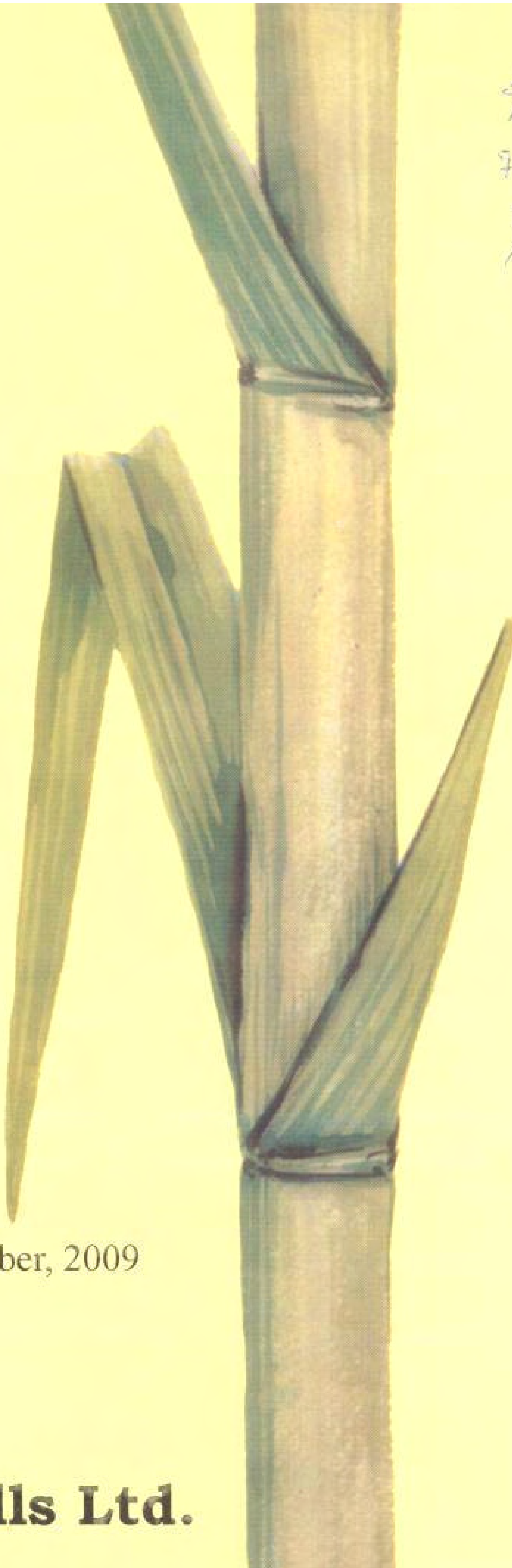

20th ANNUAL REPORT

For the year ended 30th September, 2009

Ansari Sugar Mills Ltd.

ANSARI SUGAR MILLS LIMITED

TWENTEETH ANNUAL REPORT
2009

COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Rashid Ahmed khan	-	Chairman
	Khawaja Anver Majid	-	Chief Executive
	Mrs. Nasreen Ghani Ansari		
	Mr. Nihal Anwar		
	Mr. Abdul Haq Ansari		
	Mr. Imran Rasheed Ansari		
	Mr. Imtiaz Rasheed Ansari		
	Mr. Iftikhar Rasheed Ansari		
AUDIT COMMITTEE	Mr. Imran Rasheed Ansari	-	Chairman
	Mr. Nihal Anwer	-	Member
	Mr. Imtiaz Rasheed Ansari	-	Member
BANKERS	Habib Bank Limited		
	MCB Bank Limited		
	National Bank of Pakistan		
	Allied Bank Limited		
AUDITORS	Rao & Company, Chartered Accountants		
LEGAL ADVISOR	Abdul Naeem Qureshi		
REGISTRAR	Noble Computer Services (Pvt.) Limited Mezzanine Floor, House of Habib Building (Siddiqson Towers) 3-Jinnah Cooperative Housing Society, Main Shahra-e-Faisal, Karachi.		
REGISTERED OFFICE	41-K, Block- 6, P.E.C.H.S., Karachi. http:/ / www.ansarisugar.com		
FACTORY	Deh Jagsiyani, Taluka Tando Mohammad Khan District Hyderabad, Sindh		

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the shareholders of **ANSARI SUGAR MILLS LIMITED,** will be held on Wednesday, August 25, 2010 at 9:00 a.m. at the registered office of the Company situated at 41-K, Block 6, P.E.C.H.S., Karachi for transacting the following business.

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on January 30, 2010.

2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2009 together with the Directors' and Auditors' Report thereon.

3. To appoint Auditors and fix their remuneration. The Board of Directors has recomended the name of M/s. Hashmi & Co. Chartered Accountants as a auditors for the year ended September 30. 2010.

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

for ANSARI SUGAR MILLS LIMITED

Company Secretary

Karachi :
Dated : July 19, 2010

NOTES :

1. The Shares Transfer Book of the Company will remain close from August 19, 2010 to August 25, 2010 (both days inclusive).

2. A member entitles to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies, in order to be effective, must be depoisted at the Company not less then 48 hours before the meeting.

3. The share holders are requested to notify any change in their address immediately to our share registrar.

4. Kindly quote your folio number in all correspondence with the Company.

VISION & MISSION STATEMENT

VISION

To make a product of International Standard acceptable as a brand in the world market. To explore business opportunities available under the World Trade Organization regime.

MISSION

- To sustain contribution to the National Economy by producing cost effective product.
- To ensure professionalism and healthy working environment.
- To create a reliable product through adoption of latest technology/ advancement.
- To promote research & development and provide technical know how to growers for improvement of sugarcane yield/recovery.

DIRECTORS' REPORT

The Directors are pleased to submit report on affairs of the company for the financial year ended September 30, 2009.

MANAGEMENT

The Board of Directors was suspended by the Ehtesab Court in May 1998 and the Receiver was appointed to run the affairs of the company. The Court, however, set aside its earlier Order for appointment of the Receiver directing him to relinquish the charge of his office through a short order in March 2008. However, the Receiver continued in his office till October 31, 2008 at his own in the absence of clear directions from the Court regarding restoration of the Board suspended in May 1998. As the crushing season was about to commence in November 2008, the Receiver handed over the charge of the Mills to the Management, and the Board vide its Resolution dated November 1, 2008 appointed Mr. Anver Majid, representing the majority shareholders, as Chief Controller/Consultant entrusting him with powers to run the mills and manage the affairs of the Company. Subsequently, the present Board was elected in January 2010 and Mr. Anver Majid was appointed as Chief Executive Officer by the Board in February 2010.

On resumption in November 2008, the previous Board took serious note of the financial issues of the company which remained highly mismanaged during the ten years' tenor of the Receiver. In order to turn around the company, the management approached the financial institutions and signed a Settlement Agreement with National Bank of Pakistan in February 2009 to clear it Balance Sheet of the long outstanding liabilities towards the Bank.

The accounts of the company could not be disseminated timely as the management altogether remained occupied to run the mills for the 2008-09 crushing season and manage the financial affairs of the company with a long-term view to the benefit of the shareholders. The accounts for the half year ended March 31, 2008 and the third quarter ended June 30, 2008 were issued simultaneously with the audited accounts for the year ended September 30, 2008 in December 2009 and the annual accounts were approved by the shareholders in the Annual General Meeting held on January 30, 2010. The audited accounts for the year ended September 30, 2009 are being issued herewith together with the accounts for the previous three quarters.

FINANCIAL RESULTS

The financial results for the year ended September 30, 2009 are as follows:

	2009	2008
	RUPEES IN THOUSANDS	
Sales	1,269,457	1,271,317
Cost of Sales	(1,166,358)	(1,258,198)
Net Profit/(Loss) after taxation	516,328	(52,582)
OPERATING RESULTS	METRIC TONES	
Sugarcane crushed	491,346	788,409
Sugar produced	38,686	66,600
Molasses produced	24,450	42,692
	PERCENTAGE	
Sugar Recovery	7.88	8.45
Number of days worked	112	148

The financial results for the year 2008-09 reflect improvements as the cost of sates have decreased improving the gross profit percentage to 8.12 as compared to 1.03 of the pervious year.

FUTURE OUTLOOK

After the crushing season 2008-09 was over, the management focused on BMR which was neglected during the tenor of the Receiver. Accordingly the company, plan and successfully completed balancing, modernizing of old and aged machine with technological advances new components, this will improve productivity with reduced cost, which will benefit the company and its stakeholder in long term. We expect to achieve economies in our overall operation due to BMR that resulted in reduced cost and economies of scale from the next season.

Due to unprecedented rise in price of sugarcane during the season 2009-10, the cost of production of sugar has Sincreased; the government has again increased the support price of sugarcane substantially i.e. from Rs 81 to

Rs. 102/40kgs. Furthermore sugarcane crop is also on the lower side during the year, this may increase the trend among the growers to supply at high prices and create price war among the sugar mills. Sugar cane crop around the mill is of very poor recovery of sucrose. Your management has taken effective steps to correct this which, was completely neglected during the period the mill was managed by the receiver.

