

Ansari Sugar Mills Limited

Annual Report 2000

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COMPANY PROFILE

RECEIVER

Mr. Afaq Jamal Hussain

BOARD OF DIRECTORS (Suspended for the time being)

| | |
|--|-----------------|
| Mr. Dinshaw Hoshang Anklesaria | Chief Executive |
| Mr. Ahmed Khan Ansari | Director |
| Mr. Abdul Hafeez Ansari | Director |
| Mrs. Nasreen Ghani Ansari | Director |
| Mr. Imran Rasheed Ansari | Director |
| Syed Anwar Raza Naqvi | Director |
| Mr. S. M. Ahsan Raza (Nominee of NIT) | Director |
| Mr. M. Manzurul Haq (Nominee of NDFC) | Director |

COMPANY SECRETARY

Syed Moinuddin
ACA, ACMA, ACIS

BANKERS

1. Habib Bank Limited
2. Muslim Commercial Bank Limited
3. National Bank of Pakistan
4. National Development Finance Corporation
5. Allied Bank of Pakistan Limited

AUDITORS

M/s. Rahman Sarfaraz & Co.

RS

Chartered Accountants

M/s. Rahim Iqbal Rafiq & Company
Chartered Accountants

LEGAL ADVISOR

Dr. Raees Mushtaq

**REGIST
RAR**

Uni Corporate and Financial Services,
Westland Trade Centre,
Opp. flyover, Shaheed-e-Millat Road,
Karachi.

REGISTERED OFFICE

41-K, Block-6, P.E.C.H.S.,
Karachi.

**FACTOR
Y**

Deh
Jagsiyani,
Taluka Tando Mohammed Khan,
Distt: Hyderabad, Sindh.

STATEMENT UNDER SEC. 138(2) OF THE COMPANIES ORDINANCE, 1984

MR. AFAQ JAMAL HUSSAIN HAS BEEN APPOINTED AS RECEIVER BY THE
EHTEASAB BENCH LAHORE HIGH COURT VIDE ITS ORDER DATE D MAY 27, 1998
AND MAY 29, 1998 IN E. R. NO. 26/98, 27/98 AND 28/98.

NOTICE OF ANNUAL GENERAL MEETING

The Honourable Ehtesab Bench of Lahore High Court vide their order dated October 08, 1999 have directed the Receiver to fix the date for holding of Annual General Meeting for the purpose of authentication of the accounts in compliance u/s. 158, 236 and 241 of the Companies Ordinance, 1984. Accordingly the 9th and 10th meetings were held during the period January to April 2000

Notice is hereby given that the 11th Annual General Meeting of the Shareholders of ANSARI SUGAR MILLS LIMITED, will be held on Thursday, 29th March, 2001 at 12.00 A.N1. at the registered office of the Company at 41-K, Block-6, PECHS, Karachi for transacting the following business.

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on 5th April, 2000.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended September 30, 2000 together with the Receiver's and Auditors' Report thereon.
3. To appoint Auditors and to fix their remuneration.
4. To consider any other business with the permission of the Receiver.

**for ANSARI SUGAR
MILLS LIMITED**

**(AFAQ JAMAL
HUSSAIN)**

Receiver

Karachi: Dated March 05, 2001

NOTES:

1. The Share Transfer Books of the Company will remain closed from 20th March, 2001 to 29th March, 2001.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote on his/her behalf. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
3. The shareholders are requested to notify any changes in their address immediately.
4. Kindly quote your folio number in all correspondence with the Company.

RECEIVER'S REPORT

The Honourable Ehtesab Bench of Lahore High Court vide their order dated October 08, 1999 have directed the Receiver to fix the date for holding of Annual General Meeting for fine purpose of authentication of the accounts in compliance u/s. 158,236 and 241 of the Companies Ordinance, 1984.

On behalf of the Company, it is a pleasure to welcome you to the 11th Annual General Meeting of the Company. It is my privilege to present to you the financial, operating results alongwith the audited accounts for the year ended 30th September, 2000.

FINANCIAL RESULTS

The financial results are as follows:

| | |
|---|------------|
| | (33,188,27 |
| Loss for the year before taxation | 0) |
| | (4,137,943 |
| Less: Provision for taxation for the year |) |
| | ----- |
| | ----- |
| | (37,326,21 |
| Loss after taxation for the year | 3) |
| | (52,010,74 |
| Accumulated loss brought forward | 0) |
| | ----- |
| | ----- |
| Accumulated loss carried forward | (89,336,95 |
| | 3) |
| | ===== |
| | ===== |

OPERATING RESULTS

In 1999-2000 season, the mill commenced crushing on October 25, 1999 and continued upto March 02, 2000. Comparison with the previous years has been highlighted below:

| | | <i>Year ended</i> <i>30-09-2000</i> | <i>Year ended</i> <i>30-09-1999</i> | <i>Year ended</i> <i>30-09-1998</i> | <i>Year ended</i> <i>30-09-1997</i> | <i>Year ended</i> <i>30-09-1996</i> |
|---------------------|--------|--|--|--|--|--|
| Season started | | 25-10-1999 | 11-11-1998 | 25-10-1997 | 04-11-1996 | 16-03-1996 |
| Season closed | | 02-03-2000 | 16-03-1999 | 27-03-1998 | 25-03-1997 | 26-03-1996 |
| Days worked | | 130 | 126 | 152 | 142 | |
| Sugarcane crushed | tonnes | 491,757 | 651,224 | 554,718 | 317,192 | |
| | maunds | 13,175,352 | 17,447,794 | 14,862,238 | 8,498,304 | 11,111,111 |
| Sugar recovery | % | 9.616 | 9.585 | 10.463 | 10.780 | |
| Sugar production | tonnes | 47,270 | 62,426 | 58,055 | 34,201 | |
| Molasses recovery | % | 5.025 | 5.002 | 5.218 | 5.145 | |
| Molasses production | tonnes | 24,704 | 32,577 | 28,944 | 16,323 | |

The operational results are lower than that of the previous year due to shortage of sugarcane in entire Sindh as compared with the previous years. The sugarcane recovery has slightly increased. However, over all performance of the mills has been satisfactory. The management and staff certainly deserve our appreciation.

SALE

Sale price of both sugar and molasses remained depressed during the crushing season period thereby affecting the profitability of the Company.

FUTURE OUT LOOK

The crushing season of 2000-2001 which started on November 07, 2000 and upto 26-02-2001, i.e. 112 working days, the mills crushed 416,793 tonnes (11,166,847 maunds) of sugarcane and produced 39,888 tonnes of sugar at an average recovery of 9.771% against last year when in 125 working days on the same date, the mills had crushed 479,014 tonnes (12,833,886 maunds) and produced 45,535 tonnes of sugar at an average recovery of 9.565%. The reason for lower capacity utilization is due to severe shortage of cane and high cane prices prevailing in the season.

LABOUR MANAGEMENT RELATIONS

The management labour relations remained cordial. I take the opportunity to thank and appreciate the spirit of understanding, goodwill and co-operation shown by the workers and hope that the same will continue in future.

I thank the executives, officers and all the staff members of the Company and wish to place on record my appreciation for their devotions, sense of responsibility and loyalty.

AUDITORS

M/s. Rahman Sarfraz & Co. and M/s. Rahim Iqbal Rafiq & Co., joint auditors of the Company retire and have offered their services for the year 2000-2001.

PATTERN OF SHARE HOLDING

The pattern of share holding as on.30th September, 2000 is annexed.

CONCLUSION

At the end, let us pray to Almighty ALLAH to guide us in all our pursuits for National Development and for the betterment of your organization - Ameen.

