PANGRIO SUGAR MILLS LTD.

30th annual report

2014

PANGRIO SUGAR MILLS LTD.

30TH ANNUAL REPORT 2014

COMPANY PROFILE

BOARD OF DIRECTORS:

MR. ABBAS ALLY AGHA	-	Chairman & Chief Executive
BEGUM AKHTAR ABID		
MS. NAHEED ZAFFAR MIRZA		
MR. AFTAB AHMAD		
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

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.

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:

PANGRIO SUGAR MILLS SITE
DEH RAJAURI II,
TALUKA TANDO BAGO,
DISTRICT BADIN, SINDH.

KARACHI 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 **30th Annual General Meeting** of the Company will be held on **Friday, January 30, 2015** at **04.00** p.m. at the Registered office of the Company at Pangrio Sugar Mills Site, Deh Rajuri II, Taluka Tando Bago, District Badin, Sindh to transact the following business:

1. To confirm the Minutes of the 29th Annual General Meeting of the Company held on January 30, 2014.

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, 2014.

3. To appoint Auditors of the Company for the year ending September 30, 2015 and fix their remuneration. The retiring Auditors, M/s. Aslam Malik & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To elect 7 (seven) Directors in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three (3) years commencing January 29, 2015.

By Order of the Board

Karachi: January 06, 2015

M. YUNUS ANSARI
Company Secretary

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, 2015 to January 30, 2015**. (both days inclusive).

2. In pursuance of Section 178 (1) of the Companies Ordinance, 1984 the Board of Directors has fixed the number of elected Directors at 7 (seven). The names of retiring Directors, who are eligible for re-election, are as follows:

1.	Mr. Abbas Ally Agha	2.	Begum Akhter Abid
3.	Ms. Naheed Zaffar Mirza	4.	Mr. Aftab Ahmad
5.	Mr. Ali Ghazi Mirza	6.	Mr. Abdullah Kamran Soomro
7.	Mr. Asif Saeed	8.	Mr. Akber Ali Mirza
9.	Mr. Muhammad Asif (NIT)		

3. 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.

4. 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.

5. Shareholders are requested to provide copy of their CNIC/Passport. Copy of NTN Certificate or NTN Number should also be provided as per requirement of SECP Circular 19/2014; otherwise withholding tax at the rate of 15% will be deducted on dividend amount instead of 10%.

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

DIRECTORS' REPORT

Dear Shareholders:

The directors are pleased to present the Company's Annual Audited Accounts and Financial Statements along with the Auditors' Report thereon and summary of operational performance for the year ended **September 30, 2014**.

GENERAL

Our Company has been suffering losses consecutively for the last several years on account of various exogenous factors such as acute shortage and poor quality of sugarcane specially in district Badin where our mill is situated, enhanced cane support price and un-matching sugar price in the market.

During previous Season 2012-13, cane supply position to our mills was very discouraging – during first 10 days daily average arrival was hardly 20,000 tons with recovery around 9% and after a pathetic operation of 30 odd days, PSML could crush only 510,774 maunds of sugarcane and produced only 1,688 tons of sugar with average recovery of 8.6%. Based on the Government support price of sugarcane for the season of Rs.172/- per maund plus TPT charges, cane-cost alone per kg. of sugar produced worked out to around Rs.48.50 whereas the market price of sugar had remained depressed at around Rs.50/- per kg. Thus, the Company was suffering heavy loss due to increased cost of production, and economics of producing sugar had become not feasible. Therefore the Company had to discontinue operation to avoid further losses.

During the season under review i.e. Crushing Season 2013-14, the situation was almost the same as that of the previous season 2012-13 and in absence of any working capital finance or other financing facility by any bank / financial institutions, the cash flow position of the Company was badly affected and the company was facing severe financial constraints.

After detailed workings and observations, it was decided not to operate the mill during the season under review i.e. Crushing Season 2013-14 to avoid heavy losses, which would have been caused if the mill was operated under the existing scenario.

OPERATING RESULTS

As the mill did not operate during the season under review i.e. Crushing Season 2013-14, there was no production of sugar.

Particulars	2013-2014	2012-2013
Season started	-	11-01-2013
Season closed	-	09-02-2013
Days worked	-	30
Sugarcane crushing (Tons)	-	20,431
" " (Maunds)	-	510,774
Sugar recovery (%)	-	8.611
Sugar production (Tons)	-	1,688
Molasses recovery (%)	-	4.679
Molasses production (Tons)	-	930

FINANCIAL RESULTS

Financial results for the year 2013-14 along with those of 2012-13 are summarized as under:

	2013-14 (Rs.)	2012-2013 (Rs.)
Profit/(Loss) before taxation	(43,696,984)	(112,650,031)
Provision for taxation - prior year	(45,442)	-
Net Profit/(Loss) after taxation	(43,742,426)	(112,650,031)
Accumulated loss brought forward	(930,390,297)	(817,740,266)
Accumulated loss carried forward	(974,132,723)	(930,390,297)
Earning/(loss) per share – basic & diluted	**(4.03)**	**(10.38)**

The Company suffered a gross loss of Rs. 12.470 million during the year under review i.e. 2013-14 compared to Rs. 82.548 million during the previous year. The Company booked a net loss of Rs. 43.742 million during the year under review compared to a net loss of Rs. 112.650 million during last year. It will be noted that the losses sustained during the year under review are comparatively lesser than that of the previous year. Had the mill been operated, the volume of losses would have been far in excess!

SEASON 2014-2015

There has been no improvement in the sugarcane availability in district Badin and the situation is posing serious threat to the mills situated in the district. The cane position particularly in the PSML Zone area is more alarming. Other exogenous unfavourable conditions continue to exist; sugarcane support price of Rs.182/- per 40 kg. for the current season is also high whereas market price of sugar remained depressed at around Rs.50/- per kg. Cost of sugarcane alone for per kg of sugar produced based on a recovery of 9.50% works out at around Rs. 48/-, which will further increase after adding back sugar processing cost, other fixed cost etc.

The fixed sugarcane support price of Rs.182/- per 40 kg for the season being uneconomical because of the sugar price remained depressed, members of the sugar industry filed a Constitution Petition in the High Court of Sindh praying that either the Federal Government or the Provincial Government fix a price of sugar in co-relation with rapidly increasing price of sugarcane. Meanwhile, the Federal Government refused to be involved in the matter but the Government of Sindh, in recognition of the difficulties faced by the industry, was pleased to revise the price of sugarcane to Rs.155/- per 40 kg. till the fixation of price of sugar in the interest of the stakeholders, and to commence the Crushing Season.

The Sindh Sugar Industry immediately commenced the crushing season. However, the Sindh Government issued subsequent notification withdrawing the rate of Rs.155/- and enforcing the earlier fixed rate of Rs.182/-.

