



SAKRAND SUGAR MILLS LIMITED

TWENTY THIRD ANNUAL REPORT 2011

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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
Dr. Jamshed H. Anklesaria	Director

AUDIT COMMITTEE

Mr. Dinshaw H. Anklesaria	Chairman
Mr. Jamil Akbari	Member
Mr. Neville Mehta	Member

CHIEF FINANCIAL OFFICER

Mr. Ahsan Mukhtar, FCMA

COMPANY SECRETARY

Mr. Mustafa Kanani

BANKERS

Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Summit Bank Limited
United Bank Limited

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

Abdul Naeem Quraishi, Adv.

REGISTRAR

Noble Computer Service (Pvt.) Limited
First 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
www.sakrandsugar.com

FACTORY

Deh Tharo Unar, Taluka Sakrand,
District Shaheed Benazirabad, Sindh.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED**, will be held on Tuesday, January 31, 2012 at 0900 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 January 31, 2011.
2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2011 together with the Directors' Report and Auditors' Report thereon.
3. To appoint Auditors and to fix their remuneration.
4. To consider any other business with the permission of the Chair.

By order of the Board.

(MUSTAFA KANANI)
Company Secretary

Karachi

Dated : January 07, 2012

NOTES :

1. The Shares Transfer Book of the Company will remain close from January 24, 2012 to January 31, 2012.
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 23rd 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, 2011 togetherwith the auditors' report thereon.

INDUSTRY REVIEW

During the year, the country faced devastating floods, which severely affected all the crops, however sugarcane sustained the damage and turned out a higher yield crop. On an average, more area was brought under cultivation for sugarcane in Pakistan. Sindh province witnessed marginally lesser plantation area but produced comparatively higher production giving highest yield per hectare, as compared to Punjab.

Sindh Government enhanced the minimum purchase price from Rs. 102 to Rs. 127 per 40 kg giving an impact of increase of almost 25%. Despite the increased minimum support price, the millers procured sugarcane at exorbitant prices averaging upto Rs. 200 per 40 kg in order to keep their sugar mills operative. The increase in essential raw material price entail the industry to involve more amount of finance which ultimately result into increased finance / opportunity cost.

Following the trend of season 2009-10, the sugar prices continued to decline in the local as well as in the international market. The prices touched their lowest ebb in the month of May-2011. The prices however stabilised for the very short period and then again fell very sharply reaching to price of Rs. 46 per kg, subsequent to the financial year end.

The season 2010-11 commenced with carryover stocks of 1 million tons and ended with surplus of 1.1 million tons. The excessive production when compared with consumption, locally as well as internationally, also contributed towards fall in prices of sugar.

FINANCIAL RESULTS

The financial results are as follows:

	2011 Rupees	2010 Rupees	(Amount in '000') Increase/ (Decrease)	% age
Sales	3,125,044	3,193,219	(68,175)	(2.13)
Cost of sales	3,083,836	2,975,748	108,088	3.63
Gross profit	41,208	217,471	(176,263)	(81.05)
(Loss) / Profit before tax	(133,211)	47,753	(180,964)	(378.96)
Net (loss) / profit after tax	(148,545)	46,405	(194,950)	(420.11)

The figures of sales and cost of goods sold did not move proportionately. Prices of sugar declined due to surplus production, both locally and internationally and cost of sales increased on account of decline in recovery percentage of sucrose affected by Piralla attack and the devastating flood in the country. Resultantly, the gross profit witnessed a decrease of Rs. 176 million, effect of which is downtracked upto net loss after tax. The decline in sugar prices even neutralised the higher production of 53,250 tons of sugar as compared with 49,703 tons in the previous year.



OPERATING RESULTS

		2011	2010	Increase/ (Decrease)	% age
Sugarcane crushed	MT	615,017	543,353	71,664	13.19
Sugar produced	MT	53,250	49,703	3,548	7.14
Molasses produced	MT	25,766	23,628	2,138	9.05
Sugar recovery	%	8.660	9.155	(0.49)	(5.35)

In continuation of the efforts of the Management for revival, the Mill succeeded in achieving a level of 615,017 tons of crushing the sugarcane. The sugar production has increased, however the recovery declined due to Piralla attack and the decrease in sucrose percentage in sugarcane, as discussed above.

AUDITORS' REPORT

The auditors have repeated their qualification in the Annual Accounts on the principle of not recognizing the financial liability of an amount of Rs. 17.185 million payable to IDBP & Rs. 224 million payable to HBL during the year ended September 30, 2010 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 it has reached into settlement agreements with the financial lenders, against which the Company has also deposited the securities, 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 until the maturity of the agreements.

The auditors have also qualified the accounts over not providing of provision against trade debts of Rs. 222 million (2010: Rs.300 million). The Company is of the opinion that it considers the entire amount as good and recoverable and expects to receive the same in due course of time, as is evident from the recovery of Rs. 78 million made during the year.

FUTURE OUTLOOK

The Company commenced its crushing season of 2011-12 on December 16, 2011. For the season 2011-12, the Government of Sindh has fixed the sugarcane support price at Rs. 154 per 40 kg, plus quality premium as against Rs. 127 per 40 kg during the previous season 2010-11. This, therefore translates to an increase in the basic cost of raw material by almost 25 percent.

Reports indicate an increase of overall 12% in the plantation area under sugarcane in the country. Sindh has also showed an increase of 15% in the sugarcane plantation area. The recent floods have also damaged the cotton, paddy, sugarcane and vegetable fields, resultantly, the additional sugarcane plantation may not yield positive effects and sugarcane production may decline by 10 percent than last year's estimate of over 13 million tons in the province of Sindh.

The Company is fully geared to steer through this hard season of high sugarcane minimum support price, low sucrose recovery and low sugar prices.

LABOUR MANAGEMENT RELATIONS

Masha Allah, the management / labour relations remained very cordial and helpful. I take this 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 2011-2012.

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 - 1,675,356- number of shares were carried out by the Directors and their spouses and minor children.
- 9 During the year, the Company suffered loss and therefore could not declare dividend for the shareholders.

PATTERN OF SHARE HOLDING

The pattern of share holding and additional information regarding pattern of shareholding as on September 30, 2011 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 H. Anklesaria
Chief Executive
Karachi
Date: December 30, 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 2012.



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 complied 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 duly complied with.

On behalf of board of directors.

