

Al-Asif Sugar Mills Limited

Annual Report 2000

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COMPANY PROFILE

BOARD OF DIRECTORS: QAZI AMJAD ABID ABBASI (Chief Executive)
M. ARSHAD MIRZA
MRS. HUSNA AMJAD QAZI
ALI AKBER JUNEJO
SYED VAQAR HUSSAIN
SHAIKH AFTAB AHMED (I.D.B.P.)
KEMAL SHOAIB (N.I.T.)
SHAMIM AHMED (N.I.T.)

COMPANY SECRETARY/ MUHAMMAD BAQIR JAFFERI
DEPUTY GENERAL MANAGER (FINANCE)

BANKERS NATIONAL BANK OF PAKISTAN
HABIB BANK LIMITED
MUSLIM COMMERCIAL BANK LTD.
UNITED BANK LTD.

AUDITORS M/S. RAHIM IQBAL RAFIQ & CO.
CHARTERED ACCOUNTANTS - KARACHI.

LEGAL ADVISOR MUHAMMAD SALIM THEPDAWALA & Co.

REGISTERED OFFICE 4TH FLOOR, BANK HOUSE NO.2,
HABIB SQUARE, M.A. JINNAH ROAD,
KARACHI.

FACTORY ASIFABAD P.O. GARHO,
DISTRICT THATTA.

NOTICE OF MEETING

Notice is hereby given that the 17th Annual General Meeting of the Company will be held at 4th floor, Bank House No.2, Habib Square, M. A. Jinnah Road, Karachi on Wednesday 28th March 2001 at 06:00 p.m.

1. To confirm the minutes of the 16th Annual General Meeting held on 31-03-2000
2. To receive, consider and adopt the Audited Accounts for the year ended 30-09-2000 together with the directors and auditors report thereon.
3. To appoint auditors for the years 2000-2001 and to fixed their remuneration.
4. To transact any other business of the company that may be brought forward with permission of the chairman.

BY ORDER OF THE BOARD

(MUHAMMAD BAQIR JAFFE)
Company Secretary

Karachi the dated 2nd March, 2001

NOTES:

1. The Share transfer books of the Company will remain closed from 27-03-2001 to 05-04-2001 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Form of proxies in order to be valid must be received at registered office of the company 48 hours before the time of the meeting. A proxy must be a member of the company.
3. Shareholders are requested to notify any change in address immediately.
4. Kindly quote your Folio Number in all Correspondence with the Company.

DIRECTORS' REPORT

DEAR SHARE HOLDERS

In the name of Allah The Most Gracious and Merciful your directors feel pleasure to present the 17th Annual Report and the Audited Accounts together with the auditors report thereon for the year ended September 30, 2000. The comparative financial results of the company for the year under report are as under:

	2000 RUPEES	1999 RUPEES
Sales	Rs. 377,225,260	Rs. 285,646,323
Operating Loss	Rs. 40,482,877	Rs. 33,951,851
Loss before Taxation	Rs. 82,662,975	Rs. 58,493,397
Loss after Taxation	Rs. 83,347,060	Rs. 59,850,730
Accumulated Loss	Rs. 748,349,327	Rs. 665,002,267

PERFORMANCE REVIEW

The availability of cane for the season was quite less than the desired capacity of project but the crushing of the sugarcane was to the tune of 258,254 M. Tons which yielded 24,896 M. Tons of refined sugar. The comparative statistics of cane crushing and sugar production are given below:

<i>PARTICULARS</i>	<i>FROM 01-11-99 TO 06-03 -00</i>	<i>FROM 24-11-98 TO 05 -04-99</i>
Nos. of days worked	127	133
Cane crushed (M.T)	258,254	208,870
Average Recovery	9.64%	9.03%
Production of Sugar (M.T)	24,896	19,042

The comparative figures as shown above indicates an increase of about 23.64% in quantum of sugar cane crushed, and 0.607% in recovery as compared to the last year, although a massive cyclone hit in May, 1999 and devastated the Ratoon / Spring plantation in our cane procurement area causing severe shortage of cane exposing us to price war, yet the performance of the plant in the prevailing circumstances was quite satisfactory.

COST OF MANUFACTURE

You are aware although the support price of sugarcane remained at Rs. 36/- per 40 K.G. but due to natural climaty i.e. cyclone and draught which resulted lower yield crop the mill was forced to buy sugar cane at exorbitant rate from mill's procurement area and the other part of District Thatta. The procurement from the outside area resulted in extra ordinary transportation charges and contributed largely to increase our cost of production.

SALES

During the year under review also no working capital facilities were available from the financial institutions. In order to meet the day to day fund requirement for the smooth functioning of the project, the company had no alternative but sell its production at lower prices rate than build up partial stock to fetch economic benefits availed by the sugar industry in general.

FINANCIAL CHARGES

The long term loan had been rescheduled and restructured under the S.B.P. incentive scheme with a moratorium period of 18 months in 1997 but the present management could not get the required advantage as the moratorium period expired soon after the resumption of the project operational activities. Consequently, the huge mark up as well as compounding of mark up accounted for during the year under review also impaired the financial result and contributed to accumulated losses of the company.