PSMA has requested again for urgent intervention of Federal & Provincial Governments for fixation of sugar price keeping in view the increased price of sugarcane. Another petition was filed by the member mills challenging the subsequent Notification withdrawing the sugarcane rate of Rs.155/-. On 30-12-2014, the petition was dismissed by the Court.

However, the management with its limited resources, had kept the mill operational for the last so many years without any financial facility from any bank / financial institutions, not even working capital was made available to us due to stringent Prudential Regulations. It is very difficult for an industrial unit to survive and operate without a working capital. We explored all other options and tried to obtain financing facility but in vain. PSML is a very old unit and requires thorough BMR to regain operational efficiency.

In the presence of such an acute shortage of cane-availability coupled with unfavourable production conditions due to increased cost of production and non-availability of fund, there is uncertainty regarding operation of the mill during the current Crushing Season 2014-15 too. The mill has not yet started crushing operation.

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

In their report for the year under review, the auditors have given adverse opinion referring to matters discussed with reference to Note 1.2 to the financial statements in respect of company's weak and unsatisfactory financial position, discontinuity of operation and company's facing recovery proceedings filed by the financial institutions. These conditions indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Furthermore, as per terms of settlement of deferred liabilities disclosed in note 13.3.1 to the financial statements, in case of any default in single payment the arrangement would be cancelled and financial institutions would be entitled to recover the entire deferred amount. The Company has defaulted in payment to the financial institution but the liability is still classified as non-current because we are in negotiation with the bank and are confident to settle the issue amicably out of court.

The auditor's concern is addressed to the shareholders so that the matters and their impacts are mitigated.

The management is abreast of the problem caused by breach and the auditor's apprehension regarding its consequential effects. The default in payment of installment is only in case of NBP (NDFC) and the management is in negotiation with them and hopeful to reach a settlement.

Out of long term loans, those payable to other institutions have gradually been fully settled over the past periods with the exception of BEL, which is under-liquidation and the matter is subjudice, disclosed in detail in Note No. 11.1 & 14.2 to the financial statements. Since the matter is in court there is indeed uncertainty about the outcome of the case till it is finally decided.

Likewise on the use of going concern assumption, they have considered together all the factors as if they are going to mature and since the Company is faced with year after year of loss, liquidity constraints, has negative current ratio and unpaid growers liability may impact its cane-procurement in future. The management is aware of the grave problem it is faced with and pin its hopes on the improvement in sugarcane availability and sugar prices in future. Till then the situation is grave for the entire sugar industry owing to high cane cost and lower sugar prices.

In view of the above, these financial statements have been prepared using going concern assumption and the Company is taking every step to improve the situation.

BOARD OF DIRECTORS

There has been no change in the Board of Directors since after its constitution through Election of Directors on 29th January, 2012 for a term of 3 (three) years till to-date except for that the existing Director, Mr. Abbas Ally Agha was appointed as the Chairman and Chief Executive in place of Mr. Aftab Ahmad, who had resigned from the office of the Chairman & Chief Executive. The next election of directors is due on 29th January, 2015 and the number of directors to be elected has now been fixed at 7 (seven) in stead of 9 (nine).

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, 2015.

CODE OF CORPORATE GOVERNANCE

The Company has adopted the 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.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAME WORK

a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, 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.

d. International Accounting 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. As the mill did not operate during the year under review i.e. Crushing Season 2013-14, there has been no production.

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. 0.514 million.

m. During the year, 5 (five) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings Attended
Mr Abbas Ally Agha	5
Begum Akhter Abid	-
Ms Naheed Zaffar Mirza	5
Mr Aftab Ahmad	2
Mr Ali Ghazi Mirza	-
Mr Abdullah Kamran Soomro	2
Mr Asif Saeed	2
Mr Akbar Ali Mirza	2
Mr Muhammad Asif (NIT)	4

Leave of absence 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. One meeting of the HR&R Committee was held during the year.

Name of Members	No. of Meetings Attended
Mr. Abdullah Kamran Soomro	1
Mr. Aftab Ahmed	1
Mr. Akber Ali Mirza	1

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.

However, the mill did not operate during Season 2013-14 and due to severe financial constraints and unfavourable business conditions, no director could obtain the requisite training certification by June 30, 2014.

The Board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provide with appropriate briefing and orientation material to enable them firsthand knowledge on the working of the Company.

q. The pattern of shareholding is annexed.

r. Matters relating to dues of BEL, NBP (NDFC) and Samba Bank (formerly Doha Bank) are already under litigation and pending in the courts of law. However, we are in negotiation with NBP and Samba Bank and hopeful to have a settlement out of the court. Except these, there are no outstanding dues of any bank / financial institutions.

For details, please refer Note Nos: 11.1 & 14.2 (BEL), 11.2 & 13.3.1 (NBP-NDFC) and 14.1 & 15.1 (Samba Bank).

s. There was no trading in shares of PSML held by its directors, CEO, CFO, 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

ABBAS ALLY AGHA
Chairman & Chief Executive

Karachi,
January 03, 2015

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

Year Ended September 30, 2014

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 Abbas Ally Agha Chairman & Chief Executive	Appointed CEO w.e.f May 26, 2014		June 02, 2008	800,000
Ms. Naheed Zaffar Mirza Director	June 02, 2008	1,000,000	May 19, 2011	1,500,000
Mr Aftab Ahmad Director	Retired as CEO w.e.f May 26, 2014, still on the Board as Non-Executive Director		June 10, 2009	4,000,000

Monthly remunerations of Chief Executive and Executive Directors :

	Monthly Remuneration			
	w.e.f.	Amount Rs.	w.e.f.	Amount Rs.
Mr Abbas Ally Agha Chairman & Chief Executive	Appointed CEO w.e.f May 26, 2014		June 01, 2013	57,713
Ms Naheed Zaffar Mirza Director	June 01, 2012	106,925	June 01, 2013	112,350
Mr Aftab Ahmad Director	Retired as CEO w.e.f May 26, 2014, still on the Board as Non-Executive Director		June 01, 2013	283,800