Dinshaw H. Anklesaria
Chief Executive
December 30, 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, 2011.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi
Dated: December 30, 2011

**PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT SEPTEMBER 30, 2011**

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM	TO		
831	1	-	100	75,225
386	101	-	500	147,172
243	501	-	1,000	166,858
146	1,001	-	5,000	354,116
47	5,001	-	10,000	353,300
16	10,001	-	15,000	202,448
11	15,001	-	20,000	200,668
8	20,001	-	25,000	178,976
3	25,001	-	30,000	77,876
2	30,001	-	35,000	67,500
4	35,001	-	40,000	156,410
1	40,001	-	45,000	42,640
3	45,001	-	50,000	186,120
3	50,001	-	55,000	159,184
1	55,001	-	60,000	56,000
1	65,001	-	70,000	67,200
1	75,001	-	80,000	78,510
1	80,001	-	85,000	81,760
1	85,001	-	90,000	86,300
1	140,001	-	145,000	143,648
1	155,001	-	160,000	157,500
4	195,001	-	200,000	792,744
1	205,001	-	210,000	207,192
1	295,001	-	300,000	300,000
1	300,001	-	310,000	306,300
1	310,001	-	315,000	313,956
1	395,001	-	400,000	400,000
1	475,001	-	480,000	479,020
1	495,001	-	500,000	500,000
1	500,001	-	505,000	502,804
1	585,001	-	590,000	588,540
1	635,001	-	640,000	635,360
1	740,001	-	745,000	741,400
1	895,001	-	900,000	900,000
1	1,030,001	-	1,035,000	1,031,500
1	1,435,001	-	1,440,000	1,439,970
1	1,525,001	-	1,530,000	1,527,578
1	1,545,001	-	1,550,000	1,545,826
1	1,555,001	-	1,560,000	1,559,960
1	5,495,001	-	5,500,000	5,496,439
1,733				22,308,000

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	Individuals	1,708	17,504,526	78.47
2	Investment Companies	7	1,854,902	8.31
3	Joint Stock Companies	6	618,800	2.77
4	Financial Institutions	11	2,308,120	10.35
5	Co-operative Society	1	21,652	0.10
1,733			22,308,000	100.00

**PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2011
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	618,800	2.77
INVESTMENT COMPANIES		4	52,632	0.24
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		8	9,174,383	41.13
Mr. Dinshaw Hoshang Anklesaria	5,496,439			
Mr. Jamil Akbari	500,500			
Syed Abid Hussain	545,444			
Mrs. Fatma Gulamali	400,000			
Mr. Abdul Naeem Quraishi	300,000			
Mr. Neville Mehta	1,031,500			
Dr. Jamshed Hoshang Anklesaria	500			
Mrs. Roxanne Mehta	900,000			
EXECUTIVES	20,196	1	20,196	0.09
NIT / ICP		3	1,802,270	8.08
National Bank of Pakistan - Trustee Department	1,495,970			
Investment Corporation of Pakistan	306,300			
BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS		11	2,308,120	10.35
CO-OPERATIVE SOCIETY		1	21,652	0.10
INDIVIDUALS		1,699	8,309,947	37.24
	1,733		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 H. Anklesaria	5,496,439	24.64



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of SAKRAND SUGAR MILLS LIMITED ("the Company") as at September 30, 2011, 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 2010 that was modified because the Company had prematurely derecognized bank liabilities amounting to Rs. 241.815 million and transferred that to income for the year ended September 30, 2009 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 both for the current and corresponding year by Rs. 241.815 million under respective notes to the annexed financial statements.
2. We refer to note 10.1 to the financial statements disclosing the amount of trade debts Rs. 222 million (2010: Rs. 300 million) outstanding since the year ending September 30, 2010 but considered to be good by the company for the reason stated in the said note. In this respect we did not receive confirmation of balance requested directly by us from the party and could not therefore verify the amount received and adjustments made in the said account during the year nor could we ascertain the effect if any on the financial statements in case of party fails to pay the amount.
 - 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 1, and that stated in paragraph 2 to the extent of adjustment 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, 2011, and of the Loss, its cash flows and changes in equity for the year then ended; and
 - d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

Karachi
Dated: December 30, 2011

**BALANCE SHEET
AS AT SEPTEMBER 30, 2011**

	Note	2011 Rupees	2010 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,177,285,293	1,225,657,147
Long term investments	6	89,458,481	79,766,813
Long term loans	7	108,364	147,645
Long term deposits		673,859	663,859
CURRENT ASSETS			
Stores, spares and loose tools	8	25,929,011	29,894,430
Stock in trade	9	369,101,210	99,076,420
Trade debts - unsecured (considered good)	10	222,657,222	300,919,876
Loans and advances	11	23,154,210	20,000,118
Prepayments and other receivables	12	9,081,085	9,987,390
Cash and bank balances	13	24,349,927	24,742,324
		674,272,665	484,620,558
TOTAL ASSETS		1,941,798,662	1,790,856,022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (2010:25,000,000) 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		(192,351,248)	(76,323,503)
		30,728,752	146,756,497
SURPLUS ON REVALUATION OF FIXED ASSETS	15	411,440,288	432,576,653
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred taxation	15 & 16	214,923,206	243,663,548
Long term finance - secured			
- Markup bearing	17 (a)	378,694,079	418,518,456
- Markup free	17 (b)	4,596,966	3,954,209
		383,291,045	422,472,665
Provision for gratuity	18	5,924,634	5,266,458
CURRENT LIABILITIES			
Trade and other payables	19	471,489,699	280,489,037
Short term borrowings	20	264,174,378	125,000,000
Mark up accrued	21	40,650,137	35,844,877
Current portion of non current liabilities	17 (a) & (b)	101,393,200	81,309,968
Taxation-net		17,783,323	17,476,319
		895,490,737	540,120,201
CONTINGENCIES AND COMMITMENTS	22		
		1,941,798,662	1,790,856,022

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, 2011**

	Note	2011 Rupees	2010 Rupees
SALES -net	23	3,125,043,840	3,193,218,665
Cost of sales	24	(3,083,835,551)	(2,975,748,146)
Gross profit		41,208,289	217,470,519
OPERATING EXPENSES			
Administrative expenses	25	(99,886,081)	(88,903,269)
Distribution cost	26	(3,300,046)	(1,924,524)
		(103,186,127)	(90,827,793)
Operating Profit/(Loss)		(61,977,838)	126,642,726
Other charges	27	(376,704)	(916,795)
Workers' Profit Participation Fund		-	(2,564,625)
Workers' Welfare Fund		-	(974,557)
Other income	28	10,216,854	52,249
		9,840,150	(4,403,728)
		(52,137,688)	122,238,998
Unrealised gain on loan amortisation	29	8,869,339	11,512,903
Finance cost	30	(89,942,707)	(85,998,588)
PROFIT/(LOSS) BEFORE TAXATION		(133,211,056)	47,753,313
PROVISION FOR TAXATION			
Current		(31,255,816)	(31,936,537)
Prior		(1,437,587)	-
Deferred		17,359,222	30,588,325
		(15,334,181)	(1,348,212)
PROFIT/(LOSS) AFTER TAXATION		(148,545,237)	46,405,101
(Loss) / Earning Per Share-Basic and Diluted	33	(6.66)	2.08

