PANGRIO SUGAR MILLS LTD.

28TH ANNUAL REPORT
2012

COMPANY PROFILE

BOARD OF DIRECTORS:

MR. AFTAB AHMAD	-	Chairman & Chief Executive
BEGUM AKHTAR ABID		
MS. NAHEED ZAFFAR MIRZA		
MR. ABBAS ALLY AGHA		
MR. ALI GHAZI MIRZA		
MR. ABDULLAH KAMRAN SOOMRO		
MR. ASIF SAEED		
MR. AKBER ALI MIRZA		
MR. MUHAMMAD ASIF (NIT)		

AUDIT COMMITTEE:

MS. NAHEED ZAFFAR MIRZA	-	Chairperson
MR. AKBER ALI MIRZA	-	Member
MR. ABDULLAH KAMRAN SOOMRO	-	Member

HR & R COMMITTEE:

MR. ABDULLAH KAMRAN SOOMRO	-	Chairman
MR. AFTAB AHMAD	-	Member
MR. AKBER ALI MIRZA	-	Member

CHIEF FINANCIAL OFFICER:

MR. TAHIR MAHMOOD

COMPANY SECRETARY:

MR. MUHAMMAD YUNUS ANSARI

LEGAL ADVISOR:

MR. GHULAM QADIR ZARGAR

AUDITORS:

M/S. ASLAM MALIK & CO.
(CHARTERED ACCOUNTANTS)

BANKERS TO THE COMPANY:

BANKERS EQUITY LIMITED - (Under Liquidation)
NATIONAL BANK OF PAKISTAN
HABIB BANK LIMITED
UNITED BANK LIMITED
MCB BANK LIMITED.
ALLIED BANK LIMITED

SHARES REGISTRAR:

M/S. TECHNOLOGY TRADE (PVT.) LIMITED
DAGIA HOUSE, 241-C, BLOCK-2, P.E.C.H.S.,
OFF: SHAHRAH-E-QUAIDEEN,
KARACHI. TEL: 021-34391316-7

REGISTERED OFFICE:

10TH FLOOR, BUILDING NO. 1,
LAKSON SQUARE, SARWAR SHAHEED ROAD,
KARACHI.

MILLS:

DEH RAJAURI II,
TALUKA TANDO BAGO,
DISTRICT BADIN, SINDH.

E-MAIL ADDRESS:

pmsml@hotmail.com

WEBSITE:

www.pangriosugar.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **28th Annual General Meeting** of the Company will be held on **Wednesday, January 30, 2013 at 12.30 p.m.** at the Auditorium of The Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Center, Opposite: Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the 27th Annual General Meeting of the Company held on January 30, 2012.

2. To receive, consider and adopt the Annual Audited Accounts of the Company alongwith the Directors' and Auditors' Reports thereon for the year ended September 30, 2012.

3. To appoint Auditors of the Company for the year ending September 30, 2013 and fix their remuneration. The retiring Auditors, **M/s. Aslam Malik & Co.,** Chartered Accountants, being eligible, have offered themselves for re-appointment.

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

SPECIAL BUSINESS:

To consider and if thought fit approve the recommendations of the Board of Directors for placement of Quarterly Accounts of the Company on its website in stead of circulating the same by post to the shareholders, subject to prior permission of SECP in accordance with SECP Circular No. 19 of 2004 dated 14th April, 2004, by passing following Resolution with or without modification:

"**Resolved** that Quarterly Accounts of the Company be placed on its website in stead of circulating the same by post to the members, subject to prior permission of SECP, in accordance with SECP Circular No. 19 of 2004 dated 14th April, 2004".

A statement as required under Section 160 (1) (b) of the Companies Ordinance, 1984 in respect of the special business to be considered at the meeting is being annexed.

By Order of the Board,

M. YUNUS ANSARI
Company Secretary

Karachi, January 07, 2013

Notes:

1. The Shares Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from **January 21, 2013 to January 30, 2013.** (both days inclusive).

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.

   Form of Proxies, in order to be valid, must be received at the Registered Office of the Company 48 hours before the scheduled time of Meeting. A Proxy must be a member of the Company.

3. Account holders and sub-account holders of CDC are requested to bring their original computerized National Identity Cards (CNIC) or Original Passports for the purpose of identification to attend the meeting.

4. Shareholders are requested to notify any change in address immediately.

5. Members having physical shares are requested to provide copy of their CNIC/Passport.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

The statement sets out the material facts of the special business to be transacted at the 28th Annual General Meeting of the Company to be held on January 30, 2013.

PLACEMENT OF QUARTERLY ACCOUNTS ON COMPANY'S WEBSITE

Under Section 245 of the Companies Ordinance, 1984, the listed companies are required to prepare and either transmit their Quarterly Accounts by post to the shareholders or publish the same in the daily newspapers.

As contained in SECP Circular No.19 of 2004 dated April 14, 2004, SECP has decided that the requirement of Section 245 of the Companies Ordinance, 1984 would be treated as complied with, if the Quarterly Accounts are placed on the website subject to fulfillment of certain conditions as contained in the said circular including seeking the consent of its shareholders in General Meeting and obtaining prior permission of SECP for placement of Quarterly Accounts on its website.

In order to ensure timely availability of the information to the shareholders and to save the cost of printing and dispatch of Quarterly Accounts, the Board of Directors has recommended for placing the Quarterly Accounts on Company's website in stead of circulating the same by post to the shareholders, after fulfilling the requirements in this behalf.

DIRECTORS' REPORT

Dear Shareholders:

The directors are pleased to present the Company's Annual Audited Accounts and Financial Statements along with Auditors' Report thereon and summary of operational performance for the year ended September 30, 2012.

GENERAL

Due to August/September-2011 rains and floods, sugarcane crop in Badin district was badly damaged: available cane was hardly 16 lac maunds in zone compared to normal availability of 28 lac to 30 lac maunds. The quality of flood-affected cane was very poor due to standing water in the cane fields.

Mills preparation was also adversely affected due to emergency like situation in district Badin and adjoining area. Flood-waters had also entered mills premises damaging mills assets. It took considerable time for flood-waters to recede. Mills preparations, consequently were delayed by about 2 months. Mills engineers and staff put extra efforts to ready the mill by December'2011 end.

We kept the Government of Sindh posted with these adverse circumstances. After trial and test run, mills commenced its crushing operation from December 30, 2011. Other mills in the zone, too, started crushing about the same time.

The Season 2011-12 was beset with miseries not only for PSML but for mills in Southern Sindh affected by rains and floods. Government of Sindh's decision to raise the sugarcane support price from Rs.127/40 kg to Rs. 154/40 kg was a total mis-match due to prevailing market prices of sugar which slumped to Rs.44/kg in the peak of the crushing season. Government of Sindh being hard-pressed in order to keep farmers comfortable because of steep rise in costs of farm-inputs, they had no option but to raise the cane support price. But this made the sugar manufacturing unviable for mills in the Southern Sindh where sucrose recovery averaging 8% to 9%. PSML and mills in the Southern Sindh landed in a grotesque situation i.e. market price of sugar not enough even to cover the cane cost per kg of sugar produced. PSML's average cane rate was Rs.158/40 kg which was quite reasonable.

By close of season (February 26, 2012), PSML crushed 116,299 MT of cane and bagged 10,697 MT of sugar with aggregate recovery of 9.2%. A 9.2% recovery was lower but better than many other mills in the zone i.e. Bawany 8.20%, Ansari 8.34%, Khoski 8.09%, Seri 8.78%, Tharparkar 8.55% and TMK 8.72%.

On overall basis, however, performance of PSML was unsatisfactory compared to last season when mill crushed 253,279 MT of cane and produced 22,852 MT of sugar with aggregate recovery of 9.20%.

OPERATING RESULTS

The operating results for 2011-12 along with 2010-11 are summarized as under:

Particulars	2011-2012	2010-2011
Season started	30-12-2011	26-11-2010
Season closed	26-02-2012	31-03-2011
Days worked	59	126
Sugarcane crushing (Tons)	116,299	253,279
" " (Maunds)	2,907,479	6,331,977
Sugar recovery (%)	9.200	9.200
Sugar production (Tons)	10,697	23,293
Molasses recovery (%)	4.808	4.848
Molasses production (Tons)	5,600	12,265

FINANCIAL RESULTS

Financial results for the year 2011-12 along with 2010-11 are summarized as under:

	2011-2012 (Rs.)	2010-2011 (Rs.)
Profit/(Loss) before taxation	(142,645,775)	(41,363,122)
Provision for taxation	-	(14,159,439)
Net Profit/(Loss) after taxation	(142,645,775)	(55,522,561)
Accumulated loss brought forward	(675,094,491)	(613,472,980)
Dividend paid for the year 2010	-	(6,098,950)
Accumulated loss carried forward	(817,740,266)	(675,094,491)
Earning / (loss) per share – basic & diluted	**(13.15)**	**(5.12)**

The Company booked a gross loss of Rs. 107.69 million during the year under review compared to a gross loss of Rs.11.02 million booked during last year. The company recorded a net loss of Rs.142.65 million during the year in question compared to a net loss of Rs.55.52 million recorded during last year. Major financial loss is attributable to poor quality cane and depressed market price of sugar.

