



AL-NOOR SUGAR MILLS LTD.
ANNUAL REPORT 2015



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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. YUSUF AYOOB
MR. ISMAIL H. ZAKARIA
MR. SULEMAN AYOOB
MR. A. AZIZ AYOOB
MR. NOOR MOHAMMAD ZAKARIA
MR. ZIA ZAKARIA
MR. SALIM AYOOB
MR. ZOHAIR ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Managing Director
Resident Director

Independent Director
(N.I.T. Nominee)

BOARD AUDIT COMMITTEE

MR. A. AZIZ AYOOB
MR. ZIA ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Member
Independent Director
Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. NOOR MOHAMMAD ZAKARIA
MR. ISMAIL H. ZAKARIA
MR. ZIA ZAKARIA

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

MR. ZOHAIR ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

KRESTON HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

REGISTERED OFFICE

96-A, SINDHI MUSLIM SOCIETY,
KARACHI-74400
Tel: 34550161-63 Fax: 34556675

FACTORY

SHAHPUR JAHANIA, P.O. NOOR JAHANIA, TALUKA MORO,
DISTRICT SHAHEED BENAZIR BHUTTO ABAD (NAWABSHAH)

REGISTRAR & SHARE REGISTRATION OFFICE

C & K MANAGEMENT ASSOCIATES (PVT) LTD.
404-TRADE TOWER,
ABDULLAH HAROON ROAD,
NEAR METROPOLE HOTEL,
KARACHI - 75530

WEBSITE

www.alnoorsugar.co



Mission Statement

To gain strength through industry leadership in the manufacturing and marketing of sugar and Lasani Wood and to have a strong presence in these products markets while retaining the options to diversify in other profitable ventures.

To operate ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio economic development of Pakistan especially in the rural areas through industrial expansion and development.

Vision Statement

To be a model company producing sugar and allied products of international quality by maintaining a high level of ethical and professional standards.

CODE OF CONDUCT

Al-Noor Sugar Mills is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

THE COMPANY

- Fulfills all statutory requirements of the Regulatory Authority and follows all applicable laws of the country together with compliance of accepted accounting principles, rules and procedures required.
- Deals with all stakeholders in an objective and transparent manner so as to meet the expectations of those who rely on the Company.
- Meet the expectations of the spectrum of the society and the Regulatory Authority by implementing an effective and fair system of financial reporting and internal controls.
- Uses all means to protect the environment and ensures health and safety of the employees.
- Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather than their own.
- Ensures efficient and effective utilization of its resources.

AS DIRECTORS

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's goals.
- Support and adherence to compliance of legal and industry requirements.
- Safeguard the interest and assets of the company to meet and honor all obligations of the Company.
- Promote a culture that supports enterprise and innovation with appropriate short-term and long-term performance related rewards that are fair and achievable in motivating management and employees effectively and productively.

AS EXECUTIVE AND MANAGERS

- Ensure cost effectiveness and profitability of operations.
- Provide directions and leadership for the organization and take viable and timely decisions.
- Develop and cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self-realization in employees through meaningful empowerment.
- Promote and develop culture of excellence, conservation and continuous improvement.
- Provide pleasant work atmosphere and ensure an equitable way of working and rewarding system.
- Institute commitment to environmental, health and safety performance.

AS EMPLOYEES AND WORKERS

- Observe Company policies, regulations and codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

NOTICE OF MEETING

Notice is hereby given that 46th Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Friday, 29th January, 2016 at 03.30 p. m to transact the following Business

ORDINARY BUSINESS

1. To confirm the Minutes of the 45th Annual General Meeting of the Company held on 30th January, 2015.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2015 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of cash dividend @ 33% .i.e. Rs.3.30 per ordinary share of Rs.10/= each for the year ended 30th September 2015 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2016.
5. To transact any other business with permission of the Chair.

By Order of the Board



(M. YASIN MUGHAL)
COMPANY SECRETARY

Karachi: December 29, 2015

NOTE:

1. The Register of the Members of the Company will remain closed from 23rd January, 2016 to 2nd February, 2016 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares.
2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. **Submission of copies of CNIC:**

SECP has directed vide SRO No.831(1)2012 dated July 05, 2012 to issue dividend warrants only crossed as " A/c Payee only" and should bear the computerized National Identity Card (CNIC) number of the registered member. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN alongwith the Folio number(s) to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC, failing which we will not be responsible, if we are unable to pay the dividends to the Shareholders who have not submitted their valid CNIC

4. Deduction of Withholding Tax from Dividend U/S 150 of the Income Tax Ordinance, 2001

- (i) Pursuant to the provisions of the Finance Act, 2015 effective from July 1, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:
 1. Rate of tax deduction for the filer(s) of income tax return 12.50%.
 2. Rate of tax deduction for the non-filer(s) of income tax return 17.50%.

To enable the company to make tax deduction on the amount of cash dividend @ 12.50% instead of 17.50%, shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.50% instead of 12.50%.

- (ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all share holders who hold such shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share registrar in writing as follows:

| Company Name | Folio/CDS Account # | Total Shares | Principal shareholder | | Joint Shareholders | | Signature |
|--------------|---------------------|--------------|-----------------------|----------------------------|--------------------|----------------------------|-----------|
| | | | Name and CNIC # | Proportion (No. of shares) | Name and CNIC # | Proportion (No. of shares) | |
| | | | | | | | |
| | | | | | | | |

5. Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax.

As per FBR Circulars C No. 1(29) WHT/2006 dated June 30, 2010 and C No. 1(43) DG (WHT) 2008-Vol-II-66417-R dated May 12, 2015 the valid exemption certificate is mandatory to claim exemption amount of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholder who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide Valid Tax Exemption Certificate to our Share Registrar.

In case of those shareholders who are non-residents are requested to please provide their respective detail including residence status /country of residence with copy of their NICOP to our Share Registrars before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

6. Payment of Cash Dividend Electronically (Optional):

The Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank account instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant) CDC.

7. Electronic Transmission Of Annual Financial Statement And Notices Of The Company.

Pursuant to SRO.787(1)/2014 of September 08, 2014 the Securities and Exchange Commission of Pakistan (SECP) has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. www.alnoorsugar.co Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered email address.

8. Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.alnoorsugar.co

9. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are uploaded as per the Regulations shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

- i. 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 uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the company.

10. Change of Address:

Shareholders are requested to inform the Company's Share Registrar , M/S. C & K Management Associates (Pvt.) Limited, 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi of any change in their addresses immediately.

DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum;

On behalf of Board of Directors I feel pleasure to place before you the audited financial statements of your company, the significant achievements as reflected therein together with Auditors' and Directors' Reports thereon, for the year ended September 30, 2015. The Company has earned a profit after tax amounting to Rs. 166.319 million as against Rs 31.333 million earned last year.

Salient comparative production and financial data are summarized as under:

| PRODUCTION DATA | 2014-15 | 2013-14 |
|--|-------------------|----------------|
| Crushing season started on | 9-12-2014 | 01-11-2013 |
| Season ended on | 29-03-2015 | 05-04-2014 |
| Duration of crushing (days) | 110 | 155 |
| Sugarcane crushed (Metric Tons) | 1,013,118 | 1,293,261 |
| sugar produced (Metric Tons) | 104,283 | 126,719 |
| Sugar recovery rate (percentage) | 10.30 | 9.80 |
| Molasses produced (Metric Tons) | 47,925 | 64,628 |
| MDF Board produced (Cubic Meter) | 58,808 | 49,852 |
| Duration of MDFB Plant operated (Days) | 309 | 316 |

| FINANCIAL DATA | (Rupees in thousand) | |
|--------------------------|-----------------------------|-----------|
| Sales Revenue | 6,966,274 | 7,699,097 |
| Cost of sales | 5,938,537 | 6,850,190 |
| Gross profit | 1,027,737 | 848,907 |
| Administrative expenses | 409,024 | 400,594 |
| Finance Cost | 383,008 | 389,784 |
| Profit before taxation | 221,089 | 76,223 |
| Provision for taxation | (54,770) | (44,890) |
| Profit after tax | 166,319 | 31,333 |
| Earnings per share basic | Rs. 8.12 | Rs. 1.53 |

PERFORMANCE REVIEW:

SUGAR DIVISION:

It would be observed from the production data that during the year under consideration sugarcane crushed was less than the last season by 21.66 percent as the crop position was weaker and lesser quantity of raw material was available for crushing. As a result the production of sugar also decreased due to lower volume of crushing. However sugar recovery percentage improved due to commencement of crushing when the sugarcane was fully matured. The recovery percentage thus improved to 10.30 percent as against 9.80 percent achieved last year. Your mills crushed 1,013,118 metric tons of sugarcane as against 1,293,261 metric tons crushed in the last year's crushing season.

For the crushing season 2014-15 the Government of Sindh issued price notification fixing the minimum support price of sugarcane at Rs.182/= per 40 kg of the same. The price of raw material as notified was high keeping in view the sugar price in the local and international markets. The sugar mills in the province of Sindh protested the same and Government of Sindh issued another notification reducing the price of sugarcane to Rs.155/= per 40 kg. The reduced price was not accepted by the growers and the Government of Sindh issued yet another notification maintaining the price at Rs.182/= per 40 kg of the cane. Keeping in view the price of sugar the same was again protested by the sugar mills and a petition were filed before the Honorable High Court of Sindh through Pakistan Sugar Mills Association. The Honorable High Court decided the matter

favoring the price fixed by the Government. Understandably the decision was not acceptable to Sugar Mills Association who then filed a petition before the Honorable Supreme Court of Pakistan who directed the Honorable Sindh High Court to discuss the matter with the stakeholders including Government of Sindh in order to arrive at an acceptable solution of the issue. Final decision would be taken by the Honorable Supreme Court of Pakistan which would be binding to all the stakeholders finally. The Honorable Sindh High Court with the consent of all stakeholders decided that the sugar mills would purchase the cane at the rate of Rs.160/= per 40 kg whereas Rs.12/= per 40 kg would be paid by the Sindh Government through the sugar mills. The fate of remaining Rs.10/= per 40 kg will depend upon the decision of the Honorable Supreme Court of Pakistan.

