SAKRAND SUGAR MILLS LIMITED

TWENTY FIFTH ANNUAL REPORT 2013

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COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Dinshaw H. Anklesaria	Chief Executive/ Director
	Mr. Jamil Akberi	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. Abdul Naeem Quraishi	Chairman
	Mr. Jamil Akberi	Member
	Mr. Neville Mehta	Member
HR & R COMMITTEE	Syed Abid Hussain	Chairman
	Mr. Jamil Akberi	Member
	Mr. Neville Mehta	Member
CHIEF FINANCIAL OFFICER	Mr. Ahsan Mukhtar, FCMA	
COMPANY SECRETARY	Mr. Mustafa Kanani	
BANKERS	National Bank of Pakistan	
	United Bank Limited	
	Summit Bank Limited	
	Habib Bank Limited	
	MCB Bank Limited	
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
LEGAL ADVISOR	Abdul Naeem Quraishi, Adv.	
REGISTRAR	M/s Evolution Factor (Private) Limited 407-408, Al Ameera Centre Shahrah-e-Iraq, Saddar Karachi-74400	
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 25th Annual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED,** will be held on Friday, January 31, 2014 at 04:00 p.m. 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, 2013 .

2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2013 together with the Directors' Report and Auditors' Report thereon.

3. To appoint Auditors and to fix their remuneration. One of the shareholders has proposed the name of M/s. Rafaqat Mansha Mohsin Dossani Masoom & Co., Chartered Accountants as statutory auditors for the year ending September 30, 2014 in place of retiring auditors.

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

By order of the Board

(MUSTAFA KANANI)
Company Secretary

Karachi
Dated : January 04, 2014

NOTES :

1. The Shares Transfer Book of the Company will remain close from January 24, 2014 to January 31, 2014. (Both days inclusive)

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. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number alongwith original Computerised National Identity Card (CNIC) or original Passport at the time of attending the meeting.

4. Members who have not yet submitted photocopy of their Computerised CNIC are requested to send the same to our Shares Registrar at the earliest.

5. Members are requested to notify any change in their address immediately.

6. 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 25th Annual General Meeting of the Company and present the financial and operating results along with audited financial statements for the year ended September 30, 2013 togetherwith the auditors' report thereon.

INDUSTRY REVIEW

Pakistan has now crossed the 5 million tonne mark in production of sugar. The industry commenced season with a carry over stock of around 1.3 million tonnes of sugar. This surplus production was possible due to the bumper sugarcane crop in Pakistan. The farmers consider sugarcane as the most viable cash crop owing to the continuing increase in sugarcane prices by the provincial governments. The carry over stock of sugar, high sugar production, increase in sugarcane price, all led to a bearish trend in the prices of sugar.

Global markets were also under tremendous pressure due to surplus stocks. International sugar prices were trading at $725 per ton in 2011, $575 per ton in 2012 and are presently in the range of $440 - $450 per ton. Local prices remained in the range of Rs. 45 to Rs. 50 per kg.

Continuing its previous trend, the Sindh Government unilaterally enhanced the minimum purchase price of sugarcane from Rs. 154 to Rs. 172 per 40 kg. An increase of more than 11%. This was done without considering the sugar stock and prices, both locally as well as internationally. It caused severe financial crises for most of the mills. Major problem being purchase of expensive raw material. The mills are therefore forced to seek financial borrowing resulting in heavy financial costs.

The Federal Government allowed export to the tune of 1.2 million tonnes. Due to the slow response of the State Bank of Pakistan coupled with decline in the international prices, the industry could not avail this opportunity entirely.

Operationally, reports indicate again bumper sugarcane crop during the season 2013-14. In financial terms, continuing pressure on price (both nationally as well as internationally) will over burden the industry.

FINANCIAL RESULTS

The comparative financial results are as follows:

(Amount in '000')

	2013	2012	Increase/ (Decrease)	% age
	.... Rupees			
Sales	**2,560,803**	2,463,907	96,896	3.93
Cost of sales	**2,694,633**	2,407,869	286,764	11.91
Gross (loss) /profit	**(133,830)**	56,038	(189,868)	(338.82)
Loss before tax	**(330,535)**	(151,870)	(178,665)	(117.64)
Net loss after tax	**(332,289)**	(134,858)	(197,431)	(146.40)

OPERATING RESULTS

		2013	2012	Increase/ (Decrease)	% age
		.... Rupees			
Sugarcane crushed	MT	**516,227**	559,968	(43,741)	(7.81)
Sugar produced	MT	**51,050**	54,575	(3,525)	(6.46)
Molasses produced	MT	**22,306**	23,800	(1,494)	(6.28)
Sugar recovery	%	**9.890**	9.750	0.14	1.44

Considering the downward trend of sugar prices, the Company basically focused on improving high sucrose recovery. The financial limitations within the Company and the steady decline in sugar prices have restricted the Company from incurring a profit.

AUDITORS' REPORT

The auditors have qualified the Annual Accounts on not recognizing the financial liability of an amount of Rs. 17 million payable to IDBP & Rs. 224 million payable to HBL, the markup against liability of IDBP and MCB Bank Ltd., and provision against trade debts of Rs. 184 million.

Financial liability of HBL

A settlement has been reached with HBL whereby Company has deposited the securities. The Company has directly recorded the restructuring effect to its profit and loss account, instead of amortising the same until the maturity of the agreements.

Liability of IDBP

The liability of IDBP is sub-judice before the High Court of Sindh. The Company has questioned the markup on markup carried out by IDBP.

Liability of MCB Bank Ltd.

The issue is under discussion with the Bank.

Recovery of trade debts

The Company considers the entire amount as good and expects to recover the amount in due course of time.

FUTURE OUTLOOK

The season 2013-14 is expected to produce surplus sugar keeping in view the bumper sugarcane crop. The country expects to produce around 5.5 million tons of sugar this year and overall national requirement would not be more than 4.75 million tons. The Government has allowed exports of 500,000 tons; however, due to the depressed international market the industry is not showing eagerness in this venture. Trading Corporation of Pakistan has also committed in procuring 150,000 tons quarterly.

The Government of Sindh, considering the difficulties being faced by the industry, has re-fixed the price (Rs. 172 per 40 kg plus quality premium) as per previous season.

LABOUR MANAGEMENT RELATIONS

The management / labour relations remained cordial and helpful. I take this opportunity to thank and appreciate the spirit of understanding, good will and co-operation shown by the staff/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 have offered their services for the year 2013-2014.

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 There is no doubt on the going concern of the Company.

5 The Company maintains Provident Fund account for its employees. The value of investment of the fund as on June 30, 2013 is Rs. 41,992,000.

6 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.

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

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

9 There has been no material departure from the best practices of Corporate Governance except those mentioned in the preamble of the statement.

10 During the year, six meetings of the Board of Directors and six meetings of Audit Committee were held as detailed below.

Name of Director	Number of meetings attended	
	BOD	Audit Committee
Mr. Dinshaw H. Anklesaria	6	
Mr. Jamil Akberi	6	6
Mr. Abdul Naeem Quraishi	6	6
Mr. Neville Mehta	6	6
Syed Abid Hussain	6	
Mrs. Fatma Gulamali	6	
Dr. Jamshed H. Anklesaria	6	

11 Orientation course for the Directors was arranged by the Company during the year 2012 to appraise their duties and responsibilities. Initially, one Director has completed and obtained certification under the Corporate Governance Leadership Skills Program offered by Pakistan Institute of Corporate Governance (PICG). The Company intends to conduct directors' training program for two of its directors during the year 2014.

12 During the year, trading of NIL number of shares were carried out by the directors and their spouses and minor children.

13 During the year, the Company suffered loss as per reasons explained earlier 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 30th September, 2013 is annexed.

CONCLUSION

At the end, let us pray to Almighty ALLAH to guide us in our pursuits of national development and for the betterment of your organization – Ameen.

Thank you all,
for SAKRAND SUGAR MILLS LIMITED

Dinshaw H. Anklesaria
Chief Executive
Karachi: January 04, 2014

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) (Revised 2012) contained in the 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.