PATTERN OF SHAREHOLDINGS AS AT 30TH SEPTEMBER 2014

No. of Shareholders	Shareholding From	To	Total Shares Held	Percentage
1697	1	100	160,474	1.48
343	101	500	113,026	1.04
352	501	1000	339,229	3.13
227	1001	5000	618,346	5.70
20	5001	10000	146,185	1.35
4	10001	15000	50,150	0.46
6	15001	20000	101,700	0.94
5	20001	25000	113,737	1.05
1	25001	30000	25,500	0.24
2	30001	35000	66,000	0.61
1	35001	40000	35,500	0.33
1	40001	45000	43,750	0.40
24	45001	50000	1,200,000	11.06
3	50001	55000	156,340	1.44
1	55001	60000	58,500	0.54
1	65001	70000	67,000	0.62
2	70001	75000	145,194	1.34
2	95001	100000	200,000	1.84
4	100001	105000	401,865	3.70
1	105001	110000	105,833	0.98
2	110001	115000	222,138	2.05
1	130001	135000	135,000	1.24
1	140001	145000	142,984	1.32
2	145001	150000	295,500	2.72
1	155001	160000	159,000	1.47
1	160001	165000	162,800	1.50
2	165001	170000	334,800	3.09
1	195001	200000	200,000	1.84
1	200001	205000	201,000	1.85
1	430001	435000	433,599	4.00
1	495001	500000	500,000	4.61
2	500001	505000	1,001,000	9.23
1	510001	515000	511,530	4.71
1	760001	765000	760,820	7.01
1	810001	815000	813,700	7.50
1	825001	830000	827,800	7.63
2717			**10,850,000**	**100**

CATEGORIES OF SHAREHOLDINGS (30-09-2014)
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	22,500	0.21
Investment Corporation of Pakistan (ICP)	167,300	1.54
National Investment Trust Ltd. (NIT)	9,100	0.08
CDC-Trustee National Investment (Unit) Trust (more than 5%)	760,820	7.01
	959,720	**8.85**
Directors, CEO and their Spouse(s) and minor Children.		
Mr. Abbas Ally Agha (Chief Executive)	1,000	0.01
Begum Akhter Abid (Director)	201,000	1.85
Ms. Naheed Zaffar Mirza (Director)	100,500	0.93
Mr. Aftab Ahmed (Director).	2,000	0.02
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	438	0.00
Trustee NBP (Employees Pension Fund)	71,294	0.66
Trustee NBP (Employees Benevolent Fund Trust)	2,502	0.02
The Bank of Punjab (Treasury Division)	100,365	0.93
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
	440,149	**4.06**
Shareholders holding five percent or more voting rights in the listed company.		
- Also CDC - Trustee NIT (Unit) (above)		
Others / Joint Stock Companies		
Naeem's Securities (Pvt) Ltd.	100	0.00
Sarfraz Mahmood (Pvt) Ltd.	100	0.00
Darson Securities (Pvt) Ltd.	21,000	0.19
Cliktrade Limited	500	0.00
Stock Master Securities (Pvt) Ltd.	500	0.00
Rahat Securities Limited	100	0.00
Fikree's (SMC-Pvt) Ltd	100	0.00
	22,400	**0.21**
Individuals	**9,107,231**	**83.94**
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		**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
	FINANCIAL DATA							
1	**Financial Position**							
	Paid up Capital	Rs.	108,500	108,500	108,500	108,500	108,500	108,500
	Accumulated (loss)/Profit	Rs.	(974,133)	(930,390)	(817,740)	(675,094)	(613,473)	(688,874)
	Long term Loan	Rs.	2,101	6,006	9,556	84,843	91,616	92,005
	Deferred Liablities	Rs.	205,797	291,411	292,805	294,843	297,937	297,937
	Fixed Assets (At Cost)	Rs.	547,650	547,780	547,780	560,150	551,220	550,771
	Accumulated Depreciation	Rs.	507,337	502,715	497,327	491,617	485,591	478,940
	Long term Advance/Deposits	Rs.	58	58	58	58	58	132
	Current Assets	Rs.	37,174	48,196	107,911	362,451	204,345	162,631
	Current Liabilities	Rs.	665,278	547,799	495,301	598,939	385,453	425,027
2.	**INCOME**							
	Sales	Rs.	-	136,824	627,044	1,411,945	1,069,717	391,987
	Gross Profit/(Loss)	Rs.	(12,470)	(82,548)	(107,693)	(11,024)	117,901	42,220
	Other Income	Rs.	-	1,420	11,839	34,119	11,211	185,992
	Pre-Tax (Loss)/Profit	Rs.	(43,742)	(112,650)	(142,646)	(41,363)	86,098	189,140
	Taxation	Rs.	-	-	-	(14,159)	(10,697)	(5,302)
3.	**STATISTICS AND RATIOS**							
	Gross Profit/(Loss) to Sales	Rs.	-	(60.33)	(17.17)	(0.78)	11.02	10.77
	Pre-Tax Profit/(Loss) to Sales	Rs.	-	(82.33)	(22.75)	(2.93)	8.05	48.25
	Pre-Tax Profit/(Loss) to Capital	Rs.	(40.32)	(103.82)	(131.47)	(38.12)	79.35	174.322
	Current Ratio	Rs.	01:17.9	1:11.37	1:4.59	1:1.65	1:1.89	1:2.61
	Paid - up Value per Share	Rs.	10	10	10	10	10	10
	Earnings / (loss) per Share	Rs.	(4.03)	(10.38)	(13.15)	(5.12)	6.95	0.74
	Cash Dividend	Rs.	-	-	-	-	6,098	-
	Market Value Per Share	Rs.	3.50	2.50	2.50	2.75	5.35	5.04
4.	**OPERATING DATA**							
	Season Started		-	11.01.2013	30.12.2011	26.11.2010	15.11.2009	16.12.2008
	Season Closed		-	09.02.2013	26.02.2012	31.03.2011	04.03.2010	12.03.2009
	Days Worked		-	30	59	126	110	86
	Sugarcane Crushed	M.T	-	20,431	116,299	253,279	172,177	123,413
	Sugarcane Crushed	Mds	-	510,774	2,907,479	6,331,977	4,394,424	3,085,331
	Sugar Recovery	%	-	8.611	9.200	9.200	9.620	9.684
	Sugar Production	M.T	-	1,688	10,697	23,293	16,546	11,950
	Molasses Recovery	%	-	4.679	4.808	4.848	4.662	4.518
	Molasses Production	M.T	-	930	5,600	12,265	8,035	5,575

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, 2014**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35, Chapter XI of Karachi Stock Exchange Limited and Lahore Stock Exchange 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 Code in the following manner :

1. The Company encourages representation of independent non-executive directors and representing minority interests on the board of directors. The Board comprises of nine directors including the C.E.O. At present the Board includes :

Category	N a m e s
Executive Directors	Mr Abbas Ally Agha, CEO Ms Naheed Zaffar Mirza
Non-Executive Directors	Begum Akhtar Abid Mr Aftab Ahmad Mr Ali Ghazi Mirza Mr Abdullah Kamran Soomro Mr Asif Saeed Mr Akbar Ali Mirza Mr Muhammad Asif (NIT)

Note

Mr Abbas Ally Agha, the existing Executive Director, was appointed as the Chairman & Chief Executive in place of Mr. Aftab Ahmad with effect from May 26, 2014, who resigned from the Office of Chairman & Chief Executive of the Company. However, Mr. Aftab Ahmad is still on the Board as a Non-Executive Director.