During the period under consideration the production of sugar was more than the requirements of the country including carry over stock and the Government allowed export of the same but this option was also not suitable for the producers as the production of sugar on worldwide basis was also more which depressed the price of the product in the international markets also.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

During the year under consideration, the plant produced 58,808 Cubic Meters of Lasani wood in various sizes and thickness as against 49,852 Cubic Meters produced during the previous year. The MDF Division has faced power outages which have affected quality of the board produced and efficiency losses in the production. The final product during the year included laminated sheets in various sizes and colors produced during the year thereby increasing component of value added board in the product line. Some of the product was also exported to Afghanistan although geographical uncertainty and unrest affected transport route and also reduced export sales. Some board producing units have also emerged in Khyber Pakhtunkhwa and have an advantage of availability of raw material and labor at low cost and reduced transportation charges to the neighboring country of Afghanistan. This has resulted in substantial reduction in the export of your company.

POWER GENERATION DIVISION:

As discussed in the last year's Annual Report, the availability of power from WAPDA was uncertain due to frequent load shedding and accordingly the Company had acquired its own power generators to overcome the situation which are being operated during the crushing season and bagasse is utilized as fuel therein. The additional boiler and turbine that had been installed has achieved reasonable capacity of power generation; as a result surplus power was supplied to WAPDA during the crushing season. Your company generated additional revenue valuing Rs.102.106 million from sale of power this year as against Rs.178.622 million last year. In addition the requirements of power of the Sugar Mills and MDF Board division were also met during the crushing season.

CAPITAL EXPENDITURE:

In the Sugar Industry, upgrading the plant and machinery is a continuous process. During the year under consideration the Company incurred an expenditure of Rs.184.983 million on additions and BMR in order to maintain the efficiency of the plant.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:

1. The Financial Statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. The Company has maintained proper books of accounts as required by the law.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as going concern.
7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the listing regulations of the Stock Exchanges.
8. There have been no outstanding statutory payments; except those under normal course of business and some disputed cases which are appearing in the relevant notes to the financial statements.
9. The pattern of share holding in the Company as on September 30, 2015 is also included in the Annual Report.
10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the company except as otherwise indicated.

11. Value of investment and balance in deposit accounts of Provident Fund based on un-audited accounts as at June 30, 2015 amounted to Rs.105.254 million.

The key operating and financial data of the last ten years and pattern of shareholding have been included in the Annual Report. There has been no significant change in the holding of directors or their spouses except as otherwise indicated.

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:

There was no change in the composition in the Board of directors since its constitution on March 25, 2014 in an Extra Ordinary General Meeting of the members was held on the said date. During the year under review four Board meetings were held and attendance by each Director was as follow:

| | NAME OF DIRECTORS | ATTENDED | STATUS |
|-----|--|-----------------|----------------------|
| 01. | Mr. Yusuf Ayoob (Chairman) | 4 | Non-Executive |
| 02. | Mr. Ismail H Zakaria (Managing Director) | 4 | Executive |
| 03. | Mr. Suleman Ayoob | 4 | Executive |
| 04. | Mr. Aziz Ayoob | 4 | Non-Executive |
| 05. | Mr. Noor Mohammad Zakaria | 4 | Non-executive |
| 06. | Mr. Zia Zakaria | 2 | Non-executive |
| 07. | Mr. Salim Ayoob | 3 | Non-executive |
| 08. | Mr. Zohair Zakaria | 2 | Executive |
| 09. | Mr. Shamim Ahmed | 4 | Independent Director |
| 10. | Mr. Muhammad Asif | 4 | N.I.T. Nominee |

The details of the remuneration of executives and non-executive directors have also been provided in the relevant note to the financial statements as required under the Code of Corporate Governance.

AUDIT COMMITTEE:

The Board has also set up an Audit Committee comprising of the following directors. During the year under consideration four meetings of Audit Committee were held and attendance of each member is also indicated as under.

| | NAMES OF DIRECTORS | ATTENDED | STATUS |
|-----|----------------------------|-----------------|----------------------|
| 01. | Mr. A. Aziz Ayoob Chairman | 4 | Non-Executive |
| 02. | Mr. Zia Zakaria Member | 3 | Non-executive |
| 03. | Mr. Shamim Ahmed Member | 3 | Independent Director |
| 04. | Mr. Muhammad Asif Member | 4 | Non-executive |

Term of Reference of the Audit Committee has also been determined by the Board in accordance with the guide lines provided in the Listing Regulations of the Stock Exchanges.

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board in accordance with the Code of Corporate Governance had constituted Human Resource and Remuneration Committee comprising of the following directors. During the year one meeting of the Committee was held and attendance was as follow:

| | NAME OF THE DIRECTORS | POSITION | STATUS | ATTENDED |
|-----|------------------------------|-----------------|---------------|-----------------|
| 01. | Mr. Noor Mohammad Zakaria | Chairman | Non-executive | 1 |
| 02. | Mr. Ismail H Zakaria | Member | Executive | 1 |
| 03. | Mr. Zia Zakaria | Member | Non-executive | 1 |

FUTURE OUTLOOK:

SUGAR DIVISION:

For the crushing season 2014-15, the Government of Sindh enhanced the cane price to Rs. 182 per 40 kg of cane which was disputed by the sugar mills and the growers. The dispute was resolved by the Honorable High Court of Sindh as mentioned earlier. While the government exercises control over the price of the sugarcane to protect the growers, it is imperative to exercise similar control over the selling price of sugar. It is a well known fact that the price of sugar has been depressed in the international and domestic markets due to excessive production of the same. Meanwhile the crushing of sugarcane for 2015-16 has commenced on November 27, 2015 and recovery rate trend is not yet clear. The same would

be clear when substantial volume of sugarcane crushing is completed. The area under plantation has remained more or less the same and the yield is expected to improve due to timely availability of water. It is expected that the production of sugar by your mills during 2015-2016 would be similar to that of last year provided the recovery percentage of sugar is improved.

The countrywide sugar production in the year ahead once again seems to be a significant surplus. The prospects of export may enable an outlet for this excess sugar and help to ease the over-supply scenario. However, this will depend largely on the international market price of the product which also appeared to be depressed due to international excessive production of the same. Export sales not only allow a better price realization and regular lifting of sugar also help to reduce the financial charges of your company.

Presently the oil price reduction has affected most commodities prices. The general trend has been gradual weakening of commodity prices including sugar worldwide. This trend seems poised to continue for the next few years and accordingly the price of sugar may continue to remain depressed in the distant future.

MDF BOARD DIVISION:

Efforts are underway to enhance value addition of the MDF products by adding new lamination processes. The general consumption trend locally and internationally is emerging whereby the finished (laminated) product has higher demand. Accordingly the management is focusing all efforts towards this goal.

During the first quarter of the current year up to December 21, 2015, the plant has operated satisfactorily and produced 7,985 Cubic Meters of Board in various thicknesses which also included laminated sheets and it is expected that the production of the Division would increase during the remaining period of the year.

CREDIT RATING OF THE COMPANY:

JCR-VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of "A-/A-2" (Single "A" Minus A-Two) to the Company. Outlook on the outstanding rating is "Stable".

MECHANISM FOR EVALUATION OF THE BOARD:

The Board and Board's Committees continuously strive to improve their effectiveness and undertake annual reviews to assess the Board's performance. The Board also reviews developments in the corporate governance to ensure that the company remains aligned with the best practices.

In order to ensure on-going effectiveness as high performing Board, a Board Performance Evaluation process has been initiated through introducing a questionnaire covering Board's scope, objectives, functions, company's performance and monitoring. The Board also reviews the performance of the CEO against pre-determined operational, tactical and strategic goals.

CORPORATE & SOCIAL RESPONSIBILITY:

The company continues to operate a school in the factory area and provides education not only to the children of employees but also to the children residing in the surrounding areas of the Mills. Your company also availed medical coverage scheme from M/s Takaful Pakistan Limited for executives and employees and medical cards have been provided enabling them to avail medical facilities from the authorized hospitals as and when required.

DIVIDEND:

Directors are pleased to recommend the payment of cash dividend @ 33 percent i.e. Rs.3.30 per share of Rs.10 each. (2014 : 10% cash dividend i.e. Re.1.00 per share of Rs.10 each in).

AUDITORS:

The present auditors, M/s Kreston Hyder Bhimji & Co., Chartered Accountants retired and being eligible have offered their services for reappointment for the financial year 2015-2016. Audit Committee has also recommended their appointment and Board of Directors of the company endorsed the recommendations of the Audit Committee for re-appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants, till the conclusion of the next Annual General Meeting of the members.

STAFF RELATIONS:

Finally the Directors of your Company record their appreciations for the perseverance, commitment to meeting the objectives and targets and the team work put in by the Management and employees, in the current demanding environment and are confident that they will continue to demonstrate the same zeal and vigor in future.

By order of the Board



ISMAIL H. ZAKARIA
CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH SEPTEMBER 2015

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited 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 CCG in the following manner.

1. The company encourages representation of independent non-executives directors on the Board of Directors. At present the Board consists of ten directors including six non-executive directors and one independent director. At present the Board includes.

| <u>Category</u> | <u>Names</u> |
|-------------------------|--------------------------------|
| Independent Director | i) Mr. Shamim Ahmed |
| Executive Directors | ii) Mr. Ismail H Zakaria |
| | iii) Mr. Suleman Ayoob |
| | iv) Mr. Zohair Zakaria |
| Non-Executive Directors | v) Mr. Yusuf Ayoob |
| | vi) Mr. A. Aziz Ayoob |
| | vii) Mr. Noor Mohammad Zakaria |
| | viii) Mr. Zia Zakaria |
| | ix) Mr. Muhammad Asif |
| | x) Mr. Salim Ayoob |

The independent director meets the criteria of independence under clause 1 (b) of the CCG

2. All the directors have confirmed that none of them is serving as director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBF1. None of the directors of the company is a member of the stock exchange.
4. No casual vacancy occurred in the Board during the year.
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 executives 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 at least once in every quarter. Written notices of the board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Since all the directors possess 14 years of education and more than 15 years of experience, they are exempt from the directors' training program as per Code of Corporate Governance. However one of the directors has acquired the required certification from the Institute of Corporate Governance.
10. No new appointment of CFO, Company Secretary or the Head of Internal Audit has been made during the year. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit and any changes thereto has been approved by the Board.
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. All members are non-executive.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive including Chairman and one executive director.
18. The Board has set up an effective internal audit function in the Company managed by qualified and experience professional who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on a full time basis. The head of internal audit department functionally reports to the Board's Audit Committee.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated amongst all the market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with except those indicated in the notes to the accounts.

