MEHRAN SUGAR MILLS LIMITED
Annual Reports 2003

VISION STATEMENT

Focusing on customers' and shareholders[1] satisfaction with challenging spirit and flexibility, we are dedicated to have eminent position in manufacturing and supplying quality white refined sugar and allied products and thereby play a vital role in the socio-economic development of the country.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Mohammed Kasim Hasham	Chairman
Mr. Mohammed Ebrahim Hasham	Chief Executive Officer
Mr. Mohammed Hussain Hasham	
Mr. Khurram Kasim	
Mr. Ahmed Ebrahim Hasham	
Mr. Abdul Razzaq Usman	
Mr. Mohammed Iqbal	
Mr. Rao Mohammed All	
Mr. Ghulam Yasin (ICP)	

Audit Committee

Mr, Mohammed Kasim Hasham	Chairman
Mr. Mohammed Hussain Hasham	
Mr. Ahmed Ebrahim Hasham	

Company Secretary &
Chief Financial Officer
Mr. Roop Chand Panjwani, ACA

Auditors
M/s. Gangat & Company
Chartered Accountants

Cost Auditor
M/s. Haroon Zakaria & Company
Chartered Accountants

Legal Advisor
Sayeed & Sayeed
Advocates & Legal Consultants

Bankers
Muslim Commercial Bank Limited
Bank Alfalah Limited
Habib Bank AG Zurich
Bank Al-Habib Limited
PICIC Commercial Bank Limited

Registered Office
Adamjee House, 8th Floor,
I.I. Chundrigar Road, Karachi
Tel : (92-21) 2417131-4
Fax :(92-21)2416477
E-mail : msm@mehransugar.com
URL : www.mehransugar.com

Mills
Tando Allahyar, Distt. Hyderabad, Sindh
Tel : (92-223 1) 890856, 890407, 89 1 984
Fax : (92-223 1)890568
E-mail : msmtda@yahoo.com

CORPORATE MISSION

PREAMBLE

We the management of Enterprise, have set forth our belief as to the purpose for which the Company is established and the principles under which it should operate.

We pledge our efforts to the accomplishment of the purpose within the agreed principles.

BASIC PURPOSE

The basic purpose of Enterprise is to perpetuate as a Public Limited Company engaged in manufacturing and marketing white refined cane sugar, food products, sugar by products and other products wherein management or sponsors have expertise. In addition we preserve to assume a leadership position in related industry regarding: quality of the product, cost effectiveness, turnover and technology.

WHAT WE DO

Our main business area is the production of refined cane sugar and sugar by-products. We recognize the value of technological improvement keep in step with the latest innovations and developments in our field. We believe in modern management practice and use latest techniques. We constantly train our people and keep them highly motivated as they are our most important assets. We strongly believe in integrity in business and integrity of Mehran depends on integrity of each one of its employees. We consider our farmers who are our raw material suppliers as the most important

part of our business

By continuously striving, we aim to generate earnings sufficient to ensure a secure future for the company and to protect and increase shareholder investment,

CORPORATE PROFILE

DATE OF INCORPORATION	December 22, 1965
DATE OF COMMENCEMENT OF BUSINESS	March 19, 1966
START OF PRODUCTION AT TAN DO ALLAH YAR	January 1969
DATE OF BMR & EXPANSION	1993-1994
INSTALLED CAPACITY	7,000 Tons cane crushing per day
TOTAL LAND AREA	1 1 8 Acres

PERMANENT EMPLOYEES	Officers: 57 Workers: 315
OFFICES	
HEAD OFFICE	Karachi
FACTORY	Tando Allahyar - 40 Km from Hyderabad
FACILITIES AT THE MSM STAFF COLONY HOUSING	96 Family Homes for Executives and Workers
POPULATION OF THE STAFF COLONY	Approximately 381
CHILDREN AT THE DAWOOD MEMORIAL SCHOOL	305
OTHER FACILITIES	- Mosque - Clinic with Ambulance - Dawood Memorial School for children of MSM employees as well as children of near-by towns - Recreation centres for Executives, Workers and Ladies with Indoor Games, TV, Videos, Dish Antennas, and other facilities - Cricket ground, Tennis court, Park and Rose garden - School bus for pick and drop services to school and college - Private Electric Generator for uninterrupted power supply - Clean water supply with UV filters - Transport facility for city & adjoining areas

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 38th Annual General Meeting of the Company will be held on Saturday, January 31, 2004 at 11:00 a. m. at ICAP Auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of the 37th Annual General Meeting held on January 28, 2003;

2. To receive, approve and adopt the Audited Financial Statements of the Company for the year ended September 30, 2003 together with the Directors' and Auditors' Reports thereon;

3. To appoint Auditors for the year ending September 30, 2004 and fix their remuneration. The present Auditors M/s. Gangat & Co., Chartered Accountants stand retired as they have completed five years of statutory audits. The clause xli of the Code of Corporate Governance requires that all listed companies are required to change their external auditors every five years. Hence, the Board of Directors based on the recommendations of the Audit Committee has recommended and further a shareholder has proposed that M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants be appointed as Auditors

of the Company for the year ending September 30, 2004 in place of the retiring auditors.

Special Business

4. To consider and if thought fit, to pass the following resolution as a special resolution under section 208 of the Companies Ordinance, 1984 (the Ordinance):

"IT IS HEREBY RESOLVED THAT:

(a) The consent and approval of the Company be and is hereby accorded under section 208 of the ordinance for making investment of Rs. 48,000,000 (Rupees forty eight million only) through purchase of ordinary shares of the said value of an associated undertaking of the Company M/s. Unicol Limited, a public unquoted company.

(b) The Chief Executive Officer of the Company be and is hereby authorized to singly do all acts deeds, and things and take any or all necessary actions to purchase/acquire/subscribe to the ordinary shares of M/s. Unicol Limit as he thinks fit on behalf of the Company."

5. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Roop Chand Panjwani

Company Secretary
Karachi: January 07, 2004

Notes

1. The share transfer books of the Company will remain close from January 24, 2004 to January 31, 2004, (both days inclusive) and no transfers will be registered during that period.

2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her behalf. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the time of the meeting.

3. The Shareholders whose shares are registered in their account/sub-account with the Central Depository System (CDS) are requested to bring NIC alongwith their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders the guide lines as contained in SECP's circular 1 of 26th January, 2000 to be followed.

4. The Shareholders are requested to notify the Company immediately the change in their address, if any.

5. The shareholders are also requested to intimate us their NIC # to implement the requirements of Annual Returns (Form A) which the company is required to file with the SECP u/s. 156 of the Companies Ordinance, 1984.

6. A statement under section 160 (1) (b) of the Ordinance pertaining to the special business is being sent to the members along with notice of the meeting.

Statement as required u/s 160(l)(b) of the Companies
Ordinance, 1984

The Board of Directors has proposed to invest a sum of Rs.48 million through purchase of ordinary shares of M/s. Unicol Limited, an associated undertaking. As required u/s 160(l)(b)of the Companies Ordinance, 1984, the material facts in respect of M/s. Unicol Limited (the company) are as under:

The company was incorporated on 25th November 2003 as a public unquoted company with an authorized capital of Rs.300 million divided into 30 million shares of Rs.10/- each. The issued, subscribed and paid-up capital would be Rs.144 million.

The Directors of the company are as follows:

Mr. Aslam Faruque - Chairman

Mr. Tariq Faruque

Mr. Khurram Kasim

Mr. Ahmed Ebrahim Hasham

Mr. Jahangir Adam

Mr. Anis Dhanji

The company is setting up a Distillery Plant to produce 100,000 liters Ethanol per day. The estimated cost of the project is Rs.360 million including the cost of imported plant and machinery. The company is in the process to acquire 30 acres of land in Mirpurkhas for Rs.2.6 million for setting up the Plant.

The management of the company is in process of negotiating with various banks and financial institutions for financial assistance to the tune of Rs.216 million, maintaining the debt equity ratio at 60:40.

Letters of credit for import of plant, machinery and equipment required for the project will be established soon.

