SAKRAND SUGAR MILLS LIMITED

TWENTY SECOND ANNUAL REPORT 2010

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COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Dinshaw H. Anklesaria	Chief Executive/ Director
	Mr. Jamil Akbari	Director
	Syed Abid Hussain	Director
	Mr. Abdul Naeem Quraishi	Director
	Mr. Neville Mehta	Director
	Mrs. Fatma Gulamali	Director
	Mrs. Roxanne Mehta	Director
AUDIT COMMITTEE	Mr. Dinshaw H. Anklesaria	Chairman
	Mr. Jamil Akbari	Member
	Mr. Neville Mehta	Member
	Mr. Ahsan Mukhtar	Secretary
CHIEF FINANCIAL OFFICER	Mr. Ahsan Mukhtar (ACMA)	
COMPANY SECRETARY	Mr. Mustafa Kanani	
BANKERS	Habib Bank Limited MCB Bank Limited National Bank of Pakistan	
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
LEGAL ADVISOR	Abdul Naeem Quraishi, Adv.	
REGISTRAR	Noble Computer Service (Pvt.) Limited Mezzanine Floor, House of Habib Building (Siddiqsons Tower), 3- Jinnah C.H. Society, Main Shahrah-e-Faisal, Karachi-75350	
REGISTERED OFFICE	41-K, Block 6, P.E.C.H.S., Karachi. Fax: 021-34546456 http:// www.sakrandsugar.com	
FACTORY	Deh Tharo Unar, Taluka Sakrand, District Nawabshah, Sindh.	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED**, will be held on Monday, January 31, 2011 at 0800 hrs at the registered office of the Company situated at 41-K, Block 6, P.E.C.H.S., Karachi for transacting the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on April 13, 2010.

2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2010 together with the Directors' Report and Auditor's Report thereon.

3. To appoint Auditors and to fix their remuneration.

4. To consider any other business with the permission of the Chair.

By the order of the Board.

(MUSTAFA KANANI)
Company Secretary

Karachi
Dated : January 7, 2011

NOTES :

1. The Shares Transfer Book of the Company will remain close from January 24, 2011 to January 31, 2011.

2. A member entitle 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 then 48 hours before the meeting.

3. The share holders are requested to notify any change in their address immediately.

4. Kindly quote your folio number in all correspondence with the Company.

VISION & MISSION STATEMENT

VISION

To make a product of International Standard acceptable as a brand in the world market. To explore business opportunities available under the World Trade Organization regime.

MISSION

- **Sustained contribution to the National Economy by producing cost effective product.**
- **To ensure professionalism and healthy working environment.**
- **To create a reliable product through adoption of latest technology/ advancement.**
- **To promote research & development and provide technical know how to the growers for improvement of sugarcane yield/recovery.**

DIRECTORS' REPORT

We are pleased to welcome you to the 22nd Annual General Meeting of the Company and feel pleasure in presenting the financial and operating results along with audited financial statements for the year ended September 30, 2010 togetherwith the auditor's report thereon.

INDUSTRY REVIEW

During the current financial year, the industry witnessed the highest ever prices of sugarcane, shortage of sugarcane and sugar production compared with demand of sugar and unusual variation in sugar prices in the international market.

Shortage of sugarcane dominated all over the season 2009-10 and sugar mills had to face, like the previous 2008-09 season, great hardships in getting sugarcane during the entire season. The millers were even forced to pay upto Rs.300 per mound as against minimum price of Rs. 102 per mound fixed by the Sindh Government, in order to keep their sugar mills operative. Payment of more than double sugarcane price resulted in escalation of cost of production to a very high extent.

Sugar prices in the local market were deeply affected by the price movement in the international market, the demand and supply position and the cost of production. The international market touched a level of $ 780 per ton and then reduced steeply to a minimum of $ 430 per ton. The country faced a shortage of 1.2 million tons of sugar in the country. The cost of production increased due to the unprecented procurement price of sugarcane which comprises almost 80% of cost of sugar.

For the season 2009-10, Sind Government notified a minimum price of Rs. 102/40 kgs which was Rs. 81/40 kgs in the season 2008-09, showing an increase of 25%. This increase in basic cost of raw material eventually resulted into increased sugar prices. The company was therefore forced to hold huge amount of capital to procure costly raw material which ultimately resulted into increased finance cost. The shortage of sugarcane production is the major root cause of procurement of sugarcane at prices more than support rates. The increase in support price of sugarcane motivated the sugarcane cultivators to bring more sugarcane area under cultivation for the years to come.

FINANCIAL RESULTS

The financial results are as follows:

(Amount in '000')

	2010 Rupees	**2009 Rupees**	**Increase/ (Decrease)**	**% age**
Sales	**3,193,219**	920,514	2,272,705	246.90
Cost of goods sold	**2,975,748**	903,447	2,116,098	234.22
Gross profit	**217,471**	17,067	156,607	917.60
Profit before tax	**47,753**	491,665	112,152	(102.47)
Net profit after tax	**46,405**	394,755	(427,510)	

Both the sales as well as the cost of sales are multiplied manyfold as compared to previous years figures. The major contribution towards this increase is the rise in prices of sugar as well as the sugarcane. The improvement in sugar production as compared to last year, also contributed to this huge increase as shown in the operating results.

Although the company managed to pluck Rs. 217 million as gross profit, the increase in finance cost by Rs. 47 million absorbed major chunk. The borrowing was mainly done to finance the payment of growers' liability outstanding for the season 2008-09 and to procure costly sugarcane for the season 2009-10.

OPERATING RESULTS

		2010 Rupees	2009 Rupees	Increase/ (Decrease)	% age
Sugarcane crushed	MT	**543,353**	330,553	212,800	64.38
Sugar produced	MT	**49,703**	27,555	22,148	80.38
Molasses produced	MT	**23,628**	15,850	7,778	49.07
Sugar recovery	%	**9.155**	8.325	0.83	9.97

The management's firm policy to procure sugarcane of high recovery, improved means of production and controls on losses, the company showed increase in sugar recovery from 8.325% to 9.155% i.e. an improvement of 9.97%, when compared to the average recovery in Sind which declined to 9.54% (9.62%) and in Pakistan which prevailed at 9.05% (9.46%).

AUDITORS' REPORT

The auditors have reaffirmed thier qualification in the Annual Accounts on the principle of derecognizing the financial liability of an amount of Rs. 17.185 million payable to IDBP & Rs. 224 million payable to HBL during the year on account of the restructuring/rescheduling agreements reached with respective banks, as disclosed in notes to the financial statements.

The Company is of the view that since the Company has reached into settlement agreements with the financial lenders, against which the Company has also deposited the securitites, as stipulated in the agreements, therefore there remains no reason of carrying the financial liabilities in the balance sheet. In view thereof, the Company directly recorded the restructuring effect to its profit and loss account, instead of amortising the same uptil the maturity of the agreements.

The auditors have also raised concern over non providing of provision against trade debts of Rs. 300 million. The company is of the opinion that the sale has been made to a customer having good track record and which has also provided its confirmation regarding payment of debt. In view thereof, the company considers the entire amount as good and expects to receive the same in due course of time.

FUTURE OUTLOOK

The company commenced its crushing season of 2010-2011 on October 29, 2010. For the season 2010-11, the Government of Sindh has fixed the sugarcane support price at Rs. 127 per 40 kg plus quality premium. The increase therefore translates to an increase in the basic cost of sugarcane of almost 25 percent. Consistent with the previous season, the millers are again facing shortage of sugarcane and price war amongst the sugar mills.

LABOUR MANAGEMENT RELATIONS

Masha Allah, the management / labour relations remained very cordial and helpful. I take the opportunity to thank and appreciate the spirit of understanding, good will 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 the devotion, sense of responsibility and loyalty.

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire and offer their services for the year 2010-2011.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1 The financial statements, prepared by the company, present fairly its state of affairs, the result of its operation, cash flows and changes in equity.

2 Proper books of accounts of the Company have been maintained.

3 Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.

4 International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from if any, has been adequately disclosed.

5 The system of internal control is sound in design and has been effectively implemented and monitored.

6 Key operating and financial data for last six years in summarized form is annexed.

7 There has been no material departure from the best practices of Corporate Governance.

8 During the year, trading of -7,472,127- number of shares were carried out by the Directors and their spouses and minor children.

9 Although the Company managed to earn profit after tax of Rs. 46 million amid financial crises inherited from the Receivership, the Company is still struggling for its survival. Further, as part of management's strategy, the Company intends to hold liquidity for profitable operations and repair and maintaince of plant.

PATTERN OF SHARE HOLDING

The pattern of share holding and additional information regarding pattern of shareholding as on 30th September, 2010 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 SAKRAND SUGAR MILLS LIMITED

Dinshaw Hoshang Anklesaria
Chief Executive
Karachi
Date: January 7, 2011

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchanges for the purposes of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

To the extent applicable on the Board, regarding of the provisions of the Code, the Company applied principles in the following manner.

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes 5 (five) non-executive directors and 2 (two) executive directors including the CEO.

2. The directors have confirmed that none of them is serving as a director in more than 10 (ten) listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking financial Institution. None of the directors of the company are members of any Stock Exchange.

4. The Company has prepared a 'Statement of Ethics and Business Practices' , which has been signed by all the directors and employees of the Company.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All significant issues are placed before the Board for consideration and decision of the Board and powers of the Board have been duly exercised in respect of all material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

   The directors exercised their powers and carried out their fiduciary duties with a sense of objective judgment and independence in the best interests of the company.

   The Board of Directors established a system of sound internal control, which is effectively implemented at all levels within the company.

