

Al-Abbas Sugar Mills Limited

Annual Report 1997

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COMPANY INFORMATION

BOARD OF DIRECTORS

HAJI ABDUL GHANI
Chairman
MR. SHUNAID QURESHI
Chief Executive
MR. MUHAMMAD IQBAL USMAN
MR. TARIQ USMAN BHATTI
MR. MUHAMMAD AYOUB
MR. KHALID USMAN BHATTI
MR. ABDUL SATTAR RAJA

COMPANY SECRETARY

MR. MUHAMMAD SULEMAN KANJIANI

AUDITORS

HAROON ZAKARIA & CO.
Chartered Accountants

LEGAL ADVISOR

MR. MUHAMMAD MAZHAR ALI
Advocate

REGISTERED OFFICE

4th Floor, P.N.S.C. Building,
Moulvi Tamizuddin Khan Road,
Karachi.

Tel : 5611895-96 & 5611724
Fax : (92-21) 5610778

MILL

Mirwah Gorchani,
Distt. Mirpurkhas.

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventh Annual General Meeting will be held on Tuesday, the 23rd February 1998 at 1500 hours at Raffia Choudri Memorial Centre, Ground Floor, Sidco Avenue Karachi to transact the following business:

1. to confirm the minutes of the last Annual General Meeting, held on 22nd March, 1997.
2. to receive and adopt the Audited Accounts for the year ended 30th September, 1997 together with the Directors' and Auditors' Reports thereon.
3. to appoint Auditors of the Company for the year 1997-98 and to fix their remuneration. retiring Auditors Messrs. Haroon Zakaria & Co., Chartered Accountants being eligible, have offered themselves for re-appointment.
4. to transact any other matter with the permission of the Chair.

NOTE:

1. The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from 25th January, 1998 to 3rd February, 1998 (both days inclusive).
2. A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Proxies in order to be valid must be received at the Registrar's Office of the Company not less than 48 hours before the time of the Meeting. A proxy must be a member of the Company.
3. Share holders are advised to notify the Company of any change in their address immediately to ensure prompt delivery of mails.

DIRECTORS' REPORT

Dear Share Holders,

We feel pleasure in placing before you the annual report and audited accounts for the year ended September 30, 1997.

During the year under review your company has earned pre-tax profit of Rs. 41,145,768 (1996: Rs: 49,794,411). The appropriation of available profit is recommended as under:

	1997
Net Profit before taxation:	Rs. 41,145,76 Rs. 4
Provision for taxation:	Rs. 22,830,79 Rs. 3

Profit after taxation	Rs. 18,314,97 Rs. 4
Un-appropriated profit brought forward	Rs. 13,081,52 Rs. 1

Profit available for appropriation	Rs. 31,396,50 Rs. 4

Appropriations:	
Transfer to General Reserve	Rs. 30,000,00 Rs. 3

Un-appropriated profit carried forward	.Rs. 1,396,50 Rs. 1
	=====

OPERATING RESULTS

During the crushing season 1996-97 your Company managed to crush 384,875 M/Tons of sugar-cane whereas last year the total crushing was 401,058 M/Tons, however due to higher recovery 10.70% (1996: 10.00%) the production has increased from 39,977 M/Tons to 41,284 M/Tons. Comparative figures of crushing and production are given below:

	1996-97	1995-96
Season Started on	08-11-96	16-10-95
Season Closed on	31-03-97	14-03-96
Days worked	144	151
Cane Crushed (Tons)	384,875	401,058
Sugar Recovery (%)	10.70	10.00
Sugar Production (Tons)	41,284	39,977

FUTURE OUT LOOK

Your Mill has started crushing season 1997-98 on November 6, 1997 and the crushing / production figures upto 6th January 1998 are given below:

Cane Crushed (Tons)	225,431
Sugar Recovery (%)	9.78
Sugar Production (Tons)	21,358