SEASON 2012-2013

Management of PSML being aware of adverse exogenous factors, has adopted mitigating measures to counter the severity of coming season. During previous two years, PSML's Cane-department financed the growers of zone to plant improved varieties of cane over 3,000 acres. Although a portion of these tracts were damaged by floods and rains during 2010-11, a large part of the cultivation is now ready for harvesting. Laboratory results are showing that CPF-237, SPSG-26 and Thatta-10 varities are giving sucrose recovery of 9.49% during mid-December '2012. This is a big bonus to PSML for Season 2012-13.

World sugar-prices are likely to remain firm because there is no surplus sugar available in India for export as their estimated production is likely to be about 23 million tons during 2012-13 which is barely sufficient to meet their own national consumption. In USA, during last 2 years due to draught condition, a large portion of maize and sugar-cane cultivation have been damaged and recent hurricane has further inflicted damage to USA agriculture. USA may have to depend on imports of sugar from Brazil.

These factors may help in keeping world market prices stable. Pakistan's surplus sugar production may have easy access in world-market and the local prices of sugar are likely to remain stable around Rs.50 per kg during 2012-13.

HEALTH, SAFETY AND ENVIRONMENT

Appropriate facilities existed for safeguarding the health of employees in accordance with the Factories Act 1948 and National Environment Quality Standard (N.E.Q.S.) for Sugar Industry.

INFORMATION TECHNOLOGY

Improvement and up-gradation of the existing instruments are being continuously made to cope with the requirements of technological advancement in this field.

AUDIT REPORT

The Auditors have qualified their Audit Report for the year ended September 30, 2012. Their concern is addressed to the shareholders so that the matter and its impact are mitigated.

Going Concern

The going concern assumption has been used for preparing financial statements due to the following mitigating factors as briefly referred to in Note No. 1.2.

The qualification of the auditors is based on the disclosures appearing in the financial statements of the company. In their opinion material uncertainly due to negative equity, accumulated loss and excess of liabilities over assets impact the going concern status of the entity. The management is confident that its ability to keep the operation of the company exists as its track record of revenue for past years of 2010 and 2011 adequately show. The huge losses have accumulated for matters disclosed earlier for reasons beyond its control and currently the unfavourable price of sugar due to over - supply as against high cost of cane and the management compulsion at selling its day to day production at prevailing rates to pay growers for continuity of supply of sugar cane. The excess of liability over assets include deferred liabilities that do not pose any current threat to the company, and moreover vital support from growers continue to back the management's effort to steer the company out of the present difficult situation. The availability of sugarcane during the next season and the prices of sugar in the wake of worldwide drop in production are expected to improve the earning of the industry in the next two or three seasons.

The company has successfully entered into settlement agreements with banks and financial institutions for repayment of their dues and has been paying to them the agreed installments regularly. During the period under review the company has paid an amount of Rs.17.924 million to various financial institutions. HBL dues were fully paid off during previous year, MCB dues now also stand fully paid during the period and dues of ABL and UBL will stand fully cleared in the next year.

The management at the same time is confident that settlement with BEL would be reached in the year 2013 and at that point, it will be set to re-establish itself and restructure its financial position and company's state of affairs.

These measures are expected to address the concerns reflected by the financial statements and pointed out by the auditors.

BOARD OF DIRECTORS

There has been no change so far in the Board of Directors since after its constitution (w.e.f. 29th January, 2012) through Election of Directors held on 30th January, 2012 for a term of 3 (three) years. The next election of directors is due on 29th January, 2015.

AUDITORS

The present auditors - M/s. Aslam Malik & Co., Chartered Accountants, retire and being eligible, have offered their services for re-appointment for the ensuing year. The Audit Committee has recommended for their re-appointment for the year ending September 30, 2013.

CODE OF CORPORATE GOVERNANCE

The Company has adopted the revised Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan. We have implemented the mandatory provisions and welcome the government step to more fully disclose and monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

a. The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

b. Proper books of accounts of the company have been maintained.

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

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

e. The system of internal control, which was in place, is sound in design and has been effectively implemented and monitored. However, it is being continuously reviewed by internal audit and other officers handling such procedures. The process of review will continue and any weaknesses in controls will be removed. The function of Internal Audit has been implemented and operating successfully.

f. The Company's ability to continue as a going concern is being watched carefully, all events affecting the going concern basis are under constant review.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. The operating result of the company during the year under review was unsatisfactory compared to last season due to acute shortage and poor quality of cane in the zone area on account of August/September'2011 rains and floods, which badly damaged the sugarcane crop in District Badin.

   During the year under review, mills crushed lesser quantity of cane and produced lesser quantity of sugar compared to last year because damaging exogenous factors (cane shortage and poor quality cane) were more dominant during 2011-12 than those in 2010-11.

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

j. Because of the loss for the year under review, the Company has not declared any dividend or issued Bonus Shares for the year.

k. Outstanding taxes and levies are being accrued and paid as per law.

l. Value of investments based on audited accounts of Provident Fund is Rs. 89.108 million.

m. During the year, 4 (four) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings Attended
Mr. Aftab Ahmad	4
Begum Akhter Abid	-
Ms. Naheed Zaffar Mirza	3
Mr. Abbas Ally Agha	4
Mr. Ali Ghazi Mirza	-
Mr. Abdullah Kamran Soomro	4
Mr. Asif Saeed	3
Mr. Akbar Ali Mirza	4
Mr. Muhammad Asif (NIT)	4

Leave of absencef is granted in all cases to the directors.

n. During the year, 7 (seven) meetings of the Audit Committee were held. Attendance by each member is as follows:

Name of Members	No. of Meetings Attended
Ms. Naheed Zaffar Mirza	7
Mr. Akbar Ali Mirza	7
Mr. Abdullah Kamran Soomro	7

o There was no meeting of the HR&R Committee during the year, beacuse the committee was formed subsequent to the year under review.

p. According to requirement of the revised Code 2012, at least one director is required to have the certification of directors' training program by June 30, 2013 and by June 30, 2016 every year at least one director to acquire the said certification; thereafter all directors shall obtain it.

However, there is a provision that individuals with a minimum of 14 years of education and 15 years of experience on the board of a listed company shall be exempted from the directors' training program. One of our directors already meets the exemption criteria by dint of qualification and experience and need not attend the training program. Thus we will be required to meet the condition of training certification for our other directors by the second year i.e. June 30, 2014.

q. The pattern of shareholding in accordance with the requirement of revised CCG 2012 is annexed.

r. The company has entered into settlement agreements with regards to its borrowings from banks and financial institutions in past years except for Bankers Equity Limited (BEL) and the agreed installments are being regularly paid. During the year, the company has paid an amount of Rs. 17.924 million (including markup) to various banks and financial institutions. The company is in the process of negotiations with BEL to reschedule terms of payments of outstanding amount (please refer note 11.1). So far the company is not in default or likely to default in payment of its loan/debt to banks/financial institutions.

s. There was no trading in shares of the company carried out by its directors, executives (CEO, COO, CFO, Head of Internal Audit and Company Secretary), and their spouses and minor children.

VARIATION IN REMUNERATION OF CHIEF EXECUTIVE & WHOLE TIME DIRECTORS

Abstract of variation in the remuneration of the Chief Executive and whole time directors is annexed.

ACKNOWLEDGEMENT

We would like to take this opportunity to convey our deep appreciation to the shareholders, the workers, staff and officers of the Company for their patience, tolerance and forbearance, as well as the assistance and cooperation to the management during these hard days.

We would also like to thank our valued dealers, suppliers, financiers and shareholders for their cooperation and the trust reposed in our Company.

In the end, let us pray to Almighty Allah to guide us in all our pursuits of national development and for the betterment of your organization, Ameen.

On behalf of the Board

Karachi
December 26, 2012

AFTAB AHMED
Chairman & Chief Executive

ABSTRACT OF VARIATION IN THE REMUNERATION/TERM OF THE CHIEF EXECUTIVE AND WHOLE-TIME DIRECTORS
(Section 218 of the Companies Ordinance, 1984)

Following are the approved limit of remunerations at a maximum for the Chief Executive and the below mentioned Executive (whole time) Directors (including all allowances, benefits/perquisites, utilities etc.) along with transport and its maintenance for their official and personal use :

	Annual Entitlement			
	w.e.f.	Amount Rs.	w.e.f.	Amount Rs.
Mr. Aftab Ahmad Chairman & Chief Executive	May 24, 2007	2,000,000	June 10, 2009	4,000,000
Ms. Naheed Zaffar Mirza Director	June 02, 2008	1,000,000	May 19, 2011	1,500,000
Mr. Abbas Ally Agha Director	May 24, 2007	520,000	June 02, 2008	800,000

Monthly remunerations of Chief Executive and Executive Directors :

	Annual Remuneration			
	w.e.f.	Amount Rs.	w.e.f.	Amount Rs.
Mr. Aftab Ahmad Chairman & Chief Executive	June 01, 2011	252,800	June 01, 2012	268,300
Ms. Naheed Zaffar Mirza Director	June 01, 2011	90,650	June 01, 2012	106,925
Mr. Abbas Ally Agha Director	June 01, 2011	48,800	June 01, 2012	54,613