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, 2011

	2011 Rupees	2010 Rupees
Profit/(Loss) after taxation	(148,545,237)	46,405,101
Other comprehensive income		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the year net of deferred taxation	32,517,492	34,880,220
Total Comprehensive Income/(Loss)	<u><u>(116,027,745)</u></u>	<u><u>81,285,321</u></u>

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, 2011

		2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT/(LOSS) BEFORE TAXATION		(133,211,056)	47,753,313
Adjustments for :			
Depreciation	5.2	67,348,071	67,630,711
Financial cost		84,761,388	80,431,135
Interest expense-imputed	30.1	5,181,319	5,567,453
Provision for gratuity	18	1,139,644	2,003,973
Loss on disposal of property, plant & equipment		95,025	-
Provision for WPPF		-	2,564,625
Provision for WWF		-	974,557
Effect of decrease / (increase) in KIBOR	29.1	822,329	(3,309,215)
Gain on amortisation of investment	29.2	(9,691,668)	(8,203,688)
		149,656,108	147,659,551
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		16,445,052	195,412,864
Movement in working capital	40	3,520,783	(281,780,734)
		19,965,835	(86,367,870)
Taxes paid		(32,386,397)	(19,925,191)
WPPF paid		(2,564,625)	(26,405,189)
WWF paid		-	(10,033,972)
Financial cost paid		(80,058,160)	(68,061,289)
Gratuity paid		(481,468)	(1,606,828)
		(115,490,650)	(126,032,469)
NET CASH USED IN OPERATING ACTIVITIES		(95,524,815)	(212,400,339)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26,660,742)	(48,208,449)
Capital work in progress		4,999,500	(4,999,500)
Proceeds from disposal of property, plant and equipment		2,590,000	-
Long term investments		-	(35,500,000)
Long term deposits		(10,000)	-
Long term loans		39,281	63,824
		(19,041,961)	(88,644,125)
NET CASH USED IN INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finance		-	200,000,000
Repayment of long term loans		(24,999,999)	(1,000,000)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		(24,999,999)	199,000,000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(139,566,775)	(102,044,464)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(100,257,676)	1,786,788
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	(239,824,451)	(100,257,676)

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, 2011

	Issued, subscribed and paid-up capital	Accumulated Loss	Total
Balance as at September 30, 2009	223,080,000	(157,608,824)	65,471,176
Total Comprehensive Income/(Loss)			
-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
Total Comprehensive Income/(Loss)			
- Net loss for the year	(148,545,237)	(148,545,237)	
- Other comprehensive income for the year	32,517,492	32,517,492	
Balance as at September 30, 2011	223,080,000	(192,351,248)	30,728,752

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, 2011

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 Shaheed Benazirabad, 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

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

Starting October 01, 2010, the Company has changed its accounting policies in the following areas:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment was part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This amendment has no effect on these financial statements as no transaction of this nature was carried out by the company.
- IAS 7 (amendment), 'Statement of Cash Flows' is effective from January 1, 2010. The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment does not affect the results or any assets of the company as it focuses on presentation and disclosures.



- IAS 39 (amendment); 'Cash flow hedge accounting' effective from July 1, 2010. This amendment provides clarification when to recognize gains or losses on hedging instruments as a reclassification adjustments in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. This is not likely to have any affect on the Company's financial statements as it is not engaged in hedging.
- IAS 17 (amendment), 'Leases' is effective from January 1, 2010. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. The amendment provides clarification that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. A lease newly classified as a finance lease should be recognized retrospectively. Its adoption does not have any impact on the company's financial statements.
- IAS 36 (amendment), 'Impairment of Assets', is effective from January 1, 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The application of the amendment does not have any impact on the company's financial statements.
- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The application of this amendment has no impact on the company's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' effective from July 1, 2010. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. This classification has no impact on the Company's financial statements.
- IFRIC 19 (interpretation), 'Extinguishing Financial Liabilities with Equity Instruments', effective from annual periods beginning on or after July 1, 2010. The interpretation clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The Company has not offered its shares to the creditors, therefore, this interpretation does not have any impact 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 July 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 mandatory for accounting periods beginning on or after October 1, 2011 or later periods:

- IAS 1 'Presentation of financial statements' (Amendment) effective for annual periods beginning on or after July 1, 2012. This brings changes to the disclosure of items presented in other comprehensive income (OCI) in the 'Statement of Comprehensive Income'. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in future. The amendment will affect the presentation of the OCI items in the Company's financial statements.
- IAS 19 Employee benefits (Amendment) effective for periods beginning on or after January 1, 2013. The amendment makes significant changes to the recognition and measurement of defined pension expense and termination benefits, and to disclosure for all employee benefits.
- Prepayments of a minimum funding requirement (amendments to IFRIC 14), effective from January 1, 2011. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The Company's does not have any defined benefit plan, hence, these amendments will have no impact on the Company's financial statements.
- IAS 24 (revised), 'Related Party Disclosures', effective from January 1, 2011. The revised standard supersedes IAS 24, 'Related party disclosures', issued in 2003. Application of the revised standard will only impact the format and extent of disclosures presented in the Company's financial statements.
- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions' In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of the Company's arrangements that were not covered by that interpretation. The new guidance is not expected to have any material impact on the Company's financial statements.
- IFRS 9, 'Financial Instruments', effective from January 1, 2013. IFRS 9 addresses the classification and measurement of financial assets. The Company is yet to asses the full impact of IFRS 9 and it is likely to affect the financial liabilities of the company.
- IFRS 10, 'Consolidation financial statements', effective for periods beginning on or after January 1, 2013. This standard replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements' and SIC 12, 'Consolidation - separate purpose entities'. This standard is not expected to have any impact on the Company's financial statements.
- IFRS 11, 'Joint arrangements', effective for annual periods beginning on or after January 1, 2013. This standard brings in changes in definition of joint arrangements and reduces the 'types' of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. This standard is not expected to have any impact on the Company's financial statements.



- IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or after January 1, 2013. This standard set out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11; it replaces the disclosure requirements currently found in IAS 28, 'Investments in associates'; and requires entities to disclose information that helps users to evaluate the nature, risks and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard is not expected to have any impact on the Company's financial statements.
- IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013. This standard explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. This standard is not expected to have any impact on the Company's financial statements.

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 profit and loss account 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 profit and loss account 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. Provisions 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 of taxable income at the current tax rates after taking into account tax credit and rebates available, if any or minimum 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 (since the Company has history of business losses the company accounts for the deferred tax asset to the extent of unabosrbed depreciation). 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 profit and loss account 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.1,247,152 (2010: Rs. 1,202,559) have been charged to profit and loss account.

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 previous 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 management 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 profit and loss account 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	2011		2010	
			Rupees	Rupees	Rupees	Rupees
	Operating assets	5.1	1,177,285,293		1,220,657,647	
	Capital work in progress	5.5	-		4,999,500	
			1,177,285,293		1,225,657,147	

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, 2009										
Cost	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	<u>102,270,000</u>	<u>157,173,225</u>	<u>149,315,423</u>	<u>811,981,416</u>	<u>2,911,385</u>	<u>1,410,622</u>	<u>14,903,048</u>	<u>81,551</u>	<u>33,239</u>	<u>1,240,079,909</u>
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 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	<u>102,270,000</u>	<u>149,314,565</u>	<u>134,383,879</u>	<u>816,925,468</u>	<u>2,747,913</u>	<u>1,487,443</u>	<u>13,451,469</u>	<u>54,639</u>	<u>22,271</u>	<u>1,220,657,647</u>
As at October 01, 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	<u>102,270,000</u>	<u>149,314,565</u>	<u>134,383,879</u>	<u>816,925,468</u>	<u>2,747,913</u>	<u>1,487,443</u>	<u>13,451,469</u>	<u>54,639</u>	<u>22,271</u>	<u>1,220,657,647</u>
Year ended September 30, 2011										
Opening 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
Additions(including transfers) during the year	-	-	-	10,000,000	477,975	149,902	16,032,865	-	-	26,660,742
Disposals / transfers										
Cost										
Accumulated depreciation										
Net book value										
Depreciation for the year	-	(7,465,728)	(13,438,388)	(41,346,272)	(319,274)	(154,488)	(4,598,541)	(18,032)	(7,348)	(67,348,071)
Closing net book value	<u>102,270,000</u>	<u>141,848,837</u>	<u>120,945,491</u>	<u>785,579,196</u>	<u>2,906,614</u>	<u>1,482,857</u>	<u>22,200,768</u>	<u>36,607</u>	<u>14,923</u>	<u>1,177,285,293</u>
Annual rates of depreciation	0%	5%	10%	5%	10%	10%	20%	33%	33%	
2011										2010
Rupees										Rupees

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

Cost of sales	48,819,348	49,045,195
Administrative expenses	18,528,723	18,585,516
	67,348,071	67,630,711

5.3 Details of disposal of property, plant & equipment are as under :-

Particulars	Cost	Accmulated depreciation	Book value	Proceeds	(Gain)/Loss on disposal	Mode of disposal	Purchaser
Vehicle							
Diahatsu Coure	810,932	(40,547)	770,385	715,000	55,385	Insurance claim	EFU General
Suzuki Bolan	22,592	(7,952)	14,640	50,000	(35,360)	Negotiation	Insurance Sajjad Ahmed
Toyota Land Cruiser	2,000,000	(100,000)	1,900,000	1,825,000	75,000	Negotiation	Tanoli-Employee Hasan Ali Sharif
	<u>2,833,524</u>	<u>(148,499)</u>	<u>2,685,025</u>	<u>2,590,000</u>	<u>95,025</u>		



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

	Sep-11			Sep-10	
	Cost	Accumulated depreciation	Written down value	Cost	
Free hold land	7,601,840	-	7,601,840	7,601,840	
Factory building	98,899,385	55,115,970	43,783,415	46,087,805	
Non-Factory building	21,290,787	17,888,092	3,402,695	3,780,772	
Plant & machinery	1,083,527,209	568,986,924	514,540,285	531,008,594	
	<u>1,211,319,221</u>	<u>641,990,986</u>	<u>569,328,235</u>	<u>588,479,011</u>	

5.5 Capital work in progress

	Note	2011 Rupees	2010 Rupees
Balance as at October 01, 2010		4,999,500	-
Additions		-	4,999,500
Transferred to operating assets		(4,999,500)	-
Balance as at September 30, 2011		-	4,999,500

This represents advances given to contractor for the purpose of construction of Rotary Cane Feeding Machine at site. The work was completed during the year and was transferred to fixed assets.

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 from the date of purchase of DSCs having effective interest rate of 12.15%. These have been pledged with National Bank of Pakistan and Habib Bank Limited respectively (Refer note 17.2 and 17.4).

Cost of investment in DSCs		70,500,000	70,500,000
Unrealised gain on investments			
Opening balance		9,266,813	1,063,125
Income earned during the year		9,691,668	8,203,688
Closing balance		18,958,481	9,266,813
		<u>89,458,481</u>	<u>79,766,813</u>

7 LONG TERM LOANS - Considered good

Vehicle loans to employees	7.1	207,979	247,260
Less: Current portion of long term loans shown under current assets		99,615	99,615
		<u>108,364</u>	<u>147,645</u>

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.

	Note	2011 Rupees	2010 Rupees
8 STORES, SPARES AND LOOSE TOOLS			
In hand			
-Stores		5,479,206	8,743,929
-Spares		19,512,856	19,832,774
-Loose tools		936,949	1,236,852
		25,929,011	29,813,555
In transit		-	80,875
		25,929,011	29,894,430

9 STOCK IN TRADE

Finished goods	320,449,566	42,879,624
Sugar in process	4,821,704	3,728,996
Molasses	43,829,940	52,467,800
	369,101,210	99,076,420

Stock pledged with banks against finance facility amounted to Rs. 209.32 million (September 30, 2010:Rs.Nil) at the balance sheet date.

10 TRADE DEBTS (Un-secured)

Considered good	10.1	222,657,222	300,919,876
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10.1 This include trade debts due from a customer amounting to Rs. 222.657 million against sales of molasses for the year 2009 to 2010. The terms of sales stipulated payment against delivery based on which the amount is over due. The management expects to recover the amount in due course of business based on the historical relationship with customer.