FUTURE PROSPECT

In year 2000-2001 the Pakistan sugar industry is facing crisis of raw material shortage, low yield of sugarcane and the resultant intermediate supply of sugarcane to mills. There is a continuity of the condition of previous year. Shortage of crop persists this time not due to low sowing, but lesser availability of water. Infact there is draught like condition, sugarcane being a high consumer of water suffered the most, because yields per acre decreased. The production results for the season upto 28-02-2001 is asunder:

Sugar cane crushed	190,342.24	M.T
Sugar produce	19,370	M.T
Average Recovery	10.12%	

Your directors are continuing to put best efforts to cure the chronic problem of cane development in the area by great deal of motivations and incentive to growers but unfortunately the draught effected the sugarcane crop cultivation. On the other hand the management has modified in the plant by adding the vertical crystalizer and filter press to reduce the losses. Improved average recovery as is apparent from the above results upto the some level. Insha Allah our efforts will continue to bring this project on the sound footing.

AUDITORS OBSERVATIONS

Your directors would like to record the following explanations regarding the auditor's observations.

a) The project is being faced inherited liquidity problems and shortage of cane in the area is the another main problem of the mill which are the main cause of huge losses. Management is fully confident to over come these losses in coming future by the Grace of Al-Mighty Allah by putting its sincere efforts. The present management taken the drastic measure in the discipline of cane development, modification in plant. As stated in note, the bank and DFIs have agreed to restructure/reschedule the loans. The management is however striving for maximum relief as is being offered to sick industrial units for revival and making contribution to the national economy.

b) As regard the provision of doubtful debts under the head "Advances to growers and transporter" which were given before the shutdown period, it is clarified that the management is in a close touch with the growers. The recovery of the amount in question was postpone for three crushing season from the growers on the commitment between the management and growers for development and supply the entire crops to the mill without further advance for the development of the cane.

c) As stated at note no. 5.8, the negotiation with the Creditors is at final stage, it should be settled with reference to final outcome of the discussions with the previous management is expected to finalised before the year.

SHARE HOLDING

Pattern of share holding by shareholders of the company as at 30th September, 2000 is annexed.

AUDITORS

The present Auditors M/s. Rahim Iqbal Rafiq & Company, Chartered Accountants retire and being eligible offer themselves for re-appointment.

Your Directors place on record their appreciation of the diligence and devotion of duty of the executives, officers and staff members of the Company.

AL-ASIF SUGAR MILLS LIM
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of AL-ASIF SUGAR MILLS LIMITED as at September 30, 2000 and the related Profit & Loss Account, Statement of Changes in Financial Position, and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 a reasonable basis for our opinion and after due verification we report that:-

1. The Company incurred continued operating losses and upto September 30, 2000 its accumulated loss amounts to Rs. 748.349 million (1999: Rs. 665.002 million) which has resulted in the net capital deficiency of Rs. 601.683 million (1999: Rs. 518.335 million). The current liabilities have exceeded the current assets by Rs. 180.430 million (1999: Rs. 80.694 million). In view of huge accumulated losses, difficulty in availability of sugar cane, and liquidity constraints, the going concern assumption shall be valid only upon successful implementation of the restructuring/rescheduling package referred in note no. 32.1, favorable settlement of the matters under note no. 5.8, generation of sufficient profits to meet all expenses and substantial reduction in accumulated losses.

2. Provision against doubtful advances for Rs. 37, 176, 287 has not been made in these Financial Statements. Had the provision been made, the loss for the year would have increased by this amount.

3. Balance confirmation in respect of loan from Capricorn International (refer note no. 5.8) has not been made available to us and remained unverified.

(a) in our opinion, proper books of accounts 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 polices 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) Except for the matters stated in para 1,2, & 3 above and Note 5.8, 10.1 and 10.2 and to the extent to which these may affect the result of the Company, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account, Statement of Changes in Financial Position and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting

standards as applicable in Pakistan, and give the information required by 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.

Karachi. Dated: March 2nd, 2001

RAHIM IQBAL RAFIQ & COMPANY
Chartered Accountants

**PATTERN OF HOLDING OF THE ORDINARY SHARES BY
THE SHARE HOLDERS AS ON 30th SEPTEMBER, 2000**

<i>NO. OF SHARE HOLDERS</i>		<i>SHARE HOLDING</i>			<i>TOTAL SHARES</i>	
634	From	1	TO	100		Shares
2,014	From	101	TO	500		Shares
86	From	501	TO	1,000		Shares
122	From	1,001	TO	5,000		Shares
11	From	5,001	TO	10,000		Shares
6	From	10,001	TO	15,000		Shares
3	From	15,001	TO	20,000		Shares
3	From	20,001	TO	25,000		Shares
1	From	30,001	TO	35,000		Shares
1	From	50,001	TO	55,000		Shares
2	From	95,001	TO	100,000		Shares
2	From	145,001	TO	150,000		Shares
1	From	230,001	TO	235,000		Shares
1	From	245,001	TO	250,000		Shares
1	From	290,001	TO	295,000		Shares
1	From	340,001	TO	345,000		Shares
2	From	545,001	TO	550,000		Shares
1	From	580,001	TO	585,000		Shares
1	From	730,001	TO	735,000		Shares
1	From	3,070,001	TO	3,075,000		Shares
1	From	5,920,001	TO	5,925,000		Shares

						2,895
=====						

**ORDINARY SHARES
PATTERN OF SHARE HOLDING AS ON 30/09/2000**

<i>CATEGORIES OF SHAREHOLDERS</i>	<i>NO. OF CERTIFICATE HOLDERS</i>	<i>CERTIFICATE HOLDING</i>	<i>PERCENTAGE OF HOLDING</i>
---------------------------------------	---	--------------------------------	----------------------------------