Furthermore inflationary pressure on input items will also drive up the cost. These factors adversely affect the performance of sugar mills during the year 2009-10. The future prospects of the industry are completely dependent on the sugar prices.

LABOUR MANAGEMENT RELATIONS

The labor management relations have remained cordial. I thank and appreciate the spirit of goodwill and co-operation by the workers. I also thank the staff members, officers and executives for their devotion and sense of responsibility.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1. The financial statements prepared by the company present fairly its affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained by the company.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately notices.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. Key operating and financial data for last six years in summarized form is annexed.#
7. There has been no material departure from the best practices of Corporate Governance except those mentioned in the preamble of the statement.
8. No trade in the shares of the company was carried out by the directors and their spouses and minor children.

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants appointed as auditors in the last Annual General Meeting held on January 30, 2010 resigned subsequently. M Rao & Co. Chartered Accountants, have been appointed as auditors by the Board of Directors to fill the vacancy to hold the office till next Annual General Meeting of the company.

AUDIT COMMITTEE

Audit committee consist of three members to perform audit and review as defined in code of corporate governance, it consists of three non executive directors of the company.

PATTERN OF SHAREHOLDING

The pattern of share holding as on September 30, 2009 is annexed.

ACKNOWLEDGEMENT

The director express their appreciation for the hard work of our workers and staff, the director of the company also thankful to the Banks for the financial assistance and cooperation they have extended to the company.

On behalf of the Board

Khawaja Anver Majid
Chief Executive Officer

Karachi: July 19, 2010.

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

This statement is being presented to comply with the requirements of code of corporate Governance (the Code) as incorporated in the listing regulations of the Stock Exchange of Pakistan. The code provides a framework of best practices of Corporate Governance. Good Governance is considered indispensable by the Board to enhance and achieve highest performance. The Company has applied the principles contained in the code in the following manner:

1. The Company encourages representation of independent non-executive directors. The Board comprises of eight directors which include seven independent non-executives directors, one of whom is the Chairman.
2. All the directors have given declaration that they were aware of their duties and powers under the relevant laws and the Company's Memorandum and Article of Association and the listing regulations of the stock exchange of Pakistan.
3. The directors of the Company have confirmed that none of them is serving as a director is more than ten listed companies including this Company.
4. All the resident directors of the Company are registered tax payers and none of them has defaulted in payment of any dues to any banking company, a DFI or NBFI.
5. None of the directors or their spouses are engaged in business of stock brokerage.
6. Any casual vacancies occurred during the year, which were dully filled within thirty days of their occurrence.
7. The Company has adopted a Statement of Ethics and Business Practices which has been signed by all the directors and employees of the Company.
8. The Board of Directors has developed a Vision and Mission Statement. All significant policies have been approved by the Board and compiled in the Company's Policy Manual. The level of materiality has also been defined by the Board.
9. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. The appointment, remuneration and terms conditions of employment of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have been determined and approved by the Board of Directors. Further, the appointment, remuneration and terms and conditions of employment of the Company Secretary have been determined by the Chief Executive Officer with the approval of the Board of Directors.
10. The rules and responsibilities of the Chairman and the Chief Executive Officer are clearly defined.
11. The meetings of the Board are presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose.
12. The Board meets at least once in every quarter.
13. Written notices and agenda of Board Meetings are circulated not less then seven days before the meeting.
14. The Minutes of the Board Meeting are appropriately recorded, signed by the Chairman and circulated within 14 days from the date of meeting.
15. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.

16. All quarterly, half yearly and annual financial statements presented to the Board for approval where duly endorsed by the CEO and the CFO.

17. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

18. All statements have been included in the Directors' report, which are required by the code and Section 236 of the Companies Ordinance 1984.

19. We confirmed that the Company has complied with all material principles and the corporate and financial reporting requirements of the Code as mentioned in this Statement of Compliance with the best practices of Corporate Governance.

20. The Board has formed an audit committee. It comprises of three members including the Chairman of Committee, all of whom are non-executive directors.

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

22. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.

23. The Board has formed internal audit functions that are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit activities on a full time basis.

24. The external auditors of the Company have confirmed that, they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

25. The external 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 guideline in this regard.

26. The Directors' report has been prepared in compliance with the requirements of the Code and fully describes the silent matters required to be disclosed.

For and on behalf of Directors

Khawaja Anver Majid
Chief Executive Officer

Karachi: July 19, 2010.

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 (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Ansari Sugar Mills Limited** (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited and the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

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

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors of their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are not 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 undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended September 30, 2009.

Rao & Co.
Chartered Accountants

Name of audit engagement partner:
NISAR AHMED FCA

Karachi: July 19, 2010.

PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
AS ON SEPTEMBER 30, 2009

NUMBER OF SHARE HOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
504	1	-	100	27,685
524	101	-	500	172,131
280	501	-	1,000	206,068
428	1,001	-	5,000	954,624
82	5,001	-	10,000	576,734
29	10,001	-	15,000	369,941
13	15,001	-	20,000	235,544
12	20,001	-	25,000	264,272
16	25,001	-	30,000	462,139
17	30,001	-	35,000	580,834
7	35,001		40,000	259,119
3	40,001	-	45,000	126,842
2	45,001	-	50,000	97,500
2	50,001	-	55,000	104,044
31	55,001	-	60,000	1,860,000
4	60,001	-	65,000	245,352
4	65,001	-	70,000	271,562
2	70,001	-	75,000	146,375
1	75,001	-	80,000	78,454
1	80,001	-	90,000	89,250
1	90,001	-	95,000	94,900
1	95,001	-	100,000	97,100
2	100,001	-	105,000	209,937
3	105,001	-	110,000	321,265
1	110,001	-	115,000	110,500
1	130,001	-	135,000	132,390
1	150,001	-	155,000	154,300
1	175,001	-	180,000	176,812
1	555,001	-	560,000	559,980
1	790,001	-	795,000	790,248
1	1,915,001	-	1,920,000	1,917,000
1	2,015,001	-	2,020,000	2,020,000
1	2,430,001	-	2,435,000	2,430,489
1	2,440,001	-	2,445,000	2,442,344
1	2,660,001	-	2,665,000	2,663,376
1	3,155,001	-	3,160,000	3,158,087
1981				**24,407,198**

S. No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1.	Individual	1,948	18,396,126	75.37
2.	Investment Companies	1	5,500	0.02
3.	Insurance Companies/Banks	11	126,309	0.52
4.	Joint Stock Companies	10	242,726	0.99
5.	NIT/ICP	2	286,690	1.17
6.	Directors, Chief Executive	8	3,432,847	14.06
7.	Foreign Investors	1	1,917,000	7.85
		1,981	24,407,198	100.00

STATEMENT OF ETHICS & BUSINESS PRACTICE

Quality of Product

- We strive to produce the high quality of sugar for our customers.
- We believe in technology and innovation and strive to implement innovative ideas in the Company.
- We maintain all relevant technical and professional standards to be compatible with the requirements of the trade.

Dealing with Employees

- We recognize and reward employees for their performance.
- We measure the performance of our employees by their ability to meet their objectives, their conduct at work, dealing with others both within and outside the organization, their contribution towards training people and succession planning, and innovation at their work place.
- We provide a congenial work atmosphere where all employees are treated with respect and dignity and work as a team for a common goal.
- Unless specifically mentioned, all rules and regulation prevailing in the company apply to all levels of employees of the company.

Responsibility to Society / Interested Parties

- We have an important role towards our society, shareholders, creditors, the Government and public at large. We are objective and transparent in our dealings with all our stakeholders so as to meet the expectations of the people who rely on us.
- We meet all our obligations and ensure timely compliance.

Financial Reporting & Internal Control

- To meet the expectations of the wide spectrum of society and Government agencies, we have implemented an effective, transparent and fair system of financial reporting & internal control.
- To ensure efficient and effective utilization of Company's resources, we have placed financial planning and reporting at the heart of management practice at this not only serves to facilitate viable and timely decisions, but also makes Company dealings more transparent and objective oriented.
- We have a sound and efficient Internal Audit department to enhance the reliability of the financial information and data generated by the Company. It also helps building the confidence of our external stakeholders.

Purchase of Goods & Timely Payment

- To ensure cost effectiveness, we only purchase goods and services that meet our specifications and are priced appropriately. To gauge the market conditions and availability of substitute or services, we obtain quotations from various sources before finalizing our decision.
- We ensure timely payments, which over the year, has built trust and reliability amongst our suppliers.

Conflict of Interest

- Activities and involvements of the directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are made in the interest of the Company.

Observance to laws of the Country

- The Company fulfills all statutory requirements of the Government and follows al applicable laws of the country.

Environmental Protection

- The Company uses all means to protect the environment and to ensure health and safety of the work force. We have, and will continue to attain, necessary technology to ensure protection of the environment and well being of the people living in adjoining areas of our plant.