2. The directors have confirmed that none of them is serving as a director in more than seven (7) listed companies, including this Company.

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

4. No casual vacancy occurred in the Board of Directors during the year under review except for that Mr Abbas Ally Agha, the existing Director, was appointed as the Chairman & Chief Executive in place of Mr. Aftab Ahmad with effect from May 26, 2014, who had resigned from the Office of Chairman & Chief Executive of the Company. However, Mr. Aftab Ahmad is still on the Board as a Non-Executive Director.

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 and other executive and non-executive directors, have been taken by the Board/Shareholders.

8. The meetings of the Board were chaired 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 the 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.

   However, the mill did not operate during Season 2013-14 and due to severe financial constraints and unfavourable business conditions, no director could obtain the requisite training certification by June 30, 2014.

10. The Board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them firsthand knowledge on the working of the Company.

11. 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.

12. 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.

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

14. 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.

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

16. 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.

17. 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.

18. The board has already formed an HR and Remuneration (HR&R) Committee comprising of three members including the Chairman. All the three members of the Committee, including the Chairman, are non-executive directors.

19. 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.

20. 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.

21. 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.

22. 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).

23. Material/price sensitive information, if any, has been disseminated among all market participants at once through stock exchange(s).

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

ABBAS ALLY AGHA
Chairman & Chief Executive

Karachi,
January 03, 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Pangrio Sugar Mills Limited** (the Company) for the year ended **September 30, 2014** to comply with the requirements of Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **September 30, 2014.**

Further, we highlight as disclosed in point 9 of the statement, none of the directors have obtained certification under directors training program as required under clause (xi) of the code.

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

Place: Karachi,
Date: January 03, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **PANGRIO SUGAR MILLS LIMITED** (the Company) as at **September 30, 2014**, 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, during the year, the company has incurred a loss of Rs. 43.742 million (2013: Loss of Rs. 112.650 million). As of the reporting date, company's equity is negative by Rs. 865.632 million (2013: Rs. 821.890 million), its accumulated loss amounted to Rs. 974.132 million (2013: Rs. 930.390 million) and its current liabilities exceeded its current assets by Rs. 628.104 million (2013: Rs. 499.60 million). The equity of the company is negative, it has adverse current ratio, it has not carried out any operation during the year and start of operations for the subsequent period is not imminent, it generated insufficient cash flows and its financial liabilities are long overdue. Further the company has defaulted in payment to National Bank of Pakistan and companies appeal related to BEL has been dismissed by High Court and Official Assignee issued the letter for publication of sale of mortgage properties. These conditions indicate a material uncertainty which may cast significant doubt on the company's ability 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 its business. The financial statements have been prepared on going concern basis by the management.

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) In our opinion and to the best of our information and according to the explanations given to us, because of the effects of the matters highlighted in paragraph (a), 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 do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at September 30,2014, 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 & Company)
Chartered Accountants
Engagement Partner: Mian Ahmed Hussain

Karachi:
Date: January 03, 2015

BALANCE SHEET
AS AT SEPTEMBER 30, 2014

	Notes	2014 Rupees	2013 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property plant & equipment	5	**40,312,245**	45,070,997
Long term deposits		**58,000**	58,000
CURRENT ASSETS			
Stores, spares and loose tools	6	**22,771,487**	22,771,487
Stock in trade	7	**-**	7,520,289
Loans and advances	8	**9,922,012**	12,366,320
Trade Deposits And Short-Term Prepayments	9	**3,655,859**	4,590,903
Other receivables		**30,565**	30,565
Cash and bank balances	10	**794,343**	917,138
		37,174,266	48,196,702
		77,544,511	93,325,699
SHARE CAPITAL			
AUTHORIZED CAPITAL			
12,000,000 Ordinary shares of Rs. 10/- each		**120,000,000**	120,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
10,850,000 Ordinary shares of Rs. 10/-each fully paid in cash		**108,500,000**	108,500,000
Accumulated loss		**(974,132,723)**	(930,390,297)
		(865,632,723)	(821,890,297)
NON-CURRENT LIABILITIES			
LONG TERM FINANCES			
Banks and financial institutions	11	**2,101,398**	6,005,827
Related party -unsecured -interest free	12	**70,000,000**	70,000,000
Deferred liabilities	13	**205,797,306**	291,411,300
CURRENT LIABILITIES			
Current portion of long term finances	14	**204,970,097**	114,284,576
Short term borrowings	15	**22,595,369**	22,595,369
Trade and other payables	16	**386,504,705**	359,756,007
Accrued markup on finances	17	**48,568,662**	48,568,662
Taxation	18	**2,639,697**	2,594,255
		665,278,530	547,798,869
CONTINGENCIES AND COMMITMENTS	19	**-**	-
		77,544,511	93,325,699

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE **DIRECTOR**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014 Rupees	2013 Rupees
Sales - net	20	-	136,824,249
Cost of sales	21	(12,469,761)	(219,372,232)
Gross loss		(12,469,761)	(82,547,983)
Operating expenses			
Administrative expense	22	(15,393,168)	(28,630,938)
Distribution		-	(847,312)
		(15,393,168)	(29,478,250)
Operating loss		(27,862,929)	(112,026,233)
Finance cost	23	(1,180,131)	(2,044,034)
Other (charges) / income	24	(14,653,924)	1,420,236
		(15,834,055)	(623,798)
Net loss before taxation		(43,696,984)	(112,650,031)
Taxation			
Current - for the year		-	-
Prior year charge		(45,442)	-
Deferred tax		-	-
		(45,442)	-
Net loss after taxation		(43,742,426)	(112,650,031)
Loss per share - basic & diluted	27	(4.03)	(10.38)

The annexed notes form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	2014 Rupees	2013 Rupees
(Loss)/Profit after taxation	**(43,742,426)**	**(112,650,031)**
Other comprehensive income for the period	-	-
Total comprehensive income for the period transferred to equity	**(43,742,426)**	**(112,650,031)**

The annexed notes form an integral part of these condensed interim financial informat