7. The meetings of the Board were presided over by the Chief Executive and, in his absence, by a director elected by the Board for this purpose. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

8. The Board has planned orientation course for its directors for the year 2011.

9. The Board has approved appointment of CEO, Company Secretary and Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The CEO and CFO have duly endorsed the financial statements of the Company before approval of the Board.

12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

13. The Company has compiled with all the corporate and financial reporting requirements of the code.

14. The Board formed an audit committee on 10/08/2009. It comprises of 3 (three) members including the Chairman of whom 2 (two) are non-executive directors.

15. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.

16. The Board has set-up effective internal audit function.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. As there is no related party transaction, the statement regarding Transfer Pricing is not applicable to our Company.

20. It is confirmed that all material principles contained in the Code have been dully complied with.

On behalf of board of directors

Dinshaw H. Anklesaria
Chief Executive
January 7, 2011

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Sakrand Sugar Mills Limited to comply with the Listing Regulation of Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Director for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensure compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the matter stated in the above paragraph, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2010.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi:
Dated: January 7, 2011

PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
AS ON SEPTEMBER 30, 2010

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM		SHARE HOLDING TO	TOTAL SHARES HELD
659	1	-	100	58,265
360	101	-	500	132,072
245	501	-	1,000	168,962
146	1,001	-	5,000	356,572
43	5,001	-	10,000	315,836
12	10,001	-	15,000	147,648
9	15,001	-	20,000	162,868
11	20,001	-	25,000	248,476
4	25,001	-	30,000	107,840
2	30,001	-	35,000	67,500
3	35,001	-	40,000	118,800
2	40,001	-	45,000	85,650
3	45,001	-	50,000	136,620
3	50,001	-	55,000	161,684
1	55,001	-	60,000	59,500
2	65,001	-	70,000	133,200
1	75,001	-	80,000	78,510
1	95,001	-	90,000	87,800
1	90,001	-	95,000	90,260
1	155,001	-	160,000	157,500
1	160,001	-	165,000	161,848
4	195,001	-	200,000	792,744
1	205,001	-	210,000	207,192
1	295,001	-	300,000	300,000
1	310,001	-	315,000	313,956
1	340,001	-	345,000	343,000
2	395,001	-	400,000	800,000
1	475,001	-	480,000	479,020
2	495,001	-	500,000	1,000,000
1	500,001	-	505,000	502,804
1	725,001	-	730,000	729,360
1	800,001	-	805,000	800,100
1	1,255,001	-	1,260,000	1,257,578
1	1,260,001	-	1,265,000	1,264,226
2	1,290,001	-	1,295,000	2,587,016
1	1,490,001	-	1,495,000	1,491,040
1	1,545,001	-	1,550,000	1,549,970
1	4,850,001	-	4,855,000	4,852,583
1533				**22,308,000**

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	Individual	1,508	16,314,026	73.13
2	Investment Companies	7	2,018,002	9.04
3	Joint Stock Companies	6	624,000	2.80
4	Financial Institutions	11	3,330,320	14.93
5	Co-operative Society	1	21,652	0.10
		1,533	22,308,000	100.00

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2010
AS PER REQUIREMENTS OF
THE CODE OF CORPORATE GOVERNANCE

Category	Number of shares held	Category wise No. of shareholders	Category wise shares held	Percentage %
JOINT STOCK COMPANIES		6	624,000	2.80
INVESTMENT COMPANIES		4	59,032	0.26
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		7	7,498,527	33.61
Dinshaw Hoshang Anklesaria	4,852,583			
Mr. Jamil Akbari	500,500			
Syed Abid Hussain	545,444			
Mrs. Fatma Gulamali	400,000			
Abdul Naeem Quraishi	300,000			
Mr. Neville Mehta	500,000			
Mrs. Roxanne Mehta	400,000			
NIT / ICP		3	1,958,970	8.78
National Bank of Pakistan - Trustee Department	1,549,970			
Investment Corporation of Pakistan	343,000			
National Bank of Pakistan	66,000			
BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS		11	3,330,320	14.93
CO-OPERATIVE SOCIETY		1	21,652	0.10
INDIVIDUALS		1,501	8,815,499	39.52
		1,533	**22,308,000**	**100.00**

Shareholders holding ten percent or more voting interest in the Company

Name of Shareholders	No. of Shares held	Percentage
Dinshaw Hoshang Anklesaria	**4,852,583**	**21.75**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of SAKRAND SUGAR MILLS LIMITED ("the Company") as at September 30, 2010, the related profit & loss account, statement of comprehensive income, 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 purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion 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 included 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) We refer to our qualified audit opinion on the financial statements for the year ended 30 September 2009 that was modified because the company had prematurely derecognized bank liabilities amounting to Rs.241.185 million and transferred that to income for the year then ended which constitutes departure from International Financial Reporting Standards (refer note 17.1 and 17.4). Our opinion on the current year's financial statements is also modified because as a result of the above departure, the amount of the bank liabilities and accumulated loss continue to be understated by Rs.241.815 million both for the current and corresponding year under respective notes to the financial statements.

2) As at the end of the financial year, a balance amount of Rs.300.410 million was owed by a trade debtor (refer in note 10.1). The Company considers the amount as good for the reason stated in the above mentioned note accordingly no provisions for doubtful debt is made in these financial statements in respect of this amount. However, the amount owing remained outstanding to date and we were unable to satisfy ourselves as to the extent of recoverability of this trade debt to the Company.

   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 policies consistently applied except for changes resulted from adoption of new or amended standards explained in note 3.2 to the financial statements with which we concur;

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

      iii) the business conducted and the expenditure incurred during the period were in accordance with the objects of the company;

   c) in our opinion, and to the best of our information and according to the explanations given to us, except for the effects of matter stated in paragraph 1and that stated in paragraph 2 to the extent of provision that may be necessary under the given circumstances, the balance sheet, profit & loss account, statement of comprehensive income, 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, 2010, and of the Profit, 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.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Waseem

Karachi:
Dated: January 7, 2011

BALANCE SHEET
AS AT SEPTEMBER 30, 2010

	Note	2010 Rupees	2009 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	**1,225,657,147**	1,240,079,909
Long term Investments	6	**79,766,813**	36,063,125
Long term loans	7	**147,645**	211,469
Long term deposits		**663,859**	663,859
CURRENT ASSETS			
Stores, spares and loose tools	8	**29,894,430**	35,597,214
Stock in trade	9	**99,076,420**	263,009,004
Trade debts - Unsecured (Considered good)	10	**300,919,876**	69,515,679
Loans and advances	11	**20,000,118**	13,837,448
Prepayments and other receivables	12	**9,987,390**	10,550,778
Cash and bank balances	13	**24,742,324**	1,786,788
		484,620,558	394,296,911
TOTAL ASSETS		**1,790,856,022**	1,671,315,273
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 Ordinary shares of Rs. 10/- each		**250,000,000**	250,000,000
Issued, subscribed and paid-up capital	14	**223,080,000**	223,080,000
Accumulated loss		**(76,323,503)**	(157,608,824)
		146,756,497	65,471,176
SURPLUS ON REVALUATION OF FIXED ASSETS	15	**432,576,653**	455,248,796
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred liabilities	15 & 16	**243,663,548**	286,459,949
Long term finance - Secured			
- Markup bearing	17 (a)	**418,518,456**	253,884,650
- Markup free	17 (b)	**3,954,209**	4,079,676
		422,472,665	257,964,326
Provision for Gratuity	18	**5,266,458**	4,869,313
CURRENT LIABILITIES			
Trade and other payables	19	**280,489,037**	527,801,641
Short term borrowings	20	**125,000,000**	-
Mark up accrued	21	**35,844,877**	23,475,031
Current portion of non current liabilities		**81,309,968**	44,560,068
Taxation		**17,476,319**	5,464,973
		540,120,201	601,301,713
CONTINGENCIES AND COMMITMENTS	22		
		1,790,856,022	1,671,315,273

The annexed notes from 1 to 42 form an integral part of these financial statements.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Note	2010 Rupees	2009 Rupees
SALES -net	23	**3,193,218,665**	920,513,951
Cost of sales	24	**(2,975,748,146)**	(903,446,511)
Gross profit		**217,470,519**	17,067,440
OPERATING EXPENSES			
Administrative expenses	25	**(88,903,269)**	(58,423,756)
Distribution cost	26	**(1,924,524)**	(752,913)
		(90,827,793)	(59,176,669)
Operating Profit		**126,642,726**	(42,109,229)
Other charges	27	**(916,795)**	(420,000)
Workers' Profit Participation Fund		**(2,564,625)**	(26,405,189)
Workers' Welfare Fund		**(974,557)**	(10,033,972)
Other income	28	**52,249**	3,033,513
		(4,403,728)	(33,825,648)
		122,238,998	(75,934,877)
Extinguished debt	29	**-**	516,126,728
Unrealised gain on loan amortisation	30	**11,512,903**	84,988,584
		11,512,903	601,115,312
		133,751,901	525,180,435
Finance cost	31	**(85,998,588)**	(33,515,816)
PROFIT BEFORE TAXATION		**47,753,313**	491,664,619
TAXATION			
Current		**(31,936,537)**	(4,608,898)
Deferred		**30,588,325**	(92,301,145)
		(1,348,212)	(96,910,043)
PROFIT AFTER TAXATION		**46,405,101**	394,754,576
Earning Per Share-Basic/Diluted	34	**2.08**	17.70
Loss Per Share-Basic/diluted (excluding effect of debt extinguishment)		**-**	(7.62)

