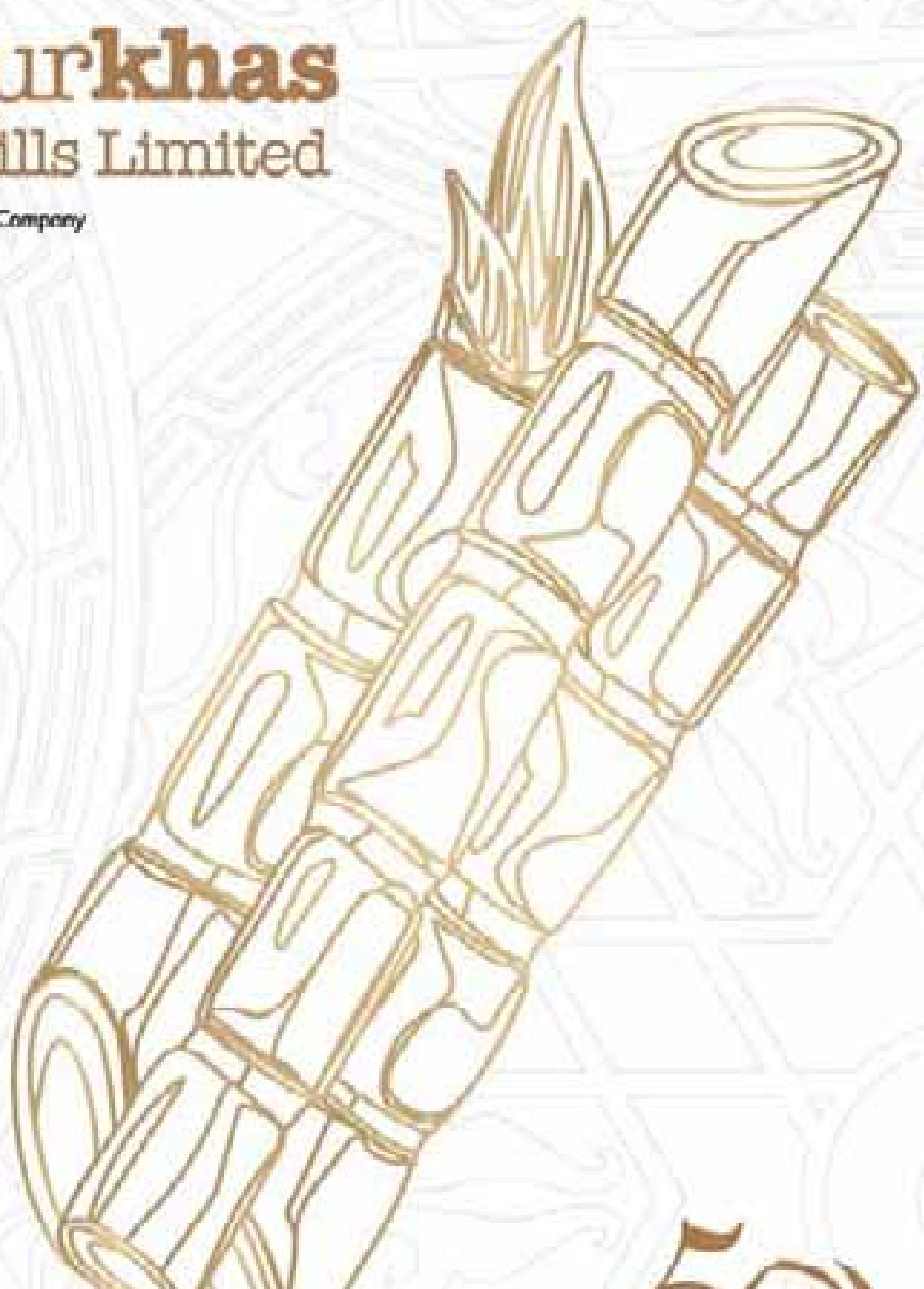
Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company



50 years

Annual Report 2013

Mirpurkhas Sugar Mills Limited's (MSM) journey to what it is today is no ordinary story. It is truly Khas, special. A barren, waste piece of land has given rise to an industry, a local economy, a colony, and a future through employment, education, housing, medical facilities, agriculture, water, sanitation and infrastructure.

When construction began in 1964 there were no facilities or places to stay at the factory site or in Mirpurkhas town, your Company's Management boarded and lodged in the derelict rooms of the pre-partition constructed Mirpurkhas Railway Station.

Built circa 1920, the Mirpurkhas Railway Station.

As the ground vibrated from the piling and construction, the earth spewed snakes. However, and perhaps with a little more caution, but undeterred, your factory rose. The original three mill plant was supplied by Fletcher Smith, UK, (formerly known as Fletcher and Stewart) and had a crushing capacity of 1,500 tons per day. In 1965, despite the onset of Pakistan India War and being located in near proximity to the Indo-Pak border, the construction of your factory, under the supervision of Mr. Mahmood Faruque, continued through air raids, blackouts, and bombings. The first crushing took place at start of the season in 1966.

Mr. Mahmood Faruque inspects the cane varieties.

Fifty years later, through trials and tribulations, growth and successes, your Company Mirpurkhas Sugar Mills, is a 6 mills tendum with 7,000 tons per day crushing capacity; a public limited company, Mirpurkhas Sugar Mills's shares are listed on the Karachi Stock Exchange and your Company has had the distinction of being ranked amongst the top ten companies in Pakistan and a quality sugar producer.

First Sugar cane being put into the Cane Carrier.

Khan Bahadur Ghulam Faruque, O.B.E., HPk, accompanied by Mahmood Faruque, Mohammad Akram, Iqbal Faruque, Chaudry Masood Ahmed in the early days of Mirpurkhas Sugar Mills.

The Cane Carrier.

As your Company grows from strength to strength, Mirpurkhas Sugar Mills is invested, vertically and laterally, in the future and expansion of the sugar industry. Development of higher yield sugar cane variety is pivotal to encourage the profitability of sugar cane for farmers and for our stakeholders. Through 1,250 acres experimental farms, Mirpurkhas Sugar Mills provides support to local cultivators in terms of new and improved varieties of sugar cane and lastest farming techniques.

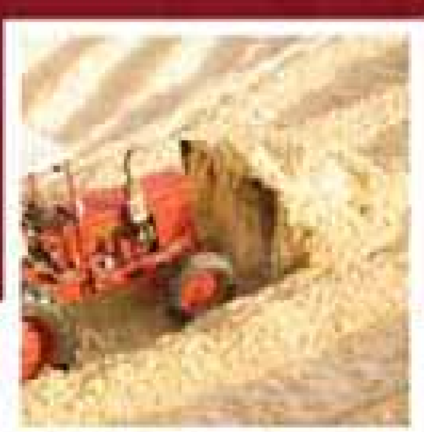
In 2007, with the collaboration of Faran Sugar Mills Ltd and Mehran Sugar Mills Ltd, Mirpurkhas Sugar Mills Ltd established Unicol Limited, a public unquoted company, producing ethanol from molasses. The plant has a designed capacity of 100,000 litres or 80 metric tons per day. Expansion is under way to increase Unicol's capacity to 200,000 litres or 160 metric tons per day.

In 2014 Mirpurkhas Sugar Mills celebrates 50 years of operations. Over these years the contribution of our stakeholders, business partners, area growers and each employee then and now, has had a significant impact on your Company; the Board and Management of Mirpurkhas Sugar Mills Limited appreciates the contribution made by all in its journey of 50 years.

Contents

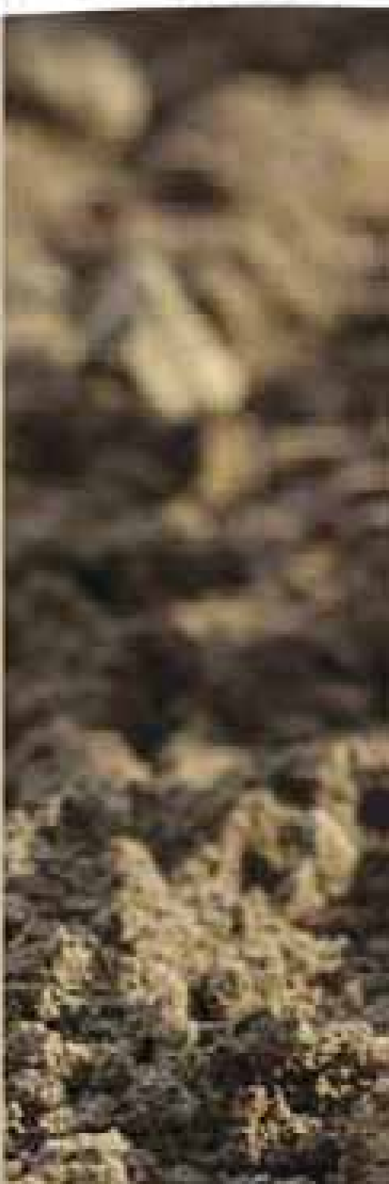
Khas Climate

Sindh is divided into three climatic regions: Siro (the upper region, centred on Jacobabad), Wicholo (the middle region, centred on Hyderabad), and Lar (the lower region, centred on Karachi).The thermal equator passes through upper Sindh, where the air is generally very dry. The highest temperature ever recorded in Sindh was 53.5 °C (128.3 °F), on May 26, 2010 the hottest reliably measured temperature ever recorded in the continent of Asia and the fourth highest temperature ever recorded on earth. In the winters, frost is common. Dry hot days and cool nights are typical during the summer. Central Sindh's maximum temperature typically reaches 43–44 °C (109–111 °F).



Khas Soil

In Pakistan there are two main crop seasons, as in district Mirpurkhan. The Kharif season starts from April and ends in November while the Rabi starts from November and ends in May. However, due to regional variation in temperature, several factors i.e varieties, availability of water, soil texture, etc. determine the crop pattern, sowing and harvesting time. Sugar cane is a major crop of the district. Keeping in view Sugar cane's importance, a great deal of attention has been paid to increase both the area and production of sugar cane over the years. Attractive incentives to the farmers were provided by sugar mills, also due to increasing support prices and favourable climatic conditions sugar cane cultivation grew.



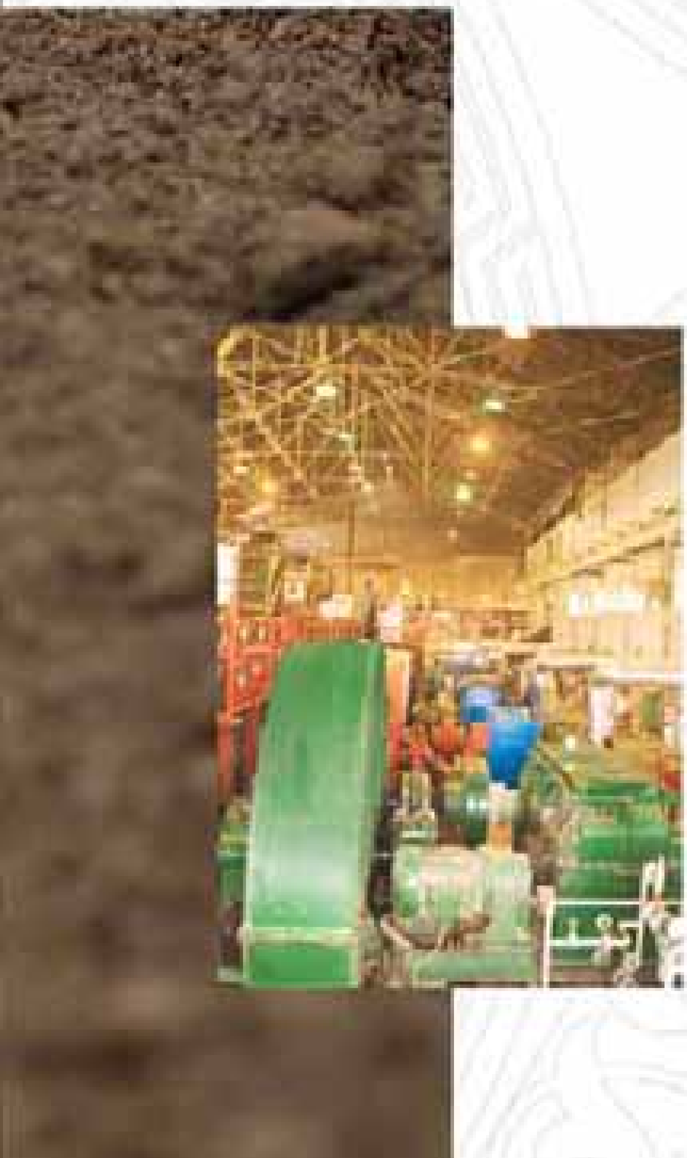
Khas Care

The timely application and use of correct doze of fetilizer is an essential factor for increasing crop yields. Its contribution to increased crop production is about 50%. Mostly, the soils of Mirpurkhas district are fertile but they are deficit in nitrogenous and phosphatic nutrients. Nitrogen is very essential for accelerating plant vigour producing large number of flowers, number of sound seeds per capsule and their proper size. It increases protein content of the seed as well. Phosphorous contributes in photosynthetic activities of plants, formation of seed, fibre and proper development of root system. The recommended dozes of nitrogenous, phosphatic & potassium fertilizer varies from crop to crop. Other factors like fertility of soil, topography, availability of water, use of quality seed, proper preparation of land etc. also contribute towards crop production.

Khas Seed

When it comes to growing cane that will produce the highest yield and sucrose content just any seed will not do. The District of Mirpurkhas demands a seed that holds up to the area's temperature changes, rainfall and its high water table and brackish soil. Over the years, through testing at Mirpurkhans Sugar Mills experimental farm the Thatta-10, SPF-234, CPF-246 & USF-246 have proved to be the best varieties in terms of growth i.e. number of tillers, desired plant height, number of nodes, yield, ratoon and sucrose recovery.

The Mirpurkhans Sugar Mills farms are giving good quality cane seed to local growers for better yield and higher sucrose content, thus, creating a win win partnership. A biological lab has also been setup to provide low cost trichogramma cards, and technical support to local farmers against pesticide and improving soil condition.