Thank you
all,

**for ANSARI SUGAR
MILLS LIMITED**

**(AFAQ JAMAL
HUSSAIN)
Receiver**

Karachi: February 28, 2001

**PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS OF ANSARI SUGAR MILLS LIMITED
AS ON SEPTEMBER 30, 2000**

| <i>NO. OF SHARE HOLDER S</i> | <i>FROM</i> | <i>SHAREHOLDING</i> | <i>TO</i> | <i>TOTAL SHARES HELD</i> |
|--|-------------|---------------------|-----------|----------------------------------|
| 612 | 1 | -- | 100 | 39,798 |
| 328 | 101 | -- | 500 | 68,898 |
| 242 | 501 | -- | 1000 | 169,324 |
| 489 | 1001 | -- | 5000 | 1,042,259 |
| 105 | 5001 | -- | 10000 | 719,964 |
| 57 | 10001 | -- | 15000 | 696,498 |
| 9 | 15001 | -- | 20000 | 150,421 |
| 9 | 20001 | -- | 25000 | 196,457 |
| 7 | 25001 | -- | 30000 | 187,679 |
| 11 | 30001 | -- | 35000 | 370,222 |
| 7 | 35001 | -- | 40000 | 260,319 |
| 6 | 40001 | -- | 45000 | 253,092 |
| 8 | 45001 | -- | 50000 | 382,047 |
| 5 | 50001 | -- | 55000 | 254,840 |
| 8 | 55001 | -- | 60000 | 462,711 |
| 4 | 60001 | -- | 65000 | 243,855 |

| | | | | |
|-------|---------|----|---------|-----------|
| 3 | 65001 | -- | 70000 | 206,862 |
| 3 | 75001 | -- | 80000 | 232,659 |
| 3 | 80001 | -- | 85000 | 249,550 |
| 1 | 95001 | -- | 100000 | 96,800 |
| 31 | 100001 | -- | 105000 | 3,101,550 |
| 2 | 105001 | -- | 110000 | 217,258 |
| 1 | 110001 | -- | 115000 | 114,770 |
| 1 | 120001 | -- | 125000 | 121,500 |
| 1 | 125001 | -- | 130000 | 126,754 |
| 1 | 135001 | -- | 140000 | 138,000 |
| 1 | 145001 | -- | 150000 | 148,120 |
| 4 | 155001 | -- | 160000 | 625,600 |
| 1 | 170001 | -- | 175000 | 173,362 |
| 1 | 180001 | -- | 185000 | 182,544 |
| 1 | 185001 | -- | 190000 | 186,300 |
| 1 | 195001 | -- | 200000 | 196,765 |
| 1 | 205001 | -- | 210000 | 206,310 |
| 1 | 210001 | -- | 215000 | 212,106 |
| 2 | 220001 | -- | 225000 | 441,600 |
| 1 | 230001 | -- | 235000 | 230,862 |
| 1 | 235001 | -- | 240000 | 238,941 |
| 1 | 245001 | -- | 250000 | 245,962 |
| 2 | 250001 | -- | 255000 | 504,857 |
| 1 | 260001 | -- | 265000 | 260,945 |
| 1 | 265001 | -- | 270000 | 266,570 |
| 1 | 270001 | -- | 275000 | 272,090 |
| 1 | 275001 | -- | 280000 | 276,747 |
| 1 | 290001 | -- | 295000 | 293,089 |
| 2 | 310001 | -- | 315000 | 624,105 |
| 1 | 315001 | -- | 320000 | 315,915 |
| 1 | 345001 | -- | 350000 | 349,715 |
| 1 | 410001 | -- | 415000 | 413,108 |
| 1 | 415001 | -- | 420000 | 418,300 |
| 1 | 605001 | -- | 610000 | 609,109 |
| 1 | 790001 | -- | 795000 | 790,248 |
| 1 | 1030001 | -- | 1035000 | 1,030,363 |
| 1 | 1345001 | -- | 1350000 | 1,345,500 |
| 1 | 3440001 | -- | 3445000 | 3,443,978 |
| ----- | | | | ----- |
| ----- | | | | ----- |
| 1988 | | | | 24,407,19 |
| ===== | | | | 8 |
| ===== | | | | ===== |
| === | | | | === |

| <i>S. No. Categories of Shareholders</i> | <i>No. of Share holders</i> | <i>Total Shares Held</i> | <i>Percentage</i> |
|--|-----------------------------|--------------------------|-------------------|
| 1. | 1961 | 16,577,35 | 67.92 |

| | | | |
|---------------------------|------|------------|--------|
| Individuals | | 2 | |
| 2. Investment Companies | 5 | 704,690 | 2.89 |
| 3. Insurance Companies | 6 | 817,954 | 3.35 |
| 4. Joint Stock Companies | 7 | 1,193,954 | 4.89 |
| 5. Financial Institutions | 6 | 5,101,258 | 20.90 |
| 6. Modaraba Companies | 3 | 11,990 | 0.05 |
| | | ----- | |
| | | 24,407,198 | |
| | 1988 | 8 | 100.00 |
| | | ===== | |
| | | ===== | |

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of ANSARI 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 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:

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 the expenditure incurred during the year were in accordance with the objects of the Company;

c) except for the effect on the financial statement of the matter referred to in note 22.1, 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 as 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 (XVIII of 1980)

**RAHIM IQBAL RAFIQ
& COMPANY**
Chartered Accountants

**RAHMAN SARFARAZ
& CO.**
Chartered Accountants

Karachi:

Dated: February 28, 2001

BALANCE SHEET AS AT SEPTEMBER 30, 2000

| | <i>Note</i> | <i>2000 Rupees</i> | <i>1999 Rupees</i> |
|--|-------------|------------------------|------------------------|
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | | | |
| | | 300,000,000 | 300,000,000 |
| 30,000,000 Ordinary Shares of Rs.10/- each | | ===== | ===== |
| | | ===== | ===== |
| Issued, subscribed and paid-up capital | 3 | 244,071,980 | 244,071,980 |
| General reserve | | 27,000,000 | 27,000,000 |
| | | 0 | 27,000,000 |
| Unappropriated loss | | (89,336,953) | (52,010,740) |
| | | ----- | ----- |
| | | ----- | ----- |
| | | 181,735,027 | 219,061,240 |
| LONG TERM LOANS | | | |
| Interest bearing | 4(a) | 309,457,434 | 270,599,095 |

| | | | |
|--|------|-------------------|---------------|
| Non-interest bearing | 4(b) | 390,666,8 37 | -- |
| | | ----- | ----- |
| | | 700,124,2 71 | 270,599,095 |
| DEFERRED LIABILITIES | 5 | 14,380,52 0 | 327,977,859 |
| CURRENT LIABILITIES | | | |
| Short term finances - secured | 6 | -- | 30,000,000 |
| Current portion of long term loans | | 165,410,2 85 | 267,111,414 |
| Creditors, accrued and other liabilities | 7 | 93,148,05 0 | 102,951,918 |
| Taxation | | 19,743,69 9 | 15,605,756 |
| | | ----- | ----- |
| | | 278,302,0 34 | 415,669,088 |
| | 8 | | |
| CONTINGENCIES AND COMMITMENTS | | ----- | ----- |
| | | 1,174,541, 852 | 1,233,307,282 |
| | | ===== | ===== |
| | | === | ===== |

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

Pursuant to order of the Ehtesab Bench of Lahore High Court no. CM 26/99, the Balance Sheet and Profit and Loss Account has been authenticated by the Receiver to comply with the requirements of section 241 of the Companies Ordinance, 1984.