The annexed notes from 1 to 42 form an integral part of these financial statements.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	2010 Rupees	2009 Rupees
Profit after taxation	**46,405,101**	394,754,576
Other comprehensine income		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the year net of deferred taxation	**34,880,220**	8,906,012
Total comprehensive income	**81,285,321**	403,660,588

The annexed notes from 1 to 42 form an integral part of these financial statements.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAXATION		**47,753,313**	491,664,619
ADJUSTMENTS FOR :			
Depreciation	5.2	**67,630,711**	41,783,407
Financial cost		**80,431,135**	33,515,816
Interest expense-imputed	31.1	**5,567,453**	-
Provision for gratuity	18	**2,003,973**	768,708
Provision for WPPF		**2,564,625**	26,405,189
Provision for WWF		**974,557**	10,033,972
Extinguishment of Liability-HBL		**-**	(516,126,728)
Effect of increase in kibor	30.1	**(3,309,215)**	-
Gain on amortisation of loan-NBP			(74,156,400)
Gain on amortisation of loan-IDBP		**-**	(9,769,059)
Gain on amortisation of investment	30.2	**(8,203,688)**	(1,063,125)
Profit on sale of property, plant and equipment		**-**	(2,103,078)
		147,659,551	(490,711,298)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**195,412,864**	953,321
CHANGES IN WORKING CAPITAL			
(INCREASE)/DECREASE IN CURRENT ASSETS			
Stores, spares and loose tools		**5,702,786**	(9,668,037)
Stock in trade		**163,932,584**	8,764,468
Trade debts		**(231,404,197)**	12,879,097
Loans and advances		**(6,162,670)**	5,999,157
Prepayments and other receivables		**563,388**	2,231,759
		(67,368,109)	20,206,444
		128,044,755	21,159,765
INCREASE/(DECREASE) IN CURRENT LIABILITIES			
Trade and other payables		**(214,412,625)**	11,604,492
CASH USED IN OPERATING ACTIVITIES		**(86,367,870)**	32,764,257
Taxes paid		**(19,925,191)**	(602,400)
WPPF paid		**(26,405,189)**	-
WWF paid		**(10,033,972)**	-
Financial cost paid		**(68,061,289)**	(351,848)
Gratuity paid		**(1,606,828)**	(673,219)
		(126,032,469)	(1,627,467)
NET CASH USED IN OPERATING ACTIVITIES		**(212,400,339)**	31,136,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property , plant and equipment		**(48,208,449)**	(11,690,553)
Capital work in progress		**(4,999,500)**	-
Proceeds from disposal of property , plant and equipment		**-**	3,003,000
Long term investments		**(35,500,000)**	(35,000,000)
Long term deposits		**-**	(91,608)
Long term loans		**63,824**	72,744
NET CASH USED IN INVESTING ACTIVITIES		**(88,644,125)**	(43,706,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finance		**200,000,000**	-
Repayment of long term loans		**(1,000,000)**	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**199,000,000**	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(102,044,464)**	(12,569,627)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,786,788**	14,356,415
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35	**(100,257,676)**	1,786,788

The annexed notes from 1 to 42 form an integral part of these financial statements.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Issued, subscribed and paid-up capital	Accumulated Loss	Total
Balance as at September 30, 2008	223,080,000	(561,269,412)	(338,189,412)
Total Comprehensive Income			
-Net profit for the year		394,754,576	394,754,576
-Other comprehensive income for the year		8,906,012	8,906,012
Balance as at September 30, 2009	**223,080,000**	**(157,608,824)**	**65,471,176**
Total Comprehensive Income			
-Net profit for the year		46,405,101	46,405,101
-Other comprehensive income for the year		34,880,220	34,880,220
Balance as at September 30, 2010	**223,080,000**	**(76,323,503)**	**146,756,497**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

1. STATUS AND NATURE OF BUSINESS

Sakrand Sugar Mills Limited was incorporated in Pakistan as a Public Limited Company on March 02, 1989 and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated in 41-K, Block-6, P.E.C.H.S, Karachi. The principal business of the Company is that of manufacturing and sale of sugar. The mill is located at Deh Tharo Unar, Taluka Sakrand, District Nawabshah, Sindh.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Accounting Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

- Long term finances are measured at amortized cost using applicable interest rate.
- Property, plant and equipment are measured at revalued amount less any subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.
- Investments held to maturity are measured at amortized cost using effective interest method less any impairment loss.

3.2 Standards, amendments to published approved accounting standards and interpretations effective and relevant to the Company

(a) Changes in accounting policies and disclosures as a result of adoption of new and amended accounting standards

Starting October 1, 2009, the Company has changed its accounting policies in the following areas:

- IAS 1 (revised), 'Presentation of financial statements' (effective from January 1, 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of comparative period in addition to the current requirement to present balance sheet at the end of the current period and comparative period.

  The Company has preferred to present two statements; a profit and loss account (income statement) and a statement of other comprehensive income. Comparative information has also been represented so that it is in conformity with the revised standard. As this change only impacts presentation aspects, there is no impact on profit for the year.

- IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). In accordance with new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Adoption of the amendment is not expected to have any effect on the Company's financial statements.

- The Company has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorized as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level.

- Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments. Further, the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As the change in accounting policy only results in additional disclosures, there is no impact on profit for the year.

(b) Others

IAS 23 (amendment), 'Borrowing costs' (effective from January 1, 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The Company’s current accounting policy is in compliance with this amendment, and therefore there is no effect on the Company's financial statements.

3.3 Standards, amendments to published approved accounting standards and interpretations effective but not relevant

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year and are mandatory for accounting periods beginning on or after October 1, 2009 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3.4 Standards, amendments to published approved accounting standards and interpretations not yet effective

The following standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations to existing standards have been published and are not effective for financial year begining from October 1, 2009 and have not been early adopted by the Company:

- Improvements to IFRSs 2009 – Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company’s financial statements.

- Improvements to IFRSs 2009 – Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Company's financial statements other than increase in disclosures.

- Improvements to IFRSs 2009 – Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

- IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revised IAS 24 Related Party Disclosures amend the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on the Company's financial statements.

- IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the contact of quantitative disclosure to better enable users to evaluate an entity's exposure to risk arising from financial instruments. In addition the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Company.

- Improvement to IFRSs 2010 - IAS 1 Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is also required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment is not likely to have an impact on Company's financial statements other than increase in disclosure.

- Improvement to IFRSs 2010 - IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures. The amendment is not likely to have an impact on Company's financial statements other than increase in disclosure.

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2013).

  There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and May 2010(not addressed above). These amendments are unlikely to have any impact on the Company's financial statements and therefore have not been analysed in detail.

4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment, estimates and assumptions in the process of applying Company's accounting policies and the reported amounts of assets, liabilities, income & expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

(i)	Property, plant and equipment	note 4.1
(ii)	Taxation	note 4.3
(iii)	Staff retirement benefits	note 4.4
(iv)	Valuation of stock in trade	note 4.10
(v)	Trade debts	note 4.11
(vi)	Recognition of income against waiver of mark up.	

4.1 Property, plant and equipment

(i) Operating fixed assets

These are stated at revalued amount less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any). All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Assets carrying amount is written down immediately to its recoverable amount if the carrying amount of an asset is greater than its recoverable amount.

Depreciation is charged to income using reducing balance method to write off the cost of an asset over its estimated useful life in accordance with the rates specified in the note 13 to these financial statements and after taking into account residual value, if any.

Depreciation on additions is charged from the quarter in which the assets become available for use while on disposals depreciation is charged upto the quarter of deletion.

Repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains/ losses on disposal of property, plant and equipment are charged to the profit and loss account.

(ii) Capital work in progress

These are stated at cost less impairment, if any, and consist of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their erection, construction and installation including salaries and wages that are directly attributable to assets under work in progress. The assets are transferred to relevant fixed assets as and when they are available for use.

4.2 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the outflow can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.3 Taxation

Current
Provision for current taxation is based on higher of tax on the basis taxable income at the current tax rates after taking into account tax credit and rebates available, if any or mimimum tax under section 113 of Income Tax Ordinance, 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed/ finalized during the year.

Deferred
Deferred income tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

4.4 Staff retirement benefits

The Company operates following staff benefits plan.

4.4.1 Defined Contribution plan

Provident fund
The Company operates a defined contributory Provident Fund for all its employees eligible under the scheme. The scheme has been approved under the Income Tax Ordinance, 2001. Monthly contributions are made both by the Company and by the employee to the fund at a rate of 8.33% of basic salary. During the year the contribution of Rs 1,202,559 (2009:1,111,512) have been charged to income.

4.4.2 Defined Benefit plan

Gratuity
The Company operates a defined gratuity fund for all of its permanent employees who attain the minimum qualification period for entitlement to gratuity. Actuarial valuation is conducted periodically using "Projected Unit Credit Method" and the latest actuarial valuation carried out at September 30, 2010 .The detail of valuation is given in note 18.1.

4.5 Impairment of assets

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such asset is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use and impairment loss is recognized whenever, the carrying amount of the asset or its cash generating unit exceed its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

4.6 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits,Long term and short term borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.8 Held to maturity investments

Investments with a fixed maturity that the Company has positive intent and ability to hold till maturity are classified as held to maturity investments. Held to maturity investments are initially recognize at fair value plus transaction cost attributable to acquisition and are subsequently carried at amortized cost using effective interest rate method, less any impairment loss.

Profit and loss, gains and losses are recognized in the profit & loss account when the investments are derecognized or impaired, as well as by amortization process.

4.9 Stores, spares and loose tools

These are valued as under:

In hand	-	At lower of moving average cost or NRV.
In transit	-	Actual cost incurred upto the balance sheet date.