Objectives of the Company

- We at Ansari Sugar Mils Limited, recognize the need of working at the highest standards to meet the expectations of all our stakeholders.
- We conduct the business of the Company with integrity and supply only quality and credible information.
- We produce and supply goods and information with great care and competence, to ensure that customers and creditors receive the best quality and care.
- We respect the confidentiality of the information acquired during the course of our work with our business associates, and refrain from acting in any manner which could discredit the Company.
- Our organization is free of all vested interests that could affect its integrity, objectivity and independence.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Ansari 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 purposes of our audit.

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

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

(a) In our opinion, proper books of account 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 Company's affairs as at September 30, 2009 and of the profit, its cash flow and changes in equity for the year then ended; and

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

The financial statements of the prior year were audited by another firm of auditors that expressed unqualified opinion thereon with emphasis of matter paragraph in their report dated December 15, 2009.

Rao & Co.
Chartered Accountants

Audit engagement partner: NISAR AHMED

Karachi: July 19, 2010.

SIX YEARS REVIEW AT A GLANCE

FINANCIAL RESULTS	2009	2008	2007	2006	2005	2004
	Rupees					
Salse	1,269,457	1,271,317	1,372,918	1,368,625	832,402	894,972
Gross profit/(loss)	103,099	13,119	(4,482)	202,201	18,672	(4,245)
Operating (loss)/profit	59,446	(42,678)	(60,558)	155,691	(23,774)	(40,012)
(Loss) profit before taxation	464,865	(52,582)	(72,391)	135,064	(35,758)	(92,890)
(Loss) profit after taxation	516,328	(52,582)	(79,620)	128,221	(39,922)	(97,363)
Accumulated (loss) / profit for the year	189,725	(326,603)	(274,020)	(194,761)	(310,778)	(270,856)

OPERATING RESULTS		2009	2008	2007	2006	2005	2004
		Rupees					
Season Started		28-11-2008	16-11-2007	10-11-2006	02-12-2005	01-11-2004	30-11-2003
Season Closed		19-03-2009	11-04-2008	20-04-2007	25-03-2006	03-03-2005	23-03-2004
Days Worked		112	148	163	114	123	115
Sugarcane Crushed	(tonnes)	491,346	788,409	604,957	485,294	378,689	587,108
Sugar Recovery	(%)	7.88	8.45	9.25	10.20	9.98	10.00
Sugar Produced	(tonnes)	38,686	66,600	55,963	49,520	37,782	59,520
Molasses Recovery	(%)	4.980	5.416	5.060	5.033	5.027	5.159
Molasses Produced	(tonnes)	24,450	42,692	30,628	24,430	19,032	30,288

ASSETS EMPLOYED	2009	2008	2007	2006	2005	2004
	Rupees					
Fixed Capital Expenditure	1,266,002	692,490	730,194	768,342	797,911	830,415
Long term loans and deposits	652	607	1,215	1,303	566	591
Current Assets	704,105	514,687	329,637	347,325	221,356	311,538
Total Assets Employed	**1,970,759**	**1,207,784**	**1,061,046**	**1,116,970**	**1,019,833**	**1,142,544**

FINANCE BY	2009	2008	2007	2006	2005	2004
	Rupees					
Shareholders' Equity	460,797	(55,531)	(2,949)	76,311	(39,706)	216
Long Term Liabilities	779,150	364,269	406,307	448,484	487,343	521,855
Deferred Liabilities	289,009	311,915	4,385	10,950	10,073	9,087
Current Liabilities	366,682	583,078	653,303	581,225	562,123	611,386
Total funds invested	**1,895,638**	**1,203,731**	**1,061,046**	**1,116,970**	**1,019,833**	**1,142,544**
Break-up value per share	—	(0.002)	—	0.003	(0.002)	—
(Loss)/Earnings per share	21.15	(2.15)	(3.25)	5.25	(1.64)	(3.99)

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2009
AS PER REQUIREMENTS OF
THE CODE OF CORPORATE GOVERNANCE

Category	Number of shares held	Category wise No. of Shareholders	Category wise Shares held	Percentage %
JOINT STOCK CAMPANIES		10	242.726	0.99448
Salman Services (pvt) Ltd.	185			
Sarfraz Mahmood	500			
Haseeb Waqas Engineering	500			
Mehran Sugar Mills Ltd.	13399			
Sadaf Egencies (pvt) Ltd	104937			
Global Network (pvt)	500			
Jawed Omer Vohra & Co Ltd.	500			
Valika Properties (Pvt)	3140			
Sadaf Egencies (pvt) Ltd	13800			
Asonix Industries (Pvt)	105265			
INVESTMENT COMPANIES				
Prudential Investment Bank Ltd.		1	5.500	0.0225
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		8	3,432.847	14.0649
Khawaja Anver Majid	3,158,087			
Abdul Hqa Ansari	72,000			
Nasreen Ghani Ansari	20,000			
Imran Rashid Ansari	68,500			
Imtiaz Rashid Ansari	110,500			
Nihal Anwar	2,760			
Rashid Ahmed Khan	500			
Iftikhar Rashid Ansari	500			
NIT / ICP		2	286,690	1.1746
National Bank of Pakistan Trustee Department	154,300			
Investment Corporation of Pakistan	132,390			
BANKS, DFIs, NBFIs, INSURANCE COMPANIES MODARABAS AND MUTUAL FUNDS		11	126,309	0.5175
Reliance Insurance Co. Ltd.	80			
Gulf Insurance Company	115			
Bankers Equity Ltd.	589			
P.I.C.I.C	6900			
N.D.F.C. (Inestar)	21135			
Adamjee Insurance Co.	42500			
B.R.R. Second Modarba	90			
The crescent Star	150			
B.R. Modarba	3300			
EFU General Insurance	17000			
National Development	34450			
FOREIGN INVESTORS		1	1,917.000	7.8542
Unicorn Property Development Ltd.	1917000			
INDIVIDUALS		1,948	18,396.126	75.3717
		1981	24.407.198	100.00

BALANCE SHEET AS AT

	Note	2009 Rupees	2008 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	1,266,002,445	692,490,158
Long term investment	4	75,093,041	—
Long term loan	5	166,752	121,603
Long term deposits	6	486,176	486,176
Deffered tax assets	7	57,810,117	—
		1,399,558,531	693,097,937
CURRENT ASSETS			
Stores, spares and loose tools	8	29,102,397	21,233,430
Stock in trade	9	357,303,743	192,232,885
Trade debts - Unsecured	10	158,294,281	175,490,731
Loans and advances	11	131,531,822	81,896,350
Prepayments and other receivables	12	1,835,180	3,340,807
Tax refund due from government	13	12,213,992	17,085,935
Cash and bank balances	14	13,824,361	23,407,108
		704,105,776	514,687,246
		2,103,664,307	1,207,785,183

SEPTEMBER 30, 2009

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital			
30,000,000 (2008:30,000,000) Ordinary shares of Rs. 10/- each		**300,000,000**	300,000,000
Issued, Subscribed and Paid - up Capital	15	**244,071,980**	244,071,980
General Reserve		**27,000,000**	27,000,000
Accumulated Profit/(Loss)		**189,725,332**	(326,603,020)
		460,797,312	(55,531,040)
NON-CURRENT LIABILITIES			
Long term finance	16	**779,150,666**	364,269,995
Retention money	17	**65,853,101**	1,853,101
Deferred liabilities	18	**289,009,653**	311,915,066
Subordinated loan	19	**142,171,537**	2,200,000
		1,276,184,957	680,238,162
CURRENT LIABILITIES			
Trade and other payables	20	**94,613,749**	247,379,683
Accrued markup	21	**29,186,092**	40,572,993
Short term borrowing	22	**242,882,197**	—
Current portion of long term finances	23	**—**	295,125,385
		366,682,038	583,078,061
CONTINGENCIES AND COMMITMENTS	24	—	—
		2,103,664,307	1,207,785,183

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

Khawaja Anver Majid
Chief Executive

Mrs. Nasreen Ghani Ansari
Director

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

	Note	2009 Rupees	2008 Rupees
Sales-Net	25	1,269,457,427	1,271,317,808
Cost of sales	26	(1,166,358,412)	(1.258,198,567)
Gross Profit/(Loss)		103,099,015	13,119,241
OPERATING EXPENSES			
Distribution cost	27	(2,079,204)	(2,546,506)
Administrative expenses	28	(41,573,151)	(53,251,244)
		(43,652,355)	(55,797.750)
Operating Profit/(Loss)		59,446,660	(42,678,509)
Financial cost	29	(71,294,864)	(11,046,050)
Other charges	30	(12,127,883)	(622,135)
Other income	31	3,870,702	1,764.429
		(79,552,045)	(9,903.756)
		(20,105,385)	(52,582,265)
Extinguishment of debts - extra ordinary item	32	484,970,907	—
Profit/(loss) before taxation		464,865,522	(52,582,265)
Taxation	33	51,462,830	—
Profit/(loss) after taxation		516,328,352	(52,582,265)
Earning/(loss) per share - Basic	34	21.15	(2.15)
Earning/(loss) per share before extraordianry items	34	1.28	(2.15)

