFORMATION

BOARD OF DIRECTORS

CHIEF EXECUTIVE
MR. GHULAM MOHAMMED A. FECTO
DIRECTORS
MR. MUNAWAR ALI FECTO
MR. KAISER MAHMOOD FECTO
DR. ABDUL WAHID MOHAMMED
MR. SAID AHMED
MR. YAHYA AHMED BAWANY
MR. JAMES R. RICHARDS
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:

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 Second Annual General Meeting of the members of the Company will be held on Saturday the March 10, 2001 at 10:00 A.M. at Hotel Regent Plaza, Shahrah-e-Faisal, 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 September 30, 2000.

(2) To elect Nine Directors in accordance with the provisions of Section 178 of the Companies Ordinance 1984 for a period of three years. The retiring Directors are Messrs Ghulam Mohammed A. Fecto, Munawar All Fecto, Kaiser Mehmood Fecto, Dr. Abdul Wahid Mohammed, Mr. James R. Richards, Ch. Barkat All, Yahya Ahmed Bawany, Said Ahmed and Mr. Fazlur Rehman.

(3) To appoint Auditors for the year 2000-2001 and fix their remuneration.

Karachi the February 15, 2001

By order of the Board
(GHULAM MOHAMMED A FE
Chief Executive

NOTES:

(1) The Share Transfer Books of the Company will remain closed from March 03, 2001 to March 10, 2001 (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 notarially attested copy of the power of attorney must be deposited at the registered office of the a 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/her identity by showing his/her 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 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/her 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 take pleasure in presenting Twenty Second Annual Report and Audited Accounts for the year ended September 30, 2000. The operational performance for the year under review is as under :-

<i>1999-2000</i>			
<i>November 15, 1999</i>			
<i>March 22, 2000</i>			
Commencement of Season			
Concluding of Season			
Operating days	Days		128
Cane crushed	M.Tons	335,992	
Production	M.Tons	24,100	
Average recovery	%		7.17

From the above chart it is evident that the production of refined sugar has gone down because supply of raw material was affected due to pilferage of sugar cane from our natural zone by other mills by paying higher prices to growers as against support prices fixed by the Government. The situation further intensified due to competition among other mills to crush maximum quantity of sugarcane. Consequently prices of Sugar Cane has gone up. This situation has arisen because of area cultivated for sugarcane has reduced by 25% to 30% in Province of Punjab. Secondly, though sucrose contained has improved as compared to last year but not improved as was expected due to shortage of rains and irrigation water, continuation of degenerate quantity of sugarcane and long dry spell.

Although the production has gone down as against last year but increase in sale price of sugar in local market the trading results has improved. This improvement was offset by increase in prices of raw material, furnace oil and utilities. The management has tried its best to reduce the loss by curtailing expenditure and gain in selling price.

Your Board regretfully recommends that Dividend for the year under review be passed over. The earning per share has improved from Rs. (8.16) to (0.60).

CURRENT YEAR PROSPECTS

The current crushing season 2000-2001 commenced on November 20, 2000. But non-availability of sugarcane in the earlier part of the season prevailed on refusal by growers to harvest the crop at the price fixed by the Government and demanding higher prices at Rs. 50/= for 40 kgs. Hence, Mills operated on under capacity basis during the earlier part of the season. Therefore we have crushed 181.878 M. Tons of sugarcane producing 11,801 M. Tons of refined sugar with sucrose content, 6.69% upto February 12, 2001. Now the supply of sugarcane has improved to a great extent. We are striving hard to procure the sugarcane from our natural zone and hope we will be able to procure maximum quantity of sugarcane in order to achieve the production target.

As supply of sugarcane was affected due to lesser area cultivated and higher rates demanded by growers the Government was deeply concerned with this situation of total production of refined sugar in the country and therefore allowed import of raw sugar for catering to demand of the country.

But this step of Government has gone in vain as prices of raw sugar in International market has gone up and cost of production is more than selling prices prevailing in the local market. Though Government has enhanced the limit of import of raw sugar from 0.50 Million M.Tons to 0.60 Million M.Tons this development has proved to be too late. On the other hand the Government is allowing large imports of refined sugar from India at this critical juncture when the Industry had started operating with normal crushing capacity without estimating total productions of refined sugar in the country. In fact the Government has over imported refined sugar resulting in waste of valuable foreign exchange and as a result harming the local industry.