Provisions for obsolete and slow moving stock are duly made as when required. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.10 Stock in trade

The basis of valuation has been specified against each.

Sugar in process	-	At average cost of raw material consumed
Finished sugar	-	At lower of cost or net realizable value
Molasses	-	At net realizable value.

Provisions for obsolete and slow moving stock are made as and when required. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

4.11 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and pervious repayment pattern. Balances considered irrecoverable are written off as and when identified.

4.12 Loans and borrowings

These are initially recognized at cost, being the fair value of the consideration received net of cost associated with the borrowings. Subsequently these are measured at amortized cost using the effective interest rate method.

4.13 Trade and other payables

Trade and other payables are carried at cost, which is fair value of the consideration to be paid for goods and services.

4.14 Cash and cash equivalent

Cash in hands and at banks, highly liquid short term investments and deposits and short term running finance,if any are carried at cost. Cash and cash equivalents comprises of cash in hand, balances with banks, short term investments and short term finance and they form an integral part of Company's cash managment and are included as a component of cash equivalents for the purpose of statement of cash flows.

4.15 Borrowing costs

Borrowing cost are recognized in profit and loss account in the period in which these are incurred except that borrowing cost that are directly attributable to acquisition, construction or production of qualifying asset are capitalized during the period of time it is completed and prepared for its intended use.

4.16 Related party transactions

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

4.17 Dividend Distribution

Dividend distribution to the Company's share holders is recognised as a liability in the period in which dividend is declared/approved.

4.18 Foreign Currency transactions

Transactions in the foreign currencies are translated into rupees at exchange rate prevailing on the date of the transaction. All assets and liabilities in foreign currencies are translated to exchange rate prevailing at the balance sheet date. Exchange gains and losses are taken to income currently.

4.19 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

4.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is recognised as follows:

- Sales are recorded on dispatch of goods to customers.

- Commission and handling income is recognized on shipment of products.

- Return/Interest on bank deposits and investments are recognised on accrual basis.

5 PROPERTY, PLANT AND EQUIPMENT	Note	2010 Rupees	2009 Rupees
Operating assets	5.1	**1,220,657,647**	1,240,079,909
Capital work in progress	5.4	**4,999,500**	-
		1,225,657,147	1,240,079,909

5.1

	Free hold land	Factory building	Non factory building	Plant and machinery	Office equipment and others	Furniture & Fixture	Vehicles	Tents and tarpulins	Tools and tackles	Total
	---- Rupees ----									
As at October 01, 2008										
Cost	7,601,840	98,899,385	21,290,787	1,027,407,590	8,225,923	5,896,163	16,446,551	1,399,244	2,792,876	1,189,960,359
Accumulated depreciation	-	(47,832,564)	(16,623,171)	(489,495,708)	(5,245,205)	(4,328,806)	(9,655,039)	(1,277,529)	(2,743,265)	(577,201,287)
Net book value	7,601,840	51,066,821	4,667,616	537,911,882	2,980,718	1,567,357	6,791,512	121,715	49,611	612,759,072
Year ended September 30, 2009										
Opening net book value	7,601,840	51,066,821	4,667,616	537,911,882	2,980,718	1,567,357	6,791,512	121,715	49,611	612,759,072
Additions during the year	-	-	-	-	246,509	-	11,444,044	-	-	11,690,553
Revaluation	94,668,160	110,035,184	148,835,454	304,774,815	-	-	-	-	-	658,313,613
Disposals / transfers										
Cost	-	-	-	-	-	-	1,896,097	-	-	1,896,097
Accumulated depreciation	-	-	-	-	-	-	(996,175)	-	-	(996,175)
Net book value	-	-	-	-	-	-	899,922	-	-	899,922
Depreciation for the year	-	(3,928,780)	(4,187,647)	(30,705,281)	(315,842)	(156,735)	(2,432,586)	(40,164)	(16,372)	(41,783,407)
Closing net book value	102,270,000	157,173,225	149,315,423	811,981,416	2,911,385	1,410,622	14,903,048	81,551	33,239	1,240,079,909
As at October 01, 2009										
Cost / Revalued amount	102,270,000	208,934,569	170,126,241	1,332,182,405	8,472,432	5,896,163	25,994,498	1,399,244	2,792,876	1,858,068,428
Accumulated depreciation	-	(51,761,344)	(20,810,818)	(520,200,989)	(5,561,047)	(4,485,541)	(11,091,450)	(1,317,693)	(2,759,637)	(617,988,519)
Net book value	102,270,000	157,173,225	149,315,423	811,981,416	2,911,385	1,410,622	14,903,048	81,551	33,239	1,240,079,909
Year ended September 30, 2010										
Opening net book value	102,270,000	157,173,225	149,315,423	811,981,416	2,911,385	1,410,622	14,903,048	81,551	33,239	1,240,079,909
Additions(including transfers) during the year	-	-	-	46,119,619	141,852	235,549	1,711,429	-	-	48,208,449
Disposals / transfers										
Cost	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(7,858,660)	(14,931,544)	(41,175,567)	(305,324)	(158,728)	(3,163,008)	(26,912)	(10,968)	(67,630,711)
Closing net book value	102,270,000	149,314,565	134,383,879	816,925,468	2,747,913	1,487,443	13,451,469	54,639	22,271	1,220,657,647
As at September 30, 2010										
Cost / Revalued amount	102,270,000	208,934,569	170,126,241	1,378,302,024	8,614,284	6,131,712	27,705,927	1,399,244	2,792,876	1,906,276,877
Accumulated depreciation	-	(59,620,004)	(35,742,362)	(561,376,556)	(5,866,371)	(4,644,269)	(14,254,458)	(1,344,605)	(2,770,605)	(685,619,230)
Net book value	102,270,000	149,314,565	134,383,879	816,925,468	2,747,913	1,487,443	13,451,469	54,639	22,271	1,220,657,647
Annual rates of depreciation	0%	5%	10%	5%	10%	10%	20%	33%	33%	

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

	2010 Rupees	2009 Rupees
Cost of sales	**49,045,195**	34,650,433
Administrative expenses	**18,585,516**	7,132,974
	67,630,711	41,783,407

5.3 Had there been no revaluation , the figures of the revalued assets would have been as follows:

	Sep-10			Sep-09
	Cost	Accumulated depreciation	Written down value	Cost
Freehold land	7,601,840	-	7,601,840	7,601,840
Factory building	98,899,385	52,811,580	46,087,805	98,899,385
Non - factory building	21,290,787	17,510,015	3,780,772	21,290,787
Plant & machinery	1,073,527,209	541,942,120	531,008,594	1,027,407,590
Total	1,201,319,221	612,263,715	588,479,011	1,155,199,602

5.4 This represents advances given to contractor for the purpose of construction of Rotary Cane Feeding Machine at site. The machine is expected to be ready before the start of the coming season 2010-2011.

6 INVESTMENT-(Held to Maturity)

This represents the DSCs purchased by the Company on June 11, 2009 and on November 11, 2009 with a maturity of 10 years having effective interest rate of 12.15%. These have been pledged with National Bank of Pakistan and HBL respectively (Refer note 17.2 and 17.4).

	Note	2010 Rupees	2009 Rupees
Cost of Investment in DSC's		**70,500,000**	35,000,000
Unrealised gain on investments			
Opening balance		**1,063,125**	-
Income earned during the year		**8,203,688**	1,063,125
		9,266,813	1,063,125
Closing balance		**79,766,813**	36,063,125

7 LONG TERM LOANS - Considered good

	Note	2010 Rupees	2009 Rupees
Vehicle loans to employees	7.1	**247,260**	311,084
Less: Current portion of long term loans shown under current assets		**99,615**	99,615
		147,645	211,469

7.1 These are interest free loans given to employees other than directors and executives of the Company. The loan is recoverable in 60 to 84 installments from the date of disbursement and is secured by registration of vehicles in the name of the Company.

8 STORES, SPARES AND LOOSE TOOLS

	2010 Rupees	2009 Rupees
In hand		
- Stores	**8,743,929**	14,229,972
- Spares	**19,832,774**	20,364,700
- Loose tools	**1,236,852**	929,342
	29,813,555	35,524,014
In transit	**80,875**	73,200
	29,894,430	35,597,214

9 STOCK IN TRADE

	2010 Rupees	2009 Rupees
Finished goods	**43,589,234**	-
Sugar in process	**3,728,996**	821,904
Molasses	**52,467,800**	262,187,100
	99,786,030	263,009,004

10 TRADE DEBTS (UN-SECURED)

	Note	2010 Rupees	2009 Rupees
Considered good	10.1	**300,919,876**	69,515,679

10.1 This includes trade debts due from a customer amounting to Rs.300.401 million against sale of current and old stock of molasses. The customer cleared past balance and also made part payment against sale made during the current year. However the terms of sales stipulated payment against delivery based on which the amount is overdue and balance remained outstanding till the close of the year. The management considers the amount as good since the customer has confirmed the balance and it has a good record of payment in the past. The management expects to recover the amount in full in due course of time which the customer is expected to pay in piecemeal upon realisation of proceeds from sale of product made from the goods purchased.

	Note	2010 Rupees	2009 Rupees
11 LOANS AND ADVANCES			
Current portion of vehicle loans	7	**99,615**	99,615
- Unsecured considered good			
Loan to growers	11.1	**11,417,201**	9,805,717
Advance to suppliers and contractors		**5,917,397**	1,627,612
Advance against expenses		**628,234**	694,910
Advance against salaries		**1,937,671**	1,609,594
		19,900,503	13,737,833
		20,000,118	13,837,448
- Considered doubtful			
Advance to suppliers and contractors		**17,472,544**	17,472,544
Loan to growers	11.1	**2,575,000**	2,575,000
		20,047,544	20,047,544
Less: Provision for doubtful advances		**(20,047,544)**	(20,047,544)
		20,000,118	13,837,448

11.1 This includes loan to growers for cultivation of cane over last several years. The recovery of the amount was defered by a company as a measure of incentive. These growers are supplying cane to the company and considered good as the amount can be adjusted at any stage from future supplies. The company has however retained a provision of Rs.2.575 million on prudent basis against these loans.