PATTERN OF SHAREHOLDINGS
AS AT 30TH SEPTEMBER 2012

Number of Share Holders	Shareholding From	To	Total Shares Held	Percentage
1767	1	100	167,513	1.54
394	101	500	130,869	1.21
372	501	1000	355,957	3.28
251	1001	5000	666,215	6.14
40	5001	10000	310,650	2.86
9	10001	15000	107,096	0.99
8	15001	20000	137,155	1.26
7	20001	25000	160,761	1.48
2	25001	30000	53,401	0.49
1	40001	45000	43,750	0.40
25	45001	50000	1,250,000	11.52
1	50001	55000	52,340	0.48
1	60001	65000	62,390	0.58
1	65001	70000	68,000	0.63
2	70001	75000	148,134	1.37
1	95001	100000	100,000	0.92
3	100001	105000	301,500	2.78
1	105001	110000	105,833	0.98
1	110001	115000	110,138	1.02
1	140001	145000	140,984	1.30
2	145001	150000	295,500	2.72
1	155001	160000	159,000	1.47
1	160001	165000	162,800	1.50
3	165001	170000	502,065	4.63
1	195001	200000	200,000	1.84
1	200001	205000	201,000	1.85
1	210001	215000	211,530	1.95
1	295001	300000	300,000	2.76
1	420001	425000	423,099	3.90
1	495001	500000	500,000	4.61
2	500001	505000	1,001,000	9.23
1	775001	780000	779,820	7.19
1	810001	815000	813,700	7.50
1	825001	830000	827,800	7.63
2906			**10,850,000**	**100**

CATEGORIES OF SHAREHOLDINGS (30-09-2012)
ADDITIONAL INFORMATION

Categories of Shareholders	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties	-	-
Mutual Funds	-	-
NIT and ICP		
National Bank of Pakistan-Trustee Deptt, NI(U) Fund (more than 5%)	802,320	7.39
Investment Corporation of Pakistan (ICP)	167,700	1.55
National Investment Trust Ltd. (NIT)	9,100	0.08
	979,120	**9.02**
Directors, CEO and their Spouse(s) and minor Children.		
Mr. Aftab Ahmed (Chief Executive).	2,000	0.02
Begum Akhter Abid (Director)	201,000	1.85
Ms. Naheed Zaffar Mirza (Director)	100,500	0.93
Mr. Abbas Ally Agha (Director)	1,000	0.01
Mr. Ali Ghazi Mirza (Director)	1,000	0.01
Mr. Abdullah Kamran Soomro (Director)	5,000	0.05
Mr. Asif Saeed (Director)	5,000	0.05
Mr. Akber Ali Mirza (Director)	5,000	0.05
	320,500	**2.95**
Executives	-	-
Public sector companies and corporations	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds; and		
National Bank of Pakistan	74,627	0.69
The Bank of Punjab (Treasury Division)	166,865	1.54
State Life Insurance Corp. of Pakistan	162,800	1.50
Pakistan ReInsurance Company Ltd.	100,000	0.92
New Jubilee Insurance Company Ltd.	1,100	0.01
Muslim Insurance Company Ltd.	600	0.01
National Bank of Pakistan (Former NDFC)	1,050	0.01
	507,042	**4.67**
Shareholders holding five percent or more voting rights in the listed company.		
- Also NBP Trustee Deptt. (above)		
Others / Joint Stock Companies		
Naeem's Securities (Pvt) Ltd.	100	0.00
Sarfraz Mahmood (Pvt) Ltd.	100	0.00
Darson Securities (Pvt) Ltd.	23,100	0.21
Cliktrade Limited	500	0.00
Stock Master Securities (Pvt) Ltd.	500	0.00
Rahat Securities Limited	100	0.00
Invest Capital Markets Ltd.	10,000	0.09
	34,400	**0.32**
Individuals	**9,008,938**	**83.03**
TOTAL	**10,850,000**	**100**

CORPORATE VISION / MISSION STATEMENT

VISION

The Company, one of the leading sugar mills in Sindh, aims at producing international quality white refined sugar for local consumption and export purpose. Our vision is to transform PSML into a modern and dynamic industry, highly indulgent in the well being of the investors, workforce and the agriculture community of the area. We want to fully equip the company to play a meaningful role on sustainable basis in the economic and social development of the country and protect the environment.

MISSION

Our mission is to promote agriculture and to achieve operating & financial stability for our company. This would help us to have meaningful role for a sound and dynamic industrial system to achieve sustainable and equitable economic growth of the Country. We would like to transform the agriculture community of the area into an exemplary force to become a role model for others. We would endeavor to enhance the value of our shareholders, to provide a secure place of work to our employees and to be an ethical partner to all our business associates.

SIX YEARS DATA AT A GLANCE

Rupees in Thousand

	PARTICULARS		2012	2011	2010	2009	2008 Restated	2007
	FINANCIAL DATA							
1	**Financial Position**							
	Paid up Capital	Rs.	108,500	108,500	108,500	108,500	108,500	108,500
	Accumlated (loss)/Profit	Rs.	(817,740)	(675,094)	(613,473)	(688,874)	(872,712)	(874,771)
	Surplus on Recaluation of Fixed Assets		-	-	-	-	71,712	79,679
	Long term Loan	Rs.	9,556	84,843	91,616	92,005	70,000	92,166
	Deferred Liablities	Rs.	292,805	294,843	297,937	297,937	451,519	357,741
	Fixed Assets (At Cost)	Rs.	547,780	560,150	551,220	550,771	550,974	531,205
	Accumulated Depreciation	Rs.	497,327	491,617	485,591	478,940	472,188	370,942
	Long term Advance/Deposits	Rs.	58	58	58	132	132	132
	Current Assets	Rs.	107,911	362,451	204,345	162,631	100,789	57,209
	Current Liabilities	Rs.	495,301	598,939	385,453	425,027	422,401	454,289
2.	**INCOME**							
	Sales	Rs.	627,044	1,411,945	1,069,717	391,987	620,521	481,890
	Gross Profit/(Loss)	Rs.	(107,693)	(11,024)	117,901	42,220	12,042	(19,006)
	Other Income	Rs.	11,839	34,119	11,211	185,992	10,386	7,212
	Pre-Tax (Loss)/Profit	Rs.	(142,646)	(41,363)	86,098	189,140	2,059	(30,197)
	Taxation	Rs.	-	(14,159)	(10,697)	(5,302)	-	(2,500)
3.	**STATISTICS AND RATIOS**							
	Gross Profit/(Loss) to Sales	%	(17.17)	(0.78)	11.02	10.77	1.94	(3.94)
	Pre-Tax Profit/(Loss) to Sales	%	(22.75)	(2.93)	8.05	48.25	0.33	(6.27)
	Pre-Tax Profit/(Loss) to Capital	%	(131.47)	(38.12)	79.35	174.322	1.90	(27.83)
	Current Ratio		1:4.59	1:1.65	1:1.89	1:2.61	1:4.19	1:7.94
	Paid - up Value per Share	Rs.	10	10	10	10	10	10
	Earnings / (loss) per Share	Rs.	(13.15)	(5.12)	6.95	0.74	(0.75)	(3.01)
	Cash Dividend	Rs.	-	-	6,098	-	-	-
	Market Value Per Share	Rs.	2.50	2.75	5.35	5.04	6.89	10.40
4.	**OPERATING DATA**							
	Season Started		30.12.2011	26-11-2010	15.11.2009	16.12.2008	17-11-2007	15.11-2006
	Season Closed		26.02.2012	31-03-2011	04.03.2010	12.03.2009	06-04-2008	08.04.2007
	Days Worked		59	126	110	86	142	145
	Sugarcane Crushed	M.T	116,299	253,279	172,177	123,413	335,900	207,346
	Sugarcane Crushed	Mds	2,907,479	6,331,977	4,394,424	3,085,331	8,397,488	5,183,643
	Sugar Recovery	%	9.200	9.200	9.620	9.684	9.269	9.931
	Sugar Production	M.T.	10,697	23,293	16,546	11,950	31,142	20,585
	Molasses Recovery	%	4.808	4.848	4.662	4.518	4.930	4.663
	Molasses Production	M.T.	5,600	12,265	8,035	5,575	16,560	9,665

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
{See Clause (xl) of the revised code 2012}

Name of Company : **PANGRIO SUGAR MILLS LIMITED**

Year Ended : **30th September, 2012**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35, Chapter XI of Listing Regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited 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 CCG (Revised Code 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. The Board comprises of nine directors including the C.E.O. At present the board includes:

Category	Names
Executive Directors	Mr Aftab Ahmad Ms Naheed Zaffar Mirza Mr Abbas Ally Agha
Non-Executive Directors	Begum Akhtar Abid Mr Ali Ghazi Mirza Mr Abdullah Kamran Soomro Mr Asif Saeed Mr Akbar Ali Mirza Mr. Muhammad Asif (NIT)

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution 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 its supporting policies and procedures.

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 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 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. According to requirement of the revised Code 2012, at least one director is required to have the certification of directors' training program by June 30, 2013 and by June 30, 2016 every year at least one director to acquire the said certification; thereafter all directors shall obtain it.