As reported in last year balance sheet Government has further increased the cane price from Rs. 36/Md to Rs. 38/Md and also increased the quality premium rate from paisas 27 to paisas 32 per cent recovery over and above 8.7%, but unfortunately the above increase did not satisfy cane

they are still demanding higher price for their crop. The situation has further aggravated commercial production of new sugar mills in our district which increased crushing capacity our district from 9000 to 17000 M/Tons per clay whereas area under cultivation has hardly by 10~)/0 consequently the available cane in the area is only 40% of the crushing capacity but sale of sugar has also become a problem because of the estimated excess production in country. Further as you know last year Government had imported huge quantity of cheap sugar is still lying in Sindh Province, therefore the production of sugar in Pakistan generally Province specially not finding its market. The situation has deteriorated further because mills having weak financial position and after failing to mobilize sufficient cash resources their sugar at throw-away prices. As a result the selling price of sugar has gone much below price. But the management of your mill with the help of Almighty Allah hopes to save your financial hardships.

PATTERN OF SHARE HOLDING

The pattern of share Holding is provided on page No. 6.

AUDITORS:

Messers, Haroon Zakaria & Co. Chartered Accountant retiring auditors of the Company offer themselves for re-appointment for the year 1997-98.

At the end the management pay thanks to all workers and non-management staff, banks and financial institutions for their cooperation.

PATTERN OF SHARE HOLDING

AS AT SEPTEMBER 30, 1997

Number of Share-holders	Share Holdings			Total Shares Held
	From		To	
454	1	--	100	45400
10256	101	--	500	5013900
66	501	--	1000	64500
58	1001	--	5000	148000
10	5001	--	10000	81500
10	10001	--	15000	132400
9	15001	--	20000	170900
3	20001	--	25000	75000
2	25001	--	30000	60000
2	30001	--	35000	63800
6	35001	--	40000	234400
3	40001	--	45000	128400
3	45001	--	50000	148400
1	60001	--	65000	64500
2	65001	--	70000	134100
1	90001	--	95000	90500
3	95001	--	100000	300000

1	100001	--	105000	101200
1	105001	--	110000	107500
1	110001	--	115000	114000
1	115001	--	120000	116000
1	125001	--	130000	129200
1	555001	--	560000	556182
1	1040001	--	1045000	1041750
2	1395001	--	1400000	2799336
1	2545001	--	2550000	2546232
1	2895001	--	2900000	2895200
-----				-----
	10900			17362300
=====				=====

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	10888	14197700	81.77
Insurance Company	1	1500	0.01
Joint Stock Companies	3	33500	0.19
Financial Institutions	5	2977100	17.15
Modaraba Companies	2	52500	0.30
Charitable	1	100000	0.58
	-----	-----	-----
	10900	17362300	100
	=====	=====	=====

AUDITORS' REPORT

We have audited the annexed Balance Sheet of AL-ABBAS SUGAR MILLS LIMITED as at September 30, 1997 and related Profit and Loss Account and Cash Flow Statement, together with the forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit and, after due verification thereof, we report that:

in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

in our opinion:

the balance sheet and profit & loss account together with the notes thereof 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, investment 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 in the balance sheet, profit & loss account and 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, 1997 and of the Profit and the cash flow statement for the year ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1997

Karachi: 8th January, 1998

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT 30TH SEPTEMBER, 1997

	Notes	1997 Rupees	
SHARES CAPITAL & RESERVES			
AUTHORISED CAPITAL			
17,500,000 Ordinary Shares of Rs. 10/- each		175,000,000	175,000,000
		=====	=====
ISSUED SUBSCRIBED AND PAID UP CAPITAL	3	173,623,000	173,623,000
GENERAL RESERVE	4	130,000,000	130,000,000
UN-APPROPRIATED PROFIT		1,396,504	1,396,504
		-----	-----
		305,019,504	305,019,504
REDEEMABLE CAPITAL	5	186,106,772	186,106,772
DEFERRED LIABILITIES	6	39,425,695	39,425,695
CURRENT LIABILITIES			
Current Portion of Redeemable Capital	7	60,988,931	60,988,931
Short Term Running Finance	8	43,600,000	43,600,000
Creditors, Accrued & Other Liabilities	9	99,360,140	99,360,140
Provision for Taxation		293,756	293,756
		-----	-----

CONTINGENCIES & COMMITMENTS	10	204,242,827	139
		--	--
		-----	---
		734,794,798	678
		=====	===

The annexed notes form an integral part of these accounts.