The directors are interested to the extent of the shares to be held by them in the company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Mehran Shareholders,

The Directors of the Company have pleasure in presenting the 38th Annual Report of the Company for the year ended September 30, 2003 together with the Audited Financial Statements and Auditors' Report thereon.

ECONOMY

The GDP growth is targeted at 5.3% against 3.6% actual during the last year; targeted growth in the agriculture and large-scale manufacturing is 4.2% and 8.8% respectively. The growth in sugar cane crop was 7.6%, rice 8.9% and wheat 13.2%. The country's exports have crossed an all time high of US$ 11 billion a year and the currently country has foreign exchange reserves of more than US$ 12 billion, which are sufficient for the next twelve months imports.

SUGAR INDUSTRY

The year under review was another tough year for the sugar industry, especially in Sindh. The season started with a large carry-over sugar stock. The bumper cane crop during the year under review created a further surplus of sugar in the country as the industry produced 3.7 million tones of sugar. Because of this, the sugar market remained depressed throughout the year. Despite the repeated recommendation by the Pakistan Sugar Mills Association (PSMA) to the government to arrange for export of 600,000 tones of sugar, the government remained undeterred and allowed only 100,000 tones export through the Trading Corporation of Pakistan (TCP). This quantum of export was inadequate in view of the unmanageable glut in the market caused by surplus stock; thus depressing the sugar prices. During the year under review, the average selling price of molasses also remained significantly lower than that of the previous year.

COMPANY PERFORMANCE

Due to ample supply of sugarcane, your Company was able to procure raw material at the government-notified price. The situation also allowed consistent crushing and your Company was able to crush 56% more cane as compared to last year. Out of 100,000 tones of sugar supplied by industry to TCP for export, your Company's share was 2,232 tones.

A brief summary of operationai results is given hereunder:

	2002-03	2001-02
Season started	18-12-2002	10-11-2001
Season closed	14-04-2003	01-03-2002
Duration of season - Days	118	112
Cane crushed - M.Tons	635,388	406,983
Avg. crushing per day - M.Tons	5,385	3,634
Average sucrose recovery - %	9	9
Sugar production - M.Tons	57,296	36,504
Molasses production - M.Tons	34.645	21,860

FINANCIAL RESULTS

Our shareholders would appreciate that in spite of depressed prices of sugar and molasses, our financial results are better than that of the corresponding year. This has been mainly due to high level of production and decreased financial charges.

	2003	2002
	Rupees	Rupees
Loss before taxation	-2,092,976	-99,291,038
Taxation	-14,875,122	-4,293,593
Loss after taxation before extraordinary item	-16,968,098	-103,584,631
Extraordinary item	7,965,701	-

Loss after extraordinary item	-9,002,397	-103,584,631
Unappropriated (loss)/profit brought forward	-92,653,483	10,931,148
Unappropriated loss carried to loss balance sheet	-101,655,880	-92,653,483

Loss per ordinary share for the year under review is Re.0.91 per share as compared to Rs.10.52 per share in the previous year.

FUTURE OUTLOOK

Season 2003-04 is another bumper sugarcane crop and the industry expects its highest ever sugar production. The management believes that in view of the ample availability of sugarcane, there will be no price competition amongst sugar mills. Consequently, there will be higher capacity utilization and reduction in processing cost of sugar.

The problem however lies in the marketing of sugar. Sugar prices have hit a five-year low and in Sindh have broken the psychological barrier of Rs.l6/kg ex-mill. The government has taken some steps to export sugar through TCP, but no improvement can be expected unless at least 500,000 tones sugar is exported from the country. It is important to realize that the company's bottom line will depend upon the sugar market.

It is however, appreciated on the part of the Sindh Government that for bringing uniformity in sugarcane price throughout the country, the government took a timely decision by reducing sugarcane price from Rs.43/40 kg to Rs. 41/40 kg for the crushing season 2003-04, which is expected to provide some relief to the Sindh sugar industry.

CONTRIBUTION TOWARDS NATIONAL EXCHEQUER

The contribution of our industry directly effects the rural sector of the country as the cane rate proceeds goes directly in the hands of the farmers. During the year under review, we as a Company have made our humble contribution towards the national exchequer by paying Rs.146 million in the form of Federal, Provincial and local taxes ana levies. During the last ten years, the Company has paid Rs.1.134 billion.

HUMAN RESOURCE

The employees and customers of the Company are our primary and most valuable asset. Our people continuously endeavor to provide best value to the customer. To achieve this, we are continuously emphasizing on Human Resource Development through policies such as Performance Management Systems, Internship Induction Schemes, Employee of the Quarter Achievement Award as well as an enhanced and improved Training & Development plan.

With due efforts to increase productivity, the Company has been constantly restructuring its workforce. The number of permanent workers has been reduced from 503 in the year 1997 to 307 as at September 30, 2003. During the year under review, your Company gave golden handshake to 85 workers, which cost Rs.8.241 million to the Company.

EDUCATION

The Company is participating in social development program for upliftment of educational standards through "Literate Pakistan" to induct literacy in the workforce.

Hasham Institute of Technology (HIT) is a part of the Company and is located within the Mills premises at Tando Allahyar. It educates and trains sugar engineers, technologists, managers and farmers thus contributing towards creating specialized human resource for the sugar industry. Since its inception in the year 1998, HIT has arranged 38 seminars and training programs on different topics. Approximately 1,200 participants have benefited from these programs.

Further Dawood Memorial School (DMS) offers state of art education to the children of Mil! workers as well as to those from the town of Tando Allahyar and its surrounding villages. Classes are from Nursery to Class VI; one class upward is being added annually. Students are encouraged to take part in curricular and extra curricular activities to use computers, library and audio visual aids and to participate in sports. Presently 305 students are enrolled in the school.

STAFF RETIREMENT BENEFITS

The Company is operating a Provident Fund Scheme. The value of the fund as at September 30, 2003 was Rs.36.547 million

The Company has an unfunded gratuity scheme. The Company has adopted the revised IAS 19 and an actuarial valuation has been carried out as at September 30, 2003. It resulted in a transitional asset of R?.2.754 million that has been recognized in the financial statements for the year ended September 30, 2003.

BOARD OF DIRECTORS

The Board of Directors consists of nine members, comprising of four non-executive Directors (including the Chairman), four executive Directors and one independent Director representing institutional equity interest. The Board of Directors is responsible for independently and transparently monitoring the performance of the Company and taking strategic decisions to achieve sustainable growth in the Company's value.

BOARD MEETINGS

Written notices of the Board meetings were sent to the members seven days before the meetings. During the year under review, a total of four meetings of the Board were convened and the attendance of the members was as follows:

Sr. #	Name of Directors	Meetings attended
1 .	Mr. Mohammed Kasim Hasham	3
2.	Mr.Mohammed Ebrahim Hasham	4
3.	Mr.Mohammed Hussain Hasham	2
4.	Mr.Khurram Kasim	3
5.	Mr.Ahmed Ebrahim Hasham	4
6.	Mr.Al Malik Khoja (Resigned on 02-06-2003)	2
7.	Mr.Gul Nawaz (Resigned on 29-01-2003)	-
3.	Mr.Ghulam Yasin	3
9.	A.Ghani A.Sattar (Expired on 1 9-08-2003)	2

10.	Mr.Mohammad Iqbal (Appointed on 30-06-2003)	1
1 1 .	Mr.Abdul Razzaq Usman (Appointed on 30-06-2003)	1
1 2.	Mr.Rao Mohammad All (Appointed on 1 6-09-2003)	-

The leave of absence was granted to Directors who could not attend some of the meetings due to their absence from the country or ill health.

AUDIT COMMITTEE

Audit Committee (AC) of the Company comprises of two non-executive Directors (including the Chairman) and one executive Director. During the year under review, Mr. Ahmed Ebrahim, Director has replaced Mr. Mohammed Ebrahim Hasham, Chief Executive Officer as new member of the (AC). A total of five meetings of AC were held since the last AGM. It includes meeting with external auditors before start of annual audit and a meeting with external auditors without CFO and heaa of internal audit being present.