The Company has applied the principles contained in the CCG (Revised 2012) 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.

Category	Names
Executive Directors	Mr. Dinshaw H. Anklesaria Syed Abid Hussain
Non-Executive Directors	Mr. Jamil Akberi Mr. Abdul Naeem Quraishi Mr. Neville Mehta Mrs. Fatma Gulamali Dr. Jamshed H. Anklesaria

2. The directors have confirmed that none of them is serving as a director in more than 7 (seven) 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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors during the year under review.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with it supporting policies and procedures. The company has undertaken to ensure compliance with placement on its website of its Code of conduct from next year.
6. 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
8. 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.
9. As regards, compliance with clause 11 of the code, only one of the director obtained certification so far. The company plans that two of its directors will attend the directors' training program during the year 2013-14 and all the Directors will obtain orientation training by June 2016.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit. All these appointments were made before the Revised CCG has taken effect.
11. 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.
12. The CEO and CFO have duly endorsed the financial statements of the Company before approval of the Board.
13. 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.
14. The Company has compiled with all the corporate and financial reporting requirements of the code.
15. The Board formed an audit committee on 10/08/2009. It comprises of 3 (three) non-executive directors including the Chairman.
16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have already been formed and advised to the committee for compliance.
17. The board has formed a Human Resource and Remuneration Committee (HR&R). It comprises of three (03) members of who two (02) are non-executive directors and the chairperson of the committee is an executive director.
18. The Board has set-up an internal audit function. Its effectiveness has to be improved as to its independence for which efforts are being made.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programmed of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/Price sensitive information, if any, is disseminated among all market participants at once through stock exchange(s).
23. As there is no related party transaction, the statement regarding Transfer Pricing is not applicable to our Company.
24. Our CFO is a Fellow Cost and Management Accountant and thus meets the qualification requirement. Our head of internal audit is a qualified Internal Auditor which qualifies under provision contained in clauses (xiv) of the revised CCG regarding qualifications criteria.
25. We confirm that all material principles contained in the Code have been duly complied with except for notes 5 and 9, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

On behalf of Board of Directors.

DINSHAW H. ANKLESARIA
Chief Executive
January 04, 2014

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 for the year ended September 30, 2013 prepared by the Board of Directors of Sakrand Sugar Mills Limited ("the Company") to comply with Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, 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 are not required to whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company corporate governance procedures and risks and the effectiveness of such internal controls.

Further, Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the matters, stated in notes 5 and 9 to the Statement of Compliance, 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, 2013.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Engagement Partner: Mr. Muhammad Rafiq Dosani
Karachi.
Dated:

PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT SEPTEMBER 30, 2013

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM		SHARE HOLDING TO	TOTAL SHARES HELD
717	1	-	100	64,018
493	101	-	500	196,269
274	501	-	1000	200,460
198	1001	-	5000	488,424
69	5001	-	10000	538,775
25	10001	-	15000	314,216
13	15001	-	20000	232,810
3	20001	-	25000	65,176
7	25001	-	30000	191,876
3	30001	-	35000	99,000
4	35001	-	40000	158,800
3	40001	-	45000	125,380
5	45001	-	50000	232,120
3	50001	-	55000	157,944
1	60001	-	65000	64,400
1	65001	-	70000	67,200
2	70001	-	75000	141,225
1	75001	-	80000	78,510
1	80001	-	85000	80,300
1	120001	-	125000	123,500
1	125001	-	130000	129,148
1	155001	-	160000	157,500
5	195001	-	200000	989,444
1	205001	-	210000	207,092
1	225001	-	230000	227,000
1	295001	-	300000	300,000
1	310001	-	315000	313,956
1	395001	-	400000	400,000
1	475001	-	480000	479,020
1	480001	-	485000	483,860
1	485001	-	490000	485,800
1	495001	-	500000	500,000
1	500001	-	505000	502,804
1	895001	-	900000	900,000
1	970001	-	975000	970,270
1	1030001	-	1035000	1,031,500
1	1545001	-	1550000	1,545,826
1	1555001	-	1560000	1,559,960
1	1925001	-	1930000	1,927,978
1	5575001	-	5580000	5,576,439
1,848				**22,308,000**

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1.	Individual Local	1813	18,810,366	84.32
2.	Financial Institution	10	2,200,018	9.86
3.	Insurance Company	3	250,492	1.12
4.	Investment Company	5	226,632	1.02
5.	Joint Stock Company	13	608,600	2.73
6.	Modarba Company	2	198,300	0.89
7.	Leasing Company	1	40	0.00
8.	Co-operative Societies	1	13,552	0.06
		1,848	**22,308,000**	**100.00**

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2013
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		13	608,600	2.73
INVESTMENT COMPANIES		5	226,632	1.02
ICP		1	196,700	0.88
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		8	9,252,383	41.48
Mr. Dinshaw Hoshang Anklesaria	5,576,439			
Mr. Jamil Akberi	500,500			
Syed Abid Hussain	543,444			
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		1	20,196	0.09
BANKS, DFIS, NBFIS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS		16	2,700,210	12.10
CO-OPERATIVE SOCIETY		1	13,552	0.06
INDIVIDUALS		1,803	9,289,727	41.64
		1,848	**22,308,000**	**100.00**

Shareholders holding five percent or more voting interest in the company

Name of Shareholders	No. of Shares held	Percentage
Dinshaw H. Anklesaria	5,576,439	25.00
Yasir Gul	1,927,978	8.64
Syed Shujaat Ali	1,559,960	6.99
Nasreen Shujaat	1,545,826	6.93
	10,610,203	**47.56**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of SAKRAND SUGAR MILLS LIMITED ("the Company") as at September 30, 2013, 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 qualified opinion and, after due verification, we report that –

1. In respect of terms of rescheduling of long term loan (refer note 17.1 and note 17.4), the Company prematurely derecognized bank liabilities amounting to Rs.241.815 million and hence transferred that to income for the year ended September 30, 2009 and departed from International Financial Reporting Standards as the liability has not been extinguished. Our opinion on corresponding financial statements was modified in this respect and also modified for the current year's financial statements, as a result of the said 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 in the financial statements.

2. In case of IDBP rescheduling (refer note 17.1), the Company is in litigation with IDBP since 2010 for re-determination of the liability. It has not accrued any markup thereon as per terms of rescheduling (refer note 17.1) but same is classified as contingent liability (refer note 22). The said matter is pending before the court and outcome of the case is not presently ascertainable. Had the markup been accrued, the amount of loss for the current period would have been higher by Rs. 16.9 million and accumulated loss and current liabilities would have been higher by Rs 67.7 million.

3. In respect of long term liability of MCB (refer note 17.5), confirmation from the bank has remained un responded. The company has accrued markup on the said balance from year 2001 to year 2008 of Rs. 17.22 million but stopped accruing since 2008, as it sought settlement of liability with the bank (refer said note). Had markup been accrued, the amount of current year's loss would been higher by Rs. 3.165 million and accumulated loss and current liabilities would have been higher by Rs. 23.91 million.

4. The trade debts of the company amounting to Rs. 184.2 million (2012: Rs. 184.8 million) are overdue and outstanding since financial year 2009-10. The company considers this amount as good and has not made provision against this balance owing to the reason stated in note 10.1 of the financial statements. Our request for confirmation of balance direct from the customer has also remained un responded. We could not therefore ascertain the amount of provision which is required against the said outstanding balance of trade debts in the financial statements of the company.

a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984.

b) In our opinion;

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.

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, except for the effects of matter stated in paragraph 1 & 2, and the possible effect of matter stated in paragraph 3, 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, 2012, 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.