Karachi; December 29, 2015


ISMAIL H. ZAKARIA
CHIEF EXECUTIVE OFFICER

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--------------------------|-----------|-----------|-----------|------------|------------|-----------|-----------|------------|-----------|------------|
| | | | | (Restated) | (Restated) | | | (Restated) | | (Restated) |
| BALANCE SHEET: | | | | | | | | | | |
| Share Capital | 204,737 | 204,737 | 204,737 | 185,703 | 185,703 | 185,703 | 185,703 | 185,703 | 185,703 | 185,703 |
| Reserves | 1,232,727 | 1,028,809 | 1,028,809 | 926,504 | 980,792 | 928,612 | 691,371 | 568,382 | 344,659 | 301,468 |
| Surplus on revaluation | | | | | | | | | | |
| of fixed assets | 1,184,605 | 1,230,740 | 1,230,740 | 621,224 | 656,126 | 708,767 | 765,432 | 795,686 | 337,261 | 369,288 |
| Long Term Liabilities | 1,120,111 | 1,174,073 | 1,174,073 | 715,979 | 457,783 | 408,534 | 358,463 | 270,630 | 400,714 | 150,073 |
| Deferred Liabilities | 648,983 | 690,169 | 690,169 | 374,560 | 453,761 | 561,830 | 518,674 | 473,657 | 346,074 | 344,112 |
| Current Liabilities | 2,758,206 | 2,236,586 | 2,236,586 | 3,147,017 | 3,142,284 | 1,431,018 | 1,283,079 | 1,542,332 | 723,653 | 723,016 |
| Operating Assets | 3,639,629 | 3,706,951 | 3,706,951 | 2,674,032 | 230,921 | 2,681,942 | 2,327,921 | 2,264,422 | 1,527,982 | 1,472,955 |
| Long Term Deposits | 3,552 | 46,954 | 46,954 | 42,835 | 42,375 | 4,688 | 4,290 | 5,071 | 11,317 | 10,742 |
| Long Term Loans | 6,022 | 3,516 | 3,516 | 4,230 | 5,032 | 4,476 | 4,144 | - | - | - |
| Long Term Investments | 260,215 | 246,884 | 246,884 | 172,566 | 151,852 | 143,933 | 143,772 | 98,416 | 10,263 | 8,607 |
| Current Assets | 3,239,951 | 2,560,809 | 2,560,809 | 3,074,050 | 2,850,409 | 1,389,425 | 1,322,595 | 1,466,075 | 788,502 | 581,356 |
| TRADING: | | | | | | | | | | |
| Turnover | 6,966,274 | 7,699,097 | 7,699,097 | 6,129,081 | 5,983,046 | 6,313,220 | 4,249,981 | 3,048,478 | 2,382,212 | 2,698,535 |
| Gross Profit | 1,027,737 | 848,907 | 848,907 | 678,924 | 737,206 | 1,001,803 | 682,952 | 622,358 | 327,203 | 415,307 |
| Operating Profit (Loss) | 1,028,381 | 851,525 | 851,525 | 682,242 | 739,831 | 1,006,841 | 690,503 | 637,048 | 212,905 | 324,858 |
| Profit(Loss) before Tax | 221,089 | 76,223 | 76,223 | (85,513) | 59,875 | 391,453 | 210,749 | 244,243 | 39,759 | 182,154 |
| Profit(Loss) after Tax | 166,319 | 31,333 | 31,333 | (43,099) | 104,465 | 254,398 | 119,738 | 212,217 | 26,924 | 116,767 |
| Earning per share | 8.12 | 1.53 | 1.53 | (2.21) | 5.63 | 13.70 | 6.45 | 11.26 | 1.45 | 6.29 |
| Cash dividend | 33% | 10% | 5% | 5% | 30% | 50% | 40% | 30% | 15% | 10% |
| Bonus shares | - | - | 5% | 5% | NIL | NIL | NIL | NIL | NIL | NIL |
| SUGAR PRODUCTION: | | | | | | | | | | |
| a) From Cane | 104,283 | 126,719 | 99,740 | 88,058 | 71,655 | 73,175 | 66,495 | 98,113 | 68,310 | 62,722 |
| b) From Raw Sugar | - | - | - | - | - | - | - | - | - | 7,980 |
| Sugar Produced (M.Tons) | 104,283 | 126,719 | 99,740 | 88,058 | 71,655 | 73,175 | 66,495 | 98,113 | 68,310 | 70,702 |
| Cane crushed (M.Tons) | 1,013,118 | 1,293,261 | 959,302 | 885,101 | 888,736 | 774,230 | 736,420 | 1,062,304 | 782,777 | 662,200 |
| Recovery (%) | 10.30% | 9.80% | 10.40% | 9.95% | 8.05% | 9.47% | 9.03% | 9.24% | 8.72% | 9.47% |



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

We have reviewed the annexed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended September 30, 2015 prepared by the Board of Directors of **AL-NOOR SUGAR MILLS LIMITED** ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges, where the Company is listed.

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

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

Further, the Listing Regulations 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 requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the company for the year ended September 30, 2015.


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi, December 29, 2015

KARACHI Office:

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053, E-mail: bhimji@cyber.net.pk, info-khi@hyderbhimji.com

LAHORE Office:

Amin Building, 65-The Mall, Lahore. Phone: 92-42-37352661-37321043 Fax: 92-42-37248113, E-mail: info-lhr@hyderbhimji.com, hyderbhimjilahoreoffice@gmail.com

FAISALABAD Office:

206-1st Floor, Business Centre, New Civil Line, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifsd@gmail.com, info-fsd@hyderbhimji.com

www.hyderbhimji.com

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/s. AL-NOOR SUGAR MILLS LIMITED** (the Company) as at September 30, 2015 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 purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on 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, 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, 2015 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Engagement Partner: Shaikh Mohammad Tanvir

Karachi, December 29, 2015

KARACHI Office:

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053, E-mail: bhimji@cyber.net.pk, info-khi@hyderbhimji.com

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www.hyderbhimji.com

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BALANCE SHEET
AS AT SEPTEMBER 30, 2015

| | Note | 2015 Rupees in thousand | 2014 |
|---|------|----------------------------|------------------|
| ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 3,639,629 | 3,706,951 |
| Intangible asset | 5 | - | - |
| Long term investments | 6 | 260,215 | 246,884 |
| Long term loans | 7 | 6,022 | 3,516 |
| Long term deposits | 8 | 3,552 | 46,954 |
| | | 3,909,418 | 4,004,305 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | 9 | 313,986 | 298,554 |
| Stock in trade | 10 | 2,495,964 | 1,794,897 |
| Trade debts | 11 | 120,106 | 55,320 |
| Loans and advances | 12 | 83,115 | 103,541 |
| Trade deposits and short term prepayments | 13 | 38,946 | 3,767 |
| Other receivables | 14 | 74,208 | 95,980 |
| Income tax refund due from Government | | 7,037 | - |
| Income tax refundable - net of provision | | 8,416 | 60,241 |
| Cash and bank balances | 15 | 98,173 | 148,509 |
| | | 3,239,951 | 2,560,809 |
| | | 7,149,369 | 6,565,114 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised Capital 50,000,000 ordinary shares of Rs.10 each | | 500,000 | 500,000 |
| Issued, subscribed and paid-up capital | 16 | 204,737 | 204,737 |
| General reserve | | 1,000,000 | 1,000,000 |
| Share of associate's unrealised loss on remeasurement of associate's investments | | (1,998) | (1,005) |
| Unappropriated profit | | 234,725 | 29,814 |
| | | 1,437,464 | 1,233,546 |
| Surplus on Revaluation Of Property, Plant and Equipment | 17 | 1,184,605 | 1,230,740 |
| | | 2,622,069 | 2,464,286 |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 18 | 1,120,111 | 1,111,433 |
| Liabilities against assets subject to finance lease | 19 | - | 62,238 |
| Deferred liabilities | 20 | 648,983 | 690,169 |
| Long term deposits | | - | 402 |
| | | 1,769,094 | 1,864,242 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 21 | 1,067,464 | 457,217 |
| Accrued markup / finance cost | 22 | 48,114 | 65,433 |
| Short term borrowings | 23 | 1,173,087 | 1,306,299 |
| Current portion of Long term financing and liabilities against assets subject to finance lease | 24 | 469,541 | 407,637 |
| | | 2,758,206 | 2,236,586 |
| CONTINGENCIES AND COMMITMENTS | 25 | - | - |
| | | 7,149,369 | 6,565,114 |

The annexed notes from 1 to 46 form an integral part of these financial statements.


ISMAIL H. ZAKARIA
Chief Executive Officer


SULEMAN AYOOB
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Note | 2015 Rupees in thousand | 2014 |
|--|------|----------------------------|-------------|
| Sales | 26 | 6,966,274 | 7,699,097 |
| Cost of sales | 27 | (5,938,537) | (6,850,190) |
| Gross profit | | 1,027,737 | 848,907 |
| Profit from trading activities | 28 | 644 | 2,618 |
| | | 1,028,381 | 851,525 |
| Less: | | | |
| Distribution cost | 29 | (23,225) | (29,141) |
| Administrative expenses | 30 | (409,024) | (400,594) |
| Other operating charges | 31 | (75,633) | (8,702) |
| | | (507,882) | (438,437) |
| | | 520,499 | 413,088 |
| Other income | 32 | 55,101 | 17,334 |
| | | 575,600 | 430,422 |
| Finance cost | 33 | (383,008) | (389,784) |
| | | 192,592 | 40,638 |
| Share of profit in associates | 6 | 28,497 | 35,585 |
| Profit before taxation | | 221,089 | 76,223 |
| Taxation | 34 | (54,770) | (44,890) |
| Profit after taxation | | 166,319 | 31,333 |
| Earning per share - Basic and Diluted (Rupees) | 35 | 8.12 | 1.53 |