	Note	2010 Rupees	2009 Rupees
12 PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		**96,452**	138,372
Sales tax	12.1	**6,464,996**	6,464,996
Other receivables	12.2	**3,425,942**	3,947,410
		9,987,390	10,550,778

12.1 This represents the amount of sales tax paid by the Company in the year ended 2001 against the demand raised by the Collectorate of Sales Tax. The Company had adjusted further sales tax paid earlier by it on its sales against the output tax on its subsequent sales following the judgement of High Court of Sindh on the issue declaring further tax charge as unlawful. The company's suit for the recovery of the same is pending in the High Court of Sindh.

12.2 This include a sum of Rs. 1,017,398 paid subsequent to the decision of Supreme Court that held the levy of sales tax on disposal of fixed assets as lawful with certain exceptions and set aside the decision of the High Court that had earlier declared the said levy as unlawful. The Company also preferred filing an application before the Supreme Court for review of its decision which is pending for further processing. The payment was made so as to avail amnesty offered by the government and for avoiding additional tax to provide against the risk from an unfavorable judgment.

	Note	2010 Rupees	2009 Rupees
13 CASH AND BANK BALANCES			
Cash in hand		**275,616**	220,426
Cash with banks:			
- in current account		**23,674,915**	774,569
- in deposit account		**791,793**	791,793
		24,466,708	1,566,362
		24,742,324	1,786,788

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2010	2009		2010	2009
Number of shares			Rupees	
16,900,000	16,900,000	Fully paid ordinary shares of Rs. 10/- each issued for cash	**169,000,000**	169,000,000
5,408,000	5,408,000	Fully paid ordinary shares of Rs. 10/- each issued as bonus shares	**54,080,000**	54,080,000
22,308,000	22,308,000		**223,080,000**	223,080,000

15 SURPLUS ON REVALUATION OF FIXED ASSETS

The revaluation of fixed assets of the Company was carried out by Tracom (Pvt) Ltd., approved valuer of PBA, to determine the fair value of its property, plant & machinery as of 30th June 2009.

Surplus on revaluation:

As at October 01	**649,407,601**	-
-Revaluation surplus on land	**-**	94,668,160
-Revaluation surplus on plant, machinery and building	**-**	563,645,453
-Transferred to retained earnings in respect of incremental depreciation charged during the year	**(34,880,220)**	(8,906,012)
As at September 30, 2010	**614,527,381**	649,407,601

Related deferred tax:

As at October 01	**194,158,805**	-
-On revaluation surplus of land	**-**	-
-On revaluation surplus of plant, machinery and building	**-**	197,275,909
-Reversed on incremental depreciation charged during the year	**(12,208,077)**	(3,117,104)
	181,950,728	194,158,805
As at September 30, 2010	**432,576,653**	455,248,796

16 TAXATION

Current

Income tax assessments of the Company deemed to be finalized as per tax return filed upto the tax year 2010. The Company carry forward tax loss amounted to Rs.308.553 million (tax year 2010 Rs.367 million) upto tax year 2011. Provision for minimum tax u/s.113 of the Income Tax Ordinance, 2001 has been made in these financial statements for the current year for reason that current year's income stood fully adjusted against carry forward tax (refer note 16.1).

Deferred	**2010 Rupees**	**2009 Rupees**
Deferred tax arises due to following elements:		
Deferred tax liability arises due to :		
-Accelerated tax depreciation	**146,739,410**	144,123,493
-Unrealized gain on amortization of loan (refer note 30)	**31,826,912**	29,746,004
	178,566,322	173,869,497
Deferred tax asset arises due to :		
-Loans & advances	**7,016,640**	7,016,640
-Gratuity	**1,843,260**	1,704,260
-Assessed losses	**107,993,602**	72,847,452
	116,853,502	81,568,352
Deferred tax liability	**61,712,820**	92,301,145

16.1 Relationship between tax expense and accounting profit

Profit for the current year	**47,753,313**	491,664,619
Unrealized gain on amortization on loan of NBP	**(11,512,903)**	(84,988,584)
Permanent differences	**1,336,240**	(78,089)
Temporary differences	**20,922,483**	8,543,981
Taxable income	**58,499,133**	415,141,927
Less: Carry forward loss (unabsorbed depreciation)	**(367,052,281)**	(623,277,505)
	(308,553,148)	(208,135,578)
Minimum tax liability u/s.113	**(31,936,537)**	(4,608,898)

17 LONG TERM FINANCE - SECURED

17 (a) Mark-up bearing

PARTICULARS	I.D.B.P BF-I Rupees	NBP LCY-I Rupees	NBP LTF Rupees	H.B.L LCY Rupees	M.C.B Agri. Fin. Rupees	SEPTEMBER 2010 Rupees	SEPTEMBER 2009 Rupees
Opening balance	117,499,000	105,125,000	-	111,292,000	31,654,194	365,570,194	332,393,419
Markup capitalised	-	-	-	-	-	-	50,807,828
Extinguishment as per agreement	-	-	-	-	-	-	(17,631,053)
Amount determined as per rescheduling agreement	117,499,000	105,125,000	-	111,292,000	31,654,194	365,570,194	365,570,194
Transferred to P&L	-	(74,156,400)	-	-	-	(74,156,400)	-
	117,499,000	30,968,600	-	111,292,000	31,654,194	291,413,794	
Obtained during the year	-	-	200,000,000	-	-	200,000,000	-
Interest expense (Refer note. 31.1)	-	4,332,507				4,332,507	-
	117,499,000	35,301,107	200,000,000	111,292,000	31,654,194	495,746,301	365,570,194
Repaid during the year	-	-	-	-	-	-	-
Effect of fluctuations in Kibor rates (Refer note 30.1)	-	(2,948,802)	-	-	-	(2,948,802)	
	117,499,000	32,352,305	200,000,000	111,292,000	31,654,194	492,797,499	365,570,194
Overdue Installments	5,874,950	-		-	31,654,194	37,529,144	24,524,194
Current portion	11,749,900	-	24,999,999	-	-	36,749,899	13,004,950
Difference taken to P&L	-	-	-	-	-	-	(74,156,400)
Closing liability as at September 30, 2010	**99,874,150**	**32,352,305**	**175,000,001**	**111,292,000**	**-**	**418,518,456**	**253,884,650**

Significant terms and conditions:

Installments	Semi annually	DSC's of Rs 35m have been deposited that are going to mature after 9 years to settle the above liability	Quaterly	DSC's of Rs 35.5m have been deposited that are going to mature after 9 years to settle the above liability	Semi annually
No. of installments	20	-	24		9
Date of first installment	01-04-10	-	19-01-2011	-	31-03-01
Rate of mark-up per annum	13%	Nil	3 months kibor + 2%	one year Kibor with 7 % Floor	10%
Sub note number	17.1	17.2	17.3	17.4	17.5

17.1 Industrial Development Bank of Pakistan

This represents the liability determined in accordance with rescheduling agreement reached between the company and I.D.B.P on October 17, 2009. Consequent thereto total liability of Rs.149.162 million at that date stood reduced to Rs.131.347 million (refer note 17a and 17b) payable on the terms as stated in respective schedule. The difference amounting to Rs. 17.815 million was taken to profit and loss account for the year ended September 30, 2009.

Security:

The finance is secured by way of :

- Mortgage of all immovable properties of the Company.
- Hypothecation by way of floating charges on the Company's movable and immovable properties both present and future.
- Personal guarantees of the directors.
- Demand promissory notes.

17.2 NBP (formerly National Development Finance Corporation)

a) This represents the liability determined in accordance with the rescheduling agreement reached between National Bank of Pakistan and the Company on June 4, 2009 and consequent thereto an amount of Rs. 105.125 million was paid as full and final discharge of the outstanding liability through DSCs of Rs. 35 million pledged by the Company with National Bank of Pakistan maturing after 10 years from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs. 105.125 million that will be realised by enchasment of DSC's on maturity date (s).

b) Since the reschduled loan is interest free and payable after 10 years, it has initially been recognized at cost amounting to Rs.105.125 million (refer note 17a) and subsequently measured on amortized cost at each balance sheet date with effective interest rate prevailing at year end.The difference was taken to profit and loss in the year ended September 30, 2009 (refer note 30). Effective interest rate prevailing as for the year was 14% p.a. Accordinlgy imputed interest cost is taken to profit and loss account for the year ended September 30, 2010 (refer note 31).

17.3 This represents new loan obtained from NBP for the purpose of repayment of its outstanding balance of growers liability for the years 2007-2008 and 2008-2009 at markup rate of 3 months kibor + 2% on quaterly basis. However repayment of principal amount of loan commences 19-01-2011 in 24 quarterly installments of Rs. 8,333,333 each. The loan is secured as under.

Security

The above finance is secured by way of:

- First parri passu hypothecation charge over plant, machinery and equipments of the Company for an amount of Rs. 275,639,140 and Rs. 17,983,360.
- First Equitable Mortgage over land and building of the Company for an amount of Rs. 275,639,140 and Rs. 17,983,360.
- Personnel gurantees of directors of the Company.