Vision

We aim to be a leading producer and supplier of high quality sugar in Pakistan. We aspire to be known for the quality of our product. We intend to play a pivotal role in the economic and social development of Pakistan, thereby, improving the quality of life of its people.

Mission

As a leading producer of quality sugar in Pakistan, we shall build on our core competencies and achieve excellence in performance. In doing so, we aim to meet or exceed the expectations of all our stakeholders.

In striving to serve our stakeholders better, our goal is not only to attain technological advancements in the field of sugar technology, but also to inculcate the most efficient, ethical and time tested business practices in our management.

We shall continue to look for innovative ways to introduce alternate uses of sugar to broaden our customer base.

Strategic Objectives

Effective use of resources and management of operating cost:

- Effective use of resources and optimized capacity utilization;
- Modernization of production facilities to ensure the most efficient processing of sugar cane and better sucrose recovery;
- Sustaining costs, based on strong skills of continuous improvement in operations, development and implementation of effective technical solutions;
- Further improvement in corporate governance through optimization of management processes.

Development of sugar cane and growth in sugar and allied businesses:

- Active participation in developing new varieties of sugar cane in adjoining areas;
- Search for growth opportunities for existing business through strategic acquisitions and establishing partnerships in prospective sectors of sugar and allied industry.

Sustainable development in the region in which the Company operates:

- Personnel development, creating a proper environment for growth of highly skilled professionals, ensuring safe labor environment, competitive staff remuneration and social benefits in accordance with the scope and quality of their work;
- Compliance with environmental standards, both local and at the international level;
- Helping and implementing projects that lead to social and economic development of communities.

Core Values

- Strive for excellence and build on our core competencies.
- Keep up with technological advancements and continuously update ourselves in the field of sugar technology.
- Meet & exceed the expectations of our stakeholders.
- Inculcate efficient, ethical and time tested business practices in our management.
- Work as a team and support each other.
- Keep the interest of the Company before that of the individual.

Company Information

Board of Directors

Mr. Mahmood Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Mohammed Faruque	Director
Mr. Akbarali Pesnani	Director
Mr. Arif Faruque	Director
Mr. Tariq Faruque	Director
Mr. Maqbool H. H. Rahimtoola (NIT)	Director
Mr. Shahid Aziz Siddiqi (NIT)	Director
Mr. Taufique Habib	Director

Audit Committee

Mr. Akbarali Pesnani	Chairman
Mr. Arif Faruque	Member
Mr. Tariq Faruque	Member
Mr. Maqbool H.H. Rahimtoola	Member

Human Resource and Remuneration Committee

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Member
Mr. Akbarali Pesnani	Member

Executive Director & Chief Financial Officer
Mr. Wasif Khalid

Executive Director & Company Secretary
Mr. Abid A. Vazir

Auditors
Hyder Bhimji & Co.
Chartered Accountants

Cost Auditors
Tahir Jawad Imran Fecto
Chartered Accountants

Legal Advisor
K.M.S. Law Associates

Share Registrar
Central Depository
Company of Pakistan

CDC House, 99 - B,
Block - B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi - 74400.

Bankers
Allied Bank Ltd.
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Dubai Islamic Bank Pakistan Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

Registered Office
Modern Motors House
Beaumont Road
Karachi - 75530.

Factory
Sub Post Office Sugar Mill
Jamrao, Umerkot Road
Mirpurkhas

Notice of Annual General Meeting

Notice is hereby given that the 49th Annual General Meeting of the Company will be held on Monday, December 30, 2013 at 9:30 a.m. at the Registered Office of the Company at Modern Motors House, Beaumont Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2013 and the Reports of the Directors and the Auditors thereon.

2. To approve the issuance of bonus shares @ 10% i.e. in the ratio of ten (10) bonus shares for every hundred (100) shares held.

3. To elect eight (8) directors of the Company as fixed by the Board of Directors u/s 178(1) of the Companies Ordinance, 1984. The names of the retiring directors are

(1) Mr. Mahmood Faruque	**(2) Mr. Mohammed Faruque**
(3) Mr. Akbarali Pesnani	**(4) Mr. Aslam Faruque**
(5) Mr. Arif Faruque	**(6) Mr. Tariq Faruque**
(7) Mr. Maqbool H. H. Rahimtoola - NIT	**(8) Mr. Shahid Aziz Siddiqi - NIT**
(9) Mr. Taufique Habib	

4. To appoint Auditors for the year 2013-14 and to fix their remuneration.

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

SPECIAL BUSINESS

6. To approve substituting the word " Karachi " with " Sindh" in clause II of the Memorandum of Association of the Company. It is, therefore, proposed that the following resolution be passed as and by way of a Special Resolution:

Resolved that Clause II of the Memorandum of Association of the Company be and is hereby amended by substituting the word "Karachi" with "Sindh"; that subject to the approval of shareholders, the existing Clause –II of the Memorandum of Association of the Company be and is hereby substituted as under:

Amended Clause II

The Registered Office of the Company shall be situated in Sindh, Pakistan.

Further resolved that the Company Secretary be and is hereby authorized to do all acts to give effect to the above Resolution and comply with all the necessary requirements of Companies Ordinance, 1984 in this regards.

By Order of the Board of Directors

Abid A. Vazir
Executive Director & Company Secretary

Karachi: November 26, 2013

Ordinary Business – Item no. 3

It is proposed that the following resolution be passed with regard to the issuance of bonus shares:

Resolved that a sum of Rs.11,152,927/= be capitalized out of the un-appropriated profits of the company for the year 2012-13 to issue at par 1,115,292 ordinary shares of Rs. 10 each. Such shares shall be distributed as bonus shares to those members whose names appear in the register of members of the company on December 19, 2013 @ 10% (10 shares for every 100 shares held); that the new shares shall rank pari passu with the existing shares of the company for all purposes; that fraction shares arising thereof shall be disregarded and whole shares representing such fractions shall be disposed off in such manner as the Directors of the company think fit and the proceeds shall be distributed in due proportion among the members of the company entitled thereto in accordance with their respective rights; that the Directors be and are hereby authorized to sign the new share certificates and the common seal of the company may be affixed in the presence of any two Directors; that the Directors be and are hereby authorized to give effect to this resolution and to do all such acts, deeds and things that may be necessary or required for the issuance, allotment or distribution of ordinary shares.

Statement U/S 160 of the Companies Ordinance, 1984

This statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the company to be held on December 30, 2013.The approval of the Members of the Company will be sought for:

Item No. 6: Amendment in the Memorandum of Association of the Company

The Directors of the Company decided to obtain the approval of shareholders to substitute the word "Karachi" with "Sindh" in Clause II of the Memorandum of Association of the Company.

STATUS OF INVESTMENT IN UNICOL LIMITED

The Company had obtained the approval of its shareholders for investment of Rs. 128.67 million in Unicol Limited. Keeping in view the financial requirements of Unicol Limited and the availability of credit facilities from banks, the Company has so far invested Rs. 104.99 million only. The remaining amount will be invested by Mirpurkhas Sugar Mills Limited (MSM) as and when required by Unicol Limited.

NOTES:

1. The register of members of the company will be closed from Friday, December 20, 2013 to Monday, December 30, 2013 (both days inclusive) and no transfers will be registered during that time. Shares received at the office of the Share Registrar of the company M/s. Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi at the close of business on Thursday, December 19, 2013 will be treated in time for the entitlement of 10% bonus shares.

2. A member of the company eligible to attend and vote at the Annual General Meeting may appoint another member as his/ her proxy to attend and vote in his/ her stead. Proxies to be effective must be in writing and must be received by the company 48 hours before the Meeting.

3. Any person, who intends to contest the election to the office of the Director or otherwise, file with the Company at its Registered Office not later than fourteen (14) days before the date of Annual General Meeting, a notice of his/ her intention to offer himself/ herself for election as Director.

4. Shareholders of the company whose shares are registered in their account/ sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.

5. Shareholders of the company are requested to immediately notify the Share Registrar of the Company of any change in their addresses.

6. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the company.

7. Shareholders who want to receive dividend amount directly in their bank accounts are requested to provide their bank account details to the Share Registrar of the company/their Participant/ CDC Investor Account Services Department.

UNICOL

UNICOL LIMITED

Unicol Limited, a public unquoted company, is a joint venture with shares equally held among Faran Sugar Mills Ltd, Mehran Sugar Mills Ltd and Mirpurkhas Sugar Mills Ltd. All three companies are listed on the various Stock Exchanges of Pakistan.

Unicol commenced its operations in August 2007 and is producing ethanol from sugar cane molasses. The plant is located at Mirpurkhas, Sindh on a 98 acre plot and has designed capacity of 100,000 liters or 80 metric tons per day. The plant is designed by Maguin Interis, France (www.maguin.com) and the bio gas plant is designed by Proserpol, France (www.proserpol.com); both these companies are well recognized in their respective fields.

Presently 100% of Unicol's ethanol is being exported with the majority destined for European and Far Eastern markets.

The expansion of the plant also designed by Maguin Interis, France, to 200,000 litres or 160 metric tons per day is near completion and it is expected to commence production in the first quarter of 2014.

Furthermore, Unicol has invested in purification and liquification of CO_2 which is a by-product. The CO_2 plant has a capacity of 24 metric tons per day. This plant is designed by Tecno Project Industriale, Italy (www.tecnoproject.com). This plant is also expected to begin its production in the first quarter of 2014.

Unicol, being part of economic development and providing employment in Pakistani rural areas, ensures the compliance of all health, safety, and environmental laws and procedures.

Products

Unicol can produce different grades of ethanol, including ENA Anhydrous (99.9%), ENA (>96%) and B grade (>92%). The ethanol produced by Unicol has various uses in different industries like pharmaceuticals, air fresheners (aerosols), cleaning products, perfumes, personal care products, printing inks, fabric softeners, vinegar and yeast, paints and varnish, preserving agents and chemical manufacturing. Liquid CO_2 is used in beverages, dye making, dry cleaning, dry ice, and fire extinguisher.

The Board of Directors

Mr. Mahmood Faruque

Chairman

Mr. Mahmood Faruque is Chairman of the Company. He is also a Director of Cherat Packaging Ltd and Greaves Pakistan (Pvt.) Ltd.

For over 43 years Mr. Mahmood Faruque served as a Member of the Board of Directors of Jubilee General Insurance Co. Ltd. He was appointed to serve as a Member of the Privatization Commission of Pakistan.

Mr. Aslam Faruque

Chief Executive

Mr. Aslam Faruque is a graduate from the USA, with a major in Marketing. He is the Chief Executive of Mirpurkhas Sugar Mills Ltd and Unicol Ltd. He is on the Board of Directors of Cherat Packaging Ltd, Greaves Pakistan (Pvt.) Ltd, Greaves Air-conditioning (Pvt.) Ltd and Zensoft (Pvt.) Ltd. He is also serving as the Chairman of Pakistan Sugar Mills Association - Sindh Zone. In the past, he has served as Director of Sui Southern Gas Company Ltd, State Life Insurance Corporation of Pakistan as well as Pakistan Industrial Development Corporation.

Mr. Mohammed Faruque

Director

Mr. Mohammed Faruque graduated from the USA, in mechanical engineering.

He is the Chairman of Cherat Packaging Ltd, Cherat Cement Co. Ltd and Greaves Pakistan (Pvt.) Ltd. He is a Member of Board of Directors of Associated Constructors (Pvt.) Ltd.

In the past, Mr. Mohammed Faruque has served on the Boards of prestigious organizations like Sui Southern Gas Co. Ltd and Atlas Insurance Ltd as Director.

Mr. Akbarali Pesnani

Director

Mr. Akbarali Pesnani is an MBA and a fellow member of both the Institute of Chartered Accountants and Institute of Cost and Management Accountants of Pakistan. He has served as Chairman Gwadar Port and Gwadar Port Implementation Authority from 2004 to 2006. Mr. Pesnani has been associated with the Aga Khan Development Network at senior level for over 35 years. Presently, he is the Chairman of First Micro Finance Bank Ltd and Aga Khan Cultural Service Pakistan and is a Director on the Board of Jubilee General Insurance Co. Ltd. His association with the Ghulam Faruque Group goes back almost 30 years.

He currently serves on the Board of Directors of Cherat Cement Co. Ltd and Cherat Packaging Ltd.

Mr. Arif Faruque

Director

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds master degrees in both law and business administration from the USA. He is the Chairman of Maersk Pakistan and the Chief Executive of Faruque (Pvt.) Ltd as well as Madian Hydro Power Ltd. He is on the Board of Directors of Cherat Packaging Ltd, Greaves Pakistan (Pvt.) Ltd, Zensoft (Pvt.) Ltd and IGI Investment Bank Ltd. He has also served as Director of Cherat Cement Co. Ltd. Besides the above, he is a Member of the Board of Governors of Lahore University of Management Sciences.

The Board of Directors

Mr. Tariq Faruque

Director

Mr. Tariq Faruque graduated from Case Western Reserve University, USA. He holds a dual major in Economics and Political Science. He is a Director of Cherat Cement Co. Ltd, Cherat Packaging Ltd, Faruque (Pvt.) Ltd, Greaves Pakistan (Pvt.) Ltd, Greaves Airconditioning (Pvt.) Ltd, Zensoft (Pvt.) Ltd, Madian Hydro Power Ltd and Unicol Ltd. Mr. Tariq Faruque has served on the Board of Directors of Oil and Gas Development Company Ltd. (OGDCL). He is currently a Member of the Board of Governors of Marie Adelaide Leprosy Centre (MALC).

Mr. Maqbool H.H. Rahimtoola

Director

Mr. Maqbool H. H. Rahimtoola has been on the Board of Directors' of both Pakistani and Multinational Companies quoted on the Karachi Stock Exchange for many years, across industries such as pharmaceuticals, packaging, finance, textiles, paint, sugar, construction materials and industrial development.

In addition to his business background, Mr. Rahimtoola has also been a Technocrat Caretaker Federal Minister for Commerce & of the Textile Industry in 2013, He was Technocrat Minister in the Caretaker Government of Sindh during 1996-7, for 11 Ministries simultaneously, and has served as Chairman of several Multinational and Public Sector organizations in Pakistan.