   However, there is a provision that individuals with a minimum of 14 years of education and 15 years of experience on the board of a listed company shall be exempted from the directors' training program. One of our directors already meets the exemption criteria by dint of qualification and experience and need not attend the training program. Thus we will be required to meet the condition of training certification for our other directors by the second year i.e. June 30, 2014.

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 the year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by 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 that disclosed in the pattern of shareholding.

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

15. The Board has already formed an audit committee. It comprises of 3 (three) members of whom 2 (two) are non-executive directors and the Chairperson is an executive director.

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 (in its meeting held on 26th December 2012) has formed an HR and Remuneration Committee. It comprises three members of whom two are non-executive directors and the chairman of the committee is a non-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 programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

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, has been disseminated among all market participants at once through stock exchange(s).

23. Our CFO and Head of Internal Audit qualify for the respective posts under the provision (i.e. exemption from qualification criteria on the basis of serving for the last five years) contained in Clauses (xiii) & (xiv) of the revised CCG. Both of our CFO and Head of Internal Audit are already working for the last 5 years.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi
December 26, 2012

AFTAB AHMED
Chairman & Chief Executive

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

We have reviewed the Statement of Compliance wih the best practices contained in the Code of Corporate Governance (“the Code”) for the year ended September 30, 2012 prepared by the Board of Directors of **Pangrio Sugar Mills Limited** (The Company'), to comply with the Listing Regulations of the Karachi Stock Exchange (Guarantee) limited and Lahore Stock Exchange (Guarantee) 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 he 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 our 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 consider whether the Board’s statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further, Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for the their consideration and approval 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 datermine whether the related party transactions were undertaken at arm's length price or not.

Based on our review we report, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the status of 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, 2012.**

(Aslam Malik & Co.)
Chartered Accountants
Engagement Partner:
Mian Ahmed Hussain

Karachi:
Dated: December 26, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **PANGRIO SUGAR MILLS LIMITED** (the Company) as at September 30, 2012, the related profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 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) As disclosed in note 1.2 to the financial statements, the company suffered a loss of Rs.142.65 million for the year (2011: Loss Rs.55.52 million) and as on the reporting date, its equity is negative by Rs.709.24 million (2011: Rs.566.594 million), its accumulated loss amounted to Rs.817.74 million (2011: Rs.675.09 million) and its current liabilities exceeded its current assets by Rs.387.39 million (2011: Rs.236.49 million). Further the ultimate outcome of the proceedings of long term loan (as disclosed in note 11.1) is not ascertainable as of this date. 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. The company may therefore not be able to realize its assets to discharge its liabilities in the normal course of business.

(b) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(c) 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 and the expenditure incurred during the year were in accordance with the objects of the company;

(d) except for the effect of the matter described in paragraph (a) above, 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, statement of comprehensive income, statement of changes in equity and cash flow statement 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, of the loss, its comprehensive loss, changes in equity and cash flows for the year then ended ; and

(e) in our opinion, no zakat was deductable at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980).

(Aslam Malik & Co.)
Chartered Accountants
Engagement Partner: Mian Ahmed Hussain

Karachi:
Dated: December 26, 2012

BALANCE SHEET
AS AT SEPTEMBER 30, 2012

	Note	2012	2011
ASSETS			
NON-CURRENT ASSETS		Rupees	
Property, plant and equipment	4	**50,452,986**	49,521,720
Long term deposits		**58,000**	58,000
CURRENT ASSETS			
Stores, spares and loose tools	5	**23,702,012**	23,431,677
Stock-in-trade	6	**60,597,140**	202,730,751
Loan and advances	7	**13,356,194**	63,198,299
Trade deposits and short term prepayments	8	**8,114,205**	20,234,131
Other recievable	9	**30,565**	29,030,565
Taxation		**-**	19,823,576
Cash and bank balances	10	**2,110,977**	4,002,066
		107,911,093	362,451,065
TOTAL ASSETS		**158,422,079**	412,030,785
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,000,000 ordinary shares of Rs. 10/- each		**120,000,000**	120,000,000
Issued, subscribed and paidup capital			
10,850,000(2011:10,850,000) shares fully paid in cash		**108,500,000**	108,500,000
Accumulated loss		**(817,740,266)**	(675,094,490)
		(709,240,266)	(566,594,490)
NON-CURRENT LIABILITIES			
Long-term financing from:			
- Banks and financial institutions	11	**9,556,339**	14,843,276
- Related parties	12	**70,000,000**	70,000,000
Deferred liabilities	13	**292,805,374**	294,842,681
CURRENT LIABILITIES			
Current portion of long-term financing	14	**111,146,974**	121,819,200
Short term borrowings	15	**22,595,369**	22,595,369
Trade and other payables	16	**309,446,932**	379,139,537
Accrued markup on loans	17	**48,568,661**	48,568,661
Provision for taxation		**3,542,697**	26,816,552
		495,300,633	598,939,319
TOTAL EQUITY AND LIABILITIES		**158,422,079**	412,030,785
CONTINGENCIES AND COMMITMENTS	18	**-**	-

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR** **CHIEF FINANCIAL OFFICER**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	19	**627,043,684**	1,411,944,995
Cost of sales	20	**(734,736,326)**	(1,422,969,333)
Gross profit / (loss)		**(107,692,642)**	(11,024,338)
Operating expenses			
Distribution		**(1,740,133)**	(2,765,641)
Administrative	21	**(41,417,139)**	(35,285,023)
		(43,157,272)	(38,050,664)
		(150,849,914)	(49,075,002)
Finance costs	22	**(3,634,955)**	(7,395,890)
Other income	23	**11,839,094**	34,119,053
Other charges	24	**-**	(19,011,283)
		8,204,139	7,711,880
Profit / (loss) before taxation		**(142,645,775)**	(41,363,122)
Taxation	25	**-**	(14,159,439)
Net (loss) / profit for the year		**(142,645,775)**	(55,522,561)
(Loss) / earning per share - basic & diluted	28	**(13.15)**	(5.12)

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2012	2011
	Rupees	
(Loss) / profit after taxation	**(142,645,775)**	(55,522,561)
Other comprehensive income	-	-
Total comprehensive income for the year transferred to equity	**(142,645,775)**	(55,522,561)

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER   DIRECTOR   CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Share Capital	Accumulated Losses	Other comprehensive income/(Loss)	Total
	Rupees			
Balance as at October 1, 2010	108,500,000	(613,472,980)	-	(504,972,980)
Profit/(Loss) for the year	-	(55,522,561)	-	(55,522,561)
Dividend Paid		(6,098,950)		(6,098,950)
Balance as at September 30, 2011	108,500,000	(675,094,491)	-	(566,594,491)
Balance as at October 1, 2011	**108,500,000**	**(675,094,491)**	-	**(566,594,491)**
Profit/(Loss) for the year	**-**	**(142,645,775)**	-	**(142,645,775)**
Balance as at September 30, 2012	**108,500,000**	**(817,740,266)**	**-**	**(709,240,266)**

The annexed notes from 1 to 35 form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER — DIRECTOR — CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2012	2011
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**(142,645,776)**	(41,363,121)
Adjustments for :		
Depreciation on property, plant and equipment	**6,205,618**	7,411,499
Impairment losses on property, plant and equipment	**-**	19,011,283
Finance costs	**3,634,955**	7,395,890
Reversal of deferred liabilities	**(2,037,307)**	(3,094,308)
Reversal of long term liabilities	**(825,954)**	-
Imputed interest	**-**	(485,170)
Gain on disposal of property, plant and equipment	**(168,732)**	(634,968)
	6,808,580	29,604,226
Operating cash flow before movement in working capital	**(135,837,195)**	(11,758,896)
Changes in working capital		
Stores, spares and loose tools	**(270,335)**	3,444,618
Stock in trade	**142,133,611**	(68,685,851)
Loans and advances	**49,842,105**	(52,897,349)
Trade deposits and short-term prepayments	**12,119,926**	(10,334,482)
Other receivables	**29,000,000**	(29,002,230)
Trade and other payables	**(69,692,605)**	204,385,360
	163,132,702	46,910,066
Cash generated by operations	**27,295,507**	35,151,170
Finance costs paid	**(2,650,422)**	(3,147,924)
Income taxes paid	**(3,450,273)**	(12,327,231)
	(6,100,695)	(15,475,155)
Net cash inflow from operating activities	**21,194,812**	19,676,015
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(7,196,480)**	(11,679,900)
Proceeds from disposal of property, plant and equipment	**228,328**	2,000,000
Net cash outflow from investing activities	**(6,968,152)**	(9,679,900)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	**(16,117,748)**	(16,124,147)
Divident Paid	**-**	(5,568,581)
Net cash outflow from financing activities	**(16,117,748)**	(21,692,728)
Increase in cash and cash equivalents (A+B+C)	**(1,891,088)**	(11,696,613)
Cash and cash equivalent at beginning of the year	**4,002,066**	15,698,679
Cash and bank balances at end of the year	**2,110,978**	4,002,066

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

1 STATUS AND NATURE OF BUSINESS

1.1 Pangrio Sugar Mills Limited is incorporated in Pakistan on June 12,1984 as a public limited company under the Companies Ordinance, 1984. The registered office of the company is situated at 10th Floor, Building No.1, Lakson Square, Sarwar Shaheed Road, Karachi and the Mill is located at Deh Rejauri II, Taluka Tando Bago, District Badin in the province of Sindh. The company is currently listed on Karachi and Lahore Stock Exchanges. The principal activity of the company is manufacturing and sale of white sugar.