1. GENERAL PUBLIC	2,884	10,647,966	7
2. LIMITED COMPANIES	4	44,200	
3. FINANCIAL INSTITUTIONS	4	3,597,400	2
4. INSURANCE COMPANIES	1	31,700	
5. INVESTMENT COMPANIES	2	345,400	
	-----	-----	-----
GRAND TOTAL:-	2,895	14,666,666	10
	=====	=====	=====

BALANCE SHEET AS AT SEPTEMBER 30, 2000

	<i>Note</i>	2000 RUPEES	1999 RUPEES
SHARE CAPITAL			
Authorised			
50,000,000 ordinary shares of Rs. 10/- each		500,000,000	500,000,000
		=====	=====
Issued, Subscribed and Paid-up			
14,666,666 ordinary shares of Rs. 10 each fully paid in cash		146,666,660	146,666,660
Unappropriated Loss		(748,349,327)	(665,000,000)
		-----	-----
		(601,682,667)	(518,333,340)
SURPLUS ON REVALUATION OF FIXED ASSET	3	186,826,477	
REDEEMABLE CAPITAL	4	40,080,000	45,400,000
LONG TERM LOANS	5	650,567,299	684,400,000
DEFERRED LIABILITIES	6	1,466,686	2,000,000
CURRENT LIABILITIES			
Short Term Borrowings	7	13,618,476	13,618,476
Current Maturity of Redeemable Capital and Long Term Loans	8	81,987,310	62,500,000
Creditors, Accrued and Other Liabilities	9	195,804,024	108,500,000
Taxation		4,986,579	4,000,000
		-----	-----
CONTINGENCIES	10	296,396,389	188,700,000
		-----	-----
		573,654,184	400,500,000
		=====	=====
OPERATING FIXED ASSETS	11	454,391,466	289,300,000
LONG TERM SECURITY DEPOSITS		1,376,939	500,000
DEFERRED COST	12	1,919,750	2,500,000

CURRENT ASSETS

Stores and Spares		15,138,101	14,8
Stock-in-Trade	13	1,168,767	1,1
Trade Debtors	14	21,723,512	21,7
Advances, Deposits and Prepayments	15	77,635,343	69,8
Cash and Bank Balances	16	300,306	4
		-----	-----
		115,966,029	108,0
		-----	-----
		573,654,184	400,5
		=====	=====

The annexed notes form an integral part of these financial statements

Chief Executive

Director

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

	<i>Note</i>	<i>2000 RUPEES</i>	<i>1999 RUPEES</i>
Sales	17	377,225,260	285,6
Cost of Goods Sold	18	(398,737,413)	(304,24
		-----	-----
Gross Loss		(21,512,153)	(18,55
OPERATING EXPENSES			
Administrative Expenses	19	18,424,567	14,7
Selling and Distribution	20	546,157	5
		-----	-----
		(18,970,724)	(15,35
		-----	-----
Operating Loss		(40,482,877)	(33,95
Financial Charges	21	37,961,647	22,5
Other Charges	22	4,295,552	2,1
		-----	-----
		(42,257,199)	(24,75
		-----	-----
		(82,740,076)	(58,70
Other Income	23	77,101	2
		-----	-----
Loss Before Taxation		(82,662,975)	(58,49
Reversal of Liability	24	1,510,433	2

			-----	-----
			(81,152,542)	(58,22
PROVISION FOR TAXATION - MINIMUM TAX			(2,194,518)	(1,62
			-----	-----
LOSS AFTER TAXATION			(83,347,060)	(59,85
Accumulated loss brought forward			(665,002,267)	(605,15
			-----	-----
Accumulated loss carried forward			(748,349,327)	(665,00
			=====	=====
Earning per Share	28		(5.683)	(
			=====	=====

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2000

	<i>Note</i>	<i>2000</i> <i>RUPEES</i>	<i>1999</i> <i>RUPEES</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before Taxation		(82,662,975)	(58,49
ADJUSTMENT FOR:			
Depreciation		22,830,097	14,0
Financial Charges		37,961,647	22,5
Profit on Sale of Fixed Assets		(77,022)	(20
Provision for Gratuity		1,276,456	
		-----	-----
		61,991,178	36,4
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(20,671,797)	(22,04
CHANGES IN WORKING CAPITAL (INCREASE) / DECREASE IN CURRENT ASSETS			
Stores and Spares		(251,518)	1,0
Stock in Trade		(14,573)	1,7
Advances, Deposits & Prepayments		(7,803,269)	(4,09
Trade Debtors		--	3
INCREASE/(DECREASE) IN CURRENT LIABILITIES			
Creditors, Accrued and Other Liabilities		60,101,002	28,8
		-----	-----
		52,031,642	27,8
		-----	-----

CASH GENERATED FROM OPERATION	31,359,845	5,7
Taxes paid	1,221,759	4,6
Financial Charges paid	9,324,484	1,5
Payment of Gratuity	44,893	
	-----	-----
	(10,591,136)	(6,15
	-----	-----
NET CASH FROM (USED IN) OPERATING ACTIVITIES	20,768,709	(35
 CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	1,465,760	1,9
Proceeds from Disposal of Fixed Assets	(470,000)	(25
Long Term Security Deposit	789,583	
Deferred Cost	(639,917)	2,5
	-----	-----
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(1,145,426)	(4,31
 CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Loans Obtained/Adjusted	--	7,8
Repayment of Redeemable Capital	(2,672,000)	
Repayment of Long Term Loans	(1 7,142,756)	(3,00
	-----	-----
	(19,814,756)	4,8
	-----	-----
INCREASE / (DECREASE) IN CASH	(191,473)	2
 CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	491,779	2
	-----	-----
CASH & BANK BALANCES AT THE END OF YEAR	300,306	4
	=====	=====

Chief Executive

Director

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

1. STATUS AND OPERATION

1.1 The company was incorporated in Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is listed in Karachi and Lahore Stock Exchanges. The principal business of the company is manufacturing and selling of refined sugar. The Mill is located at Garho, Sindh.