FIXED CAPITAL EXPENDITURE

| | | | |
|-----------------------------------|----|-------------------|---------------|
| Operating fixed assets - Tangible | 9 | 1,003,729, 946 | 981,297,954 |
| Capital work in progress | 10 | -- | 33,542,226 |
| | | ----- | ----- |
| | | 1,003,729, 946 | 1,014,840,180 |
| LONG TERM LOANS | 11 | 193,077 | 250,618 |
| LONG TERM DEPOSITS | | 744,365 | 741,615 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 12 | 24,709,17 2 | 28,850,025 |
| Stock in trade | 13 | 5,201,947 | 52,113,451 |

| | | | |
|---|----|------------|---------------|
| Trade Debts - unsecured considered good | 14 | 9,453,366 | 17,424,281 |
| | | 35,285,34 | |
| Loans and advances - unsecured | 15 | 2 | 56,002,498 |
| | | 10,072,82 | |
| Prepayments and other receivables | 16 | 4 | 36,126,247 |
| | | 85,151,81 | |
| Cash and bank balances | 17 | 3 | 26,958,367 |
| | | ----- | |
| | | ---- | ----- |
| | | 169,874,4 | |
| | | 64 | 217,474,869 |
| | | ----- | |
| | | ---- | ----- |
| | | 1,174,541, | |
| | | 852 | 1,233,307,282 |
| | | ===== | |
| | | ==== | ===== |

**AFAQ JAMAL
HUSSAIN
RECEIVER**

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

| | <i>Note</i> | <i>2000 Rupees</i> | <i>1999 Rupees</i> |
|--------------------------------------|-------------|------------------------|------------------------|
| SALES- Net | 18 | 827,588,6 56 | 918,064,546 |
| Cost of goods sold | 19 | (762,673,9 75) | (784,445,552) |
| | | ----- | ----- |
| Gross Profit | | 64,914,68 1 | 133,618,994 |
| OPERATING EXPENSES | | | |
| Administration and general | 20 | 52,327,12 9 | 38,882,522 |
| Selling and distribution | 21 | 1,190,390 | 18,669,284 |
| | | ----- | ----- |
| | | ---- | ----- |
| | | (53,517,51 9) | (57,551,806) |
| | | ----- | ----- |
| | | ---- | ----- |
| OPERATING PROFIT FOR THE YEAR | | 11,397,16 2 | 76,067,188 |
| | | ----- | ----- |
| Financial charges | 22 | 44,307,66 | 122,429,452 |

| | | | |
|--|----|--------------|---------------|
| | | 0 | |
| Other charges | 23 | 273,772 | 573,405 |
| Other loss / (income) | 24 | 4,000 | (37,635) |
| | | ----- | |
| | | (44,585,432) | (122,965,222) |
| | | ----- | |
| LOSS BEFORE TAXATION | | (33,188,270) | (46,898,034) |
| | | | |
| PROVISION FOR TAXATION | | | |
| Current | | (4,137,943) | 4,590,323 |
| Prior years | | -- | 1,073,048 |
| | | ----- | |
| | | (4,137,943) | 5,663,371 |
| | | ----- | |
| LOSS AFTER TAXATION | | (37,326,213) | (52,561,405) |
| | | | |
| Unappropriated (loss) / profit brought forward | | (52,010,740) | 550,665 |
| | | ----- | |
| Unappropriated loss carried forward | | (89,336,953) | (52,010,740) |
| | | ===== | |
| Earning per share - Basic | 28 | (1.53) | (2.15) |

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

**AFAQ JAMAL
HUSSAIN
RECEIVER**

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

| | <i>2000</i> | <i>1999</i> |
|--|---------------|---------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| LOSS BEFORE TAXATION | (33,188,270) | (46,898,034) |

| | | |
|---|--------------|---------------|
| | | 0) |
| ADJUSTMENTS FOR: | | |
| Depreciated on | 40,193,656 | 37,772,334 |
| | 44,307,66 | |
| Financial charges | 0 | 122,429,452 |
| Loss / (Gain) on sale of fixed assets | 4,000 | (37,635) |
| Deferred expenses | -- | 131,122,393 |
| | ----- | ----- |
| | 84,505,316 | 291,286,544 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 51,317,046 | 244,388,510 |
| CHANGES IN WORKING CAPITAL (INCREASE) / DECREASE IN CURRENT ASSETS | | |
| Stores, spares and loose tools | 4,140,853 | (5,684,756) |
| Stock in trade | 46,911,504 | (24,739,191) |
| Trade debts | 7,970,915 | 31,080,147 |
| | 20,665,043 | |
| Loans and advances | 26,053,423 | (5,373,143) |
| Prepayments and other receivables | 3 | (28,253,323) |
| | ----- | ----- |
| | 105,741,738 | (32,970,266) |
| | ----- | ----- |
| | 157,058,784 | 211,418,244 |
| INCREASE / (DECREASE) IN CURRENT LIABILITIES | | |
| Creditors, accrued and other liabilities | 5,303,267 | (44,119,696) |
| | ----- | ----- |
| | 162,362,051 | 167,298,548 |
| CASH GENERATED FROM OPERATION | | |
| Taxes paid | -- | (3,391,431) |
| Financial charges paid | (43,402,926) | (136,182,091) |
| | ----- | ----- |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 118,959,1 | 27,725,026 |

**CASH FLOW FROM INVESTING
ACTIVITIES**

| | | |
|--|------------|-------------|
| | (29,415,42 | |
| Fixed capital expenditure | 2) | (9,506,253) |
| Proceeds from disposal of fixed assets | 328,000 | 1,145,622 |
| Long term | | |
| loans | 109,654 | (6,000) |
| Long term deposits | (2,750) | (68,316) |
| | ----- | |

**NET CASH USED IN INVESTING
ACTIVITIES**

| | |
|------------|-------------|
| (28,980,51 | |
| 8) | (8,434,947) |

**CASH FLOWS FROM FINANCING
ACTIVITIES**

| | | |
|--|------------|--------------|
| | (31,785,16 | |
| Repayment of long term loans | 1) | (2,466,818) |
| Increase / (decrease) in short term finances | -- | (26,500,000) |
| | ----- | |

**NET CASH USED IN FINANCING
ACTIVITIES**

| | |
|------------|--------------|
| (31,785,16 | |
| 1) | (28,966,818) |

**NET INCREASE/(DECREASE) IN CASH
AND**

| | | |
|----------------------|-----------|-------------|
| | 58,193,44 | |
| BANK BALANCES | 6 | (9,676,739) |

CASH AND BANK BALANCES AT THE

| | | |
|------------------------------|-----------|------------|
| | 26,958,36 | |
| BEGINNING OF THE YEAR | 7 | 36,635,106 |

**CASH AND BANK BALANCES AT THE END
OF THE
YEAR**

| | | |
|--|-----------|------------|
| | 85,151,81 | |
| | 3 | 26,958,367 |
| | ===== | |
| | ===== | |

**AFAQ JAMAL
HUSSAIN
RECEIVER**

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

| <i>Share Capital</i> | <i>General Reserve</i> | <i>Accumula ted (Loss) /</i> | <i>Total Rupees</i> |
|--------------------------|----------------------------|--------------------------------------|-------------------------|
|--------------------------|----------------------------|--------------------------------------|-------------------------|

| | | <i>Profit</i> | | |
|----------------------------------|-------------|---------------|------------|--------------|
| Balance as at September 30, 1998 | 244,071,980 | 27,000,000 | 550,665 | 271,622,645 |
| | | | (52,561,40 | |
| Profit / (loss) for the year | -- | -- | 5 | (52,561,405) |
| | ----- | | ----- | |
| | --- | | ---- | ----- |
| | | | 52,010,74 | |
| Balance as at September 30, 1999 | 244,071,980 | 27,000,000 | 0 | 219,061,240 |
| | | | 37,326,21 | |
| Profit/(loss) for the year | -- | -- | 3 | (37,326,213) |
| | ----- | | ----- | |
| | --- | | ---- | ----- |
| | | | 89,336,95 | |
| Balance as at September 30, 2000 | 244,071,980 | 27,000,000 | 3 | 181,735,027 |
| | ===== | | ===== | |
| | = | | = | ===== |

**AFAQ JAMAL
HUSSAIN
RECEIVER**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2000

1. STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan on July 09, 1989 as a Public Limited Company and its shares are quoted in Karachi and Lahore Stock Exchanges. The principal business of the Company is to manufacture and sale of sugar.