INVESTMENT IN M/S. UNICOL LIMITED

Subject to the approval of the shareholders in Annual General Meeting, the Board has recommended an equity investment of Rs. 48 million in M/s. Unicol Limited, a public unquoted company. The company is setting up a distillery plant for production of Ethanol with a capacity of 100,000 liters per day. The estimated cost of the project is Rs.360 million including the cost of imported plant and machinery. The directors are interested to the extent of the shares to be held by them in the new company.

AUDITORS

The present Auditors M/s. Gangat & Company, Chartered Accountants stand retired as they have completed five years of statutory audits. Regulation xli of the Code of Corporate Governance requires that all listed companies are required to change their external auditors, every five years. Hence the Board of Directors based on the recommendations of the Audit Committee have recommended and a shareholder has also proposed that M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants be appointed as Auditors of the Company for the year ending September 30, 2004 in place of the retiring Auditors.

COST AUDITOR

During the year under review, the Company's cost accounts were also subject to cost audit under the Companies (Audit of Cost Accounts) Rules, 1998. Last year, the cost audit was performed by M/s. Haroon Zakaria & Company, Chartered Accountants, who were recommended for appointment by the Board and duly approved by the Securities and Exchange Commission of Pakistan (SECP). The Company has filed an application with SECP for seeking its approval for appointment of the same firm as Cost Auditor for the year ended September 30, 2003. The approval has not been received by the Company till the writing of this report.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

As required by the Code of Corporate Governance, your Directors are pleased to report that:

i) The financial statements, prepared by the management of the Mehran Sugar Mills Limited, present fairly its state of affairs, the result of its operation, cash flows and changes in equity;

ii) The Company has maintained proper books of accounts as required under the law;

iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;

iv) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements for the year ended September 30, 2003;

v) The system of internal control is sound in design and has been effectively implemented and monitored;

vi) There are no significant doubts upon the Company's ability to continue as a going concern;

vii) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

viii) The sun unary of kev operating and financial data for last six years is annexed;

ix) No issue of dividend or bonus shares has been recommended by the Board in consideration of the loss sustained by the Company during the year under review as well as accumulated brought forward losses because dividend can only be paid out of the profits of the Company as required u/s 249 of the Companies Ordinance, 1984; and

x) The Company operates a contributory recognised Provident Fund. The Accounts of Fund are audited annually by a firm of Chartered Accountants. The value of investments held by the trustees of the Fund as at September 30, 2003 was Rs. 36.547 million.

xi) Trading of shares: The summary of the shares of the Company traded by its Directors, CFO, CFO, Company Secretary and their spouses and minor children during the year under review is as follows:

	No. of Shares bought
Mr. Mohammed Kasim Hasham, Chairman	506,100
Mr. Mohammed Ebrahim Hasham, CEO	506,100
Mr. Mohammed Hussain Hasham, Director	506,100
Mr. Khurram Kasim, Director	506,100
Mr. Ahmed Ebrahim Hasham, Director	506,097
Mr. Mohammad Iqbal, Director	2,500
Mr. Abdul Razzaq Usman, Director	2,500
Mr. Rao Mohammad All Director	2,500

OBITUARY

The Directors express their deep sense of grief on the sad demise of Mr. A.Ghani A.Sattar (Mithoo Bhai), Director on August 19th, 2003. While appreciating his valuable services rendered to the Company, the Directors sincerely condole his death and pray for the eternal peace of the departed soul and forbearance by the members of his family for the irreparable loss suffered by them.

SIX YEARS' REVIEW AT A GLANCE

The six years' review at a glance is annexed on page # 15.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings on September 30, 2003 is annexed on page # 41.

SUBSEQUENT EVENTS

No material changes or commitments affecting the operational/ financial position of th Company have taken place between September 30,2003 and the date of this report.

ACKNOWLEDGMENT

The Board of Directors appreciates the devotion and efforts of the workers, staff and executive and anticipates that in future as well they will contribute towards the enhancement of th productivity and well being of the Company with greater zeal and spirit.

The Board further extends its gratitude to the government functionaries, associations, bankir and financial institutions, shareholders and suppliers for the valued support and co-operatic extended by them for the betterment and prosperity of the Company.

For and on behalf of the Board of Directors

Mohammed Kasim Hasham — Chairman

Mohammed Ebrahim Hasham — Chief Executive Officer

Karachi: January 07, 2004

SIX YEARS' REVIEW AT A GLANCE

YEAR	2003	2002	2001	2000	1999	1998
Operations						
Sugarcane crushed-M.T.	635,388	406,983	543,588	437,621	701,628	568,225
Sugar produced-M.T.	57,296	36,504	*6 1,944	40,765	63,589	57,117
Average sucrose recovery-%	9	9	9.2	9.3	9.08	• 10.06
Crushing days	118	112	132	109	142	137
	Rupees in million					
Profit and Loss Account Turnover	767.63	682.373	1,085.77	663.11	1,014.99	852.092
Gross profit /(loss)	44.394	-40.081	94.306	74.56	1 35.864	78.653
Operating profit / (loss)	-2.093	-101.42	24.948	13.721	52.538	5.513
Earnings per share	-0.91	00.520)	2.2	1.57	4.75	-0.08
Dividend including bonus shares	-	-	12.305	9.844	19.688	-
Balance Sheet	Rupees in million					
Share capital	98.437	98.437	98.437	98.437	98.437	98.437
Reserves	46.625	55.628	159.212	149.849	144.206	117.113
Shareholders' equity	145.062	154.065	257.649	248.286	242.643	215.55
Break-up value per share	14.74	15.65	26.17	25.22	24.65	21.9
Property, plant and equipment	349.627	375.492	389.23	401.571	397.044	404.034
Current Assets	277.32	193.182	273.884	114.768	103.409	131.765
Current Liabilities	326.844	244.961	267.096	154.764	231.974	296.794
Long term liabilities	222.386	213.159	180.879	158.821	72.641	68.336
Total assets employed	363.55	366.225	438.529	407.182	398.211	283.887

	M.Tons
*Refined sugar from cane	50,008
Refined sugar from raw sugar	11,936
Total	61,944

STATEMENT OF VALUE ADDED

	2003 Rupees	%age
WEALTH GENERATED		
Net Revenue	895,145,510	
Expenses (excluding duties)	-645,520,969	
	249,624,541	100
WEALTH DISTRIBUTED		
To Government		
Sales Tax, Income Tax, Road Cess, Market Committee Fee	149,067,009	60
To Employees		
Salaries, benefits and related cost	62,634,933	25
To Providers of capital		
Markup on borrowed funds	17,172,502	7
Retained with the business		
Depreciation	29,752,494	
Retained loss	-9,002,397	
	20,750,097	8
	249,624,541	100

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED SEPTEMBER 30, 2003

The statement is being presented to comply with the Code of Corporate Governance embodied in the listing regulations of Karachi Stock Exchange for the purpose of establishing a frame work 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 Code in the following manner:

1. The Board of Directors consists of a Chairman, four executive Directors and four non-executive Directors. All the Directors take keen interest in the Company's affairs.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.

3. All the Directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to banking company, DPI or NBFI, or being a member stock exchange, has been declared as a defaulter by that stock exchange,

4. Mr. Al-Malik Khoja and Kh. Mansoor Mukhtar Shah resigned from the Board on June 02, 2003. In their place Mr.Mohammed Iqbal and Mr. Abdul Razzaq Usman were appointed as Directors on June 30, 2003. Mr. A. Ghani A. Sattar expired on August 19, 2003 and Mr. Rao Mohammed Ali was appointed as director on September 16, 2003 in his place to fill up casual vacancy.

5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the Directors and employees of the Company.

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

7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other Executive Directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged necessary orientation courses for its Directors to apprise them of their duties and responsibilities.

10. The CEO under the powers delegated by Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary, and Head of Internal Audit. Their remuneration, terms and conditions of employment have also been approved by the CEO.