Without qualifying our opinion, we draw attention to note 1.2 to the financial statements which indicates that the Company has incurred continuous losses since last 3 years including year 2013 in which current year loss of Rs. 332.288 million (2012: Rs. 134.857 million) has incurred. Besides these, its accumulated losses has amounted to Rs. 569.463 million (2012: 287.403 million) and its current liabilities has exceeded its current assets by Rs. 676.550 million (2012: 368.839 million).These conditions, along with other matters as set forth in note 1.2, indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Mr. Muhammad Rafiq Dosani

Karachi
Dated: January 4, 2014

BALANCE SHEET
AS AT SEPTEMBER 30, 2013

	Note	2013	2012
		.... Rupees	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	1,568,312,424	1,641,428,110
Long term investments	6	112,517,500	100,327,686
Long term loans	7	238,448	145,276
Long term deposits		1,591,366	1,520,166
CURRENT ASSETS			
Stores, spares and loose tools	8	24,537,306	29,716,267
Stock in trade	9	288,296,433	432,360,526
Trade debts - Unsecured (Considered good)	10	185,003,492	184,808,682
Loans and advances	11	19,309,306	26,093,791
Prepayments and other receivables	12	8,041,771	17,145,713
Taxation refundable		23,555,945	12,295,876
Cash and bank balances	13	4,959,712	5,395,650
		553,703,965	707,816,505
TOTAL ASSETS		2,236,363,703	2,451,237,743
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (2012:25,000,000) 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		(569,463,570)	(287,403,942)
		(346,383,570)	(64,323,942)
SURPLUS ON REVALUATION OF FIXED ASSETS	15	745,637,561	778,788,664
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred taxation	15 & 16	283,711,454	300,789,294
Long term finance - Secured			
- Markup bearing	17 (a)	310,108,101	347,018,869
- Markup free	17 (b)	6,516,548	6,235,738
		316,624,649	353,254,607
Provision for gratuity	18	6,519,559	6,073,509
CURRENT LIABILITIES			
Trade and other payables	19	693,671,630	498,313,111
Short term borrowings	20	380,144,847	420,056,456
Mark up accrued	21	37,419,523	45,142,944
Current portion of non current liabilities	17 (a) & (b)	119,018,050	113,143,100
		1,230,254,050	1,076,655,611
CONTINGENCIES AND COMMITMENTS	22		
		2,236,363,703	2,451,237,743

The annexed notes from 1 to 45 form an integral part of these financial statements.

Dinshaw H. Anklesaria	**Syed Abid Hussain**
Chief Executive/Director	Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Note	2013	2012
		.... Rupees	....
Sales -net	23	2,560,803,244	2,463,907,058
Cost of sales	24	(2,694,632,967)	(2,407,868,765)
Gross (loss)/profit		(133,829,723)	56,038,293
Operating expenses			
Administrative expenses	25	(126,177,818)	(111,770,707)
Distribution cost	26	(3,942,067)	(3,331,530)
		(130,119,885)	(115,102,237)
Operating loss		(263,949,608)	(59,063,944)
Other charges	27	(505,742)	(670,995)
Other income	28	1,495,401	1,267,125
		989,659	596,130
		(262,959,949)	(58,467,814)
Unrealised gain on loan amortisation	29	15,840,825	1,609,143
Finance cost	30	(83,415,588)	(95,011,321)
Loss before taxation		(330,534,712)	(151,869,992)
Provision for taxation			
Current		(1,639,488)	(12,321,997)
Prior		(114,372)	-
Deferred	16	-	29,334,191
		(1,753,860)	17,012,194
Loss after taxation		(332,288,572)	(134,857,797)
Earning per share-basic and diluted	33	(14.90)	(6.05)

The annexed notes from 1 to 45 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, 2013

	2013	2012
	.... Rupees	
Loss after taxation	**(332,288,572)**	(134,857,797)
Other comprehensive income		
Transferred to retained earnings in respect of impairment charged during the year	**-**	4,000,000
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the year net of deferred taxation	**50,228,944**	35,805,103
Total comprehensive loss	**(282,059,627)**	(95,052,694)

The annexed notes from 1 to 45 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, 2013

	Note	2013	2012
		.... Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(330,534,712)	(151,869,992)
Adjustments for :			
Depreciation	5.2	83,392,561	70,130,125
Financial cost		77,186,253	89,224,587
Interest expense-imputed	30.1	6,229,335	5,786,734
Provision for gratuity	18	1,203,699	1,075,300
Loss on disposal of property, plant & equipment		757,557	(1,218,135)
Impairment loss of factory building		-	777,566
Effect of increase in KIBOR	29.1	(3,651,011)	9,260,062
Gain on amortisation of investment	29.2	(12,189,814)	(10,869,205)
		152,928,580	164,167,034
Operating profit before working capital changes		(177,606,132)	12,297,042
Movement in working capital	40	360,295,190	(13,378,829)
		182,689,058	(1,081,787)
Taxes paid		(13,013,911)	(42,401,197)
Financial cost paid		(84,909,688)	(84,731,769)
Gratuity paid		(757,652)	(926,425)
		(98,681,251)	(128,059,391)
NET CASH USED IN OPERATING ACTIVITIES		84,007,807	(129,141,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,789,432)	(19,602,791)
Proceeds from disposal of property, plant and equipment		755,000	3,133,664
Proceeds from insurance claim		-	4,990,500
Long term deposits		(71,200)	(846,307)
Long term loans		(93,172)	(36,912)
NET CASH USED IN INVESTING ACTIVITIES		(11,198,804)	(12,361,846)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(33,333,332)	(33,333,332)
NET CASH GENERATED (USED IN) FINANCING ACTIVITIES		(33,333,332)	(33,333,332)
NET DECREASE IN CASH AND CASH EQUIVALENTS		39,475,671	(174,836,355)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(414,660,806)	(239,824,451)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	(375,185,135)	(414,660,806)

The annexed notes from 1 to 45 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, 2013

	Issued, subscribed and paid-up capital	Accumulated Loss	Total
	....	Rupees	....
Balance as at September 30, 2011	223,080,000	(192,351,248)	30,728,752
Total comprehensive loss			
-Net loss for the year		(134,857,797)	(134,857,797)
-Other comprehensive income for the year		39,805,103	39,805,103
Balance as at September 30, 2012	**223,080,000**	**(287,403,942)**	**(64,323,942)**
Total comprehensive loss			
- Net loss for the year		(332,288,572)	(332,288,572)
- Other comprehensive income for the year		50,228,944	50,228,944
Balance as at September 30, 2013	**223,080,000**	**(569,463,570)**	**(346,383,570)**

The annexed notes from 1 to 45 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, 2013

1 STATUS AND NATURE OF BUSINESS

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

1.2 As of the reporting date, the Company incurred net loss of Rs. 332.228 million(2012: Rs. 134.857 million). Its accumulated losses amounted to Rs. 569.463 million (2012: 287.403 million) and its current liabilities exceeds its current assets by Rs.676.55 million (2012: 368.839 million).

The Company filed suit against IDBP in 2010 in the High Court of Sindh, Karachi. It has sought 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 wrongly charged. Additionally, the Company has not charged markup for the year amounting to Rs. 16.9 million (2012: 16.9 million) and cumulatively mark-up from 01 April, 2010 to 30 Sep, 2013 amounting to Rs. 67.7 million and corresponding increase in current liabilities. The suit is pending since 2010 and the amount of unbooked liability is expected to be reversed by the bank as the same is disputed on merit.

Besides these, trade debts of Company amounting to Rs. 184.2 million (Rs. 184.2 million) represents un-secured and overdue balance. Its capacity utilization for the season 2012-2013 has dropped to 59% (2012: 63%).The management expects subsequent recovery of outstanding trade debts in due course of business.

The Company continues to enjoy long-term finance facility and running finance facility from NBP and Summit Bank Limited and expects to settle outstanding growers liability and meet its working capital requirements for commencing its operations for the next season. The final outcome of suit against IDBP is also uncertain at balance sheet date (refer 22 iii).The Company commenced crushing for the season 2013-2014 and have planned increased crushing for the season with increase in its capacity utilization and expects to generate reasonable profit from these operations.

In view of above, these financial statements have been prepared using going concern assumption.

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 accumulated depreciation and accumulated impairment loss, if any in period subsequent to the revaluation date.

- Investments held to maturity are measured at amortized cost using effective interest method less any impairment loss, if any.

3.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company:

- 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 effective date is from January 01, 2011, however, for the Company's gratuity scheme being unfunded, the amendment stands irrelevant.