1.2 Pursuant to the order of the Honourable Lahore High Court, since July 02, 1998 the Receiver continues to manage and control the mills as well as discharge all financial responsibilities. In 1999 the Ehtesab Bench of the Honourable Lahore High Court has further allowed the Receiver to comply with the requirements of section 158, 236 and 241 of the Companies Ordinance, 1984 in place of the Directors. The Receiver has accordingly authenticated the financial statements for the year.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

These financial statements have been prepared in accordance with requirements of the Companies, Ordinance 1984 and International Accounting Standards as applicable in Pakistan.

2.2 Accounting Convention

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

2.3 Employees' retirement benefits

The Company operates a Contributory Provident Fund for all its employees eligible under the scheme. The scheme is approved under the Income Tax Ordinance, 1979.

2.4 Taxation

Current

The provision for current taxation is based on taxable income at the current tax rates, after considering admissible tax credits, 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. However, deferred tax is not provided on these differences if the same is not likely to materialise in the foreseeable future.

2.5 Operating fixed assets

These are stated at cost less accumulated depreciation except freehold land which is stated at cost.

Depreciation is charged to income using the 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 and machinery and factory building on which depreciation is charged on the basis of actual operating days. No depreciation is charged on assets in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any are retired. Gains and losses on disposal of assets are included in current income.

2.6 Accounting for leases

Lease rentals for assets acquired under operating lease agreements are charged to income.

2.7 Capital work in progress

The expenditure connected with specific assets, incurred during the project implementation period is carried under this head. The cost is transferred to specific assets as and when assets become operative.

2.8 Inventories

The basis of valuation has been specified against each:

Stores, spares and loose tools

| | |
|------------|--|
| In hand | -- At moving average cost. |
| In transit | -- Actually incurred cost upto the appropriate period. |

Stock in trade

Sugar

Sugar in process - At average cost of sugarcane consumed.
Finished sugar - At lower of cost and net realisable value.

Molasses

These are valued at net realisable value.

2.9 Trade debts

Known bad debts are written off and provision is made for debts considered doubtful.

2.10 Foreign currency transactions

Assets and liabilities in foreign currencies, if any, are translated into Pak rupees at the rate of exchange prevailing at the balance sheet date. Exchange differences in respect of foreign currency loan obtained for acquisition of fixed assets are incorporated in the cost of relevant assets. All other exchange differences, if any, are included in income currently.

2.11 Borrowing cost

The borrowing costs are charged to profit and loss account in the year in which these are incurred except those incurred for purchase/import of plant and machinery which are added to the cost of respective assets upon completion of installation.

2.12 Revenue Recognition

- Sales are recorded on despatch of goods.
- Interest, profit and income from investment is recorded on accrual basis.

2000
Rupees **1999**
Rupees

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| <i>Number of Shares</i> | | | |
|-------------------------|-------------|--|-------------|
| <i>2000</i> | <i>1999</i> | | |
| 18,296,250 | 18,296,250 | Fully paid ordinary shares of Rs. 10/- each issued for cash | 182,962,500 |
| | | | 182,962,500 |
| 6,110,948 | 6,110,948 | Fully paid ordinary shares of Rs. 10/- each issued as bonus shares | 61,109,480 |
| ----- | ----- | | ----- |
| ---- | ----- | | ----- |

| | | | |
|-----------|------------|-----------|-------------|
| 24,407,19 | | 244,071,9 | |
| 8 | 24,407,198 | 80 | 244,071,980 |
| ===== | | ===== | |
| === | ===== | === | ===== |

4 (a) LONG TERM LOANS - INTEREST BEARING

| <i>PARTICULARS</i> | <i>LOCALLY MANUFACTURED MACHINERY</i> | | | | | |
|--|---------------------------------------|-------------------------------|------------------------------|------------------------------|-------------------------------|--------------------------------|
| | <i>N.D.F.C. I RUPEES</i> | <i>N.D.F.C. II RUPEES</i> | <i>P.I.C.I.C. RUPEES</i> | <i>N.D.F.C. I RUPEES</i> | <i>N.D.F.C. II RUPEES</i> | <i>N.D.F.C. III RUPEES</i> |
| Opening balance | 15,368,970 | 7,071,426 | 8,103,232 | 702,457 | 3,955,713 | 11,111,111 |
| Rescheduled/Restructured during the year | (15,368,970) | (7,368,970) | -- | (702,457) | (3,955,713) | (11,111,111) |
| | --- | ----- | ----- | ----- | ----- | ----- |
| | -- | ----- | -- | ----- | ----- | ----- |
| Repaid/Adjustment during the year | -- | -- | (3,601,437) | -- | -- | -- |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | -- | ----- | -- | ----- | ----- | ----- |
| Current maturity over due installm | -- | -- | (3,601,437) | -- | -- | -- |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | -- | ----- | -- | ----- | ----- | ----- |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| | = | ===== | ===== | ===== | ===== | ===== |

Significant terms and conditions:

| | | | | | |
|------------------------------------|----|----|-----------|----|----|
| Installment payment | -- | -- | Quarterly | -- | -- |
| No. of installment | -- | -- | 11 | -- | -- |
| Installment amount Rupees in milli | -- | -- | 0.900 | -- | -- |

| | | | | | |
|----------------------------|----|----|----------|----|----|
| Date of first installment | -- | -- | 01-07-99 | -- | -- |
| Rate of interest per annum | -- | -- | 6% | -- | -- |
| Sub note number | -- | -- | 4(a) (i) | -- | -- |

4 (b). LONG TERM LOANS - NON-INTEREST BEARING

| <i>PARTICULARS</i> | <i>SECURED</i> | | | | |
|----------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|-----------------------|
| | <i>L.C.Y.</i> | <i>DEMAND FINANCE</i> | | <i>G.T.F.</i> | |
| | <i>N.D.F.C. RUPEES</i> | <i>A.B.L. RUPEES</i> | <i>M.C.B. RUPEES</i> | <i>P.I.C.I.C RUPEES</i> | <i>NBP RUPEES</i> |
| Opening balance | -- | -- | -- | -- | -- |
| Adjustments during the year | 212,904,406 | 21,029,060 | 6,492,953 | 18,180,691 | 171,008,713 |
| | ----- | ----- | ----- | ----- | ----- |
| | 212,904,406 | 21,029,060 | 6,492,953 | 18,180,691 | 171,008,713 |
| Repaid during the year | -- | (4,536,594) | -- | (2,428,759) | (15,000,000) |
| | ----- | ----- | ----- | ----- | ----- |
| | 212,904,406 | 16,492,466 | 6,492,953 | 15,751,932 | 156,008,713 |
| | (13,383,633) | -- | (5,800,000) | -- | -- |
| | ----- | ----- | ----- | ----- | ----- |
| | 199,520,773 | 16,492,466 | 692,953 | 15,751,932 | 156,008,713 |
| | ===== | ===== | ===== | ===== | ===== |
| | = | ===== | ===== | ===== | ===== |
| Significant terms and conditions | | | | | |
| Installment payment | Half yearly | Annually | Half yearly | Quarterly | |
| No. of installment | 30-10-2001 | 2003-2004 | 31-03-2001 | 01-10-1999 | |
| Sub note number | 4 (b) (i) | | | | 4 (b) (ii) |

4 (a) (i) National Development Finance Corporation

(a) The Company has incorporated the effect of the package of restructuring/ rescheduling of its LMM/GTF loans approved by National Development Finance Corporation on October 23,2000. Which includes the creating of a fresh LCY line for the balance outstanding principal amount and allowing its repayment in 23 equal semi annual installment. The Company made a down payment of Rs. 35.826 million on October 25, 2000 upon acceptance of the package which includes,

(1) Under the above arrangement except with the prior return approval of National Development Finance Corporation, the Company shall not:

- declare and/or pay any dividend or issue bonus shares till any amount is due

- transfer controlling shares to any other group/party without written approval of National Development Finance Corporation.

