



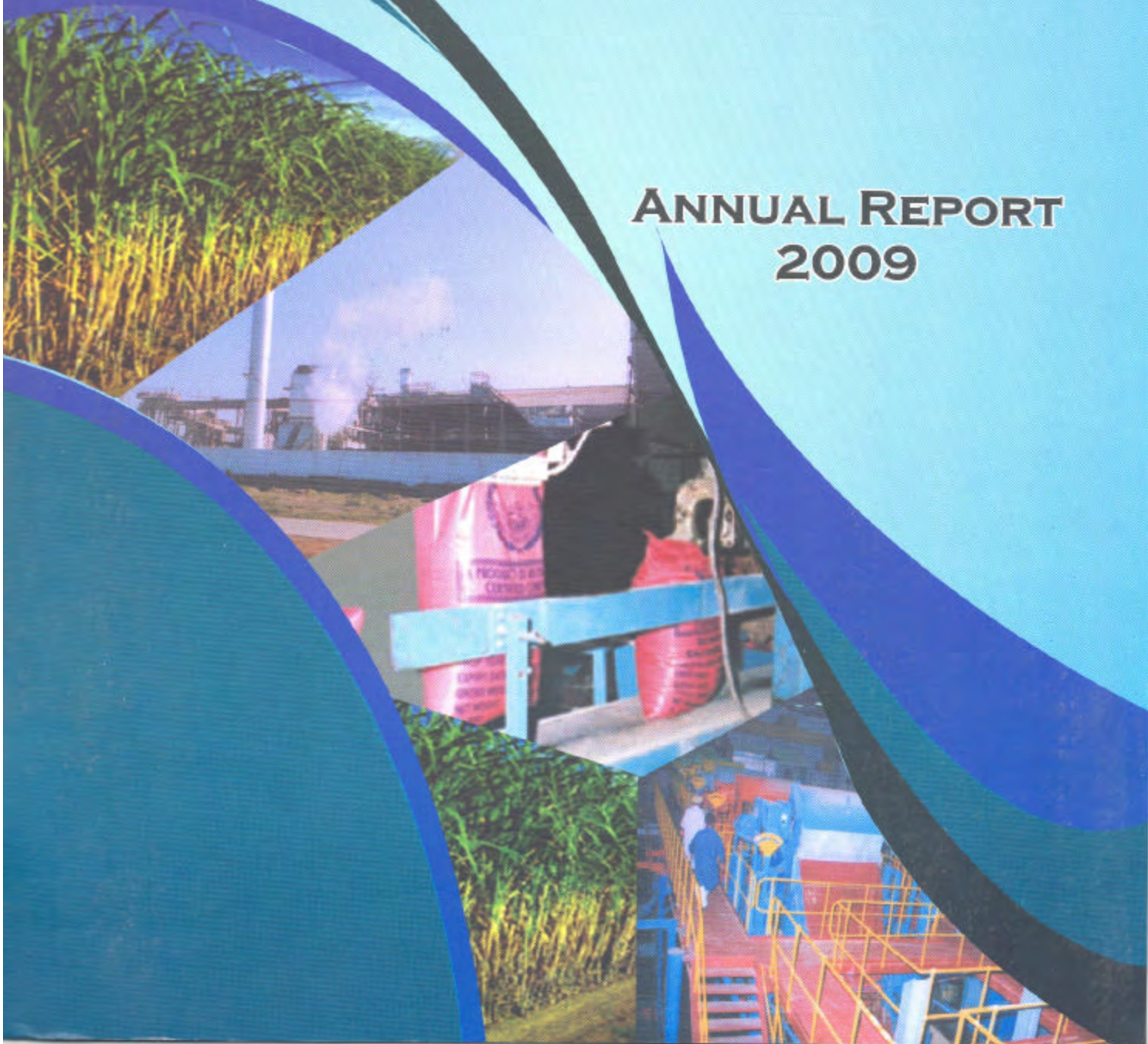
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# BAWANY SUGAR MILLS LIMITED

## ANNUAL REPORT 2009



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## COMPANY PROFILE

|                           |   |   |
|---------------------------|---|---|
| <b>BOARD OF DIRECTORS</b> | PERVEZ AHMED KHAN<br>MUHAMMAD BAQIR JAFFRI<br>MUHAMMAD ILYAS A SATTAR<br>DEWAN MUHAMMAD MASOOD FAROOQUI<br>QAMAR-UZ-ZAMAN<br>MUHAMMAD ASLAM KHAN<br>KHALID HAYAT KHAN | Chief Executive<br>Director<br>Director<br>Director<br>Director<br>Director<br>Director |
| <b>AUDIT COMMITTEE</b>    | MUHAMMAD ILYAS A SATTAR<br>MUHAMMAD ASLAM KHAN<br>KHALID HAYAT KHAN   | Chairman<br>Member<br>Member  |
| <b>COMPANY SECRETARY</b>  | MUHAMMAD HANIF GERMAN   |   |
| <b>AUDITORS</b>           | M/S FARUQ ALI & CO.<br>CHARTERED ACCOUNTANTS  |   |
| <b>COST AUDITORS</b>      | M. ISHAQ & CO.<br>COST & MANAGEMENT ACCOUNTANTS   |   |
| <b>LEGAL ADVISOR</b>      | MUHAMMAD SALEEM THEPDAWALA & CO.  |   |
| <b>REGISTERED OFFICE</b>  | 7TH FLOOR BLOCK 'A' FINANCE & TRADE CENTRE<br>OFF. MAIN SHAHRAH-E-FAISAL,<br>KARACHI, PAKISTAN  |   |
| <b>HEAD OFFICE</b>        | 2ND FLOOR BLOCK 'A' FINANCE & TRADE CENTRE<br>OFF. MAIN SHAHRAH-E-FAISAL,<br>KARACHI, PAKISTAN  |   |
| <b>FACTORY</b>            | AHMED NAGAR<br>TALHAR<br>(DISTT. BADIN) SINDH   |   |



## *Vision / Mission Statement*

### *The Vision Statement*

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*Our vision is to emerge as a quality sugar manufacturer with a global recognition and to be recognized as responsible corporate citizen.*

### *Mission Statement*

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*To overcome financial crises and meet the expectations of stakeholders*

*To join hands in the best efforts in industrialization process*

*To empower the agriculture sector*

*To build the image of nation by promoting self reliance*

*To promote best use and development of human talent in safe environment as an equal opportunity employer*

*To adopt modern technology for efficient and cost reduction operations  
To ensure the preservation of environment*



## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty Fifth Annual General Meeting of **Bawany Sugar Mills Limited** ("**BSML**" or "**the Company**") will be held on **Saturday, January 30, 2010, at 11:30 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhand, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Saturday, February 28, 2009;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended September 30, 2009, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By Order of the Board

**Muhammad Hanif German**  
Company Secretary

Date: January 06, 2010

Place: Karachi

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from January 23, 2010 to January 30, 2010 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent Raoji Consulting Associates (Private) Limited, located at 4<sup>th</sup> Floor, A-14, Trade Centre, Block 7/8, K.C.H.S., Main Shahrah-e-Faisal, Karachi 75350, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
  - a) **For Attending Meeting:**
    - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
    - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.



**b) For Appointing Proxies:**

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.



## DIRECTORS' REPORT

In the name of Allah the Most Gracious the Most Merciful

Dear Shareholders

The Board of Directors of your company is pleased to welcome you at the 45th Annual General Meeting and to present Annual report together with Company's audited financial statements and Auditor's Report for the year ended September 30, 2009.

The company has shown deficiency in the current season as compared to the last season due to reduction in crop quantum. Sugarcane cultivation and yield are gradually decreasing in Sindh particular in Badin/Thatta district because of shortage of water particularly at the tail end of the canals and waterways and varieties composition.

This was the 5th working year of the company under toll manufacturing arrangement with Dewan Sugar Mills Limited. During the year sugarcane crushing shows 76.90% decrease as compared to the last year's crushing which has resulted in gross loss to the Company.

During the year your Company has paid Rs.14.850 million to the lending financial institutions as per the terms of settlement / Compromise agreement. The settled outstanding liability plus cost of fund has been fully satisfied in subsequent to balance sheet date. Consequent upon this satisfaction and Income Tax Department views in the eyes of law mark-up accounted for as per original agreement disallowed and now has been reversed to the tune of Rs.205.070 million.