17.4 Habib Bank Limited

This represents the liability determined in accordance with the rescheduling agreement reached between Habib Bank Limited and the Company on September 15 , 2009 and consequent thereto an amount of Rs. 111.292 million was paid as full and final discharge of the total outstanding liability standing at that date of Rs. 336.018 million through DSCs of Rs. 35.5 million pledged by the Company with HBL maturing after 10 years from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs. 111.292 million that will be realised by enchasment of DSC's on maturity date (s). The difference amount of Rs. 224 million was taken to profit and loss for the year ended September 30, 2009.

The loan carries mark up @ one year Kibor with floor @ 7% per annum on Rs. 111.292 (M) till 2019 on quarterly basis . In case of default by the Company in payment of mark up for two consecutive quarters, HBL shall have right to withdraw the settlement package and demand the balance decretal amount of Rs 327.49 million.

Security

The above finance is secured by way of :

- First charge on entire project assets at Deh Unar, Kazi Ahmed, Taluka Sakrand, Nawabshah, ranking parri passu with other secured creditors.

- Hypothecation of stocks.

- Guarantee of the mill duly supported by resolution of Board of Directors.

- DSC's of Rs 35.5 (M).

17.5 MCB Bank Limited

This represents the amount of bank liability as rescheduled by the bank vide its letter No.SAMG/PO/JPICUS/409, dated July 3, 2004 that are outstanding.

During the year the Company approached to the bank for a negotiated settlement of the said liabilities vide its letter number SSML/Acct/60/2010 dated Feburary 01, 2010 and proposed to settle the present principle liability by submitting DSC's to bank amounting to Rs. 10 million with 10 years matuirty having maturity value of Rs. 31 million and outright payment of Rs. 5 million towards settlement of total mark up outstanding (refer note 17 b). No markup has been charged by the Company during the year approximately amounting to Rs. 3.165 million as settlement with bank is expected to be reached at lower than amount of liability appearing in the books of the Company.

Security

Pari passu/second charge with other creditors on all assets of the Company and fresh personal guarantees of sponsors/directors.

17 (b) Mark-up free - frozen mark-up

PARTICULARS	IDBP BF-I Rupees	MCB LCY-I Rupees	SEPTEMBER 2010 Rupees	SEPTEMBER 2009 Rupees
Opening balance	13,848,735	7,030,924	20,879,659	345,433,342
Markup capitalised	-	-	-	(34,709,638)
Extinguishment as per agreement	-	-	-	(289,844,045)
Amount determined as per rescheduling agreement	13,848,735	7,030,924	20,879,659	20,879,659
Difference taken to P&L	(9,769,059)	-	(9,769,059)	-
	4,079,676	7,030,924	11,110,600	20,879,659
Interest expense (Refer note. 31.1)	1,234,946	-	1,234,946	-
	5,314,622	7,030,924	12,345,546	20,879,659
Repaid during the year	(1,000,000)	-	(1,000,000)	-
Effects of fluctuation in Kibor rates (Refer note 30.1)	(360,413)	-	(360,413)	-
	3,954,209	**7,030,924**	**10,985,133**	**20,879,659**
Overdue Installments	-	7,030,924	7,030,924	4,176,674
Current maturity	-	-	-	2,854,250
	3,954,209	-	3,954,209	13,848,735
Difference taken to P&L	-	-	-	(9,769,059)
	3,954,209	**-**	**3,954,209**	**4,079,676**

Significant terms and conditions:

Installments	Quarterly	Semi annually
No. of installments	4	12
Date of first installment	01-01-20	30-09-04
Sub note number	17.6	

17.6 This represents the amount of markup of I.D.B.P payable after 01.01.2020 in four quarterly installments in terms of the rescheduling agreement with I.D.B.P as dislcosed in note 17.1. Since the loan is interest free and payable after 10 years. It was initially recognized at cost i.e Rs.13.848 million and subsequently measured on amortized cost at each balance sheet date with effective interest rate prevailing at year end.The difference was taken to profit and loss in the year ended September 30, 2009 (refer note 30). Effective interest rate prevailing as at September 30, 2010 was 14% p.a and such interest expense is taken to profit and loss account (refer note 31).

		Note	2010 Rupees	2009 Rupees
18	**PROVISION FOR GRATUITY**	**18.1**	**5,266,458**	**4,869,313**

18.1 Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at September 30, 2010 using the Projected Unit Credit Method.

	2010	2009
Principal assumptions		
Discount rate	**14% per annum**	12% per annum
Expected rate of eligible salary increase in future years	**14% per annum**	11% per annum
Changes in defined benefit liability are as follows:		
Opening defined benefit obligation	**4,208,044**	4,087,301
Current service cost	**921,481**	303,486
Interest cost	**1,068,470**	490,476
Contributions paid	**-**	
Benefit paid directly by the Company	**(1,606,828)**	(673,219)
Actuarial gains	**675,291**	-
Closing defined benefit obligation	**5,266,458**	4,208,044
Liability for gratuity arose in the following manner:		
Opening net liability	**4,869,313**	4,773,824
Expense for the year	**2,003,973**	768,708
Benefit paid	**(1,606,828)**	(673,219)
Closing net liability	**5,266,458**	4,869,313
Reconciliation of the liability recognized in the balance sheet		
Present value of defined benefit obligations	**5,266,458**	4,208,044
Actuarial gains to be recognized in later periods	**-**	661,269
Less: Un-recognized transitional liability	**-**	-
Total balance sheet liability	**5,266,458**	4,869,313
Charge to profit and loss account		
Current service cost	**921,481**	303,486
Interest cost	**1,068,470**	490,476
Additional liability/(asset) charged for the year	**-**	-
Actuarial losses/(Gains) recognized	**14,022**	(25,254)
Total amount chargeable to P&L account	**2,003,973**	768,708

19 TRADE AND OTHER PAYABLES

	Note	2010	2009
Trade payables			
Quality premium	19.1	**56,460,953**	56,460,953
Sugar cane and others		**183,936,080**	355,625,727
		240,397,033	412,086,680
Accrued expenses		**11,206,935**	15,945,464
Other payables			
Advance from customers		**13,622,323**	6,160,553
Retention money		**710,783**	710,783
Sales Tax and Excise duty payable		**6,287,303**	47,758,029
Unclaimed dividend		**437,154**	437,154
WPPF		**2,564,625**	26,405,189
WWF		**974,557**	10,033,972
Others		**4,288,324**	8,263,817
		28,885,069	99,769,497
		280,489,037	527,801,641

19.1 This represents the outstanding amount of quality premium for the years 2003 and 2004 withheld since the issue is pending for disposal with the Supreme Court of Pakistan. The Appellants, including the Company were granted leave to defend by the Supreme Court of Pakistan in the year 2004 with the direction that no coercive action for recovery of quality premium from the mills shall be taken till the disposal of the Appeal which continues to be in force. The provincial government in its yearly notification since year 2004 onwards for minimum cane price fixation refers to the direction of the Supreme Court as reason for suspending coercive recovery of the quality premium from the mill, till uniform formula is developed by the Ministry of Food and Agriculture.

	Note	2010 Rupees	2009 Rupees
20 SHORT TERM BORROWING- secured			
Short term running and cash finances	20.1	**125,000,000**	-
		125,000,000	-

20.1 Short term finances available from commercial banks under mark up arrangment Rs. 444.9 million (2009. Rs. Nil). The rates of mark up vary from 14.28% to 15.85% (2009: nil) or part thereof on the balance outstanding. The outstanding balance is secured by ranking hypothecation charge over plant, machinery and equipment, ranking equitable mortgage over land and building of the Company with 25% margin. During the year unavailed credit facility not availed were Rs. 85 million.

21 ACCRUED MARK UP

	2010	2009
National Bank of Pakistan	**5,175,123**	131,687,564
IDBP	-	33,913,454
MCB Bank Ltd.	**17,228,787**	17,228,787
Loan from others	**5,518,824**	5,654,872
National Bank of Pakistan-Running and Cash finance	**7,922,143**	-
HBL	-	59,740,174
	35,844,877	248,224,851
Less: Extinguishment		
Accrued mark up of IDBP	-	(17,815,264)
IDBP mark up capitalized	-	(16,098,190)
Accrued mark up NBP	-	(131,687,564)
HBL	-	(59,148,802)
	-	(224,749,820)
	35,844,877	23,475,031

22 CONTINGENCIES

i) The Company has filed a suit in High Court of Sindh appealing against the unfavorable impugned order passed by Sales Tax Appellate Tribunal on May 22, 2004. The impugned order upheld the demand for additional sales tax of Rs.25.44 million on principal amount of sales tax liability which has already been paid in full against amnesty offered by FBR in this respect. The Company has accordingly not made any provision against the impugned demand for additional sales tax in this respect on the strength of the opinion of its legal counsel based on favorable judgment given by another bench of tribunal in parallel case.

ii) The Company is also contesting an order passed by the Collector of Sales Tax raising demand of Rs. 41.990 million by virtue of audit conducted by the sales tax auditor for the year 2003 to 2005 respectively. The Company obtained stay order against the above order. The Company preferred to file appeal against the order before the Collector (Appeals) and the Sales Tax Appellate Tribunal respectively. No provision has been made since the legal counsel of the Company are confident that all the observation raised in the order are expected to be set aside on merit of the case, which is currently pending for further proceedings.

iii) During the year the Company filed a suit in the High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of exfactory price. The Company is of the view that notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the Constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notification have been issued without lawful authority and suspended the operation of the impugned notification. No provision has been made in this regard since the management is confident that the outcome would be in Company's favor as the amount is insignificant and is not likely to materialize.

iv) In respect of restructured loan amounting to Rs.130 million of Industrial Development Bank Limited (refer in note 17a & 17b) the company filed a suit in the High Court of Sindh, Karachi seeking settlement of the liability at an amount of Rs. 101.61 million on the ground that the restructured loan includes markup on the capitalized markup amounting to Rs. 29 million which is not permissible under the law. The Honorable Court has stayed recovery proceedings till further order. Accordingly the company has not charged markup of Rs. 7.658 million on the outstanding balance as per rescheduling package of IDBP and expects to reverse the amount of Rs. 29 million as a result of Court proceedings on merit. Since it expects for favorable outcome on merit leading ultimately the reversal of liability higher than the amount of mark up not accrued.