11. The Directors' Report for the year ended September 30, 2003 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-Executives Directors including the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of references of the Committee have been formed and advised to Committee for compliance.

17. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

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

19. 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.

20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the
Board of Directors

Mohammed Ebrahim Hasham

Karachi: January 07, 2004 Chief Executive Officer

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

We hove reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Mehran Sugar Mills Limited, to comply with the Listing Regulation No. 37 of Karachi Stock Exchange 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.

Aspart of our audit of finance statements we are requested to obtain an ndersanding of the accounting

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

Based on our review 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.

Gangat & Company

Chartered Accountants
Karachi: January 07, 2004

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of MEHRAN SUGAR MILLS LIMITED as at September 30, 2003 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that -

a) in our opinion, proper books of 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 year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2003 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion we draw attention of the members towards the fact that recovery of amount in respect of Thatta Sugar Mills Limited depends on outcome of the case. The management is hopeful (as disclosed in Note 5.1) that full amount will be recovered and no provision is required there against.

Gangat & Company

Chartered Accountants

Karachi: January 07, 2004

BALANCE SHEET

AS AT SEPTEMBER 30, 2003

	Note	2003 Rupees	2002 Rupees
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	3	349,626,541	375,492,119
Capital work-in-progress	4	15,049,615	-
		364,676,156	375,492,119
Long term investments	5	42,510,996	42,510,996
Long term deposits and deferred cost	6	5,886,382	392,400
CURRENT ASSETS			
Stores, spares, packing material and lubricants	7	25,741,329	30,760,416
Stock-in-trade	8	152,612,493	81,700,644
Trade debts	9	33,467,695	27,682,355
Loans, advances, deposits, prepayment"			
and other receivables	10	61,579,086	48,638,287
Cash and bank balances	11	3,919,630	4,008,304
		277,320,233	192,790,006

TOTAL ASSETS		690,393,767	611,185,521
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
50,000,000 (2002: 50,000,000)			
ordinary shares of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	12	98,437,500	98,437,500
Capital reseive - Share premium		63,281,250	63,281,250
General reserve		85,000,000	85,000,000
Unappropriated loss		-101,655,880	-92,653,483
		145,062,870	154,065,267
NON-CURRENT LIABILITIES			
Subordinated loans - unsecured	13	69,000,000	i
Redeemable capital	14	-	7,040,182
Long term loans - unsecured	15	-	65,676,008
Deferred liabilities	16	149,487,241	139,443,362
		218,487,241	212,159,552
CURRENT LIABILITIES			
Current portion of redeemable capital	14	.	5,280,133
Current portion of long term loans - unsecured	15	-	39,951,886
Short term finances - secured	17	94,055,969	91,895,601
Creditors, accrued and other liabilities	18	215,722,641	94,464,900 ,
Provision for taxation		13,553,332'	9,465,332
Unclaimed dividend		3,511,714	3,902,850
		326,843,656	244,960,702
CONTINGENCIES AND COMMITMENTS	19	-	-
TOTAL EQUITY AND LIABILITIES		690,393,767	611,185,521

The annexed notes from 1 to 41 form an integral part of these financial statements.

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Note	2003 Rupees	2002 Rupees
SALES	20	767,630,066	682,372,776
COST OF GOODS SOLD	21	723,236,289	722,453,797
GROSS PROFIT/(LOSS)		44,393,777	-40,081,021
Other income	22	1,665,664	2,405,323
		46,059,441	-37,675,698
Administrative expenses	23	28,166,572	27,169,222
Selling expenses	24	2,273,920	1,182,646
Other charges	25	539,423	276,275
		30,979,915	28,628,143
OPERATING PROFIT/(LOSS)		15,079,526	-66,303,841
Financial charges	26	17,172,502	32,987,197
LOSS BEFORE TAXATION		-2,092,976	-99,291,038
Taxation	27	-14,875,122	-4,293,593
LOSS AFTER TAXATION BEFORE EXTRAORDINARY ITEM		-16,968,098	-103,584,631
Extraordinary item - liabilities written back	28	7,965,701	-
LOSS AFTER TAXATION AND EXTRAORDINARY ITEM		-9,002,397	-103,584,631
Unappropriated (loss)/profit brought forward		-92,653,483	10,931,148
UNAPPROPRIATED LOSS CARRIED TO BALANCE SHEET		-101,655,880	-92,653,483
BASIC EARNINGS PER SHARE	29	-0.91	-10.52

The annexed notes from 1 to 41 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Note	2003 Rupees	2002 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		-2,092,976	-99,291,038
Adjustments for:			
Depreciation		29,752,494	15,544,504
Staff gratuity		-936,000	262,031
Amortization of deferred cost		2,746,991	-
Investment written off		-	100
Liabilities written back		-7,965,701	-
Gain on disposal of fixed assets		-671,941	-520,416
Financial charges		17,172,502	32,987,197
Working capital changes	30	48,028,897	108,688,129
		88,127,242	156,961,545
Staff gratuity paid		-2,257,061	-2,324,818
Deferred cost - Golden handshake scheme		-8,240,973	-
Taxes paid		-644,237	-5,384,024
Financial charges paid		-17,502,803	-36,491,321
Net cash inflow from operating activities before extraordinary item		57,389,192	13,470,344
Extraordinary item		7,965,701	-
Net cash inflow from operating activities		65,354,893	13,470,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-19,989,590	-2,440,800
Proceeds from disposal of fixed assets		1,725,000	1,155,000
Net cash outflow from investing activities		-18,264,590	-1,285,800
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans/ Subordinated loans - net		-36,627,894	42,928,528
Repayment of redeemable capital		-12,320,315	-7,040,179
Dividend paid		-391,136	-11,545,930
Net cash (outflow)/inflow from financing activities		-49,339,345	24,342,419
Net (decrease)/increase in cash and cash equivalent:		-2,249,042	36,526,963
Cash and cash equivalents at the beginning of the year		-87,887,297	-124,414,260
Cash and cash equivalents at the end of the year		-90,136,339	-87,887,297
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	11	3,919,630	4,008,304
Short term finances	17	-94,055,969	-91,895,601
		-90,136,339	-87,887,297

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Share Capital	Capital Reserve	Revenue Reserve Rupees	Unappropriated Profit / (Loss)	Total
Balance as at October 01, 2001	98,437,500	63,281,250	85,000,000	10,931,148	257,649,898
Loss for the year	-	-	-	-103,584,631	-103,584,631
Balance as at September 30, 2002	98,437,500	63,281,250	85,000,000	-92,653,483	154,065,267
Loss for the year	-	-	-	-9,002,397	-9,002,397
Balance as at September 30, 2003	98,437,500	63,281,250	85,000,000	-101,655,880	145,062,870

The annexed notes from 1 to 41 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

1. THE COMPANY AND ITS OPERATIONS

Mehran Sugar Mills Limited is incorporated in Pakistan as a public limited company on December 22, 1965 and its shares are quoted on Karachi Stock Exchange. The Company is principally engaged in the manufacture and sale of sugar.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention; unless otherwise disclosed.

2.2 Statement of compliance

The financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirement of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.3 Staff retirement benefits
Gratuity

The Company operates an unfunded gratuity scheme (defined benefit scheme) for its employees. During the year, an actuarial valuation was carried out to cover the obligation at September 30, 2003 under the scheme for its employees eligible to gratuity benefits. The Projected Unit Credit Method, using the following significant assumptions has been used for the valuation of the scheme:

- discount rate at 7% per annum;

- expected rate of increase in salary level at 6% per annum;

- expected average remaining life of employees 11 years.

Consequential to adoption of IAS-19 "Employee Benefits", the actuarial valuation determined an unrecognized transitional asset of Rs.2.754 million as at September 30, 2003 which has been recognized in these financial statements.
employee with the number of years in service. Had there been no change, the loss before tax and deferred liability would have increased by Rs. 2.754 million.

Provident fund

The Company also operates a recognized provident fund for those permanent employees who have opted for it. Equal monthly contributions are made to the fund by the Company and employees in accordance with the fund's rules. The value of the fund at the end of the year was Rs.36.547 million.