### OPERATING RESULTS

The operating results of Company for the current year are as under: -

| Production Data                                      | 2009       | 2008       |
|--|------------|------------|
| Season Started                                       | 24-12-2008 | 23-11-2007 |
| Season Closed  | 03-03-2009 | 05-04-2008 |
| Days worked  | 70         | 135        |
| Sugarcane Crushed under tolling arrangements (M.Ton) | 134,539    | 582,456    |

### FINANCIAL RESULTS

The Financial results for the current year are as under: -

| Financial Results                    | 2009          | 2008          |
|--------------------------------------|---------------|---------------|
| Revenue/Sales                        | 57,990,871    | 253,241,740   |
| Cost of Revenue                      | (148,772,145) | (220,606,863) |
| Gross (Loss) / Profit                | (90,781,274)  | 32,634,877    |
| Administrative Expenses              | 4,623,770     | 5,438,086     |
| Operating (Loss) / Profit            | (95,405,044)  | 27,196,791    |
| Other Operating Expenses             | (7,545,244)   | (2,452,997)   |
| Finance Cost                         | (943,717)     | (375,379)     |
| Other Operating Income               | 205,700,129   | 6,395,959     |
| Profit before Taxation               | 101,806,124   | 30,764,374    |
| Earning per share- Basic and Diluted | 11.64         | 3.53          |

**FUTURE OUTLOOK:**

The future of Sugar Industry in Sindh, Pakistan is not encouraging unless the Government takes necessary steps to support sugar industry by removing disparity between sugar selling price and sugar cane support price. Moreover, the sugar industry mainly depends upon availability of sugarcane. The sugarcane crop/yield during season 2009-10 remained on lower side. The crop sowing in upcoming season is expected to be slightly favourable. Therefore the next season can be expected as slightly healthy.

**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. We are collaborating with Environmental Protection Agency; Government of Sindh and facilities are being developed at site to minimize the emissions to the desired standard level. The plant has been registered with Agency as per 'SMART' Self-Monitoring & Reporting Tool.

**INFORMATION TECHNOLOGY**

Considering the importance of Information Technology, the improvement and up grading of existing instruments and information system is in continuous process to cope with requirements of technological advancement in the industry.

**AUDIT REPORTS**

The Auditors have qualified their report on certain critical issues, which are explained as under:

1. As regards to the matter of Going Concern and reasons mentioned by the auditors, it is stated that it is not only our mill but also the entire Sugar Industry in Sindh exposed to the problem of:-
  - (i) Over capacity in the sugar industry.
  - (ii) Government interference of Sugarcane price fixing mechanism, Sugar price fixing mechanism
  - (iii) Sugarcane varieties and climatic conditions.
  - (iv) Water and soil problems.
  - (v) High cost of sugar cane/ Price war competition.
2. The Company has finalized the negotiation with NBP (liability of defunct NDFC) and executed the compromise agreement. The settled liability is fully satisfied subsequent to balance sheet date.

**AUDITORS**

The present auditors - M/s. Faruq Ali & Co., Chartered Accountants, retire and offer their services for the ensuing year. The audit committee of the Board has recommended the appointment of the auditors for the financial year 2009-10.



**CODE OF CORPORATE GOVERNANCE**

The company has adopted the Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan and the Board of directors state that:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of the operations, cash flows and changes in equity.
- b. Proper books of accounts of the company have been maintained.
- c. Appropriate accounting policies have consistently been applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure has been adequately disclosed.
- e. The system of internal control, which was in place, is sound in design and has been effectively implemented and monitored. However, internal audit and other officers handling such procedures are continuously reviewing it. The process of review will continue and any weakness in controls will be removed. The function and internal auditor 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. Key operating and financial data for last six (6) years in summarized form is annexed.
- i. Outstanding taxes and levies are being accrued and paid as per law.
- j. The Company encourages representation of non-executive directors and directors representing minority interest on its board. At present, the Board comprises of all non-executive directors.
- k. The Company operates defined contribution provident fund scheme for all of its eligible employees. Equal monthly contributions are made both by the company and the employees to the fund.
- l. During the year 3 (three) meetings of the Board of Directors were held. Attendance by each Director is as follows:

| S. No. | Name of Directors               | No of Meetings Attended | Status   |
|--------|---------------------------------|-------------------------|----------|
| 1      | Mr. Pervez Ahmed Khan           | 3                       |          |
| 2      | Mr. Muhammad Baqir Jafferri     | 3                       |          |
| 3      | Mr. Muhammad Ilyas Abdul Sattar | 3                       |          |
| 4      | Mr. Muhammad Qasim              | 0                       | Resigned |
| 5      | Dewan Muhammad Masood Farooqui  | 3                       |          |
| 6      | Mr. Qamar-uz-zaman              | 3                       |          |
| 7      | Mr. Muhammad Aslam Khan         | 3                       |          |
| 8      | Mr. Khalid Hayat                | 0                       |          |



- m. The pattern of share of holding as prescribed under the Companies Ordinance, 1984 and that prescribed under the Code of Corporate Governance is annexed.
- n. Because of the accumulated losses, the Board of Directors have not proposed any dividend for the year.
- o. There was no trading in shares of the company held by its directors, CEO their spouses and minor children; except that the directors have acquired their respective qualification shares during the year.

#### ACKNOWLEDGMENT

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 the hard days.

We would also like to thank our valued dealers, suppliers, financiers and shareholders for their cooperation and the trust 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"

Place: Karachi  
Date: January 06, 2010

On behalf of the Board

**Chief Executive**



## SIX YEARS' DATA AT A GLANCE

(Rupees in thousand)

| Description | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------|------|------|------|------|------|------|
|-------------|------|------|------|------|------|------|

### Trading Results:

|                                 |                 |         |          |          |          |          |
|---------------------------------|-----------------|---------|----------|----------|----------|----------|
| Turnover (Net Sales)            | <b>57,991</b>   | 253,242 | 177,287  | 155,984  | 134,195  | 562,125  |
| Gross (Loss) / Profit           | <b>(90,781)</b> | 32,635  | (33,956) | (44,447) | (48,585) | (9,416)  |
| Operating (Loss) / Profit       | <b>(94,405)</b> | 27,197  | (39,275) | (50,422) | (54,149) | (64,142) |
| Profit / (Loss) before Taxation | <b>101,806</b>  | 30,764  | (41,784) | (32,541) | (36,305) | (25,376) |
| Profit / (Loss) after Taxation  | <b>101,516</b>  | 30,764  | (42,670) | (32,889) | (36,231) | (5,363)  |

### Balance Sheet:

|  |                  |           |           |           |           |           |
|--|------------------|-----------|-----------|-----------|-----------|-----------|
| Issued, Subscribed and Paid up Capital | <b>87,246</b>    | 87,246    | 87,246    | 87,246    | 87,246    | 87,246    |
| Surplus on Revaluation of F. Assets    | <b>2,500</b>     | 2,500     | 2,500     | 2,500     | 2,500     | 2,500     |
| Accumulated (Loss)                     | <b>(734,528)</b> | (836,044) | (866,780) | (824,110) | (791,221) | (754,990) |
| Property, Plant and Equip.             | <b>201,129</b>   | 222,627   | 225,517   | 214,822   | 264,733   | 241,048   |
| Other Long Term Assets                 | <b>1,007</b>     | 1,296     | 1,403     | 31,772    | 39,120    | 42,654    |
| Current Assets                         | <b>93,967</b>    | 116,435   | 104,445   | 129,443   | 145,143   | 169,784   |
| Current Liabilities                    | <b>636,927</b>   | 555,401   | 410,843   | 398,540   | 555,848   | 902,653   |
| Long Term Liabilities                  | <b>303,959</b>   | 531,255   | 697,558   | 713,633   | 594,891   | 216,077   |

### Significant Results:

|                                  |                 |       |         |         |         |        |
|----------------------------------|-----------------|-------|---------|---------|---------|--------|
| Gross (Loss) / Profit Ratio %    | <b>(156.54)</b> | 12.89 | (19.15) | (28.49) | (36.20) | (1.68) |
| Profit/(Loss) before Tax Ratio % | <b>175.56</b>   | 12.15 | (23.57) | (20.86) | (27.05) | (4.51) |
| Current Ratio                    | <b>0.148</b>    | 0.210 | 0.254   | 0.325   | 0.261   | 0.188  |
| Earning Per Share                | <b>11.64</b>    | 3.53  | (4.89)  | (3.77)  | (4.15)  | (0.61) |



## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent, non-executive directors on its board. The entire Board of Directors comprises of non executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the Directors of the company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as defaulter by the stock exchange.
4. Casual vacancies occurring in the Board during the financial year were duly filled by the Board.
5. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith 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 Chief Executive Office (CEO) and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by directors elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has arranged necessary orientation courses for its Directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointments of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for the year ended September 30, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.