Over the years, Mr. Rahimtoola has been on many Committees of the Chambers of Commerce & Industry, Karachi, FPCCI, the Standards Institute of Pakistan and the Board of Investment (GOP). Mr. Rahimtoola is a Member of the Petroleum Institute of Pakistan, was Leader of the Pakistan Business Delegation to the United Nations on occasions such as the UNCTAD/GATT Seminar in Hong Kong and was the Pakistan Representative to UNIDO/GATT World Packaging Conference. He also received the International Trophy for Technology in Germany and received The Achievement Award in 2004 from the Overseas Graduates of Pakistan Club. He led the Pakistan Delegation to AIMS Conference in Dubai, 2013.

In his spare time, he has enjoyed nurturing cross cultural associations and has been Secretary General of the Pakistan Japan Cultural Association and the Pak-France Business Alliance and a Member of the Pak-Belgium Business Forum. He is also a former President of Drigh Road Lions Club. He also lectured at the Air War College on Strategic Planning for Energy. Pro Chanchellor of the Pakistan Fashion & Design Institute and ex Chairman of The Trade Development Authority of Pakistan

He is on the Board of Directors of several companies quoted on the Karachi Stock Exchange.

Mr Rahimtoola is a Chairman of Berger Paints Pakistan Limited, and Managing Director of Bandenawaz (Private) Limited .

Mr. Shahid Aziz Siddiqi

Director

Mr. Shahid Aziz Siddiqi is a post graduate from University of Cambridge. He appeared in the Central Superior Services (CSS) Examination in 1967. He stood first in the whole of (undivided) Pakistan and inducted in the erstwhile CSP Officer, District Management Group (DMG).

Mr. Siddiqi has 45 years of extensive professional experience in administration, finance, management, communication, education and insurance. He has served on the senior management positions such as Commissioner – Karachi Division, Joint Secretary/OSD – Establishment Division, Director General – Haj (Jeddah), Ministry of Religious Affairs, Managing Director – Rice Export Corporation, Ministry of Commerce, Additional Secretary & Director General – Ports and Shipping, Additional Secretary – Ministry of Communications, Chairman – National Highway Authority, Vice Chancellor, Dr. Ziauddin University.

Mr. Siddiqi has served as Chairman in State Life Insurance Corporation of Pakistan at Principal Office, Karachi. He is also a director of Fauji Fertilizer Company Limited, Sui Southern Gas Company Limited, Packages Limited, National Bank of Pakistan, Orix Leasing Pakistan Limited, Sui Northern Gas Company Limited, Thatta Cement Company Limited, Hub Power Company Limited, Pakistan Cables Limited, and International Industries Limited.

Mr. Toufique Habib

Director

Mr. Toufique Habib is a graduate of the University of Karachi. He has a rich work experience extending over 37 years in different national & multinational companies in Pakistan. Currently, he is serving on the Board of Golden Arrow Selected Stocks Fund Ltd, Pakistan Reinsurance Company Ltd as an independently elected Director.

He has also served on the Board of Directors of Shell Pakistan Ltd and Hub Power Company Ltd.

He has attended all prescribed courses of the Code of Corporate Governance conducted by the Pakistan Institute of Corporate Governance (PICG).

Directors' Report to the Members

for the year ended September 30, 2013

The Board of Directors place before you the annual report of the Company together with the audited accounts for the year ended September 30, 2013.

Overview

During the season 2012-13, there was a bumper sugarcane crop in the country as the total sugar production reached 5.1 million metric tons. This combined with last year's carry over stock exceeded the annual domestic sugar requirement. In order to stabilize the market, the industry on approval from the Government exported sugar during the year under review. Increase in production costs due to high price of sugar cane fixed by the Government for the season and decline in sugar price due to oversupply position had an adverse impact on the financial performance of the sugar industry during the year 2012-13.

Operating performance

During its 100 days of operation in the season 2012-13 compared to 96 days in the season before, the plant crushed 535,963 metric tons of sugar cane to produce 58,920 metric tons of sugar compared to 467,734 metric tons of sugar cane crushed last year to produce 47,566 metric tons of sugar. The sucrose recovery for the season improved to 11%, which is the highest ever in the Company's history. The production of molasses also increased to 25,680 metric tons as against 24,500 metric tons last year. Measures undertaken by the Company involving major capital expenditures to improve operational efficiencies and increased production volumes yielded results as improvements were witnessed in various key areas of the factory operations.

Key comparative data for the current year and that of previous year is as follows:

	2013	2012
Days operated	100	96
Sugar cane crushed (metric tons)	535,963	467,734
Sugar production (metric tons)	58,920	47,566
Molasses production (metric tons)	25,680	24,500
Sucrose recovery	11%	10.17%

Crushing, recovery & production

Profitability trends

FINANCIAL PERFORMANCE

On the back of increase in the quantity of sugar sold by the Company during the year, there was approximately 36% rise in the sales revenue of the Company from last year. However, due to increase in cost of production and decline in selling price of sugar, the same could not be translated into a higher profitability for the Company. For the season 2012/13, Sindh Government fixed the price of sugarcane at PKR 172 per maund (an increase of 12% over last season), which had an adverse impact on production costs. Further, due to supply glut, the selling prices declined. During the year, the Company sold 69,992 metric tons of sugar as against 50,324 metric tons sold last year. This year's sales include export quantity of 25,390 metric tons. The Company also sold 10,575 metric tons to Trading Corporation of Pakistan. There was an impressive increase in the Other Income of the Company during the year due to higher dividend income and gain on agricultural produce. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 129.24 million during the year and adjusted its investment in the associate by the same amount. For the year under review, the Company made an after tax profit of Rs. 141.18 million.

	2013	2012
	(Rupees in million)	
Net sales	3,454.48	2,541.54
Cost of sales	(3,224.18)	(2,368.50)
Gross profit	230.30	173.04
Other income	35.25	5.72
Share of profit in associate	129.24	168.86
Other expenses & taxes	(253.61)	(246.49)
Profit for the year	141.18	101.13

UNICOL LIMITED

The joint venture distillery project is operating at optimum capacity and is producing high quality ethanol for export. The distillery, during the year under review, exported 29,887 tons of ethanol and made an after tax profit of Rs. 387.73 million. The expansion project of the distillery is in full swing and is expected to be completed on schedule. The management is confident that Unicol will bring further financial benefits to the Company and its shareholders in the years to come.

CORPORATE SOCIAL RESPONSIBILTY

The Company actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan. In the past, the Company also participated in the relief effort when several parts of the country were hit by unprecedented floods during past years, which caused wide spread devastation to the lives and properties of the people. The Company has stood by the people of Pakistan in their hour of need and shall always continue to do so.

SAFETY, HEALTH AND ENVIRONMENT

Being a responsible corporate citizen, the Company remained committed to continuous improvement in Health and Safety aspects. The production facility remained fully compliant with industry standards and safety requirements. Furthermore, the Company strongly believes in its environmental responsibilities and has been taking measures on an ongoing basis to improve the same.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- The Company has been declaring regular dividends to its shareholders.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on September 30, 2013:

• Provident fund	Rs. 157.37 million
• Gratuity fund	Rs. 87.76 million

- During the year, four meetings of the Board of Directors were held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Mahmood Faruque	1
Mr. Aslam Faruque	4
Mr. Mohammed Faruque	2
Mr. Akbarali Pesnani	4
Mr. Arif Faruque	2
Mr. Tariq Faruque	3
Mr. Maqbool H.H. Rahimtoola	3
Mr. Muhammad Iqbal Hussain *	2
Mr. Shahid Aziz Siddiqi *	-
Mr. Toufique Habib	4

** Mr. Muhammad Iqbal Hussain resigned from the Board in May 2013 and in his place, Mr. Shahid Aziz Siddiqi was co-opted as a director.*

- During the year, four meetings of the Audit Committee were held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Akbarali Pesnani	4
Mr. Arif Faruque	2
Mr. Tariq Faruque	3
Mr. Maqbool H.H. Rahimtoola	3

- Pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary. During the year, Mr. Mahmood Faruque gifted 126,094 shares to his children.
- Earnings per share for the year is Rs. 12.66 per share compared to Rs. 9.07 *(restated)* last year.

CONTRIBUTION TO NATIONAL EXCHEQUER

The company contributed over Rs. 150 million to the Government treasury in shape of taxes, excise duty, income tax and sales tax.

FUTURE PROSPECTS

The future prospect of the sugar industry is depended on linking the price of sugar with the cost of sugar cane that ensures adequate return for sugar mills. During the year, sugar prices have dropped to a level where it is no longer sustainable to produce sugar at the prevailing sugar cane price levels. Given the oversupply position, the Government is strongly urged to allow the export of sugar during the coming year also to earn much needed foreign exchange for the country. Further, it is also requested to lift the stock of sugar from the mills to allow it to make timely payments to the growers. Further, the Government is also urged to immediately release to the mills freight subsidy on export of sugar.

AUDITORS

The present auditors M/s. Hyder Bhimjee and Co. (Chartered Accountants) retire and being eligible, offer themselves for re-appointment.

ACKNOWLEDGMENT

We would like to thank all the financial institutions having business relationship with us and our customers for their continued support and co-operation. We would also like to share our deepest appreciation for our staff for their dedication, loyalty and hard work.

For and on behalf of the Board of Directors

Aslam Faruque
Chief Executive

Karachi: November 26, 2013

Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation No. 35 of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

Category	Name of Director
Independent Director	Mr. Taufique Habib
Executive Directors	Mr. Mahmood Faruque
	Mr. Aslam Faruque
	Mr. Tariq Faruque
Non-Executive Directors	Mr. Mohammed Faruque
	Mr. Akbarali Pesnani
	Mr. Arif Faruque
	Mr. Maqbool H. H. Rahimtoola
	Mr. Shahid Aziz Siddiqi

The independent director meets the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancy occurred was filled up by the directors within 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met atleast once every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of Mirpurkhas Sugar Mills Ltd. are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Further, an orientation course for Directors was arranged by the Company to apprise Directors of their duties and responsibilities. Two Directors of the Company are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

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

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

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

15. The board has formed an Audit Committee. It comprises of four members, three of whom are Non-Executives Directors.

16. The meetings of the audit committee were held atleast once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed a Human Resource and Remuneration Committee. It comprises three members of whom two are non-executive directors and the chairman of the committee is a Non Executive Director.

18. The board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, 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 ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "closed period", prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Related Party transactions have been placed before the Audit Committee and approved by the Board of Director along with pricing methods for such transactions.

24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board of Directors

Aslam Faruque
Chief Executive

Karachi: November 26, 2013

Statement of Compliance
with the Best Practices of Transfer Pricing

The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulations of the Karachi Stock Exchange.

For and on behalf of the Board of Directors

Aslam Faruque
Chief Executive

Karachi: November 26, 2013

Review Report to the Members
on Statement of Compliance with the Code of Corporate Governance

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Suite No. 1601, Kashif Centre,
Shahrah-e-Faisal, Karachi-75530
Phone : +92-21-35640050 - 52
Fax : +92-21-35640053

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2013 prepared by the Board of Directors of Mirpurkhas Sugar Mills Limited ("the Company") to comply with the Listing Regulation no. 35 of the Karachi Stock Exchange 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

Further, Sub-Regulation (x) of Listing Regulation no. 35 of Karachi Stock Exchange Limited requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirements to the extent of approval of the 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended September 30, 2013.

HYDER BHIMJI & Co.
Chartered Accountants
Engagement Partner: Mohammad Hanif Razzak

Karachi: November 26, 2013

Lahore: Amin Building 65-The Mall
Phone: 042-37352661-37321043
Fax #: 042-37359515

Faisalabad: 206, 1st Floor, Business Centre
New Civil Lines
Phone: 041-2615632-041-2615650
Fax #: 041-2617902

URL: http://www.hyderbhimji.com

Code of Conduct

Mirpurkhas Sugar Mills Limited was established with an aim of producing high quality sugar for its customers and meeting the expectations of its stakeholders. We ensure transparency and professionalism at every step of our dealings, and look after the interests of our stakeholders.

This code of conduct of the Company is based on the following principles:

QUALITY OF PRODUCT

- We strive to produce the highest 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, dealings 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 regulations 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 CONTROLS

- 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 and internal controls.
- To ensure efficient and effective utilization of Company's resources, we have placed financial planning and reporting at the heart of management practice as 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 in 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 products or services, we obtain quotations from various sources before finalizing our decision.
- We ensure timely payments, which over the years, 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 all 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 Mirpurkhas Sugar Mills 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.