1.2 During the year the company has incurred a loss of Rs.142.65 million (2011: Loss Rs.55.52 million). As of the reporting date, company's equity is negative by Rs.709.24 million (2011: Rs.566.59 million), its accumulated loss amounted to Rs.817.74 million (2011: Rs.675.09 million) and its current liabilities exceeded its current assets by Rs.387.39 million (2011: Rs.236.49 million).

As disclosed in note 11.1, the matter of settlement of long term loan to BEL is expected to be finalized in due course of time and the management expects that it shall be able to pay the said liability in easy installment from future cash flow generation.

The company is poised to start operation in the coming season with supply of sugar cane from growers as per past practice and expects the market price of sugar to be more favourable to ease its liquidity constraints

These conditions indicate existence of material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

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

2.2 Accounting convention

2.2.1 Basis of measurement

These financial statements have been prepared under the basis of 'historical cost' convention.

2.2.2 Functional and Presentation Currency

These Financial statements are presented in Pakistani Rupee which is the company's functional currency.

2.2.3 Significant Estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of Accounting Standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are as followes:

	Note
a) Useful life and residual values of property, plant and equipment	3.1
b) Provision for slow moving stores and spares	3.2
c) Provision for obsolete and slow moving inventories	3.3
d) Provision for taxation	3.7
e) Impairment in respect of financial assets	3.11.2

2.2.4 Changes in accounting policies and disclosures

New and amended standards adopted by the Company:

IFRIC 19, 'Extinguishing financial liabilities with equity instruments' Clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The IFRIC is applicable from July 1, 2010.

IAS 24, 'Related party disclosures' (revised 2009) Amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amended standard is effective from January 1, 2011.

Amendments to IAS 34, 'Interim financial reporting': Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around: The circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The effective date is January 1, 2011.

Amendment to IAS 1, 'Presentation of financial statements': Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The effective date is January 1, 2011.

IFRS 7, 'Financial instruments' Emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The effective date is January 1, 2011.

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

IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

Amendments to IFRS 3, 'Business combinations' (applicable to annual periods beginning on or after July 1, 2010): Clarify the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, requirements on measurement of noncontrolling interests and the provisions applicable to un-replaced and voluntarily replaced sharebased payment awards.

IFRIC 13, 'Customer loyalty programmes': The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes. The effective date is January 1, 2011.

Amendment to IFRS 1, 'First time adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS 7 disclosures for first time adopters': Provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the amendments to IFRS 7. Also clarifies the transition provisions of the amendments to IFRS 7. The effective date is July 1, 2010.

Amendment to IFRIC 14, 'IAS 19 – The limit on a defined benefit assets, minimum funding requirements and their interaction': Removes unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. Results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. The effective date is from January 1, 2011 however, for the Company's gratuity scheme being unfunded, the amendment stands irrelevant.

'Classification of rights issues' (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after February 1, 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

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

IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets but is unlikely to materially affect the Company's accounting for its financial assets as held currently.

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is not applicable until January 1, 2013 but is available for early adoption. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012.

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the Company will need to disclose any transactions between its subsidiaries and its associates. The Company is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective July 1, 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation is not expected to have any impact on the Company's financial statements.

Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards' (effective for annual periods beginning after January 1, 2011): Includes provisions for accounting policy changes in the year of adoption, revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant & equipment

Operating assets

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to profit & loss account applying the reducing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note 4 to the financial statements. Depreciation on additions is charged for the quarter in which an asset is put to use and no depreciation is charged in the quarter in which assets are disposed.

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

Gains and losses on disposal of assets, if any, are taken to the profit and loss account.

The assets' residual values, useful lives methods are reviewed and adjusted if appropriate, at each financial year. The Company's estimate of residual values of property,plant and equipment as at 30 September 2012 did not require any adjustment as its impact is considered insignificant.

An item of property,plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year asset is derecognized.

Capital work in progress

Capital work-in-progress is stated at cost less imparement, if any. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant category as and when assets are available for use.

3.2 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of moving average cost and net realizable value. Provision is made for slow moving and obsolete items.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Provisions are made in the financial statements for obsolete and slow moving stores and spares based on management's best estimate regarding their future useability.

3.3 Stock in trade

All stock in trade except molasses are valued at lower of cost and net realizable value where cost is determined by applying the following basis:

- Finished sugar at average manufacturing cost;
- Sugar in process at average manufacturing cost;
- Molasses at contracted price / net realizable value;

Average cost in relation to work in process and finished goods signifies the cost of sugar including a portion of related direct overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to be incurred to make the sale.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future useability.

3.4 Trade and other receivables

Trade and other receivables are carried at original invoice amount/cost, which is the fair value of the consideration to be received, less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balance considered bad and irrevocable are written off.

3.5 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.6 Staff retirement benefits

The company operates an approved provident fund for eligible employees. The Company contributes equal amount of employees contribution i.e. 8.33% of basic salary.

3.7 Current and deferred income tax

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted or subsequently enacted by the reporting date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or 1% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for tax purposes. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profits.

3.8 Trade and other payables

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

3.9 Provisions

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

3.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.11 Financial assets

3.11.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'loans and deposits', 'trade debts and other receivables' and 'cash and cash equivalents' in the balance sheet.

c) Held to maturity financial assets

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. There were no held to maturity financial assets at the balance sheet date.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off it within 12 months of the end of the reporting date.

3.11.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'other operating income/expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in relevent notes.

3.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

3.13 Foreign currency translation

Foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates. Non-monetary assets are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in income currently.

3.14 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

3.15 Basic and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.16 Related Party Transactions

Transactions with related parties are carried out on commercial terms and conditions.

3.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for marketing allowances. Revenue is recognised on the following basis:

- Sales of goods are recognized when goods are delivered to the customer.
-Income on deposits and other financial assets is recognised on accrual basis.

3.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4 PROPERTY, PLANT & EQUIPMENT

	Leasehold land	Factory building	Office premises	Plant and machinery	Boiler house	Power house	Electric installation	Mills & other equipment	Office equipment	Computers	Furniture and fixture	Vehicles	Agricultural vehicles	Total
							Rupees							
As at October 01, 2010														
Cost	5,824,913	94,150,097	9,855,026	193,631,821	126,921,396	69,930,238	19,556,836	3,544,550	4,317,367	3,563,179	5,513,597	13,954,302	457,000	551,220,322
Accumulated depreciation	-	(85,990,840)	(8,715,816)	(168,716,706)	(115,633,268)	(64,822,114)	(17,838,303)	(3,242,626)	(3,315,984)	(3,275,745)	(5,016,694)	(8,587,975)	(434,618)	(485,590,689)
Net book value	5,824,913	8,159,257	1,139,210	24,915,115	11,288,128	5,108,124	1,718,533	301,924	1,001,383	287,434	496,904	5,366,327	22,382	65,629,633
Year ended September 30, 2011														
Opening net book value	5,824,913	8,159,257	1,139,210	24,915,115	11,288,128	5,108,124	1,718,533	301,924	1,001,382	287,434	496,904	5,366,327	22,382	65,629,633
Additions/transfer during the year	-	-	-	1,645,000	-	-	-	950,000	-	-	-	9,084,900	-	11,679,900
Disposals / transfers														
Cost	-	-	-	-	-	-	-	-	-	-	-	(2,750,000)	-	(2,750,000)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	1,384,968	-	1,384,968
Net book value	-	-	-	-	-	-	-	-	-	-	-	(1,365,032)	-	(1,365,032)
Impairment loss (note 4.3)	-	(3,277,508)	-	(12,370,799)	(2,143,632)	(500,000)	-	-	(692,344)	-	(27,000)	-	-	(19,011,283)
Depreciation for the year	-	(815,926)	(113,921)	(2,614,887)	(1,128,813)	(510,812)	(171,853)	(53,942)	(100,138)	(86,231)	(49,690)	(1,760,809)	(4,476)	(7,411,499)
Closing net book value	5,824,913	4,065,823	1,025,289	11,574,429	8,015,683	4,097,312	1,546,680	1,197,982	208,900	201,203	420,214	11,325,386	17,906	49,521,719
As at September 30, 2011														
Cost	5,824,913	94,150,097	9,855,026	195,276,821	126,921,396	69,930,238	19,556,836	4,494,550	4,317,367	3,563,179	5,513,597	20,289,202	457,000	560,150,222
Accumulated depreciation	-	(86,806,766)	(8,829,737)	(171,331,593)	(116,762,081)	(65,332,926)	(18,010,156)	(3,296,568)	(3,416,122)	(3,361,976)	(5,066,384)	(8,963,816)	(439,094)	(491,617,219)
Impairment losses (note 4.3)	-	(3,277,508)	-	(12,370,799)	(2,143,632)	(500,000)	-	-	(692,344)	-	(27,000)	-	-	(19,011,283)
Net book value	5,824,913	4,065,823	1,025,289	11,574,429	8,015,683	4,097,312	1,546,680	1,197,982	208,901	201,203	420,213	11,325,386	17,906	49,521,720
Year ended September 30, 2012														
Opening net book value	**5,824,913**	**4,065,823**	**1,025,289**	**11,574,429**	**8,015,683**	**4,097,312**	**1,546,680**	**1,197,982**	**208,901**	**201,203**	**420,213**	**11,325,386**	**17,906**	**49,521,720**
Additions/transfer during the year	-	-	-	**6,953,000**	-	-	-	-	**109,480**	**74,000**	**60,000**	-	-	**7,196,480**
Disposals / transfers														
Cost	-	-	-	-	-	-	-	-	-	-	-	(555,000)	-	(555,000)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	495,404	-	495,404
Net book value	-	-	-	-	-	-	-	-	-	-	-	**(59,596)**	-	**(59,596)**
Depreciation for the year	-	**(406,582)**	**(102,529)**	**(1,801,368)**	**(801,568)**	**(409,731)**	**(154,670)**	**(119,798)**	**(29,101)**	**(77,011)**	**(46,521)**	**(2,253,158)**	**(3,581)**	**(6,205,618)**
Closing net book value	**5,824,913**	**3,659,241**	**922,760**	**16,726,061**	**7,214,115**	**3,687,581**	**1,392,010**	**1,078,184**	**289,280**	**198,192**	**433,692**	**9,012,632**	**14,325**	**50,452,986**
As at September 30, 2012														
Cost	**5,824,913**	**94,150,097**	**9,855,026**	**202,229,821**	**126,921,396**	**69,930,238**	**19,556,836**	**4,494,550**	**4,426,847**	**3,637,179**	**5,573,597**	**19,734,202**	**457,000**	**566,791,702**
Accumulated depreciation	-	**(87,213,348)**	**(8,932,266)**	**(173,132,961)**	**(117,563,649)**	**(65,742,657)**	**(18,164,826)**	**(3,416,366)**	**(3,445,223)**	**(3,438,987)**	**(5,112,905)**	**(10,721,570)**	**(442,675)**	**(497,327,433)**
Impairment losses (note 4.3)	-	**(3,277,508)**	-	**(12,370,799)**	**(2,143,632)**	**(500,000)**	-	-	**(692,344)**	-	**(27,000)**	-	-	**(19,011,283)**
Net book value	**5,824,913**	**3,659,241**	**922,760**	**16,726,061**	**7,214,115**	**3,687,581**	**1,392,010**	**1,078,184**	**289,280**	**198,192**	**433,692**	**9,012,632**	**14,325**	**50,452,986**
Annual rates of depreciation	**0%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**10%**	**30%**	**10%**	**20%**	**20%**	