TANGIBLE FIXED ASSETS

Operating Fixed Assets	11	547,094,600	562
Capital Work-in-Progress	12	5,675,485	3
		-----	---
		552,770,085	565

LONG TERM LOANS & ADVANCES	13	1,673,192	1
---------------------------------------	----	-----------	---

LONG TERM DEPOSITS & DEFERRED COST	14	2,532,966	3
---	----	-----------	---

CURRENT ASSETS

Stores and Spares	15	50,951,183	55
Stock-in-Trade	16	100,399,445	2
Trade Debts (Unsecured Considered Good)		1,032,134	8,82
Loans and Advances	17	7,404,968	7,86
Trade Deposits and Short Term Pre-payments	18	3,854,224	1
Other' Receivables		7,601,316	
Cash and Bank Balances	19	6,575,285	7
		-----	---
		177,818,555	107
		-----	---
		734,794,798	678
		=====	===

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Notes	1997 Rupees	
SALES	20	704,092,205	560
COST OF GOODS SOLD	21	605,862,434	449
		-----	---
GROSS PROFIT		98,229,771	110
OPERATING EXPENSES			
Administrative	22	10,204,545	8

Selling & Distribution	23	1,522,961	
		-----	---
		11,727,506	9
		-----	---
OPERATING PROFIT		86,502,265	101
Other Income	24	402,826	
		-----	---
		86,905,091	102
FINANCIAL CHARGES	25	42,690,332	48
Other Charges	26	3,068,991	3
		-----	---
		45,759,323	52
		-----	---
PROFIT BEFORE TAXATION		41,145,768	49
PROVISION FOR TAXATION	27	22,830,790	3
		-----	---
PROFIT AFTER TAXATION		18,314,978	46
Unappropriated Profit brought forward		13,081,526	1
		-----	---
PROFIT AVAILABLE FOR APPROPRIATION		31,396,504	48
Appropriations			
Transfer to General Reserve		30,000,000	35
		-----	---
		1,396,504	13
		=====	==

The Annexed notes form an integral part of these accounts.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

		1997	
		Rupees	
A. CASH FROM OPERATING ACTIVITIES			
Profit before taxation		41,145,768	49
Adjustment for depreciation		27,613,821	29
Provision for gratuity		2,393,889	2
Payment of gratuity		(904,686)	0
Financial charges		42,690,332	48
Gain on disposal of fixed assets		(402,826)	0
Deferred cost amortized		903,424	
		-----	---
Operating profit before working		113,439,722	128

capital changes	-----	--
Changes in working capital (Increase)/ decrease in current assets		
Stores and spares	4,900,124	
Stock in trade	(74,638,576)	(18,
Trade debts	7,789,589	
Loans and advances	(976,569)	
Deposits and prepayments	(2,224,577)	
Other receivables	13,936	
Increase in current liabilities		
Creditors, accrued and other liabilities including short term advances	28,209,753	3
	-----	--
	(36,926,320)	(13,
	-----	--
Cash generated from operation	76,513,402	115
Financial charges paid	(46,200,945)	(55,9
Tax Paid	(2,202,881)	(3,
	-----	--
	(48,403,826)	(59,
	-----	--
Net, cash from operating activities	28,109,576	55
	=====	==
B. CASH FROM INVESTING ACTIVITIES		
Fixed Capital expenditure	(14,958,453)	(9,
Proceeds from disposal of fixed Assets	602,000	1
Long term loans & advances	(173,895)	
Long term deposits and deferred cost	98,632	
	-----	--
Net cash used in investing activities	(14,431,716)	(7,
	=====	==
C. CASH FROM FINANCING ACTIVITIES		
Redemption of redeemable capital	(55,174,211)	(49,
Repayment of long term loans	--	
Decrease)/Increase in short term borrowings	40,200,000	3
	-----	--
Net cash from finance activities	(14,974,211)	(46,
	=====	==

Net (Decrease)/Increase in cash and cash equivalents (A+B+C)	(1,296,351)	1
Cash and cash equivalents at beginning of the year	7,871,636	6
	-----	--
Cash and cash equivalents at end of the year	65,757,285	7
	=====	==

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1997

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 2nd May, 1991, as a Public Limited Company and its shares are quoted on Karachi Stock Exchange. The principle activity of the Company manufacturing and sale of Sugar.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention:

These accounts have been prepared under historical cost convention without any adjustment for the effect of inflation or current values.