14. The company has complied with all the corporate and financial reporting requirements of the code.
15. The Board has formed an audit committee. It comprises three members, all of them are non-executive Directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. 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 Accountant of Pakistan, that they or any of the partner 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 Accountant of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

**Pervez Ahmed Khan**  
Chief Executive

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

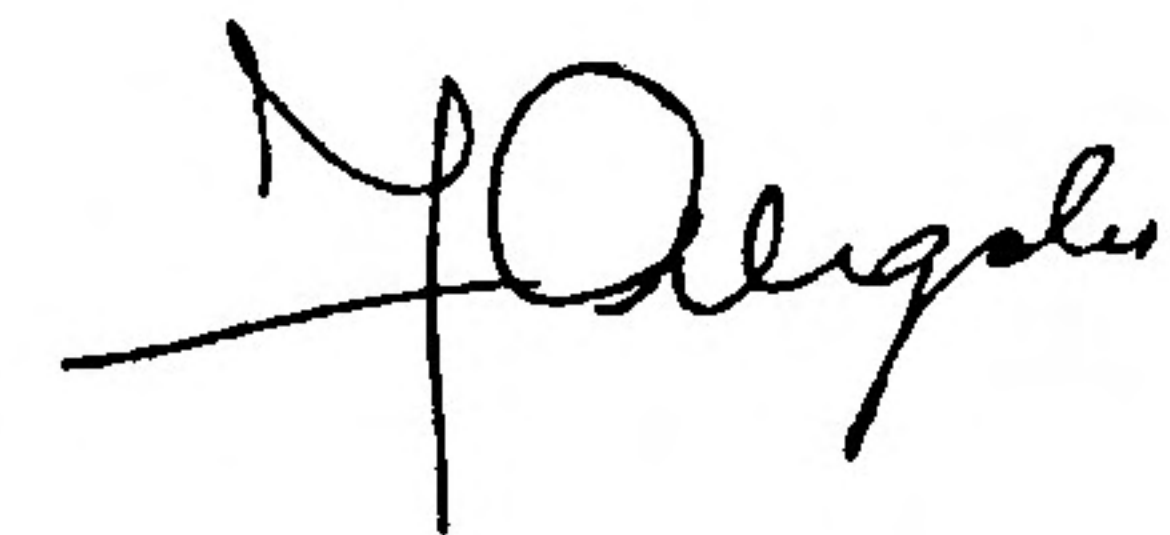
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Bawany Sugar Mills Limited** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 of Corporate Governance as applicable to the Company for the year ended September 30, 2009.



**Faruq Ali & Co.**  
Chartered Accountants

Place : Karachi  
Date : January 06, 2010

Engagement partner: S. Naseem uz Zaman

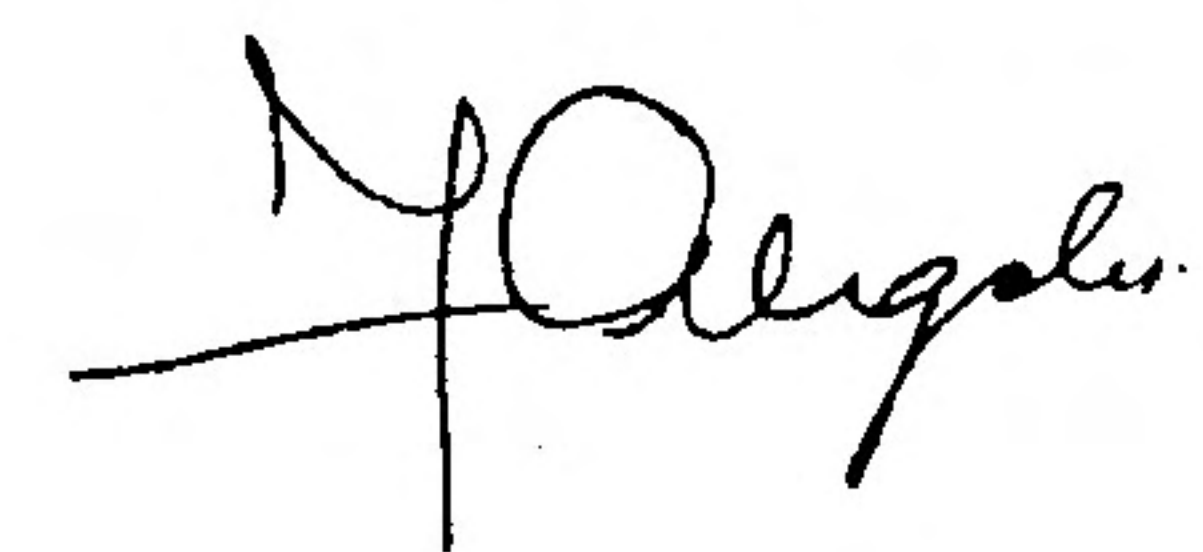
## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BAWANY SUGAR MILLS LIMITED** as at September 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2009 and of the Profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion; no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.
- e) Without qualifying our opinion we draw attention of the members to note 3.2 to the financial statements which indicates that as of September 30, 2009 company has accumulated losses of Rs.734.528 million which resulted in net capital deficiency of Rs.644.782 million and its current liabilities exceeded its current assets by Rs.542.959 million. These conditions, alongwith other matter as set forth in note 3.2, indicate the existence of material uncertainty, which may cast significant doubt about the company's ability to continue as going concern.



Dated: January 06, 2010  
Place: Karachi

Engagement partner: S. Naseem uz Zaman

CHARTERED ACCOUNTANTS



## BALANCE SHEET AS ON SEPTEMBER 30, 2009

|  | Notes | 2009                 | 2008                 |
|--|-------|----------------------|----------------------|
| <u>EQUITY AND LIABILITIES</u>  |       | RUPEES               |                      |
| <b>SHARE CAPITAL AND RESERVES</b>  |       |                      |                      |
| Authorised<br>15,000,000 Ordinary shares Rs. 10/- each                                 |       | <u>150,000,000</u>   | <u>150,000,000</u>   |
| Issued, subscribed and paid up capital   | 4     | 87,245,910           | 87,245,910           |
| Revenue reserves   | 5     | 2,500,000            | 2,500,000            |
| Accumulated (Loss)   |       | (734,528,067)        | (836,044,237)        |
|  |       | <u>(644,782,157)</u> | <u>(746,298,327)</u> |
| <b>NON CURRENT LIABILITIES</b>   |       |                      |                      |
| Long term loans  | 6     | 303,958,510          | 531,255,428          |
| Deferred taxation  | 7     | --                   | --                   |
| <b>CURRENT LIABILITIES</b>   |       |                      |                      |
| Trade and other payables   | 8     | 465,509,147          | 390,773,778          |
| Current portion of long term loans   | 6     | 155,000,000          | 148,500,000          |
| Provision for taxation   |       | 16,417,490           | 16,127,536           |
|  |       | <u>636,926,637</u>   | <u>555,401,314</u>   |
| <b>CONTINGENCIES</b>   |       |                      |                      |
|  | 9     | --                   | --                   |
|  |       | <u>296,102,990</u>   | <u>340,358,415</u>   |
| <b>ASSETS</b>  |       |                      |                      |
| <b>NON CURRENT ASSETS</b>  |       |                      |                      |
| Property, plant and equipment  | 10    | 201,129,026          | 222,626,891          |
| Long term deposits   | 11    | 1,006,700            | 1,296,418            |
| <b>CURRENT ASSETS</b>  |       |                      |                      |
| Stores, spares and loose tools   | 12    | 73,638,129           | 62,039,438           |
| Advances, current account balances<br>with statutory authorities and other receivables | 13    | 19,727,154           | 49,596,860           |
| Cash and bank balances   | 14    | 601,981              | 4,798,808            |
|  |       | <u>93,967,264</u>    | <u>116,435,106</u>   |
|  |       | <u>296,102,990</u>   | <u>340,358,415</u>   |