- 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.

(b) New and amended standards, and interpretations mandatory for the first time for the current financial year but not currently relevant to the Company:

- The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and therefore have not been analyzed in detail.

(c) New standards, amendments and interpretations issued but not effective for the current financial year and not early adopted

- Following new standards, amendments and interpretation to existing standards have been issued but are not effective for the financial year beginning on July 1, 2011 and have not been early adopted by the Company:

- IAS 1 (amendments) - 'Presentation of Items of Other Comprehensive Income' effective from July 1, 2012. 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.

- IAS 19 (amendments) - effective from January 1, 2013. It prescribes the accounting and disclosure by employers for employee benefits.

- IAS 32 (amendments) - 'Offsetting Financial Assets and Financial Liabilities' effective from January 1, 2014. The amendments clarify (a) the meaning of 'currently has a legally enforceable right of set-off'; and (b) that some gross settlement systems would be considered equivalent to net settlement if they eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.

- IFRS 7 (amendments) - 'Disclosures - Offsetting Financial Assets and Financial Liabilities' effective from January 1, 2013. These amendments require entities to disclose information so that users of its financial statements are able to evaluate the effect or potential effect of netting arrangements and similar agreements on the entity's financial position.

- 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 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 13, 'Fair value measurement', effective for 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.

- There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in May and June 2012 (not addressed above). These amendments are unlikely to have any impact on the Company's financial statements and therefore have not been analyzed in detail.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

(i)	Property, plant and equipment	note 4.1
(ii)	Taxation	note 4.3
(iii)	Staff retirement benefits	note 4.4
(iv)	Valuation of stock in trade	note 4.10
(v)	Trade debts	note 4.11

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 assets' 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. 1,560,530 (2012: Rs. 1,572,908) 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 was carried out at September 30, 2012. 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 recognized at fair value plus transaction cost attributable to acquisition and are subsequently carried at amortized cost using effective interest rate method, less any impairment loss.

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

4.9 Stores, spares and loose tools

These are valued as under:

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

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

4.10 Stock in trade

The basis of valuation has been specified against each.

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

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

4.11 Trade debts and other receivables

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

4.12 Loans and borrowings

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

4.13 Trade and other payables

Trade and other payable 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 costs are recognized in profit and loss account in the period in which these are incurred except that borrowing costs 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.

	Note	2013	2012
		.... Rupees	....
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	**1,568,312,424**	1,641,428,110

5.1 Operating assets

	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, 2011										
Cost / Revalued amount	102,270,000	208,934,569	170,126,241	1,388,302,024	9,092,259	6,281,614	40,905,268	1,399,244	2,792,876	1,930,104,095
Accumulated depreciation	-	(67,085,732)	(49,180,750)	(602,722,828)	(6,185,645)	(4,798,757)	(18,704,500)	(1,362,637)	(2,777,953)	(752,818,802)
Net book value	102,270,000	141,848,837	120,945,491	785,579,196	2,906,614	1,482,857	22,200,768	36,607	14,923	1,177,285,293
Year ended September 30, 2012										
Opening net book value	102,270,000	141,848,837	120,945,491	785,579,196	2,906,614	1,482,857	22,200,768	36,607	14,923	1,177,285,293
Revaluation	153,405,000	68,133,693	63,836,668	236,978,398	-		-	-	-	522,353,759
Additions(including transfers) during the year	-	-	351,106	1,025,000	561,100	92,000	17,038,585	535,000	-	19,602,791
Disposals / transfers	-	-	-	-	-	-				
Cost	-	(4,000,000)	(1,768,065)	-	-	26,500	3,944,547	-	-	(1,797,018)
Accumulated depreciation	-	-	-	-	-	(22,404)	(2,033,100)	-	-	(2,055,504)
Net book value	-	(4,000,000)	(1,768,065)	-	-	(4,096)	(1,911,447)	-	-	(7,683,608)
Depreciation for the year	-	(7,844,112)	(13,616,493)	(42,263,376)	(328,569)	(148,428)	(5,817,679)	(106,544)	(4,924)	(70,130,125)
Closing net book value	255,675,000	198,138,418	169,748,707	981,319,218	3,139,145	1,422,333	31,510,227	465,063	9,999	1,641,428,110
As at October 01, 2012										
Cost	255,675,000	273,068,262	232,545,950	1,626,305,422	9,653,359	6,347,114	53,999,306	1,934,244	2,792,876	2,462,321,533
Accumulated depreciation	-	(74,929,844)	(62,797,243)	(644,986,204)	(6,514,214)	(4,924,781)	(22,489,079)	(1,469,181)	(2,782,877)	(820,893,423)
Net book value	255,675,000	198,138,418	169,748,707	981,319,218	3,139,145	1,422,333	31,510,227	465,063	9,999	1,641,428,110
Year ended September 30, 2013										
Opening net book value	255,675,000	198,138,418	169,748,707	981,319,218	3,139,145	1,422,333	31,510,227	465,063	9,999	1,641,428,110
Revaluation	-	-	-	-	-	-	-	-	-	
Additions(including transfers) during the year	-	-	335,370	7,180,000	164,900	191,500	7,767,662	-	1,550,000	17,189,432
Disposals / transfers										
Cost	-	-	-	1,610,000	-	-	8,866,841	-	-	10,476,841
Accumulated depreciation	-	-	-	(332,503)	-	-	(3,231,781)	-	-	(3,564,284)
Net book value	-	-	-	(1,277,497)	-	-	(5,635,060)	-	-	(6,912,557)
Depreciation for the year	-	(9,906,920)	(17,002,723)	(49,155,529)	(330,092)	(160,084)	(6,296,816)	(153,472)	(386,925)	(83,392,561)
Closing net book value	255,675,000	188,231,498	153,081,354	938,066,192	2,973,953	1,453,749	27,346,013	311,591	1,173,074	1,568,312,424
As at September 30, 2013										
Cost / Revalued amount	255,675,000	273,068,262	232,881,320	1,631,875,422	9,818,259	6,538,614	52,900,127	1,934,244	4,342,876	2,469,034,124
Accumulated depreciation	-	(84,836,764)	(79,799,966)	(693,809,230)	(6,844,306)	(5,084,865)	(25,554,114)	(1,622,653)	(3,169,802)	(900,721,700)
Net book value	255,675,000	188,231,498	153,081,354	938,066,192	2,973,953	1,453,749	27,346,013	311,591	1,173,074	1,568,312,424
Annual rates of depreciation	0%	5%	10%	5%	10%	10%	20%	33%	33%	

	2013	2012
	.... Rupees	

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

	2013	2012
Cost of sales	**59,449,374**	50,112,412
Administrative expenses	**23,943,187**	20,017,713
	83,392,561	70,130,125

5.3 Details of disposal of property, plant & equipments are as under

Particulars	Cost	Accmulated depreciation	Book value	Proceeds/ Exchange Price	Gain/(Loss) on disposal	Mode of disposal	Purchaser
	.... Rupees						
PLANT AND MACHINERY							
Baby Cooling Tower	1,610,000	(332,503)	1,277,497	-	1,277,497	Accidental loss	Claim received from EFU
VEHICLE							
Toyota Corrolla 2.0D AMQ - 914	1,070,280	(772,177)	298,103	755,000	(456,897)	Negotiation	Asif Mehmood
Toyota Hilux Pick up CT - 6969	7,796,561	(2,459,604)	5,336,957	5,400,000	(63,043)	Exchange	Naveed Miandad
	10,476,841	(3,564,284)	6,912,557	6,155,000	757,557		

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

Particulars	Sep-13			Sep-12
	Cost	Accumulated depreciation	Written down value	Written down value
	.... Rupees			
Free hold land	7,601,840	-	7,601,840	7,601,840
Factory building	98,899,385	59,289,856	39,609,529	41,694,241
Non-factory building	20,209,198	18,314,402	1,894,796	1,763,641
Plant & machinery	1,091,383,652	619,765,381	471,618,271	489,263,069
	1,218,094,075	697,369,639	520,724,436	540,322,791

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 HBL (Refer note 17.2 and 17.4).

