



FECTO SUGAR MILLS LTD.

DIRECTORS' REPORT

The Members,
Fecto Sugar Mills Limited,
KARACHI.

Assalam-o-Alaikum

The Directors of your company have the pleasure in submitting their 45th Annual Report together with the audited Accounts of the company for the year ended September 30, 2009.

OPERATIONAL PERFORMANCE

Operating results for the year under review are summarized below:

		2008-09	2007-08
Season started		Nov 25, 2008	Nov 30, 2007
Season closed		March 03, 2009	April 15, 2008
Crushing days		99	138
Sugarcane crushed	M Tons	411,435	686,228
Avg. crushing per day	M Tons	4,155.90	4,972.67
Sugar recovery	%	8	7.80
Sugar produced	M Tons	32,940	53,499
Molasses Recovery	%	4.37	4.50
Molasses Produced	M Tons	17,993	30,880

The company has operated at comparatively lower level of crushing during the period under review due to less availability of sugarcane. The Crushing season commenced on 25 November, 2008 and closed on March 03, 2009. The mill operated for 99 days as against 138 days operated last season. The mill crushed 411,435 M. Tons as against 686,228 M. Tons last year and as a result sugar produced was less than the last year. Sugar production was 32,940 M. Tons as against 53,499 M. Tons produced last year i.e. 38.43 % decrease over the last year. During the current year, the sugar recovery percentage increased from 7.80% of last year to 8%.

Particle Board Division has performed well during the year under review. Your company has been able to produce 3.468 million sq. ft. as compared to 4.017 million sq. ft. of Particle board sheets of the last year. Net sales has also picked up to Rs.70.392 millions this year from Rs.35.138 millions of the last year.

FINANCIAL RESULTS

An analysis of the key financial results is given below:

	2008-09	2007-08
	(Rupees in thousand)	
Sales	1,205,361	1,625,907
Gross Profit/ (Loss)	58,616	108,750
Net Loss before taxation	(86,460)	(51,462)
Net Loss after Taxation	(79,362)	(35,700)
Loss per share	(5.44)	(2.45)

During the current year, your company operated satisfactorily with higher sucrose content than last year, though produced lower quantity of sugar as compared to last year due to the factors beyond our control i.e. high cost of sugarcane, lower sugarcane supply. Company financial results remained negative. And thus pre-tax loss increased from Rs.51.462 Millions to Rs.86.460 Millions of the last year.