The prices of sugar in local market has shown rising trend at the start of the season but the decision of Government to import refined sugar has pushed refined sugar prices downward. High production cost, cheap imports and non-availability of raw material together with manifestation of luke warm response by the Government has pushed the indigenous sugar Industry to the verge of collapse. We recommend the revival of Zoning system that was abolished on political grounds, banning import of refined sugar and extending incentives to growers for good sugar cane variety as well as sucrose content of cultivated sugar cane instead of Indian variety of sugar cane that has damaged the industry. Efforts are being made for a better future as well as financial outcome although these steps would be primarily dependent on production achievement, selling prices in local market and maximum utilization of resources. 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 results as all our efforts are being made towards increase the cane production specially good sugar cane variety.

This year very good sowing is taking place due to rates and we hope that if all goes well a bumper crop for season 2001-2002 can be expected.

Your Directors, place on record their appreciation of services rendered by the team of dedicated man-

agers and other executives, supervisors and hard working employees. The Directors also take pleasure in mentioning that during the year, the Management Employees relations continued to remain cordial.

Yours 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 the company's banks/financial institutions for their continued support and co-operation.

Pursuant to section 178 of the Companies Ordinance 1984, Directors, completed their tenure of office and stand retired on the date of forthcoming Annual General Meeting. All the Directors are, however eligible for re-election. The Board has fixed the number of elected Directors at NINE.

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, 2000 is annexed.

With Allah's blessings we are determined to move forward and hope for a better and prosperous future.

By Order of the Board
(GHULAM MOHAMMED A. FECTO)
Chief Executive

KARACHI: February 15, 2001.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of BABA FARID SUGAR MILLS LIMITED as at September 30, 2000 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 ended and we state that we have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 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 test basis, evidences supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management as well as, evaluating the overall presentation of the above

said statements. We believe that our audit provides 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 account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted investments made and 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, cash flow statement, and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards are 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 September 30, 2000 and of the loss 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, 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 the basis in view of matters stated in that note.

A. R. DIWAN & CO.
Chartered Accountants

Karachi: the February 15, 2001

BALANCE SHEET AS AT SEPTEMBER 30, 2000

SHARE CAPITAL AND RESERVES

SHARE CAPITAL

Authorized

10,000,000 Ordinary Shares of

Rs. 10/= each

Issued Subscribed & Paid up

Accumulated (loss)

NOTE

SUB-ORDINATED LOANS	5
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Trade Debts	17
Loans and Advances	18
Deposits, Prepayments and Other Receivables	19
Cash and Banks Balances	20

TOTAL

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

Karachi: The February 15, 2001

(GHULAM MOHAMMED A. FE

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

	<i>NOTE</i>
Sales	21
Cost of Sales	22
Gross Profit	
Administrative Expenses	23
Selling & Distribution Expenses	24
Operating Profit / (Loss)	
Other Income	26
Financial Expenses	27
Other Charges	28
Net (Loss) Before Taxation	
Taxation	29
Net (Loss) After Taxation	
Un-appropriated (Loss) / Profit brought forward	
Transfer from Revenue Reserve	
Accumulated (loss) / Profit carried forward	
Earning per Share	30

NOTE: The annexed notes form an integral part of these accounts.

Karachi: February 15, 2001

(GHULAM MOHAMMED A. FECTO)
Chief Executive

**(CASH FLOW STATEMENT)
FOR THE YEAR ENDED 30TH SEPTEMBER, 2000**

CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations

A

Financial charges paid

Taxes paid

Dividend paid

Net cash inflow from operating activities

CASH FROM INVESTING ACTIVITIES

Fixed capital expenditure

Sale proceeds of fixed assets

Decrease in long term deposits

Decrease in long term investment

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

Decrease/increase in Deferred Liability

Proceeds of long term loans

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

The annexed notes form an integral part of these accounts.

(GHULAM MOHAMMED A. FECTO)

Chief Executive

Karachi: February 15, 2001

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

Profit / (Loss) 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

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2000**

	<i>Shares Capital</i>	<i>General Reserve</i>	
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		
Net Loss for the Year	--		
Transfer from General Reserve	--		
	-----		-----
Balance as on Sept. 30, 2000	94,500,000		
	=====		=====

(GHULAM MOHAMMED A. FECTO)
 Chief Executive

Karachi: February 15, 2001

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2000

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 ongoing concern basis despite the fact that during the year the company have incurred a net after tax loss of Rs. 5.697 million, and its accumulated loss stood at Rs. 76.579 million. The current ratio is adverse and showing improvement over preceding year. 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 arrangements for matured finance have been entered into and there are not defaults.
- c) Projected cash flows shows better results in future.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 defined Contribution Recognized Provident Fund Scheme for its eligible permanent employees who opted for the benefits. Equal monthly contribution are made, both by the company and the employee to the fund at the rate of 10% of basic pay.