1.2 The Company is under a new management since 1998 which resumed the operation of the Mill with effect from November 24, 1998

1.3 The new management is engaged in negotiations with the financial institutions for the restructuring / rescheduling of its redeemable capital, long term loan and short term borrowings. (Refer Note No. 4,5, & 7)

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 (1) Basis for Preparation

These financial statements have been prepared in accordance with International Accounting Standards as applicable in Pakistan.

(ii) Accounting Convention

The financial statements have been prepared under the 'historical cost convention'.

2.2 Staff Retirement Benefits

The company operates an unfunded gratuity scheme covering all of its permanent employees.

2.3 Taxation

Current

The company accounts for current taxation on the basis of taxable income, if any, at current rate of taxation after taking into account the tax credits and rebates available, if any, or 0.5 percent of turnover whichever is higher.

Deferred

The Company accounts for deferred taxation arising on major timing differences using the liability method excluding tax effects on those timing differences which are not likely to reverse in the foreseeable future. However, deferred tax is not provided on these differences if the same are not likely to materialized in the foreseeable future.

2.4 Operating Fixed Assets

Operating fixed assets are stated at cost less accumulated depreciation except free hold land which is stated at cost. Building, Plant & Machinery & Furniture are stated at cost or revalued amount less accumulated depreciation. Depreciation on operating fixed assets is charged to current year's profit and loss account by applying reducing balance over estimated useful life. Depreciation on plant and machinery is charged on the basis of operating days.

The full annual rate of depreciation is applied on the additions, except in case of Plant and Machinery on which the depreciation is based on operating days, while no depreciation is charged on assets deleted during the year.

Minor renewals, replacements, maintenance, repairs and profit and loss on disposal of fixed assets are included in current year's profit and loss account.

Major renewal and improvements are capitalized.

2.5 Deferred Cost and Amortization

Deferred cost are amortized systematically over the period of five years commencing from the year of incurrence.

2.6 Stores & Spares

These are valued at moving average cost.

2.7 Stock in trade

These are valued at the lower of cost and net realizable value except molasses which are valued at net realizable value.

Cost in relation to work-in-process and finished goods consist of annual average material cost direct labor and applicable factory overheads.

2.8 Revenue recognition

Sales are recorded on despatch of goods to customers.

3. SURPLUS ON REVALUATION FIXED ASSETS

Valuation of Fixed Assets has been carried out by M/s. Iqbal A. Nanji and Company, Karachi.

Revaluation has been credited to Surplus on Revaluation of Fixed Assets account.

The basis for revaluation is as under:

- Land Current market value.
- Building Current replacement value.
- Plant and Machinery To incorporate the effect of increase in the value of Plant and Machinery and fluctuation of foreign currency exchange rates in respect of Plant and Machinery and current replacement value of local plant and machinery.
- Furniture and Fixtures Current book value.

	<i>Note</i>	2000 RUPEES	1999 RUPEES
4. REDEEMABLE CAPITAL- RESCHEDULED			
Non participatory Term Finance Certificate Secured			
Opening balance		53,440,000	53,4
Repaid during the year		(2,672,000)	
		-----	-----
		50,768,000	53,4
Current maturity		5,344,000	5,3
Overdue Installments		5,344,000	2,6
		-----	-----
		(10,688,000)	(8,01
		-----	-----
		40,080,000	(45,42
		=====	=====

4.1 This represent overdue installments of principal amounting to Rs. 30 million and accrued mark-up amounting to Rs. 23.440 million rescheduled by the United Bank Limited vide their letter No. ICD/MAJ/97 dated October 29, 1997.

4.2 The significant terms and conditions of the agreement are as follows:

<i>Credit Line</i>	<i>Principal Amount Rupees In Million</i>	<i>Effective Mark-up Rate P.A. (%)</i>	<i>Repayment Terms</i>		<i>Period</i>	
			<i>No. / Mode</i>	<i>From</i>		<i>To</i>
LT-TFC	53.440	16	20	Semi annual	01-04-1999	01-10-1999

The above credit is secured by equitable mortgage of immovable properties and machinery of the company and a floating charge on all other assets of the company ranking pari passu with the charge created in favour of other creditors.