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Share Capital Rupees	Accumulated Loss Rupees	Total Rupees
Balance as at October 1, 2012	108,500,000	(817,740,266)	(709,240,266)
Loss for the period	-	(112,650,031)	(112,650,031)
Balance as at Sept 30, 2013	108,500,000	(930,390,297)	(821,890,297)
Loss for the period	**-**	**(43,742,426)**	**(43,742,426)**
Balance as at Sept 30, 2014	**108,500,000**	**(974,132,723)**	**(865,632,723)**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	2014 Rupees	2013 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	**(43,742,426)**	(112,650,031)
Adjustments for **:**		
Depreciation on properyty, plant and equipment	**4,662,372**	5,406,358
Financial cost	**1,180,131**	2,044,034
Reversal of deferred liabilities	**-**	(1,394,074)
Loss/ (Gain) on disposal of property, plant & equipment	**-**	(18,287)
	5,842,503	6,038,031
Operating cash flow before movement in working capital	**(37,899,923)**	(106,612,000)
Changes in working capital		
Decrease in current assets		
Stores, spares and loose tools	**-**	930,525
Stock in trade	**7,520,289**	53,076,851
Loans and advances	**2,444,308**	989,874
Trade deposits and short term prepayments	**935,047**	3,523,302
Increase in current liability		
Trade and other payables	**26,748,697**	50,309,074
	37,648,341	**108,829,626**
Cash generated by operations	**(251,582)**	**2,217,626**
Finance cost paid	**(13,033)**	(369,029)
Income tax paid	**45,442**	(948,422)
	32,409	(1,317,451)
Net cash (used in) / generated from operating activities	**(219,173)**	**900,175**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property, plant equipment	**-**	(72,000)
Proceeds from disposal of fixed assets	**96,378**	65,900
Net cash Inflow from investing activities	**96,378**	**(6,100)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	**-**	(2,087,916)
Net cash (outflow) from financing activities	**-**	(2,087,916)
(Decrease) in cash and cash equivalent (A+B+C)	**(122,795)**	(1,193,841)
Cash and cash equivalent at October 01	**917,138**	2,110,979
Cash and bank balances at end of the period	**794,343**	917,138

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2014

1 THE COMPANY AND ITS OPERATION

1.1 The company was 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 Pangrio Sugar Mills Site, Deh Rejauri II, Taluka Tando Bago, District Badin in the province of Sindh where the Mills is located. The company is currently listed on Karachi and Lahore Stock Exchanges. The principal business of the company is to manufacture and sell white sugar.

1.2 During the year the company has incurred a loss of Rs. 43.742 million (2013: Loss Rs. 112.650 million). As of the reporting date, company's equity is negative by Rs. 865.632 million (September 2013: Rs.821.890 million). Its accumulated loss amounted to Rs.974.132 million (2013: Rs.930.390 million) and its current liabilities exceeded current assets by Rs. 628.104 million (September 2013: Rs. 499.602 million). During the year the company opted not to carry on its operations in order to contain its losses as against the higher loss anticipated from operations due to high prices and unavailability of sugar cane, poor market price of sugar and other factors beyond the control of management.

As of the reporting date, the Company has defaulted in payment of four installments to NBP amounting to Rs. 9.9 million.(for details refer note 11.2 & 13.3.1).

During the year, the Company's appeal relating to the settlement of loan of BEL has been dismissed by High Court resulting in permitting BEL to proceed with recovery through sale of assets. Official Assignee issued the letter for publication of sale of mortgage properties. The company has now filed appeal in supreme court against the order which is pending. (for details refer note 11.1).

In the presence of such an acute shortage of cane - availability coupled with unfavourable production conditions due to increased cost of production and non availability of fund, there is uncertainty regarding operations of mills during the current crushing season 2014-2015 too.

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.

These financial statements have, however, been prepared using going concern assumption on the basis of facts narrated in above referred notes.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these accounts are the same as those applied in preparing the annual audited accounts for the year ended September 30, 2013.

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:

	Notes
a) Useful life and residual values of property, plant and equipment	4.1
b) Provision for slow moving stores and spares	4.2
c) Provision for obsolete and slow moving inventories	4.3
d) Provision for taxation	4.7
e) Impairment in respect of financial assets	4.11

3 STANDARDS, AMENDMENTS AND INTERPRETATIONS

3.1 Standards, amendments to published standards and interpretations effective in 2013 and relevant

The following standard and amendment to published standard are mandatory for the financial year beginning on July 1, 2013:

- IAS 1– (Amendment) 'Financial statement presentation.' The main change from these amendments is a requirement for entities to group items presented in 'Other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The amendment only affects the disclosures in the company's financial statements.

3.2 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments or interpretations which became effective during the year:

Standards, amendments to published standards and interpretations that are effective in year beginning from October 01, 2013 and are relevant to the company:

- IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment has not affected the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. Applicable to annual periods beginning on or after January 1.

- IAS 32 Financial Instruments: Presentation - Applicable to annual periods beginning on or after 1 January 2013 ,is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

- IAS 34 Interim Financial Reporting is amended, Applicable to annual periods beginning on or after 1 January 2013, to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

- IAS 28 "Investments in Associates and Joint Ventures", applicable to annual reporting periods beginning on or after January 1, 2013.

- IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or after January 1, 2013.

- IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013.

- IAS 19 (revised) 'Employee Benefits' has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of unappropriated profit and retirement benefit for the prior years presented.

b) New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual period beginning on or after 1 January 2016). The amendments to IAS 27 allow entities to use equity method to account for its investment in subsidiaries, joint ventures and associates in the Separate Financial Statements. Management is currently evaluating the implication of the amendment.

  Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These are not expected to have any impact other than increased disclosures.

- Securities and Exchange Commission of Pakistan (SECP) vide SRO 633(1)/2014 dated 10th July 2014 has approved the below IFRSs:

  - IFRS 10 'Consolidated Financial Statements'

  - IFRS 11 'Joint Arrangements'

  - IFRS 12 'Disclosure of interests in other entities'

  - IFRS 13 'Fair Value Measurement'

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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 5 to the financial statements. Depreciation on additions is charged when an asset is available for use until assets are disposed off.

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 2013 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 impairment, 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.

4.2 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 usability.

4.3 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 usability.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 Financial assets

4.11.1 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.

4.11.2 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 relevant notes.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 Related Party Transactions

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

4.17 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.

4.18 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.