11 LOANS AND ADVANCES

Current portion of vehicle loans	7	99,615	99,615
- Unsecured considered good			
Loan to growers	11.1	12,509,558	11,417,201
Advance to suppliers and contractors		8,211,603	5,917,397
Advance against expenses		707,711	628,234
Advance against salaries		1,625,723	1,937,671
		23,054,595	19,900,503
		23,154,210	20,000,118
- Considered doubtful			
Loan to growers	11.1	2,575,000	2,575,000
Advance to suppliers, contractors & others		17,472,544	17,472,544
Less: Provision for doubtful advances		20,047,544	20,047,544
		(20,047,544)	(20,047,544)
		23,154,210	20,000,118

11.1 This includes loan to growers for cultivation of cane over last several years. The recovery of the amount was deferred by the 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	2011 Rupees	2010 Rupees
12 PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		206,105	96,452
Sales tax	12.1	6,464,996	6,464,996
Other receivables	12.2	2,409,984	3,425,942
		9,081,085	9,987,390

12.1 This represents the amount of sales tax paid by the Company in the year ended 2001 against the demand raised by the Collector 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 judgment of High Court of Sindh on the issue declaring further tax charged 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 of Sindh that had earlier declared the said levy as unlawful. 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.

13 CASH AND BANK BALANCES

Cash in hand		275,132	275,616
Cash with banks:			
- in current account		23,283,002	23,674,915
- in deposit account		791,793	791,793
		24,074,795	24,466,708
		24,349,927	24,742,324

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011 Number of shares	2010 Number of shares		2011 Rupees	2010 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 June 30, 2009.

			
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	Note	2011 Rupees	2010 Rupees
Surplus on revaluation:			
As at October 01		614,527,381	649,407,601
-Revaluation surplus on land		-	-
-Revaluation surplus on plant, machinery and building		-	-
-Transferred to retained earnings in respect of incremental depreciation charged during the year		(32,517,485)	(34,880,220)
As at September 30		<u>582,009,896</u>	<u>614,527,381</u>
Related deferred tax:			
As at October 01		181,950,728	194,158,805
-On revaluation surplus of land		-	-
-On revaluation surplus of plant, machinery and building		-	-
-Reversal on incremental depreciation charged during the year		(11,381,120)	(12,208,077)
As at September 30		<u>170,569,608</u>	<u>181,950,728</u>
		<u>411,440,288</u>	<u>432,576,653</u>

16 TAXATION

Current

Income tax assessments of the Company deemed to be finalized as per tax return upto the tax year 2011. The Company's carry forward tax loss amounted to Rs.367.749 million (tax year 2011: Rs.268 million) upto FY 2011. The deductible temporary differences are recognised only to the extent that it is probable that future taxable profit will be available to adjust these differences. Provision for minimum tax u/s.113 of the Income Tax Ordinance, 2001 has been made in these financial statements for the current year due to loss for the year.

Deferred

Deferred tax arises due to following elements:

Deferred tax liability arises due to :

-Accelerated tax depreciation	149,002,650	146,739,410
-Unrealized gain on amortization on loan	33,153,432	31,826,912
	<u>182,156,082</u>	<u>178,566,322</u>

Deferred tax asset arises due to :

-Loans & advances	7,016,640	7,016,640
-Gratuity	2,073,622	1,843,260
-Assessed losses	128,712,222	107,993,602
	<u>137,802,484</u>	<u>116,853,502</u>
Deferred tax liability	<u>44,353,598</u>	<u>61,712,820</u>



	Note	2011 Rupees	2010 Rupees
16.1 Relationship between tax expense and accounting profit			
Profit / (Loss) for the current year		(133,211,056)	47,753,313
Unrealized gain on amortization on loan		(8,869,339)	(11,512,903)
Permanent differences		1,092,750	1,336,240
Temporary differences		41,317,756	20,992,483
Taxable income/ (loss)		(99,669,889)	58,569,133
Less: Carry forward loss (unabsorbed depreciation)		(268,079,317)	(367,052,281)
		(367,749,206)	(308,483,148)
Minimum tax liability u/s.113		(31,255,816)	(31,936,537)

17 LONG TERM FINANCE - SECURED

17 (a) Mark-up bearing

PARTICULARS	IDBP BF-I	NBP LCY-I	NBP LTF	HBL LCY	MCB LCY	SEPTEMBER 2011	SEPTEMBER 2010
Rupees							
Opening balance	117,499,000	32,352,305	200,000,000	111,292,000	31,654,194	492,797,499	291,413,794
Obtained during the year	-	-	-	-	-	-	200,000,000
Interest expense (Refer note. 30.1)	-	4,526,087	-	-	-	4,526,087	4,332,507
Repaid during the year	117,499,000	36,878,392	200,000,000	111,292,000	31,654,194	497,323,586	495,746,301
Effect of fluctuations in Kibor rates (Refer note 29.1)	-	-	(24,999,999)	-	-	(24,999,999)	-
Closing liability as at September 30	88,124,250	37,611,160	141,666,669	111,292,000	-	378,694,079	418,518,456

Significant terms and conditions:

Installments	Semi annually	DSCs of Rs. 35m has been deposited that are going to mature after 9 years to settle the above liability	Quaterly	DSCs of Rs. 35.5m has 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 IDBP 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.
- Pledge of shares
- Personal guarantees of the directors.
- Demand promissory notes.

17.2 NBP (formerly National Development Finance Corporation)

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 DSCs having maturity value equivalent to the amount of liability of Rs. 105.125 million that will be realised by encashment of DSCs on maturity date (s).

Since the rescheduled loan is interest free and payable after 10 years it has been initially recognized at cost amounting to Rs.105.125million (refer note 17(a) 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 13.71% p.a accordingly imputed interest cost is taken to profit and loss account for the year ended September 30, 2011 (refer note 30).

17.3 This represents new loan obtained from NBP for the purpose of repayment of its outstanding balance of growers liability for the year 2007-2008 and 2008-2009 at markup rate of 3 months KIBOR + 2% on quarterly basis. However repayment of principal amount of loan commences 19-01-2010 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 equipment 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 guarantees 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 DSCs having maturity value equivalent to the amount of liability of Rs. 111.292 million that will be realised by encashment of DSCs on maturity date (s). The difference amount of Rs. 224 million was taken to profit and loss account for the year ended September 30, 2009.

The loan carries mark up at the rate of one year KIBOR with floor at the rate of 7% per annum on Rs. 111.292 million 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, Shaheed Benazirabad, ranking pari passu with other secured creditors.
- Hypothecation of stocks.
- Guarantee of the mill duly supported by resolution of Board of Directors.
- DSCs of Rs 35.5 million.