5. Long Term Loans

<i>Particulars</i>	<i>SECURED</i>			
	<i>B.E.L. I.M.L. Rupees</i>	<i>I.C.P. I.M.L. Rupees</i>	<i>Pak. Rs. Loan IDBP Rupees</i>	<i>Demand Finance NBP Rupees</i>
Opening balance	31,099,304	13,310,000	128,557,000	27,000,000
Adjustment/Transferred during the year	--	--	--	--
Obtained during the year	--	--	--	--
	-----	-----	-----	-----
	31,099,304	13,310,000	128,557,000	27,000,000
Repaid during the year	(2,209,930)	(665,500)	(6,027,850)	(1,970,000)
	-----	-----	-----	-----
	28,889,374	12,644,500	122,529,150	25,030,000
Current portion shown under Current liabilities				
Current maturity	3,209,930	1,331,000	13,055,700	4,500,000
Over due installments	3,209,930	3,209,930	11,555,700	20,500,000
	-----	-----	-----	-----
	(6,419,860)	(2,662,000)	(24,611,400)	(25,000,000)
Total-2000	-----	-----	-----	-----
	22,469,514	9,982,500	97,917,750	
Total-1999	=====	=====	=====	=====
	25,679,444	11,313,500	110,973,450	4,500,000
	=====	=====	=====	=====

Significant Terms and Conditions

<i>Installment payment rest</i>	<i>Semi annually</i>	<i>Semi annually</i>	<i>5 Semi annually</i>	<i>5 Semi annually</i>
No. of installments	20	20	20	6
Installment amount (Rupees in Million)	1.605	0.666	6.528	
Date of first installment	01-03-99	30-06-99	01-04-99	
Rate of interest per annum	16%	16%	16%	
Sub note #	5.1 & 5.3 (b)	5.2 & 5.3 (b)	5.3	

5.1 This represents overdue installments of principal and accrued mark-up of BEL's LMM loan rescheduled by BEL vide their letter no. BE/PD/ASML/FA/92/2222/1930 dated December 09, 1997

5.2 This represents overdue installments of principal, accrued mark-up and other charges of ICP's LMM loan re-scheduled by the ICP vide their letter No. MON/1488 dated October 16, 1997.

5.3 (a) In 1995-96 Industrial Development Bank of Pakistan (IDBP) rescheduled / restructured its long term loans amounting to Rs. 50.521 million, short term finance amounting to Rs. 18.608 million into Rescheduled Pak. Rupee Loan vide its letter No. ROK/PRD/2783 dated June 09, 1996. Subsequently, it was again rescheduled under SBP Circular No. 19 dated June 05, 1997 vide IDBP's letter No. I & MD/906 dated September 08, 1997 on the following terms and conditions.

i. A further moratorium of 18 months from October 01, 1997 to March 31, 1999, was extended to the Company with the condition that it will invest in the development of sugarcane in the vicinity of the Mill.

b. Securities

The loans are secured by way of:

- Equitable mortgage of immovable properties both present and future.
- First equitable mortgage by way of hypothecation of machinery both present and future.
- First floating charge on other assets of the company both present and future.
- Demand promissory notes in favour of financial institutions.

The securities rank pari passu in favour of other secured creditors.

5.4 This represent overdue principal amounting to Rs. 20 million and accrued mark-up of Rs. 7 million rescheduled by NBP vide their letter No. MPS:CF: AI-Asifi96 dated July 25, 1996.

5.5 (a). This represents overdue principal of short term finance amounting to Rs. 35 million and accrued mark up of Rs. 16.819 million rescheduled by HBL vide their letter no. SRD/MRB/98/0779 dated May 25, 1998.

b. Securities

- Enhancement of existing Equitable Mortgage Charge on present and future assets of the Company.

- Personal guarantee of all the directors.
- Marketable securities.

5.6 (a) This represents overdue principal of short term finance amounting to Rs. 8.657 million rescheduled by UBL vide their letter No. GAK:SAK:K488/98 dated April 01, 1998.

b. Security

- Continuing guarantee of directors.

5.7 (a). This represent overdue principal of short term finance amounting to Rs. 1.102 million rescheduled by UBL vide their letter No. GAK:SAKK:488/98 dated April 01, 1998.

b. Security

- Continuing guarantee of directors.

	<i>2000</i> RUPEES	<i>1999</i> RUPEES
5.8 Others:		
- Capricorn International	46,460,582	46,4
- Aebroz (Pvt.) Ltd.	181,654,856	181,6
- Delite Industries (Pvt.) Ltd.	128,081	1
- Bawany Sugar Mills Limited	739,310	7
- B. F. Modaraba	9,881,018	9,8
- Faran Sugar Mills Limited	181,174	1
- Ebramin (Pvt.) Ltd.	192,934,917	192,9
- Others	40,936,397	46,4
	-----	-----
	472,916,335	478,4
	=====	=====

a) The matter of settlement of these liabilities is pending subject to the final outcome of the discussions with the previous management. Till a final conclusion is reached, the new management has decided to disclose the entire outstanding amount as its long term liability.

6. Deferred Liabilities:

Staff Gratuity	1,466,686	2
	=====	=====

7. Short Term Borrowings

Running Finance - NBP (Refer Note No. 10.2)	13,618,476	13,6
	=====	=====

7.1 Securities:

The above finances are secured by:

- Pledge and hypothecation of stock-in-trade and other chemicals
- Demand promissory notes in favour of the creditors.
- Continuing guarantee by the directors.