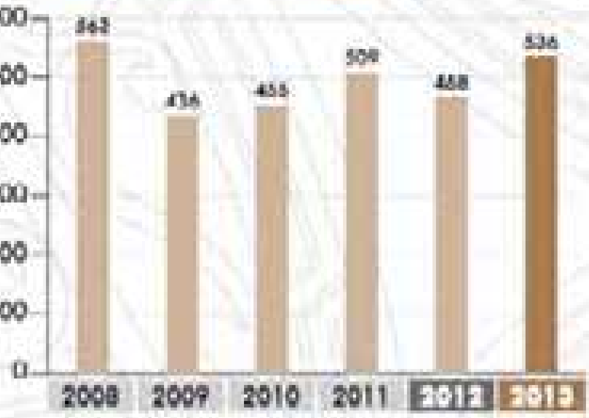
Six Years' Statistics

		2013	2012	2011	2010	2009	2008
Production Data							
Sugarcane crushed	(M. Tons)	535,963	467,724	509,204	455,179	435,690	563,057
Sucrose recovery	(%)	11.00	10.17	10.41	10.59	10.61	10.34
Sugar production	(M. Tons)	58,920	47,566	54,681	48,300	46,235	58,334
Molasses production	(M. Tons)	23,680	24,300	26,300	22,180	22,009	28,770
Operating Results							
Turnover net	(Rs. '000)	3,454,478	2,341,537	2,739,671	2,823,671	1,803,234	1,001,835
Cost of sales	(Rs. '000)	3,224,179	2,168,501	2,375,397	2,477,780	1,471,620	853,136
Gross profit	(Rs. '000)	230,299	173,036	364,274	345,891	331,614	148,499
Operating profit	(Rs. '000)	175,166	74,560	270,778	252,018	268,378	85,154
Profit before tax	(Rs. '000)	119,117	109,696	168,294	156,346	214,218	62,882
Profit after tax	(Rs. '000)	141,178	101,128	137,714	84,299	125,440	37,350
Proposed dividend*							
Cash	(Rs. '000)	-	-	8,433	10,542	15,972	6,389
Bonus shares	(Rs. '000)	11,150	14,547	12,650	14,055	6,389	-
Valuation							
Earnings per share (before tax)**	(Rupees)	10.68	9.84	15.09	14.02	19.21	5.64
Earnings per share (after tax)**	(Rupees)	12.66	9.07	12.35	7.56	11.25	3.35
Cash dividend per share	(Rupees)	-	-	1.00	1.50	2.50	1.00
Bonus issue*	(%)	10.00	15.00	15.00	20.00	10.00	-
Dividend yield ratio	(%)	2.27	3.47	4.44	4.01	4.92	0.97
Dividend payout ratio	(%)	7.90	14.38	13.31	29.10	17.83	17.11
Market price per share	(Rupees)	44.00	43.76	53.88	58.19	71.00	102.60
Price earning ratio	(Times)	3.48	4.18	2.79	6.69	5.49	26.64
Break-up value per share**	(Rupees)	79.63	62.80	44.45	34.21	28.74	19.53
Financial Position							
Reserves	(Rs. '000)	776,576	603,420	411,367	311,318	256,592	153,942
Current assets	(Rs. '000)	716,212	1,087,813	1,267,112	501,201	559,658	699,305
Current liabilities	(Rs. '000)	596,924	1,058,304	1,193,127	594,558	524,513	620,048
Working capital	(Rs. '000)	119,288	29,509	73,985	(93,357)	35,145	79,257
Property, plant & equipment	(Rs. '000)	1,278,212	1,231,926	963,155	807,230	384,948	417,044
Total assets	(Rs. '000)	2,503,537	2,728,347	2,454,667	1,487,440	1,313,135	1,252,809
Long-term debt	(Rs. '000)	490,888	439,999	344,445	88,895	150,334	177,778
Shareholders' equity	(Rs. '000)	888,103	700,402	495,699	381,595	320,480	217,830
Share capital	(Rs. '000)	111,529	96,982	84,332	70,277	63,888	63,888
Financial Performance							
Profitability							
Gross margin	(%)	6.67	6.01	13.30	12.25	18.27	14.82
Operating margin	(%)	5.63	5.93	9.88	8.93	14.88	8.50
Pre tax margin	(%)	3.45	4.32	6.14	5.54	11.88	6.28
Net margin	(%)	4.09	2.98	5.03	2.99	6.96	3.73
Return on equity	(%)	15.90	14.44	27.78	22.09	39.14	17.15
Return on assets	(%)	5.64	3.71	5.61	5.67	9.55	2.98
(Decrease) / increase in net sales	(%)	35.97	(7.75)	(2.97)	56.58	80.03	(9.64)
Sugarcane cost to cost of goods manufactured	(%)	92.55	90.32	95.42	96.79	93.38	92.63
Labour cost to net sales	(%)	3.01	4.08	5.61	4.67	5.78	8.52
Administrative expenses to net sales	(%)	2.74	2.99	2.91	2.80	2.92	4.51
Distribution cost to net sales	(%)	1.24	1.07	0.72	0.18	0.14	3.26
Finance cost to net sales	(%)	3.93	5.36	3.30	3.48	4.80	5.63
Other operating expenses to net sales	(%)	0.06	0.03	0.47	0.42	0.76	0.23
Operating performance/ liquidity							
Total assets turnover	(Times)	1.38	0.93	1.12	1.90	1.37	0.80
Fixed assets turnover	(Times)	2.70	2.03	2.84	3.50	3.08	2.40
Inventory turnover	(Times)	7.61	2.21	4.69	15.07	4.67	2.80
Current ratio	(Times)	1.20	1.03	1.06	0.84	1.07	1.13
Quick ratio	(Times)	0.69	0.29	0.19	0.44	0.45	0.31
Leverage							
Long term debt to equity	(%)	35.17	62.82	69.49	23.29	41.60	81.61
Total debt to total assets	(%)	53.24	43.97	73.76	62.71	65.77	78.89
Interest coverage	(Times)	1.88	1.02	2.16	2.50	3.47	2.12

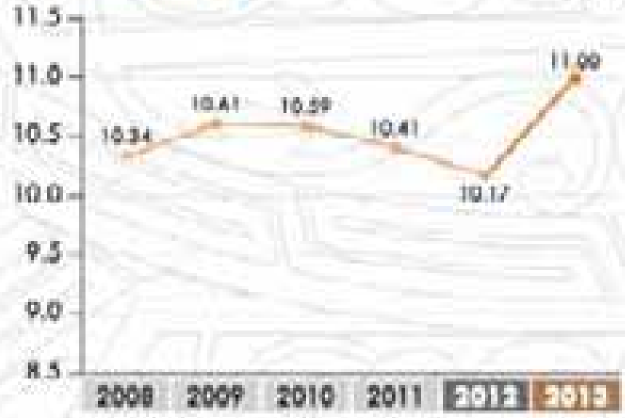
* post balance sheet event
** restated based on weighted average number of ordinary shares in issue

Production and Financial Highlights

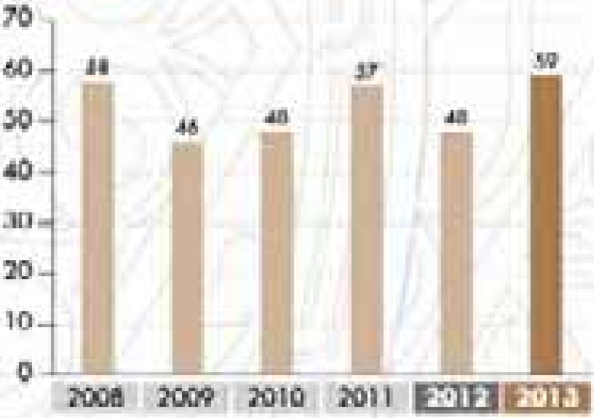
Sugar cane crushed ('000 M.Tons)



Recovery (%)

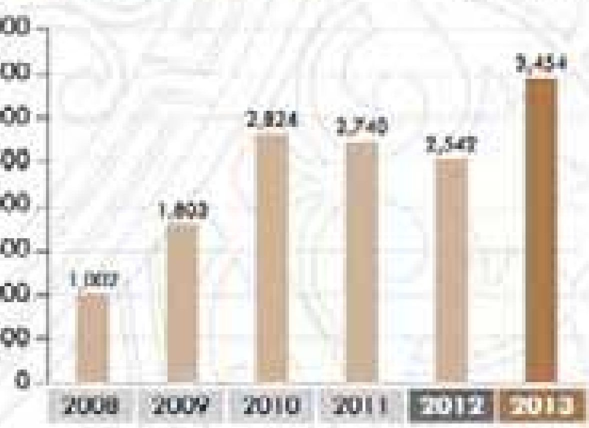


Sugar production ('000 M.Tons)

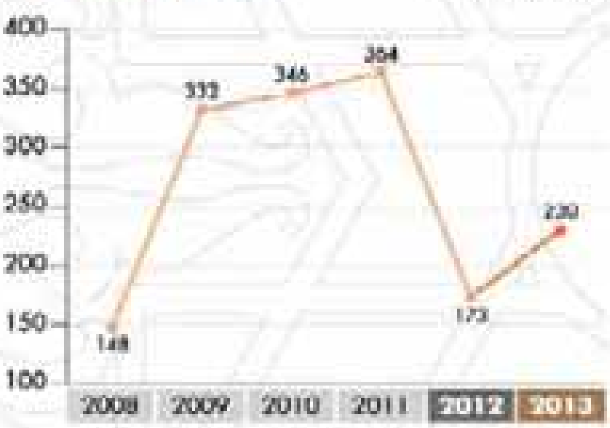


Molasses production ('000 M.Tons)

Turnover - net (Rs. million)



Gross profit (Rs. million)

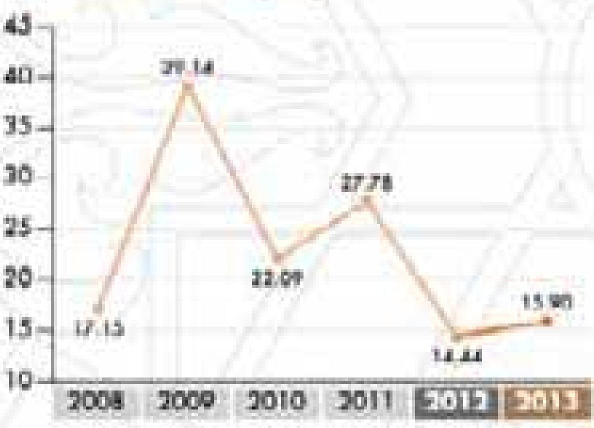


Operating profit / profit for the year

(Rs. million)

Return on equity

(%)



Earnings per share

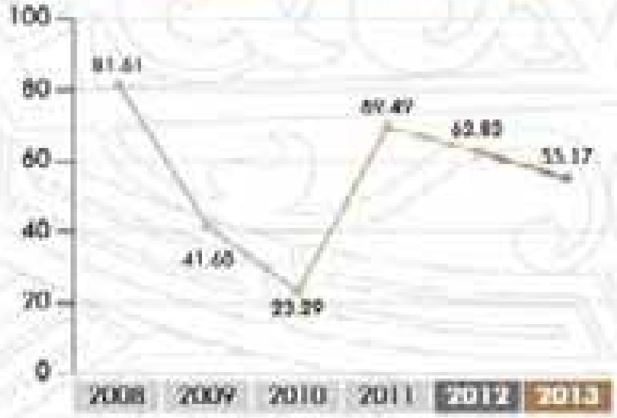
(Rs.)

Shareholders' equity / reserves

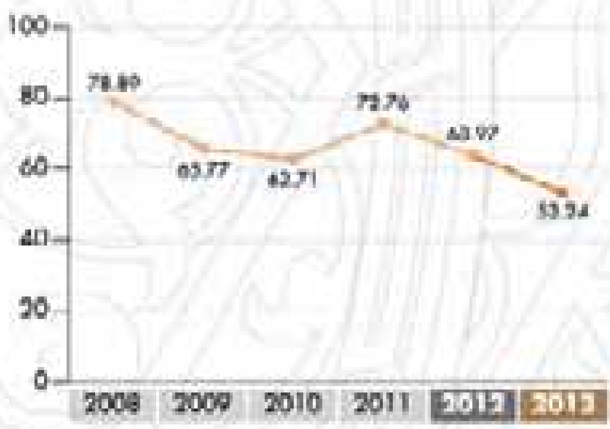
(Rs. million)

Break-up value
(Rs./share)

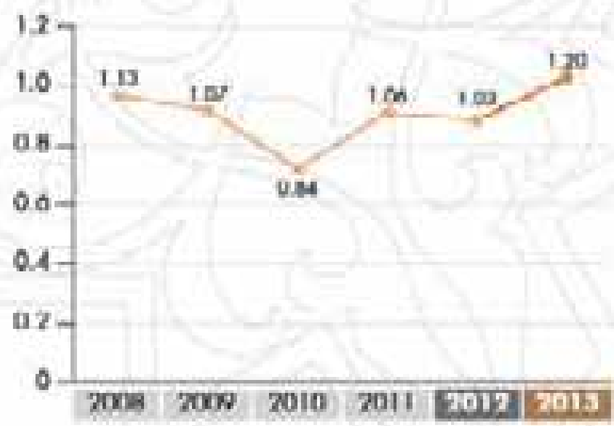
Long-term debt to equity ratio (%)



Total debt to total assets
(%)



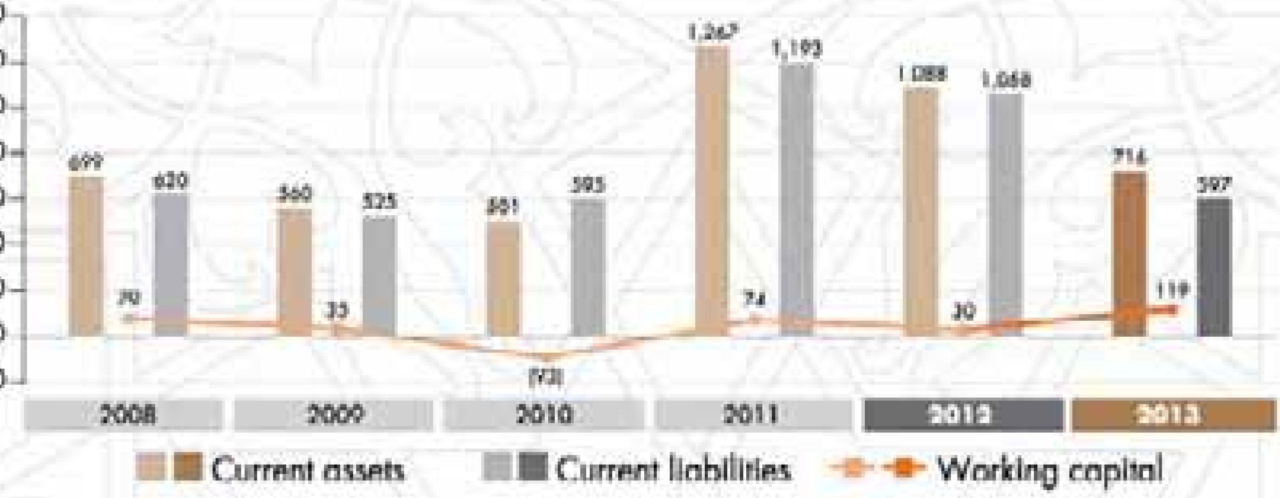
Current ratio
(Times)



Quick ratio
(Times)