	Note	2013	2012
		.... Rupees	....
Cost of investment in DSCs		**70,500,000**	70,500,000
Unrealised gain on investments			
Opening balance		**29,827,686**	18,958,481
Income earned during the year		**12,189,814**	10,869,205
Closing balance		**42,017,500**	29,827,686
		112,517,500	100,327,686

7 LONG TERM LOANS - Considered good

	Note	2013	2012
Vehicle loans to employees	7.1	**323,712**	201,420
Less: Current portion of long term loans shown under current assets		**85,264**	56,144
		238,448	145,276

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

8 STORES, SPARES AND LOOSE TOOLS

	2013	2012
In hand		
-Stores	**4,225,746**	6,429,463
-Spares	**19,231,950**	22,179,982
-Loose tools	**993,312**	1,106,822
	24,451,008	29,716,267
In transit	**86,298**	-
	24,537,306	29,716,267

9 STOCK IN TRADE

	2013	2012
Finished goods	**282,911,090**	420,309,817
Sugar in process	**5,385,343**	4,288,604
Molasses	**-**	7,762,105
	288,296,433	432,360,526

9.1 The stock is valued at NRV. Difference between NRV and cost recognised in finished stock and is inclued in 'cost of sales' amounted to Rs. 8.3 million (2012 : NIL).

9.2 Stock pledged with bank against finance facility amounted to Rs. 259.688 million (September 30, 2012: Rs. 305.1 million) at the balance sheet date.

10 TRADE DEBTS - Un-secured

	Note	2013	2012
Considered good	10.1	**185,003,492**	184,808,682

10.1 This include trade debts due from a customer amounting to Rs. 184.299 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

	Note	2013	2012
		.... Rupees	....
Current portion of vehicle loans	7	**85,264**	56,144
- Unsecured considered good			
Loan to growers	11.1	**13,319,787**	13,033,201
Advance to suppliers and contractors		**4,269,610**	10,809,068
Advance against expenses		**116,825**	404,746
Advance against salaries		**1,517,820**	1,790,632
		19,224,042	26,037,647
		19,309,306	26,093,791
- Considered doubtful			
Loan to growers	11.1	**2,575,000**	2,575,000
Advance to supplier, contractors & others		**17,472,544**	17,472,544
		20,047,544	20,047,544
Less: Provision for doubtful advances		**(20,047,544)**	(20,047,544)
		19,309,306	26,093,791

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.

12 PREPAYMENTS AND OTHER RECEIVABLES

	Note	2013	2012
		.... Rupees	....
Prepayments		**85,031**	67,666
Sales tax	12.1	**6,464,996**	12,449,601
Other receivables	12.2	**1,491,744**	4,628,446
		8,041,771	17,145,713

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

12.2 This include a sum of Rs. 1,017,398 paid subsequent to the decision of Supreme Court that held the levy of sales tax on disposal of fixed assets as lawful with certain exceptions and set aside the decision of the High Court 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.

		2013	2012
13	**CASH AND BANK BALANCES**	.... Rupees	
	Cash in hand	183,445	61,329
	Cash with banks:		
	- in current account	3,984,474	4,542,528
	- in deposit account	791,793	791,793
		4,776,267	5,334,321
		4,959,712	5,395,650

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		2013	2012
Number of shares			.... Rupees	
16,900,000	16,900,000	Fully paid ordinary shares of Rs. 10/- each issued for cash	169,000,000	169,000,000
5,408,000	5,408,000	Fully paid ordinary shares of Rs. 10/- each issued as bonus shares	54,080,000	54,080,000
22,308,000	22,308,000		223,080,000	223,080,000

15 SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2013	2012 (Restated)
		.... Rupees	
Surplus on revaluation:			
-As at October 01		1,064,558,552	582,009,896
-Revaluation surplus on land		-	153,405,000
-Revaluation surplus on plant, machinery and building		-	368,948,759
-Transferred to retained earnings in respect of impairment charged during the year	41	-	(4,000,000)
-Transferred to retained earnings in respect of disposal of plant machinery and building (net of incremental depreciation)		(1,164,727)	
-Transferred to retained earnings in respect of incremental depreciation charged during the year		(49,064,218)	(35,805,103)
		(50,228,944)	482,548,656
-As at September 30		1,014,329,608	1,064,558,552
Related deferred tax:			
-As at October 01		285,769,888	170,569,608
-On revaluation surplus of land		-	-
-Revesal in respect of disposal of plant, machinery and building		(396,007)	129,132,066
-Reversal on impairment charged during the year	41	-	(1,400,000)
-Reversal on incremental depreciation charged during the year		(16,681,834)	(12,531,786)
-As at September 30		268,692,047	285,769,888
		745,637,561	778,788,664

16 TAXATION

Current

Income tax assessments of the Company deemed finalized as per tax return filed upto the tax year 2013. which is suject to further assessment. The Company's carry forward loss amounted to Rs. 740.780 million (tax year 2012: Rs. 424.678 million) upto tax year 2013. 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. No current year tax is computed on the basis of minimum tax u/s 113 of Income Tax Ordinance, 2001 as the Company suferred gross loss and have already paid advance tax.

	Note	2013	2012
		.... Rupees	
16.1 Deferred Tax arises due to following elements:			
Deferred tax liability arises due to :			
-Accelerated tax depreciation		145,869,373	141,108,137
-Unrealized gain on amortization on loan		35,055,297	31,691,275
		180,924,669	172,799,412
Deferred tax asset arises due to :			
-Loans & advances		7,016,640	7,016,640
-Gratuity		2,281,846	2,125,729
-Assessed losses		259,273,229	148,637,637
		268,571,715	157,780,006
Deferred tax asset	16.1.1	(87,647,046)	15,019,407

16.1.1 Deferred tax asset has been recognized to the extent of deferred tax liability of Rs 180.925 million. Remaining deferred tax asset of Rs. 87.647 million has not been recognized as a matter of prudence.

16.1.2 Deferred tax liability of Rs. 268.69 million is recognized on surplus on revaluation of fixed assets and Rs. 15.10 million on tax depreciation and unrealized gain on amortization of loans.

	2013	2012
	.... Rupees	
16.2 Relationship between tax expense and accounting profit		
Loss for the current year	(330,534,712)	(151,869,992)
Unrealized gain on amortization on loan	(15,840,825)	(1,609,143)
Permanent differences	10,564,837	238,100
Temporary differences	60,438,719	92,305,267
Taxable loss	(275,371,981)	(60,935,768)
Add: Carry forward loss (unabsorbed depreciation)	(465,408,675)	(363,743,197)
	(740,780,656)	(424,678,965)
Minimum tax liability u/s.113	-	(12,321,997)
Tax liability on exports under final tax regime	(1,639,488)	-

17 LONG TERM FINANCE - Secured

17 (a) Mark-up bearing

PARTICULARS	IDBP BF-I	NBP LCY-I	NBP LTF	HBL LCY	MCB LCY	SEPTEMBER 2013	SEPTEMBER 2012
	Rupees						
Opening balance	117,499,000	51,019,182	141,666,669	111,292,000	31,654,194	453,131,045	473,056,355
Interest expense (Refer Note 30.1)	-	5,550,887	-	-	-	5,550,887	5,156,490
	117,499,000	56,570,069	141,666,669	111,292,000	31,654,194	458,681,932	478,212,845
Repaid during the year	-	-	(33,333,332)	-	-	(33,333,332)	(33,333,332)
Effect of remeasurement (Refer Note 29.1)	-	(3,253,373)	-	-	-	(3,253,373)	8,251,532
	117,499,000	53,316,696	108,333,337	111,292,000	31,654,194	422,095,227	453,131,045
Overdue installments	35,249,700	-	-	-	31,654,194	66,903,894	61,028,944
Current portion	11,749,900	-	33,333,332	-	-	45,083,232	45,083,232
Closing liability as at September, 30 2013	70,499,400	53,316,696	75,000,005	111,292,000	-	310,108,101	347,018,869

Significant terms and conditions:

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

17.1 Industrial Development Bank of Pakistan

This represents the liability determined in accordance with rescheduling agreement reached between the Company and I.D.B.P on October 17, 2009. Consequent there to 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. The rescheduling was accepted by the Company under protest and apeal is pending before the court (refer note 22(iii). The Company has not paid the last 8 installments amounting to Rs. 35.2 million as per rescheduling agreement till September 30, 2013 which are overdue.