The annexed notes from 1 to 46 form an integral part of these financial statements.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Note | 2015 Rupees in thousand | 2014 |
|---|------|----------------------------|--------|
| Profit after taxation | | 166,319 | 31,333 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified subsequently to profit and loss | | | |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from: | | | |
| Company's revaluation surplus | | 54,801 | 57,065 |
| Share of associate's incremental depreciation of revaluation surplus | | 3,739 | 2,919 |
| Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment. | | (7) | - |
| Transfer from surplus on revaluation of property, plant and equipment on account of disposal of plant and machinery | | 509 | - |
| Items that may be reclassified subsequently to profit and loss | | | |
| Share of associate's unrealized gain on remeasurement of investment | 6 | (993) | 598 |
| | | 58,049 | 60,582 |
| Total Comprehensive Income for the year | | 224,368 | 91,915 |

The annexed notes from 1 to 46 form an integral part of these financial statements.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Note | 2015 | 2014 |
|--|-------|------------------|------------------|
| Rupees in thousand | | | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 221,089 | 76,223 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 4.1.2 | 240,925 | 227,445 |
| Amortization of intangible assets | | - | 983 |
| Gain on disposal of property, plant and equipment | | (7,389) | (5,065) |
| Provision for export freight subsidy | 14 | 49,779 | |
| Provision for obsolescence and slow moving items | 9.1 | 10,201 | 3,040 |
| Finance cost | 33 | 383,008 | 389,784 |
| Share of profit in associates | 6 | (28,497) | (35,585) |
| | | 648,027 | 580,602 |
| Cash generated before working capital changes | | 869,116 | 656,825 |
| (Increase) / decrease in current assets | | | |
| Stores, spare parts and loose tools | | (25,633) | (35,407) |
| Stock in trade | | (701,067) | 14,257 |
| Trade debts | | (64,786) | 41,028 |
| Loans and advances | | 20,426 | (52,656) |
| Trade deposits and short term prepayments | | (179) | (677) |
| Other receivables | | (20,417) | (36,170) |
| | | (791,656) | (69,625) |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payables | | 610,247 | (445,309) |
| Short term borrowings | | (133,212) | 636,056 |
| | | 477,035 | 190,747 |
| Cash generated from operations | | 554,495 | 777,947 |
| Income tax paid | | (72,806) | (109,911) |
| Income tax refund received / adjusted | | 34,553 | - |
| Finance cost paid | | (400,327) | (369,834) |
| Increase in long term loans | | (2,506) | (941) |
| Decrease / (Increase) in long term deposits | | 8,000 | (9,104) |
| | | (433,086) | (489,790) |
| Net cash inflow from operating activities | | 121,409 | 288,157 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (184,983) | (456,944) |
| Sale proceeds from disposal of property, plant and equipment | | 18,768 | 7,535 |
| Dividend received from long term investment | | 6,600 | 4,950 |
| Net cash used in investing activities | | (159,615) | (444,459) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 585,000 | 528,733 |
| Repayment of long term financing | | (543,967) | (283,458) |
| Additions to liabilities against assets subject to finance lease | | - | - |
| Repayment of liabilities against assets subject to finance lease | | (32,689) | (28,838) |
| Dividend paid | | (20,474) | (9,749) |
| Net cash (outflow)/inflows from financing activities | | (12,130) | 206,688 |
| Net increase in cash and cash equivalents (A+B+C) | | (50,336) | 50,386 |
| Cash and cash equivalents at the beginning of the year | | 148,509 | 98,123 |
| Cash and cash equivalents at the end of the year | | 98,173 | 148,509 |

The annexed notes from 1 to 46 form an integral part of these financial statements.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Issued, Subscribed & paid up capital | General reserves | Un-appropriated profit | Share of associate's unrealized (loss)/ Gain on remeasurement of investment | Total |
|---|---|---------------------|---------------------------|--|-----------|
| Rupees in thousand | | | | | |
| Balance as at October 01, 2013 | 194,988 | | 957,995 | (1,603) | 1,151,380 |
| During the year ended September 30, 2014 | | | | | |
| Total Comprehensive Income for the year | | | | | |
| Profit after taxation | - | - | 31,333 | - | 31,333 |
| Other Comprehensive Income | | | | | |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from: | | | | | |
| Company's revaluation surplus | - | - | 57,065 | - | 57,065 |
| Share of associate's incremental depreciation of revaluation surplus | - | - | 2,919 | - | 2,919 |
| Share of associate's unrealized gain on remeasurement of associate's investment | - | - | - | 598 | 598 |
| Share of associate's unrealized gain on remeasurement of associate's investment | - | - | 59,984 | 598 | 60,582 |
| Transfer from unappropriated profit to general reserve | | 1,000,000 | (1,000,000) | | - |
| Transaction with owners | | | | | |
| Final dividend for the year ended September 30, 2013 @ Re.0.50 per share | | | | | |
| | - | - | (9,749) | - | (9,749) |
| Issue of bonus shares for the year ended September 30, 2013 @ Re.0.50 per share | | | | | |
| | 9,749 | - | (9,749) | - | - |
| Balance as at September 30, 2014 | 204,737 | 1,000,000 | 29,814 | (1,005) | 1,233,546 |
| During the year ended September 30, 2015 | | | | | |
| Total Comprehensive Income for the year | | | | | |
| Profit after taxation | - | - | 166,319 | - | 166,319 |
| Other Comprehensive Income | | | | | |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from: | | | | | |
| Company's revaluation surplus | - | - | 54,801 | - | 54,801 |
| Share of associate's incremental depreciation of revaluation surplus | - | - | 3,739 | - | 3,739 |
| Share of associate's unrealized gain on remeasurement of investment | - | - | - | (993) | (993) |
| Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment. | - | - | (7) | - | (7) |
| Transfer from surplus on revaluation of property, plant and equipment on account of disposal of plant and machinery | - | - | 509 | - | 509 |
| Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment. | - | - | 24 | - | 24 |
| | - | - | 59,066 | (993) | 58,073 |
| Transaction with owners | | | | | |
| Final dividend for the year ended September 30, 2014 @ Re 1 per share | | | | | |
| | - | - | (20,474) | - | (20,474) |
| Balance as at September 30, 2015 | 204,737 | 1,000,000 | 234,725 | (1,998) | 1,437,464 |

The annexed notes from 1 to 46 form an integral part of these financial statements.


ISMAIL H. ZAKARIA
Chief Executive Officer


SULEMAN AYOOB
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on August 08, 1969 and its shares are quoted at the Karachi & Lahore Stock Exchange. The Company owns and operates Sugar, medium density fiber (MDF) board and generation of power units which are located at Shahpur Jahania, District Shaheed Benazirabad in the province of Sindh. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except certain items of property, plant and equipments, stated at revalued amount and long term investment in associates accounted for under equity method and stock in trade when valued at net realizable value. The company uses accrual basis of accounting except cash flow statement.

2.2 STATEMENT OF COMPLIANCE

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods as appropriate. In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

a) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset 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, with a corresponding effects on the depreciation and impairment.

b) Stock-in-trade

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

c) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and decision by appellate authorities on certain issues in past. Due weightage is given to past history while determining the ratio of future export sales for the purposes of calculating deferred taxation.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Impairment

The Company reviews carrying amount of assets annually 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.

e) Stores and spare parts and loose tools with respect to provision for obsolescence and slow moving items

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is given as and when it takes place.

f) Trade debts

The Company reviews its doubtful trade debts 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 irrecoverable amount and timing of future cash flow 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision recognized in the profit and loss account.

g) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment 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).

2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

2.5.1 New and amended standards and interpretations became effective

During the year, the following approved accounting standards, interpretations, amendments / revisions to the approved accounting standards became effective.

| | |
|----------|---|
| IAS-19 | Employee Benefits - Amendment |
| IAS-32 | Financial Instruments: Presentation - Amendment |
| IAS 36 | Impairment of Assets'- Amendment |
| IAS 39 | Financial Instruments: Recognition and Measurement' - Amendment |
| IFRIC 21 | Levies |

These Standards, interpretations and amendments are not expected to have significant impact on company's financial statements. In addition to above, certain new cycle of improvements are applicable in current year, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following Standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them.

| | | Effective for the period beginning on or after as described in IFRS |
|---------|---|---|
| IAS-16 | Property, Plant and Equipment - Amendment | 1-Jan-16 |
| IAS-27 | Separate Financial Statements - Amendment | 1-Jan-16 |
| IAS-28 | Investments in Associates | 1-Jan-16 |
| IAS-38 | Intangible Assets - Amendment | 1-Jan-16 |
| IAS-41 | Agriculture - Amendment | 1-Jan-16 |
| IFRS-9 | Financial Instruments: Classification and Measurement | 1-Jan-15 |
| IFRS-10 | Consolidated Financial Statements - Amendment | 1-Jan-16 |
| IFRS-11 | Joint Agreements - Amendment | 1-Jan-16 |
| IFRS-12 | Disclosure of Interests in Other Entities - Amendment | 1-Jan-16 |
| IFRS-13 | Fair Value Measurement | 1-Jan-16 |
| IFRS-14 | Regulatory Deferral Accounts | 1-Jan-16 |
| IFRS-15 | Revenue from Contracts with Customers | 1-Jan-18 |

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the company's financial statements other than certain disclosures, if applicable.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after 01, July 2015, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

2.5.3 New Standards issued by IASB and notified by SECP but not yet effective

Following new standards issued by IASB have been adopted by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and will be effective for annual periods beginning on or after January 01, 2015.

| | |
|---------|---|
| IFRS-10 | Consolidated Financial Statements - Amendment |
| IFRS-11 | Joint Agreements - Amendment |
| IFRS-12 | Disclosure of Interests in Other Entities - Amendment |
| IFRS-13 | Fair Value Measurement |

These new standards are either irrelevant or will not have any material effect on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below

3.1 Property Plant & Equipments

a) Operating assets

Owned

Operating fixed assets except furniture, fixture & fittings and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture, fixture & fittings and vehicles are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in assets note no. 4.1. Depreciation on addition including assets after revaluations is charged from month of acquisition and up to the month preceding the month of disposal respectively.

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

In accordance with the Section 235 of the Companies Ordinance, 1984 an amount equal to the incremental depreciation charged on assets after revaluation has been transferred from the surplus on revaluation of fixed assets to unappropriated profit in the current year through Statement of changes in equity. Consequently incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to unappropriated profit as the case may be during the current year as referred to in note no. 17.1 of these financial statements.

Gain or loss on disposal of property, plant and equipment is taken to profit and loss account.