Compensated absences

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary level.

2.4 Taxation

Current

Provision for current taxation is based on taxable income at current rates of tax, after taking into account applicable tax credits, rebates and exemptions available, if any, or on minimum taxation under tax laws whichever is higher.

Deferred

Deferred tax is provided, using the liability method, on all timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 Tangible fixed assets and depreciation

Operating fixed assets

These are stated at cost less accumulated depreciation except for land, which is stated at cost. The cost in relation to certain fixed assets signifies historical cost and cost of borrowings during period of construction/ installation.

Depreciation is charged to income using the reducing balance method at the rates ranging between 5%-30% as indicated in note 3.

During the year, the Company changed its accounting estimate in respect of expected pattern of consumption of economic benefits of plant and machinery. Presently the Company depreciates its plant and machinery at the rate of 7.5% on the basis of whole year as opposed to its previous policy of charging depreciation at the rate of 10% on the basis of actual operating days. Consequently, the effect of the change is an increase in depreciation and net loss for the year by Rs.14.169 million.

Also effective from current year, depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month the asset in use in line with recommendations of the Institute of Chartered Accountants of Pakistan. This has resulted in reduced depreciation charge for the year by Rs. 0.343 million.

The carrying amounts of fixed assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and whe,-e carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the profit and loss account in the year in which it is incurred; major renewals and improvements are capitalized.

Gain on disposal of fixed assets is credited and loss debited to ine profit and loss account.

Capital work-ir.-progress

Capital work-in-progress represents expenditure on ilxed assets in the course of construction and installation. Transfers are made tc .elevant fixed asset category as and when assets are available for their intended use. Capital work-in-progress is stated at cost.

2.6 Investments

Investments are valued at cost. Provision is made for permanent diminution in the value of investments, if any.

2.7 Deferred cost

The expenses from where the benefits are expected to accrue for more than one year are deferred and amortized over the period of five years or the period in which the economic benefits are expected to be consumed by the Company, whichever is shorter.

2.8 Stores, spares, packing material and lubricants

These are valued at cost calculated on moving average basis less provision for obsolescence and slow moving, if any. Items in transit are stated at invoice value plus other charges incurred thereon, if any.

2.9 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value except molasses (by-product) that is valued at net realizable value. Cost in relation to sugar-in-process and finished goods consists of manufacturing cost comprising prime cost and appropriate proportion of factory overheads.

Net realizable value signifies the prevailing selling prices in the ordinary course of business less estimated costs of completion and selling expenses incidental to sales.

2.10 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amountless an allowance for any uncollectible amounts. Known bad debts are written off as and when identified and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

2.11 Cash and cash equivalents

Cash in hand and at banks in current and deposit accounts are carried at cost.

Cash and cash equivalents are defined as cash in hand, cash at banks in current and deposit accounts and short term finances readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at banks net of short-term finances.

2.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value cf the consideration to be paid in the future for goods and services received, whether or not billed to the company.

2.13 Provisions for obligations

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

2.14 Foreign currencies

Foreign currency transactions are recorded at the rates of exchange prevailing at the transaction date or the contracted rates. Assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing at the balance sheet date.

Resulting gain or loss, if any, is charged to profit and loss account currently.

2.15 Borrowing cost

Interest / mark-up directly attributable to the acquisition/ construction/ installation of qualifying asset is capitalized. All other interest / mark-up are charged to profit and loss account currently.

2.16 Financial instruments

All other financial assets and liabilities are recognized at cost which is the fair value of the consideration given or received at the time when the company becomes a party to the contractual provisions of the instrument by following the trade date accounting. Any gain or loss on subsequent measurement or derecognition is taken to profit and loss account currently.

2.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.18 Revenue Recognition

Sales are recognized as revenue when invoiced, which coincides with delivery;
Reiurn on bank deposits is recognized on accrual basis.

3. OPERATING FIXED ASSETS

	COST				ACCUMULATED DEPRECIATION			
PARTICULARS	As at October 12,002	Additions/ (disposals)	As at September 30, 2003	Rate of depreciation %	As at October 12,002	Charge for the year (disposals)	As at September 302,003	Written down value as at September 302,003
Freehold land	180,720	.	180,720					180,720
Building on freehold land:								
- Factory	57,686,650		57,686,650	10	39,163,802	1,852,285	41,016,087	16,670,563
- Non-factory	13,358,929		13,358,929	5	4,168,632	459,515	4,628,147	8,730,782
Plant, machinery and equipment	567,647,375	-	567,647,375	7.5	235,593,339	24,904,053	260,497,392	307,149,983
Furniture and fixtures	2,173,384		2,173,384	10	1,728,279	44,51 1	1,772,789	400,595
Office equipment	5,967,017		5,967,017	10	4,122,101	184,492	4,306,593	1,660,424
Electric installation	9,209,234		9,209,234	10	4,446,765	476,247	4,923,012	4,286,222

Vehicles	13,606,647	4,418,500 -2,053,950	15,971,197	20	8,651,955	1,378,967 -1,000,891	9,030,031	6,941,166
Weighbridge and scales	928,624	-	928,624	10	703,332	22,529	725,861	202,763
Workshop tools and other equipments	4,145,009	-	4,145,009	10	2,599,948	154,506	2,754,454	1,390,555
Computers	421,525	422,475	844,000	30	182,686	120,448	303,134	540,866
Airconditioners and refrigerators	4,370,171	99,000	4,469,171	10	2,842,327	154,941	2,997,268	1,471,903
2003	679,695,285	4,939,975 -2,053,950	682,581,310		304,203,166	29,752,494 -1,000,891	332,954,768	349,626,542
2002	678,999,110	2,440,800 -1,744,625	679,695,285		289,768,703	15,544,504 -1,110,041	304,203,166	375,492,119

3.1 Depreciation charge for the year has been allocated as follows:

	Note	2003 Rupees	2002 Rupees
Cost of goods sold	21	27,869,135	13,779,265
Administrative expenses	23	1,883,359	15,544,504
		29,752,494	29,323,769

3.2 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain	Mode of disposal	Purchaser
Vehicles							
Honda City	628,950	464,074	164,876	525,000	360,124	Under Company policy	Mr. S.Q.A.Zaidi, Ex-employee
Honda Civic	1,195,000	334,600	860,400	1,025,000	164,600	Negotiation	Mrs. Zohra Dawood 25 Memon Manzil, Nanakwara Karachi
Mercedez Benz	230,000	202,217	27,783	175,000	147,217	Negotiation	Mr.Aman Murtaza 722 / 2, PECHS, Karachi
2003	2,053,950	1,000,891	1,053,059	1,725,000	671,941		
2002	1,744,625	1,110,041	634,584	1,155,000	520,416		

	Note	2003 Rupees	2002 Rupees
4. CAPITAL WORK-IN-PROGRESS			
Building - Civil works		1,377,901_	
Plant and machinery		9,985,214-	
Advance against supply of machinery		3,686,500-	
	4.1	15,049,615-	

4.1 Included herein is an amount of Rs.0.168 million being the borrowing cost capitalized at average rate of 6% per annum.

	Note	2003 Rupees	2002 Rupees
5. LONG TERM INVESTMENTS			
Payment for purchase of Thatta Sugar Mills	5.1	42,510,996	42,510,996

5.1 This represents down payment made in respect of purchase of Thatta Sugar Mills and other cost in running the mill from November 1992 upto July 1993, when the mill was forcibly taken by the Government of Sindh without paying any amount. The Company filed a suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profit. The Government made a counter claim of Rs.402 million. The case is pending in the High Court of Sindh for recording of the evidences. While our suit for recovery of compensation is pending in the High Court of Sindh, the Government of Sindh invited bids for sale of Thatta Sugar Mills through Sindh Privatization Commission but it could not succeed.

Now the Government of Sindh is trying to privatize it through Federal Privatization Commission. The representatives of the Government of Sindh have also admitted the fact that the mill was taken by Government without payment to our Company, hence, the management of the Company is confident that the Company will be able to recover in excess of the carrying value of the investment. Therefore, no provision is made in these financial statements.