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

CHIEF EXECUTIVE

DIRECTOR





## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2009

|  | Notes | 2009          | 2008        |
|--|-------|---------------|-------------|
|  |       | RUPEES        |             |
| Toll manufacturing Income              | 15    | 57,990,871    | 253,241,740 |
| Less: Manufacturing cost               | 16    | 148,772,145   | 220,606,863 |
| Gross (loss) / profit                  |       | (90,781,274)  | 32,634,877  |
| Administrative expenses                | 17    | 4,623,770     | 5,438,086   |
| Operating (loss) / profit              |       | (95,405,044)  | 27,196,791  |
| Other operating expenses               | 18    | 7,545,244     | 2,452,997   |
| Finance cost                           | 19    | 943,717       | 375,379     |
|  |       | (8,488,961)   | (2,828,376) |
| (Loss) / profit for the year           |       | (103,894,005) | 24,368,415  |
| Other income                           | 20    | 205,700,129   | 6,395,959   |
| Profit before taxation                 |       | 101,806,124   | 30,764,374  |
| Provision for taxation                 | 21    | (289,954)     | --          |
| Profit after taxation                  |       | 101,516,170   | 30,764,374  |
| Earnings per share - Basic and diluted | 22    | 11.64         | 3.53        |

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

CHIEF EXECUTIVE

DIRECTOR



## CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2009

|   | 2009          | 2008         |
|---|---------------|--------------|
|   | RUPEES        |              |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                |               |              |
| Profit / (loss) before taxation                           | 101,806,124   | 30,764,374   |
| Add: item not effecting funds:                            |               |              |
| Depreciation  | 21,497,865    | 22,892,841   |
| Worker's profit participation fund                        | 5,467,568     | 1,653,999    |
| Worker's welfare fund                                     | 2,077,676     | 661,599      |
| Finance cost  | 943,717       | 375,379      |
|   | 131,792,950   | 56,348,192   |
| <b>(INCREASE) / DECREASE IN CURRENT ASSETS</b>            |               |              |
| Stores, spares and loose tools                            | (11,598,691)  | (16,081,910) |
| Loans, advances and other receivable                      | 30,300,422    | 7,379,539    |
|   | 18,701,731    | (8,702,371)  |
| <b>INCREASE / (DECREASE) IN CURRENT LIABILITIES</b>       |               |              |
| Trade and other payables                                  | 66,780,281    | 4,434,537    |
| Taxes paid  | (430,716)     | (715,764)    |
|   | 66,349,565    | 3,718,773    |
| Net cash inflow from operating activities                 | 216,844,246   | 51,364,594   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                |               |              |
| Fixed operating assets including capital work in progress | --            | (20,002,402) |
| Long term deposits  | 289,718       | 107,193      |
|   | 289,718       | (19,895,209) |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                |               |              |
| Financial charges paid                                    | (533,873)     | (245,100)    |
| Payment of long term loan                                 | (220,796,918) | (28,653,278) |
| Net cash outflow from financing activities                | (221,330,791) | (28,898,378) |
| Net increase / (decrease) in cash and cash equivalents    | (4,196,827)   | 2,571,007    |
| Cash and cash equivalents at the beginning of the year    | 4,798,808     | 2,227,801    |
| Cash and cash equivalents at the end of the year          | 601,981       | 4,798,808    |

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

CHIEF EXECUTIVE

DIRECTOR



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2009

|                                  | Shares<br>capital | General<br>reserves | Accumulated<br>(Loss) | Total                |
|----------------------------------|-------------------|---------------------|-----------------------|----------------------|
| Balance as at October 01, 2007   | 87,245,910        | 2,500,000           | (866,808,611)         | (777,062,701)        |
| Net profit for the year          | --                | --                  | 30,764,374            | 30,764,374           |
| Balance as at September 30, 2008 | 87,245,910        | 2,500,000           | (836,044,237)         | (746,298,327)        |
| Net profit for the year          | --                | --                  | 101,516,170           | (101,516,170)        |
| Balance as at September 30, 2009 | <u>87,245,910</u> | <u>2,500,000</u>    | <u>(734,528,067)</u>  | <u>(644,782,157)</u> |

*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, 2009

### 1 STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on 16th December 1964, as a Public Limited Company and its shares are quoted on Karachi and Lahore Stock Exchanges. Principal activity of the Company is the manufacture and sale of sugar. The Company's manufacturing facilities are located at Talhar, Sindh while its registered office is situated at Karachi.

- 1.1 The company has entered into an operating lease agreement with Dewan Sugar Mills Limited ("DSML"), whereby the company has vested exclusive right of use of its production facilities to DSML. The lease arrangements will ensure sufficient cash flows to enable the company to meet its obligations for payment of installment arising out of settlement in terms of S.B.P circular 29 / out of Court settlement.

### 2 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 (IFRS) issued by International Accounting Standard 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 shall prevail.

#### Initial Application of a standard or an Interpretation

The following standards, amendments and interpretations become effective during the current year

- IFRS 7 - Financial instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 - Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 - Financial Instruments: Disclosure and Presentation. The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.
- IAS 29 - Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard is not likely to have an effect on the Company's financial statements.
- IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.
- IFRIC 14 IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008).
- IFRIC 14 - Clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. The interpretation has no effect on Company's financial statements for the year ended 30 September 2009.
- IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008) provides that the presentation currency does not create an exposure to which an entity may apply hedge accounting. The interpretation has no effect on Company's financial statements for the year ended 30 September 2009.

**Standards, Interpretations and Amendments not yet effective**

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases:

- Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009).
- Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009).
- IAS 27 'Consolidated and separate financial statements'(effective for annual periods beginning on or after 1 January 2009).
- Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS 39 Financial Instruments: Recognition and measurement - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2 - Share-based Payment- Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010).
- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009).
- IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8 'Operating segments' (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 15-Agreement for Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009).
- IFRIC-17 Distributions of Non-cash Assets to Owners (effective annual periods beginning on or after 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).



### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Basis of preparation**

The financial statements of the Company have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Provision for taxes
- ii) Estimation of residual values and useful lives of property, plant and equipment.

#### **3.2 Going concern**

Company has accumulated losses of Rs. 734.528 million (2008: Rs. 836.044 million) as on September 30, 2009 and excess of current liabilities over current assets of Rs. 542.959 million (2008: Rs. 438.966 million). The revenues of the company have substantially decreased on account of low crushing during the year under consideration. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the company's ability to continue as going concern therefore the company may be unable to realize its assets and discharge its liabilities in normal course of business.

However the financial statements have been prepared using going concern assumption as company entered into operating lease arrangements with Dewan Sugar Mills as mentioned in note no. 1.1 which enabled the company for successful repayment of restructured liabilities of the banks/ financial institutions. Further, settlement with National Bank of Pakistan (Formerly NDFC) has also been reached and company has fully paid the settlement amounts as more fully explained in note 6.1 to the financial statements. The settlement will enable the company to obtain borrowings for working capital requirements therefore it is expected that company will be able to earn profits in future years. All these favorable conditions mitigate the risk, therefore the preparation of financial statements using the going concern assumption is justified.

#### **3.3 Defined contribution provident fund scheme**

The Company operates defined contribution provident fund scheme for all its eligible employees. Equal monthly contribution are made both by company and the employees to the fund.

#### **3.4 Taxation**

##### **Current**

The provision for current taxation is calculated in accordance with the provision of the income tax ordinance 2001.

##### **Deferred**

Deferred tax is recognized on all major temporary differences between the carrying amounts for financial reporting purposes and the amount used for taxation purposes.

A deferred tax assets is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

**3.5 Property, plant and equipment and depreciation**

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, Free hold land is stated at cost.

Depreciation is charged, on systematic basis over the use full life of the assets, to income applying reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the enterprise. Depreciation on addition is charged from the quarter in which assets are put to use while no depreciation is charged in the quarter in which assets are disposed off.

Maintenance and normal repairs are charged to income, when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired. Gain or loss on disposal of property, plant and equipment is included in current year's income.

**3.6 Capital work in progress**

All costs / expenditure directly related to specific assets incurred during project implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

**3.7 Borrowing costs**

Borrowing Cost incurred on long term finance obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark up interest and other related charges are taken to Profit and Loss account.

**3.8 Stores, spares and loose tools**

Stores and spares are valued at lower of weighted average cost and net realizable value.

Stores in transit are stated at actual and comprise of invoice value and importing charges.

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

**3.9 Trade debts**

Debts considered irrecoverable are written off and no provision is made for debts considered doubtful, if any.

**3.10 Revenue recognition**

Toll manufacturing fee is recognized on the basis of crushing of sugar cane when the sugar manufactured is lifted by the party.