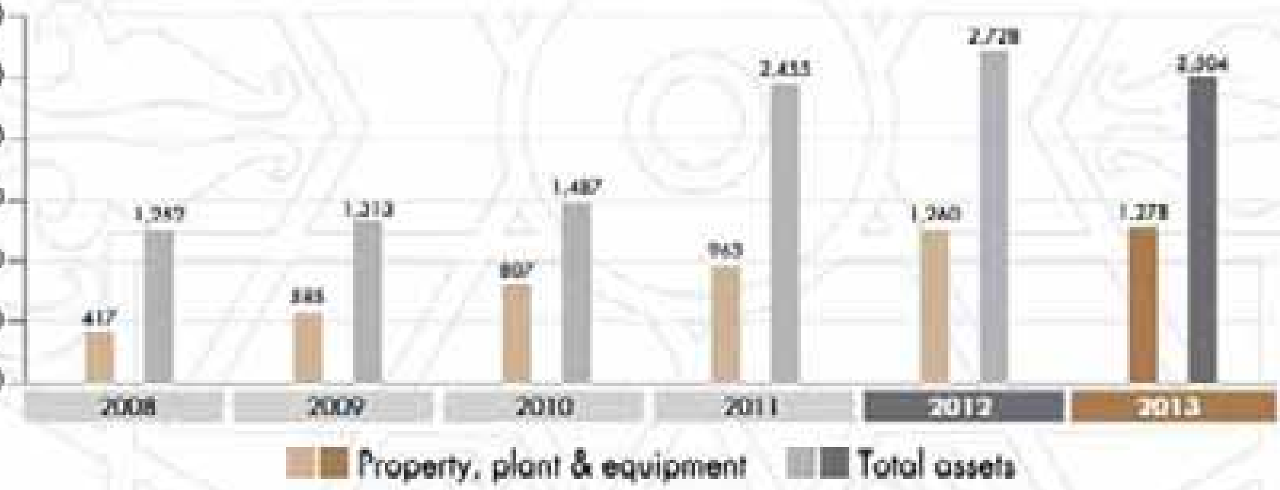
Current assets / current liabilities / working capital

(Rs. million)



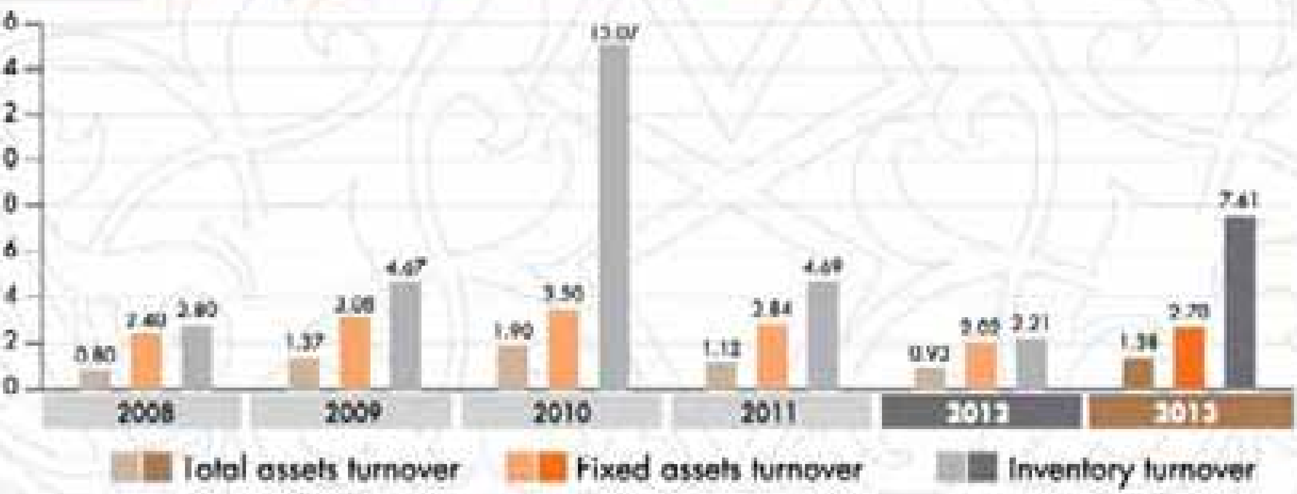
Property, plant & equipment / total assets

(Rs. million)



Total assets / fixed assets / inventory turnover

(Times)



Statement of Value Addition

	2013		2012	
	(Rupees in '000)			
WEALTH GENERATED				
Gross sales	3,551,858		2,714,482	
Material and services	(3,065,830)		(2,209,981)	
	486,028		504,501	
Other income	35,248		5,723	
Share of profit in an associate	129,242		168,856	
	650,518		679,080	
WEALTH DISTRIBUTED				
Employees Remuneration	231,654	35%	203,859	30%
Government as:				
Sales tax, Federal/ Special excise duty, & Income tax	85,099	13%	187,396	28%
Charity & Donations	171	*	202	*
Shareholders as Dividend				
Bonus shares**	11,153	2%	14,547	2%
Finance Cost	135,271	21%	133,720	20%
Retained In Business				
Depreciation & amortization	57,145		52,695	
Retained profit	130,025		86,581	
	187,170	29%	139,276	20%
	650,518	100%	679,080	100%

* negligible
** *post balance sheet event*

Distribution 2013

Distribution 2012

	Employees	Government	Shareholders	Finance cost	Retained in business
2013	36%	13%	0%	21%	30%
2012	30%	28%	2%	20%	20%

Horizontal & Vertical Analysis
Six Years

	2013			2012			2011			2010			2009			2008		
	Rupees in '000	% H	% V	Rupees in '000	% H	% V	Rupees in '000	% H	% V	Rupees in '000	% H	% V	Rupees in '000	% H	% V	Rupees in '000	% H	% V
Balance Sheet																		
Assets																		
Non-current assets	1,787,325	9	71	1,640,534	38	60	1,187,555	20	48	986,229	31	66	753,477	36	57	553,104	12	44
Current assets	716,212	(34)	29	1,087,813	(14)	40	1,267,112	153	52	501,201	(10)	34	559,658	(20)	43	699,305	37	56
	2,503,537	(8)	100	2,728,347	11	100	2,454,667	65	100	1,487,440	13	100	1,313,135	5	100	1,252,409	25	100
Equity & Liabilities																		
Shareholders equity	888,135	27	35	700,402	41	26	495,699	30	20	381,595	19	26	320,460	47	24	217,830	(30)	17
Surplus on revaluation of fixed assets	282,552	-	12	282,552	63	10	173,058	-	7	173,056	34	11	129,056	177	10	46,559	-	4
Non-current liabilities	735,956	7	29	667,089	16	25	592,785	75	24	338,231	(1)	23	339,086	(8)	26	367,972	250	29
Current liabilities	596,924	(44)	24	1,058,304	(11)	39	1,193,127	101	49	594,558	13	40	524,513	(15)	40	620,048	15	50
	2,503,537	(8)	100	2,728,347	11	100	2,454,667	65	100	1,487,440	13	100	1,313,135	5	100	1,252,409	25	100
Turnover & Profit																		
Turnover-net	3,454,478	36	100	2,541,537	(7)	100	2,739,671	(3)	100	2,823,671	57	100	1,803,234	80	100	1,001,635	(19)	100
Gross profit	230,299	33	7	173,036	(53)	7	364,374	5	13	345,891	4	12	331,614	123	18	148,499	188	15
Operating profit	125,146	68	4	74,560	(72)	3	270,778	7	10	252,018	(8)	9	268,278	223	15	83,154	447	8
Profit before taxation	119,117	9	3	109,698	(35)	4	168,294	8	6	156,366	(27)	6	214,218	241	12	62,882	(224)	6
Profit for the year	141,178	40	4	101,128	(27)	4	137,714	63	5	84,299	(32)	3	125,440	236	7	37,350	(192)	4

"H" Horizontal analysis — % is calculated by comparing last year figures

"V" Vertical analysis — % is calculated by using same year figures


Financial Statements

Auditors' Report to the Members

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

Suite No. 1601, Kashif Centre,
Shahrah-e-Faisal, Karachi-75530
Phone : +92-21-35640050 - 52
Fax : +92-21-35640053

We have audited the annexed Balance Sheet of MIRPURKHAS SUGAR MILLS LIMITED as at September 30, 2013 and the related Profit and Loss Account, Statement of Comprehensive Income, 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 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 the 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 and Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2013 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

HYDER BHIMJI & Co.
Chartered Accountants
Engagement Partner: Mohammad Hanif Razzak

Karachi: November 26, 2013

Lahore: Amin Building 65-The Mall
Phone: 042-37352661-37321043
Fax #: 042-37359515

Faisalabad: 206, 1st Floor, Business Centre
New Civil Lines
Phone: 041-2615632-041-2615650
Fax #: 041-2617902

URL: http://www.hyderbhimji.com

Balance Sheet

As at September 30, 2013

	Note	2013	2012
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	1,278,312	1,259,926
Intangible asset	5	2,567	3,667
		1,280,879	1,263,593
Long-term investment	6	505,451	376,209
Long-term deposits	7	995	732
		1,787,325	1,640,534
CURRENT ASSETS			
Stores, spare parts and loose tools	8	147,052	147,147
Stock-in-trade	9	108,687	630,144
Biological assets	10	47,084	-
Trade debts	11	13,595	9,766
Loans and advances	12	56,919	81,425
Short-term prepayments	13	1,137	1,514
Other receivables	14	61,512	23,034
Short-term investments	15	226,968	170,188
Tax refunds due from the Government	16	41,764	8,118
Cash and bank balances	17	11,494	16,477
		716,212	1,087,813
TOTAL ASSETS		2,503,537	2,728,347
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	111,529	96,982
Reserves	19	776,576	603,420
		888,105	700,402
SURPLUS ON REVALUATION OF FIXED ASSETS	20	282,552	282,552
NON-CURRENT LIABILITIES			
Long-term financing	21	490,000	439,999
Deferred liabilities	22	245,956	247,090
		735,956	687,089
CURRENT LIABILITIES			
Trade and other payables	23	241,200	744,790
Accrued mark-up	24	14,278	22,456
Short-term borrowings	25	191,446	186,605
Current portion of long-term financing	21	150,000	104,445
		596,924	1,058,304
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		2,503,537	2,728,347

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Profit and Loss Account

For the year ended September 30, 2013

	Note	2013	2012
		(Rupees in '000)	
Turnover - net	27	3,454,478	2,541,537
Cost of sales	28	(3,224,179)	(2,368,501)
Gross profit		230,299	173,036
Distribution cost	29	(42,925)	(27,257)
Administrative expenses	30	(94,618)	(76,083)
Other operating expenses	31	(2,858)	(859)
		(140,401)	(104,199)
Other income	32	35,248	5,723
Operating profit		125,146	74,560
Finance cost	33	(135,271)	(133,720)
		(10,125)	(59,160)
Share of profit in an associate	6	129,242	168,856
Profit before taxation		119,117	109,696
Taxation	34	22,061	(8,568)
Profit for the year		141,178	101,128
			Restated
Earnings per share - basic (Rupees)	35	12.66	9.07

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Statement of Comprehensive Income

For the year ended September 30, 2013

	2013	2012
	(Rupees in '000)	
Profit for the year	141,178	101,128
Fair value gain on available-for-sale securities	46,525	112,008
Total comprehensive income for the year	187,703	213,136

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Cash Flow Statement

For the year ended September 30, 2013

	Note	2013	2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		119,117	109,696
Adjustments for:			
Depreciation	4.1.1	56,043	51,595
Amortization	5.1	1,100	1,100
Provision for market committee fee		5,559	5,750
Provision for stores obsolescence	31	2,059	-
Fair value adjustment of biological assets	32	(17,422)	-
Dividend income from related parties	32	(11,565)	(2,137)
Share of profit in an associate	6.1.2	(129,242)	(168,856)
Gain on disposal of property, plant and equipment	32	(1,462)	(1,179)
Finance cost	33	135,271	133,720
		40,121	19,993
		159,238	129,689
Working capital changes :			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,944)	4,048
Stock-in-trade		521,457	256,607
Biological assets		(29,662)	-
Trade debts		(3,829)	3,715
Loans and advances		24,506	31,427
Short-term prepayments		377	(263)
Other receivables		(38,470)	3,028
		472,427	299,192
(Decrease) / increase in current liabilities:			
Trade and other payables		(503,587)	103,271
Cash generated from operations		128,078	532,152
Income tax paid - net		(18,078)	(22,627)
Net cash generated from operating activities		110,000	509,525
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4.1 & 4.4	(75,152)	(241,553)
Sale proceeds of property, plant and equipment	4.2	2,185	3,860
Long-term investment		-	11,550
Short term investments		(10,255)	-
Long-term deposits		(265)	-
Dividend received from related parties	32	11,565	2,137
Net cash used in investing activities		(71,920)	(224,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(148,449)	(148,578)
Short-term borrowings		4,841	(288,427)
Long-term financing - net	21	95,556	155,555
Payment of dividend		(11)	(8,248)
Net cash used in financing activities		(43,063)	(284,693)
Net (decrease) / increase in cash and cash equivalents		(4,983)	826
Cash and cash equivalents at the beginning of the year		16,477	15,651
Cash and cash equivalents at the end of the year		11,494	16,477

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Statement of Changes in Equity

For the year ended September 30, 2013

	Issued, subscribed and paid-up capital	Reserves				Total
		General reserves	Unappropriated profit	Fair value gain on available-for-sale securities	Total	
	(Rupees in '000)					
Balance as at October 01, 2011	84,332	34,250	344,416	32,701	411,367	495,699
Total comprehensive income for the year	-	-	101,128	112,008	213,136	213,136
Cash dividend for the year ended Sep. 30, 2011 @ Re.1 per share (10%)	-	-	(8,433)	-	(8,433)	(8,433)
Issue of bonus shares @ 15% i.e 1.50 shares for every 10 shares held	12,650	-	(12,650)	-	(12,650)	-
Balance as at September 30, 2012	96,982	34,250	424,461	144,709	603,420	700,402
Balance as at October 01, 2012	96,982	34,250	424,461	144,709	603,420	700,402
Total comprehensive income for the year	-	-	141,178	46,525	187,703	187,703
Issue of bonus shares @ 15% i.e 1.50 shares for every 10 shares held	14,547	-	(14,547)	-	(14,547)	-
Balance as at September 30, 2013	111,529	34,250	551,092	191,234	776,576	888,105

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Notes to the Financial Statements

For the year ended September 30, 2013

1. **STATUS AND NATURE OF BUSINESS**

Mirpurkhas Sugar Mills Limited (the Company) was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted on Karachi Stock Exchange. Principal activity of the Company is manufacturing and selling of sugar.