2.1.4 Taxation:

The charge for the current taxation is based on taxable income at the current rates of tax taxation after considering admissible tax credit 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. Full year depreciation is charged on the assets acquired during the year. While no depreciation is charged in the year of the 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 assets 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 assets over its estimated useful life in view of the certainty of the ownership of the assets 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.

2.1.8. 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 dispatch of goods to Customers. Income from SNTD's/Profit / on deposit / and rent recognized on accrual basis.

3. ISSUED, SUBSCRIBED AND PAID-UP

6,400,000 (1999: 6,400,000) Ordinary Shares
of Rs. 10/- each fully paid
Issued for cash.

3,050,000 (1999: 3,050,000) Ordinary
 Shares of Rs. 10/- each issued as fully paid
 Bonus Shares

4. REVENUE RESERVE

General Reserve
 Transferred to Profit & Loss A/c

5. SUB-ORDINATED LOANS (UNSECURED)

From Associated Undertakings

(The above loan is interest free, and repayable at the convenience of the company).

6. DEFERRED LIABILITIES

Deferred Taxation
 Road development cess
 Less: payable in next twelve months 6.01

6.01 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 instalments commenced from November, 1999.

7. LONG TERM LOANS

From:		<i>TOTAL</i>	<i>CURRENT MATURITY</i>
N.D.F.C	7.1	11,447,992	2,86
I.D.B.P	7.2	39,977,277	6,47
Standard Chartered			
Grindlays Bank Ltd.	7.3	59,000,000	50,00
		-----	----
		110,425,269	59,34
		=====	=====

7.1 Loan is secured by way of charge on company's property and personal guarantees of directors. The loan is repayable in eight installments. The first two installments are payable in next twelve months while the rest is repayable in six equal monthly installments of Rs. 1.430m covering from January 2002. The rate of markup is 17% p.a. payable quarterly.

7.2 Loan is secured by way of first charge on fixed assets of the company. The loan is

repayable in 37 monthly installments commencing from January 01, 2001. The markup is charged at 50 paisas per day per thousand rupees on daily product basis, payable quarterly.

7.3 Loan is secured by way of floating charge on the assets of the company and repayable Rs. 50m in next twelve months while balance within two years. The rate of markup is 12% p.a. payable quarterly.

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

From Leasing Companies

Less: Classified as current liabilities

being repayable within next twelve months (Note 9)

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 are repayable over future accounting years as under:

1999-2000

2000-2001

2001-2002

2002-2003

2004 -2005

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 rentals 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 1.83% per month.

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

9. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans

Finance Lease

Deferred Liability for Road Development Cess.

10. SHORT TERM FINANCE (UTILIZED UNDER MARK-UP ARRANGEMENT): SECURED

From Financial Institutions.

From Banking Companies (Secured) 10.01

10.1 Security:

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

Mark-up

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

Repayment:

Financing facilities are renewable annually.

Aggregate Credit facility available to the Company in Million rupees.

Cash Finance
Running Fina

11. CREDITORS, ACCRUED & OTHER LIABILITIES:

OTHER LIABILITIES:

Due to Associated Undertakings

Trade Creditors

Accrued Expenses

Advance from Others

Accrued Interest

Advance from customers

Deferred Custom Duty

Unclaimed Dividend

Sales Tax Payable

Other Liabilities (Note 11.01)

11.01 Other Liabilities:
 Staff Income Tax Payable
 Others

12. CONTINGENCIES AND COMMITMENTS:

12.1 The Company has been successful in appeals against additions made by the tax department in the Assessment Year from 1994-95 to 1996-97. However, the department has gone into further appeal before the Income Tax Appellate Tribunal which are pending. Management is hopeful for a favorable outcome at income Tax Appellate Tribunal stage.