**3.11 Foreign currency transaction**

Transaction in foreign currencies is translated into Pak rupees at the exchange rate prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange which approximate those ruling on the balance sheet date. Exchange difference are taken in profit and loss accounts.

**3.12 Provisions**

Provisions are recognized when Company has a present obligations legal or constructive as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and the reliable estimate of the amount can be made.

**3.13 Impairment**

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

**3.14 Related party transactions**

All transactions between the company and related party are recorded at arm's length. Prices are determined in accordance with comparable uncontrolled price method, except for the allocation of expenses such as electricity, gas, water, repair and maintenance that are shared with the associated companies based on actual.

**3.15 Financial Instruments**

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the derecognizing of the financial assets and financial liabilities is taken to profit and loss account currently.

**3.16 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set – off the recognized amounts and the Company intends to either settle on net basis or to realize the assets and settle the liability simultaneously.

**3.17 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at nominal amounts. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and balance with banks in current accounts.

**3.18 Trade and other payables**

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and services.

**3.19 Loans and advances**

Loans and advances are recorded at cost. The irrecoverable loans and advances are written off, provision is made against loans and advances considered doubtful.

**3.20 Long term and short term borrowings**

These are recorded at the proceeds received. Financial charges relating to borrowings are recorded on accrual basis.

**3.21 Dividends**

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.





|          |  | Notes | 2009               | 2008               |
|----------|--|-------|--------------------|--------------------|
|          |  |       | RUPEES             |                    |
| <b>4</b> | <b>ISSUED, SUBSCRIBED AND PAID - UP CAPITAL</b>  |       |                    |                    |
|          |  |       | 2009               | 2008               |
|          |  |       | 1,500,000          | 1,500,000          |
|          | Ordinary shares of Rs. 10/- each allotted for consideration paid in cash   |       | 15,000,000         | 15,000,000         |
|          |  |       | 100,000            | 100,000            |
|          | Ordinary shares of Rs. 10/- each allotted to debenture - holders pursuant to conversion option of debenture trust deed |       | 1,000,000          | 1,000,000          |
|          |  |       | 7,124,591          | 7,124,591          |
|          | Ordinary shares of Rs. 10/- each allotted as bonus shares  |       | 71,245,910         | 71,245,910         |
|          |  |       | <u>8,724,591</u>   | <u>8,724,591</u>   |
|          |  |       | <u>87,245,910</u>  | <u>87,245,910</u>  |
| <b>5</b> | <b>REVENUE RESERVES</b>  |       |                    |                    |
|          | Dividend equalization reserve  |       | <u>2,500,000</u>   | <u>2,500,000</u>   |
| <b>6</b> | <b>LONG TERM LOANS</b>   |       |                    |                    |
|          | <b>From banks:</b>   |       |                    |                    |
|          | National Bank of Pakistan (Defunct NDFC)   | 6.1   | 155,000,000        | 374,919,619        |
|          | Others   | 6.2   | 303,958,510        | 304,835,809        |
|          |  |       | 458,958,510        | 679,755,428        |
|          | Less: Current portion of:  |       |                    |                    |
|          | National Bank of Pakistan (Defunct NDFC)   |       | 155,000,000        | 148,500,000        |
|          |  |       | 155,000,000        | 148,500,000        |
|          |  |       | <u>303,958,510</u> | <u>531,255,428</u> |

6.1 During the financial year ended September 30, 2008 settlement with National Bank of Pakistan (Formerly NDFC) was reached and Memorandum of Understanding dated December 13, 2007 was signed between the bank and the Company and an application for a compromise decree was filed with Hon'able High Court of Sindh at Karachi on April 29, 2008 and Order was passed by the Hon'able High Court on the same date. Whereby the entire liabilities were settled at Rs.165 million (in addition to interim decretal amount of Rs.68.582 million already paid in 2006) out of which Rs.31.350 million have been paid till balance sheet date. The remaining amount of Rs.133.650 was to be paid within ninety (90) days of the filing of compromise application in lump sum or in part with the markup @ KIBOR plus 2%, which the company could not make as per the terms of settlement, however the company has paid Rs.155 million subsequent to the balance sheet date as full and final settlement of entire liabilities towards the bank. Consequently the bank has released the title documents of the mortgaged properties and given its no objection that all the liabilities has been settled.

Consequent upon successful settlement of liabilities and payments thereof, the excess amount of Rs.205.070 million has been written back in these financial statements.



|                                       | Notes | 2009               | 2008               |
|---------------------------------------|-------|--------------------|--------------------|
| <b>RUPEES</b>                         |       |                    |                    |
| The breakup of liability is as under: |       |                    |                    |
| Principle amount                      |       | 70,877,800         | 85,727,800         |
| Accrued markup                        |       | 289,191,819        | 289,191,819        |
| Less: excess markup written back      |       | (205,069,619)      | --                 |
|                                       |       | 84,122,200         | 289,191,819        |
|                                       |       | <b>155,000,000</b> | <b>374,919,619</b> |

6.2 This represents amount received from various parties as interest / mark-up free accommodating finance payable / adjustable and can be rolled over a future period.

## 7 DEFERRED TAXATION

|   |  |               |               |
|---|--|---------------|---------------|
| Credit balances arising due to accelerated depreciation |  | 32,281,248    | 37,876,002    |
| Debit balance arising due to tax losses                 |  | (142,687,258) | (112,866,976) |
|   |  | (110,406,010) | (74,990,974)  |
| Deferred tax asset not recognized                       |  | 110,406,010   | 74,990,974    |
|   |  | --            | --            |

Deferred tax asset arising due to available tax losses has not been recognized in view of uncertainty about their adjustment against future taxable profits.

## 8 TRADE AND OTHER PAYABLES

|                                    |     |                    |                    |
|------------------------------------|-----|--------------------|--------------------|
| Creditors                          |     | 87,086,544         | 71,673,986         |
| Accrued liabilities                |     | 17,443,309         | 16,016,364         |
| Advance payments                   | 8.1 | 336,183,909        | 287,019,418        |
| Worker's profit participation fund | 8.2 | 8,703,925          | 2,826,513          |
| Unpaid and unclaimed dividend      |     | 823,457            | 823,457            |
| Road cess and surcharge            |     | 10,345,533         | 10,345,533         |
| Worker's welfare fund              |     | 2,739,275          | 661,599            |
| Others                             |     | 2,183,195          | 1,406,908          |
|                                    |     | <b>465,509,147</b> | <b>390,773,778</b> |

8.1 Advance payments include Rs.332,434,514/- (2008: Rs. 284,456,921/-) received from Dewan Sugar Mills Limited against operating lease arrangement as explained in note 1.1 of the financial statements.

### 8.2 Worker's profit participation fund

|                                   |    |                  |                  |
|-----------------------------------|----|------------------|------------------|
| Balance as per last balance sheet |    | 2,826,513        | 1,042,235        |
| Provision for the year            |    | 5,467,568        | 1,653,999        |
| Interest provided for the year    | 19 | 409,844          | 130,279          |
|                                   |    | <b>8,703,925</b> | <b>2,826,513</b> |

## 9 CONTINGENCIES

### Contingent liabilities in respect of:

9.1 A demand of Rs. 1,146,158 together with interest Rs. 2,427,132 by Assistant Commissioner, Badin was raised on account of compensation of factory free-hold land. The company has not acknowledged the claim and has filed a petition in the Honourable High Court of Sindh and the Court has remanded the case to Session Judge Karachi. Accordingly the company has not made provision for the amount in question.