	Note	2003 Rupees	2002 Rupees
6. LONG TERM DEPOSITS AND DEFERRED COST			
Deposits		29,500	29,500
Utility companies and other Govt. agencies Others		362,900	362,900
		392,400	392,400
Deferred cost			
Golden handshake scheme	6.1	8,240,973_	
Less: Amortized during the year		2,746,991-	
		5,493,982-	
		5,886,382	392,400

6.1 As a part of reorganising and restructuring, the Company offered golden handshake scheme to its workers. The management feels that future economic benefits of the cost incurred on the scheme in the form of salary reduction and improved efficiency will flow to the Company for more than one year. Therefore, the same has been deferred and amortised over a limited period of 3 years in accordance with TR-28 issued by Institute of Chartered Accountants of Pakistan.

	2003	2002
7. STORES, SPARES, PACKING MATERIAL AND LUBRICANTS		
Stores	1,020,414	1,234,558
Spares	24,159,012	27,462,957
Packing materials	323,606	1,442,394
Oil and lubricants	238,297	620,507
	25,741,329	30,760,416
8. STOCK-IN-TRADE		
Sugar- finished	150,137,672	77,310,164
Sugar-in-process	2,474,821	4,390,480
	152,612,493	81,700,644
9. TRADE DEBTS		
Considered good - unsecured	33,467,695	27,682,355
Considered doubtful	2,241,225	2,241,225
	35,708,920	29,923,580
Less: Provision for doubtful debts	2,241,225	2,241,225
	33,467,695	27,682,355

	Note	2003 Rupees	2002 Rupees
10. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Loan to staff - unsecured, considered good		1,072,696	1,447,110
Advances - unsecured, considered good			
Suppliers		6,621,661	4,730,300
Cane growers		19,976,508	11,463,650
Provision for doubtful advances	10.1	-1,755,165	-1,927,582
		18,221,343	9,536,068
Advance income tax		22,953,750	23,036,635
Deposits		11,537,020	9,472,041
Prepayments		222,902	133,324
Other receivables		949,714	282,809

		61,579,086	48,638,287

10.1 A provision of Rs.l .755 million has been made in these financial statements against the doubtful advances to cane growers. The management is of the opinion that the amount of the provision is sufficient to cover any non-recovery of advances.

11. CASH AND BANK BALANCES

Cash in hand		1,733	5,984
Cash at banks:			
current accounts		263,897	348,320
deposit certificates	11.1	3,654,000	3,654,000
		3,919,630	4,008,304

11.1 Short Term Deposit Certificates of the value of Rs.3.654 million have been depositec with the bankers under lien against guarantees issued by them on behalf of the Company.

12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2003	2002		2003	2002
(Number of Shares)			Rupees	Rupees
5,968,750	5,968,750	Ordinary shares of Rs.10/- each fully paid up in cash	59,687,500	59,687,500
350,000	350,000	Ordinary shares of Rs.10/- each issued to PICIC in conversion of loan	3,500,000	3,500,000
3,525,000	3,525,000	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	35,250,000	35,250,000
9,843,750	9,843,750		98,437,500	98,437,500

	Note	2003	2002
		Rupees	Rupees
13. SUBORDINATED LOANS - UNSECURED			
From Directors		34,500,000	_
From Associated undertakings		34,500,000	-
		69,000,000	-

The lenders have given consent to consider their loan as subordinated to other liabilities and the same will not be demanded from the company in next two years (Refer note 15).

These carry mark-up at the rate of 4% and 6% per annum respectively.

14. REDEEMABLE CAPITAL

PICIC LMM Finance	_	12,320,315
Less: Installments payable within one year grouped under current liabilities	-	-5,280,133
	-	7,040,182

The company had entered into purchase and sale agreement on mark-up basis with Pakistan Industrial Credit & Investment Corporation Limited (PICIC) in respect of locally manufactured machinery for balancing, modernization, replacement and expansion. During the year, the Company fully repaid its entire liability towards PICIC comprising outstanding principal and mark-up thereon.

15. LONG TERM LOANS-UNSECURED

From Directors	_	64,693,301
From Associated undertakings	-	40,934,593

		„	105,627,894
Less: Installments payable within one year grouped under current liabilities		-	39,951,886
		-	65,676,008

The above loans were repayable in fixed half yearly installments at a mark-up rate of 27 to 37 paisas per rupees thousand per day. During the year, the lenders have given their consent to treat the loans as subordinated to all other liabilities. Therefore, the same have been transferred to subordinated loans (Refer note 13).

16. DEFERRED LIABILITIES

Deferred tax		27,460,000	17,400,000
Staff gratuity	16.1	6,424,000	9,617,061
Road cess	16.2	65,393,588	65,393,588
Market committee fee	16.3	50,209,653	47,032,713
		149,487,241	139,443,362

	2003 Rupees
16.1 Staff gratuity	
Opening net liability	9,617,061
Expense	-936,000
	8,681,061
Benefits paid during the year	-2,257,061
Liability to be recognised	6,424,000
Expense for the year ended September 30, 2003	
Current service cost	1,269,000
Interest cost	549,000
Transitional asset recognised	-2,754,000
Expense for the year	-936,000
Reconciliation	
Present value of defined benefit obligation	6,501,000
Net actuarial loss not recognised	-77,000
Liability to be recognised	6,424,000

16.2 Road cess

This represents difference of Re. 0.5 paisas per 40 kgs of road cess upto 2002 which was increased by the Government of Sindh throught Finance Act, 1994 from Re. 0.5 to Re. 1 per 40 kgs of sugarcane crushed. Last year, the Sindh Cabinet approved the reduction of sugarcane cess from Re. 1 to Re. 0.5 per 40 kgs of cane with effect from the inception of road cess, subject to fulfillment of the following conditions:

- Quality premium is paid to the growers

- Surcharge is refunded to the growers and

- All dues of road cess and market committee fee are cleared.

Formal approval from the government is still awaited. As a matter of prudence full provision has been made in these financial statements and no reversal has been made in the financial statements for the difference of Re. 0.5 per 40 kgs. The difference of Re. 0.5 and surcharge on road cess is classified as deferred liability pending necessary notification and resolution by the government

16.3 Market committee fee

The Market Committee filed a suit for recovery of market committee fee before the Senior Civil Judge Tando Allahyar in the year 1999-2000. The Company has contested the suit on the ground that the market committee was not lawfully constituted. The Senior Civil Judge Tando Allahyar, however, passed a decree on March 12, 2003 for a sum of Rs. 43.7 million plus fee relating to years after 1999-2000. The Company has filed an appeal against the said order with the District Judge, Hyderabad. The appeal is pending. The management is confident that the amount of market committee fee recognised in these financial statements is sufficient to meet the demand, if any.

	Note	2003 Rupees	2002 Rupees
17. SHORT TERM FINANCES - SECURED			
Under mark-up arrangements from banks		94,055,969	91,895,601

These are secured against pledge of sugar stock, hypothecation of stores and spares and other current assets, 1st registered charge on fixed assets of company and personal guarantees of the sponsor directors and continuing guarantee of the Company. These finances form part of the aggregate facility of Rs.400 million (2002: Rs.500 million). The finances carry mark-up ranging from 16 to 22 (2002 : 33 to 44) paisas per rupees thousand per day payable quarterly.

	Note	2003 Rupees	2002 Rupees
18. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade Creditors		95,742,429	29,263,792
Accrued mark-up on:			
Subordinated loans		1,558,665	-
Short term finances		1,093,331	2,982,297
Advances		6,192,329	6,192,329
Advances from customers		88,877,455	29,233,848
Mark-up on long term loans from directors	28.1	-	7,965,701
Sales tax payable		15,579,621	10,815,701
Accrued expenses		6,447,922	7,380,071
Other liabilities		230,891	631,161
		215,722,643	94,464,900

19. CONTINGENCIES AND COMMITMENTS

19.1 CONTINGENCIES

Short payment of EOBI contribution Rs. 3.2 million (2002: Rs. 3.2 million) for the period October 1990 to September 1993, which is disputed by the Company.