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

Khawaja Anver Majid
Chief Executive

Mrs. Nasreen Ghani Ansari
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the year		464,865,522	(52,582,265)
Adjustment for :			
Depreciation		45,202,211	42,330,751
Financial Cost		71,294,864	11,046,050
Provision for gratuity		893,937	1,527,480
Extinguishment of debts		(484,970,907)	—
Unrealized profit on investment		(3,093,041)	—
(Gain)/loss on sale of fixed assets		(30,892)	(1,317,837)
		(370,703,828)	53,586,444
Operating profit before working capital changes		94,161,694	1,004,179
Changes in working capital :			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(7,868,967)	(1,137,306)
Stock-in-trade		(165,070,858)	(87,630,773)
Trade debtors		17,196,450	(95,370,681)
Loans and advances		(49,635,472)	9,337,005
Prepayments and other receivables		1,505,627	544,844
		(203,873,220)	(174,256,911)
Increase / (decrease) in current liabilities:			
Trade and other payables		(152,761,645)	174,197,009
		(152,761,645)	174,197,009
		(356,634,865)	(59,902)
Cash used in operations		(262,473,171)	944,277
Tax paid		(1,528,442)	(3,775,046)
Gratuity paid		(594,903)	(322,708)
Long term deposit		—	454,250
Long term loans		(45,149)	187,950
Financial cost		(39,806,046)	(835,146)
Net cash used in operating activities		(304,447,711)	(3,346,423)

	Note	2009 Rupees	2008 Rupees
CASH FLOW FROM INVESTING ACTIVITIES			
Addition in fixed assets		**(619,023,392)**	(12,059,414)
Proceeds from disposal of fixed assets		**339,786**	8,750,000
Investments		**(72,000,000)**	—
Net cash used in investing activities		**(690,683,606)**	(3,309,414)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		**(945)**	(407)
Subordinated loan		**139,971,537**	—
Deferred liabilities		**(22,905,413)**	23,376,312
Long term finance		**561,601,194**	(9,386,595)
Retention money		**64,000,000**	(280,558)
Net cash generated from financing activities		**742,666,373**	13,708,752
Net (decrease) / increase in cash and cash equivalents		**(252,464,944)**	7,052,915
Cash and cash equivalents at the beginning of the year		**23,407,108**	16,354,193
Cash and cash equivalents at the end of the year	39	**(229,057,836)**	23,407,108

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

Khawaja Anver Majid
Chief Executive

Mrs. Nasreen Ghani Ansari
Director

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

	Issued Subscribed and paid-up capital	Reserve		Net Equity
		General Reserve	Accumulated profitt/(loss)	
	Rupees			
Balance as at September 30, 2007	244,071,980	27,000,000	(274,020.755)	(2,948.775)
Loss for the year after taxation	—	—	(52,582.265)	(52,582.265)
Balance as at September 30, 2008	244,071,980	27.000,000	(326,603,020)	(55.531.040)
Profit for the year after taxation	—	—	516,328,352	516,328,352
Balance as at September 30, 2009	244,071,980	27,000,000	189,725,332	460,797,312

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

Khawaja Anver Majid
Chief Executive

Mrs. Nasreen Ghani Ansari
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

1. STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan on July 09, 1989 as a Public Limited Company and its shares are quoted in Karachi and Lahore Stock Exchanges. The principal business of the Company is to manufacture and sale of white sugar. The registered office of the Company is situated at 41-K, Block 6, P.E.C.H.S., Karachi and its factory is located at Deh Jagsiyani, Taluka Tando Mohammad Khan, District Hyderabad, Sindh.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis.

2.3 Amendments to published standards and new interpretations effective in current year

Standards effective for the year 2008-2009

The following new and amended IFRS and IFRIC interpretations became effective for the period beginning on October 01, 2008:

- IFRS 7 - Financial Instruments: Disclosures
- IFRIC 12 - Service concession arrangements
- IFRIC 13 - Customer loyalty programmes;
- IFRIC 14 - IAS 19 - The limit on a defined benefit assets, minimum funding requirement and their interactions.

Adoption of these standards and interpretations did not have any material effect on the financial statements of the company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

2.4 New Accounting Standards and IFRIC Interpretations that are not yet effective.

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective revised standard and interpretation:

		Effective for period beginning on or after
IAS 1	Presentation of financial statements (Revised)	January 01,2009
IAS 7	Statement of Cash flow (Amendments)	January 01,2009
IAS 23	Borrowing Cost (Revised)	January 01,2009
IAS 32	Financial Instruments (Amended)	January 01,2009
IAS 39	Financial Instruments : Recognition and Measurement (Amended)	January 01,2009
IFRS 4	Insurance Contract	January 01,2009
IFRS 7	Financial Instruments - Disclosure (Amended)	January 01,2009

2.5 Significant accounting estimates and judgments

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

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

(i) Property, plant and equipment
(ii) Trade debts
(iii) Staff retirement benefits
(iv) Taxation
(v) Valuation of stock in trade

2.6 Property, plant and equipment

(i) Operating fixed assets

These are stated at cost less any accumulated depreciation and accumulated impairment losses (if any), except freehold land which is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

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

Assets' carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the recoverable amount.

Depreciation is charged to income using reducing balance method to write off the cost of an asset over its estimated useful life in accordance with the rates specified in the note 3 to these financial statements and after taking into account residual value, if any.

Depreciation on additions is charged from the quarter in which the assets become available for use while on disposals depreciation is charged upto the quarter of deletion.

Repair and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains/ losses on disposal of property, plant and equipments are charged to the profit and loss account.

2.7 Provisions

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

2.8 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credit and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed/ finalized during the year.

Deferred

Deferred income tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

2.9 Staff retirement benefits

(a) Provident fund

The Company operates a defined contributory Provident Fund for all its employees eligible under the scheme. The scheme has been approved under the Income Tax Ordinance, 2001. Monthly contributions are made both by the Company and by the employee to the fund at a rate of 8.33% of basic salary. During the year the contribution of Rs. 1,018,602 (2008 : 1,137,661) have been charged to income.

(b) Gratuity

The Company operates an defined gratuity fund for all for its permanent employees who attain the minimum qualification period for entitlement to gratuity. Actuarial valuation is conducted periodically using "Projected Unit Credit Method" and the latest actuarial valuation carried out at September 30, 2008. The detail of valuation is given in note 18.

2.10 Impairment of assets

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such asset is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use and impairment loss is recognized whenever, the carrying amount of the asset or its cash generating unit exceed its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

2.11 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet only when the company has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.13 Held to maturity investments

Investments with a fixed maturity where the company has the intent and ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are initially recognize at fair value plus transaction cost attributable to acquisition less any impairment loss.

2.14 Stores, spares and loose tools

These are valued as under:

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

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

2.15 Stock in trade

The basis of valuation has been specified against each.

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

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

2.16 Trade debts and other receivable

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

2.17 Loans and borrowings

These are recognized at cost.

2.18 Trade and other payables

Liabilities for trade and other payable are initially recognized at fair value which is normally the transaction cost.

2.19 Cash and cash equivalent

Cash and cash equivalent comprises cash in hand, bank balances and highly liquid short term investments and form an integral part of the Company's cash management and are included as a component of cash equivalents for a purpose of statement of cash flows.

2.20 Borrowing costs

Borrowing cost are recognized in profit and loss account in the period in which these are incurred except that borrowing cost that are directly attributable to acquisition, construction or production of qualifying asset are capitalized during the period of time it is completed and prepared for its intended use.

2.21 Related party transactions

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.22 Dividend Distribution

Dividend distribution to the share holders is accounted for in the period in which dividend is declared.

2.23 Foreign currency transactions

Transactions in the foreign currencies are converted at the rate of exchange ruling on the date of the transaction. All assets and liabilities in foreign currencies are translated to exchange rate prevailing at the balance sheet date. Exchange gains and losses are taken to income.

2.24 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, which is the company's functional currency.

2.25 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Interest, profit and income from investments is recorded on accrual basis.