- 9.2 Claim by National Investment Trust Limited for issue of 6,600 Bonus shares and Rs. 40,500 as dividend thereon against shares of the value of Rs. 400,000 issued to N.I.T upon exercise of conversion option in 1976-77. The claim of N.I.T is not acknowledged as debt by the company and the suit filed in the High Court of Sindh Karachi by N.I.T is being defended by the company. During prior years company has approached N.I.T. for resolution of the matter. The response there against is still awaited by the Company.
- 9.3 Pioneer Cable Limited has gone into litigation and filed a suit bearing No. 882/02 before the Senior Civil Judge for the outstanding against Rs. 769,777,15/- as principal plus markup of Rs. 551,135/-. The Company has recorded the above outstanding balance at Rs. 769,777/- as the supply do not envisage levy of mark-up. The Company have counter claimed for defective supply. Honourable Senior Civil Judge has passed the order in Company's favour. M/s. Pioneer Cable Limited has preferred to appeal before District Session Judge Karachi against the order of Senior Civil Judge. The company has not made provision for mark-up.

|   |       |                    |                    |
|---|-------|--------------------|--------------------|
|   | Notes | 2009               | 2008               |
|   |       | <b>RUPEES</b>      |                    |
| <b>10 PROPERTY, PLANT AND EQUIPMENT</b> |       |                    |                    |
| Operating fixed assets                  | 10.1  | <u>201,129,026</u> | <u>222,626,891</u> |

**10.1 Operating fixed assets**
**2009**

| PARTICULARS                                  | COST               |                       |                     | Rate % | DEPRECIATION       |                   |                     | Written down value as at Sept 30, 2009 |
|--|--------------------|-----------------------|---------------------|--------|--------------------|-------------------|---------------------|--|
|  | As at Oct 01, 2008 | Additions (Deletions) | As at Sept 30, 2009 |        | As at Oct 01, 2008 | For the Year      | As at Sept 30, 2009 |  |
|  | RUPEES             |                       |                     |        | RUPEES             |                   |                     |  |
| Factory land - Freehold                      | 1,999,901          | --                    | 1,999,901           | --     | --                 | --                | --                  | 1,999,901                              |
| Factory building - on freehold land          | 110,133,912        | --                    | 110,133,912         | 10     | 88,797,369         | 2,054,967         | 90,852,336          | 19,281,576                             |
| Non factory building - on freehold land      | 16,629,196         | --                    | 16,629,196          | 10     | 12,507,323         | 396,987           | 12,904,310          | 3,724,886                              |
| Plant and machinery                          | 646,167,431        | --                    | 646,167,431         | 10     | 463,068,806        | 17,634,615        | 480,703,421         | 165,464,010                            |
| Furniture and fixture                        | 5,006,354          | --                    | 5,006,354           | 10     | 2,789,076          | 213,551           | 3,002,627           | 2,003,727                              |
| Agricultural vehicle                         | 4,001,271          | --                    | 4,001,271           | 20     | 3,069,027          | 172,926           | 3,241,953           | 759,318                                |
| Transport vehicles                           | 6,978,565          | --                    | 6,978,565           | 20     | 5,120,855          | 344,594           | 5,465,449           | 1,513,116                              |
| Office equipment, tools and other equipments | 9,706,051          | --                    | 9,706,051           | 10     | 5,743,911          | 381,602           | 6,125,513           | 3,580,538                              |
| Electrical and air conditional installation  | 4,815,687          | --                    | 4,815,687           | 10     | 2,853,116          | 189,020           | 3,042,136           | 1,773,551                              |
| Weigh bridge installation                    | 1,728,112          | --                    | 1,728,112           | 10     | 590,106            | 109,603           | 699,709             | 1,028,403                              |
| <b>Total</b>                                 | <b>807,166,480</b> | <b>--</b>             | <b>807,166,480</b>  |        | <b>584,539,589</b> | <b>21,497,865</b> | <b>606,037,454</b>  | <b>201,129,026</b>                     |

**2008**

| PARTICULARS                                  | COST               |                       |                     | Rate % | DEPRECIATION       |                   |                     | Written down value as at Sept 30, 2008 |
|--|--------------------|-----------------------|---------------------|--------|--------------------|-------------------|---------------------|--|
|  | As at Oct 01, 2007 | Additions (Deletions) | As at Sept 30, 2008 |        | As at Oct 01, 2007 | For the Year      | As at Sept 30, 2008 |  |
|  | RUPEES             |                       |                     |        | RUPEES             |                   |                     |  |
| Factory land - Freehold                      | 1,999,901          | --                    | 1,999,901           | --     | --                 | --                | --                  | 1,999,901                              |
| Factory building - on freehold land          | 106,184,150        | 3,949,762             | 110,133,912         | 10     | 86,624,665         | 2,172,704         | 88,797,369          | 21,336,543                             |
| Non factory building - on freehold land      | 16,629,196         | --                    | 16,629,196          | 10     | 12,068,027         | 439,296           | 12,507,323          | 4,121,873                              |
| Plant and machinery                          | 613,273,019        | 32,894,412            | 646,167,431         | 10     | 444,398,197        | 18,670,609        | 463,068,806         | 183,098,625                            |
| Furniture and fixture                        | 4,453,539          | 552,815               | 5,006,354           | 10     | 2,566,941          | 222,135           | 2,789,076           | 2,217,278                              |
| Agricultural vehicle                         | 4,001,271          | --                    | 4,001,271           | 20     | 2,856,720          | 212,307           | 3,069,027           | 932,244                                |
| Transport vehicles                           | 6,978,565          | --                    | 6,978,565           | 20     | 4,697,785          | 423,070           | 5,120,855           | 1,857,710                              |
| Office equipment, tools and other equipments | 9,706,051          | --                    | 9,706,051           | 10     | 5,321,640          | 422,271           | 5,743,911           | 3,962,140                              |
| Electrical and air conditional installation  | 4,815,687          | --                    | 4,815,687           | 10     | 2,643,952          | 209,164           | 2,853,116           | 1,962,571                              |
| Weigh bridge installation                    | 1,728,112          | --                    | 1,728,112           | 10     | 468,821            | 121,285           | 590,106             | 1,138,006                              |
| <b>Total</b>                                 | <b>769,769,491</b> | <b>37,396,989</b>     | <b>807,166,480</b>  |        | <b>561,646,748</b> | <b>22,892,841</b> | <b>584,539,589</b>  | <b>222,626,891</b>                     |



|   | Notes | 2009              | 2008              |
|---|-------|-------------------|-------------------|
|   |       | RUPEES            |                   |
| <b>10.1.1 Depreciation charge for the year has been allocated as follows:</b>   |       |                   |                   |
| Cost of sales   |       | 20,161,131        | 21,386,069        |
| Establishment and other expenses  |       | 1,336,734         | 1,506,772         |
|   |       | <u>21,497,865</u> | <u>22,892,841</u> |
| <br>  |       |                   |                   |
| <b>11 LONG TERM DEPOSITS</b>  |       |                   |                   |
| Security deposits   |       | 100,000           | 389,718           |
| Deposit with HBL against guarantee  |       | 881,700           | 881,700           |
| Security deposits (Central Depository Company)  |       | 25,000            | 25,000            |
|   |       | <u>1,006,700</u>  | <u>1,296,418</u>  |
| <br>  |       |                   |                   |
| <b>12 STORES, SPARES AND LOOSE TOOLS</b>  |       |                   |                   |
| Stores  |       | 56,991,234        | 45,392,543        |
| Spare and loose tools   |       | 17,201,254        | 17,201,254        |
| Less: Provision for obsolescence  |       | (554,359)         | (554,359)         |
|   |       | <u>73,638,129</u> | <u>62,039,438</u> |
| <br>  |       |                   |                   |
| <b>13 ADVANCES, CURRENT ACCOUNT BALANCES WITH STATUTORY AUTHORITIES AND OTHER RECEIVABLES</b>   |       |                   |                   |
| <b>Advances - Unsecured, considered good</b>  |       |                   |                   |
| to staff and workers against salaries and wages   | 13.1  | 4,005,389         | 6,406,702         |
| to cane haulage and other contractors   |       | 10,818            | 8,297,423         |
| against supplies  |       | 8,263,712         | 17,883,225        |
| to cane growers against cane supplies   |       | --                | 492,583           |
| <b>Other receivables</b>  | 13.2  | 72,302            | 9,404,189         |
| <br>  |       |                   |                   |
| <b>Tax refund due from government</b>   |       |                   |                   |
| Advance income tax  |       | 6,732,695         | 6,301,979         |
| Sales tax refundable(Input sales tax)   |       | 642,238           | 810,759           |
|   |       | <u>19,727,154</u> | <u>49,596,860</u> |
| <br>  |       |                   |                   |
| <b>13.1 Advance to employees given to non-executive staff are for a period of less than a year. The advance is interest free and secured against retirement's benefits.</b> |       |                   |                   |
| <br>  |       |                   |                   |
| <b>13.2 Other receivable comprises of:</b>  |       |                   |                   |
| Delite Industries (Pvt.) Ltd  |       | <u>--</u>         | <u>9,404,189</u>  |