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 2009-10, Company approached the bank for a negotiated settlement of the said liabilities vide its letter number SSML/Acct/60/2010 dated February 01, 2010 and proposed to settle the present principle liability by submitting DSCs to bank amounting to Rs. 10 million with 10 years maturity 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 the amount at which the liability is 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

PARTICULARS	IDBP BF-I	MCB LCY-I	SEPTEMBER 2011	SEPTEMBER 2010
..... Rupees				
Opening balance	3,954,209	7,030,924	10,985,133	11,110,600
Interest expense (Refer note 30.1)	553,194	-	553,194	1,234,946
	4,507,403	7,030,924	11,538,327	12,345,546
Repaid during the year	-	-	-	(1,000,000)
Effects of fluctuation in Kibor rates (Refer note 29.1)	89,561	-	89,561	(360,413)
	4,596,964	7,030,924	11,627,888	10,985,133
Overdue Installments	-	7,030,924	7,030,924	7,030,924
	4,596,964	-	4,596,964	3,954,209

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 IDBP payable after 01.01.2020 in four quarterly installments in terms of the rescheduling agreement with IDBP as disclosed 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, 2011 was 13.71% p.a and such interest expense is taken to profit and loss account (refer note 30).



	Note	2011 Rupees	2010 Rupees
18 PROVISION FOR GRATUITY	18.1	5,924,634	5,266,458

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.

Principal assumptions

Discount rate	14% per annum	14% per annum
Expected rate of eligible salary increase in future years	14% per annum	14% per annum

Changes in defined benefit liability are as follows:

Opening defined benefit obligation	5,266,458	4,208,044
Current service cost	402,340	921,481
Interest cost	737,304	1,068,470
Contributions paid	-	-
Benefit paid directly by the company	(481,468)	(1,606,828)
Actuarial losses	-	675,291
Closing defined benefit obligation	5,924,634	5,266,458

Liability for gratuity arose in the following manner:

Opening net liability	5,266,458	4,869,313
Expense for the year	1,139,644	2,003,973
Benefit paid	(481,468)	(1,606,828)
Closing net liability	5,924,634	5,266,458

Reconciliation of the liability recognized in the balance sheet

Present value of defined benefit obligations	5,924,634	5,266,458
Actuarial gains to be recognized in later periods	-	-
Less: Un-recognized transitional liability	-	-
Total balance sheet liability	5,924,634	5,266,458

Charge to profit and loss account

Current service cost	402,340	921,481
Interest cost	737,304	1,068,470
Additional liability/ (asset) charged for the year	-	-
Actuarial losses recognized	-	14,022
Total amount chargeable to P&L account	1,139,644	2,003,973

19 TRADE AND OTHER PAYABLES

Trade payables

Quality premium
Sugar cane and others

	Note	2011 Rupees	2010 Rupees
Quality premium	19.1	56,460,953	56,460,953
Sugar cane and others		275,095,256	183,936,080
		331,556,209	240,397,033

Accrued expenses

9,657,303

11,206,935

Other payables

Advance from customers
Retention money
Sales tax and Excise duty payable
Unclaimed dividend
WPPF
WWF
Others

114,194,933	13,622,323
-	710,783
10,283,673	6,287,303
437,154	437,154
-	2,564,625
974,557	974,557
4,385,870	4,288,324
130,276,187	28,885,069
471,489,699	280,489,037

- 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. However, with respect to quality premium for the year ranging between 2004 to 2011 the Company has adjusted subsidies paid above minimum cane price level against quality premium to the growers.

20 SHORT TERM BORROWING- secured

National Bank of Pakistan

-Running finance
-Cash finance

	Note	2011 Rupees	2010 Rupees
National Bank of Pakistan	20.1	113,763,378	125,000,000
-Running finance	20.2	87,155,000	-
-Cash finance		200,918,378	125,000,000

Summit Bank Limited

-Cash finance

63,256,000

-

264,174,378

125,000,000



20.1 Running Finance Facility:

Purpose:

To finance the working capital requirements of the Company and for procurement of sugarcane.

Mark up rate:

Base rate + 2.0% p.a.

Security:

- 1- Ranking hypothecation charge over plant, machinery & equipment of the company with 25% margin.
- 2- Ranking equitable mortgage over land and building of the Company with 25% margin.
- 3- Personal guarantees of the directors of the Company.

20.2 Cash Finance Facility:

Purpose:

To finance the working capital requirements of the Company and for procurement of sugarcane.

Mark up rate:

Base rate + 2.0% p.a.

Security:

- 1- Pledge of refined sugar stock with 25% margin.
- 2- Personal guarantees of the directors of the Company.

20.3 Summit Bank Limited - Cash Finance Facility:

Purpose:

To finance the Company for procurement of sugarcane and raw sugar.

Mark up rate:

3 month KIBOR (ask) + 3.5% p.a.

Security:

- 1- Pledge of refined sugar stock with 25% margin.
- 2- Personal guarantees of the directors of the Company.

21 ACCRUED MARK UP

		2011 Rupees	2010 Rupees
National Bank of Pakistan		5,016,904	5,175,123
MCB Bank Limited		17,228,787	17,228,787
Loan from others		5,518,824	5,518,824
National Bank of Pakistan-Running and Cash finance		9,430,355	7,922,143
Summit Bank Limited		3,455,267	-
		<u><u>40,650,137</u></u>	<u><u>35,844,877</u></u>

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 (Appeal) 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 Honorable 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 of Pakistan (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 with effect from 01 April, 2010 to 01 April, 2011 amounting to Rs. 21.77 million on the outstanding balance as per rescheduling package of IDBP for the reason that it expects that an amount of Rs. 29 million would be reversable as a result of the final outcome court proceedings on merit of case and this is hence not going to have any effect on these financial statements

COMMITMENTS

During the year Company has outstanding unlifted deliver orders quantity of 1,926 M.Ton valuing to Rs.120.80 million.