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.105.125 million (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 11.98% p.a. Accordingly imputed interest cost is taken to profit and loss account for the year ended September 30, 2013 (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 years 2007-2008 and 2008-2009 at markup rate of 3 months KIBOR + 2% on quarterly basis. Repayment of principal amount of loan commenced with effect from 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 equipments of the Company for an amount of Rs. 275,639,140 and Rs. 17,983,360.

- First equitable mortgage over land and building of the Company for an amount of Rs. 275,639,140 and Rs. 17,983,360.

- Personnal 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 @ 7% per annum on Rs. 111.292 (M) till 2019 on quarterly basis . In case of default by the Company in payment of mark up for two consecutives quarters, HBL shall have right to withdraw the settlement package and demand the balance decretal amount of Rs. 327.49 million.

Security

The above finance is secured by way of :

- First charge on entire project assets at Deh Unar, Kazi Ahmed, Taluka Sakrand, Nawabshah, ranking parri passu with other secured creditors.
- Hypothecation of stocks.
- Guarantee of the mill duly supported by resolution of Board of Directors.
- DSCs of Rs 35.5 (M).

17.5 MCB Bank Limited

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

During the year 2009-2010, the Company approached to 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 (refer note 21).

Security

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

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

PARTICULARS	IDBP BF-I	MCB LCY-I	SEPTEMBER 2013	SEPTEMBER 2012
	....	.... Rupees	....	....
Opening balance	6,235,738	7,030,924	13,266,662	11,627,888
Interest Expense (Refer Note 30.1)	678,448	-	678,448	630,244
	6,914,186	7,030,924	13,945,110	12,258,132
Effect of Remeasurement (Refer Note 29.1)	(397,638)	-	(397,638)	1,008,530
Effect in fluctuation in KIBOR				-
	6,516,548	7,030,924	13,547,472	13,266,662
Overdue Installments	-	7,030,924	7,030,924	7,030,924
	6,516,548	**-**	**6,516,548**	**6,235,738**

Significant terms and conditions:

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

17.6 This represents the amount of markup of I.D.B.P. payable after 01.01.2020 in four quarterly installments in terms of the rescheduling agreement with I.D.B.P. as 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, 2013 was 11.98% p.a and such interest expense is taken to profit and loss account (refer note 30).

	Note	2013	2012
		.... Rupees	
18 PROVISION FOR GRATUITY	18.1	**6,519,559**	6,073,510

18.1 Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at September 30, 2012 using the Projected Unit Credit Method.

Principal assumptions

Discount rate	**12% per annum**	12% per annum
Expected rate of eligible salary increase in future years	**12% per annum**	12% per annum

	2013	2012
	.... Rupees	
Changes in defined benefit liability are as follows:		
Opening defined benefit obligation	**6,073,509**	5,924,634
Current service cost	**487,115**	564,183
Interest cost	**716,584**	764,599
Contributions paid	**-**	-
Benefit paid directly by the Company	**(757,652)**	(926,425)
Actuarial losses	**-**	(253,482)
Closing defined benefit obligation	**6,519,556**	6,073,509
Liability for gratuity arose in the following manner:		
Opening net liability	**6,073,509**	5,924,634
Expense for the year	**1,203,699**	1,075,300
Benefit paid	**(757,652)**	(926,425)
Closing net liability	**6,519,556**	6,073,509
Reconciliation of the liability recognized in the balance sheet		
Present value of defined benefit obligations	**6,519,559**	6,519,559
Actuarial gains to be recognized in later periods	**-**	-
Less: Un-recognized transitional liability	**-**	-
Total balance sheet liability	**6,519,559**	6,519,559
Charge to profit and loss account		
Current service cost	**487,115**	564,183
Interest cost	**716,584**	764,599
Actuarial gains	**-**	(253,482)
Total amount chargeable to P&L account	**1,203,699**	1,075,300

	Note	2013	2012
		.... Rupees	

19 TRADE AND OTHER PAYABLES

	Note	2013	2012
Trade payables			
Quality premium	19.1	**56,460,953**	56,460,953
Sugar cane and others		**586,403,868**	372,076,245
		642,864,821	428,537,198
Accrued expenses		**15,467,398**	14,518,248
Other payables			
Advance from customers		**28,462,409**	35,992,776
Sales tax and excise duty payable		**20,966**	13,247,133
Unclaimed dividend		**437,154**	437,154
WWF		**974,557**	974,557
Others		**5,444,325**	4,606,045
		35,339,411	55,257,665
		693,671,630	498,313,111

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 untill uniform formula is developed by the Ministry of Food and Agriculture. However, the Company paid the quality premium for the year falling between the years 2004 to 2013 in addition to minimum cane price level a fixed by the government.

20 SHORT TERM BORROWING- secured

	Note	2013	2012
		.... Rupees	
National Bank of Pakistan			
-Running finance	20.1	**120,456,847**	114,919,171
-Cash finance	20.2	**259,688,000**	300,000,000
		380,144,847	414,919,171
Summit Bank Limited			
-Cash finance	20.3	**-**	5,137,285
		380,144,847	420,056,456

20.1 Running Finance Facility:

Purpose:

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

Mark up rate:

3 months KIBOR + 2% p.a.

Security:

1- First pari passu hypothecation charge over plant, machinery & equipment of the Company with 25% margin.
2- First equitable mortgage over land and building of the Company of PKR 167 million 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:

3 months KIBOR + 2% 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 white refined sugar stocks with 25% margin.
2- Personal Guarantees of the directors of the Company.

21 ACCRUED MARK UP

	2013	2012
	Rupees	
National Bank of Pakistan	**2,268,700**	3,660,349
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	**12,403,212**	16,735,620
Summit Bank Limited	**-**	1,999,364
	37,419,523	45,142,944

22 CONTINGENCIES

i) The Company's suit filed in High Court of Sindh is pending in which it contested 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 preferred appeal against the order before the Collector (Appeal) and later with 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) 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 wrongly charged though not permissible under the law.The Honorable Court has stayed recovery proceedings till further order. Accordingly the Company has not charged markup for the year amounting to Rs. 16.9 million (2012: 16.9 million) and cumulatively mark-up from 01 April, 2010 to 30 Sep, 2013 amounting to Rs. 67.7 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 of Court proceedings on merit of case and this is hence not going to have any effect on these financial statements. Similary the Company is in negotiation with MCB Bank Limited for settlement of liability and a markup of Rs. 38.68 million from year 2001 to 2013 due to the reason that the Company expects to settle the amount at lower than amount as appearing in the books.

iv) The Company is defending the case of Further Tax amounting to Rs.33.172 million under the Sales Tax Act, 1990 pending adjudication before High Court of Sindh. Earlier, the High Court maintained the favourable order of the Sales Tax Appellate Tribunal, Karachi wherein it was decided that the taxpayer companies were not required to charge the impugned Further Tax. Upon appeal of the Collector of Sales Tax, the Honourable Supreme Court of Pakistan has remanded the case back to the High Court. The Company expects that the High Court will maintain its previous favourable order, hence it does not expect any liability to materialised and hence no provision is made.

COMMITMENTS

During the year Company has outstanding unlifted delivery orders of quantity 622 M.Ton (2012: 1,439 M.ton) of Rs. 32 million (2012: Rs. 68.5 million).