Assets subject to finance lease

Assets held under finance lease are initially recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as disclosed in note no 3.9. These are subsequently stated at recorded amount less accumulated depreciation and impairment loss, if any. These assets are depreciated over their expected useful life at the rates specified in the note no 4.1 on the same basis as owned assets.

b) Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less impairment if any and represents costs / expenditures incurred on property, plant and equipment during the course of construction and implementation. These are transferred to specific assets as and when assets are available for intended use.

3.2 Intangible assets

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to the profit and loss account on a straight line basis over the period of three years. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month which the item is disposed off.

3.3 Investment in Associates

The Investment in associates is accounted for under equity method. Under this method, the investment is initially recognized at cost 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 incremental depreciation on revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held.

Investment is de-recognized when the Company has transferred substantially all risks and rewards of ownership and rights to receive cash flows from the investment has expired or has been transferred.

3.4 Stores, Spare parts and Loose Tools

These are valued at moving average cost less allowance for obsolescence and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon up to balance sheet date. Adequate provision is made for obsolescence and slow moving items as and when required based on the parameters set out by the management.

3.5 Stock-in-Trade

Stock-in-trade except "by products" are valued at the lower of cost and net realizable value. By products are valued at net realizable value.

Cost for raw material is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date.

Finished goods and work-in-process consist of cost of direct materials, labor and a proportion of manufacturing overheads based on normal capacity. Cost of MDF Board stock is determined on weighted average basis while weighted average cost is used for finished goods of sugar stock.

Cost of trading stock is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date.

3.6 Trade Debts

Trade debts are carried at original invoice amount that is fair value of goods sold. A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect amount due according to the original terms of the debts. When a trade debt is uncollectable, it is written off.

3.7 Employees post employment benefits

Defined Contribution Plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made by the company and employees at the rate of 10% of basic salary plus cost of living allowance. The company's contribution to the fund is charged to profit and loss account for the year.

3.8 Compensated unavailed leaves

The Company accounts for its liability towards unavailed leaves accumulated by employees on accrual basis.

3.9 Liabilities against assets subject to Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee or meets any other criteria defined in IAS 17 "Lease". All other leases are classified as operating lease.

Assets held under finance lease are recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as "Liabilities against asset subject to finance lease". Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit & loss account unless they are directly attributable to qualifying assets in which case they are capitalized in accordance with the company's general policy on borrowing cost.

3.10 Taxation

a) Current Income Tax

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Company falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of export sales.

b) Deferred taxation

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.

c) Sales tax

Revenues, expenses and assets are recognized net off amount of sales tax except:

- i) Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) Receivables or payables that are stated with the amount of sales tax included.
- iii) The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.11 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 the future for goods and services received.

3.12 Borrowings and their costs

Borrowings are recorded at the proceeds received.

Borrowing costs incurred on finances obtained for the construction/installation of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.13 Provisions

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

3.14 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortized cost, as the case may be.

3.15 Offsetting of Financial Assets and Liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.16 Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognised as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount of such assets is estimated. Recoverable amount is higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as expense in the profit and loss account for the amount by which asset's carrying amount exceeds its recoverable amount.

3.17 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria is adopted for recognizing revenue;

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable.
- Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of markup on loans considered doubtful is deferred.
- Share of the profit or loss of associates is taken to profit & loss account under equity method (note 3.3).
- Dividend income is recognised when the Company's right to receive the payment is established.

3.18 Foreign currency transactions and translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency using year-end spot foreign exchange rates and in case of forward contracts at the committed rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.19 Cash and Cash Equivalents

For the purpose of cash flow statement cash and cash equivalents comprises cash in hand, balances with banks on current, savings and deposit accounts.

3.20 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. Operating segments are reported in a manner consistent with the internal reporting structure based on the operating (business) segments of the company. An operating segment's operating results are regularly reviewed by the management and the chief executive officer for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

The Company has following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar
MDF Board - Manufacturing of Medium Density Fiber Board

3.21 Dividends and other appropriations

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

| | Note | 2015 Rupees in thousand | 2014 |
|--|------|----------------------------|------------------|
| 4 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 4.1 | 3,549,052 | 3,662,694 |
| Capital work in progress | 4.2 | 90,577 | 44,257 |
| | | <u>3,639,629</u> | <u>3,706,951</u> |

4.1 OPERATING FIXED ASSETS

The following is a statement of operating fixed assets

| PARTICULARS | 2015 | | | | | | | | | | Depreciation Rate | |
|--------------------------------|--|------------------|--------------------|-------------|-------------------------|----------------------|----------------|--------------------------------|------------------|--------------------------|-------------------|--------------------------------|
| | NET CARRYING VALUE | | | | | GROSS CARRYING VALUE | | | | | | |
| | Opening Net Book Value At Oct 01, 2014 | Direct Additions | Transfer From CWIP | Revaluation | Transfer at NBV - Lease | Disposal | Depreciation | Net Book Value At Sep 30, 2015 | Cost | Accumulated Depreciation | | Net Book Value At Sep 30, 2015 |
| Rupees in thousand | | | | | | | | | | | | |
| OWNED | | | | | | | | | | | | |
| FREE HOLD LAND | | | | | | | | | | | | |
| Cost | 3,787 | - | - | - | - | - | - | - | - | - | 3,787 | - |
| Revaluation | 135,013 | - | - | - | - | - | - | - | - | - | 135,013 | - |
| FACTORY BUILDING | | | | | | | | | | | | |
| Cost | 95,089 | - | 3,533 | - | - | - | 9,394 | - | 152,984 | 63,776 | 89,208 | 10% |
| Revaluation | 121,576 | - | - | - | - | - | 12,158 | - | 141,390 | 31,972 | 109,418 | 10% |
| NON FACTORY BUILDING | | | | | | | | | | | | |
| Cost | 81,229 | - | 13,629 | - | - | - | 4,911 | - | 166,686 | 76,739 | 89,947 | 5% 10% |
| Revaluation | 416,934 | - | - | - | - | - | 22,775 | - | 476,762 | 82,603 | 394,159 | |
| POWER PLANT | | | | | | | | | | | | |
| Cost | 76,155 | - | - | - | - | - | 9,365 | - | 146,707 | 79,917 | 66,790 | 5% |
| Revaluation | 20,369 | - | - | - | - | - | 1,018 | - | 22,621 | 3,280 | 19,341 | |
| PLANT & MACHINERY | | | | | | | | | | | | |
| Cost | 1,659,940 | 8,141 | 71,966 | - | - | 4,164 | 110,246 | - | 3,070,492 | 1,444,855 | 1,625,637 | 5% - 20% |
| Revaluation | 867,423 | - | - | - | - | 509 | 44,639 | - | 1,494,568 | 672,293 | 822,275 | 5% - 20% |
| FURNITURE, FIXTURE AND | | | | | | | | | | | | |
| Cost | 3,907 | 6,131 | - | - | - | 2,504 | 1,496 | - | 15,810 | 9,772 | 6,038 | 10% |
| OFFICE EQUIPMENT | | | | | | | | | | | | |
| Cost | 8,474 | 6,219 | - | - | - | 259 | 3,723 | - | 63,800 | 53,089 | 10,711 | 10% |
| VEHICLES | | | | | | | | | | | | |
| Cost | 44,763 | 29,044 | - | - | - | 3,944 | 10,143 | - | 155,007 | 95,287 | 59,720 | 20% |
| LEASED | | | | | | | | | | | | |
| PLANT AND MACHINERY | | | | | | | | | | | | |
| Cost | 128,065 | - | - | - | - | - | 11,057 | - | 175,000 | 57,992 | 117,008 | 5% |
| TOTAL | 3,662,694 | 49,535 | 89,128 | - | - | 11,380 | 240,925 | - | 6,220,627 | 2,671,575 | 3,549,052 | |
| Cost | 2,101,389 | 49,535 | 89,128 | - | - | 10,871 | 160,335 | - | 3,950,273 | 1,881,427 | 2,068,846 | |
| Revaluation | 1,561,305 | - | - | - | - | 509 | 80,590 | - | 2,270,354 | 790,148 | 1,480,206 | |
| | 3,662,694 | 49,535 | 89,128 | - | - | 11,380 | 240,925 | - | 6,220,627 | 2,671,575 | 3,549,052 | |

| PARTICULARS | 2014 | | | | | | | | | | Depreciation Rate |
|--------------------------------|--|------------------|--------------------|-------------|-------------------------|----------------------|--------------|--------------------------------|-----------|--------------------------|--------------------------------|
| | NET CARRYING VALUE | | | | | GROSS CARRYING VALUE | | | | | |
| | Opening Net Book Value At Oct 01, 2014 | Direct Additions | Transfer From CWIP | Revaluation | Transfer at NBV - Lease | Disposal | Depreciation | Net Book Value At Sep 30, 2015 | Cost | Accumulated Depreciation | Net Book Value At Sep 30, 2015 |
| Rupees in thousand | | | | | | | | | | | |
| OWNED | | | | | | | | | | | |
| FREE HOLD LAND | | | | | | | | | | | |
| Cost | 3,787 | - | - | - | - | - | - | 3,787 | 3,787 | - | 3,787 |
| Revaluation | 135,013 | - | - | - | - | - | - | 135,013 | 135,013 | - | 135,013 |
| FACTORY BUILDING | | | | | | | | | | | |
| Cost | 61,729 | - | 41,622 | - | - | - | 8,282 | 95,069 | 149,451 | 54,382 | 95,069 |
| Revaluation | 135,085 | - | - | - | - | - | 13,509 | 121,576 | 141,390 | 19,814 | 121,576 |
| NON FACTORY BUILDING | | | | | | | | | | | |
| Cost | 77,824 | - | 8,055 | - | - | - | 4,650 | 81,229 | 153,057 | 71,828 | 81,229 |
| Revaluation | 441,133 | - | - | - | - | - | 24,199 | 416,934 | 476,762 | 59,828 | 416,934 |
| POWER PLANT | | | | | | | | | | | |
| Cost | 76,212 | - | 9,747 | - | - | - | 9,804 | 76,155 | 146,707 | 70,552 | 76,155 |
| Revaluation | 22,621 | - | - | - | - | - | 2,262 | 20,359 | 22,621 | 2,262 | 20,359 |
| PLANT & MACHINERY | | | | | | | | | | | |
| Cost | 1,391,638 | 46,620 | 314,095 | - | - | - | 92,413 | 1,659,940 | 2,999,203 | 1,339,263 | 1,659,940 |
| Revaluation | 912,625 | - | - | - | - | - | 45,202 | 867,423 | 1,495,111 | 627,688 | 867,423 |
| FURNITURE, FIXTURE | | | | | | | | | | | |
| Cost | 4,167 | 171 | - | - | - | - | 431 | 3,907 | 16,638 | 12,731 | 3,907 |
| OFFICE EQUIPMENT | | | | | | | | | | | |
| Cost | 8,005 | 3,927 | - | - | - | 8 | 3,450 | 8,474 | 61,028 | 52,554 | 8,474 |
| VEHICLES | | | | | | | | | | | |
| Cost | 53,731 | 4,452 | - | - | - | 2,462 | 10,958 | 44,763 | 139,790 | 95,027 | 44,763 |
| LEASED | | | | | | | | | | | |
| PLANT AND MACHINERY | | | | | | | | | | | |
| Cost | 140,350 | - | - | - | - | - | 12,285 | 128,065 | 175,000 | 46,935 | 128,065 |
| | 3,463,920 | 55,170 | 373,519 | - | - | 2,470 | 227,445 | 3,662,694 | 6,115,558 | 2,452,864 | 3,662,694 |
| TOTAL | | | | | | | | | | | |
| Cost | 1,817,443 | 55,170 | 373,519 | - | - | 2,470 | 142,273 | 2,101,389 | 3,844,661 | 1,743,272 | 2,101,389 |
| Revaluation | 1,646,477 | - | - | - | - | - | 85,172 | 1,561,305 | 2,270,897 | 709,592 | 1,561,305 |
| | 3,463,920 | 55,170 | 373,519 | - | - | 2,470 | 227,445 | 3,662,694 | 6,115,558 | 2,452,864 | 3,662,694 |