3. PROPERTY, PLANT AND EQUIPMENTS

PARTICULARS	Cost as at October 01, 2008	Additions (deletions)	Cost as at September 30 2009	Accumulated depreciation as at October 01, 2008	Depreciation (adjustment) for the year	Accumulated depreciation as at Sep 30, 2009	Written down value as at September 30 2009	Rate %
	Rupees							
Freehold land	9,252,730	–	9,252,730	–	–	–	9,252,730	–
Factory building	128,524,949	–	128,524,949	62,335,711	3,309,460	65,645,171	62,879,778	5
Non-factory building	33,381,199	35,250	33,416,449	21,693,418	1,172,304	22,865,722	10,550,727	10
Plant and machinery	1,099,859,695	615,820,005	1,715,679,700	517,799,210	36,800,774	554,599,984	1,161,079,716	5
Electrical installation	8,825,781	–	8,825,781	5,618,130	320,764	5,938,894	2,886,887	10
Weighbridge	878,917	–	878,917	725,907	15,301	741,208	137,709	10
Office equipment and others	6,685,265	621,086	7,306,351	3,564,589	361,973	3,926,562	3,379,789	10
Electrical appliances	5,206,941	289,500	5,496,441	2,978,818	240,668	3,219,486	2,276,955	10
Furniture and fixtures	2,505,302	–	2,505,302	1,895,937	60,936	1,956,873	548,429	10
Vehicles	27,444,122	631,452 (3,644,909)	24,430,665	13,884,824	2,780,837 (3,336,015)	13,329,646	11,101,019	20
Tent and tarpaulins	3,282,737	–	3,282,737	3,000,732	93,062	3,093,794	188,943	33
Tools and tackles	1,993,521	–	1,993,521	1,853,725	46,132	1,899,857	93,664	33
Capital work in progress								
Electrical installation	–	1,626,099	1,626,099	–	–	–	1,626,099	
2009	1,327,841,159	619,023,392 (3,644,909)	1,943,219,642	635,351,001	45,202,211 (3,336,015)	677,217,197	1,266,002,445	

PARTICULARS	Cost as at October 01, 2007	Additions/ (deletions)	Cost as at September 30, 2008	Accumulated depreciation as at October 01, 2007	Depreciation/ (adjustment) for the year	Accumulated depreciation as at Sep 30, 2008	Written down value as at September 30, 2008	Rate (%)
	Rupees							
Operating assets - tangible								
Freehold land	9,252,730	—	9,252,730	—	—	—	9,252,730	
Factory building	128,524,949	—	128,524,949	58,852,067	3,483,644	62,335,711	66,189,237	5
Non-factory building	33,381,199	—	33,381,199	20,394,774	1,298,644	21,693,418	11,687,781	10
Plant and machinery	1,096,595,188	3,264,508	1,099,859,696	487,207,401	30,591,809	517,799,210	582,060,486	5
Electrical installation	8,825,781	—	8,825,781	5,261,726	356,404	5,618,130	3,207,651	10
Weighbridge	878,917	—	878,917	708,907	17,000	725,907	153,010	10
Office equipment and others	6,389,273	295,992	6,685,265	3,223,204	341,385	3,564,589	3,120,676	10
Electrical appliances	5,206,941	—	5,206,941	2,731,250	247,568	2,978,818	2,228,123	10
Furniture and fixtures	2,481,202	24,100	2,505,302	1,829,330	66,607	1,895,937	609,365	10
Vehicles	32,457,184	8,474,814 (13,487,876)	27,444,122	14,220,599	5,719,938 (6,055,713)	13,884,824	13,559,298	20
Tent and tarpaulins	3,282,737	—	3,282,737	2,861,836	138,896	3,000,732	282,005	33
Tools and tackles	1,993,521	—	1,993,521	1,784,869	68,856	1,853,725	139,796	33
2008	1,329,269,621	12,059,414 (13,487,876)	1,327,841,159	599,075,963	42,330,751 (6,055,713)	635,351,001	692,490,158	

		2009 Rupees	2008 Rupees
3.1 Deprication for the year has been allocated as under :-			
Cost of sales	26.1	**40,171,667**	34,161,309
Administration expenss	28	**5,030,544**	8,169,442
		45,202,211	42,330,751

3.2 The details of property, plant and equipment disposed off during the year are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sales Proceed	Mode of Disposal	Buyer
Vehicle - BC-1808	1,700,000	1,663,633	36,367	40,003	Negotiation	Mr. Saleem. Ex-employee
Vehicle - Z-0982	709,784	686,059	23,725	26,100	Negotiation	Mr. Fahad. Ex-employee
Vehicle - AB-1808	699,000	669,795	29,205	32,126	Negotiation	Mr. Naeem Fazal Ali. Ex-employee
Vehicle - AHA-294	536,125	316,528	219,597	241,557	Negotiation	Mr. Kabeer. Ex-employee
2009	3,644,909	3,336,015	308,894	339,786		
2008	13,487,876	6,055,713	7,432,163	8,750,000		

	2009 Rupees	2008 Rupees
4. LONG TERM INVESTMENTS		
Held to maturity		
Defence Saving Certificates (DSCs)	**72,000,000**	—
Accrued profit	**3,093,041**	—
	75,093,041	—

4.1 This represents the DSCs purchased by the Company on March 18, 2009 with a maturity of 10 years having effective interest rate of 12.15%. These have been pledged with National Bank of Pakistan as a security of repayment of Term Loan of Rs. 213.5 (refer to note 4.1.2) million as bullet payment/ settlement against face value along with accrued profit thereon.

4.2 The amount represents accrued profit on DSCs purchased by the Company at the rate prevailing on the balance sheet date i.e. compounded @ 12.15% over ten years. As the DSCs have been pledged with National Bank of Pakistan as security hence management accrued the profit for less then one year.

		2009 Rupees	2008 Rupees
5. LONG TERM LOANS			
Considered good, secured			
Vehicle loan to employees		**258,556**	232,351
Less: Current portion shown under current assets	5.1	**(91,804)**	(110,748)
		166,752	121,603

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

	2009 Rupees	2008 Rupees
6. LONG TERM DEPOSITS		
HESCO	**82,500**	82,500
Telephone and mobile	**45,200**	45,200
British Oxygen Company	**212,500**	212,500
Registrar of Sindh	**112,226**	112,226
Others	**33,750**	33,750
	486,176	486,176
7. DEFERRED TAX ASSETS		
- Accelerated depreciation	**(273,913,024)**	—
- Unabsorbed tax losses and provisions	**331,723,141**	—
	57,810,117	—
8. STORES, SPARES AND LOOSE TOOLS		
In hand		
- Store and spares parts	**20,873,909**	18,748,889
- Packing material	**8,099,854**	1,843,019
- Loose tools	**—**	379,514
	28,973,763	20,971,422
In transit	**128,634**	262,008
	29,102,397	21,233,430

		2009 Rupees	2008 Rupees
9. STOCK-IN-TRADE			
Finished goods	9.1	**148,941,146**	54,698,929
Molasses		**196,128,660**	136,610,600
Baggase		**3,600,000**	—
Sugar in process		**2,910,624**	923,356
Molasses in process		**173,313**	—
Cotton sticks		**2,805,000**	—
Rice husk		**2,745,000**	—
		357,303,743	192,232,885

9.1 Stock of sugar in hand represent stock of Sugar under pledged with National Bank of Pakistan worth of Rs.123.8 million including margin.

10. TRADE DEBTS - Unsecured

Considered good			
Trade debts		**158,294,281**	175,490,731
Considered doubtful			
Trade debts		**7,972,431**	7,972,431
Less: Provision for doubtful debts		**(7,972,431)**	(7,972,431)
		—	—
		158,294,281	175,490,731

10.1 This includes Rs. 152,865,044 receivable from a related party as on September 30, 2009 (2008 : Rs. 175,151,781).

11. LOANS AND ADVANCES

Current portion of long term vehicle loans	5	**91,804**	110,748
Considered good, unsecured			
Advance to cane growers		**100,780,440**	76,850,835
Advance to suppliers and contractor		**21,382,820**	2,295,166
Advance to staff		**1,251,611**	1,447,011
Advance against expenses		**7,591,709**	676,594
Advance against salaries		**433,438**	515,996
		131,440,018	81,785,602
		131,531,822	81,896,350
Considered doubtful			
Advance to cane growers, suppliers and contractors		**23,911,294**	23,911,294
Less: Provision for doubtful advances	11.1	**(23,911,294)**	(23,911,294)
		—	—
		131,531,822	81,896,350

11.1 This includes provision made against advance to cane growers amounting to Rs. 20 million. The Company has policy to re-assess the recoverability / adjustability of advances to growers at each year end.

12. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2009 Rupees	2008 Rupees
Prepayments		75,000	632,653
Other receivables - unsecured, considered good		1,760,180	2,708,154
		1,835,180	3,340,807
Considered doubtful			
Other receivables	12.1	2,038,030	2,038,030
Less: Provision for doubtful receivables		(2,038,030)	(2,038,030)
		—	—
		1,835,180	3,340,807

12.1 This include other receivable of Rs 2.038 million outstanding for last several years. As a matter of prudence, the Company has made necessary provision there against though it expects positive result from its recovery efforts.

13. TAX REFUNDS DUE FROM GOVERNMENT

	2009 Rupees	2008 Rupees
Income tax refund	87,513	4,959,456
Sales tax	10,556,376	10,556,376
Federal Excise Duty refundable	1,570,103	1,570,103
	12,213,992	17,085,935

13.1 This include amounts receivable from government on account of sales tax Rs 6.970 million (2008: Rs. 6.970 million), sales tax on disposal of fixed assets Rs. 1.170 million (2008: Rs. 1.170 million) and excise duty Rs 1.570 million (2008: Rs 1.570 million).