12.2 A sum of Rs. 1.162m is being claimed by N.D.F.C. as liquidated damages against its outstanding finance against which the management is contesting for waiver. However the management is hopeful for the reversal of claim, accordingly no provision is made.

13. OPERATING ASSETS:

PARTICULARS	AS AT	ADDITIONS	COST	SALES AND
	01/10/99	DURING THE		ADJUSTMENT
	Rs.	YEAR		Rs.
		Rs.		
OWNED				
Land (Leased Hold)	11,477,905		--	
Building ion Lease hold land)	74,893,233		--	
Plant and Machinery	343,124,129		31,645,871	(30,000)
Electric Installation	9,576,080		--	
Tools and Equipment	2,544,657		136,553	
Vehicles	14,179,675		--	(30)
Furniture & Fixtures	4,796,896		27,700	
Equipments	5,556,866		149,797	
	-----		-----	---
TOTAL	466,149,441		31,959,921	(30,030)
LEASED:				
Leased Machinery	117,047,620		40,000,000	(25,950)
	-----		-----	---
Total Rupees 2000	583,197,061		71,959,921	(55,980)
	=====		=====	=====
Total Rupees 1999	563,449,752		57,867,485	(38,120)
	=====		=====	=====

Depreciation for the year is charged as under:

Raw material Procurement Expenses

Manufacturing Expenses
 Administrative :
 Selling Expenses

The depreciation rates on Plant and machinery has been revised from 10% (on the basis of actual working days) to 7% (straight), as the management has re-estimated useful life of these assets had the depreciation rates not been revised the loss for the year would have been lower by Rs. 484,036 only.

13.01 DISPOSAL OF FIXED ASSETS

Particulars	Original Cost	Accumulated Depreciation	Written Down Value
Fiat Car	30,000	6,000	24,000
2000 Total Rupees	30,000	6,000	24,000
1999 total Rupees	850,000	776,986	73,014

13.02. Capital Work in Progress

Civil Works - New Sugar godown Office

14. LONG TERM INVESTMENT:

Certificate of Investment
 Investment with NDLC

15. STORES, SPARES & LOOSE TOOLS:

Stores
 Spares & Accessories
 Loose Tools

Provision for Obsolete Stores

16. STOCK-IN-TRADE:

In Stock - Sugar
 - Molasses

Work-in-Process

17. TRADE DEBTS (Considered Good)

Local debts-Unsecured (Considered Good)

18. 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. 185,109 (1999: Rs. 310,379) due from executive Maximum aggregate balance due from executives at the end of any month was Rs. 500,298 (1999: 473,095)

19. 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 Nil (1999: Nil)

20. CASH AND BANK BALANCES:

Cash in hand

Balances with Banks

- In Current Accounts

21. SALES:

Sugar - Local

Export

Less: Commission on sale of Sugar

Sales tax on Sugar

22. COST OF SALES:

Raw Materials & Expenses

thereon (Note 22.01)

Manufacturing Expenses (Note 22.02)

Excise Duty

Stock-in-Process:

Opening

Closing

Sale of By - Products

Molasses Stock Adjustment

V.F. Cake

Export Rebate on Sugar

Cost of Goods Manufactured

Stock Of Finished Goods

Opening

Closing

Cost of Goods Sold

22.01 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

22.02 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 25)
Insurance
Depreciation

23. ADMINISTRATIVE EXPENSES:

Salaries, Bonus & Staff Benefits
Directors' Fee (Note 32)
Rent, Rates and Taxes
Establishment & Other Expenses (Note 25)
Insurance
Depreciation

24. SELLING AND DISTRIBUTION EXPENSES:

Export Expenses
Salaries, Bonuses and Staff Benefits
Establishment & Other Expenses (Note 25)
Depreciation
Handling and Stacking Expenses

Insurance

25. 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

26. 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

27. FINANCIAL EXPENSES

Financial Charges on Leases
 Markup on running & cash finance
 Lease Initiation Expenses
 Excise Duty on Outstanding Loans
 Bank Charges
 Commission on Bank Guarantee

28. OTHER CHARGES

Charity & Donation
 Auditors' Remuneration (Note 28.01)

28.01 Auditors Remuneration:

	<i>Hyder Bhimji & Co.</i>	<i>A.R. DIWAN & Co.</i>	
Annual Audit	35,000		3
Audit of workers' profit participation fund	1,000		
Employees provident fund	1,500		
	-----		-----
	37,500		3
Travelling & reimbursement of expenses	-----		-----

29. Taxation

Current - For the year
 Prior year

CURRENT TAXATION

In view of assessed brought forward losses the provision for current taxation is determined on the basis of minimum tax u/s 80-D of the income tax ordinance, 1979.