|   | Notes  | 2009               | 2008               |
|---|--------|--------------------|--------------------|
| <b>14 CASH AND BANK BALANCES</b>                    |        |                    |                    |
|   |        | <b>RUPEES</b>      |                    |
| Cash in hand  |        | 37,932             | 334,985            |
| Balance with banks in current accounts              |        | 564,049            | 1,163,823          |
| Balance with banks - PLS Certificate of deposit     |        | --                 | 3,300,000          |
|   |        | <u>601,981</u>     | <u>4,798,808</u>   |
| <b>15 TOLL MANUFACTURING INCOME</b>                 |        |                    |                    |
| Manufacturing lease money                           |        | 67,269,411         | 291,228,000        |
| Less: Sales tax                                     |        | (9,278,540)        | (37,986,260)       |
|   |        | <u>57,990,871</u>  | <u>253,241,740</u> |
| <b>16 MANUFACTURING COST</b>                        |        |                    |                    |
| Salaries, wages and benefits                        |        | 51,908,555         | 70,940,238         |
| Manufacturing stores and spares                     |        | 8,207,411          | 23,435,438         |
| Water, fuel and power                               |        | 20,272,553         | 21,311,769         |
| Repairs and maintenance                             |        | 38,521,443         | 69,898,027         |
| Insurance   |        | 1,107,052          | 720,621            |
| Operational transport and handling                  |        | 1,987,572          | 2,772,444          |
| Other manufacturing expenses                        |        | 6,606,428          | 10,142,257         |
| Depreciation  | 10.1.1 | 20,161,131         | 21,386,069         |
|   |        | <u>148,772,145</u> | <u>220,606,863</u> |
| <b>17 ADMINISTRATIVE EXPENSES</b>                   |        |                    |                    |
| Administration salaries and other benefits          |        | 576,286            | 1,485,635          |
| Office and other expenses                           |        | 45,725             | 113,229            |
| Travelling and conveyance                           |        | 2,486              | --                 |
| Legal fees and professional charges                 |        | 1,350,295          | 756,836            |
| Postage and telephone expenses                      |        | --                 | 3,695              |
| Vehicles expenses                                   |        | 40,658             | 9,667              |
| Printing and stationary                             |        | 257,355            | 188,825            |
| Electricity, repair, maintenance and water expenses |        | --                 | 371                |
| Employees welfare expenses                          |        | 490,311            | 850,372            |
| Insurance   |        | 3,920              | 3,784              |
| Auditor's remuneration                              | 17.1   | 520,000            | 518,900            |
| Depreciation  | 10.1.1 | 1,336,734          | 1,506,772          |
|   |        | <u>4,623,770</u>   | <u>5,438,086</u>   |



|  | Notes   | 2009               | 2008             |
|--|---|--------------------|------------------|
| <b>17.1 Auditor's remuneration</b>     |   |                    |                  |
|  |   | <b>RUPEES</b>      |                  |
| Audit fee                              |   | 250,000            | 250,000          |
| Review report                          |   | 75,000             | 75,000           |
| Cost audit fee                         |   | 40,000             | 80,000           |
| Half yearly review                     |   | 125,000            | 100,000          |
| Out of pocket expense:                 |   |                    |                  |
| - Statutory audit                      |   | 15,000             | 13,900           |
| - Cost audit                           |   | 15,000             | --               |
|  |   | <u>520,000</u>     | <u>518,900</u>   |
| <b>18 OTHER OPERATING EXPENSES</b>     |   |                    |                  |
| Worker's profit participation fund     |   | 5,467,568          | 1,653,999        |
| Worker's welfare fund                  |   | 2,077,676          | 661,599          |
| Sales tax penalty                      | 18.1  | --                 | 137,399          |
|  |   | <u>7,545,244</u>   | <u>2,452,997</u> |
| <b>18.1</b>                            | This represent amount of sales tax on fixed assets sold during the prior years, which has been paid in the light of Hon'able Supreme Court Order. |                    |                  |
| <b>19 FINANCE COST</b>                 |   |                    |                  |
| Interest on workers participation fund | 8.2   | 409,844            | 130,279          |
| Bank commission and charges            |   | 533,873            | 245,100          |
|  |   | <u>943,717</u>     | <u>375,379</u>   |
| <b>20 OTHER INCOME</b>                 |   |                    |                  |
| Income from financial assets           |   |                    |                  |
| - Income from certificate of deposit   |   | 290,091            | --               |
| - Markup written back                  | 6.1   | 205,069,619        | --               |
| Income from non-financial assets       |   |                    |                  |
| - Miscellaneous receipt                |   | 340,419            | 431,357          |
| - Sales tax refund - prior years       |   | --                 | 5,964,602        |
|  |   | <u>205,700,129</u> | <u>6,395,959</u> |
| <b>21 PROVISION FOR TAXATION</b>       |   |                    |                  |
| Current year                           | 21.1  | 289,954            | --               |

21.1 Company has available brought forward losses, therefore provision for current year taxation is based on minimum tax payable u/s 113 of the Income Tax Ordinance, 2001.



|  | 2009         | 2008        |
|--|--------------|-------------|
|  | RUPEES       |             |
| <b>21.2 Relationship between tax expense and accounting profit</b>   |              |             |
| Accounting profit for the year   | 101,806,124  | 30,764,374  |
| Applicable tax rate  | 35%          | 35%         |
| Tax on accounting profit   | 35,632,143   | 10,767,531  |
| Tax effect of expenses that are not deductible in determining taxable profit   | 7,524,253    | 8,244,054   |
| Tax effect of expenses that are deductible in determining taxable profit   | (1,929,499)  | (9,419,525) |
| Tax effect of markup written back as the same was already disallowed by taxation authorities in tax year 2003 & 2004 | (71,774,367) | --          |
| Adjustment / carried forward loss  | 30,547,470   | (9,592,060) |
| Tax payable under normal rules   | --           | --          |
| Tax payable under normal rules   | NIL          | NIL         |
| Minimum tax liability u/s 113  | 289,954      | --          |

**22 EARNINGS / (LOSS) PER SHARE - Basic and diluted**
**22.1 Basic earning per share**

|  |             |            |
|--|-------------|------------|
| Profit after taxation                      | 101,516,170 | 30,764,374 |
| Weighted average number of ordinary shares | 8,724,591   | 8,724,591  |
| Earnings per share - Basic                 | 11.64       | 3.53       |

**22.2 Diluted earning per share**

There is no dilution effect on the basic loss per share of the Company as the Company has no commitments in respect of share capital.

**23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.



### 23.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

|                   | 2009      | 2008       |
|-------------------|-----------|------------|
|                   | RUPEES    |            |
| Deposits          | 1,006,700 | 1,296,418  |
| Other receivables | 72,302    | 9,404,189  |
| Bank balances     | 601,981   | 4,798,808  |
|                   | 1,680,983 | 15,499,415 |

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and its financial assets have reduced significantly during the year being realized, further the company has received advance against its future revenues therefore no receivable against sales exist at the balance sheet date and dealing banks possess good credit ratings.

### 23.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

|                              | 2009            |                       |                    |                      |                   |
|------------------------------|-----------------|-----------------------|--------------------|----------------------|-------------------|
|                              | Carrying Amount | Contractual Cash Flow | Six Months or Less | Six to Twelve Months | Two to Five Years |
| <b>Financial Liabilities</b> |                 |                       |                    |                      |                   |
| Long term loans              | 458,958,510     | 458,958,510           | 155,000,000        | --                   | 303,958,510       |
| Trade and other payables     | 126,585,963     | 126,585,963           | 126,585,963        | --                   | --                |
|                              | 585,544,473     | 585,544,473           | 281,585,963        | --                   | 303,958,510       |
|                              | 2008            |                       |                    |                      |                   |
|                              | Carrying Amount | Contractual Cash Flow | Six Months or Less | Six to Twelve Months | Two to Five Years |
| <b>Financial Liabilities</b> |                 |                       |                    |                      |                   |
| Long term loans              | 679,755,428     | 453,335,809           | 148,500,000        | --                   | 304,835,809       |
| Trade and other payables     | 103,092,761     | 103,092,761           | 103,092,761        | --                   | --                |
|                              | 782,848,189     | 556,428,570           | 251,592,761        | --                   | 304,835,809       |

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities represent the carrying amounts as the company has no interest bearing financial liabilities. The contractual cashflow of the liability relating to NBP (NDFC) has been determined after accounting for the expected write back of the liability in accordance with the settlement with bank





### **23.3 Market Risk**

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company is not exposed to market risk as described below:

#### **23.3.1 Currency risk**

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The financial instruments of the company is not exposed to currency risk as company's transactions are not carried out at in foreign currencies:

#### **23.3.2 Interest rate risk**

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Company is not exposed to interest rate risk as the company's financial instruments are non interest bearing with the exception of a balance with bank which was kept in deposit account as on September 30, 2008, the same has been realized during the year. The company's exposure toward interest rate risk is considered immaterial.