- repay loans/advances to any director.

2) In the event of non-payment of two consecutive installments or any failure to comply with or owing to any violation/deviation of any of the terms and conditions of the package, it may stand as withdrawn and reverted to original position/recalling of outstanding loans liabilities.

3) To comply with the condition of the package, the management is in the process of obtaining ratification/confirmation of the agreed repayment plan from Ehtesab Bench of the Hounourable Lahore High Court.

Security:

The loans are secured by way of creating a mortgage on the immovable properties, pledge and hypothecation of movable properties of the company both present and future including book debts, receivables and hypothecation of machinery purchased under the agreement and personal guarantees as per personal Networth Survey (PNWS) of the sponsoring Directors and pledge of sponsors' shares. A floating charge on all other properties and assets of the company.

The securities shall rank pari-passu with other creditors.

4(a) ii) Pakistan Industrial Credit and Investment Corporation

Security:

The finances are secured through first charge by way of an equitable mortgage of immovable properties, hypothecation of plant and machinery, and a floating charge on all other assets.

The securities shall rank pari passu with other creditors.

4 (a) (iii) National Bank of Pakistan

Security:

a. The finance is secured by creating a mortgage on the immovable properties, pledge and hypothecation of movable properties including book debts, receivables and hypothecation of machinery purchased under the agreement, personal guarantees of the sponsoring directors and the promissory notes of the Company.

The securities shall rank pari-passu with other creditors.
Rescheduling of the above loan is pending with the bank.

b. The finance is secured by equitable registered mortgage of fixed assets both present and future, general irrevocable power of attorney executed in favour of the bank, hypothecation of stocks, floating charge on all other assets and properties of the Company and personal guarantee of all the directors of the Company.

The securities shall rank pari-passu with other creditors
Rescheduling of the above loan is pending with the bank

c. The balance of above loans remain unconfirmed, however, the liability has been correctly shown by the company.

4 (a) (iv) Allied Bank of Pakistan Limited

Security:

The loan is secured by way of floating charge on the current assets of the Company, personal guarantees of all the sponsoring directors and the guarantee of the Company.

4 (a) (v) Muslim Commercial Bank Limited.

The Finance has been restructured/rescheduled by transferring short term finance to long term during the year. In the event of the failure to comply with any of the term of rescheduling package and non payment of two installments, the package will be withdrawn and liabilities will be reinstated with retrospective effect and will become payable immediately.

Security:

The loan is secured against charge on all assets ranking pari-passu with other creditors and fresh personal guarantees of sponsors/directors.

4 (b) (i) This represents the todate markup on National Development Finance Corporation loans rescheduled/restructured amounting to Rs.110.698 million together with

the other outstanding loan of Rs.102.206 million as referred in 4(a)(i).

4 (b) (ii) This represents the accumulated markup on long terms loans from National Bank of Pakistan upto 30th September 2000. The restructuring package of National Bank of Pakistan loans are under process.

| | | <i>2000</i> <i>Rupees</i> | <i>1999</i> <i>Rupees</i> |
|--------------------------------|-------|------------------------------|------------------------------|
| 5. DEFERRED LIABILITIES | | | |
| Deferred interest | (5.1) | -- | 313,597,339 |
| Road cess | (5.2) | 1,208,577 | 1,208,577 |
| | | 13,171,94 | |
| Surcharge on cess | (5.3) | 3 | 13,171,943 |
| | | ----- | |
| | | ---- | ----- |
| | | 14,380,52 | |
| | | 0 | 327,977,859 |
| | | ===== | |
| | | ==== | ===== |

5.1) Mark-up on long term loans for the period has been deferred by the Company on the expectation of getting these re-scheduled in the same manner as other charges have already been re-scheduled by other financial institutions. Refer note 4(b).

5.2) This represents the rate difference between the Road Cess on Sugarcane. During the year 1994-95 the rate of Road Cess has been enhanced from 14 to 75 paisas per forty kilograms of cane crushed. The Company has disputed the levy and has with-held the payment of 50 paisas. The remaining 25 paisas per 40 kilogram has been paid.

5.3) This represents surcharge on cess levied through Finance (Amendment) Act, 1991, at the rate of 15 paisas per forty kilograms of cane. The matter is being contested in the Court of Law through the Pakistan Sugar Mills Association.

6. SHORT TERM FINANCES - Secured

| | | | |
|----------------------|-------|-------|------------|
| Agricultural finance | (6.1) | -- | 30,000,000 |
| | | ===== | |
| | | ==== | ===== |

6.1 Agricultural Finance

M.C.B.

| | |
|-------------------|--|
| -- Facility | Rs. 30 Million |
| -- Rate of Markup | 58 paisas per rupee one thousand per day. |
| -- Security | The loan is secured against hypothecation of sugar cane crops, continuing guarantee of the Company charge on current assets ranking pari passu with other creditors. |

| | 2000 | 1999 |
|---|---------------|---------------|
| | Rupees | Rupees |
| 7. CREDITORS, ACCRUED AND OTHER LIABILITIES | | |
| | 71,624,14 | |
| Creditors | 2 | 57,007,003 |
| Accrued Liabilities | | |
| Accrued expenses | 3,955,774 | 5,715,960 |
| Accrued interest/mark up on secured loans / finances | 6,590,000 | 21,697,135 |
| | ----- | |
| | ----- | ----- |
| | 10,545,77 | |
| | 4 | 27,413,095 |
| Other liabilities | | |
| Employees provident fund | 36,241 | -- |
| Withholding income tax | 89,356 | 100,625 |
| Retention money | 2,597,639 | 1,362,937 |
| Advance from customers | 7,367,339 | 16,386,277 |
| Others | 887,559 | 681,981 |
| | ----- | |
| | ----- | ----- |
| | 10,978,13 | |
| | 4 | 18,531,820 |
| | ----- | |
| | ----- | ----- |
| | 93,148,05 | |
| | 0 | 102,951,918 |
| | ===== | |
| | ===== | ===== |

8. CONTINGENCIES AND COMMITMENTS

Contingencies

i) Excise duty rebate on excess production during the crushing season 1993-94 over the previous three years average production amounting to Rs.22.40 million refunded by the Central Board of Revenue has been claimed back by the Collector of Customs and Central Excise on the ground that the amount was erroneously refunded. The matter is pending with the relevant authorities. The demand has since been stayed, the Company expects a favourable decision as such no provision has hence been made against the said claim.

ii) Excise duty claimed by the Collector of Customs and Central Excise in respect of crushing season 1992-93 amounting to Rs.11.969 million on excess production over previous three years. A stay has been granted by the High Court against the same. No provision has been made as in view of legal advisor, the Company has a good chance of winning the case.

iii) Additional sales tax of Rs.10.305 million has been claimed by the Assistant Collector

of Sales Tax on baggase used in production during crushing season 1996-97 vide letter No.C.No.19-ST/misc/Sugar/C&E/98/8743. The above claim has been challenged by the Company before Custom, Sales Tax and Central Excise Tribunal Karachi vide appeal No.623 of 1998 dated 26th February, 2000. No provision has been made as in view of legal advisor, the Company has a good chance of winning the case.

iv) The Company has not provided for road cess to the extent of 50 paisas per 40 kilogram estimated at Rs.37.941 million, which represents the difference between 75 paisas per 40 kilogram levied by Sindh Government and 25 paisas deposited by the Company under this head. Pakistan Sugar Mills Association is contesting the levy of 75 paisas per 40 kilogram.