2.2 Taxation:

Current:

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred:

Deferred taxation is provided on timing differences using the liability method, excluding the tax effect of those timing differences which are not likely to reverse in the foreseeable future. (See Note 27.1)

2.3 Employees' Retirement Benefits:

The Company operates unfunded gratuity scheme for all its employees eligible under the scheme. Provision is made annually to cover the obligations.

2.4 Fixed Assets:

These are stated at cost less accumulated depreciation except free hold land and capital work-in-progress which are stated at cost.

Depreciation is charged to income applying reducing balance method whereby the cost of an asset is written off over its estimated useful life. Full year's depreciation is charged on all assets, including additions during the year, except for Plant & Machinery on which depreciation is charged on the basis of actual operating days.

No depreciation is charged on assets disposed off during the year.

Maintenance and normal repairs are charged to income, when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired. Gains or Losses on disposal of operating assets are included in current year's income or expenses respectively.

2.5 Deferred Cost:

Deferred Cost will be written off to profit and loss account over a period of five years beginning from the date of commencement of commercial production.

2.6 Inventories:

These are valued as follows:

Stores and Spares	in Stock	At average cost.
	in Transit	At actual cost.
Stock-in-Trade:		
Sugar		Lower of average manufacturing cost and net realisable value.
Sugar in process		At average manufacturing cost.
Molasses		Net realisable value.

2.7 Trade Debts:

Debts considered irrecoverable will be written off and provision will be made for debts considered doubtful, if any.

2.8 Assets subject to lease:

Lease rentals under the operating lease for the year are charged as revenue expenditures of company.

2.9 Revenue Recognition:

Sales are recorded on despatch of goods to customers. Income/profit on deposits is recorded when received.

3. ISSUED, SUBSCRIBED & PAID-UP CAPITAL

17,362,300 (1996-17,362,300)		
Ordinary Shares of Rs. 10/- each		
fully paid up in cash.	173,623,000	173
	=====	==

The Financial Institutions have option to acquire Shares as stated in note No. 5

4. GENERAL RESERVE

Balance from previous balance sheet	100,000,000	65
Transfer from Profit & Loss Account	30,000,000	35
	-----	--
	130,000,000	100
	=====	==

5. REDEEMABLE CAPITAL - SECURED

5.1 Long Term Finance Certificates (LT-TFCs)	66,584,692	86
5.2 Long Term Finance Utilized Under		
Mark-up arrangements	119,522,080	160
	-----	--
	186,106,772	247
	=====	==

5.1 Long Term Finance Certificates (LT-TFCs)		
LT-TFCs - Local	a)	
Currency		6,237,496
		7
LT-TFCs - Foreign	b)	
Currency		80,058,695
		95

		86,296,191
		102
Current Portion shown under		
Current Liabilities		19,711,499
		16

		66,584,692
		86

a) The Company arranged financing against issue of LT-TFCs with Bankers Equity Limited for purchase of machinery not eligible under LMM financing. The sale price of such machinery is Rs.9,700,000/- whereas the company agreed to buy the same machinery at the purchase price of Rs. 18,322,574/-. The above purchase price will be reduced by Rs.1,116,164/, if all LT-TFCs are redeemed on due dates.

In the event of the rate of return falling below the agreed rate of return and non-payment of purchase price on due dates Bankers Equity Limited, shall have the option to convert 20% of the outstanding LT-TFCs into Ordinary Shares of the Company.

Repayment

The LT-TFCs are redeemed in 14 half yearly equal installments commenced from 15th June, 1994.