### **23.4 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 arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

### **23.5 Capital risk management**

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

## **24 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

No remuneration has been paid to chief executive and directors of the Company, and no employee of the company falls within the ambit of 'executive' as defined in Companies Ordinance, 1984.

## **25 TRANSACTION WITH RELATED PARTIES**

The related parties comprise associated undertakings, directors, key management personnel and staff provident fund. Statement regarding remuneration and benefits to chief executive, directors and key management personnel is disclosed in note 24 to the financial statements, and transactions with associated company have been disclosed in note 15 to the financial statements. Provident fund contributions made during the year were Rs.975,012/- (2008: Rs.1,454,306/-)

**26 CAPACITY AND PRODUCTION**

| Year | No. of days mill operated | Crushing capacity |   | Actual crushing |
|------|---------------------------|-------------------|---|-----------------|
|      |                           | M. ton            | Total crushing on the basis of no. of days mill operated M. Ton | M. Ton          |
| 2009 | 70                        | 9,000             | 630,000   | 134,539         |
| 2008 | 135                       | 9,000             | 1,215,000   | 582,456         |

**Reason for low crushing:**

The crushing has been lower due to lesser availability of sugar cane.

**27 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on January 06, 2010 by the board of Directors of the Company.

**28 GENERAL**

These financial statements are presented in Rupees and figures have been rounded off to nearest rupee.

CHIEF EXECUTIVE

DIRECTOR



**PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I)  
OF THE CODE OF CORPORATE GOVERNANCE  
AS AT SEPTEMBER 30, 2009**

| Categories of Shareholders  | Number of Shareholders | Number of Shares held | % of Shareholding |
|---|------------------------|-----------------------|-------------------|
| 1. Associated Companies   | 1                      | 2,268,393             | 26.00%            |
| 2. NIT and ICP  | 5                      | 175,862               | 2.02%             |
| 3. Directors, CEO, their Spouses & Minor Children   | 7                      | 35,000                | 0.40%             |
| 4. Executives   | -                      | -                     | 0.00%             |
| 5. Public Sector Companies & Corporations   | 15                     | 57,020                | 0.65%             |
| 6. Banks, Development Finance institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds | 19                     | 1,111,274             | 12.74%            |
| 7. Individuals  | 2,285                  | 5,077,042             | 58.19%            |
| <b>TOTAL</b>  | <b>2,332</b>           | <b>8,724,591</b>      | <b>100.00%</b>    |

| DETAILS OF CATEGORIES OF SHAREHOLDERS                        |                        |                       |                   |
|--|------------------------|-----------------------|-------------------|
| Names  | Number of Shareholders | Number of Shares held | % of Shareholding |
| <b>1. Associated Companies</b>                               |                        |                       |                   |
| DEWAN MOTORS (PVT.) LIMITED                                  | 1                      | 2,268,393             | 26.00%            |
| <b>2. NIT and ICP</b>  |                        |                       |                   |
| 2.1 INVESTMENT CORPORATION OF PAKISTAN                       | 1                      | 72,598                | 0.83%             |
| 2.2 NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.                | 1                      | 32,620                | 0.37%             |
| 2.3 NATIONAL BANK OF PAKISTAN                                | 1                      | 41,200                | 0.47%             |
| 2.4 NATIONAL INVESTMENT TRUST LIMITED                        | 1                      | 1,600                 | 0.02%             |
| 2.5 NBP TRUSTEE - NI(U)T (LOC) FUND                          | 1                      | 27,844                | 0.32%             |
|  | <b>5</b>               | <b>175,862</b>        | <b>2.02%</b>      |
| <b>3. Directors, CEO, their Spouses &amp; Minor Children</b> |                        |                       |                   |
| <b>Directors and CEO</b>                                     |                        |                       |                   |
| 3.1 MR. MUHAMMAD ILYAS                                       | 1                      | 5,000                 | 0.06%             |
| 3.2 MR. MUHAMMAD ASLAM KHAN                                  | 1                      | 5,000                 | 0.06%             |
| 3.3 MR. PERVAIZ AHMED KHAN                                   | 1                      | 5,000                 | 0.06%             |
| 3.4 MR. MUHAMMAD BAQIR JAFFERI                               | 1                      | 5,000                 | 0.06%             |
| 3.5 MR. MASOOD FAROOQUI                                      | 1                      | 5,000                 | 0.06%             |
| 3.6 MR. QAMAR-UZ-ZAMAN                                       | 1                      | 5,000                 | 0.06%             |
| 3.7 MR. KHALID HAYAT KHAN                                    | 1                      | 5,000                 | 0.06%             |
|  | <b>7</b>               | <b>35,000</b>         | <b>0.40%</b>      |
| <b>Spouses of Directors and CEO</b>                          |                        |                       |                   |
|  | -                      | -                     | -                 |
| <b>Minor Children of Directors and CEO</b>                   |                        |                       |                   |
|  | -                      | -                     | -                 |
|  | <b>7</b>               | <b>35,000</b>         | <b>0.40%</b>      |

| SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY |                        |                       |                   |
|---|------------------------|-----------------------|-------------------|
| Names   | Number of Shareholders | Number of Shares held | % of Shareholding |
| DEWAN MOHAMMAD YOUSUF FAROOQUI  | 1                      | 2,181,148             | 25.00%            |
| DEWAN MOTORS (PVT.) LIMITED   | 1                      | 2,268,393             | 26.00%            |

**DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN**

*During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.*



THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number 002004
2. Name of the Company BAWANY SUGAR MILLS LIMITED
3. Pattern of holding of the shares held by the Shareholders as at 3 0 0 9 2 0 0 9

| Number of Shareholders | Shareholdings |   |         |        | Total Shares held |
|------------------------|---------------|---|---------|--------|-------------------|
| 1367                   | 1             | - | 100     | Shares | 34,824            |
| 434                    | 101           | - | 500     | Shares | 117,499           |
| 230                    | 501           | - | 1000    | Shares | 142,877           |
| 186                    | 1001          | - | 5000    | Shares | 405,936           |
| 37                     | 5001          | - | 10000   | Shares | 254,670           |
| 15                     | 10001         | - | 15000   | Shares | 180,625           |
| 10                     | 15001         | - | 20000   | Shares | 175,324           |
| 16                     | 20001         | - | 25000   | Shares | 341,524           |
| 5                      | 25001         | - | 30000   | Shares | 139,003           |
| 7                      | 30001         | - | 35000   | Shares | 230,114           |
| 4                      | 35001         | - | 40000   | Shares | 152,858           |
| 8                      | 40001         | - | 45000   | Shares | 336,475           |
| 2                      | 45001         | - | 50000   | Shares | 95,598            |
| 3                      | 50001         | - | 55000   | Shares | 158,701           |
| 2                      | 55001         | - | 75000   | Shares | 146,001           |
| 1                      | 75001         | - | 165000  | Shares | 161,878           |
| 1                      | 165001        | - | 250000  | Shares | 247,500           |
| 1                      | 250001        | - | 365000  | Shares | 362,325           |
| 1                      | 365001        | - | 595000  | Shares | 591,318           |
| 1                      | 595001        | - | 2185000 | Shares | 2,181,148         |
| 1                      | 2185001       | - | 2270000 | Shares | 2,268,393         |
| <b>2332</b>            | <b>TOTAL</b>  |   |         |        | <b>8,724,591</b>  |

| Categories of Shareholders  | Shares held | Percentage |
|---|-------------|------------|
| 5.1 Directors, Chief Executive Officer, their spouses and minor children                  | 35,000      | 0.40%      |
| 5.2 Associated Companies, undertakings and related parties                                | 2,268,393   | 26.00%     |
| 5.3 NIT and ICP   | 175,862     | 2.02%      |
| 5.4 Banks, Development Financial Institutions, Non-Banking Finance Companies              | 421,033     | 4.83%      |
| 5.5 Insurance Companies   | 668,334     | 7.66%      |
| 5.6 Modarabas and Mutual Funds  | 21,907      | 0.25%      |
| 5.7 Shareholders holding 10%  | 4,449,541   | 51.00%     |
| 5.8 <u>General Public</u>   |             |            |
| a. Local  | 5,077,042   | 58.19%     |
| b. Foreign  | -           | 0.00%      |
| 5.9 Others ( Joint Stock Companies, Charitable Trusts, Wakf, & Government Organisations ) | 57,020      | 0.65%      |