4.1 Detail of Disposal of Fixed Asset

Description of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Proceed	Mode of Disposal	Particulars of Buyers
Suzuki Cultus	555,000	495,404	59,596	228,328	Negotiation	Mr. S. Iqbal Ahmed Rizvi (Production Manager)

		2012	2011
4.2	**Allocation of Depreciation**	Rupees	
	Cost of sales	**3,753,458**	5,442,443
	Administrative expenses	**2,452,160**	1,969,056
		6,205,618	7,411,499

4.3 This represents impairment losses arising due to damages occuring to the factory area and assets within factory premises due to flood in the Badin Region during the month of September 2011.

			2012	2011
5	**STORES, SPARES AND LOOSE TOOLS**		Rupees	
	Stores		**14,500,425**	18,172,422
	Spares		**9,641,608**	13,136,671
	Loose tools		**570,102**	758,724
			24,712,135	32,067,817
	Less: Provision against slow moving items/obsolesence (note 5.1)		**(1,010,123)**	(8,636,140)
			23,702,012	23,431,677

5.1 During period under audit company has received insurance claim of Rs 29 million. Upon materialization of cliam company has written off obsolete stores and spares against which insurance claim of Rs 7,626,093 is received

			2012	2011
6	**STOCK IN TRADE**		Rupees	
	Sugar in process		**3,200,149**	4,196,179
	Finished sugar	6.1	**57,396,991**	199,767,072
	Less: provision for reprocessing costs in respect of damaged stock		**-**	(1,232,500)
			60,597,140	202,730,751

6.1 The cost of inventories recognised as expense due to lower of market value of stock in hand in and included in 'cost of sales' amounted to Rs. 7.82 million (2011: 18.294).

		2012	2011
7	**LOANS AND ADVANCES**	Rupees	
	Related parties:		
	Employees - considered good	**4,379,738**	5,050,042
	Employees - considered doubtful	**1,501,033**	1,501,033
		5,880,771	6,551,075
	Less: Provision for doubtful loans and advances	**(1,501,033)**	(1,501,033)
		4,379,738	5,050,042
	Advances to:		
	Growers - considered good	**8,976,456**	58,148,257
	Growers - considered doubtful	**34,544**	34,544
		9,011,000	58,182,801
	Less: Provision for doubtful loans and advances	**(34,544)**	(34,544)
		8,976,456	58,148,257
		13,356,194	63,198,299

	2012	2011
	Rupees	

8 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2012	2011
Trade deposits - considered good		
Transport contractors	280,655	280,655
Suppliers	5,272,217	16,369,924
Expenses	2,457,136	2,677,111
	8,010,008	19,327,690
Trade deposits - considered doubtful		
Suppliers	941,246	941,246
Expenses	483,864	483,864
	1,425,110	1,425,110
Less: Provision for doubtful trade deposits	(1,425,110)	(1,425,110)
	8,010,008	19,327,690
Prepayments	104,197	906,441
	8,114,205	20,234,131

9 OTHER RECEIVABLE

	2012	2011
	Rupees	
Other	30,565	30,565
Insurance claim receivable	-	29,000,000
	30,565	29,030,565

10 CASH AND BANK BALANCES

	2012	2011
Cash at banks		
Current accounts	2,040,738	3,925,546
Cash in hand	70,239	76,520
	2,110,977	4,002,066

11 LONG TERM FINANCING

Banking and financial institutions - secured , interest free

	Note	Mark - up rate p.a.	Contracted Cash flows	Installments Number	Installments Commencing from	2012 (Rupees)	2011 (Rupees)
Long term finance utilised under mark-up arrangements:							
BEL Syndicate							
-Bankers Equity Limited	11.1	Mark up free	102,689,258	To be fixed		102,689,258	102,689,258
MCB Bank Limited		Mark up free	6,702,086	fully paid		-	6,702,086
Allied bank Limited	11.2	Mark up free	2,528,952	8 quarterly	Apr-11	818,813	2,293,061
United Bank Limited	11.3	Mark up free	6,412,415	10 quarterly	Apr-10	1,269,103	5,960,345
National Bank of Pakistan	11.4	4% cost of fund	19,896,000	8 semi annually	Jun-09	13,280,023	16,371,610
						118,057,197	134,016,360
Less: Current portion shown under current liabilities						5,811,600	9,781,740
Overdue portion shown under current liabilities						102,689,258	109,391,344
						108,500,858	119,173,084
						9,556,339	14,843,276

11.1 This represents the amount of proportionate share of the BEL for settlement based on the forced sale value of the fixed assets of the company of Rs. 222.17 million approved in October 2004 by the SBP committee in terms of the circular 29 in year 2004. The remaining balance of Rs.85.6 million is reflected under deferred liabilities (refer in note 13) pending recognition as income since final settlement with BEL is presently subject to litigation in High court between the parties. BEL is under liquidation and the official liquidator of BEL had in 2011 filed an application with High Court for settlement at Rs.102 million in 24 quarterly installments which was not acceded to and decreed on 22nd November 2011 of High court for recovery of Rs.188 million by sale of company's fixed assets. The order was subsequently suspended by divisional bench vide order dated on 21 January 2012.

The company is pressing for settlement with BEL based on FSV of Rs.222.17 million in line with the settlement accepted by its other syndicate members i.e. MCB, HBL, NBP, ABL and UBL. The Company expects that its appeal will be favorably decided and a settlement with BEL on the said lines will be reached with BEL in due course of time accordingly.

11.2 ABL has restructured its loan for repayment in 8 quarterly installment without any interest in quarterly installment of Rs. 0.421 million. The Company has made down payment of Rs. 1 million and six installment of Rs. 0.421 million each, the balance reflects the amount of loan amortized @ 14.35% per annum using two year KIBOR at the agreement date.

11.3 UBL has restructured its loan for repayment in 10 quarterly installment without any interest in quarterly installment of Rs. 1.282 million. The Company has made nine installment of Rs. 1.282 million each, the balance reflects the amount of loan amortized @ 13.21% per annum using two year KIBOR at the agreement date.

11.4 NBP has also restructured all its loans for repayment over a period of seven years in 14 half yearly installments with cost of funds @ 4.31% per annum. The company has made two installment of Rs 4.422 million during the year, the balance reflects the amount of loan amortized @ 14.96% per annum using three year KIBOR.

Securities

The above liabilities are secured against first mortgage on all the present and future movable and immovable properties of the company ranking pari passu with each other and a continuing floating charge on the company's assets. BEL and NBP finance are further secured against pledge of sponsors shares.