Security

The LT-TFCs are secured by registered mortgage of land, building, plant and machinery which will rank pari-passu with charge created under LMM financing.

b) Bankers Equity Limited Syndicate has provided financing against LT-TFCs of the value of Rs. 124,500,000/- to the Company (which is sale price) for the purchase of Imported Machinery. The purchase price of the LT-TFCs is Rs. 235,171,179/-. However, if purchase price is paid within due dates a rebate of Rs. 14,326,027/will be available to the Company. In case the LT-TFCs are not redeemed according to the repayment schedule, the BEL shall have the option to convert 20% of the outstanding LT-TFCs into ordinary shares of the Company.

Repayment

The LT-TFCs are redeemed in 14 half yearly equal installments commenced from 15th June, 1994.

Security

The LT-TFCs are secured by way of registered mortgage/charge over all its assets movable as well as immovable including book debts and the INVESTMENT PROPERTY to secure payment of PURCHASE PRICE and redemption of the LT-TFCs and all other dues payable thereunder.

	1997 Rupees	1996 Rupees
5.2 Long Term Financing under Mark-up arrangement	160,799,512	199,309,645
Current Portion shown under Current Liabilities	41,277,432	38,510,133
	-----	-----
	119,522,080	160,799,512
	=====	=====

The Company entered into an agreement dated 19th June, 1991 with Bankers Equity Limited for procurement of Locally Manufactured Machinery under concessionary credit for Locally Manufactured Machinery, for Rs. 279,921,000/- being the sale price of machinery. The sale price was reduced to Rs. 279,800,000/- by supplementary agreement with Bankers Equity Limited. The price at which the company agreed to buy such machinery from BEL is Rs. 360,215,990/- which is calculated at a 7% mark-up. This will increase upto 21% in case of default in repayment.

Repayment

The above financing is repayable in 28 equal quarterly installments, commenced from 15th June, 1994.

Security

The above financing is secured by:

- Mortgage of all immovable properties of the company.
- Floating charge on all properties of the company both present and future.

6. DEFERRED LIABILITIES

Taxation	32,760,506	--
Gratuity	6,665,189	5,175,986
	-----	-----
	39,425,695	5,175,986
	=====	=====

7. CURRENT PORTION OF REDEEMABLE CAPITAL

-- LT-TFCs	19,711,499	16,664,079
-- LT-Financing under Mark-up arrangement	41,277,432	38,510,133
	-----	-----
	60,988,931	55,174,212
	=====	=====

8. SHORT TERM RUNNING FINANCE- SECURED

(Utilized under Mark-up arrangement)

From Commercial Bank	43,600,000	3,400,000
	=====	=====

8.1 The above financing was secured against Hypothecation of Stock-in-Trade and Personal Guarantees of Directors.

8.2 Mark-up:

The rate of Mark-up is 57 paisas (48 Paisas: 1996) Per 1000 rupees per day.

8.3 Extent of Facility	75,000,000	75,000,000
	=====	=====

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	45,673,042	24,821,844
Accrued Liabilities	41,005,634	32,792,632
Mark-up/Charges payable on Secured Redeemable Capital	10,718,712	12,066,259
Mark-up payable on Secured Running Finance	745,278	2,911,344

Advances from Customers	155,603	733,487
Deposits and Retentions	708,482	1,114,687
Others	350,389	220,747
	-----	-----
	99,360,140	74,661,000
	=====	=====

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies:

To the extent of Rs.70.000 million in respect of guarantee given by the Company to Bank against loan given by them to Cane Growers (1996: 70.000 million)

10.2 Commitments:

a) The rentals under lease agreement in respect of vehicles and equipments amounted to Rs.1,476,624/- payable in the year 1997-98.

b) Commitment in respect of Letter of Credit for import of Stores & Spares : Nil (1996: 3.00 million)

c) Committed Capital Expenditure for Civil Works is Rs. 16.00 Million.