5 PROPERTY, PLANT & EQUIPMENT

	Leasehold land	Factory building	Office premises	Plant and machinery	Boiler house	Power house	Electric installation Rupees	Mills & other equipment	Office equipment	Computers	Furniture and fixture	Vehicles	Agricultural vehicles	Total
As at October 1, 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	-	(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
Year ended September 30, 2013														
Opening 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
Additions/transfer during the year	-	-	-	-	-	-	-	-	-	-	-	72,000	-	72,000
Disposals / transfers														
Cost	-	-	-	-	-	-	-	-	-	-	-	(65,900)	-	(65,900)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	18,270		18,270
Net book value	-	-	-	-	-	-	-	-	-	-	-	(47,630)	-	(47,630)
Depreciation for the year	-	(365,924)	(92,276)	(1,672,606)	(721,412)	(368,758)	(139,201)	(107,818)	(28,928)	(59,458)	(43,369)	(1,803,744)	(2,865)	(5,406,358)
Closing net book value	5,824,913	3,293,317	830,484	15,053,455	6,492,704	3,318,823	1,252,809	970,366	260,352	138,734	390,323	7,233,258	11,460	45,070,998
As at October 1, 2013														
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	19,740,302	457,000	566,797,802
Accumulated depreciation	-	(87,579,272)	(9,024,542)	(174,805,567)	(118,285,061)	(66,111,415)	(18,304,027)	(3,524,184)	(3,474,151)	(3,498,445)	(5,156,274)	(12,507,044)	(445,540)	(502,715,522)
Impairment losses	-	(3,277,508)	-	(12,370,799)	(2,143,632)	(500,000)	-	-	(692,344)	-	(27,000)	-	-	(19,011,283)
Net book value	5,824,913	3,293,317	830,484	15,053,455	6,492,704	3,318,823	1,252,809	970,366	260,352	138,734	390,323	7,233,258	11,460	45,070,997
Year ended September 30, 2014														
Opening net book value	5,824,913	3,293,317	830,484	15,053,455	6,492,704	3,318,823	1,252,809	970,366	260,352	138,734	390,323	7,233,258	11,460	45,070,997
Additions/transfer during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers														
Cost	-	-	-	-	-	-	-	-	-	-	-	(136,500)	-	(136,500)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	40,121		40,121
Net book value	-	-	-	-	-	-	-	-	-	-	-	(96,379)	-	(96,379)
Depreciation for the year	-	(323,673)	(83,049)	(1,505,349)	(649,270)	(331,885)	(128,793)	(38,088)	(86,204)	(41,622)	(39,951)	(1,429,512)	(4,978)	(4,662,372)
Closing net book value	5,824,913	2,969,644	747,436	13,548,106	5,843,433	2,986,938	1,124,017	932,278	174,148	97,112	350,372	5,707,367	6,482	40,312,245
As at October 1, 2014														
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**	**19,603,802**	**457,000**	**566,661,302**
Impairment losses	**-**	**(3,277,508)**	**-**	**(12,370,799)**	**(2,143,632)**	**(500,000)**	**-**	**-**	**(692,344)**	**-**	**(27,000)**	**-**	**-**	**(19,011,283)**
Accumulated depreciation	**-**	**(87,902,946)**	**(9,107,591)**	**(176,310,916)**	**(118,934,331)**	**(66,443,300)**	**(18,432,820)**	**(3,562,272)**	**(3,560,355)**	**(3,540,067)**	**(5,196,225)**	**(13,896,435)**	**(450,518)**	**(507,337,774)**
Net book value	**5,824,913**	**2,969,644**	**747,436**	**13,548,106**	**5,843,433**	**2,986,938**	**1,124,017**	**932,278**	**174,148**	**97,112**	**350,372**	**5,707,367**	**6,482**	**40,312,245**
Annual rates of depreciation	0%	10%	10%	10%	10%	10%	10%	10%	10%	30%	10%	20%	20%	

5.1 Allocation of Depreciation

	2014	2013
	Rupees	
Cost of sales	**3,063,640**	3,417,255
Administrative expenses	**1,598,732**	1,989,103
	4,662,372	5,406,358

6 STORES, SPARES AND LOOSE TOOLS

	2014	2013
Stores	**13,321,256**	13,321,256
Spares	**9,955,346**	9,955,346
Loose Tools	**505,008**	505,008
	23,781,610	23,781,610
Less: Provision against slow moving items	**(1,010,123)**	(1,010,123)
	22,771,487	22,771,487

7 STOCK IN TRADE

	2014	2013
Sugar -in process	**7,520,289**	7,520,289
Less: Provision against slow moving stock	**(7,520,289)**	-
	-	**7,520,289**

8 LOANS AND ADVANCES

	2014	2013
Related parties		
Employees - considered good	**499,507**	2,333,817
Employees - considered doubtful	**1,501,033**	1,501,033
	2,000,540	3,834,850
Less: Provision for doubtful loans and advances	**(1,501,033)**	(1,501,033)
	499,507	2,333,817
Advances to		
Growers - considered good	**9,422,504**	10,032,503
Growers - considered doubtful	**34,544**	34,544
	9,457,048	10,067,047
Less: Provision for doubtful loans and advances	**(34,544)**	(34,544)
	9,422,504	10,032,503
	9,922,012	12,366,320

9 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2014	2013
Trade deposits - considered good		
Transport contractors	**280,655**	280,655
Suppliers	**2,100,685**	2,705,542
Expenses	**1,139,493**	1,400,271
	3,520,833	4,386,468
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)
	3,520,833	4,386,468
Prepayments	**34,704**	104,113
Sales tax refundable	**100,322**	100,322
	3,655,859	4,590,903

	2014	2013
	Rupees	

10 CASH AND BANK BALANCES

Cash at banks		
in current accounts	**770,718**	877,742
Cash in hand	**23,625**	39,396
	794,343	917,138

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	Sept. 30, 2014 (Rupees)	Sept. 30, 2013 (Rupees)
Long term finance utilized under mark up arrangements:							
BEL Syndicate - Bankers Equity Limited	11.1	Mark up free	102,689,258	12 quarterly	To be fixed	**188,303,252**	102,689,258
National Bank of Pakistan	11.2	4% cost of fund	19,896,000	8 quarterly	Jun-09	**16,122,127**	14,955,029
						204,425,379	117,644,287
Less: Current portion shown under current liabilities						**(4,128,753)**	(3,908,202)
Overdue portion shown under current liabilities						**(198,195,228)**	(107,730,258)
						(202,323,981)	(111,638,460)
						2,101,398	6,005,827

11.1 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 by order dated 22nd November 2011 official Assignee was directed to auction the mill for recovery of Rs 188 million by sale of company's fixed assets. The operation of the order was subsequently suspended by divisional bench vide order dated 20th January 2012 passes in appeal filed by the company bearing HCA 10/2012. On September 4, 2014 the company appeal has been dismissed by High Court on the ground of limitation. Accordingly official assignee issued the letter dated Sept 23, 2014 for publication of sale of mortgaged properties. The company has filed appeal in Supreme Court bearing CPLA No.368/K/2014 against the order of High Court. Therefore liability have been transferred from deferred to current liability refer Note 14.2.

11.2 NBP has also separately 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 seven installment of Rs 19.145 million during the previous years as per repayment schedule. The Company has defaulted in payment of four installment to NBP amounted to Rs. 9.9 million. 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.