The registered office of the Company is situated at Modern Motors House, Beaumont Road, Karachi.

2. **STATEMENT OF COMPLIANCE**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the balance sheet:

a. Derivatives financial instruments and investments which are stated at their fair values in accordance with IAS 39;

b. Inventories which are valued at lower of moving average cost or net realizable value (NRV) in accordance with IAS 2;

c. Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;

d. Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19; and

e. Free hold land which stands at revalued amount in accordance with IAS 16.

3.1.1 New and amended standards and interpretations

The Company has adopted the following amendments to IFRSs which became effective during the year:

IAS 1	-	Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)
IAS 12	-	Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on these financial statements.

3.1.2 IAS 41 - Agriculture

The international accounting standard on agriculture sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets).

Initial recognition and measurement

An entity should recognize a biological asset or agriculture produce only when the entity controls the asset as a result of past events and if it is probable that future economic benefits will flow to the entity, and the fair value or cost of the asset can be measured reliably.

Biological assets should be measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured. Agricultural produce should be measured at fair value less estimated costs to sell at the point of harvest because harvested produce is a marketable commodity as there is no 'measurement reliability' exception for produce.

The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are reported in profit or loss. A gain / loss on initial recognition of agricultural produce at fair value less costs to sell should be included in profit or loss for the period in which it arises.

All costs related to biological assets that are measured at fair value are recognized as expenses when incurred, other than costs to purchase biological assets.

The Company's biological assets comprises of standing crop. These are stated at fair value less estimated point of sale cost with any fair value changes recognized in the profit and loss account. The fair value of standing crop is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosures of contingent liabilities at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources.

However, uncertainity about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

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

a) Employees retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.4 to the financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates.

b) Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation / amortization, useful life and residual value used in the calculation of depreciation / amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment.

c) Classification of investments

The management has exercised its judgment in respect of classification of investments as disclosed in note 6 and 15 to the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

d) Stock in trade, stores, spare parts and loose tools

The Company reviews net realizable value (NRV) of stock in trade, stores, spare parts and loose tools to assess any diminution in their respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

e) Biological assets

The Company reviews the fair value of biological assets to assess changes in fair value less cost to sell during a period. Agriculture produce is measured at fair value less cost to sell at the point of harvest because harvested produce is a marketable commodity as there is no "measurement reliability" exception for produce.

f) Trade debts, loans and advances and other receivables

The Company reviews its doubtful trade debts, loans and advances and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

g) Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred tax is provided using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized.

h) Provision for impairment

The Company reviews carrying amount of assets except deferred tax assets and inventories at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

i) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

3.3 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1% of turnover tax, calculated at applicable tax rates under section 113 of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in profit and loss account.

c) Sales tax and Federal excise duty (FED)

Revenues, expenses and assets are recognized net of amount of sales tax and federal excise duty except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duty is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- Receivables or payables that are stated with the amount of sales tax and federal excise duty included.

The net amount of sales tax and federal excise duty recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.4 Employees retirement benefits

a) Provident fund scheme

The Company operates an approved defined contribution provident fund scheme for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33 % of basic salary.

	2013	2012
	(Rupees in '000)	
Size of the trust	158,170	118,012
Cost of investments made	140,966	104,502
Fair value of investments	157,365	115,766
	(Percentage)	
Percentage of investments made	89.12	88.55

The major categories of investments

	(Rupees in '000)	
Banks	4,944	2,389
Government securities	13,537	30,216
Others	138,884	83,161
	157,365	115,766

Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

b) Gratuity scheme

The Company operates an approved and funded gratuity scheme for all of its eligible permanent employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with the actuarial valuation using Projected Unit Credit (PUC) method.

The PUC method used the following significant assumptions for the valuation of the scheme.

	2013	2012
	(% per annum)	
Principal actuarial assumptions:		
Valuation discount rate	11.50	11.50
Expected rate of return on plan assets	13.50	12.50
Expected rate of salary increase	10.50	10.50

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses exceed 10 percent of the higher of defined benefit obligation and the fair value of plan assets as of the end of the previous reporting period. These gains or losses are recognized over the expected remaining working lives of the employees participating in the scheme.

Past service cost is recognized as an expense on a straight line basis over the average period until the benefit becomes vested. If benefits already have been vested, immediately following the introduction of, or change to the scheme, past service costs are recognized immediately.

The amount recognized in balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of plan assets.

The fair value of scheme's assets and the present value of obligation under the scheme at the balance sheet date were as follows:

Staff gratuity fund liability:	(Rupees in '000)	
Present value of defined benefit obligation	69,898	56,828
Fair value of plan assets	(87,759)	(69,963)
Unrecognized actuarial gain	14,846	13,135
Liability recognized as at September 30	(3,015)	-

Amounts charged to profit and loss account:

Current service cost	4,012	3,441
Interest cost	6,535	5,798
Expected return on plan assets	(9,671)	(3,978)
Actuarial gain recognized during the year	(876)	650
	-	5,911

	2013	2012
	(Rupees in '000)	
Movement in the liability recognized in the balance sheet:		
Balance as at October 1	-	5,372
Net charge for the year	-	(1,896)
Contribution / benefit paid to the fund	(3,015)	(3,476)
Balance as at September 30	(3,015)	-
Movement in the present value of defined benefit obligation:		
Balance as at October 1	56,828	46,379
Current service cost	4,012	3,441
Interest cost	6,535	5,798
Benefits paid during the year	(1,915)	(1,134)
Actuarial gain	4,438	2,344
Balance as at September 30	69,898	56,828
Movement in the fair value of plan assets:		
Balance as at October 1	69,963	31,820
Expected return	9,671	3,978
Contributions	(1,100)	11,283
Benefits paid during the year	(1,915)	(1,134)
Actuarial gain	11,140	24,016
Balance as at September 30	87,759	69,963

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

The return on plan assets was assumed on the basis of market conditions. Actual return on plan assets during 2013 was Rs. 20.81 million (2012: Rs. 27.99 million).

Comparison with past years :

	2013	2012	2011	2010	2009
	(Rupees in '000)				
Present value of defined benefit obligation	69,898	56,828	46,379	30,298	17,599
Fair value of plan assets	87,759	69,963	(31,820)	(14,037)	(16,582)
(Surplus)/ deficit	(17,861)	(13,135)	14,559	16,261	1,017
Experience adjustments arising on plan liabilities	4,438	2,344	(242)	558	705
Experience adjustments arising on plan assets	11,140	24,016	(3,972)	(4,535)	(2,463)
	15,578	26,360	(4,714)	(3,977)	(1,758)

3.5 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation except for freehold land which is stated at revalued amount and capital work-in-progress, which is stated at cost. The revaluation of freehold land is carried out once in every three years.

Depreciation is charged, on systematic basis over the useful life of the assets, to income applying reducing balance method, except for furniture and fittings, office and other equipment and computer and accessories which are depreciated using straight line method at the rates mentioned in note 4 to the financial statements, which reflects the patterns in which the assets' economic benefits are consumed by the Company. Additions to assets are depreciated monthly while no depreciation is charged on assets disposed off during the month.

Maintenance and normal repairs are charged to income, when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of assets, if any, are recognized in the profit and loss account when incurred.

The carrying values of owned assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amount.

b) Assets subject to finance lease

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the net standing liability.

Depreciation is charged to the profit and loss account using the same basis as for owned assets.

c) Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such asset can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible asset.

Intangible assets are stated at cost less accumulated amortization and any impairment loss. Intangible assets are amortized when assets are available for use on straight line method. Amortization is charged from the month of the year in which addition/ capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying values of intangible assets are reviewed for impairment at each financial year and when events or changes in circumstances, indicate that carrying value may not be recoverable.

3.6 Investments

a) In associate

Investment in an associate is accounted for using the equity method. Under this method, the investment is initially recognized at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate and impairment in the value of investment and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the profit and loss account. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held. Profit/ loss from material transactions with associate is eliminated. The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

b) Available for sale securities

These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates .

These investments are initially measured at fair value plus transaction costs. After initial measurement, available-for-sale securities are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other income, and removed from the available for sale reserve.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

c) Held-to-maturity investments

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Company has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable cost and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

d) **Designated investments at fair value through profit or loss**

Designated investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to profit and loss account. Transaction costs are charged to profit and loss account when incurred.

3.7 Stores, spare parts and loose tools

These are valued at lower of moving average cost and net realizable value (NRV). Provision/ write off, if required, is made for slow moving items where necessary to bring these down to approximate NRV and is recognized in profit and loss. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

3.8 Stock-in-trade

Stock-in-trade is valued at the lower of average manufacturing cost and NRV. The cost of sugar in process includes cost of Sugar cane and proportionate manufacturing expenses.

NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.9 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for any uncollectible amounts. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and credit worthiness. Bad debts are written-off, when there is no realistic prospect of recovery.

3.10 Trade and other payables

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

3.11 Revenue recognition

a) Sales are recorded on dispatch of goods to customers.

b) Income / return on investments, loans, advances and bank deposits is recognized on accrual basis.

c) Dividend income on equity investment is recognized, when the right to receive the same is established.

d) Capital gains or losses on sale of investments are recognized in the period in which they arise.

e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.

3.12 Foreign currency transactions and translations

The financial statements are presented in Pak. Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into Pak. Rupees at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak. Rupees at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates to monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.13 Provisions

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

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.15 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in note 38 to the financial statements.

3.16 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

Any gain / loss on the recognition and derecognition of the financial assets and liabilities is recorded in the profit and loss account for the period in which it arises.

3.17 Offsetting of financial assets and liabilities

A financial asset and financial liability is only offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

3.18 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances in current, deposit and PLS accounts with the commercial banks.

3.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		(Rupees in '000)	
Property, plant and equipment	4.1	1,268,384	1,241,331
Capital work in progress	4.4	9,920	18,595
		1,278,312	1,259,926

4.1 Following are the statements of property, plant and equipment for current and prior years:

2013 Description	COST: As at Oct. 01, 2012	COST: Additions/ (disposals)	COST: As at Sep. 30, 2013	DEPRECIATION: As at Oct. 01, 2012	DEPRECIATION: Adjustment on disposals	DEPRECIATION: For the year	DEPRECIATION: As at Sep. 30, 2013	Book value as at Sep. 30, 2013	Depreciation rate per annum (%)
	(Rupees in '000)								
Freehold land (Note 4.8)	303,641	5,831	309,472	-	-	-	-	309,472	-
Building on freehold land:									
- Factory	29,678	10,308	39,986	21,426	-	1,427	22,853	17,133	10
- Non factory	23,184	-	23,184	17,983	-	320	18,303	4,881	10
Plant & machinery	1,336,101	59,717	1,395,818	440,497	-	46,251	486,748	909,070	5
Furniture & fittings	338	274	612	186	-	81	267	345	20
Vehicles	53,167	5,915 (2,521)	56,561	28,646	(1,841)	5,555	32,360	24,201	20
Office & other equipment	11,057	728 (30)	11,755	8,811	(48)	796	9,559	2,196	20
Computers & accessories	8,119	1,049 (1,812)	7,356	6,405	(1,771)	1,413	6,047	1,309	33.33
	1,765,285	83,819 (4,363)	1,844,721	523,954	(3,660)	56,045	576,337	1,268,384	

2012 Description	COST/ REVALUATION: As at Oct. 01, 2011	COST/ REVALUATION: Additions/ revaluation/ (disposals)	COST/ REVALUATION: As at Sep. 30, 2012	DEPRECIATION: As at Oct. 01, 2011	DEPRECIATION: Adjustment on disposals	DEPRECIATION: For the year	DEPRECIATION: As at Sep. 30, 2012	Book value as at Sep. 30, 2012	Depreciation rate per annum (%)
	(Rupees in '000)								
Freehold land (Note 4.8)	186,698	7,447 109,496	303,641	-	-	-	-	303,641	-
Building on freehold land:									
- Factory	28,659	1,019	29,678	20,547	-	879	21,426	8,252	10
- Non factory	23,184	-	23,184	17,605	-	378	17,983	5,201	10
Plant & machinery	1,059,809	276,292	1,336,101	398,464	-	42,033	440,497	895,604	5
Furniture & fittings	338	-	338	137	-	49	186	152	20
Vehicles	48,178	8,055 (3,066)	53,167	25,801	(2,498)	5,343	28,646	24,521	20
Office & other equipment	10,308	866 (117)	11,057	7,899	(4)	916	8,811	2,246	20
Computers & accessories	7,816	303	8,119	4,608	-	1,797	6,405	1,714	33.33
	1,384,780	296,187 109,496 (5,183)	1,765,285	474,861	(2,502)	51,595	523,954	1,241,331	

	Note	2013	2012
		(Rupees in '000)	

4.1.1 Allocation of depreciation:

	Note	2013	2012
Cost of sales	28	52,270	47,428
Distribution cost	29	337	339
Administrative expenses	30	3,436	3,828
		56,043	51,595

4.1.2 Reconciliation of carrying amount:

	2013	2012
Carrying amount at beginning of the year	1,241,331	889,924
Additions during the year	83,810	296,187
Revaluation of land	-	109,496
Depreciation for the year	(56,043)	(51,595)
Disposal / transfer during the year at carrying amount	(723)	(2,601)
	1,268,384	1,241,331

4.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Vehicles							
Suzuki Alto VXR APH-489	521	382	139	600	461	Tender	Mr. Sueeduzzaman - Karachi
Suzuki Liana RXI APC-382	856	625	231	231	-	Employee car scheme	Syed Mudasser Ali - Employee
Motorcycle Honda CD70 MPE-7066	68	15	53	66	13	Insurance claim	EFU Genenral Insurance Ltd.
	1,445	1,022	428	897	474		
Aggregate of assets disposed-off having book value below Rs.50,000 each:							
Various	2,938	2,638	300	1,288	988		
2013	4,383	3,660	723	2,185	1,462		
2012	5,180	2,502	2,601	3,860	1,179		

4.3 This includes Rs. 287.55 million (2012 : Rs. 287.55 million) in respect of revaluation surplus (refer note no.20). Had the revaluation not been carried out the freehold land would have been stated at Rs.21.09 million (2012: Rs.21.09 million).