	Note	2011 Rupees	2010 Rupees
23 SALES - Net			
Sugar		3,083,414,828	2,929,688,445
Less : Brokerage and commission		(507,990)	(414,180)
		3,082,906,838	2,929,274,265
Molasses		189,399,860	395,869,563
		3,272,306,698	3,325,143,828
Less: Sales tax & Excise duty		(147,262,858)	(131,925,163)
		3,125,043,840	3,193,218,665
24 COST OF SALES			
Sugarcane consumed	24.1	3,138,496,942	2,600,675,873
Manufacturing expenses	24.2	215,363,399	211,139,709
		3,353,860,341	2,811,815,582
Sugar in process			
-opening		3,728,996	821,884
-closing		(4,821,704)	(3,728,996)
		(1,092,708)	(2,907,112)
		3,352,767,633	2,808,908,470
Finished goods			
-opening		42,879,624	-
-closing		(320,449,566)	(42,879,624)
		(277,569,942)	(42,879,624)
		3,075,197,691	2,766,028,846
Molasses			
-opening		52,467,800	262,187,100
-closing		(43,829,940)	(52,467,800)
		8,637,860	209,719,300
		3,083,835,551	2,975,748,146

24.1 This includes subsidies for the year amounting to Rs.121.941 million (2010: Rs. 45.956 million).

24.2 Manufacturing expenses

Stores and spares consumed		40,129,802	36,113,023
Fuel and power		8,713,820	7,633,619
Salaries, wages including bonus and staff amenities	24.2.1	54,914,530	48,982,410
Repairs and maintenance		50,809,874	58,801,871
Vehicle maintenance		1,202,895	1,055,042
Insurance		6,197,073	6,431,330
Depreciation	5.2	48,819,348	49,045,195
Others		4,576,057	3,077,219
		215,363,399	211,139,709

24.2.1 This includes Rs.1,780,370 (2010: Rs.2,736,086) in respect of contribution to provident fund & gratuity.

	Note	2011 Rupees	2010 Rupees
25 ADMINISTRATIVE EXPENSES			
Salaries, including bonus and staff amenities	25.1	48,099,760	42,984,420
Rent, rates and taxes		1,009,445	972,843
Insurance		1,638,695	1,151,872
Water, gas and electricity		3,809,243	3,942,531
Printing and stationery		992,648	1,138,724
Postage, telephone, telegrams and telex		2,262,478	1,948,955
Vehicle maintenance		6,140,434	4,546,680
Repairs and maintenance		1,506,770	1,101,609
Traveling and conveyance		4,713,725	910,341
Newspaper, books and periodicals		56,396	48,923
Fee and subscription		545,105	550,140
Legal and professional		5,384,663	5,181,337
Auditors' remuneration	25.2	824,320	783,600
Entertainment		2,038,105	1,927,476
Computer maintenance		406,950	674,713
Advertisement		-	414,682
Charity and donation	25.3	1,092,750	1,336,240
Depreciation	5.2	18,528,723	18,585,516
Others		835,871	702,667
		<u>99,886,081</u>	<u>88,903,269</u>

25.1 This includes Rs. 662,419 (2010: Rs. 467,437) in respect of contribution towards provident fund and gratuity.

25.2 Auditors' remuneration comprises of :

Audit fees	500,000	500,000
Half yearly review	200,000	200,000
Certifications	50,000	50,000
Out of pocket expenses	74,320	33,600
	<u>824,320</u>	<u>783,600</u>

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

26 DISTRIBUTION COST

Loading and stacking	2,577,787	1,838,149
Sampling charges	722,259	86,375
	<u>3,300,046</u>	<u>1,924,524</u>

27 OTHER CHARGES

Loan processing charges	376,704	916,795
-------------------------	----------------	---------



	Note	2011 Rupees	2010 Rupees
28 OTHER INCOME			
Profit on PLS account		37,152	11,984
Profit/(Loss) on sale of fixed asset		(95,025)	19,385
Other		790,639	20,880
Reversal of liabilities		9,484,088	-
		10,216,854	52,249

29 UN-REALIZED GAIN ON AMORTIZATION OF LOANS/INVESTMENTS

National Bank of Pakistan	17(a) & 29.1	(732,768)	2,948,802
IDBP	17(b) & 29.1	(89,561)	360,413
Income on amortization of investment in DSCs	29.2	9,691,668	8,203,688
		8,869,339	11,512,903

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

29.2 This represents amortization of investment in DSCs amounting to Rs 70.5 million at the rate of 12.15%

30 FINANCIAL COST

Mark-up on loans		83,486,177	78,912,424
Bank charges		1,275,211	1,518,711
Interest expense	30.1	5,181,319	5,567,453
		89,942,707	85,998,588

30.1 This represents interest expense in respect of amortization of loan and frozen mark up liability of NBP and I.D.B.P (refer 17(a) and 17(b)) using effective interest rate of 13.71% p.a. (2010:14% p.a).

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

(Amount in Rupees)

PARTICULARS	2011				2010			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Remuneration	5,340,000	9,211,047	3,453,000	18,004,047	4,554,839	6,781,806	1,397,400	12,734,045
Company's contribution to provident fund	-	-	188,389	188,389	-	-	76,800	76,800
TOTAL	5,340,000	9,211,047	3,641,389	18,192,436	4,554,839	6,781,806	1,474,200	12,810,845
NO. OF PERSONS	1	6	3	10	1	6	1	8



32 PLANT CAPACITY AND PRODUCTION	2011 Rupees	2010 Rupees
Installed production capacity-metric ton	86,400	86,400
Duration of season-days	149	114
Actual production-metric ton	53,250	49,702
Actual crushing-days	125	107
Percentage of capacity attained	62%	58%

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

33 EARNING PER SHARE- Basic/Diluted

The calculation of basic earnings per share as at September 30, 2011 was based on the loss attributable to ordinary shareholders of Rs. 148.545 million (2010 : Profit Rs. 46.405 million) and a weighted average number of ordinary shares outstanding of 22.308 million (2010 : 22.308 million) calculated as follows.

Net profit/(loss) for the year	<u>(148,545,237)</u>	<u>46,405,101</u>
Weighted average number of ordinary shares	<u>22,308,000</u>	<u>22,308,000</u>
(Loss) / Earning per share	<u>(6.66)</u>	<u>2.08</u>

34 CASH AND CASH EQUIVALENTS

Short term borrowing - Secured	(264,174,378)	(125,000,000)
Cash and bank balances	24,349,927	24,724,324
	<u>(239,824,451)</u>	<u>(100,275,676)</u>

35 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 1

(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	-	-	108,364	-	108,364
Trade debts	-	-	222,657,222	-	222,657,222
Other receivables	-	-	1,598,691	-	1,598,691
Cash and bank balances	791,793	-	23,558,134	-	24,349,927
	<u>791,793</u>	<u>70,500,000</u>	<u>247,922,411</u>	-	<u>319,214,204</u>

FINANCIAL LIABILITIES

At amortized cost					
Long term loans	94,362,276	378,694,079	7,030,924	4,596,964	484,684,243
Trade and other payables	-	-	461,206,026	-	461,206,026
Mark up accrued on loans	-	-	40,650,137	-	40,650,137
	<u>94,362,276</u>	<u>378,694,079</u>	<u>508,887,087</u>	<u>4,596,964</u>	<u>986,540,406</u>

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
	<u>791,793</u>	<u>70,500,000</u>	<u>327,426,596</u>	-	<u>398,718,389</u>

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 accrued on loans	-	-	35,844,877	-	35,844,877
	<u>74,279,043</u>	<u>418,518,456</u>	<u>317,077,535</u>	<u>3,954,209</u>	<u>813,829,243</u>

36 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain 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.