	Notes	2012	2011
		Rupees	
12 RELATED PARTY - UNSECURED - INTEREST FREE			
Long term loan received from related party	**12.1**	**70,000,000**	70,000,000

12.1 The loan is obtained from related parties and are interest free with no fixed repayable terms.

13 DEFERRED LIABILITIES	Notes	2012	2011
		Rupees	
Staff gratuity	**13.1**	**3,929,807**	3,929,807
Quality premium	**13.2**	**93,778,123**	93,778,123
Banking companies	**13.3**	**195,097,444**	197,134,751
		292,805,374	294,842,681

13.1 Staff Gratuity

Permanent employees were entitled to unfunded gratuity scheme till September 1995. The management is of the opinion that the carrying amount of liability recognized at the balance sheet date is not less than the amount required to settle the liability. From October 01, 1995 Head Office and Mills management staff participate in an approved provident fund scheme.

13.2 Quality premium

This represents provision in respect of quality premium (QP) payable to growers for the period from 1998-99 to 2003-04. The matter of payment of quality premium is subjudiced and appeals filed in this matter are pending before the Supreme Court of Pakistan. Supreme Court granted injunction on the appeal citing conflicting judgment of the High Court of Sindh and the High Court of Punjab in the issue of validity of QP restrained recovery of QP till the matter is disposed off. The management maintains that subsequent to the year 2003 it has fulfilled its obligations of QP (Refer details in note 18).

13.3 Banking companies	**2012**	2011
	Rupees	
Bankers equity limited	**85,613,994**	85,613,994
United bank limited	**811,250**	811,250
MCB bank limited	**-**	2,037,307
National bank of Pakistan	**108,089,376**	108,089,376
Allied bank limited	**582,824**	582,824
	195,097,444	197,134,751

13.3.1 As a result of settlement, the company has transferred the settlement liability of Rs. 222.17 million to long term finances (Note - 11). The balance amount of Rs. 353.81 million has been transferred to deferred liabilities, being the difference between amount as per books (Rs. 575.98 million) and settlement amount (Rs. 222.170 million).According to the terms of settlement , in case of any single default in payment of settlement installment, the arrangement would be cancelled and financial institutions would be entitle to recover entire outstanding liabilities as per their record/ decree issued by the court. Because of this condition, the difference amount of principal and markup has not been reversed during the year and kept in the deferred liabilities and will be reversed when the long term loans are fully repaid.The amount due to MCB settled during the year that's why amount of deffered liability related to MCB reversed.

The agreement with Bankers Equity Limited have not yet been signed and have not incorporated the effect of settlement. The management is confident that the agreements with remaining banks will be signed soon.

14 CURRENT PORTION OF LONG TERM LIABILITIES	**Notes**	**2012**	2011
		Rupees	
Cash finance	14.1	**2,646,116**	2,646,116
Payable within one year		**5,811,600**	9,781,740
		8,457,716	12,427,856
Overdue portion		**102,689,258**	109,391,344
		111,146,974	121,819,200

14.1 The bank (Samba Bank Ltd.) has filed suit for recovery of Rs. 50.925 million against which the court has given decree of Rs. 32.40 million, the bank filed for the execution of decree. However, on 26 July 1999 the Company reached out of Court settlement and issued post dated cheques in this respect. As at the balance sheet date, the amount represents the outstanding balance of the above decree. The said execution has been transfered from Sindh High Court to Banking Court 1 for final disposal at the end. The matter is pending in Court vide application 78/2005. The Legal Council of the company is confident that the amount payable is not more than the booked liability and hence no further markup has accordingly been charged.

15 SHORT TERM BORROWINGS

	Notes	2012	2011
		Rupees	
Payable against bank guarantee			
Secured - under markup arrangement	15.1	22,595,369	22,595,369

15.1 This represents amount of bank guarantee issued by Samba Bank Limited (formerly Cresent Commercial Bank Limited formerly Doha Bank Limited) on behalf of the company for central excise duty which was encahsed by the Department. The bank has filled a suit bearing No. 1400/05 for recovery of Rs. 52.380 million inclusive of bank guarantee amounting to Rs. 21.236 million and mark up @ 21% from June 1998 to May 2005 amounting to Rs. 31.144 million in the High Court of Sindh. PSML has filed an application under order 7 Rule 11 CPC, praying therein that the suit being time barred be dismissed according to law. As at the balance sheet date, the company has booked liability of Rs. 70.89 million (48 million in accrued markup refer note 17) and has stopped further recording of markup based on the opinion of the legal councel that the liability is not more than the amount recorded. The suit is pending adjudication. Now Samba Bank Ltd is take over Crescent Commercial Bank Limited.

16 TRADE AND OTHER PAYABLES

	Notes	2012	2011
		Rupees	
Creditors		**3,210,614**	3,612,004
Accrued liabilities		**16,214,737**	15,556,820
Road cess		**2,397,468**	2,430,788
Advance against sale		**165,241,848**	228,333,522
Growers liabilities	16.1	**120,963,596**	123,928,323
Income tax		**557,528**	391,524
Unclaimed dividend		**670,864**	674,270
Sales tax		**178,007**	4,178,133
Workers' profit participation fund	16.2	**-**	-
Others		**12,270**	34,153
		309,446,932	379,139,537

16.1 This includes outstanding liability relating to period before the year 1994 and remained unpaid due to company's financial constraints. These are partly held up for settlement owing to death of some growers for completion of requried legal formalities by their legal heirs.

16.2 Workers' profit participation fund	Notes	**2012** Rupees	2011 Rupees
Opening balance		**-**	4,623,977
Interest on outstanding balance		**-**	368,905
Allocated for the period		**-**	-
Payments during the period		**-**	(4,992,882)
		-	-

17 ACCURED MARKUP ON LOANS

	Notes	2012	2011
Long term financing		**314,063**	314,063
Short term borrowings	**15.1**	**48,254,598**	48,254,598
		48,568,661	48,568,661

18 CONTINGENCIES AND COMMITMENTS

Contingencies

The matter of quality premium continues to be pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company purchased sugar cane at market rate, which was higher than minimum support price fixed by the government during the period from 2004-2010 except for 2007-08 and the resultant aggregate extra liability on account of various subsidies born by it amounted to Rs.1,282.93 million that absorbed the quality premium for the said years of Rs.213.92 million. It also holds the view that uniform formula being developed by MINFAL for mills and cane growers would be applicable prospectively. In view of above, the company has not recorded any obligation with respect to quality premium.

Commitments

During the year the company has unlifted delivery order quantity of 534 M.Ton value Rs 26.2 Million.

19 SALES - net	Notes	**2012** Rupees	2011 Rupees
Sugar		**638,291,761**	1,384,431,895
Molasses		**36,780,000**	105,137,500
		675,071,761	1,489,569,395
Less: direct taxes leived and brokerage		**(48,028,077)**	(77,624,400)
		627,043,684	1,411,944,995

20 COST OF SALES

	Notes	2012	2011
		Rupees	
Sugar cane consumed		**462,965,989**	1,340,944,239
Packing material		**4,431,850**	8,584,399
Road cess		**726,773**	1,582,994
Salaries, wages and benefits	**20.1**	**60,800,733**	65,062,672
Fuel and power		**6,165,477**	7,041,388
Chemicals		**3,693,726**	5,260,231
Oil and Lubricant		**3,996,084**	4,951,060
Stores and spares		**24,873,730**	25,888,865
Repairs and maintenance		**1,237,313**	603,718
written off store obsolete items	**5.1**	**-**	7,626,017
Insurance		**4,476,618**	3,860,796
Traveling		**2,124,561**	2,600,455
Telephone and postage		**224,409**	225,714
Vehicles running		**6,300,543**	5,600,112
Depreciation	**4.1**	**3,753,458**	5,442,443
Freight handling and mud removal		**1,971,453**	2,380,566
Others		**4,859,999**	3,999,515
Cost of goods manufactured		**592,602,716**	1,491,655,184
Add: Opening Stock			
Finished sugar		**202,730,751**	134,044,900
Less: Closing Stock			
Finished sugar		**(57,396,991)**	(198,534,572)
Sugar in process		**(3,200,149)**	(4,196,179)
		(60,597,140)	(202,730,751)
		734,736,326	1,422,969,333

20.1 This includes an amount of Rs. 1.518 million (2011: Rs. 1.496 million) in respect of staff retirement benefits.

		Note	2012	2011
			Rupees	
21	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		**5,362,252**	5,081,677
	Salaries, wages and benefits	**21.1**	**16,982,506**	12,447,186
	Electricity, gas and water		**2,222,692**	1,494,508
	Repairs and maintenance		**1,823,922**	2,391,964
	Insurance		**783,913**	706,428
	Rent, rates and taxes		**847,947**	333,962
	Traveling		**223,630**	529,677
	Printing and stationery		**759,051**	781,675
	Auditor's remuneration	**21.2**	**582,500**	532,500
	Legal and professional		**487,226**	654,500
	Vehicles running		**5,291,886**	5,183,302
	Telephone and postage		**1,680,571**	1,376,373
	Fees and subscription		**983,159**	972,793
	Advertisement		**58,500**	51,750
	Depreciation	**4.1**	**2,452,160**	1,969,056
	General expenses		**875,224**	777,672
			41,417,139	35,285,023