	Note	2013	2012
23 SALES - Net		.... **Rupees**	....
Sugar		**2,552,217,749**	2,462,779,125
Less : Brokerage and commission		**(4,884,531)**	(462,830)
		2,547,333,218	2,462,316,295
Molasses		**190,410,000**	184,018,846
		2,737,743,218	2,646,335,141
Less: Export expenses		**(10,781,872)**	-
Less: Taxes		**(166,158,102)**	(182,428,083)
		2,560,803,244	2,463,907,058

24 COST OF GOODS SOLD

	Note	2013	2012
Sugarcane consumed	24.1	**2,311,810,328**	2,254,745,753
Manufacturing expenses	24.2	**238,758,546**	216,382,328
		2,550,568,874	2,471,128,081
Sugar in process			
- opening		**4,288,604**	4,821,704
- closing		**(5,385,343)**	(4,288,604)
		(1,096,739)	533,100
		2,549,472,135	2,471,661,181
Finished goods			
- opening		**420,309,817**	320,449,566
- closing		**(282,911,090)**	(420,309,817)
		137,398,727	(99,860,251)
		2,686,870,862	2,371,800,930
Molasses			
- opening		**7,762,105**	43,829,940
- closing		**-**	(7,762,105)
		7,762,105	36,067,835
		2,694,632,967	2,407,868,765

24.1 This includes quality premium and subsidies for the year amounting to Rs.76 million (2012: Rs.73 million) and Rs. 6.4 million (2012: Rs. 19 million) respectively.

24.2 Manufacturing expenses	Note	2013	2012
		.... **Rupees**	....
Stores and spares consumed		**39,682,134**	37,912,428
Fuel and power		**18,860,413**	18,921,877
Salaries, wages including bonus and staff amenities	24.3.1	**60,981,241**	53,788,745
Repairs and maintenance		**46,564,214**	42,204,972
Vehicle maintenance		**1,045,396**	1,417,103
Insurance		**6,244,885**	6,757,037
Depreciation	5.2	**59,449,374**	50,112,412
Others		**5,930,889**	5,267,754
		238,758,546	216,382,328

24.2.1 This includes Rs. 1,841,000 (2012: Rs. 1,655,734) in respect of contribution to provident fund & gratuity.

25 ADMINISTRATIVE EXPENSES

	Note	2013	2012
		.... Rupees	
Salaries, including bonus and staff amenities	25.2	**59,870,028**	57,115,678
Rent, rates and taxes		**1,041,437**	1,105,214
Insurance		**2,103,432**	2,010,103
Water, gas and electricity		**4,420,853**	4,040,437
Printing and stationery		**1,228,391**	1,117,102
Postage, telephone, telegrams and telex		**2,422,498**	2,343,745
Vehicle maintenance		**7,309,529**	7,700,680
Repairs and maintenance		**433,580**	613,244
Traveling and conveyance		**1,105,535**	763,592
Newspaper, books and periodicals		**74,299**	69,730
Fee and subscription		**457,865**	1,024,129
Legal and professional		**15,599,140**	7,435,341
Auditors' remuneration	25.3	**918,800**	842,075
Entertainment		**2,472,396**	2,954,225
Computer maintenance		**1,025,811**	878,467
Advertisement		**67,500**	33,600
Charity and donation	25.4	**994,584**	238,100
Depreciation	5.2	**23,943,187**	20,017,713
Others		**688,953**	1,467,532
		126,177,818	111,770,707

25.2 This includes Rs. 922,830 (2012: Rs. 992,475) in respect of contribution provident fund and gratuity.

25.3 Auditors' remuneration comprises of :

	2013	2012
	.... Rupees	
Audit fees	**550,000**	550,000
Half yearly review	**200,000**	200,000
Certifications	**50,000**	50,000
Out of pocket expenses	**118,800**	42,075
	918,800	824,320

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

26 DISTRIBUTION COST

	2013	2012
Loading and stacking	**3,829,779**	3,166,474
Sampling charges	**112,288**	165,056
	3,942,067	3,331,530

27 OTHER CHARGES

	2013	2012
Loan processing fees	**34,242**	148,995
Mucaddam charges	**471,500**	522,000
	505,742	670,995

	Note	2013	2012
		.... Rupees	

28 OTHER INCOME

	Note	2013	2012
Profit on PLS account		**24,036**	19,490
Exchange gain in foriegn currency		**213,653**	-
Loss on sale of fixed asset		**(757,557)**	1,218,135
Other		**2,015,269**	29,500
		1,495,401	1,267,125

29 UN-REALIZED GAIN ON AMORTIZATION OF LOANS/INVESTMENTS

	Note	2013	2012
National Bank of Pakistan	17(a) & 29.1	**3,253,373**	(8,251,532)
IDBP	17(b) & 29.1	**397,638**	(1,008,530)
Income on amortization of investment in DSCs	29.2	**12,189,814**	10,869,205
		15,840,825	1,609,143

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

	Note	2013	2012
		.... Rupees	
Mark-up on loans		**76,256,664**	88,923,717
Bank charges		**929,589**	300,870
Interest expense	30.1	**6,229,335**	5,786,734
		83,415,588	95,011,321

30.1 This represents interest expense in respect of amoritzation of loan and frozen mark up liability of NBP and I.D.B.P (refer 17(a) and 17(b)) using effective interest rate @ 11.98%(2012:10.88% p.a).

31 REMUNERATION OF EXECUTIVES

(Amount in Rupees)

PARTICULARS	2013				2012			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Remuneration	6,348,000	11,362,944	4,000,800	21,711,744	6,141,000	11,021,158	3,897,300	21,059,458
Company's contribution to provident fund	-	-	219,980	219,980	-	-	212,162	212,162
Perquisites, benefits and utilities	-	-	-	-	-	-		
Total	6,348,000	11,362,944	4,220,780	21,931,724	6,141,000	11,021,158	4,109,462	21,271,620
No. of Persons	1	6	3	10	1	6	3	10

	2013	2012
	.... Rupees	

32 PLANT CAPACITY AND PRODUCTION

	2013	2012
Installed Production Capacity-Metric ton	**86,400**	86,400
Duration of season-days	**109**	108
Actual production-metric ton	**51,050**	54,575
Actual crushing-days	**101**	103
% of capacity attained	**59%**	63%

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, 2013 was based on the loss attributable to ordinary shareholders of Rs. 345.878 million (2012 : Rs. 134.857 million) and a weighted average number of ordinary shares outstanding of Rs. 22.308 million (2012 : Rs.22.308 million) calculated as follows.

	2013	2012
Net profit/(loss) for the year	**(332,288,572)**	(134,857,797)
Weighted average number of ordinary shares	**22,308,000**	22,308,000
Earning per share	**(14.90)**	(6.05)

34 CASH AND CASH EQUIVALENTS

	2013	2012
Short term borrowing - Secured	**(380,144,847)**	(420,056,456)
Cash and bank balances	**4,959,712**	5,395,650
	(375,185,135)	(414,660,806)

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:

2013 (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	-	-	238,448	-	238,448
Trade debts	-	-	185,003,492	-	185,003,492
Other receivables	-	-	-	-	-
Cash and bank balances	791,793	-	4,167,919	-	4,959,712
	791,793	70,500,000	189,409,859	-	260,701,652
FINANCIAL LIABILITIES					
At amortized cost					
Long term loans	111,987,126	310,108,101	7,030,924	6,516,548	435,642,699
Trade and other payables	-	-	485,015,978	-	485,015,978
Mark up accured on loans	-	-	37,419,523	-	37,419,523
	111,987,126	310,108,101	529,466,425	6,516,548	958,078,200

2012 (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	-	-	145,276	-	145,276
Trade debts	-	-	184,808,682	-	184,808,682
Other receivables	-	-	3,678,714	-	3,678,714
Cash and bank balances	791,793	-	4,603,857	-	5,395,650
	791,793	70,500,000	193,236,529	-	264,528,322
FINANCIAL LIABILITIES					
At amortized cost					
Long term loans	106,112,176	347,018,869	7,030,924	6,235,738	466,397,707
Trade and other payables	-	-	485,065,978	-	485,065,978
Mark up accured on loans	-	-	45,142,944	-	45,142,944
	106,112,176	347,018,869	537,239,846	6,235,738	996,606,629

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:

	2013	2012
	.... Rupees	
Long term loans	238,448	145,276
Trade debts - unsecured	185,003,492	184,808,682
Trade deposits and short term prepayments	-	3,678,714
Cash and bank balances	4,959,712	5,395,650
	190,201,652	194,028,322