DEFERRED TAXATION

In view of brought forward assessed tax losses including unabsorbed tax depreciation amounting to Rs. 52m, no provision for deferred tax is being made in accounts.

30. EARNING PER SHARES

Net Loss after tax
Average Ordinary Shares

Earning per Share

31. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

31.1 The Company purchased goods, materials and services from associated undertakings aggregating to Rs nil (1999: Rs. 149, 838)

31.2 The Company sold goods and materials to associated undertakings aggregating to Rs. 2,898,204 (1999: Rs. 2,774,441)

32. DETAILS OF PAYMENT TO DIRECTORS AND EXECUTIVES:

PARTICULARS	2000	
	CHIEF EXECUTIVE	DIRECTORS
Managerial Remuneration	--	45
Allowances	--	20
Medical	--	2
Contribution to Provident Fund	--	4
Perquisites in Kind:		
Vehicle up-keep	46,719	9
Telephone at Residence	6,826	8
	-----	-----
TOTAL	53,545	91
	-----	-----
Number of Persons	1	
	-----	-----

The aggregate amount charged for directors fees in the accounts is Rs. 8,000 (1999 Rs. 8,000) for 4 Directors (1999: 5 Directors)

33. FINANCIAL ASSETS & LIABILITIES

FINANCIAL ASSETS	INTEREST BEARING		S. Total
	Within One Year	Above One Year	
investment			
Deposit	--	--	
Loans & Advances	--	--	

Prepayments & Other receivables	--	--	
Cash & Bank Balances	--	--	
	-----	-----	-----
	--	--	
	-----	-----	-----
FINANCIAL LIABILITIES			
Subordinated Loans	--	--	
Road Development Cess	--	--	
Liabilities against Lease	36,610,433	40,977,963	77,58
Short term financing	35,295,079	--	35,29
Creditors & Accrued Liabilities	--	--	
Unclaimed Dividend	--	--	
	-----	-----	-----
	71,905,512	40,977,963	112,88
	-----	-----	-----
	(71,905,512)	(40,977,963)	(112,88
	=====	=====	=====

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 additions to financial instruments, trade debts and trade creditors arise directly from the company's operation.

The company finances its operation 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 fund 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 receivables and payables 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 favour.

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 including transaction with associate undertaking approximate their fair value.

34. CAPACITY AND PRODUCTION:

	CAPACITY		<i>M.TONS</i>	PRODUCTION	
	<i>M.TONS</i>	<i>DAYS</i>		<i>M.TONS</i>	<i>DAYS</i>
2000	27,200	160		24,100	
1999	27,200	160		30,923	

Reason of Shortfall:

Non-availability of sugar cane during season which resulted in production days. Cut of 25 days during the season.

35. NUMBER OF EMPLOYEES:

Total average number of employees (including Permanent, Seasonal and Temporary) for year 2000 were 522 (1999:584)

36. 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 Rupees.

**PATTERN OF SHAREHOLDINGS
AS AT 30TH SEPTEMBER, 2000**

No. of Shareholders	Shareholdings		
516	From	1	to
595.	From	101	to
72	From	501	to
109	From	1,001	to
18	From	5,001	to
3	From	15,001	to
1	From	25,001	to
1	From	30,001	to
1	From	35,001	to
2	From	65,001	to
1	From	80,001	to
1	From	125,001	to
2	From	305,001	to
2	From	405,001	to
1	From	655,001	to
1	From	675,001	to
1	From	1,440,001	to
1	From	1,475,001	to
1	From	2,735,001	to
-----		-----	-----
1329			TOTAL

Categories of Shareholders	Number	Shares held
INDIVIDUALS	1316	4,94
INVESTMENT COMPANIES	4	2,74
INSURANCE COMPANIES	3	21
JOINT STOCK COMPANIES	4	1,54
FINANCIAL INSTITUTIONS	2	
MODARABA COMPANIES	--	
FEDERAL GOVERNMENT	--	
ABANDONED PROPERTY	--	
CORPORATE LAW AUTHORITY	--	
CHARITABLE INSTITUTIONS	--	
TRUST	--	
TOTAL	1329	9,45