36.1 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:

	2011 Rupees	2010 Rupees
Long term loans	108,364	147,645
Trade debts - unsecured	222,657,222	300,919,876
Trade deposits and short term prepayments	1,598,691	2,408,544
Cash and bank balances	24,349,927	24,742,324
	<u>248,714,204</u>	<u>328,218,389</u>

36.1.1 Impairment losses

The aging of financial assets at the reporting date was:

	2011		2010	
	Gross value	Impairment	Gross value	Impairment
Rupees				
Not past due	-	-	-	-
Past due < 1 year	-	-	300,410,276	-
Past due 1 year to 2 years	222,147,622	-	-	-
More than 2 years	-	-	-	-
More than 3 years	509,600	509,600	509,600	509,600
Total	222,657,222	509,600	300,919,876	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.



36.2 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 manage 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 September 30, 2011 based on contractual undiscounted payment dates and present market interest rate:

	2011			
	Carrying amount	Contractual cash flows	Twelve months or less	Two to five years
Rupees				
Non-Derivative Financial liabilities				
Long term financing	484,684,245	424,933,969	204,337,420	275,389,772
Trade and other payables	461,206,026	461,206,026	461,206,026	-
Accrued mark-up	40,650,137	40,650,137	40,650,137	-
	986,540,408	926,790,132	706,193,583	275,389,772
2010				
	Carrying amount	Contractual cash flows	Twelve months or less	Two to five years
	Rupees			
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	-
	813,829,244	1,147,206,989	473,861,788	326,839,832

36.3 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:

36.3.1 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 September 30, 2011 & September 30, 2010 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.

36.3.2 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.

36.3.3 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
2011 Pak Rupee	100	6,783,586
2010 Pak Rupee	100	5,582,826

36.4 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.

36.5 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.



36.6 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.

37 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, 2011 and 2010 were as follows:

	2011 Rupees	2010 Rupees
Long term finance	<u>383,291,045</u>	<u>422,472,665</u>
Total debt	<u>383,291,045</u>	<u>422,472,665</u>
Less: Cash and bank balances	<u>24,349,927</u>	<u>24,742,324</u>
Net debt	<u>358,941,118</u>	<u>397,730,341</u>
Total equity	<u>30,728,752</u>	<u>146,756,497</u>
Total capital	<u>389,669,870</u>	<u>544,486,838</u>
Gearing ratio	<u>92%</u>	<u>73%</u>

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain 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 improved to 45% (2010:41%).

38 ACCOUNTING ESTIMATES AND JUDGMENTS

38.1 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 fair value of plan assets any changes in these assumptions in future years might effect gains and losses in those years.

38.2 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 carrying amount of the respective items of the property, plant and equipments with a corresponding effect on the depreciation charged and impairment.

38.3 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.

39 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 31. During the year there is no significant transactions with related parties except contribution paid to the post employment benefits as disclosed in respective note.

	2011 Rupees	2010 Rupees
40 MOVEMENT IN WORKING CAPITAL		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	3,965,419	5,702,786
Stock in trade	(270,024,790)	163,932,584
Trade debts	78,262,654	(231,404,197)
Loans and advances	(3,154,092)	(6,162,670)
Prepayments and other receivables	906,305	563,388
	(190,044,504)	(67,368,109)
Increase/(Decrease) in current liabilities		
Trade and other payables	193,565,287	(214,412,625)
	3,520,783	(281,780,734)

41 DATE OF AUTHORIZATION

The financial statements were authorized for issue on December 30, 2011 by the Board of Directors of the Company.

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		2011	2010	2009	2008	2007	2006
.....(Rs. in 000).....							
Sales		3,125,044	3,193,219	920,514	1,287,136	989,035	853,518
Gross profit / (loss)		41,208	217,471	17,067	48,056	(37,631)	115,279
Operating (loss) / profit		(61,978)	126,643	(42,109)	7,699	(77,890)	83,500
Profit/ (loss) before taxation		(133,211)	47,753	491,664	(30,736)	(117,215)	39,394
Profit/(loss) after taxation		(148,545)	46,405	394,754	(30,736)	(122,166)	35,126
Accumulated loss for the year		(192,351)	(76,324)	(157,609)	(732,996)	(530,534)	(408,367)
OPERATING RESULTS		2011	2010	2009	2008	2007	2006
Sugarcane crushed	(tonnes)	615,017	543,353	330,553	805,388	496,251	327,376
Sugar recovery	(%)	8.66	9.155	8.3250	8.5056	8.002	9.277
Sugar produced	(tonnes)	53,250	49,702	27,555	68,440	39,715	30,380
Molasses recovery	(%)	4.193	4.563	5.035	5.380	5.058	5.097
Molasses produced	(tonnes)	25,766	23,625	15,850	43,298	25,105	16,690
Operating period	(days)	149	107	100	144	131	105
ASSETS EMPLOYED		2011	2010	2009	2008	2007	2006
.....(Rs. in 000).....							
Fixed capital expenditure		1,177,285	1,225,657	1,240,080	612,759	645,048	676,527
Long term loans and deposits		783	812	875	857	870	888
Investments		89,458	79,766	36,063	-	-	-
Current assets		674,273	484,621	394,297	427,073	170,942	199,061
Total assets employed		1,941,799	1,790,856	1,671,315	1,040,689	816,860	876,476
FINANCED BY		2011	2010	2009	2008	2007	2006
.....(Rs. in 000).....							
Shareholders' equity		30,729	146,756	65,471	(338,189)	(307,454)	(185,287)
Revaluation on fixed assets		411,440	432,577	455,249	-	-	-
Long term liabilities		383,291	422,473	257,964	276,305	380,912	479,919
Deferred liabilities		220,848	248,930	291,329	4,774	3,918	2,658
Current liabilities		895,491	540,120	601,302	1,097,799	739,485	579,186
Total funds invested		1,941,799	1,790,856	1,671,315	1,040,689	816,861	876,476
Break-up value per share	(Rupees)	1.38	6.58	2.93	(15.16)	(13.78)	(8.31)
(Loss) / Earning per share	(Rupees)	(6.66)	2.08	17.70	(1.38)	(5.48)	1.57



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 23rd Annual General Meeting of the Company to be held on January 31, 2012 and at any
adjournment thereof.

Signed _____ day of 2012.

**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 deposited 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 attend 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.