8. CURRENT/OVERDUE PORTION OF REDEEMABLE

CAPITAL AND LONG TERM LIABILITIES

	<i>2000</i> <i>RUPEES</i>	<i>1999</i> <i>RUPEES</i>
Redeemable Capital:		
Current Portion	5,344,000	5,3
Overdue Installments	5,344,000	2,6
	-----	-----
	10,688,000	8,0
Long term loans:		
Current Portion	28,389,030	32,8
Overdue Installments	42,910,280	21,6
	-----	-----
	71,299,310	54,5
	-----	-----
	81,987,310	62,5
	=====	=====

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors

- Cane Suppliers	28,610,602	15,0
- Store and Others	14,336,751	10,6
	-----	-----
	42,947,353	25,6
Advances from Customers	45,881,279	25,6
Accrued Expenses	16,339,934	12,1
Corporate Assets tax	115,736	8
Deposits	279,960	2
Sales Tax Payable	16,576,090	2,0
Excise Duty Payable	1,233,555	2,8
Accrued Markup		
- Long Term Loans	51,366,837	22,7
- Short Term Borrowings	6,493,983	6,4
	-----	-----
	57,860,820	29,2
Due to Ex-Employees	4,099,930	7,1
Other Liabilities (9.1)	10,469,367	2,7
	-----	-----
	195,804,024	108,5
	=====	=====

9.1 This includes

Provision against additional Income Tax of Rs. 198,241 U/s. 87 of the Income Tax Ordinance, 1979 on non payment of Advance Income Tax.

Provision for additional Sales Tax amounting to Rs. 4,290,630/- made against demand received from the Collectorate of Sales Tax Hyderabad on account of delay in payment of Sales Tax.

10. CONTINGENCIES AND COMMITMENTS

10.1 There is a contingent liability of Rs. 24.843 million in respect of amount reversed by HBL and UBL as result of rescheduling of liabilities which may become due to them owing to default by the Company in meeting its commitments as per the terms and conditions laid down in the approval letter issued by the respective lender (Refer Note 5)

10.2 The Company is defendant in a suit filed in 1998 by National Bank of Pakistan (formerly Mehran Bank Limited) in respect of balance of Running Finance and may be liable for further markup and liquidated damages to the tune of Rs. 1.553 million claimed by the Bank but not acknowledge as debt by the Company.

11. Operating Fixed Assets

<i>Particulars</i>	<i>Cost</i>			<i>As at Sept. 30, 2000</i>
	<i>As on October 01, 1999</i>	<i>Additions/ (Deletion)</i>	<i>Revaluation</i>	
Land - free hold	2,414,253	--	88,303	2,502,556
Experimental Land	779,436	--	28,508	807,944
Building on free hold land				
-Factory	61,402,009	--	32,771,168	94,173,177
-Non-Factory	32,488,463	--	20,121,661	52,610,124
Plant and Machinery	381,384,336	569,045	133,831,960	515,785,341
Electric Installations	12,084,825	--	--	12,084,825
Tools and Equipment	1,614,914	150,442	--	1,765,356
Telephone Installations	843,576	15,925	--	859,501
Electric Equipment	3,516,635	62,706	--	3,579,341
Furniture and Fixtures	5,024,650	38,575	(15,124)	5,048,101
Office Equipment	855,548	29,067	--	884,615
Arms and Ammunitions	269,847	--	--	269,847
Computers	617,000	--	--	617,000
Vehicles	3,216,077	600,000 (692,000)	--	3,124,077
	-----	-----	-----	-----
Rupees-2000	506,511,569	1,465,760 (692,000)	186,826,476	694,705,805
	=====	=====	=====	=====
Rupees-1999	505,056,062	1,990,107 (534,600)		506,511,569
	=====	=====	=====	=====

11.1. Depreciation charge for the year has been allocated as follows:

	<i>2000 Rupees</i>	<i>1999 Rupees</i>
--	------------------------	------------------------

Cost of Goods Manufactured	18,996,811	12,0
Administrative Expenses	3,833,286	2,0
	-----	-----
	22,830,097	14,0
	=====	=====

11.2 Disposal of Fixed Assets:

The following assets were sold during the year by negotiation

<i>Particulars</i>	<i>Original Cost</i>	<i>Accumulated Depreciation</i>	<i>Book Value</i>	<i>Sale Proceeds</i>
Toyota Corolla 1988 L - 7997	340,000	68,000	272,000	2
Suzuki Khyber 1992 T-6793	177,000	63,720	113,280	
Diahatsu Charade 1986 G-3248	175,000	167,302	7,698	
	-----	-----	-----	-----
2000 Rupees	692,000	299,022	392,978	4
	=====	=====	=====	=====
1999 Rupees	534,600	477,292	57,308	2
	=====	=====	=====	=====

11.3 Surplus on revaluation undertaken as at September 22, 1999 of Land, Building, Plant and Machinery, and Furniture and Fixtures has been arrived as follows:

	<i>Land</i>	<i>Building</i>	<i>Plant and Machinery</i>	<i>Furniture, Fixture and Office Equipment</i>
Cost as at September 30, 1999	3,193,689	93,890,472	381,384,336	5,8
Accumulated Depreciation up to September 30, 1999	--	(62,444,049)	(136,936,296)	(3,59
	-----	-----	-----	-----
Book Value as at September 30, 1999	3,193,689	31,446,423	244,448,040	2,2
Depreciation Replacement Cost	3,310,500	84,339,252	378,280,000	2,2
	-----	-----	-----	-----
	116,811	52,892,829	133,831,960	(1
	=====	=====	=====	=====

11.4 Had there been no Revaluation the related figures of Land, Building, Plant and Machinery, and Furniture,

Fixture, and Office Equipment as at September 30, 2000 would have been as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Written Down Value</i>
Land	3,193,689	--	3,1
Building	93,980,472	65,597,691	28,3
Plant	381,953,381	145,461,548	236,4
Furniture, Fixture, and Office Equipment	5,947,840	3,827,128	2,1
	-----	-----	-----
	485,075,382	214,886,367	270,1
	=====	=====	=====

11.5 Revaluation of Land, Building, Plant and Machinery, and Furniture, Fixtures and Office Equipment is carried out by an independent valuer M/s. Iqbal A. Nanji and Company as on September 22, 1999 which created a surplus of Rs. 186,826,476/- This amount is included in assets with a corresponding amount appearing as Surplus on Revaluation of Fixed Assets (Refer Note 3) to comply with the requirements of Section 23 5 of the Companies Ordinance, 1984.