4.1.1 Revaluation of land, buildings and plant and machinery had been recently carried out on September 30, 2013 by an independent valuer on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of section 235 of the Companies Ordinance, 1984.

| | Note | 2015 | 2014 |
|---|------|----------------|----------------|
| Rupees in thousand | | | |
| 4.1.2 Depreciation for the year has been allocated as follows: | | | |
| Cost of Sales | 27.1 | 197,829 | 183,781 |
| Administrative expenses | 30 | 43,096 | 43,664 |
| | | 240,925 | 227,445 |

4.1.3 Detail of disposal of property, plant, equipment and vehicles - by negotiation

| Particulars | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain on disposal | Particulars of Buyer |
|--------------------------------|---------------|--------------------------|--------------------|---------------|------------------|--|
| Rupees in thousand | | | | | | |
| VEHICLES | | | | | | |
| Toyota Corolla ATR-26 | 1,384 | 870 | 514 | 1,245 | 731 | Muhammad Husaan, Flat # 202 Saima Haven Block-4 Gulshan-E-Iqbal Karachi |
| Suzuki Swift-AUH-076 | 1,058 | 616 | 442 | 813 | 371 | Aamir Dar, Block-15 North Nazimabad Karachi |
| Suzuki Swift- AUL-112 | 1,058 | 616 | 442 | 813 | 371 | Aamir Dar, Block-18 North Nazimabad Karachi |
| Suzuki Cultus ASW-058 | 805 | 535 | 270 | 560 | 290 | Anis Umer, Flat no A-3 Faisal Apartment Miran Shah Muhammad Shah Road KDA 1 Scheme, Karachi |
| Suzuki Cultus ANL-827 | 600 | 497 | 103 | 520 | 417 | Haji Abdul Ghaffar, Poonawala Garden Jamshed Road, Karachi. |
| Suzuki Cultus APL-725 | 716 | 586 | 130 | 515 | 385 | Shabbir Ahmed, Model School Sheikh Ghari Yaseen Shehkarpur |
| Suzuki Cultus ANT-310 | 660 | 548 | 112 | 500 | 388 | Muhammad Saleem, Faizan Height Flat # A-305 Plot # 102 Sobraj Chitaml Road Garden West Karachi |
| Suzuki Cultus ASM-847 | 790 | 570 | 220 | 490 | 270 | Habib-ur-Rehman, 18th street House no 26/1 Khayabean -E-Tanzeem DHA Karachi |
| Suzuki Cultus AMB-938 | 617 | 483 | 134 | 400 | 266 | Hafiz Saleem, B-9 Block B Bab-E-Rahmat Apartment Gulshan-E-Iqbal, Karachi |
| Suzuki Cultus AQC-109 | 626 | 489 | 137 | 400 | 263 | Abdul Salam, House No 431 Block 16, Nazimabad, Karachi |
| Suzuki Swift ATF-502 | 1,049 | 688 | 361 | 500 | 139 | Hassan Raza, Akbar Motor, Near Islamia Collegre Jamsheed Road Karachi |
| Honda City ANX-637 | 846 | 686 | 160 | 450 | 290 | Abid Siddiqui, House No E-33 Block-7 Gulshan-E-Iqbal Karachi |
| Suzuki Cultus AKA-782 | 609 | 530 | 79 | 400 | 321 | Shoukat Khan, Motor and Motor Near Khalid Bin Waleed Road Karachi |
| Shehzore KEM-8477 | 534 | 510 | 24 | 550 | 526 | Islamuddin, House No 7 Plot, Manzoor Colony Karachi |
| Honda CD-70 KEI-3403 | 63 | 45 | 18 | 63 | 45 | Loung, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KEQ-1644 | 63 | 43 | 20 | 63 | 43 | Ahmed Raza, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KER-7532 | 63 | 43 | 20 | 63 | 43 | Bashir Ahmed, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KEL-9440 | 66 | 36 | 30 | 66 | 36 | Rana Aftab, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KGE-6482 | 45 | 20 | 25 | 45 | 20 | C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KGE-6492 | 45 | 20 | 25 | 45 | 20 | C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KGE-6483 | 45 | 20 | 25 | 45 | 20 | Gulzar Khan, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KGE-6488 | 45 | 20 | 25 | 45 | 20 | Aslam Khan, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Honda CD-70 KGE 6486 | 45 | 20 | 25 | 45 | 20 | Faisal Khan, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah |
| Fork Lifter | 1,885 | 1,282 | 603 | 1,510 | 907 | Faqeer Mohd, D-86/A S.I.T.E Karachi |
| Fork lifter | 110 | 110 | - | 860 | 860 | Dilshad Khan, Agra Taj Colony Street E-17 Plot # 257 Iyari Karachi |
| | 13,827 | 9,883 | 3,944 | 11,006 | 7,062 | |
| Plant & Machinery | | | | | | |
| Boiler | 8,818 | 4,654 | 4,164 | 4,491 | 327 | Nehar kinara Muhalla Public Colony Sadiqabad Zilla Rahim Yar Khan |
| Revaluation | 543 | 34 | 509 | 509 | - | |
| | 9,361 | 4,688 | 4,673 | 5,000 | 327 | |
| OFFICE EQUIPMENT | | | | | | |
| Office & other Equipment | 3,447 | 3,188 | 259 | 259 | - | Insurance Claim - Reliance Insurance Company Limited |
| Furniture | | | | | | |
| Furniture | 6,959 | 4,455 | 2,504 | 2,504 | - | Insurance Claim - Reliance Insurance Company Limited |
| 2015 | 33,594 | 22,215 | 11,380 | 18,768 | 7,389 | |
| 2014 | 6,499 | 4,029 | 2,470 | 7,535 | 5,065 | |

4.2 Capital work in progress

| | 2015 | | | |
|--------------------------------|-----------------|------------------------------|---------------------------------------|-----------------|
| | Opening Balance | During the year | | Closing Balance |
| | | Capital expenditure incurred | Transferred to operating fixed assets | |
| ----- Rupees in thousand ----- | | | | |
| Civil work - Factory building | 33,087 | 24,454 | (17,162) | 40,379 |
| Plant and machinery-owned | 11,170 | 110,994 | (71,966) | 50,198 |
| | 44,257 | 135,448 | (89,128) | 90,577 |

| | 2014 | | | |
|--------------------------------|-----------------|------------------------------|---------------------------------------|-----------------|
| | Opening Balance | During the year | | Closing Balance |
| | | Capital expenditure incurred | Transferred to operating fixed assets | |
| ----- Rupees in thousand ----- | | | | |
| Civil work - Factory building | 10,972 | 71,792 | (49,677) | 33,087 |
| Plant and machinery-owned | 5,030 | 329,982 | (323,842) | 11,170 |
| | 16,002 | 401,774 | (373,519) | 44,257 |

| | Note | 2015 | 2014 |
|-----------------------------------|------|---------|---------|
| Rupees in thousand | | | |
| 5 INTANGIBLE ASSETS | | | |
| ERP Software | 5.1 | - | - |
| 5.1 ERP Software | | | |
| Net Carrying Value Basis | | | |
| Opening Net Book Value | | - | 983 |
| Amortization during the year | 5.2 | - | (983) |
| Closing Net Book Value | | - | - |
| Gross Carrying Value Basis | | | |
| Cost | | 6,873 | 6,873 |
| Accumulated Amortization | | (6,873) | (6,873) |
| | | - | - |

5.2 Cost of ERP software has been amortized over the period of 3 years on straight line basis as per company policy; however the software is still in use of the Company.