14. CASH AND BANK BALANCES

	2009 Rupees	2008 Rupees
Cash in hand	32,206	210,041
Cash with banks		
- in current account	13,792,155	21,360,969
- in deposit account	—	1,836,098
	13,792,155	23,197,067
	13,824,361	23,407,108

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2009	2008		2009	2008
Number of shares			Rupees	Rupees
18,296,250	18,296,250	Fully paid ordinary shares of Rs.10/- each issue for cash	**182,962,500**	182,962,500
6,110,948	6,110,948	Fully paid ordinary shares of Rs.10/- each issued as bonus share	**61,109,480**	61,109,480
24,407,198	24,407,198		**244,071,980**	244,071,980

16. LONG TERM FINANCES

	Note	2009	2008
Long term finance - secured			
Mark-up bearing	16.1	565,599,666	61,260,525
Mark-up free	16.2	213,551,000	303,009,470
		779,150,666	364,269,995

16.1 Mark-up bearing

	Pakistan Industrial Credit and Investment Corporatin	National Bank of Pakistan-I	National Bank of Pakistan II	National Bank of Pakistan (Formerly NDFC)	National Bank of Pakistan	National Bank of Pakistan	September 2009	September 2008
	General Item finance			Local Currency	Demand Finance	BMR & E		
	Rupees							
Opening balance	1,261,548	34,305,138	116,457,257	127,636,299	—	—	279,660,240	284,645,240
Extinguishment as per agreement	—	(34,305,138)	(116,457,257)	(127,636,299)	—	—	(278,398,694)	—
Repaid during the year	(1,261,546)	—	—	—		—	(1,261,548)	(4,985,000)
		—	—	—	—	—	—	279,660,240
Obtained during the period	—	—		—	145,000,000	420,599,666	565,599,666	—
	—	—	—	—	145,000,000	420,599,666	565,599,666	279,660,240
Current maturity								
Overdue installment	—	—	—	—	—	—	—	(201,823,038)
Current maturity	—	—	—	—	—	—	—	(16,576,678)
	—	—	—	—	—	—		(218,399,716)
		—	—	—	145,000,000	420,599,666	565,599,666	61,260,525

Significant terms and conditions are:

Installment payments					Semi annually	Semi annually
Number of installments					14	14
Date of first installment					21 Feb 12	21 Feb 12
Rate of mark-up per annum					10% p.a	10% p.a
Note number	16.1.1	16.1.2	16.1.2	16.1.2	16.1.3	16.1.4

16.1.1 Pakistan Industrial Credit and Investment Corporation

The finance are secured through first charge by way of an equitable mortgage of immovable properties, hypothecation of plant and machinery, and a floating charge on all other assets. The securities shall rank pari-passu with other creditors. During the year the facility has been repaid by the Company.

16.1.2 National Bank of Pakistan

During the year on February 23, 2009, the Company has entered into an agreement with National Bank of Pakistan (NBP) in respect of settlement of long term loans amounting to 956.437 million against which 656.40 million is reflected in Company's books (NBP - I of Rs. 34.30 million, NBP - II of Rs. 116.45 million of General Term Finance, NBP LCY of Rs. 127.636 and frozen markup on these loans amounting to Rs. 377.20 million). The above settlement results in the extinguishment of debt by Rs. 484.9 million. According to the agreement, the Company has to pay an amount of Rs. 213.551 million after ten (10) years from the date of agreement i.e. by January 01, 2019. The amount is secured against the pledge of Defence Saving Certificates (DSCs) of Rs.72 million.

The NBP will retain the 1st charge but release the sponsor's shares lying pledged in lieu of security in the shape of DSCs of Rs. 72 millions to be kept under lien with NBP till recovery of entire settlement amount. However, NBP may consider request for NOC 1st parri passu charge with the approval of competent authority.

16.1.3 National Bank of Pakistan - Demand Finance

The facility of Demand Finance of Rs. 145 million was availed for payment to Growers' outstanding (2007-2008) for a period of ten years with three years grace period carries markup rate is 10% per annum payable on quarterly basis.

The facility is secured against the property already mortgaged, including additional charge on present and future fixed assets of the Company installed at Deh Jagsiyani Taluka Tando Ghulam Haider District, Tando Muhammad Khan along with Personal guarantee of sponsoring directors.

16.1.4 National Bank of Pakistan - BMR & E

This facility of Rs. 468.0 million under markup arrangement was for Balancing, Modernization, Replacement and Expansion (BMR & E) of the Company which envisage enhancement in cane crushing capacity from existing 6,000 TCD to 8,000 TCD. This carries fixed rate of markup and payable semi annually. The principal is repayable in fourteen equal half yearly installment commencing from April 2012. The facility is secured against 1st parri passu charge on fixed assets of the Company along with personal guarantee of the directors.

16.2 Mark-up free

	National Bank of Pakistan (Formerly NDFC)	National Bank of Pakistan - I	National Bank of Pakistan - II	September 2009	September 2008
	Rupees				
Opening balance	206,045,916	2,487,646	171,201,578	379,735,140	384,136,735
Repaid/adjustment made during the year	—	(2,487,646)	—	(2,487,646)	(4,401,595)
Extinguishment as per agreement	(206,045,916)	—	(171,201,578)	(377,247,494)	—
Overdue	—	—	—	—	(53,465,185)
Payable within one year	—	—	—	—	(23,260,485)
Reschedule/restructed during the year	—	—	213,551,000	213,551,000	—
Closing balance	—	—	213,551,000	213,551,000	303,009,470

		2009 Rupees	2008 Rupees

17. RETENTION MONEY

	2009 Rupees	2008 Rupees
Contractors	**64,000,000**	—
Other retention money	**1,853,101**	1,853,101
	65,853,101	1,853,101

17.1 The amount represent the security deposit deducted from the payment of contractors. It will be payable after September 2012.

18. DEFERRED LIABILITIES

	Note	2009 Rupees	2008 Rupees
Quality premium	18.1	**264,108,125**	264,108,125
Other creditors		**19,012,701**	42,217,148
Staff retirement benefits - Gratuity	18.2	**5,888,827**	5,589,793
		289,009,653	311,915,066

18.1 This represents the amount of Quality Premium up to the years 2003-2004. The Federal Government in its steering meeting held on July 16, 2007 suspended the quality premium till decision of the Honorable Supreme Court of Pakistan/consensus on uniform formula is developed in the Ministry of Food and Agriculture.

The matter of quality premium has been declared unlawful by the Lahore High Court while appeal against the conflicting judgment of the Sindh High Court is pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company has made the provision of the quality premium up to the year 2004. However with respect to quality premium for the year ranging within 2004 to 2007 the company has adjusted subsidies paid above minimum cane price level against quality premium to the growers. The Company has no liability for the period 2007-08 due to recovery rate is less than the threshold of quality premium.

18.2 Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at September 30, 2008 using the Projected Unit Credit Method.

Principal assumptions

	2009	2008
Discount rate	12% per annum	12% per annum
Expected rate of eligible salary increase in future years	11% per annum	11% per annum

Liability for gratuity arose in the following manner:

	Note	2009 Rupees	2008 Rupees
Opening net liability		**5,589,793**	4,385,021
Expense for the year	18.2.1	**893,937**	1,527,480
Contributions paid		**(594,903)**	(322,708)
Closing net liability		**5,888,827**	5,589,793

Reconciliation of the liability

	2009 Rupees	2008 Rupees
Present value of defined benefit obligations	**5,120,100**	4,788,862
Net actuarial gains /losses not recognized	**768,727**	800,932
Total balance sheet liability	**5,888,827**	5,589,794

		2009 Rupees	2008 Rupees
18.2.1 Charge to profit and loss account			
Current service cost		**351,479**	328,064
Interest cost		**574,663**	347,362
Additional liability charged for the year		**—**	(99,154)
Recognised transitional liability		**—**	951,208
Actuarial (gain) / loss to be recognized		**(32,205)**	—
Total amount chargeable to profit and loss account		**893,937**	1,527,480

19. SUBORDINATED LOAN - unsecured

Sponsors' loan	19.1	**142,171,537**	2,200,000

19.1 This loan is unsecured and interest free and is in accordance with subordinated loan agreement dated March 02, 2009 and is repayable at the convenience of the Company after repayment of the lending Banks.

20. TRADE AND OTHER PAYABLES

Creditors		**38,063,157**	—
Sugar cane creditors		**—**	190,659,472
Accrued expenses		**3,442,859**	968,754
Other liabilities			
Advances from customers	20.1	**33,583,000**	41,879,037
Worker's welfare fund		**9,353,826**	—
Sales tax payable		**3,265,227**	10,481,865
Unclaimed dividend		**405,084**	406,029
Others		**6,500,596**	2,984,526
		53,107,733	55,751,457
		94,613,749	247,379,683

20.1 This represents advances received against delivery of sugar cane against which delivery orders have been issued.

21. ACCRUED MARK UP

National Bank of Pakistan - freeze markup		**—**	40,322,993
Long term finance		**17,296,427**	—
Short term loan		**11,639,665**	—
Other accrued charges		**250,000**	250,000
		29,186,092	40,572,993

22. SHORT TERM BORROWING - secured

National Bank of Pakistan - Cash finance (Hypothecation)	22.1	**149,965,729**	—
National Bank of Pakistan - Cash finance (Pledge)	22.2	**92,916,468**	—
		242,882,197	—

22.1 Short term running finance facility available from National Bank of Pakistan under mark-up arrangement amounting to Rs. 150 million (2008: NIL) for working capital. The rate of mark up is 03 Month KIBOR Plus 2% on the outstanding balance or part thereof to be paid quarterly. The running finance is secured by first exclusive charge on the fixed assets of the Company and personal guarantee of the directors.