COMMITMENTS

During the year Company has outstanding unlifted deliver orders quantity to 164 M.Ton valuing to Rs. 125.251 million.

			2010 Rupees	2009 Rupees
23	**SALES - Net**			
	Sugar		**2,929,688,445**	1,017,230,525
	Less : Brokerage and commission		**(414,180)**	(374,280)
			2,929,274,265	1,016,856,245
	Molasses		**395,869,563**	45,019,103
			3,325,143,828	1,061,875,348
	Less: Sales tax & Excise duty		**131,925,163**	141,361,397
			3,193,218,665	920,513,951
24	**COST OF GOODS SOLD**			
	Sugarcane consumed	24.1	**2,600,675,873**	758,381,462
	Manufacturing expenses	24.2	**211,139,709**	136,300,561
			2,811,815,582	894,682,023
	Sugar in process			
	- opening		**821,884**	1,246,675
	- closing		**(3,728,996)**	(821,884)
			(2,907,112)	424,791
			2,808,908,470	895,106,814
	Finished goods			
	- opening		**-**	58,407,847
	- closing		**(42,879,624)**	-
			(42,879,624)	58,407,847
			2,766,028,846	953,514,661
	Molasses			
	- opening		**262,187,100**	212,118,950
	- closing		**(52,467,800)**	(262,187,100)
			209,719,300	(50,068,150)
			2,975,748,146	903,446,511

24.1 This includes quality premium and subsidies for the year amounting to Rs.983. 231 million and Rs. 45.956 million respectively.

24.2 Manufacturing expenses	**Note**	**2010 Rupees**	**2009 Rupees**
Stores and spares consumed		**36,113,023**	21,990,467
Fuel and power		**7,633,619**	6,521,075
Salaries, wages including bonus and staff amenities	25.2.1	**48,982,410**	42,599,735
Repairs and maintenance		**58,801,871**	23,520,032
Vehicle maintenance		**1,055,042**	706,036
Insurance		**6,431,330**	3,652,561
Depreciation	5.2	**49,045,195**	34,650,433
Others		**3,077,219**	2,660,222
		211,139,709	136,300,561

24.2.1 This includes Rs.2,736,086 (2009: Rs.1,324,747) in respect of contribution to provident fund & gratuity.

25 ADMINISTRATIVE EXPENSES

Salaries, including bonus and staff amenities	25.1	**42,984,420**	29,794,172
Receiver's remuneration		**-**	150,000
Rent, rates and taxes		**972,843**	1,157,573
Insurance		**1,151,872**	854,721
Water, gas and electricity		**3,942,531**	2,470,280
Printing and stationery		**1,138,724**	596,183
Postage, telephone, telegrams and telex		**1,948,955**	1,192,317
Vehicle maintenance		**4,546,680**	3,909,659
Repairs and maintenance		**1,101,609**	929,444
Traveling and conveyance		**910,341**	844,985
Newspaper, books and periodicals		**48,923**	40,535
Fee and subscription		**550,140**	784,125
Legal and professional		**5,181,337**	5,748,922
Auditors' remuneration	25.2	**783,600**	620,000
Entertainment		**1,927,476**	926,283
Computer maintenance		**674,713**	578,651
Advertisement		**414,682**	93,600
Charity and donation	25.3	**1,336,240**	118,700
Depreciation	5.2	**18,585,516**	7,132,974
Others		**702,667**	480,632
		88,903,269	58,423,756

25.1 This includes Rs. 467,437 (2009: Rs. 555,473) in respect of contribution provident fund and gratuity.

25.2 Auditors' remuneration comprises of :

Audit fees	**500,000**	500,000
Half yearly review	**200,000**	80,000
Certifications	**50,000**	30,000
Out of pocket expenses	**33,600**	10,000
	783,600	620,000

25.3 The directors or his spouse had no interest in the donees fund.

		Note	2010 Rupees	2009 Rupees
26	**DISTRIBUTION COST**			
	Loading and stacking		**1,838,149**	699,888
	Sampling charges		**86,375**	53,025
			1,924,524	752,913
27	**OTHER CHARGES**			
	Loan professional fees		**916,795**	420,000
28	**OTHER INCOME**			
	Profit on sale of fixed asset		**11,984**	2,103,078
	Profit on PLS account		**19,385**	39,090
	Other		**20,880**	891,345
			52,249	3,033,513
29	**EXTINGUISHMENT OF LOAN**			
	National Bank of Pakistan			
	Extinguishment of loan-Mark up bearing		-	8,498,350
	Extinguishment of frozen mark up		-	133,990,384
	Extinguishment of accrued mark up NBP		-	131,687,564
			-	274,176,298
	Habib Bank Limited			
	Extinguishment of long term liability		-	9,132,703
	Extinguishment of markup free - frozen markup		-	155,853,661
	Extinguishment of accrued markup		-	59,148,802
			-	224,135,166
	IDBP			
	Extinguishment of accrued markup		-	17,815,264
			-	516,126,728
30	**UN-REALIZED GAIN ON AMORTIZATION OF LOANS/INVESTMENTS**			
	National Bank of Pakistan	17(a) & 30.1	**2,948,802**	74,156,400
	IDBP	17(b) & 30.1	**360,413**	9,769,059
	Income on amortization of investment in DSC's	30.2	**8,203,688**	1,063,125
			11,512,903	84,988,584

30.1 This represents effects of increase in Kibor over the year and recognizing liability at fair value.

30.2 This represents amortization of investment in DSC's amounting to Rs 70.5 million at the rate of 12.15% p.a. present on the date of investment.

		Note	2010 Rupees	2009 Rupees
31	**FINANCIAL COST**			
	Mark-up on long term loans		**78,912,424**	33,028,000
	Bank charges		**1,518,711**	487,816
	Interest expense	31.1	**5,567,453**	-
			85,998,588	33,515,816

31.1 This represents interest expense in respect of amoritzation of loan and frozen mark up liability of NBP and I.D.B.P (refer 17(a) and 17(b)) using effective interest rate @ 14% p.a.

32 REMUNERATION OF EXECUTIVES

(Amount in Rupees)

PARTICULARS	2010				2009		
	Chief Executive	Directors	Executives	Total	Reciever	Executives	Total
Remuneration	4,554,839	6,781,806	1,397,400	12,734,045	150,000	3,498,499	3,498,499
Company's contribution to provident fund	-	-	76,800	76,800	-	177,179	177,179
Perquisites, benefits and utilities	-	-	-	-	-	801,088	801,088
TOTAL	4,554,839	6,781,806	1,474,200	12,810,845	150,000	4,476,766	4,476,766
NO. OF PERSONS	1	6	1	7	1	2	2

33 CAPACITY AND PRODUCTION

YEARS	CAPACITY		PRODUCTION		% of Capacity
	Metric Tons	Days	Metric Tons	Days	Attained
2010	86,400	160	49,702	114	57.53%
2009	86,400	160	27,555	85	31.89%

Under utilization of the capacity is due to shortage in availablity of sugar cane during the year.

34 EARNING PER SHARE- Basic/Diluted

The calculation of basic earnings per share as at September 30, 2010 was based on the loss attributable to ordinary shareholders of Rs. (46,405) million (2009 : Rs. 394.755 million) and a weighted average number of ordinary shares outstanding of Rs. 22.308 million (2009 : Rs.22.308 million) calculated as follows.

	2010 Rupees	2009 Rupees
Net profit for the year	**(46,405,101)**	394,754,576
Weighted average number of ordinary shares	**22,308,000**	22,308,000
(Loss)/Earning per share	**(2.08)**	17.70

35 Cash and cash equivalents

	2010	2009
Short term borrowing - Secured	**(125,000,000)**	-
Cash and bank balances	**24,742,324**	1,786,788
	(100,257,676)	1,786,788

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

2 0 1 0 **(Amount in Rupees)**

	Interest Bearing		Non-interest Bearing		
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	Total
FINANCIAL ASSETS					
Long term investment	-	70,500,000	-	-	70,500,000
Long term loans	-	-	147,645	-	147,645
Trade debts	-	-	300,919,876	-	300,919,876
Other receivables	-	-	2,408,544	-	2,408,544
Cash and bank balances	791,793	-	23,950,531	-	24,742,324
	791,793	-	327,426,596	-	328,218,389
FINANCIAL LIABILITIES					
At amortized cost					
Long term loans	74,279,043	418,518,456	7,030,924	3,954,209	503,782,632
Trade and other payables	-	-	274,201,734	-	274,201,734
Mark up accured on loans	-	-	35,844,877	-	35,844,877
	74,279,043	418,518,456	317,077,535	3,954,209	813,829,243

2 0 0 9 **(Amount in Rupees)**

	Interest Bearing		Non-interest Bearing		
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	Total
FINANCIAL ASSETS					
Long term investment	-	35,000,000	-	-	35,000,000
Long term loans	-	-	211,469	-	211,469
Trade debts	-	-	69,515,679	-	69,515,679
Other receivables	-	-	2,930,033	-	2,930,033
Cash and bank balances	791,793	-	994,995	-	1,786,788
	791,793	35,000,000	73,652,176	-	109,443,969
FINANCIAL LIABILITIES					
At Amortized Cost					
Long term loans	37,529,144	328,041,050	7,030,924	13,848,735	386,449,853
Trade and other payables	-	-	489,683,852	-	489,683,852
Mark up accured on loans	-	-	23,475,031	-	23,475,031
	37,529,144	328,041,050	520,189,807	13,848,735	899,608,736