6 LONG TERM INVESTMENTS

Investment in associates: -

| | Shahmurad Sugar Mills Limited | Al Noor Modaraba Management (Pvt.) Limited | Total 2015 | Total 2014 |
|---|-------------------------------|--|------------|------------|
| ----- Rupees in thousand ----- | | | | |
| Opening balance | 241,783 | 5,101 | 246,884 | 182,158 |
| Share of profit of associate | 28,863 | (366) | 28,497 | 35,585 |
| Share of associate's unrealized (loss) / profit on remeasurement of associate's available for sale investment | - | (993) | (993) | 598 |
| Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment. | - | (7) | (7) | 33,493 |
| Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment. | - | 24 | 24 | - |
| Dividend received from associate | (14,190) | - | (14,190) | (4,950) |
| | 14,673 | (1,342) | 13,331 | 64,726 |
| Closing Balance | 256,456 | 3,759 | 260,215 | 246,884 |

Summarized financial statements of associates are as follows: -

| | 2015 | | 2014 | |
|--|-------------------------------|--|-------------------------------|--|
| | Shahmurad Sugar Mills Limited | Al Noor Modaraba Management (Pvt.) Limited | Shahmurad Sugar Mills Limited | Al Noor Modaraba Management (Pvt.) Limited |
| ----- Rupees in thousand ----- | | | | |
| Number of shares held | 3,299,784 | 500,000 | 3,299,784 | 500,000 |
| Cost of investment | 21,631 | 5,000 | 21,631 | 5,000 |
| Ownership interest | 15.625% | 14.285% | 15.625% | 14.285% |
| Assets, Liabilities and net assets | | | | |
| Total assets | 5,130,385 | 31,757 | 4,667,796 | 40,121 |
| Total liabilities | 3,473,209 | 5,455 | 3,108,607 | 4,418 |
| Net assets | 1,657,176 | 26,303 | 1,559,189 | 35,703 |
| Share of net assets | 258,934 | 3,759 | 243,623 | 5,101 |
| Operating Results | | | | |
| Revenue / Income | 5,308,780 | 3,691 | 5,401,479 | 4,825 |
| Total expenses | (5,045,631) | (6,719) | (5,158,225) | (5,899) |
| Share of profit of associates | (366) | 819 | 157 | 2,302 |
| Taxation | (78,060) | (354) | (16,670) | (264) |
| Profit after taxation for the year | 184,723 | (2,563) | 226,741 | 964 |
| Share of incremental depreciation of associate | - | 166 | - | 134 |
| | 184,723 | (2,397) | 226,741 | 1,098 |
| Share of Al-Noor Sugar Mills Limited | 28,863 | (366) | 35,428 | 157 |

- 6.1** The market value of Shahmurad Sugar Mills Limited shares as at September 30, 2015 was Rs.194.03 million. (2014 : Rs.138.195million).
- 6.2** The financial year of Al-Noor Modaraba Management (Pvt.) Limited is June 30. Further there is also no significant changes in the associate's financial affair up to September 30 therefore, the financial results as of June 30, 2015 have been used for the purpose of application of equity method.

The name of Chief Executive of the company is Mr. Jalaluddin Ahmed. The breakup value per share of this company as June 30, 2015 is Rs. 7.51 million (2014 : Rs. 10.20 million) and the aggregate breakup value of shares owned by the company amounts Rs. 3.759 million (2014: 5.101 million).

| | Note | 2015 | 2014 |
|---|------|----------------|----------|
| Rupees in thousand | | | |
| 7 LONG TERM LOANS | | | |
| Secured & Interest free | | | - |
| Considered good | | | - |
| Due from - Executives | 7.1 | 5,279 | 3,713 |
| - Non Executive | | 8,751 | 7,568 |
| | | 14,030 | 11,281 |
| Less : Current portion of | | | |
| Due from - Executives | | (1,716) | (882) |
| - Non Executive | | (6,292) | (6,883) |
| | | (8,008) | (7,765) |
| | | 6,022 | 3,516 |
| 7.1 Movement of outstanding amount of loans to Executives: | | | |
| Balance at the beginning of the year | | 3,713 | 2,530 |
| Disbursed during the year | | 4,641 | 4,842 |
| Recovered during the year | | (3,075) | (3,659) |
| Balance at the end of the year | | 5,279 | 3,713 |
| 7.2 Loans and advances have been given in accordance with the terms of employment and are recoverable within a period of three years in monthly installments. These are secured against the retirement benefits. | | | |
| 7.3 The maximum aggregate amount due from executives at any month end during the year was Rs.4.677 million (2014: 6.770 million). | | | |
| 8 LONG TERM DEPOSITS | | | |
| Lease deposit | | - | 35,000 |
| Other deposits | | 3,552 | 11,954 |
| | | 3,552 | 46,954 |
| 9 STORES, SPARE PARTS AND LOOSE TOOLS | | | |
| Stores | | 131,180 | 110,528 |
| Spare parts | | 219,013 | 191,745 |
| Loose tools | | 907 | 634 |
| Stores in transit | | - | 22,560 |
| | | 351,100 | 325,467 |
| Less: Provision for obsolescence and slow moving items | 9.1 | (37,114) | (26,913) |
| | | 313,986 | 298,554 |

| | Note | 2015 | 2014 |
|---|------|-----------|-----------|
| Rupees in thousand | | | |
| 9.1 Provision for obsolescence and slow moving items | | | |
| Opening balance | | 26,913 | 23,873 |
| Provision for the year | | 10,201 | 3,040 |
| Closing balance | | 37,114 | 26,913 |
| 10 STOCK IN TRADE | | | |
| Raw material - in hand | | 208,423 | 150,157 |
| - in transit | | 151,689 | 12,644 |
| | | 360,112 | 162,801 |
| Sugar in process | | 9,096 | 6,083 |
| Finished goods | | | |
| Sugar | | 1,940,651 | 1,493,249 |
| MDFB Sheets | | 179,423 | 127,536 |
| | | 2,120,074 | 1,620,785 |
| Trading stock of laminated flooring / Edge Banding | | 6,682 | 5,228 |
| | | 2,495,964 | 1,794,897 |
| 10.1 | | | |
| Stocks of refined sugar amounting to Rs.1,940.65 million (2014: Rs.1,074.658 million) is pledged against cash finance facilities and istisna arrangements as referred in Note.23.1 and 21.1 respectively. | | | |
| 10.2 | | | |
| Stock in trade includes stocks costing Rs. 321.607 million (2014: Rs. 1,535.29 million) written down to their net realizable value of Rs. 285.880million (2014: Rs.1,493.249 million). | | | |
| 11 TRADE DEBTS | | | |
| Against Local sales - Unsecured, considered good | | 120,106 | 55,320 |
| 12 LOANS AND ADVANCES | | | |
| Secured & Interest free | | | |
| Current portion of long term loans | 7 | 8,008 | 7,765 |
| Un-secured & Interest free | | | |
| Considered good | | | |
| Advances against purchases and services | | 50,909 | 88,898 |
| Advances to Employees | | 6,189 | 6,878 |
| Advances to Grower | | 18,009 | - |
| | | 75,107 | 95,776 |
| Considered doubtful | | | |
| Loans to growers | 12.1 | 36,801 | 36,801 |
| For purchase and services | | 1,555 | 1,555 |
| For transportation | | 2,740 | 2,740 |
| | | 41,096 | 41,096 |
| | | 124,211 | 144,637 |
| Provision for doubtful loans and advances | 12.2 | (41,096) | (41,096) |
| | | 83,115 | 103,541 |

12.1 These loans are given to farmer/growers to support them for sugarcane cultivation and development. These are adjusted against purchase of sugarcane from respective growers. Interest is charged on these loans @ 10% subject to realization of principal. Provision has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful and hence no interest is accrued thereon.

| | Note | 2015 | 2014 |
|--|------|----------|---------|
| Rupees in thousand | | | |
| 12.2 Provision for doubtful loans and advances | | | |
| Opening balance | | 41,096 | 41,096 |
| Provision made during the year | | - | - |
| Closing balance | | 41,096 | 41,096 |
| 13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| Trade deposits | | 1,810 | 233 |
| Lease deposit | | 35,000 | - |
| Short term prepayments | | 2,136 | 3,534 |
| | | 38,946 | 3,767 |
| 14 OTHER RECIEVABLES | | | |
| Insurance Claim receivable from related party | 14.1 | 11,049 | 46,113 |
| Sales tax receivable | 25.8 | 31,173 | - |
| Cane Development Cess | | 8,238 | - |
| Export Freight Subsidy | 14.2 | 49,779 | 49,779 |
| Export Subsidy receivable | 14.3 | 15,200 | - |
| Dividend receivable from related party | | 7,590 | - |
| Others | | 958 | 88 |
| | | 123,987 | 95,980 |
| Less: Provision against export freight subsidy | 14.2 | (49,779) | - |
| | | 74,208 | 95,980 |
| 14.1 | | | |
| These claims are receivable from M/s Reliance Insurance Company Limited, a related party. The maximum aggregate amount due from related party at the end of any month during the year was Rs.38.107 million (2014: 46.107 million). The claim is outstanding for not more than 120 days. | | | |
| 14.2 | | | |
| This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan. However, due to uncertainties regarding the recoverability of the subsidy provision has been made as a matter of prudence. | | | |
| 14.3 | | | |
| This represents export subsidy receivable from State Bank of Pakistan Vide EPD Circular Letter No.5 dated March 11, 2015. | | | |
| 15 CASH AND BANK BALANCES | | | |
| Cash in hand | | 1,121 | 1,254 |
| Cash at banks | | | |
| In Current accounts | | 93,730 | 69,811 |
| In Saving accounts | 15.1 | 3,322 | 77,444 |
| | | 97,052 | 147,255 |
| | | 98,173 | 148,509 |
| 15.1 | | | |
| This carry profit at the rate ranging between 5% and 7% (2014: 5 % and 7 %). | | | |

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2015 | 2014 | | 2015 | 2014 |
|-------------------|-------------------|--|--------------------|--------------------|
| No. of Shares | No. of Shares | Note | Rupees in thousand | Rupees in thousand |
| 3,617,635 | 3,617,635 | Ordinary shares of Rs.10 each allotted for consideration paid in cash. | 36,177 | 36,177 |
| 884,637 | 884,637 | Ordinary shares of Rs. 10 each allotted as fully paid up otherwise than in cash (issued in terms of loan arrangement and debenture trust deeds). | 8,846 | 8,846 |
| 15,971,430 | 15,971,430 | Ordinary shares of Rs. 10 each allotted as fully paid bonus shares. | 159,714 | 159,714 |
| 20,473,702 | 20,473,702 | | 204,737 | 204,737 |

16.1 Reconciliation of share capital

| 2015 | 2014 | | 2015 | 2014 |
|-------------------|-------------------|---|--------------------|--------------------|
| No. of Shares | No. of Shares | | Rupees in thousand | Rupees in thousand |
| 20,473,702 | 19,498,764 | Outstanding at the beginning of the year | 204,737 | 194,988 |
| - | 974,938 | Add: 5% issue of bonus shares during the year | - | 9,749 |
| 20,473,702 | 20,473,702 | | 204,737 | 204,737 |