Commitments.

i) The Company's commitment as on September 30, 2000 for capital expenditure amounted to Rs.5 million (1999: Rs. 5 million).

ii) Commitments under operating lease agreement for vehicles and computers as at the balance sheet date are as follows:-

Year ending September 30

Rupees

2001

8,430

=====

9. OPERATING FIXED

| PARTICULARS | COST | | | RATE % | AS ON 01-10-99 | F |
|----------------------------|-------------------|-------------------------|-------------------------|-----------|-------------------|----|
| | AS ON 01-10-99 | ADDITION/ (DISPOSAL) | AS ON 30-09- 2000 | | | |
| Freehold land | 9,252,730 | -- | 9,252,730 | -- | -- | -- |
| Factory building | 87,347,628 | 39,319,619 | 126,667,247 | 10 | 25,534,065 | 3 |
| Non-factory building | 23,390,322 | 3,323,477 | 26,713,799 | 10 | 8,124,697 | 1 |
| Plant and machinery | 1,075,619,120 | 15,156,414 | 1,090,775,534 | 10 | 194,415,561 | 31 |
| Electric installation | 4,966,887 | 784,732 | 5,751,619 | 10 | 1,955,844 | |
| Weighbridge | 878,917 | -- | 878,917 | 10 | 487,192 | |
| Office equipments & others | 3,577,723 | 217,350 | 3,795,073 | 10 | 1,314,449 | |
| Electrical appliances | 2,541,663 | 190,815 | 2,732,478 | 10 | 1,017,896 | |

| | | | | | |
|-----------------------|-------------|-------------|------------|----|-----------|
| Furniture and fixture | 2,173,775 | 108,690 | 2,282,465 | 10 | 1,071,795 |
| | | | 13,344,15 | | |
| Vehicles | 9,910,505 | 3,765,652 | 7 | 20 | 4,727,447 |
| | | (332,000) | | | |
| Tents and tarpaulins | 961,437 | -- | 961,437 | 33 | 851,940 |
| Tools and tackles | 1,258,556 | 90,898 | 1,349,454 | 33 | 1,080,422 |
| | ----- | | ----- | | ----- |
| | --- | | ---- | | ---- |
| RUPEES - | 1,221,879,2 | | 1,284,504, | | 240,581,3 |
| 2000 | 63 | 62,957,647 | 910 | | 08 40 |
| | | (332,000) | | | |
| | ===== | | ===== | | ===== |
| | = | ===== | ===== | | ===== |
| RUPEES - | 1,213,768,9 | | 1,221,879, | | 203,096,9 |
| 1999 | 59 | 9,506,253 | 262 | | 37 37 |
| | | (1,395,950) | | | (|
| | ===== | | ===== | | ===== |
| | = | ===== | ===== | | ===== |

9.1 Depreciation for the year has been allocated as under :-

| | <i>2000</i> | <i>1999</i> |
|-------------------------------------|---------------|---------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| Cost of goods sold | 35,655,10 | |
| Administration and general expenses | 6 | 33,848,674 |
| | 4,538,550 | 3,923,660 |
| | ----- | ----- |
| | 40,193,65 | |
| | 6 | 37,772,334 |
| | ===== | ===== |
| | ===== | ===== |

9.2 Detail of disposal of operating fixed assets

| <i>Particulars</i> | <i>Cost</i> | <i>Accumulated Depreciation</i> | <i>Net book value</i> | <i>Sale proceeds</i> | <i>Gain on Sale of</i> |
|----------------------|-------------|---------------------------------|-----------------------|----------------------|------------------------|
| Motor Vehicle | | | | | |
| Suzuki Mehran Plus | 332,000 | -- | 332,000 | 328,000 | (4,000)Ins Cl |
| | ----- | ----- | ----- | ----- | ----- |
| | --- | ----- | ---- | ----- | ---- |
| Rupees - | 332,000 | -- | 332,000 | 328,000 | (4,000) |
| 2000 | ===== | ----- | ===== | ----- | ===== |
| | = | ===== | ===== | ----- | ===== |
| Rupees - | 1,395,950 | 287,963 | 1,107,987 | 1,145,622 | 37,635 |
| 1999 | ===== | ----- | ===== | ----- | ===== |
| | = | ===== | ===== | ----- | ===== |

| | | <i>2000</i> | <i>1999</i> |
|--|--------|---------------|---------------|
| | | <i>Rupees</i> | <i>Rupees</i> |
| 10. CAPITAL WORK IN PROGRESS | | | |
| Civil work | | 33,542,226 | 33,542,226 |
| Less: Capitalized during the year | | (33,542,226) | -- |
| | | ----- | ----- |
| | | -- | 33,542,226 |
| | | ===== | ===== |
| | | === | ===== |
| 11. LONG TERM. LOANS - Considered good | | | |
| vehicle loans to employees | (11.1) | 321,465 | 431,199 |
| Current portion of long terms loans shown under current assets | | (128,388) | (180,501) |
| | | ----- | ----- |
| | | 193,077 | 250,618 |
| | | ===== | ===== |
| | | === | ===== |
| 11.1 The above loans are interest free and are given to employees other than directors and executives of the Company and are recoverable in 60 to 84 equal monthly installments. | | | |
| 12. STORES, SPARES AND LOOSE TOOLS | | | |
| Stores | | 11,804,366 | 15,389,751 |
| Spares | | 10,970,206 | 11,491,281 |
| - in hand | | 1,839,100 | 1,864,678 |
| - in transit | | 95,500 | 104,315 |
| Loose tools | | ----- | ----- |
| | | 24,709,172 | 28,850,025 |
| | | ===== | ===== |
| | | === | ===== |
| 13. STOCK IN TRADE | | | |
| Sugar in process | | 554,774 | 283,728 |
| Finished goods | | 4,647,173 | 51,829,723 |
| | | ----- | ----- |
| | | 5,201,947 | 52,113,451 |
| | | ===== | ===== |
| | | === | ===== |

14. TRADE DEBTS - Unsecured considered good

| | | |
|---|------------|------------|
| | 11,503,43 | |
| Trade debts - unsecured considered good | 1 | 17,424,281 |
| | (2,050,065 | |
| Less: Provision for doubtful debts |) | -- |
| | ----- | ----- |
| | 9,453,366 | 17,424,281 |
| | ===== | ===== |
| | === | ===== |

15. LOANS AND ADVANCES - Unsecured - Considered good

| | | |
|---------------------------------------|------------|------------|
| Current portion of vehicle loans | 128,388 | 180,501 |
| Advance against salaries | 1,399,641 | 1,560,452 |
| | ----- | ----- |
| | 21,866,12 | |
| Advance to cane growers | 4 | 21,302,962 |
| | (10,642,84 | |
| Less: Provision for doubtful advances | (15.1) 8) | -- |
| | ----- | ----- |
| | 11,223,27 | |
| | 6 | 21,302,962 |
| | ----- | ----- |
| Advance to suppliers and contractors | 5,321,804 | 16,273,013 |
| Advance against expenses | 1,297,276 | 1,302,671 |
| | 15,914,95 | |
| Advance income tax | 7 | 15,382,899 |
| | ----- | ----- |
| | 35,285,34 | |
| | 2 | 56,002,498 |
| | ===== | ===== |
| | === | ===== |

15.1 This represents the advance outstanding since 1995. As a matter of prudence, the company has made necessary provision there against through it expects positive results from its recovery efforts.