	<i>Note</i>	<i>2000 RUPEES</i>	<i>1999 RUPEES</i>
12. DEFERRED COST			
Road Development Expenses-SITE		3,199,584	3,1
Less: Amortized			
Opening balance		639,917	
During the year		639,917	6
		-----	-----
		(1,279,834)	(63
		-----	-----
		1,919,750	2,5
		=====	=====
13. STOCK IN TRADE			
Work in Process - Sugar		1,168,767	1,1
		=====	=====
14 .TRADE DEBTORS - Unsecured			
Considered good	14.1	21,723,512	21,7
		=====	=====

14.1 This represents old outstanding balances which are considered as fully recoverable and are to be settled alongwith the other matters mentioned in note 5.8(a).

15. ADVANCES, DEPOSITS & PREPAYMENTS

Advances			
Unsecured - Considered good			
- Growers		7,704,917	6,2
- Contractors		4,469,208	3,0

- Suppliers		1,605,898	1,4
- Employees		2,463,688	6
- For Expenses		2,043,822	6
		-----	-----
		18,287,533	11,4
Considered doubtful			
- Growers		45,883,478	45,8
- Contractors		2,668,604	2,6
- Suppliers		18,820	
- Employees		536,778	5
		-----	-----
		49,107,680	49,1
		-----	-----
		67,395,213	60,5
Less: Provision against doubtful advances to growers: (15.1)		(11,931,393)	(11,93
		-----	-----
		55,463,820	48,5
Deposits			
Excise Duty		20,831,910	20,1
Industrial Development Bank of Pakistan	(15.2)	497,467	4
Others		842,146	6
		-----	-----
		22,171,523	21,2
Prepayments		-----	-----
		77,635,343	69,8
		=====	=====

15.1 This represents long outstanding balances. The new management is confident of securing maximum recovery and as a matter of prudence has made provision to the extent of Rs. 11.931 millions only.

15.2 This represents an amount deposited with Collector of Custom and Central Excise Hyderabad in respect of excise duty rebate under dispute with the Government of Pakistan and Collector of Custom and Excise.

16. CASH AND BANK BALANCES

Cash In hand		85,695	
Cash with Banks - in Current Accounts		214,611	4
		-----	-----
		300,306	4
		=====	=====

17. SALES

- Sugar		431,818,740	320,4
- Molasses		7,084,871	4,9
		-----	-----
		438,903,611	325,4
Less: Sales Tax		(61,678,351)	(39,76

		-----	-----
		377,225,260	285,6
		=====	=====
18. COST OF GOODS SOLD:			
Opening Work in Process - Sugar		2,893,726	1,1
Raw Material Consumed		231,851,177	325,6
Manufacturing Expenses			
- Salaries, Wages and Benefits		19,418,475	15,9
- Stores & Spares Consumed		25,007,871	27,0
- Packing Material Consumed		4,458,369	4,3
- Water, Fuel and Power		2,440,236	2,5
- Freight Handling and Octroi		353,775	6
- Insurance		322,481	2
- Vehicle Running and Maintenance		1,172,808	9
- Excise Duty		--	5,9
- Depreciation	(11.1)	18,996,811	12,0
- Others		958,228	9
		-----	-----
		73,129,054	70,6
Closing Work in Process - Sugar		(1,168,767)	(1,15
		-----	-----
		398,737,413	304,2
		=====	=====
19. ADMINISTRATIVE EXPENSES			
Salaries, Bonus, and Allowances	(19.1)	10,079,415	8,4
Traveling, Conveyance, and Entertainment		553,250	6
Insurance		22,896	
Postage and Telegrams		18,233	
Telephone & Telex		763,371	7
Electricity		449,407	2
Printing and Stationery		403,416	3
Repairs and Maintenance		201,789	3
Auditor's Remuneration		50,000	
Vehicle Running and Maintenance		874,417	7
Rent, Rates, and Taxes		156,335	1
Legal and Professional Charges		243,900	
Fees, Subscriptions, and Renewals		364,741	5
Newspapers and Periodicals		15,421	
Depreciation	(11.1)	3,833,286	2,0
Others		394,690	3
		-----	-----
		18,424,567	14,7
		=====	=====

19.1 Previous year's amount includes Rs. 295.000 in respect of salary of consultant appointed by the

directors to manage the affairs of the Company.