Contribution demanded by SESSI Rs. 3.28 million (2002: Rs. 3.28 million) for the period from July 1987 to August 1990 which is disputed by the Company.

DGDP risk purchase claim Rs. 41.78 million (2002: Rs. 41.78 million) which is disputed by the Company on the ground that the goods were already delivered and the DGDP had no right to make the risk purchase claim and that the DGDP who failed to lift the goods was responsible for the breach of the contract. The Company has filed a counter claim of Rs. 25.81 million (2002: Rs. 25.81 million) against the said

breach of contract. Negotiations are under way for out of the court settlement of

the dispute. The management and legal counsel of the Company are confident that no liability will arise in respect of risk purchase claim.

19.2 COMMITMENTS

Commitments in respect of capital expenditure as on September 30, 2003 amount to Rs.28.375 million (200^: Rs.nil).

	Note	2003 Rupees	2002 Rupees
20. SALES			
Local		872,208,908	791,132,469
Export		22,936,602	8,271,334
		895,145,510	799,403,803
Brokerage and commission		-471,715	-430,200
		894,673,795	798,973,603
Sales tax		-127,043,729	-116,600,827
		767,630,066	682,372,776
21. COST OF GOODS SOLD			
Cost of sugarcane consumed (including procurement and other expenses)		705,962,119	567,518,186
Road cess on sugarcane		3,971,218	8,394,083
Market committee fee		3,176,940	2,034,915
Salaries, wages and other benefits	21.1	44,894,852	51,179,484
Stores, spares, packing material and lubricants consumed		37,831,592	27,587,397
Repairs and maintenance		5,166,591	5,226,096
Fuel, electricity and water charges		5,180,255	11,164,925
Amortization of deferred cost	6	2,746,991	-
Vehicle running and maintenance expenses		714,936	1,142,753
Insurance		1,528,747	1,626,405
Other overheads		2,507,311	2,477,510
Depreciation		27,869,135	13,779,265
		841,550,687	692,131,019
Sale of molasses		-47,402,549	-37,864,718
		794,148,138	654,266,301
Opening stock			
Sugar-in-process		4,390,480	2,399,180
Sugar		77,310,164	147,388,533
Molasses		-	100,427
		81,700,644	149,888,140
Closing stock			
Sugar-in-process		2,474,821	4,390,480
Sugar		150,137,672	77,310,164
		152,612,493	81,700,644
		723,236,289	722,453,797

21.1 This includes staff retirement benefits of Rs. 0.115 million (2002: Rs. 1.332 million).

	Note	2003 Rupees	2002 Rupees
22. OTHER INCOME			
Profit on bank deposits		88,121	584,972
Gain on disposal of fixed assets		671,941	520,416
Scrap sales		175,398	1,049,470
Income from fertilizer trading		-	221,605
Bagasse sale		423,600	-
Insurance claim		134,187	-
Reversal of provision for doubtful advances to growers		172,417	-
Others		-	28,860
		1,665,664	2,405,323

23. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	23.1	14,568,972	14,966,985
Rent, rates and taxes		1,697,113	2,035,117
Electricity, telephone, fax and postage		1,120,750	1,057,795
Printing and stationery		799,728	672,964
Travelling and conveyance		1,264,395	544,702
Vehicle running and maintenance expenses		2,213,103	1,976,390
Auditors' remuneration	23.2	195,000	1 70,000
Legal and professional		2,325,740	2,345,300
Fees and subscription		559,596	324,832
Insurance		93,352	399,537
Repairs and maintenance		760,845	432,102
Advertising		195,815	155,154
Other expenses		488,804	323,105
Depreciation		1,883,359	1,765,239
		28,166,572	27,169,222

23.1 This includes staff retirement benefits of Rs.0.388 million (2002: Rs.0.393 million).

23.2 Auditors' remuneration			
Gangat & Co.			
Statutory audit fee		110,000	110,000
Other services		40,000	15,000
		150,000	125,000
Haroon Zakaria & Co.			
Cost audit fee		45,000	45,000
		195,000	170,000
24. SELLING EXPENSES			
Salaries, wages and other benefits	24.1	424,118	506,062
Freight and loading		1,678,935	676,584
Export expenses		170,867	-
		2,273,920	1,182,646

24.1 This includes staff retirement benefits of Rs.0.019 million (2002: Rs.0.010 million).

	Note	2003 Rupees	2002 Rupees
25. OTHER CHARGES			
Donations	25.1	456,923	193,775
Zakat		82,500	82,500
		539,423	276,275

25.1 None of the directors or their spouses had any interest in any of the donee.

26. FINANCIAL CHARGES			
Mark-up on:			
Redeemable capital		769,979	1,337,441
Long term loans / subordinated loans		5,673,645	3,164,304
Short term finances		9,802,518	27, 1 50,008
Interest on workers' profit participation fund		-	56,296
Bank charges		926,360	1,279,148
		17,172,502	32,987,197
27. TAXATION			
Current - for the year		4,088,000	3,781,575
- for prior years		727,122	512,018
		4,815,122	4,293,593

Deferred		10,060,000	-
		14,875,122	4,293,593

income tax assessments of the Company have been completed upto the assessment year 2002-03 (accounting year ended September 30, 2001). However, an appeal in respect of assessment year 2002-03 is pending for disposal before the CIT. The Company has brought forward accumulated tax loss of Rs. 102.89 million, therefore, provision for current taxation has been made in these financial statements under section 113 of the Income Tax Ordinance, 2001

28. EXTRAORDINARY ITEM - LIABILITIES WRITTEN BACK

Mark-up on loans from directors no more payable written back	28.1	7,965,701	-

28.1 -During the year, the directors have given consent to waive mark-up of Rs.7.966 million outstanding for more than ten years.

29. BASIC EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based ' on:

Loss after taxation attributable to ordinary shares	-9,002,397	-103,584,631
Weighted average number of ordinary shares	9,843,750	9,843,750
Basic earnings per share (Rupees)	-0.91	-10.52

	Note	2003 Rupees	2002 Rupees
30. WORKING CAPITAL CHANGES			
Decrease/(Increase) in current assets			
Stores, spares, packing material and lubricants		5,019,087	4,885,086
Stock-in-trade		-70,911,849	68,187,496
Trade debts		-5,785,340	-4,807,909
Loans, advances, deposits, prepayments and other receivables (excluding tax)		-13,023,684	17,341,343
		-84,701,786	85,606,016
Increase/(decrease) in liabilities			
Creditors, accrued and other liabilities		129,553,743	14,433,681
Deferred liabilities (excluding gratuity and tax)		3,176,940	8,648,432
		48,028,897	108,688,129

31 . TRANSACTION WITH ASSOCIATED UNDERTAKINGS

Sales	44,990,173	37,225,200
Utilities charged	481,624	486,804

The transactions with associated undertakings M/s. PMC International (Pvt.) Limited and M/s. Mogul Tobacco Company (Pvt.) Limited are in ordinary course of business. Pricing policies and terms of these transactions are approved by the Company's management and the same are recorded at fo^ value.

No selling commission has been paid to any associated undertaking.

32. CAPACITY AND PRODUCTION

	Rated capacity		Actual cane crushing	
	M. Tons	Days	M. Tons	Days
Season 2002-03	7000 TCD	160	5385 TCD	118
Season 200 1-02	7000 TCD	160	3634 TCD	112

- The shortfall in production is due to shortage of raw material supply.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executives	Directors	Executives	2003 Rupees Total	2002 Rupees ToiOf
	....	Rupees	....		
Meeting fee	2,000	10,500	-	1 2,500	9,000
Managerial remuneration	1,200,000	600,000	3,712,240	5,512,240	8,910,421
Retirement benefits	-	8,337	282,107	290,444	267,002
Perquisites and other benefits	715,249	212,844	1,493,240	2,421,333	777,307
	1,917,249	831,681	5,487,587	8,236,517	9,963,730
Number of persons 2003	1	3	18	22	
Number of persons 2002	1	2	24	27	

33.1 In addition, the chief executive, directors and certain executives were provided with free use of company maintained cars.