16. PREPAYMENTS AND OTHER RECEIVABLES

| | | |
|-------------------|-----------|------------|
| Prepayments | 284,341 | 122,313 |
| Other receivables | 9,788,483 | 36,003,934 |
| | ----- | ----- |
| | 10,072,82 | 36,126,247 |

| | | |
|-----------------------------------|-------------|---------------|
| | 4 | |
| | ===== | |
| | ==== | ===== |
| 17. CASH AND BANK BALANCES | | |
| In hand | 45,172 | 186,763 |
| With banks in: | | |
| - current / saving accounts | 83,154,873 | 24,913,171 |
| - term deposit accounts | 1,951,768 | 1,858,433 |
| | ----- | ----- |
| | 85,106,641 | 26,771,604 |
| | ----- | ----- |
| | 85,151,813 | 26,958,367 |
| | ===== | ===== |
| | ==== | ===== |
| 18. SALES - Net | | |
| Sugar | | |
| -- Local | 944,227,937 | 786,386,000 |
| -- Export | -- | 163,010,036 |
| -- Export rebate | -- | 58,905,000 |
| | ----- | ----- |
| | 944,227,937 | 1,008,301,036 |
| | ----- | ----- |
| Less: Brokerage and commission | 67,200 | 70,300 |
| | ----- | ----- |
| | 944,160,737 | 1,008,230,736 |
| Molasses | 9,952,835 | 12,704,303 |
| Baggase | 1,100,382 | 620,960 |
| | ----- | ----- |
| | 955,213,954 | 1,021,555,999 |
| | ----- | ----- |
| Less: Excise duty | -- | 12,249,627 |
| | 127,625,298 | |
| Sales tax | 98 | 91,241,826 |
| | ----- | ----- |
| | ----- | ----- |

| | | | |
|------------------------------------|--------|------------|--------------|
| | | 127,625,2 | |
| | | 98 | 103,491,453 |
| | | ----- | ----- |
| | | 827,588,6 | |
| | | 56 | 918,064,546 |
| | | ===== | ===== |
| | | === | ===== |
| 19. COST OF GOODS SOLD | | | |
| Sugar cane consumed | | 598,079,2 | |
| | | 50 | 680,056,446 |
| Manufacturing expenses | (19.1) | 117,683,2 | |
| | | 21 | 129,128,297 |
| | | ----- | ----- |
| | | 715,762,4 | |
| | | 71 | 809,184,743 |
| | | ----- | ----- |
| Sugar in process | | | |
| - opening | | 283,728 | 340,124 |
| - closing | | (554,774) | (283,728) |
| | | ----- | ----- |
| | | (271,046) | 56,396 |
| | | ----- | ----- |
| | | 715,491,4 | |
| | | 25 | 809,241,139 |
| | | ----- | ----- |
| Finished goods | | | |
| - opening | | 51,829,72 | |
| | | 3 | 27,034,136 |
| - closing | | (4,647,173 | (51,829,723) |
| | |) | |
| | | ----- | ----- |
| | | 47,182,55 | |
| | | 0 | (24,795,587) |
| | | ----- | ----- |
| | | 762,673,9 | |
| | | 75 | 784,445,552 |
| | | ===== | ===== |
| | | === | ===== |
| 19.1 Manufacturing expenses | | | |
| Stores and spares | | 17,988,78 | |
| Salaries and wages including bonus | | 0 | 22,384,432 |
| and staff amenities | | 36,391,97 | |
| Fuel and | | 9 | 38,816,533 |
| | | 4,843,605 | 9,039,082 |

| | | |
|------------------------|-----------|-------------|
| power | | |
| Insurance | 3,111,749 | 3,111,745 |
| | 17,265,08 | |
| Repair and maintenance | 3 | 19,055,260 |
| Vehicle maintenance | 827,511 | 780,370 |
| Depreciati | 35,655,10 | |
| on | 6 | 33,848,674 |
| Others | 1,599,408 | 2,092,201 |
| | ----- | |
| | ----- | ----- |
| | 117,683,2 | |
| | 21 | 129,128,297 |
| | ===== | |
| | ==== | ===== |

20. ADMINISTRATION AND GENERAL

| | | |
|---|-----------|------------|
| Salaries, including bonus and staff amenities | 17,276,10 | 19,098,404 |
| Directors' remuneration | 7 | 982,238 |
| Rent, rates and taxes | 1,042,802 | 272,223 |
| Insurance | 688,599 | 974,823 |
| Water, gas and electricity | 1,130,308 | 589,277 |
| Printing and stationery | 1,435,060 | 634,614 |
| Postage, telephone, telegrams and telex | 849,956 | 2,422,006 |
| Vehicle maintenance | 1,706,210 | 1,672,116 |
| Repairs and maintenance | 2,172,141 | 1,031,838 |
| Travelling and conveyance | 850,841 | 1,148,019 |
| Subscription, books and periodicals | 1,287,405 | 809,015 |
| Legal and professional charges | 341,037 | 2,995,076 |
| Entertain | 4,488,117 | 557,449 |
| ment | 583,885 | |
| Lease | | |
| rentals | 808,110 | 1,561,425 |
| Advertise | | |
| ment | 118,639 | 12,750 |
| | 10,642,84 | |
| Provision for doubtful advances | 8 | -- |
| Provision for doubtful debts | 2,050,065 | -- |
| Depreciati | | |
| on | 4,538,550 | 3,923,660 |
| Others | 316,449 | 197,589 |
| | ----- | |
| | ----- | ----- |
| | 52,327,12 | |
| | 9 | 38,882,522 |
| | ===== | |
| | ==== | ===== |

21. SELLING AND DISTRIBUTION

| | | |
|-----------|---------|--------|
| Advertise | | |
| ment | 121,305 | 48,100 |

| | | | |
|----------------------|--|-----------|------------|
| Loading and stacking | | 1,066,130 | 1,477,168 |
| Export expenses | | -- | 16,982,681 |
| Others | | 2,955 | 161,335 |
| | | ----- | ----- |
| | | 1,190,390 | 18,669,284 |
| | | ===== | ===== |
| | | === | ===== |

22. FINANCIAL CHARGES

| | | | | |
|--|--------|-----------|---|-------------|
| Interest / markup on long term loans | (22.1) | 39,999,86 | 6 | 108,410,232 |
| Markup on short term finance | | 3,777,153 | | 12,584,176 |
| Interest on workers' profit participation fund | | -- | | 404,899 |
| Bank and other charges | | 530,641 | | 1,030,145 |
| | | ----- | | ----- |
| | | 44,307,66 | | |
| | | 0 | | 122,429,452 |
| | | ===== | | ===== |
| | | === | | ===== |

22.1 Provision in respect of financial charges on LMM/GTF loans of NDFC amounting to Rs. 39,077,778/- was not made in order to balance the effect of restructuring/rescheduling package on the total liability against these loans.