20. SELLING AND DISTRIBUTION EXPENSES

Advertisement	--	
Sugar Handling	546,157	5
	-----	-----
	546,157	5
	=====	=====

21. FINANCIAL CHARGES

Mark-up / Interest on		
- Long Term Loans	37,669,082	21,0
- Others	--	1,2
	-----	-----
	37,669,082	22,3
	-----	-----
Project Monitoring Fee	--	
Bank Charges and Commission	292,565	2
	-----	-----
	37,961,647	22,5
	=====	=====

22. OTHER CHARGES

- Additional Sales Tax	4,290,630	3
- Additional Income Tax	--	1
- Excise Duty on Unexported Quantity	4,922	1,6
	-----	-----
	4,295,552	2,1
	=====	=====

23. OTHER INCOME

Profit on Sale of Fixed Assets	77,022	2
Miscellaneous	79	
	-----	-----
	77,101	2
	=====	=====

24. REVERSAL OF LIABILITY

Other Liabilities	1,510,433	2
	=====	=====

This represents the Excise Duty on unexported quantity in the year 1998-99 claimed by the Additional Collector of Customs and Central Excise, Hyderabad, reversed upon setting aside of the impugned order by the Customs, Excise and Sales Tax Appellate Tribunal.

25. TAXATION

Current:

Income tax assessment of the Company has been finalized upto the assessment year 1999-2000

(Accounting year September 30,1998). Assessed tax loss available to be carried forward amounts to Rs. 353.849 million (1999: 322.696 million).

Deferred:

Deferred taxation arising due to timing differences computed under the liability method is estimated at Rs .108,437,750 (1998: 48,179,40) based on the current year rates. The liability for deferred taxation is not likely to reverse in foreseeable future, therefore no provision has been made in these accounts.

26. INTEREST RATE RISK EXPOSURE

	<i>INTEREST BEARING</i>		<i>Non-interest bearing</i>
	<i>One month to one year Rupees</i>	<i>One year and onward Rupees</i>	<i>Rupees</i>
Financial Assets			
Long Term Deposit	--	--	1,3
Trade Debts	--	--	21,7
Advances and Deposits	--	--	89,5
Cash and Bank	--	--	3
	-----	-----	-----
	--	--	112,9
	-----	-----	-----
Financial Liabilities			
Redeemable Capital	10,688,000	40,080,000	
Long Term Loans	71,299,310	650,567,299	
Short Term Borrowing	13,618,476	--	
Creditors, Accrued & Other Liabilities	--	--	195,8
	-----	-----	-----
	95,605,786	690,647,299	195,8
	-----	-----	-----
On Balance Sheet Gap (a)	(95,605,786)	(690,647,299)	(82,83
	-----	-----	-----
Cumulative Interest Sensitivity Gap	(95,605,786)	(786,253,025)	(869,08
	=====	=====	=====

(a) The 'On Balance Sheet Gap' represents the net amounts of on balance sheet items.

(b) Effective rate of markup for financial assets and liabilities are as follows.

	<i>Rate of interest</i>
Long Term Loans	Refer N
Short Term Borrowing	Refer N

27. STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital Rupees</i>	<i>Accumulated Profit/(Loss) Rupees</i>	<i>Total Rupees</i>
Balance as at September 30, 1998	146,666,660	(605,151,537)	(458,484,877)
Loss for the year	--	(59,850,730)	(59,850,730)
	-----	-----	-----
Balance as at September 30, 1999	146,666,660	(665,002,267)	(518,335,607)
Loss for the year	--	(83,347,060)	(83,347,060)
	-----	-----	-----
Balance as at September 30, 2000	146,666,660	(748,349,327)	(601,682,667)
	=====	=====	=====

	<i>2000 RUPEES</i>	<i>1999 RUPEES</i>
28. EARNING PER SHARE		
Net Loss after Taxation	(83,347,060)	(59,850,730)
Weighted average no. of Ordinary Shares	14,666,666	14,666,666
	-----	-----
Loss Per Share	(5.683)	(4.081)
	=====	=====

29. NUMBER OF EMPLOYEES

The Number of Employees as at September 30, 2000 are 705 (1999-366).

30. CREDIT RISK

The following financial assets of the Company are exposed to credit risk:

Trade Debtors	21,723,512	21,723,512
Advances and Deposits	89,566,736	81,723,512
	-----	-----
	111,290,248	103,447,024
	=====	=====

31. CAPACITY AND PRODUCTION

	<i>2000</i>		<i>1999</i>	
	<i>Metric Tons</i>	<i>Days</i>	<i>Metric Tons</i>	<i>Days</i>
Capacity	28,800	160	28,800	
Actual Production	24,896	127	19,042	

32. POST BALANCE SHEET EVENTS

32.1 Long Term Liabilities

Subsequent to the balance sheet date the lead banker, Industrial Development Bank of Pakistan has acceded to the Company's request for restructuring / rescheduling the principal loan and markup liability as on June 30, 2000 in respect of all the creditors i.e. United Bank Limited, National Bank of Pakistan, Bankers' Equity Limited, Investment Corporation of Pakistan Limited, and Habib Bank Limited with an annual repayment of Rs. 50.000 million

approximately in 15 to 16 years to these Creditors along with markup @ Re. 0.39 per Rs. 1,000/- per day. The effect of restructuring / rescheduling could not be ascertained as the repayment schedules by the respective financial institutions are still being finalised.

32.2 Excise Duty

Excise Duty paid on outstanding balance of loans in previous years has become refundable as a consequence of the judgement passed by the High Court of Sindh. The exact amount of refund has, however, not been determined.

33. FIGURES

- have been rounded off to the nearest rupee.
- of previous year have been rearranged / regrouped wherever necessary for the purpose of comparison.

Chief Executive

Director