	2013	2012
	(Rupees in '000)	

4.4 Capital work-in-progress

	2013	2012
Plant and machinery	9,928	18,595

5. INTANGIBLE ASSET

Description	COST			AMORTIZATION			Book value as at Sep. 30,	Amortization rate per annum (%)
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
2013 ERP System	5,500	-	5,500	1,833	1,100	2,933	2,567	20
2012 ERP System	5,500	-	5,500	733	1,100	1,833	3,667	20

	Note	2013	2012
		(Rupees in '000)	
5.1 Allocation of amortization			
Cost of sales	28	660	660
Distribution cost	29	110	110
Administrative expenses	30	330	330
		1,100	1,100

6. LONG TERM INVESTMENT - in associate

	Note	2013	2012
Unicol Limited 17,469,370 (Sep. 2012. 12,704,998) fully paid ordinary shares of Rs.10/- each Equity held : 33.33 % (Sep. 2012 : 33.33%)	6.1	376,209	218,903
Dividend received		-	(11,550)
		376,209	207,353
Share of profit	6.1.2	129,242	168,856
		505,451	376,209

6.1 Unicol Limited

The Company holds 33.33 % (2012: 33.33 %) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit/ loss arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(a). The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the year ended September 30, 2013.

6.1.1 The Company's interest in assets & liabilities of Unicol Limited:

	2013	2012
Non-current assets	671,280	276,843
Current assets	634,498	323,225
	1,305,778	600,068
Long-term liabilities	(275,942)	(17,583)
Current liabilities	(524,385)	(206,276)
	(800,327)	(223,859)
Net assets	505,451	376,209

	Note	2013	2012
		(Rupees in '000)	
6.1.2 The Company's share in profit and loss of Unicol Limited:			
Sales		865,273	712,435
Cost of sales		(644,820)	(473,546)
		220,453	238,889
Other expenses, income and taxes		(91,211)	(70,033)
		129,242	168,856

7. LONG-TERM DEPOSITS

These represent deposits paid by the Company for obtaining various services.

8. STORES, SPARE PARTS AND LOOSE TOOLS

		2013	2012
Stores		55,914	57,300
Spare parts		98,470	95,167
Loose tools		707	680
		155,091	153,147
Provision for obsolescence		(8,039)	(6,000)
		147,052	147,147

9. STOCK-IN-TRADE

	Note	2013	2012
Sugar	28	104,383	627,727
Sugar in process	28	4,304	2,417
		108,687	630,144

10. BIOLOGICAL ASSETS

		2013	2012
Sugar cane		46,589	-
Others		495	-
		47,084	-
Movement during the year			
As at October 01		-	-
Increase due to purchases / cost incurred		29,662	-
Fair value adjustment of agricultural assets		17,422	-
		47,084	-

10.1 The value of sugar cane crop is based on estimated average yield of 800 maunds per acre (2012: Nil) on cultivated area of 342 acres (2012: Nil). The value of onion crop is based on estimated yield of 40 bags per acre (2012: Nil) on cultivated area of 27 acres (2012: Nil).

11. TRADE DEBTS - unsecured, considered good

		2013	2012
Others		13,595	9,766

11.1 Trade receivable are non-interest bearing. Aging analysis of trade debts is as follows:

		2013	2012
Neither past due nor impaired		13,595	9,766

12. LOANS AND ADVANCES - unsecured

	Note	2013	2012
		(Rupees in '000)	
Considered good:			
To suppliers		19,643	33,453
To employees classified as recoverable within next twelve months		231	118
Against letters of credit		4,248	18,634
To sugar cane growers		29,677	27,059
To transport contractors		3,120	1,361
		56,919	81,425
Considered doubtful:			
Sugar cane growers		5,400	5,400
Provision there against		(5,400)	(5,400)
		-	-
		56,919	81,425

13. SHORT-TERM PREPAYMENTS

Prepaid insurance		745	758
Prepaid rent		14	38
Prepaid others		378	718
		1,137	1,514

14. OTHER RECEIVABLES

Sales tax/ Federal excise duty on sale of sugar		5,313	23,010
Special excise duty on sale of sugar		-	24
Freight subsidy	14.1	53,183	-
Miscellaneous		3,016	-
		61,512	23,034

14.1 This amount relates to freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan.

15. SHORT-TERM INVESTMENTS

Available-for-sale securities - related parties			
Quoted:			
Cherat Cement Company Limited 3,477,507 (2012: 3,477,507) fully paid ordinary shares of Rs.10/- each		169,524	136,003
Cherat Packaging Limited 1,367,380 (2012: 834,613) fully paid ordinary shares of Rs.10/- each		57,444	34,185
		226,968	170,188

16. TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax - net of provision		41,764	8,118

17. CASH AND BANK BALANCES

	Note	2013	2012
		(Rupees in '000)	
With banks in:			
Current accounts		1,786	6,175
PLS accounts	17.1	8,403	9,000
		10,189	15,175
Cash in hand		1,305	1,302
		11,494	16,477

17.1 Effective profit rate in respect of PLS accounts is 6% per annum (2012: 5% per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2013	2012		2013	2012
Number of shares			(Rupees in '000)	
15,000,000	15,000,000	Ordinary shares of Rs. 10/- each	150,000	150,000

18.2 Issued, subscribed and paid up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Issued for cash	17,700	17,700
		Issued as fully paid bonus shares :		
7,928,198	6,663,215	- Opening balance	79,282	66,632
1,454,729	1,264,983	- Issued during the year	14,547	12,650
9,382,927	7,928,198		93,829	79,282
11,152,927	9,698,198		111,529	96,982

18.3 Following is the detail of shares held by the related parties.

Name of related parties	Number of shares	
Faruque (Private) Limited	4,619,995	4,017,387
Greaves Pakistan (Private) Limited	266,123	231,412
	4,886,118	4,248,799

19. RESERVES

The detailed reconciliation of reserves is disclosed in the statement of changes in equity.

20. SURPLUS ON REVALUATION OF FIXED ASSETS

	(Rupees in '000)	
Surplus on revaluation of freehold land	202,552	202,552

It represents revaluation of freehold land which had been carried out by independent valuers M/s. Younus Mirza & Co. as at September 28, 2012 to determine the present (realizable) market value by enquiring from local active realtors. Revaluation surplus was credited to surplus on revaluation of fixed assets account.

21. LONG TERM FINANCINGS - secured

From Commercial banks	Mode & commencement of repayment	Security	2013	2012	Mark up / profit rate
			(Rupees in '000)		
Plant Expansion / BMR loans					
Finance 1	Nine semi-annual installments commenced from September 2009	First pari-passu hypothecation charge on plant & machinery months	-	44,444	6 months average KIBOR + 1%
Finance 2	Ten semi-annual installments commencing from February 2013	First pari-passu hypothecation charge on plant & machinery	240,000	300,000	6 months average KIBOR + 0.75%
Finance 3 (Diminishing Musharika)	Sixteen quarterly installments commencing from December 2013	First pari-passu hypothecation charge on plant & machinery	200,000	200,000	3 months average KIBOR + 0.50%
Finance 4	Ten semi-annual installments commencing from February 2014	First pari-passu hypothecation charge on plant & machinery	200,000	-	6 months average KIBOR + 0.40%
			640,000	544,444	
Less: Current maturity			150,000	104,445	
			490,000	439,999	

22. DEFERRED LIABILITIES

	Note	2013	2012
		(Rupees in '000)	
Quality premium	26.1.2 and 26.1.3	78,985	78,985
Market committee fee	26.1.4	36,681	31,322
Deferred tax liability - net	22.1	130,290	136,783
		245,956	247,090

22.1 DEFERRED TAX LIABILITY - net

	2013	2012
Taxable temporary difference arising in respect of :		
- Accelerated tax depreciation allowance	242,667	197,466
Deductible temporary differences arising in respect of :		
- Unabsorbed tax losses & tax credits	(110,802)	(59,108)
- Liabilities written back	(1,575)	(1,575)
	(112,377)	(60,683)
	130,290	136,783

23. TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in '000)	
Creditors			
- For goods supplied		118,075	135,995
- Others		289	624
Accrued liabilities		30,868	32,328
Advances from customers			
- Trading Corporation of Pakistan		-	272,128
- Others		81,599	287,008
Deposits		103	173
Unclaimed dividend		3,116	3,127
Other liabilities	23.1	7,150	13,407
		241,200	744,790

23.1 Other liabilities

	2013	2012
Suppliers income tax	146	541
Staff income tax	677	1,404
Sales tax withheld payable	362	45
Sales tax/ FED	4,794	3,409
Special excise duty	-	45
Workers' welfare fund	-	5,583
Others	1,171	2,380
	7,150	13,407

24. ACCRUED MARK UP

	2013	2012
On long-term financing	8,619	11,926
On short-term borrowings	5,659	10,530
	14,278	22,456

25. SHORT-TERM BORROWINGS - secured

This represents utilized portion of running finance facilities aggregating Rs.1,850 million (2012 : Rs.1,060 million) obtained from various commercial banks. These carry mark-up ranging from 3 month KIBOR + 0.65 % to 1.25% per annum. The facilities are secured against registered first pari passu hypothecation charge over various assets of the Company. These facilities are repayable/ renewable annually.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

26.1.1 The Company has filed suits before the Honourable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the accounts. The management of the Company is of the view that outcome of the suit would be in favour of the Company.

26.1.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisas per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7% determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honourable High Court of Sindh, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honourable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honourable High Court, the Honourable Supreme Court granted stay. The Punjab government is not charging any quality premium in view of an earlier decision of Lahore High Court in a similar case in which the Court had declared the demand of quality premium as unlawful. The Company has recognised the financial impact upto September 30, 2008, as a matter of prudence as described in note 26.1.3.

26.1.3 The Company has challenged in the Honourable High Court of Sindh, the issue of Notification No. 8 (142) SO (EXT) / 95 – XXI dated December 24, 2002 issued by the Secretary to the Government of Sindh, Agriculture Department in connection with the fixation of sugar cane price and payment of quality premium. Pending judgement of the Sindh High Court, the Company has provided the liability in this regard. As judgement is still pending the government has suspended the levy of quality premium for crushing season 2008-09 till 2012-13.

26.1.4 The Company has filed a case in the Honourable High Court of Sindh against the levy of market committee fee by the Government of Sindh on Sugar cane purchased at the factory. The Sindh High Court has granted status quo. Full todate provision of Rs. 30.68 million (2012: Rs. 31.32 million) has been made as a matter of prudence, which includes Rs. 5.36 million for the crushing season 2012-13.

26.1.5 a) The Company challenged levy of further sales tax @1.5% under the Sales Tax Act 1990, amounting to Rs. 4.89 million in the Sindh High Court, for which relief was granted. Against the judgment, the department preferred appeal with the Honourable Supreme Court, and got stay order. The Honourable Supreme Court of Pakistan has set aside the case and referred it to the lower level. No provision is made in this regard since the management is confident that the outcome would be in the Company's favour.

b) The amendment, brought in vide Finance Ordinance 2001 in the Sales Tax Act with the intention to nullify the decision of the High Court on levy of further tax @3% w.e.f 18 June 2001, does not change the legal position of further tax. However, the Company made the payment of 3% further tax under protest in order to avoid the Additional Tax and penalties. In previous years, the Honourable Supreme Court of Pakistan had set aside the case and referred it to the tribunal level, where the Company appeal is pending. In view of the contingencies involved in this case, the Company has not accounted for as refund an amount of Rs. 50.97 million being the further Sales Tax paid in this behalf.

26.1.6 The Company in 2010, has filed a petition in the Honourable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the very jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. Therefore, there are no financial implications related to this at the moment.

26.1.7 The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) Challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 1.40 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition, filed in the Honourable High Court of Sindh, has been allowed in favour of the Company. Furthermore, the Company has filed caveat in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour and the amount is insignificant and is not likely to be materialized.

26.1.8 The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 under this section and notification. On February 22, 2013. The Honourable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007 was likewise a nullity and of no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements for the year ended September 30, 2013. The department has filed in Honourable Supreme Court of Pakistan, a civil petition for leave to appeal against the judgement passed by Honourable High Court of Sindh in Company's favour and the Company is contesting the same.