22.2 Short term running finance facility available from National Bank of Pakistan under mark-up arrangement amounting to Rs. 200 million (2008: NIL) for working capital and payment to suppliers. The rate of mark-up is 03 Month KIBOR Plus 2% on the outstanding balance or part thereof to be paid quarterly. The running finance is secured by pledge of Fine Sugar under watch and ward control of Bank's approved Mucaddum and personal guarantee of Sponsoring Directors of the Company.

23. CURRENT PORTION OF LONG TERM FINANCE

	2009 Rupees	2008 Rupees
Overdue		
Interest bearing	—	201,823,039
Interest free	—	53,465,185
	—	255,288,224
Current portion		
Interest bearing	—	16,576,676
Interest free	—	23,260,485
	—	39,837,161
	—	295,125,385

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Excise duty rebate on excess production during the crushing season 1992-93 over the previous three years average production amounting to Rs. 11.969 million refunded by the department had been claimed back by the Collector of Customs and Central Excise on the ground that the amount was erroneously refunded. The Company has filed appeal before the High Court against the decision of the Sales Tax Appellate Tribunal Karachi. No provision has been made in accounts as in view of legal advisor the Company expects a favorable outcome.

24.1.2 Excise duty rebate on excess production during the crushing season 1993-94 over the previous three years average production amounting to Rs. 22.40 million refunded by the department had been claimed back by the Collector of Customs and Central Excise on the ground that the amount was erroneously refunded. The Sales Tax Appellate Tribunal decided the case in favor of Company vide its order dated 20-10-2003. Against the said order the department has filed appeal before the High Court. The Company expects a favorable outcome of the case in view of legal advisor, hence no provision has been made in the accounts.

24.1.3 The Company is contesting a case relating to additional sales tax amounting to Rs. 10.364 million on account of in house consumption of baggase as fuel for production during season 1996-97. The matter was under appeal at the Sales Tax Appellate Tribunal which passed an unfavorable order dated 22-05-2004.

The other bench of the Tribunal had however remanded back similar case of other mills to the department to consider afresh the valuation aspect of baggase and exemption offered by the government for additional taxes and penalties on discharging only the principal sales tax liability in installments by the mills. The Company has preferred an appeal before the High Court against the order and has made no provision as in view of its legal council the Company has a case on merit which is expected to be decided favorably.

24.1.4 The Company is also contesting two orders passed by the Collector of sales tax raising demands of Rs. 20.407 million and Rs. 11.229 million by virtue of audits conducted by the sales tax auditors of the audit periods 2001-2002 and 2003 to 2005 respectively. Against the above orders, the Company has preferred appeals before the Sales Tax Appellate Tribunal and the demand has been stayed. No provision has been made since the legal counsels of the Company are confident that all the observations raised in the orders will be set aside on merits of the cases.

24.2 Commitments

Unlifted delivery orders of Rs. 28.264 million as at September 30, 2009 (2008: 50.131 million).

	2009 Rupees	2008 Rupees
25. SALES - Net		
Sugar	**1,450,995,694**	1,497,814,200
Sales tax	**(170,600,221)**	(213,917,362)
Special excise duty	**(10,938,046)**	(12,176,568)
Brokerage and commission	**—**	(402,462)
	(181,538,267)	(226,496,392)
	1,269,457,427	1,271,317,808

		2009 Rupees	2008 Rupees
26. COST OF SALES			
Sugarcane consumed		**1,278,608,651**	1,297,444,148
Manufacturing expenses	26.1	**171,589,319**	160,108,500
		1,450,197,970	1,457,552,648
Sugar in process			
Opening		**923,356**	579,809
Closing		**(2,910,624)**	(923,356)
		(1,987,268)	(343,547)
		1,448,210,702	1,457,209,101
Finished goods			
Opening		**54,698,929**	53,776,711
Closing		**(148,941,146)**	(54,698,929)
		(94,242,217)	(922,218)
		1,353,968,485	1,456,286,883
Molasses			
Opening		**136,610,600**	50,245,593
Closing		**(196,128,660)**	(136,610,600)
		(59,518,060)	(86,365,007)
Molasses in process			
Opening		**—**	—
Closing		**(173,313)**	—
		(173,313)	—
Baggase			
Opening		**—**	—
Closing		**(3,600,000)**	—
		(3,600,000)	—
Cotton stick			
Opening		**—**	—
Closing		**(2,805,000)**	—
		(2,805,000)	—
Rice husk			
Opening		**—**	—
Closing		**(2,745,000)**	—
		(2,745,000)	—
Less : Sale of by product - Molasses		**(118,768,700)**	(111,723,309)
		1,166,358,412	1,258,198,567

	Note	2009 Rupees	2008 Rupees

26.1 Manufacturing expenses

	Note	2009 Rupees	2008 Rupees
Salaries, wages including bonus and staff amenities	26.1.1	**42,469,382**	40,184,131
Process material		**13,221,039**	14,765,028
Packing material		**14,023,202**	17,781,885
Fuel and power		**11,811,650**	9,888,618
Repair and maintenance		**38,635,260**	33,029,122
Vehicle maintenance		**2,099,059**	2,219,183
Insurance		**5,479,953**	4,745,729
Depreciation	3.1	**40,171,667**	34,161,309
Others		**3,678,107**	3,333,495
		171,589,319	160,108,500

26.1.1 This includes Rs.1,359,628 (2008: Rs.1,731,227) in respect of contribution to employees benefits.

27. DISTRIBUTION COST

		2009 Rupees	2008 Rupees
Advertisement		**855**	115,175
Loading and stacking		**2,078,349**	2,430,566
Others		**—**	765
		2,079,204	2,546,506

28. ADMINISTRATIVE EXPENSES

	Note	2009 Rupees	2008 Rupees
Salaries including bonus and staff amenities	28.1	**24,121,824**	25,036,464
Receiver's remuneration		**150,000**	1,800,000
Rent, rates and taxes		**8,094**	532,592
Insurance		**918,665**	1,167,726
Water, gas and electricity		**1,728,640**	2,479,664
Printing and stationery		**986,645**	805,931
Postage, telegram and telephone		**532,253**	1,770,666
Vehicle maintenance		**1,058,219**	3,910,867
Repairs and maintenance		**892,521**	1,029,139
Travelling and conveyance		**768,575**	697,890
Newspaper, books and periodicals		**24,376**	37,265
Fees and subscription		**1,042,378**	1,006,617
Legal and professional		**2,117,101**	3,217,912
Entertainment		**614,005**	1,331,443
Advertisement		**6,000**	48,554
Depreciation	3.1	**5,030,544**	8,169,442
Others		**1,573,311**	209,072
		41,573,151	53,251,244

28.1 This includes Rs.552,914 (2008: Rs.933,914) in respect of contribution to employees benefits.

	Note	2009 Rupees	2008 Rupees
29. FINANCE COST			
Mark-up on long term finances		**70,371,306**	10,824,310
Bank charges		**923,558**	221,740
		71,294,864	11,046,050
30. OTHER CHARGES			
Auditor's remuneration	30.1	**732,060**	550,000
Deposits account written off		**1,993,774**	—
Charity and donation		**48,223**	72,135
Workers' Welfare Fund		**9,353,826**	—
		12,127,883	622,135
30.1 Auditors' remuneration			
Audit fee - Annual		**500,000**	300,000
Half yearly review		**50,000**	50,000
Cost audit fee		**30,000**	30,000
Certification - Code of Corporate Governance		**20,000**	20,000
Internal audit fee		**120,000**	120,000
Out of pocket expenses		**12,060**	30,000
		732,060	550,000
31. OTHER INCOME			
Interest on bank accounts		**4,624**	2,050
Profit on investment		**3,093,041**	—
Scrap sales		**742,145**	444,542
Gain on disposal of fixed assets		**30,892**	1,317,837
		3,870,702	1,764,429
32. EXTINGUISHMENT OF LOAN			
Long term loan - Interest bearing			
National Bank of Pakistan I	16.1	**34,305,138**	—
National Bank of Pakistan II	16.1	**30,542,556**	—
		64,847,694	—
Long term loan - Interest free			
National Bank of Pakistan (Formerly NDFC)	16.2	**206,045,916**	—
National Bank of Pakistan II	16.2	**171,201,578**	—
		377,247,494	—
Extinguishment of accrued mark-up - National Bank of Pakistan		**42,875,719**	—
		484,970,907	—

		2009 Rupees	2008 Rupees

33. TAXATION

For the year

	2009 Rupees	2008 Rupees
- current	6,347,287	—
- deferred	(57,810,117)	—
	(51,462,830)	—

Current

Income tax assessments of the Company deemed to be finalized up to the accounting year 2008 corresponding to tax year 2009 u/s. 120 of the Income Tax Ordinance 2001. The Company's tax losses amounted to Rs. 744.486 million up to tax year 2009. However, provision for tax under section 113 of the Income Tax Ordinance, 2001 has been made in these financial statements.

Deferred

Deferred tax assets has been recognized because it is probable that future tax profit will be available against which such asset can be utilized.