23. OTHER CHARGES

| | | | | |
|------------------------|--------|---------|--|---------|
| Auditors' remuneration | (23.1) | 136,675 | | 169,260 |
| Charity and donation | (23.2) | 137,097 | | 404,145 |
| | | ----- | | ----- |
| | | 273,772 | | 573,405 |
| | | ===== | | ===== |
| | | === | | ===== |

23.1 Auditors' remuneration comprises of:

| | 2000 | | | 1999 | |
|---|--|--------------------------------------|--------------|--|--------------------------------------|
| | Rupees | | | Rupees | |
| | <i>Rahim Iqbal Rafiq & Company</i> | <i>Rahman Sarfaraz & Company</i> | <i>Total</i> | <i>Rahim Iqbal Rafiq & Company</i> | <i>Rahman Sarfaraz & Company</i> |
| Audit fee | 40,000 | 40,000 | 80,000 | 40,000 | 40,000 |
| Audit fee - Receipts & Payments Account | -- | -- | -- | 45,000 | 30,000 |

| | | | | | |
|------------------------|--------|--------|---------|--------|--------|
| Out of Pocket expenses | 23,845 | 32,830 | 56,675 | 8,215 | 6,045 |
| | ----- | | ----- | | ----- |
| | --- | ----- | ----- | ----- | ----- |
| | 63,845 | 72,830 | 136,675 | 93,215 | 76,045 |
| | ===== | | ===== | ===== | ===== |
| | = | ===== | ===== | ===== | ===== |

23.2 None of the directors or their spouses had any interest in the donees fund.

24. OTHER (LOSS)/INCOME

| | | | |
|---------------------------------------|--|---------|--------|
| (Loss) / Gain on sale of fixed assets | | (4,000) | 37,635 |
| | | ===== | ===== |
| | | ===== | ===== |

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| <i>PARTICULARS</i> | <i>2000</i> | | | | <i>Chief Executive</i> |
|--|------------------------|------------------|-------------------|--------------|------------------------|
| | <i>Chief Executive</i> | <i>Directors</i> | <i>Executives</i> | <i>Total</i> | |
| Remuneration | 360,000 | 432,000 | 3,402,666 | 4,194,666 | 360,000 |
| Company's contribution to provident fund | -- | -- | 155,568 | 155,568 | -- |
| Perquisites, benefits and utilities | 150,706 | 19,623 | 368,319 | 538,648 | 137,028 |
| Others | 21,250 | 59,223 | 105,928 | 186,401 | 44,050 |
| | ----- | | ----- | ----- | ----- |
| TOTAL | 531,956 | 510,846 | 4,032,481 | 5,075,283 | 541,078 |
| | ===== | | ===== | ===== | ===== |
| | = | ===== | ===== | ===== | ===== |
| NO. OF PERSONS | 1 | 2 | 10 | 13 | 1 |
| | ===== | | ===== | ===== | ===== |
| | = | ===== | ===== | ===== | ===== |

25.1 In addition, the Chief Executive, directors and executives have been provided with Company's maintained cars and telephone at residence.

26. TAXATION

26.1 Deferred

Liability for taxation arising from inter period timing difference as at September 30, 2000 calculated at the current rate, is approximately Rs. 154.868 million against which no provision in the accounts has been made, as this amount is not likely to materialise in the foreseeable future, because of the losses sustained.

26.2 Turnover tax

The Company has brought forward accumulated losses of Rs.547.827 million upto assessment year 2000-2001. Due to brought forward tax losses, provision for tax under section 80-D of the Income Tax Ordinance, 1979 has been made in these financial statements. The Company has lodged a claim with income tax department regarding refund of turnover tax paid during the year 1990-91 to 1995-96 amounting to Rs.11.211 million on the basis of decision of the Honourable Supreme Court. From this amount turnover tax liability of Rs.7.626 million has been adjusted in the income tax return upto the assessment year 2000-2001.

27. CAPACITY AND PRODUCTION

| Years | CAPACITY | | PRODUCTION | | % of Capacity Attained |
|-------|-------------|------|-------------|------|------------------------|
| | Metric Tons | Days | Metric Tons | Days | |
| 2000 | 86,400 | 160 | 47,270 | 130 | 54.71% |
| 1999 | 86,400 | 160 | 62,426 | 126 | 72.25% |

The main reason for under utilization of production capacity is non availability of sugarcane.

28. EARNING PER SHARE - Basic and Diluted

Basic:

| | | |
|--|--------------|--------------|
| Net (loss) / profit for the year | (37,326,213) | (52,561,405) |
| Weighted average number of ordinary shares | 24,407,198 | 24,407,198 |
| Earning per share - Basic | (1.53) | (2.15) |
| Diluted: | N/A | N/A |

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments are not significantly different from their book value.

30. INTEREST RATE RISK EXPOSURE

| | Interest Bearing | | | Total |
|--------------------|-----------------------|--------------------|----------------------|---------|
| | One month to one year | One year & onwards | Non-interest bearing | |
| Financial Assets | | | | |
| Long term loans | -- | -- | 193,077 | 193,077 |
| Long term deposits | -- | -- | 744,365 | 744,365 |

(Amount in Rupees)

| | | | | |
|--|---------------|---------------|---------------|-------------|
| Trade debts | -- | -- | 9,453,366 | 9,453,366 |
| | | | 19,370,38 | |
| Loans & Advances | -- | -- | 5 | 19,370,385 |
| Other receivables | -- | -- | 9,788,483 | 9,788,483 |
| | | | 85,151,81 | |
| Cash & bank balances | -- | -- | 3 | 85,151,813 |
| | ----- | ----- | ----- | ----- |
| | -- | -- | 124,701,4 | |
| | | | 89 | 124,701,489 |
| | ===== | ===== | ===== | ===== |
| | = | = | = | = |
| Financial Liabilities | | | 390,666,8 | |
| Long term loans | 165,410,285 | 309,457,434 | 37 | 865,534,556 |
| Deferred liabilities | -- | -- | -- | -- |
| Creditors, accrued & other liabilities | -- | -- | 93,058,69 | 93,058,694 |
| | ----- | ----- | ----- | ----- |
| | -- | -- | 4 | |
| | | | 483,725,5 | |
| | 165,410,285 | 309,457,434 | 31 | 958,593,250 |
| | ===== | ===== | ===== | ===== |
| | = | = | = | = |
| On balance sheet gap | (165,410,285) | (309,457,434) | (359,024,042) | |
| | ===== | ===== | ===== | |
| | = | = | = | |

Effective rates of markup for financial liabilities are as follows:

Financial Liabilities

Long term loan (Refer note # 04 (a))

| | <i>2000</i> | <i>1999</i> |
|---|---------------|---------------|
| | <i>Rupees</i> | <i>Rupees</i> |
| 31. CREDIT RISK EXPOSURE | | |
| The following financial assets of the Company are exposed to credit risk. | | |
| Long term loans | 193,077 | 250,618 |
| Long term deposits | 744,365 | 741,615 |
| Trade debtors | 9,453,366 | 17,424,281 |
| | 19,370,38 | |
| Loan and advances | 5 | 40,619,599 |
| Other receivables | 9,788,483 | 36,003,934 |

The Company does not expose itself to credit risks as it follows the policy of supplying goods against payment. The loan and advances to suppliers were subsequently adjusted. The company makes continuous assessment of credit worthiness of customers.

32.

GENERA

L

- Total number of employees as at September 30, 2000: 418 (1999: 443)
- Figures have been rounded off to the nearest rupee.
- Figures of previous year have been re-arranged / regrouped wherever necessary for the purposes of comparison.

**AFAQ JAMAL
HUSSAIN
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