11. SCHEDULE OF OPERATING FIXED ASSETS

PARTICULARS	C O S T			RATE %	AS AT 01-10-1996	D E P ADD (DE
	AS ON 01-10-1996	ADDITION/ (DELETION)	AS AT 30-9-1997			
LAND	8,135,188	--	8,135,188	--	--	--
BUILDING:						
Main Factory Building	67,651,303	460,315	68,111,618	10	15,977,497	
Non Factory Building	13,521,015	2,201,255	15,722,270	10	2,733,191	
PLANT & MACHINERY	544,137,981	3,821,667	547,959,648	10	58,801,854	
TOOLS & TACKLE	781,986	263,960	1,045,946	20	189,905	
FURNITURE & FIXTURES	1,523,656	76,820	1,600,476	10	495,938	
OFFICE EQUIPMENTS	3,041,178	3,301,822	6,343,000	10	880,838	
MOTOR VEHICLES	3,749,853	2,598,235	5,740,262	20	1,270,434	
	-----	-----	-----	-----	-----	-----
Rupees- 1997	642,542,160	12,724,074	654,658,408		80,358,639	
Rupees- 1996		(607,826)				
	=====	=====	=====	=====	=====	=====
	621,807,126	22,548,034	642,542,160		52,608,013	(1,25
		(1,813,000)				

11.2 Detail of disposal of operating assets

Description	cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain	Mode of sale	Particulars
Motor Vehicle	576,026	387,273	188,753	570,000	381,247	Negotiation	M/s. Karac
Motor Bike	31,800	21,379	10,421	32,000	21,579	Insurance	M/s. Insur Kashi Karac
	-----	-----	-----	-----	-----		
	607,826	408,652	199,174	602,000	402,826		
	=====	=====	=====	=====	=====		

1997
Rupees

12. CAPITAL WORK IN PROGRESS

Machinery - Local	24,487
Civil Work	5,650,998

	5,675,485

13. LONG TERM LOAN ADVANCES-

UNSECURED CONSIDERED GOOD

Loan to Employees	13.1	783,792
Loan to Executives	13.2	1,250,000

Long Term Loan & Advances		2,033,792
Less: Re-payable within the following 1'2 months		(360,600)

		1,673,192
		=====
13.1 Recoverable within 3 years.		783,792
		=====
13.2 Recoverable within 3 years		1,088,000
Recoverable after 3 years		162,000

		1,250,000
		=====

14. LONG TERM DEPOSITS & DEFERRED COST

Long Term Deposits	1,629,542
Deferred Cost	1,806,848
Less: Amortization during the year	(903,424)

			-----	---
			903,424	1
			-----	---
			2,532,966	3
			=====	==
15. STORES AND SPARES				
Stores			12,988,294	15
Spares			37,838,869	36
Loose Tools			124,020	
Stores & Spares in-transit			--	3
			-----	---
			50,951,183	55
STOCK IN TRADE				
Sugar-in-Process			619,500	1
Finished Goods				
-- Sugar			99,779,945	21
-- Molasses			--	2
			-----	---
			99,779,945	24
			-----	---
			100,399,445	25
			=====	==
17. LOANS AND ADVANCES - UNSECURED -CONSIDERED GOOD.				
Loans				
To Staff			1,437,711	
Executives	17.1		262,895	
			1,700,606	1
Advances				
To Employees			624,007	
Suppliers			3,120,076	3
Contractors			142,978	
Advance Income Tax			293,756	1
Others			826,688	
Against Rent			47,347	
Expenses			679,510	
			-----	---
			5,704,362	6
			-----	---
			7,404,968	7
			=====	==

Depreciation	25,981,455	28
	-----	--
	697,187,567	484
Sugar-in-Process - Opening	1,116,059	
Closing	(619,500)	(1,
	-----	--
	496,559	(1,
	-----	--
	697,684,126	483
Less: Sale of Molasses	(16,686,557)	(16,
	-----	--
Cost of goods manufactured	680,997,569	466
Finished good Opening Sugar	21,840,063	7
Opening Molasses	2,804,747	
Closing Sugar	(99,779,945)	(21,
Closing Molasses	--	(2,
	-----	--
	(75,135,135)	(17,
	-----	--
COST OF GOODS SOLD	605,862,434	449
	=====	==