		2014	2013
12 TRANSACTION WITH RELATED PARTIES		Rupees	
Long term loan received from associates	**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

Staff gratuity	**13.1**	**3,929,807**	3,929,807
Quality premium	**13.2**	**93,778,123**	93,778,123
Banking companies	**13.3**	**108,089,376**	193,703,370
		205,797,306	291,411,300

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 subjudicated and appeals filed in this matter are pending before the Supreme Court of Pakistan.

		2014	2013
		Rupees	
13.3 Banking companies			
Bankers Equity Limited	**11.1**	-	85,613,994
National Bank of Pakistan	**13.3.1**	**108,089,376**	108,089,376
		108,089,376	193,703,370

13.3.1 As per the terms of settlement of deferred liabilities, in case of any default in payment of two consecutive installments the settlement arrangement would be cancelled and financial institutions would be entitled to recover the entire deferred amount. The Company has defaulted in payment to the National Bank of Pakistan as per term of settlement and is required to classify the whole amount as current liability. However, the amount is still classified as non current because management has requested bank with a letter dated October 22, 2013 requesting to relax the agreed terms of repayment of loan. However, NBP has filed an application in the High Court u/s 151CPC, CMA No 158/2014 to cancel the settlement agreement order dated 22/2/2010 and execution proceeding be revived. The management is confident that they will settle the issue amicably out of court.

			2014	2013
			Rupees	
14	**CURRENT PORTION OF LONG TERM LIABILITIES**			
	Cash finance	**14.1**	**2,646,116**	2,646,116
	Payable within one year		**4,128,753**	3,908,202
			6,774,869	6,554,318
	Over due portion	**14.2**	**198,195,228**	107,730,258
			204,970,097	**114,284,576**

14.1 The bank 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 transferred from Sind 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.

14.2 According to the terms of settlement letter, 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. As a result of application filed under limitation act bearing CMA 89/2012 filed in the appeal No.HCA 10/2012 has been dismissed on 4.09.2014 against the order dated 22.11.2011 passed in execution No.23 of 2008. The company has transferred 85.6 million of bankers equity limited from deferred to overdue portion of long term finance in current liabilities, due to which deferred liability has been reduced from 193.7 million to 108 million at reporting date.

			2014	2013
15	**SHORT TERM BORROWINGS**		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 Crescent Commercial Bank Limited formerly Doha Bank Limited) on behalf of the company for central excise duty which was encashed 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 council 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.

		2014	2013
		Rupees	

16 TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors		**2,819,200**	2,963,537
Accrued liabilities		**34,601,480**	22,940,118
Road cess		**2,269,784**	2,269,784
Advance against sale		**206,544,999**	200,437,848
Growers liabilities	16.1	**129,238,732**	127,350,192
Income tax and Zakat withheld		**420,311**	537,630
Unclaimed dividend		**670,864**	670,864
Sales tax		**-**	-
Payable to Market committee	16.2	**7,133,635**	-
Others		**2,805,699**	2,586,034
		386,504,705	359,756,007

16.1 The includes outstanding liability of Rs. 31.85 million 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 required legal formalities by their legal heirs.

16.2 Market committee filed suit No 150/2000 (New No.19 of 2003) in the court of Senior Civil Judge, Matli Sindh for recovery of 24.9 million The Senior Civil Judge passed decree for recovery of Rs 7.1 million. Against the decision of Senior Civil Judge, Company filed an appeal in the court of 1st Additional District Judge Badin. However the First Additional District Judge Badin has finally dismissed companies appeal. Due to which the company has made provision for the said amount. The company has decided to file an appeal in the high court against the order.

	2014	2013
	Rupees	

17 ACCRUED MARKUP ON FINANCES

	2014	2013
Long term financing	**314,064**	314,064
Short term borrowings	**48,254,598**	48,254,598
	48,568,662	48,568,662

18 PROVISION FOR TAXATION - NET

	2014	2013
Opening liability	**2,594,255**	3,542,697
Expense for the year	**-**	-
Prior year tax expense	**-**	-
Less: Advance tax for the year	**-**	(948,442)
Provision for the year	**45,442**	-
	2,639,697	2,594,255

19 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.

20 SALES - net

	Notes	2014	2013
		Rupees	
Sugar		-	139,247,100
Molasses		-	7,998,000
		-	147,245,100
Less: direct taxes levied and brokerage		-	(10,420,851)
		-	136,824,249

21 COST OF SALES

	Notes	2014	2013
		Rupees	
Sugar cane consumed		-	90,590,258
Packing material		-	759,786
Road cess		-	127,694
Salaries, wages and benefits	21.1	**4,098,880**	41,951,991
Fuel and power		**517,857**	6,683,707
Stores and spares consumed		-	9,303,207
Repairs and maintenance		**451,675**	167,680
Insurance		**3,993,634**	4,409,954
Travelling		**2,020**	1,275,918
Vehicle running		**297,245**	3,928,401
Telephone and postage		**9,676**	121,012
Depreciation	**5.1**	**3,063,640**	3,417,256
Freight, handling and mud removal		**650**	2,098,273
Others		**34,484**	1,460,244
Cost of goods manufactured		**12,469,761**	166,295,381
Add: Opening Stock			
Sugar -in process		**7,520,289**	60,597,140
Less: Closing Stock			
Sugar -in process		**(7,520,289)**	(7,520,289)
		12,469,761	219,372,232

21.1 This includes an amount of Rs.62,891 (2013: Rs. 1.518 million) in respect of staff retirement benefits.

22 ADMINISTRATIVE EXPENSES

	Note	2014	2013
		Rupees	
Directors' remuneration		**2,665,767**	5,302,206
Salaries, wages and benefits	22.1	**7,681,920**	13,086,981
Electricity, gas and water		**132,744**	814,861
Repairs and maintenance		**192,590**	890,847
Insurance		**229,898**	529,297
Rent, rates and taxes		**69,409**	298,566
Traveling		**9,450**	114,695
Printing and stationery		**149,120**	614,508
Auditor's remuneration	22.2	**582,500**	582,500
Legal and professional	.	**50,360**	391,500
Vehicles running		**410,252**	1,564,333
Telephone and postage		**111,010**	1,035,231
Fees and subscription		**1,311,656**	657,455
Advertisement		**80,040**	38,820
Depreciation	5.1	**1,598,732**	1,989,103
Other		**117,720**	720,035
		15,393,168	28,630,938

22.1 This includes an amount of Rs.153,501 (2013: Rs. 0.616 million) in respect of staff retirement benefits.

		2014	2013
22.2	**Auditors' remuneration**	Rupees	
	Audit fee	**425,000**	425,000
	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	582,500