	2009	2008
Minimum tax liability u/s. 113 as per Income Tax Ordinance, 2001	6,347,287	—

34. EARNING / (LOSS) PER SHARE- Basic

		2009	2008
Net profit / (loss) for the year	Rupees	516,328,352	(52,582,265)
Number of ordinary shares	Number	24,407,198	24,407,198
Earning / (loss) per share	Rupees	21.15	(2.15)

34.1 In addition to basic earning per share, earning per share excluding the effect of debt extinguishment is also computed as shown on the face of the profit and loss account.

35. REMUNERATION OF CHIEF EXECUTIVE, RECEIVER AND EXECUTIVE

Particulars	2009			2008		
	Receiver	Executive	Total	Receiver	Executive	Total
Remuneration	150,000	1,404,000	1,554,900	1,800,000	1,450,900	3,250,900
Company's contribution to provident fund	—	18,014	18,014	—	72,056	72,056
Perquisites, benefits and utilities	—	83,375	83,375	—	333,500	333,500
	150,000	1,505,389	1,655,389	1,800,000	1,856,456	3,656,456
NO. OF PERSONS	1	2	2	1	2	2

36. CAPACITY AND PRODUCTION (METRIC TONS)

Years	Crushing Capacity			
	Number of Days Mill Operated	Installed Crushing Capacity	Total Crushing on the Basis of Number of Days Mill Operated	Total Actual Crushing on the Basis of Number of Days Mill Operated
2008 - 2009	112	6,000	672,000	491,346
2007 - 2008	148	6,000	888,000	788,408

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependant on certain factors which includes sucrose recovery percentage. The actual production of sugar is as under:

	Years	Recovery	Sugar Produced	% of Utilization
% of Capacity Utilized	2008-2009	7,883%	38,733	73.12%
% of Capacity Utilized	2007-2008	8.450%	66,620	88.78%

Reason of under utilization

This was the first year of production, managed by new management, due to huge losses and bad condition of plant, the capacity is under utilized. To rectify the bottle neck, the new management has invested huge amount in plant and machinery and extended its effort in grower sector also via providing advances and assistances. The new management is expected that the Company would be able to gallop the gap between installed capacity and attainable capacity in forseeable future.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

37.1 Financial assets and liabilities

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

2009 (Amount in Rupees)

	Intrest bearing: One month to one year	Intrest bearing: One year to onwards	Non-interest bearing	Total
Financial Assets				
Long term investment	—	75,093,041	—	75,093,041
Long term loans	—	—	166,752	166,752
Long term deposits	—	—	486,176	486,176
Trade debts	—	—	158,294,281	158,294,281
Loans and advances	—	—	131,531,822	131,531,822
Other receivables	—	—	1,760,180	1,760,180
Cash and bank balances	—		13,284,361	13,824,361
		75,093,041	306,063,572	381,156,613
Financial Liabilities				
Long term loans	—	565,599,666	213,551,000	779,150,666
Retention money	—	—	65,853,101	65,853,101
Deferred liabilities	—	—	289,009,653	289,009,653
Trade and other payables	—	—	91,348,522	91,348,522
Short term borrowing	242,882,197	—	—	242,882,197
Mark up accrued on loans	—	—	29,186,092	29,186,092
	242,882,197	565,599,666	688,948,368	1,497,430,231

2008 (Amount in Rupees)

	Intrest bearing: One month to one year	Intrest bearing: One year to onwards	Non-interest bearing	Total
Financial Assets				
Long term loans	—	—	232,351	232,351
Long term deposits	—		486,176	486,176
Trade debts	—	—	175,490,731	175,490,731
Loans and advances	—	—	81,896,350	81,896,350
Other receivables	—	—	13,994,034	13,994,034
Cash and bank balances	1,836,098	—	21,571,010	23,407,108
	1,836,098	—	293,670,652	295,506,750
Financial Liabilities				
Long term loans	—	—	659,395,380	659,395,380
Retention money	—	—	1,853,101	1,853,101
Deferred liabilities	—	—	311,915,066	311,915,066
Trade and other payables	—	—	247,379,683	247,379,683
Mark up accrued on basis	—	—	40,572,993	40,572,993
	—	—	1,261,116,223	1,261,116,223

37.2 Financial risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

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

37.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business.

	2009 Rupees	2008 Rupees
Long term loans	**166,752**	121,603
Trade debts - unsecured	**158,294,281**	175,490,731
Trade deposits	**13,994,034**	15,467,286
Cash and bank balances	**13,824,361**	23,407,108
	186,279,428	214,486,728

37.2.2 Impairment losses

The aging of financial assets at the reporting date was:

	2009		2008	
	Gross	Impairment	Gross	Impairment
Not past due	5,429,237	—	141,055,437	—
Past due<1 year	118,768,700	—	34,435,294	
Past due 1 year to 2 year	34,096,344	—	—	—
More than 2 years	—		—	—
More than 3 years	—	—	—	—
Total	158,294,281		175,490,731	—

The company believes that no impairment allowance is necessary in respect of financial assets past due other than amount provided. Financial assets are essentially due from credit worthy parities. The company is actively pursuing for recovery of debts and the company does not expect these parties to fail to meet their obligations.

37.2.3 Liquidity risk

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

37.2.4 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk may comprises of two types of risk: foreign exchange or currency risk and interest/mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

37.2.5 Foreign exchange risk management

Foreign currency risk arises mainly where balances exist due to the transactions with foreign undertakings. The Company is/ was not exposed to foreign exchange risk as at Sep' 30, 2009 & 2008 as no balances existed at the said dates due to transactions with foreign undertakings. The management has decided that hedging its foreign currency borrowings, if any, will be more expensive than self assuming the risk. The risk management strategy is reviewed each year on the basis of market conditions.

37.2.6 Yield/ Mark-up rate risk

Yield/ mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield/ mark-up rates. Sensitivity to yield/ mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term loans and short-term finances with floating interest rates.

The effective yield/ mark-up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

37.2.7 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit/ (loss) before tax (through impact on floating rate borrowing). There is only immaterial impact on Company's equity. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase/ decrease in basis points	Effect on profit before tax
2009		
Pak Rupee	+50	1,750,000.00
Pak Rupee	-50	(1,750,000.00)
2008		
Pak Rupee	+50	250,000.00
Pak Rupee	-50	(250,000.00)

37.2.8 Equity price risk

Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk.

37.2.9 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

37.2.10 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. However, the Company is not exposed to any significant foreign

37.3 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company monitors capital using a debt equity ratio, which is total debt divided by total equity plus total debt. Equity comprises of share capital, capital and revenue reserves and subordinated Loan. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2009 and 2008 were as follows:

	2009 Rupees	2008 Rupees
Long term finance	**779,150,666**	364,269,995
Current portion of long term finances	**—**	295,125,385
Short term finance	**242,882,197**	—
Total debt	**1,022,032,863**	659,395,380
Share capital and reserves	**460,797,312**	(55,531,040)
Subordinated loan	**142,171,537**	2,200,000
Total equity	**602,968,849**	(53,331,040)
Total Capital	**1,625,001,712**	606,064,340
Gearing Ratio	**0.63**	1.09

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting the Company into profitable entity and has taken financial measures to support such rehabilitation program.

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in notes to the financial statements. During the year there is no significant transactions with related parties except contribution paid to the post employment benefits as disclosed in respective note.

	2009 Rupees	2008 Rupees
Sales	**118,768,700**	111,723,309
Purchase	**23,205,000**	17,045,947

39. CASH AND CASH EQUIVALENTS

	2009	2008
Cash and bank balances	**13,824,361**	23,407,108
Short term borrowing	**(242,882,197)**	—
	(229,057,836)	23,407,108

40. DATE OF AUTHORIZATION

These financial statements were authorized for issue on July 19, 2010 by the Board.

41. GENERAL

41.1 Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the comparsion. Significant reclassification made are as follows:

Reclassification from components	Reclassification to components	Nature	Amount
Sales	Cost of sales	Sale of Molasses-Bye product	111,723,309
Long term finances-interest free	Subordinated loan	Sponsors Loan	2,200,000
Trade and other payables	Deferred liability	Quality premium	264,108,125
Trade and other payables	Deferred liability	Other creditors	42,217,148
Trade and other payables	Retention money	Retention money	1,853,101

41.2 Figures have been rounded off to the nearest rupee.

Khawaja Anver Majid
Chief Executive

Mrs. Nasreen Ghani Ansari
Director

FORM OF PROXY

The Director
ANSARI SUGAR MILLS LIMITED
41-K, Block-6, P.E.C.H.S.,
Karachi - 75000

I/We, ______________________________

of ______________________________

being a member of **ANSARI SUGAR MILLS LIMITED** and holder of ______________

ordinary shares, as per Register Folio No. ______________________________

who is also a Member of the Company of as my / our Proxy to vote for me / us and on my / our behalf at the

20th Annual general Meeting of the Company to be held on ______________ and at any

adjournment thereof.

Signed ______________________________ day of 2010.

RUPEES FIVE
REVENUE STAMP

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

Note :

1. This form of proxy duly completed and signed, must be deposited at Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.