21.1 This includes an amount of Rs. 0.475 million (2011 : Rs. 0.418 million) in respect of staff retirement benefits.

		Note	2012	2011
21.2	**Auditors' remuneration**		Rupees	
	Audit fee		**425,000**	375,000
	Other services			
	-half yearly review of financial statement		**120,000**	120,000
	-review of compliance with Code of Corporate Governance		**37,500**	37,500
			582,500	532,500

		2012	2011
22	**FINANCE COSTS**		
	Markup on long term financing	**2,790,849**	4,285,746
	Interest on workers' profits participation fund	**-**	368,905
	Bank charges	**844,106**	2,741,239
		3,634,955	7,395,890

23 OTHER INCOME

	Note	2012 Rupees	2011 Rupees
Scrap sales		**435,444**	693,903
Gain on disposal of property, plant and equipment		**168,732**	634,968
Reversal of Liability		**2,863,261**	-
Other income		**-**	210,704
Waiver of accrued markup		**-**	3,094,308
written off unclaimed liabilities		**8,371,657**	-
Imputed income	**11**	**-**	485,170
Insurance claim receivable	**23.1**	**-**	29,000,000
		11,839,094	34,119,053

24 OTHER CHARGES

	2012	2011
Impairment losses arising due to flood in the factory area	**-**	19,011,283
	-	19,011,283

25 PROVISION FOR TAXATION

	2012	2011
Current		
for the year	**-**	14,159,439
	-	14,159,439

Current - for the year

The Company has incurred gross loss before set off of depreciation and other inadmissible expenses,so the company is not liable to pay minimum tax as per Section 113 of Income Tax Ordinance, 2001.

Deferred

Deferred tax on account of deductible temporary differences resulting from brought forward tax losses ,has not been recognized as it is not probable that sufficient taxable profits will be available in the foreseeable future against which such an asset may be realised.

TAX CHARGE RECONCILIATION

Since the company is in tax losses, therefore it is impracticable to prepare the tax charge reconciliation.

26 PLANT CAPACITY AND PRODUCTION

	2012	2011
Curshing capacity (Metric Tons based on 180 days of production)	**648,000**	648,000
Actual curshing (Metric Tons)	**116,299**	253,279
Percentage of crushing capacity attained	**17.9%**	39.1%
Number of days of production	**59**	126
Sugar capacity (Metric Tons based on 180 days of production)	**42,600**	42,600
Production of sugar (Metric Tons)	**10,698**	23,293
Percentage of capacity attained	**25.11%**	54.68%

Reasons for shortfall:

Non-availability of sugar cane in the area.

27 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULARS	2012 Chief Executive	2012 Director	2012 Total	2011 Chief Executive	2011 Director	2011 Total
	Rupees					
Remuneration	**2,523,400**	**1,255,500**	**3,778,900**	2,301,238	1,220,663	3,521,901
House rent	**898,500**	**684,852**	**1,583,352**	995,650	564,126	1,559,776
Utilities	**175,644**	**203,127**	**378,771**	148,878	166,245	315,123
Others	**258,829**	**391,258**	**650,087**	279,321	323,861	603,182
Meeting fee	**-**	**53,000**	**53,000**	-	46,000	46,000
TOTAL	**3,856,373**	**2,587,737**	**6,444,110**	3,725,087	2,320,895	6,045,982
NO. OF PERSONS	**1**	**2**	**3**	1	2	3

27.1 The Chief Executive and Directors are entitled to free use of Company maintained cars. Chief executive is also provided telephone and utility facilities.

28 EARNINGS PER SHARE

	2012	2011
	Rupees	
BASIC		
Profit after taxation - Rupees	**(142,645,775)**	(55,522,561)
Weighted average number of ordinary shares	**10,850,000**	10,850,000
Earning per share - Rupees	**(13.15)**	(5.12)

DILUTED

There is no dilution effect on the basic earnings per share of the company as the company has no convertible instruments in issue at the end of the reporting period.

29 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel and staff/workers funds. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund and gratuity are in accordance with staff service rules.

Details of transactions with related parties are as follows:	2012	2011
	Rupees	
Transactions during the year		
Contribution to staff provident fund	**1,633,031**	1,603,000
Payable / (Receivable) as on balance sheet date with:		
Workers' profit participation fund	**-**	4,623,977

The remuneration of Chief Executive, Directors and Executives is disclosed in Note 27 to the financial statements.

30 FINANCIAL INSTRUMENTS

Financial instruments by category

FINANCIAL ASSETS	2012	2011
	Rupees	
Loans and receivables		
Long term deposits	**58,000**	58,000
Trade deposits and short term prepayments	**8,010,008**	19,327,690
Other recievable	**30,565**	29,030,565
Cash and bank balances	**2,110,977**	4,002,066
	10,209,550	52,418,320

FINANCIAL LIABILITIES AT AMORTIZED COST		
Long-term financing	**118,057,197**	134,016,360
Trade and other payables	**308,711,397**	146,236,358
Accrued markup on finances	**48,568,661**	48,568,661
Short term borrowings	**22,595,369**	22,595,369
	497,932,624	351,416,748

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (including interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

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

31.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Due to the company’s long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non–performance by these counter parties on their obligations to the company. To manage exposure to credit risk, Company applies credit limits and deals with credit worthy parties. It makes full provision against those balances considered doubtful by dealing with variety of major banks and financial institutions. All the balances are recoverable / deposited in Pakistan. The carrying amounts of financial assets against which the Company did not hold any collateral represent the maximum credit exposure, as specified below:

	2012	2011
	Rupees	
Trade deposits and short term prepayments	**8,010,008**	19,327,690
Other recievable	**30,565**	29,030,565
Bank balances	**2,040,738**	3,925,546
	10,081,311	52,283,801

The credit quality of the balances with the bank and financial institutions as at the balance sheet date is given below:

	2012	2011
	Rupees	
A1+	**1,019,414**	1,556,145
A - 1 +	**1,021,324**	2,369,402
	2,040,738	3,925,547

31.2 Liquidity risk

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

	2012			
	Carrying Amount	**Contractual cash flows**	**Twelve months or less**	**Two to Five years**
Non-Derivative Financial liabilities	**Rupees**			
Long-term financing	**383,154,641**	**396,624,069**	**111,146,974**	**272,007,667**
Trade and other payables	**308,711,397**	**308,711,397**	**308,711,397**	**-**
Short term borrowings	**22,595,369**	**22,595,369**	**22,595,369**	**-**
Accrued markup on finances	**48,568,661**	**48,568,661**	**48,568,661**	**-**
	763,030,068	**776,499,496**	**491,022,401**	**272,007,667**

	2011			
	Carrying Amount	Contractual cash flows	Twelve months or less	Two to Five years
Non-Derivative Financial liabilities	Rupees			
Long-term financing	399,113,804	405,363,462	121,819,200	277,294,604
Trade and other payables	308,711,397	308,711,397	308,711,397	-
Short term borrowings	22,595,369	22,595,369	22,595,369	-
Accrued markup on finances	48,568,661	48,568,661	48,568,661	-
	778,989,231	785,238,889	501,694,627	277,294,604

31.3 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 comprise of interest/mark up rate risk. The market risk associated with the Company's business activities are discussed as under:

31.3.2 Interest/mark up rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to Interest / mark up rate risk as there is no variable rate financing as at the balance sheet date. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2012	2011	**2012**	2011
	Effective interest rate (%)		Carrying amount	
			Rupees	
Fixed rate instruments				
Long term financing	**6% - 14.96%**	6% - 14.48%	**383,154,641**	399,113,804
			383,154,641	399,113,804

31.4 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.

32 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 risk management during the year and the Company is not subject to externally imposed capital requirements.

33 RECLASSIFICATION

Previous year figures has been rearranged or/ and reclassification, where necesery, for the purpose of comparision in the financial statements.

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized by the Board of Directors of the Company for issue on December 26, 2012.

35 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

FORM OF PROXY

The Secretary,
PANGRIO SUGAR MILLS LIMITED
10th Floor, Building No. 1,
Lakson Square, Sarwar Shaheed Road,
Karachi-74200.

I/We_______________________ S/o _______________________

CNIC _______________________ of _______________________

being a member of **PANGRIO SUGAR MILLS LIMITED** and holder of_______________

Ordinary Shares, as per Register Folio No./CDC A/c No._______________________

hereby appoint_______________________ S/o _______________________

CNIC _______________________ Folio No. / CDC A/C. No. _______________________

of ____

who is also a member of the Company as my/our Proxy to vote for me/us and on my/our behalf at the **28th Annual General Meeting** of the Company to be held on **January 30, 2013** or at any adjournment thereof.

Signed:_______________________day of_______________________2013.

Witness

1) Name_______________________
C.N.I.C No._______________________
Address_______________________
Signature_______________________

2) Name_______________________
C.N.I.C No._______________________
Address_______________________
Signature_______________________

Five Rupees Revenue Stamp

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

NOTE:

1. This form of proxy duly completed and signed, must be deposited at the 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 authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.

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