33.2 Certain executives were also provided with free furnished accomodation at the mills premises.

33.3 Meeting fee paid to non-executive directors for attending board meetings was Rs.3,500 (2002: Rs.2,500).

34. YIELD / MARK-UP RATE RISK

Yield/mark-up rate risk is the risk that the value of a 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 i n gap position can be adjusted. The Company is exposed to yield/mark-up rate risk in respect of the following:

	September 30, 2 0 0 3					
	Effective		Exposed to yield / mark-up rate risk			Not exposed
	yield / mark-up ra %	te Total	Maturity upto one year	Maturity after one year	Sub-total	to yield / mark-up rate risk
Financial Assets						
Long term investment		42,510,996	_	_		42,510,996
Deposits		11,929,420	-	-	-	11,929,420
Trade debts		33,467,695		-		33,467,695
Loans, advances and other receivables		26,865,414	.	-	.	26,865,414
Cash and bank balances		3,919,630	-	-	-	3,919,630
		118,693,155	-	-	-	118,693,155
Financial Liabilities						
Subordinated loans - unsecured	4&6	69,000,000	_	69,000,000	69,000,000	
Redeemable capital	8	-	-	-	-	-
Long term loans - Unsecured	4&6	-				-
Deferred liabilities		122,027,241	-	-	-	122,027,241
Short term finances	6	94,055,969	94,055,969	-	94,055,969	-
Creditors, accrued and other liabilities		200,041,369				200,041,369
Unclaimed dividend		3,511,714	-	-	-	3,511,714
		488,636,293	94,055,969	69,000,000	163,055,969	325,580,324

Total yield / mark-up rate risk Sensitivity Gap		-369,943,138	-94,055,969	-69,000,000	-163,055,969	-206,887,169
Cumulative yield / mark-up rate risk sensitivity gap			-94,055,969	-163,055,969		

September 30, 2 0 0 2

	Effective yield / mark-up rate %	Total	Exposed to yield / mark-up rate risk Maturity upto one year	Maturity after one year	Sub-total	Not exposed to yield / mark-up rate risk
	....	Rupees	....			
Financial Assets						
Long !erm investment		42,510,996	_	_	_	42,510,996
Deposits		9,864,441	-	-	-	9,864,441
Trade debts		27,682,355	-	-	-	27,682,355
Loans, advances and other receivables		15,996,287	-	-	-	15,996,287
Cash and bank balances		4,008,304	-	-	-	4,008,304
		100,062,383	-		-	100,062,383
Financial Liabilities						
Redeemable capital	8	5,280,133	5,280,133	_	5,280,133	_
Long term loans Unsecured	10 to 14	105,627,894	39,951,886	65,676,008	105,627,894	-
Deferred liabilities		122,043,362	-	-	-	122,043,362
Short term finances	12tol6	91,895,601	91,895,601		91,895,601	-
Creditors, accrued and other liabililities		83,579,990	-	-	.	83,579,990
Unclaimed dividend		3,902,850			-	3,902,850
		412,329,830	137,127,620	65,676,008	202,803,628	209,526,202
Total yield / mark-up rate risk sensitivity gap		-312,267,447	-137,127,620	-65,676,008	-202,803,628	-109,463,819
Cumulative yield / mark-up rate risk sensitivity gap			-137,127,620	£02,803,628)		

35. 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 lose. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on advances, deposits, trade debts and other ____receivables The Company seeks to minimise the credit risk exposure by dealina mostly with regular and permanent parties who pay on due dates. The Company considers the credit risk as minimal.

36. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions with foreign undertakings. In appropriate cases, the management takes out forward contracts to mitigate the risk. Company's foreign exchange risk is also minimal.

37. 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 arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38. NUMBER OF EMPLOYEES

The Company employed 372 (2002 : 506) employees at the end of the year.

39. DATE OF AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on January 07, 2004 by the Board of Directors of the Company.

40. CORRESPONDING FIGURES

Previous year's figures have been re-arranged, wherever necessary for the purposes of comparison. Significant re-arrangements made are as follows:

Deposits have been reclassified as long term deposits as well as short term deposits.

Advertising expenses have been reclassified to Administrative expenses which were previously shown under Selling expenses.

Current maturity of long term liabilities have been bifurcated into current portion of redeemable capital and current portion of long term loans-unsecured.

The above figures have been re-arranged as the re-classification made is considered more appropriate for purposes of preseniation.

41. GENERAL

- Some policies have been reworded and added, which were erroneously omitted.

- Figures have been rounded off to the nearest rupee.

PATTERN OF SHAREHOLDINGS

AS AT SEPTEMBER 30, 2003

Number of Shareholders	Shareholding From	to	Total Shares held
970	1	100	29,028
147	101	500	39,576
46	501	1,000	35,372
63	1,001	5,000	169,861
16	5,001	10,000	107,692
9	10,001	15,000	105,212
3	15,001	20,000	47,174
8	20,001	25,000	165,911

1	25,001	30,000	25,463
2	30,001	35,000	65,072
1	35,001	40,000	39,728
1	40,001	45,000	43,304
2	45,001	50,000	92,002
3	50,001	55,000	155,256
2	65,001	70,000	131,108
4	70,001	75,000	294,877
1	75,001	80,000	79,642
!	85,001	90,000	86,608
3	95.001	100,000	295,653
3	100,001	150,000	376,706
1	150,001	200,000	166,272
1	200,001	250,000	249,581
1	300,001	400,000	336,044
1	700,001	800,000	754,395
1	300,001	900,000	867,779
3	1,000,001	2,000,000	5,134,568
1,294			9,843,750

Categories of Shareholders

Description	Number of Shareholders	Shares held	%age of paid up capital
Individuals	1278	9,334,830	94.83%
Investment Companies	1	249,581	2,53%
Insurance Companies	3	173,094	1 .76%
Joint Stock Companies	3	545	0.01%
Financial Institutions	4	77,895	0.79%
Others	5	7,805	0.08%
	1,294	9,843,750	100.00%

SHAREHOLDING INFORMATION

Categories		No. of Shareholders	Shares held	% age
a) Associated companies and related parties		None	-	-
b) NITandICP				
National Bank of Pakistan (Trustee Deptt.)		1	4,100	0.04%
Investment Corporation of Pakistan		1	249,581	2.53%
c) Directors, CEO and their spouse and minor children				
Mr. Mohammed Kasim Hasham	Chairman	1	1,730,875	17.58%
Mr. Mohammed Ebrahim Hasham	CEO	1	1,674,018	17.01%
Mr. Mohammed Hussain Hasham	Director	1	1,729,675	17.57%
Mr. Khurram Kasim	Director	1	867,779	8.82%
Mr. Ahmed Ebrahim Hasham	Director	1	754,395	7.66%
Mr. Mohammed Iqbal	Director	1	2,500	0.03%
Mr. Abdul Razzaq Usman	Director	1	2,500	0.03%
Mr. Rao Mohammed Ali	Director	1	2,500	0.03%
Mrs.Kulsoom Kasim	Spouse	1	104,500	1.06%
Mrs.Khursheed Ebrahim	Spouse	1	74,377	0.76%
Mrs. Marium Hussain	Spouse	1	99,909	1.01%
d) Executives		None	-	-
e) Public sector companies and corporation		None	-	-
0 Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds				
Muslim Commercial Bank Limited		1	80	0.00%

Habib Bank Limited	1	21,265	0.22%
National Bank of Pakistan	1	52,450	0.53%
Adamjee Insurance Company Limited	1	73,827	0.75%
EFU Life Assurance Limited	1	14	0.00%
State Life Insurance Corporation of Pakistan	1	99,253	1.01%
g) Shareholders holding 1 0% or more voting interest			
Mr. Mohammed Kasim Hasham	1	1,730,875	17.58%
Mr. Mohammed Ebrahim Hasham	1	1,674,018	17.01%
Mr. Mohammed Hussain Hasham	1	1,729,675	17.57%