	Note	2013	2012
		(Rupees in '000)	
26.2 COMMITMENTS			
26.2.1 Letters of credit issued by commercial banks		-	62,090
26.2.2 Letter of guarantee issued by a commercial bank		-	13,635
27. TURNOVER			
Local sales		2,273,741	2,433,981
Less: Sales tax/ Federal excise duty		(97,357)	(171,964)
Special excise duty		(23)	(981)
		(97,380)	(172,945)
		2,176,361	2,261,036
Export sales		1,278,117	280,501
		3,454,478	2,541,537
28. COST OF SALES			
Sugar cane cost		2,499,043	1,911,740
Stores and spare parts consumed		178,752	106,886
Packing material and expenses		32,941	24,602
Salaries, wages and other benefits	28.1	173,065	154,432
Water, fuel and power		23,270	23,367
Insurance		4,540	4,252
Repairs and maintenance		27,971	21,087
Vehicles running expenses		11,776	10,418
Sugar handling expenses		1,819	1,710
Other expenses		9,187	9,067
Depreciation	4.1.1	52,270	47,428
Amortization	5.1	660	660
		2,964,294	2,316,949
Sugar-in-process - opening		2,417	2,528
- closing	9	(4,304)	(2,417)
		(1,887)	111
		2,962,407	2,317,060
Less: - sale of molasses	28.2	238,136	186,550
- sale of bagasse	28.2	23,436	18,535
		261,572	205,085
Cost of goods manufactured		2,700,835	2,111,975
Finished goods opening		627,727	884,253
- closing	9	(104,383)	(627,727)
		523,344	256,526
		3,224,179	2,368,501

28.1 This includes Rs. 6.52 million (2012: Rs. 9.04 million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax and special excise duty of Rs. 2.68 million (2012: Rs. Nil) in respect of molasses and Rs. 3.75 million (2012 : Rs. 2.96 million) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2013	2012
		(Rupees in '000)	
Salaries, wages and other benefits	29.1	3,313	2,560
Insurance		1,921	2,362
Sugar export freight & port handling expences		36,920	21,300
Brokerage and commission			20
Other expenses		324	566
Depreciation	4.1.1	337	339
Amortization	5.1	110	110
		42,925	27,257

29.1 This includes Rs. 0.09 million (2012: Rs. 0.22 million) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	30.1	55,276	46,867
Directors' fee		650	775
Rent, rates and taxes		1,536	1,604
Communication expense		4,096	3,305
Conveyance and travelling		6,695	4,340
Printing and stationery		2,220	893
Entertainment		1,090	1,013
Vehicles running expenses		2,872	1,968
Insurance		1,653	1,588
Repairs and maintenance		2,075	1,929
Subscription		1,452	1,155
Legal and professional charges		7,734	3,917
General expenses		332	717
Utilities		2,271	1,854
Depreciation	4.1.1	3,436	3,828
Amortization	5.1	330	330
		94,618	76,083

30.1 This includes Rs. 1.52 million (2012: Rs. 3.41 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

Auditors' remuneration	31.1	648	577
Provision for stores obsolescence		2,039	-
Charity and donation	31.2	171	282
		2,858	859

	Note	2013	2012
		(Rupees in '000)	
31.1 Auditors' Remuneration			
Annual audit fee		290	240
Half yearly review fee		85	85
Cost audit fee		150	135
Out of pocket expenses		123	117
		648	577

31.2 None of the directors or their spouses had any interest in the donees.

32. OTHER INCOME

	Note	2013	2012
Income from financial assers			
Dividend income from related parties		11,565	2,137
Profit on PLS and deposit accounts with banks		994	456
Mark up on growers' loans		744	143
		13,303	2,736
Income from non-financial assets			
Gain on disposal of property, plant and equipment	4.2	1,462	1,179
Fair value adjustments of biological assets		17,422	-
Net gain from agriculture produce		875	-
		19,759	1,179
Other			
Miscellaneous		2,186	1,808
		35,248	5,723

33. FINANCE COST

		2013	2012
Mark-up on long-term financing		52,164	32,947
Mark-up on short-term borrowings		81,871	97,582
Interest on workers' profit participation fund		-	200
Bank charges		1,236	2,991
		135,271	133,720

34. TAXATION

		2013	2012
Current		(38,947)	(15,568)
Tax Credit - current year		38,947	-
- prior year		15,568	-
		54,515	-
Deferred		6,493	7,000
		22,061	(8,568)

The assessments of the Company for and upto the tax year 2012 have been completed. In view of unabsorbed losses the Company is only liable to pay minimum tax and final tax in the current year, therefore, no numerical tax reconciliation is given.

35. EARNINGS PER SHARE - basic

	2013	2012
Profit for the year	141,178	101,128
	Number of shares	
Weighted average number of ordinary shares in issue	11,152,977	11,152,977
Earnings per share - basic (Rupees)	12.66	9.07 *

*restated

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposed to the following financial risks from the use of financial instruments :

- Market risk including currency risk, interest rate risk and price risk.
- Credit risk
- Liquidity risk.

This note presents information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity. It is the Company policy that no trading in derivatives for speculative purpose shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below :

36.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. The Company is exposed to market risks such as interest rate risk and price risk.

Financial instruments affected by market risk include short-term investments (available-for-sale), long-term financing and short term borrowings.

a) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Company's exposure to the risk arises mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the financial instruments will fluctuate due to change in the market interest rates. The Company interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in functional currencies. Applicable interest rates of financial instruments are given in respective notes.

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 26.39 million (2012: Rs.20.96 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variable remains constant.

c) Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk). The Company has exposed to other price risk like equity risk that arise from Company's investment in listed securities that are classified as available for sale investments. Listed securities are susceptible to market price risk arising from uncertainties about future returns of the investment securities.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 226.97 million (2012: Rs.170.18 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.22.69 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit Risk

Credit risk is the risk of financial loss to the Company if counter parties to a financial instrument fail to meet their contractual obligations. The Company does not have significant exposure in relation to individual customers. Aging analysis of trade debts is disclosed in note no.11 of this financial statements. The Company exposure to credit risk is minimal as the Company receives advance against sale of goods to customers.

The maximum exposure to credit risk at the reporting date is as follows :

	2013	2012
	(Rupees in '000)	
Long-term deposits	995	732
Trade debts	13,595	9,766
Advances	52,440	62,673
Short-term investments	226,968	170,188
Bank balances	10,109	15,175
	304,107	258,534

36.2.1 Credit quality of financial assets

The credit policy of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates .

Trade debts		
Customers with no default in the past one year	13,595	9,766
Advances		
Counter parties without credit rating	52,440	62,673
Short-term investments		
Counter parties without credit rating	226,968	170,188
Cash at bank		
A1 +	10,109	15,175

36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. T h e Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at balance sheet date, the Company has unused credit facilities of Rs.1,659 million (2012 : Rs.1,782 million).

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INTEREST BEARING			NON-INTEREST BEARING			2013	2012
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	150,000	490,000	640,000	-	-	-	640,000	344,444
Deferred liabilities	-	-	-	-	115,666	115,666	115,666	110,307
Short term borrowings	191,446	-	191,446				191,446	186,605
Trade & other payables	-	-	-	233,221	-	233,221	233,221	733,771
Accrued mark-up	-	-	-	14,278	-	14,278	14,278	22,456
	341,446	490,000	831,446	247,499	115,666	363,165	1,194,611	1,397,583

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

36.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for t h e asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs)

Investment at fair value (available-for-sale securities)	Total	Level 1	Level 2	Level 3
	(Rupees in '000)			
September 30, 2013	226,968	226,968	-	-
September 30, 2012	170,188	170,188	-	-

36.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios as at September 30, 2013 and 2012 were as follows:

	2013	2012
	(Rupees in '000)	
Total long-term financing	640,000	544,444
Share capital	111,529	96,982
Reserves	776,576	603,420
Total equity	888,105	700,402
Total equity and long term financing	1,528,105	1,244,846
Gearing ratio	41.88%	43.74%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2013			2012		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	18,689	23,272	13,444	15,693	19,059	8,301
Housing allowance	1,452	3,514	4,387	1,419	3,294	2,870
Utilities	250	708	975	250	666	637
Leave fare assistance	1,085	1,085	-	965	965	-
Retirement benefits	2,340	2,340	816	2,080	2,080	918
	23,816	30,919	19,622	20,407	26,064	12,726
No. of persons	1	2	12	1	2	8

The Chief Executive, Directors and Executives are provided with the use of Company maintained cars and are also provided with the residential telephone facility which is reimbursed at actual to the extent of their entitlements.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, mark-up on loans, amount due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below.

Relationship	Nature of transactions	2013	2012
		(Rupees in '000)	
Group companies	Services received	5,334	3,332
	Goods purchased	22,231	1,069
	Sales made	764,110	703,850
	Dividend received	11,565	13,606
	Investment made	10,755	-
	Dividend paid	-	3,695
Other related parties	Insurance premium	1,413	1,252
	Contribution to staff provident and gratuity funds	5,331	10,766

In addition, certain actual administrative expenses are being shared amongst the group companies.

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

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

Standard or Interpretation		Effective dates (accounting periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendment) Amendments enhancing disclosures about offsetting of financial assets and liabilities	January 1, 2013
IAS 19	Employee Benefits (Revised)	January 1, 2013
IAS 32	Offsetting of financial assets and financial liabilities (Amendment)	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application other than the amendments to IAS 19 'Employees Benefits'. Such amendments range from fundamental changes to simple clarification and re-wording.

The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss;

- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits; and

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

While the Company is currently assessing the full impact of the above amendments which are effective from annual periods beginning on or after 01 January 2013, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses (refer note 3.4(b) to the financial statements) to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments classification and measurement	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangemets	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

40. CAPACITY AND PRODUCTION

	2013	2012
No. of days mill operated	100	96
Crushing capacity per day (M.tons)	7,000	6,500
Total crushing capacity on the basis of no. of days (M.tons)	700,000	624,000
Actual crushing (M.tons)	535,963	467,734
Sugar production (M.tons)	58,920	47,566

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery percentage.

41. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 197 (2012: 203) and average number of employees during the year were 205 (2012: 213).

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on November 26, 2013 by the Board of Directors of the Company.

43. DIVIDEND AND APPROPRIATIONS

Subsequent to the year ended September 30, 2013, the Board of Directors has approved/ proposed the following in its meeting held on November 26, 2013 for the approval of the members at the Annual General meeting."

	2013	2012
	(Rupees in '000)	
Proposed bonus shares @ 10% (2012: 15%)	11,153	14,547

44. CORRESPONDING FIGURES

There were no reclassifications that could affect the financial statements materially.

45. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Pattern of Shareholding

as at September 30, 2013

Number of shareholders	Shareholding From	Shareholding To	Shares held	%
1017	1	100	20,981	0.1881
358	101	500	85,701	0.7684
155	501	1000	109,261	0.9797
189	1001	5000	432,657	3.8793
41	5001	10000	278,779	2.4996
14	10001	15000	166,878	1.4963
8	15001	20000	141,064	1.2648
3	20001	25000	68,839	0.6172
2	25001	30000	51,385	0.4607
2	30001	35000	65,729	0.5893
1	40001	45000	44,000	0.3945
3	50001	55000	162,751	1.4593
1	55001	60000	56,000	0.5021
1	65001	70000	69,500	0.6232
1	110001	115000	113,791	1.0203
1	225001	230000	226,015	2.0265
1	265001	270000	266,173	2.3861
1	280001	285000	280,278	2.5130
1	285001	290000	285,939	2.5638
1	305001	310000	308,637	2.7674
1	335001	340000	337,147	3.0229
1	345001	350000	346,792	3.1094
1	450001	455000	453,924	4.0700
1	725001	730000	729,412	6.5401
1	1430001	1435000	1,431,354	12.8339
1	4615001	4620000	4,619,995	41.4241
1807			11,152,977	100.0000

Categories of Shareholders

as at September 30, 2013

Categories of shareholders	No. of shareholders	Shares held
Directors, Chief Executive Officer, their Spouse(s) and Minor Children		
Mr. Mahmood Faruque	1	18,915
Mrs. Chaman Faruque W/o Mr. Mahmood Faruque	1	10,140
Mr. Mohammed Faruque	1	1
Mr. Aslam Faruque	1	8,291
Mr. Akbarali Pesnani	1	34,232
Mr. Arif Faruque	1	24,598
Mr. Tariq Faruque	1	11,514
Mr. Toufique Habib	1	1,507
Associated Companies, Undertakings and Related Parties		
Faruque (Private) Limited	1	4,619,995
Greaves Pakistan (Private) Limited	1	266,123
Executives	-	-
Public Sector Companies and Corporations	10	1,337,665
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	11	120,094
Mutual Funds		
National Bank of Pakistan-Trustee Department NI(U)T Fund	1	1,431,354
General Public	1,750	2,180,498
Others	25	1,079,912
Total	1,807	11,152,927
Share holders holding 5% or more		
Faruque (Private) Limited		4,619,995
National Bank of Pakistan-Trustee Department NI(U)T Fund		1,431,354
National Bank of Pakistan		747,882

MIRPURKHAS SUGAR MILLS LTD
49th Annual General Meeting
2013

proxy form

IMPORTANT
Instrument of Proxy will not be considered as valid unless it is deposited or received at the Company's Registered Office at Modern Motors House, Beaumont Road, Karachi-75530 not later than 48 hours before the time of holding the meeting.

Registered Folio/ Participant's
ID No. & A/c No.____________________
____
No. of Shares held__________________

I / We ____

of ____

being member of Mirpurkhas Sugar Mills Limited, hereby appoint____________________

________________________ of ________________________

another member of the Company as my/ our proxy to attend & vote for me/ us and on my/ our behalf at the 49th Annual General Meeting of the Company to be held on Monday, December 30, 2013 at 9:30 a.m. and at any adjournment thereof.

WITNESSES:

1. Signature____________________
   Name_______________________
   Address_____________________
   ____
   CNIC or Passport No.____________

Signature of Shareholder

Please affix Revenue Stamp

2. Signature____________________
   Name_______________________
   Address_____________________
   ____
   CNIC or Passport No.____________

Note: SECP's Circular of January 26, 2000, is on the reverse side of this form.

Circular

Securities and Exchange Commission of Pakistan
STATE LIFE BUILDING # 7, BLUE AREA, ISLAMABAD

Islamabad, January 26, 2000

Circular No.1 of 2000

Sub : GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

The shares of a number of listed companies are now being maintained as "book entry security"on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instructions to be issued in this regard the following guidelines for the convenience of the listed companies and the beneficial owners are laid down :

A. Attending of meeting in person by account holders and/or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS :

(1) The Company shall obtain list of beneficial owners from the CDC as per regulation # 12.3.5 of the CDC Regulations.

(2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up loaded as per the regulations, shall authenticate his identity by showing his orignal National Identity Card (NIC) or original Passport at the time of attending the meeting.

(3) In case of Corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of proxies :

(1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.

(2) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

(3) Attested copies of NIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

(4) The proxy shall produce his orignal NIC or original Passport at the time of the meeting.

(5) In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted alongwith Proxy Form to the Company.

sd
(M. Javed Panni)
Chief (Coordination)

GHULAM FARUQUE
GROUP

Registered Office
Modern Motors House
Beaumont Road
Karachi-75530 Pakistan
UAN: +92 - 21-111- 354 -111
Fax: +92 - 21- 35688036
Web: www.gfg.com.pk