37 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

The board of directors has overall responsibility for the establishment and the oversight of the Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

37.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business. The financial assets that are exposed to credit risk are as follows:

	2010 Rupees	2009 Rupees
Long term loans	**147,645**	211,469
Trade debts - unsecured	**300,919,876**	69,515,679
Trade deposits and short term prepayments	**2,408,544**	2,930,033
Cash and bank balances	**24,742,324**	1,786,788
	328,218,389	74,443,969

37.1.1 Impairment losses

The aging of financial assets at the reporting date was:

	2010		2009	
	Gross value	Impairment	Gross value	Impairment
	Rupees			
Not past due	-	-	45,019,103	-
Past due < 1 year	**300,410,276**	-	3,502,490	-
Past due 1 year to 2 years	-	-	20,484,486	-
More than 2 years	-	-	-	-
More than 3 years	**509,600**	**509,600**	509,600	509,600
Total	**300,919,876**	**509,600**	69,515,679	509,600

The Company believes that no impairment allowance is necessary in respect of financial assets past due other than amount provided. Financial assets are essentially due from credit worthy parties. The Company is actively pursuing for recovery of debts and the Company does not expect these parties to fail to meet their obligations.

37.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities (including interest payments):

The table below summarizes the maturity profile of the Company's financial liabilities as at Sep' 30, 2010 based on contractual undiscounted payment dates and present market interest rate:

	2010			
	Carrying Amount	Contractual cash flows	Twelve months or less	Two to Five years
Non-Derivative Financial liabilities				
Long term financing	503,782,633	837,160,378	163,815,177	326,839,832
Trade and other payables	274,201,734	274,201,734	274,201,734	
Accrued mark-up	35,844,877	35,844,877	35,844,877	
Other form of financial liability, if any	-	-	-	-
	813,829,244	1,147,206,989	473,861,788	326,839,832

	2009			
	Carrying Amount	Contractual cash flows	Twelve months or less	Two to Five years
Non-Derivative Financial liabilities				
Long term financing	386,449,853	626,780,320	-	341,889,785
Trade and other payables	489,683,852	489,683,852	489,683,852	-
Accrued mark-up	23,475,031	23,475,031	23,475,031	-
Other form of financial liability, if any				
	899,608,736	1,139,939,203	513,158,883	341,889,785

37.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk may comprises of two types of risk: foreign exchange or currency risk and interest/mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

37.3.1 Foreign exchange risk management

Foreign currency risk arises mainly where balances exist due to the transactions with foreign undertakings. The Company is/ was not exposed to foreign exchange risk as at Sep' 30, 2009 & 2008 as no balances existed at the said dates due to transactions with foreign undertakings. The management has decided that hedging its foreign currency borrowings, if any, will be more expensive than self assuming the risk. The risk management strategy is reviewed each year on the basis of market conditions.

37.3.2 Yield/ Mark-up rate risk

Yield/ markup rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield/ mark-up rates. Sensitivity to yield/ mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term loans and short-term finances with floating interest rates.

The effective yield/ mark-up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

37.3.3 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit/ (loss) before tax (through impact on floating rate borrowing). There is only immaterial impact on Company's equity. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase/ decrease in basis points	Effect on profit before tax
2010		
Pak Rupee	100	5,582,826.33
2009		
Pak Rupee	100	2,675,243.94

37.4 Equity price risk

Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk.

37.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

37.6 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. However, the Company is not exposed to any significant foreign currency risk.

38 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, capital and revenue reserves. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2010 and 2009 were as follows:

	2010 Rupees	2009 Rupees
Long term finance	**422,472,665**	302,524,394
Total debt	**422,472,665**	302,524,394
Less: Cash and bank balances	**24,742,324**	1,786,788
Net debt	**397,730,341**	300,737,606
Total Equity	**146,756,497**	65,471,176
Total Capital	**544,486,838**	366,208,782
Gearing Ratio	**0.73**	0.82

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting the Company into profitable entity and has taken financial measures to support such rehabilitation program. In calculating above gearing ratio surplus on revaluation on fixed assets (refer note 15) was not taken into account. Had such reserves was considered gearing ratio would have be improved to 41%.

39 ACCOUNTING ESTIMATES AND JUDGMENTS

39.1 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in Note 18.1 to the financial statement for valuation of present value of defined obligations and fare value of plan assets any changes in these assumptions in future years might effect gains and losses in those years.

39.2 Property, plant and equipment

The Company's management determines the estimated useful life and related depreciation charge for its property, plant and equipment. The Company reviews the value of the assets for possible impairment on an annual base. Any change in the estimates in future years might affect the caring amount of the respective items of the property, plant and equipments with a corresponding effect on the depreciation charged and impairment.

39.3 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

40 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with related parties. Amounts due from and to related parties are shown under receivables and payables, remuneration of directors and key management personnel is disclosed in note 33. During the year there is no significant transactions with related parties except contribution paid to the post employment benefits as disclosed in respective note.

41 DATE OF AUTHORIZATION

These financial statements were authorized for issue on January 07, 2011 by the Board.

42 GENERAL

- Figures have been rounded off to the nearest rupee.
- Figures have been rearrange and reclassified where necessary.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

SIX YEARS REVIEW AT A GLANCE

FINANCIAL RESULTS		2010	2009	2008	2007	2006	2005	2004
		(Rs. in 000)						
Sales		3,193,219	920,514	1,287,136	989,035	853,518	519,168	765,871
Gross (loss) / profit		217,471	(903,447)	48,056	(37,631)	115,279	27,345	13,990
Operating (loss) / profit		126,643	(42,109)	7,699	(77,890)	83,500	(2,708)	(16,204)
Profit/ (loss) before taxation		47,753	491,665	(30,736)	(117,215)	39,394	(18,187)	(61,416)
Profit/(loss) after taxation		46,504	394,755	(30,736)	(122,166)	35,126	(20,783)	(65,245)
Accumulated loss for the year		(76,324)	(157,609)	(732,996)	(530,534)	(408,367)	(436,801)	(416,018)

OPERATING RESULTS		2010	2009	2008	2007	2006	2005	2004
		(Rs. in 000)						
Sugarcane crushed	(tonnes)	543,353	330,553	805,388	496,251	327,376	297,684	556,523
Sugar recovery	(%)	9.155	8.3250	8.5056	8.002	9.277	9.084	9.463
Sugar produced	(tonnes)	49,702	27,555	68,440	39,715	30,380	27,045	52,670
Raw sugar processed	(tonnes)	-	-	-	-	-	-	-
Sugar recovery	(%)	-	-	-	-	-	-	-
Sugar produced	(tonnes)	-	-	-	-	-	-	-
Total sugar produced	(tonnes)	49,702	27,555	68,440	39,715	30,380	27,045	52,670
Molasses recovery	(%)	4.563	5.035	5.380	5.058	5.097	4.978	4.949
Molasses produced	(tonnes)	23,625	15,850	43,298	25,105	16,690	14,820	27,550
Operating period	(days)	107	100	144	131	105	121	115

ASSETS EMPLOYEED		2010	2009	2008	2007	2006	2005	2004
		(Rs. in 000)						
Fixed capital expenditure		1,225,657	1,240,080	612,759	645,048	676,527	707,293	743,761
Long term loans and deposits		812	875	857	870	888	1,197	1,237
Investments		79,766	36,063	-	-	-	-	-
Current assets		484,621	394,297	427,073	170,942	199,061	108,994	109,594
Total assets employed		1,790,586	1,671,315	1,040,689	816,860	876,476	817,484	854,592

FINANCED BY		2010	2009	2008	2007	2006	2005	2004
		(Rs. in 000)						
Shareholders' equity		146,756	65,471	(338,189)	(307,454)	(185,287)	(213,721)	(192,937)
Revaluation on fixed assets		432,577	455,249	-	-	-	-	-
Long term liabilities		422,473	257,964	276,305	380,912	479,919	578,355	665,698
Deferred liabilities		248,930	291,329	4,774	3,918	2,658	9,639	8,865
Current liabilities		540,120	601,302	1,097,799	739,485	579,186	443,211	372,966
Total funds invested		**1,790,856**	**1,671,315**	**1,040,689**	**816,861**	**876,476**	**817,484**	**854,592**
Break-up value per share	(Rupees)	6.57	2.93	(15.16)	(13.78)	(8.31)	(9.58)	(8.65)
Earning per share	(Rupees)	2.08	17.70	(1.38)	(5.48)	1.57	(0.93)	(2.92)

FORM OF PROXY

The Company Secretary
SAKRAND SUGAR MILLS LIMITED
41-K, Block 6, P.E.C.H.S.
Karachi-75000

I/We____

of____

being a Member of Sakrand Sugar Mills Limited and holder of ______________________

Ordinary Shares, as per Register Folio No. ______________________

hereby appoint ____

who is also a Member of the Company of as my/our Proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on ______________ and at any adjournment thereof.

Signed ______________________________________ day of 2011.

RUPEES FIVE
REVENUE STAMP

(Signature should agree with the specimen signature registered with the Company)

NOTE :

1. This form of proxy duly completed and signed, must be depostied at Company's Registered Office not later than 48 hours before the meeting.

2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to instrument.

3. A Member entitled to atttend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.