21.1 OTHER MANUFACTURING EXPENSES

Security Services	2,028,194	1
Printing & Stationery	468,832	
Vehicle Running Expenses	1,837,835	1
Insurance Expenses	1,389,084	2
Wastage Removal Expenses	646,800	1
Conveyance & Travelling	379,103	
Rent, Rates & Taxes	175,000	
Tel, Telex & Fax Charges	732,455	1
Fee & Subscription	108,527	
Newspaper & Periodicals	57,378	
Entertainment	369,722	
Charity & Donation	21.1 (a) 110,328	
Legal & Professional	109,250	
Misc. Expenses	15,417	
	-----	--
	8,427,925	10
	=====	==

21. 1(a) CHARITY AND DONATION

None of the directors or their spouses have any interest in the donees' Fund.

22. ADMINISTRATIVE EXPENSES

Salaries, Allowances and Other Benefits		3,984,033	3
Rent, Rates and Taxes		964,247	
Postage, Telegrams and Telephones		1,000,758	
Conveyance and Travelling		235,677	
Printing & Stationery		192,734	
Entertainment		160,964	
Vehicle Expenses		762,863	
Repair and Maintenance		158,512	
Insurance		40,531	
Fee & Subscription		192,742	
Legal and Professional charges		220,150	
Auditors' Remuneration	22.10	45,400	
Charity and Donation	22.20	48,250	
Annual General Meeting Expenses		367,670	
News Paper and Periodicals		36,482	
Utilities		72,747	
Depreciation		1,632,366	
Miscellaneous Expenses		88,419	

10,204,545
=====

1997

Rupees

22.1 Auditors' Remuneration:

Audit Fee		42,500	
Out of Pocket Expenses		2,900	

45,400
=====

22.2. Charity and Donation:

None of the directors or their spouses have any interest in the donees' Fund.

23. SELLING & DISTRIBUTION EXPENSES

Sugar Bags Handling Expenses		1,522,961	
------------------------------	--	-----------	--

24. OTHER INCOME

Profit on disposal of Fixed Assets		402,826	
Other Income		--	

402,826

25. FINANCIAL CHARGES

Mark-up on Redeemable Capital					29,325,930	34
Mark-up on Running Finance					10,866,914	10
Excise Duty on Bank Borrowing					1,524,931	3
Interest on W.P.P.E					254,609	
Bank Charges					717,948	
					-----	---
					42,690,332	48

26. OTHER CHARGES

Workers' Participation Fund					2,165,567	2
Amortization of Deferred Cost					903,424	
					-----	---
					3,068,991	3
					=====	==

27. TAXATION

Turnover Tax - Prior Year					(9,929,716)	3
Deferred:						
Current					6,203,800	
Prior Year					26,556,706	
					-----	---
					22,830,790	3
					=====	==

27.1 Provision for Turnover Tax is reversed due to decision of Honourable Supreme Court in favour of Company

28. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

Particulars	Chief Executive		Directors		Executives	
	1997	1996	1997	1996	1997	
Meeting fees	--	--	--	--	--	--
Remuneration.	--	--	--	--	3,301,968	2
Perquisites	--	--	--	--	1,650,984	1
	-----	-----	-----	-----	-----	---
Total	--	--	--	--	4,952,952	4
	-----	-----	-----	-----	-----	---
No. of Persons	--	--	--	--		14

28.1 Chief Executive is provided free use of Company's maintained Car and Telephone for the business and personal use.

28.1 Some of the executives of the company are also provided company's maintained Cars for Business and personal use.

29. CAPACITY AND PRODUCTION

YEAR	PRODUCTION		% OF CAPACITY		
	M. TONS	DAYS	M. TONS	DAYS	ATTAINED
1997	57,600	160	41,284	144	71.67
1996	57,600	160	39,977	151	69.40

30. GENERAL

Previous year's figures have been re-arranged/re-grouped wherever necessary to facilitate comparison.

Figures have been rounded off to the nearest rupee.