36.1.1 Impairment losses

The aging of financial assets at the reporting date was:

	2013		2012	
	Gross value	Impairment	Gross value	Impairment
	--------------------Rupees--------------------			
Not past due	-	-	-	-
Past due < 1 year	-	-		-
Past due 1 year to 2 years	-	-	184,299,082	-
More than 2 years	184,299,082	-	-	-
More than 3 years	509,600	509,600	509,600	509,600
Total	184,808,682	509,600	184,808,682	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 Sept 30, 2013 based on contractual undiscounted payment dates and present market interest rate:

	2013			
	Carrying amount	Contractual cash flows	Twelve months or less	Two to five years
	----------Rupees----------			
Non-Derivative Financial liabilities				
Long term financing	435,642,699	404,826,745	215,246,852	189,579,893
Trade and other payables	693,650,664	693,650,664	693,650,664	-
Accrued mark-up	37,419,523	37,419,523	37,419,523	-
	1,166,712,886	1,135,896,932	946,317,039	189,579,893

	2012			
	Carrying amount	Contractual cash flows	Twelve months or less	Two to five years
	----------Rupees----------			
Non-Derivative Financial liabilities				
Long term financing	466,397,707	451,776,598	200,268,373	251,508,225
Trade and other payables	485,065,978	485,065,978	485,065,978	-
Accrued mark-up	45,142,944	45,142,944	45,142,944	-
	996,606,629	981,985,520	730,477,295	251,508,225

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, 2013 as no balances existed at the said date 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
2013		
Pak Rupee	100	7,452,875
2012		
Pak Rupee	100	8,159,542

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. As at the balance sheet date the Company is not exposed to foreign currency risk as there is no receivable / payable or commitment other than local currency.

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, 2013 and 2012 were as follows:

	2013	2012
	.... Rupees	....
Long term finance	**316,624,649**	353,254,607
Total debt	**316,624,649**	353,254,607
Less: Cash and bank balances	**4,959,712**	5,395,650
Net debt	**311,664,937**	347,858,957
Total equity	**(346,383,570)**	(64,323,942)
Total capital	**(34,718,633)**	283,535,015
Gearing ratio	**-11%**	82%

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 were considered, gearing ratio would have improved to 43% (2012:47%).

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

40 MOVEMENT IN WORKING CAPITAL

	2013	2012
	.... Rupees	
(INCREASE)/DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	5,178,961	(3,787,256)
Stock in trade	144,064,093	(63,259,316)
Trade debts	(194,810)	37,848,540
Loans and advances	6,784,485	(2,939,581)
Prepayments and other receivables	9,103,942	(8,064,628)
	164,936,671	(40,202,241)
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Trade and other payables	195,358,519	26,823,412
	360,295,190	(13,378,829)

41 PRIOR YEAR ADJUSTMENT

Following balances have been restated or rearranged/reclassified as the case may be, to the comparative figures for the year ended September 30, 2012:

Effects on Balance Sheet

	Note	As at September 30, 2012		
		As previously reported	As Restated	Difference
		----------------Rupees----------------		
Surplus on revaluation (net)	15	781,461,781	778,788,664	2,673,117
Deffered taxation	15 & 16	302,228,665	300,789,294	1,439,371
Other comprehensive income		(99,165,182)	(95,052,694)	(4,112,488)

In respect of impairment charged to factory building amounting to Rs. 4 million, surplus on revaluation - net was overstated by Rs. 2.6 million amount and deffered tax on surplus was also overstated by the Rs. 1.4 Million.

	2013	2012
	----- Number -----	
42 NUMBER OF EMPLOYEES		
Total employees during the year	**192**	190
Average number of employees during the year	**192**	190
	------- Rupees -------	
43 DISCLOSURES RELATING TO PROVIDENT FUND		
(i) Size of the fund	**56,555,400**	49,058,334
(ii) Cost of investment made	**41,992,000**	34,496,000
(iii) Percentage of investments made	**96.7%**	102.3%
(iv) Fair value of investments	**54,710,232**	50,206,306
Breakup of investment - at fair value		
- Investment in mutual funds	**18,500,000**	24,500,000
- Investment in certificates	**23,492,000**	9,996,000
	41,992,000	34,496,000
	----- Percentage -----	
- Investment in mutual funds	**44.1%**	71.0%
- Investment in certificates	**55.9%**	29.0%
	100%	100%

43 DISCLOSURES RELATING TO PROVIDENT FUND

These figures are based on the audited financial statements of the provident fund as at June 30, 2013. Investments are made out of the fund in accordance with section 227 of the Companies Ordinance, 1984 and Employees' Provident Fund Rules, 1996.

44 DATE OF AUTHORIZATION

The financial statements were authorized for issue on January 04, 2014 by the Board of directors of the Company.

45 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	2013	2012	2011	2010	2009	2008	2007
		(Rs. in 000)					
Sales	2,560,803	2,463,907	3,125,044	3,193,219	920,514	1,287,136	989,035
Gross (loss) / profit	(133,830)	56,038	41,208	217,471	17,067	48,056	(37,631)
Operating (loss) / profit	(263,949)	(59,064)	(61,978)	126,643	(42,109)	7,699	(77,890)
Profit/ (loss) before taxation	(330,535)	(151,870)	(133,211)	47,753	491,664	(30,736)	(117,215)
Profit/(loss) after taxation	(332,289)	(134,858)	(148,545)	46,405	394,754	(30,736)	(122,166)
Accumulated loss for the year	(569,464)	(291,516)	(192,351)	(76,324)	(157,609)	(732,996)	(530,534)

OPERATING RESULTS	2013	2012	2011	2010	2009	2008	2007
Sugarcane crushed (tonnes)	516,227	559,968	615,017	543,353	330,553	805,388	496,251
Sugar recovery (%)	9.89	9.75	8.66	9.155	8.3250	8.5056	8.002
Sugar produced (tonnes)	51,050	54,575	53,250	49,702	27,555	68,440	39,715
Molasses recovery (%)	4.322	4.251	4.193	4.563	5.035	5.380	5.058
Molasses produced (tonnes)	22,306	23,800	25,766	23,625	15,850	43,298	25,105
Operating period (days)	109	108	149	107	100	144	131

ASSETS EMPLOYEED	2013	2012	2011	2010	2009	2008	2007
		(Rs. in 000)					
Fixed capital expenditure	1,568,312	1,641,428	1,177,285	1,225,657	1,240,080	612,759	645,048
Long term loans and deposits	1,830	1,665	783	812	875	857	870
Investments	112,517	100,328	89,458	79,766	36,063	-	-
Current assets	553,704	707,817	674,273	484,621	394,297	427,073	170,942
Total assets employed	2,236,364	2,451,238	1,941,800	1,790,855	1,671,315	1,040,689	816,860

FINANCED BY	2013	2012	2011	2010	2009	2008	2007
		(Rs. in 000)					
Shareholders' equity	(346,384)	(68,436)	30,729	146,756	65,471	(338,189)	(307,454)
Revaluation on fixed assets	745,636	781,462	411,440	432,577	455,249	-	-
Long term liabilities	316,625	353,255	383,291	422,473	257,964	276,305	380,912
Deferred liabilities	290,231	308,302	220,848	248,930	291,329	4,774	3,918
Current liabilities	1,230,254	1,076,656	895,491	540,120	601,302	1,097,799	739,485
Total funds invested	2,236,364	2,451,238	1,941,799	1,790,856	1,671,315	1,040,689	816,861

Break-up value per share (Rupees)	(15.53)	(3.07)	1.38	6.58	2.93	(15.16)	(13.78)
Earning per share (Rupees)	(14.90)	(6.05)	(6.66)	2.08	17.70	(1.38)	(5.48)

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 25th Annual General Meeting of the Company to be held on January 31, 2014 and at any adjournment thereof.

Signed ______________________________________ day of 2014.

RUPEES FIVE
REVENUE STAMP

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

NOTE :

1. This form of proxy duly completed and signed, must be depostied at Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to instrument.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.