23 FINANCE COSTS

	2014	2013
Markup on long term financing	**1,167,098**	1,712,573
Bank charges	**13,033**	331,461
	1,180,131	2,044,034

24 OTHER (CHARGES) / INCOME

	Note	2014	2013
Scrap sales		-	7,875
Gain on disposal of property, plant and equipment		-	18,287
Reversal of Liability		-	1,394,074
Provision for sugar in process		(7,520,289)	-
Market committee fee	16.2	(7,133,635)	-
Written off unclaimed liabilities		-	-
		(14,653,924)	1,420,236

25 PLANT CAPACITY AND PRODUCTION

	2014	2013
Crushing capacity (Metric Tons based on 180 days of production)	**648,000**	648,000
Actual crushing (Metric Tons)	**-**	20,431
Percentage of crushing capacity attained	**0%**	3.2%
Number of days of production	**-**	30
Sugar capacity (Metric Tons based on 180 days of production)	**42,600**	42,600
Production of sugar (Metric Tons)	**-**	1,688
Percentage of capacity attained	**-**	3.96%

Reasons for shortfall:
Non-availability of sugar cane in the area.

26 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULARS	2014 Chief Executive	2014 Director	2014 Total	2013 Chief Executive	2013 Director	2013 Total
	Rupees					
Remuneration	805,800	1,090,125	1,895,925	2,338,400	1,407,575	3,745,975
House rent	329,400	440,442	769,842	943,200	564,981	1,508,181
Utilities	45,618	47,263	92,881	220,559	254,602	475,161
Others	62,664	169,620	232,284	262,027	496,846	758,873
Meeting fee	-	-	-	-	34,000	34,000
TOTAL	1,243,482	1,747,450	2,990,932	3,764,186	2,758,004	6,522,190
NO. OF PERSONS	1	2	3	1	2	3

26.1 The Chief Executive and Executive Directors are entitled to free use of Company maintained cars. Chief Executive is also provided telephone and utility facilities. Salary to the chief executive were paid from the period October 2013 to January 2014 and salaries to directors were paid for the period from October 2013 to June 2014.

27 LOSS PER SHARE

	2014	2013
	Rupees	
BASIC		
Loss after taxation - Rupees	**(43,742,426)**	(112,650,031)
Weighted average number of ordinary shares	**10,850,000**	10,850,000
Loss per share - Rupees	**(4.03)**	(10.38)

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.

28 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.

	2014	2013
	Rupees	
Details of transactions with related parties are as follows:		
Transactions during the year		
Contribution to staff provident fund	**216,392**	1,707,751

The remuneration of Chief Executive, Directors and Executives is disclosed in Note 26 to the financial statements.

29 FINANCIAL INSTRUMENTS

Financial instruments by category

	2014	2013
FINANCIAL ASSETS	Rupees	
Loans and receivables		
Long term deposits	**58,000**	58,000
Trade deposits and short term prepayments	**3,655,859**	4,590,903
Other receivable	**30,565**	30,565
Cash and bank balances	**794,343**	917,138
	4,538,767	5,596,606
FINANCIAL LIABILITIES AT AMORTIZED COST		
Long-term financing	**207,071,495**	117,644,287
Trade and other payables	**386,504,705**	359,218,377
Accrued markup on finances	**48,568,662**	48,568,662
Short term borrowings	**22,595,369**	22,595,369
	664,740,231	548,026,695

30 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.

30.1 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:

	2014	2013
	Rupees	
Trade deposits and short term prepayments	**3,655,859**	4,590,903
Other receivable	**30,565**	30,565
Bank balances	**770,718**	877,742
	4,457,142	5,499,210

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

A1+	**554,112**	**619,894**
A - 1 +	**216,606**	**257,849**
	770,718	**877,743**

30.2 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):

	2014			
	Carrying Amount	**Contractual cash flows**	**Twelve months or less**	**Two to Five years**
Non-Derivative		**Rupees**		
Financial liabilities				
Long term financing	**382,514,755**	**382,514,755**	**115,451,674**	**267,063,081**
Trade and other payables	**170,135,975**	**170,135,975**	**170,135,975**	**-**
Short term borrowings	**22,595,369**	**22,595,369**	**22,595,369**	**-**
Accrued markup on finances	**48,568,662**	**48,568,662**	**48,568,662**	**-**
	623,814,761	**623,814,761**	**356,751,680**	**267,063,081**

	2013			
	Carrying Amount	Contractual cash flows	Twelve months or less	Two to Five years
Non-Derivative		Rupees		
Financial Liabilities				
Long term financing	381,347,657	381,347,657	114,284,576	267,063,081
Trade and other payables	358,755,877	358,755,877	358,755,877	-
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	-
	811,267,564	811,267,564	544,204,483	267,063,081

30.3 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:

30.3.1 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:

	2014	2013	**2014**	2013
	Effective interest rate (%)		Carrying amount	
			Rupees	
<u>**Fixed rate instruments**</u>				
Long term financing	**6% - 14.96%**	6% - 14.96%	**382,514,755**	381,347,657
			382,514,755	381,347,657

30.4 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.

31 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.

32 PROVIDENT FUND

		2014	2013
		(Rupees)	
(i)	Size of the fund	**653,579**	98,315,430
(ii)	Cost of investment made	**514,822**	59,349,463
(iii)	Percentage of investments made	**78.8%**	97.7%
(iv)	Fair value of investments	**514,822**	96,007,374

	Rupees	%	Rupees	%
- Shares in listed Companies	**-**	**-**	33,265,580	34.65%
- Mutual Funds	**-**	**-**	3,444,469	3.59%
- Investment in deposit /certificates	**514,822**	**100%**	59,297,325	61.76%
	514,822		96,007,374	

The investment of provident fund trust have been made in accordance with the provisions of section 227 of Companies Ordinance, 1984 and the rules formulated for the purpose.

33 NUMBER OF EMPLOYEES

	2014	2013
	(Number)	
Total number of employees as at September 30	**3**	**345**
Average number of employees during the year	**174**	**355**

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized by the Board of Directors of the Company for issue on January 03, 2015.

35 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

36 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**

FORM OF PROXY

The Secretary,
PANGRIO SUGAR MILLS LIMITED

Karachi Office:
10th Floor, Building No. 1,
Lakson Square, Sarwar Shaheed Road,
Karachi-74200.

Registered Office:
Pangrio Sugar Mills Site,
Deh Rajauri II, Taluka Tando Bago,
Distt. Badin, Sindh.

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 **30th Annual General Meeting** of the Company to be held on **January 30, 2015** or at any adjournment thereof.

Signed:______________________day of__________________________________2015.

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 / Karachi 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.