16.2 Associated companies hold 1,996,950 i.e. 9.75% ordinary shares in the Company (2014: 1,996,950 i.e. 9.75%) .

17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

| | | | |
|--|------|------------------|------------------|
| Surplus on revaluation of property, plant and equipment | 17.1 | 1,092,736 | 1,135,132 |
| Share of associates' surplus on revaluation of property, plant and equipment | | 91,869 | 95,608 |
| | | 1,184,605 | 1,230,740 |

17.1 Surplus on revaluation of property, plant and equipment

| | | | |
|--|--|------------------|------------------|
| Gross opening balance | | 1,561,305 | 1,646,477 |
| Incremental depreciation - net of deferred tax | | (54,801) | (57,065) |
| Related deferred tax liability | | (25,789) | (28,107) |
| | | (80,590) | (85,172) |
| Transfer to equity on account of disposal of plant and machinery | | (509) | - |
| Gross closing balance | | 1,480,206 | 1,561,305 |
| Relevant deferred tax liability | | (387,470) | (426,173) |
| Revaluation surplus net of deferred tax | | 1,092,736 | 1,135,132 |

18 LONG TERM FINANCING- Secured

| | | | |
|-----------------------|------|------------------|------------------|
| Banks | 18.1 | 699,208 | 794,933 |
| Financial Institution | 18.1 | 346,528 | 262,500 |
| Modaraba | 18.1 | 74,375 | 54,000 |
| | | 1,120,111 | 1,111,433 |

18.1

| Description | BANKS | | | | | | | | | | FINANCIAL INSTITUTION | | | | | | MODARABA | | TOTAL | | |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|------------------|------------------|------------------|-----------------------------|------------------|------------------|------------------|------------------|
| | Bank Islami Pak Ltd | Burj Bank Ltd | Burj Bank Ltd | Burj Bank Ltd | Mezzan Bank Ltd | Mezzan Bank Ltd | MCB Bank Ltd | Samba Bank Ltd | Total | Pak Brunei Inv | Pak Oman Inv | Pak Oman Inv | Pak Oman Inv | Pak Brunei Inv | Pak Brunei Inv | Total | Standard Chartered Modaraba | Sindh Modaraba | Total | 2015 | 2014 |
| Opening balance | 234,375 | 250,000 | 16,667 | 50,000 | 125,000 | 100,000 | 278,733 | 300,000 | 1,054,775 | 100,000 | 100,000 | 150,000 | 50,000 | 12,500 | 100,000 | 312,500 | 119,250 | 85,000 | 119,250 | 585,000 | 528,733 |
| Add: Receipts | 234,375 | 62,500 | 16,667 | 33,333 | 50,000 | - | 31,642 | 300,000 | 428,717 | 37,500 | - | 37,500 | - | 12,500 | - | 200,000 | 65,250 | 85,000 | 65,250 | 543,967 | 283,438 |
| Closing balance | - | 187,500 | - | 16,667 | 75,000 | 100,000 | 246,891 | 300,000 | 926,088 | 100,000 | 100,000 | 112,500 | 50,000 | - | 100,000 | 462,500 | 54,000 | 85,000 | 139,000 | 1,327,538 | 1,486,525 |
| Less: Current Maturity | - | 62,500 | - | 16,667 | 50,000 | 25,000 | 72,683 | 300,000 | 226,850 | 2,222 | 18,750 | 37,500 | 12,500 | - | 25,000 | 115,972 | 54,000 | 10,625 | 64,625 | 407,447 | 375,092 |
| Shown under current liabilities | - | 125,000 | - | 25,000 | 25,000 | 75,000 | 174,208 | 300,000 | 689,208 | 7,778 | 81,250 | 75,000 | 37,500 | - | 75,000 | 346,528 | - | 74,375 | 74,375 | 1,120,111 | 1,114,483 |
| Sanctioned/Sale Price/ Disbursed Amount (Rs in million) | 250 | 250 | 100 | 100 | 200 | 100 | 278,733 | 300 | 100 | 100 | 100 | 150 | 50 | 100 | 100 | 180 | 180 | 180 | 180 | 180 | 180 |
| Facility Tenor | 5 Years | 5 Years | 4 Years | 5 Years | 5 Years | 5 Years | 5 Years | 5 Years | 4 Years | 5 Years | 5 Years | 5 Years | 5 Years | 5 Years | 5 Years | 4 Years | 4 Years | 4 Years | 4 Years | 4 Years | 4 Years |
| Grace Period | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 3 Months | 3 Months | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year | 1 Year |
| Effective rate of markup (per annum) | 3M KIBOR + 1.75% | 3M KIBOR + 2.50% | 3M KIBOR + 2.50% | 6M KIBOR + 2.25% | 6M KIBOR + 1.75% | 6M KIBOR + 1.75% | 3M KIBOR + 2.00% | 3M KIBOR + 1.75% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.75% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% | 6M KIBOR + 2.00% |
| Installments Payable | Quarterly | Half Yearly | Quarterly | Half Yearly | Half Yearly | Half Yearly | Half Yearly | Quarterly | Half Yearly | Quarterly | Quarterly | Quarterly | Quarterly | Half Yearly | Half Yearly | Quarterly | Quarterly | Quarterly | Quarterly | Quarterly | Quarterly |
| Number of installments | 16 | 8 | 12 | 12 | 8 | 8 | 8 | 16 | 9 | 16 | 16 | 16 | 16 | 8 | 8 | 12 | 12 | 12 | 12 | 12 | 12 |
| Date of deburment | 13-05-2013 | 30-09-2013 | 21-03-2011 | 25-02-2012 | 23-11-2011 | 18-07-2014 | 24-03-2014 | 09-09-2015 | 06-11-2014 | 05-12-2014 | 27-09-2013 | 30-09-2014 | 18-12-2009 | 08-04-2014 | 15-05-2012 | 15-05-2012 | 15-05-2012 | 15-05-2012 | 15-05-2012 | 15-05-2012 | 15-05-2012 |
| Date of maturity | 13-05-2018 | 30-09-2018 | 21-03-2015 | 25-02-2016 | 23-11-2016 | 18-07-2019 | 24-03-2019 | 09-09-2020 | 06-11-2019 | 05-12-2019 | 27-09-2018 | 30-09-2019 | 18-12-2014 | 08-04-2019 | 15-05-2016 | 15-05-2016 | 15-05-2016 | 15-05-2016 | 15-05-2016 | 15-05-2016 | 15-05-2016 |
| SECURITIES | | | | | | | | | | | | | | | | | | | | | |
| Bank Islami Pakistan Ltd-250-M | | | | | | | | | | | | | | | | | | | | | |
| Burj Bank Limited-Rs.250-M | | | | | | | | | | | | | | | | | | | | | |
| Burj Bank Limited-Rs. 100-M | | | | | | | | | | | | | | | | | | | | | |
| Burj Bank Limited-Rs. 100-M | | | | | | | | | | | | | | | | | | | | | |
| Meezan Bank Limited-Rs.200-M | | | | | | | | | | | | | | | | | | | | | |
| Meezan Bank Limited-Rs.100-M | | | | | | | | | | | | | | | | | | | | | |
| MCB Bank Limited-Rs. 278.73-M | | | | | | | | | | | | | | | | | | | | | |
| Samba Bank Limited 300-M | | | | | | | | | | | | | | | | | | | | | |
| Pak Oman Investment Company Ltd-Rs. 160-M | | | | | | | | | | | | | | | | | | | | | |
| Pak Oman Investment Company Ltd-Rs. 50-M | | | | | | | | | | | | | | | | | | | | | |
| Pak Oman Investment Co. Ltd-Rs.100-M | | | | | | | | | | | | | | | | | | | | | |
| Pak Brunei Investment Company Ltd-Rs. 100-M | | | | | | | | | | | | | | | | | | | | | |
| Pak Brunei Investment Company Ltd-Rs. 100-M | | | | | | | | | | | | | | | | | | | | | |
| Pak Brunei Investment Co. Ltd-Rs.100-M | | | | | | | | | | | | | | | | | | | | | |
| Standard Chartered Modaraba- 100-M | | | | | | | | | | | | | | | | | | | | | |
| Sindh Modaraba-85-M | | | | | | | | | | | | | | | | | | | | | |

| | Note | 2015 | 2014 |
|---|------|----------|----------|
| Rupees in thousand | | | |
| 19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE | | | |
| Minimum lease payments / rentals payable | | | |
| Within one year | | 63,388 | 38,661 |
| After one year but not more than five years | | - | 63,996 |
| | | 63,388 | 102,657 |
| Less: Amount representing finance charges payable | | | |
| Within one year | | (1,294) | (6,117) |
| After one year but not more than five years | | - | (1,757) |
| | | (1,294) | (7,874) |
| Present value of minimum lease payments | | 62,094 | 94,783 |
| Less: Current portion shown under current liabilities | 24 | (62,094) | (32,545) |
| | | - | 62,238 |
| 19.1 | | | |
| These represent obligation against finance lease arrangements with leasing company for acquisition of machinery. The outstanding lease rentals due under the lease agreements are payable in quarterly installments latest by 2016. These carry finance charges at the rate of 6 month KIBOR+2.50% per annum being the implicit rate in the lease. The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. Liabilities are secured against promissory notes and security deposit. | | | |
| 20 DEFERRED LIABILITIES | | | |
| Deferred taxation | 20.1 | 613,863 | 655,049 |
| Excise duty | 20.2 | 35,120 | 35,120 |
| | | 648,983 | 690,169 |
| 20.1 Deferred taxation | | | |
| Opening Balance | | 655,049 | 696,219 |
| Effect of reduction in tax rate related to revaluation surplus | | (12,914) | (13,766) |
| Reversal for the year | | (28,272) | (27,404) |
| | | 613,863 | 655,049 |
| Deferred tax liabilities arising due to; | | | |
| Accelerated depreciation rates | | 290,642 | 302,778 |
| Investment in associates | | 29,198 | 22,025 |
| Surplus on revaluation of property, plant and equipments | | 387,470 | 426,173 |
| Lease financing arrangements - net | | 14,928 | 9,311 |
| | | 722,238 | 760,287 |
| Deferred tax assets arising due to; | | | |
| Provisions | | (23,305) | (20,168) |
| Minimum tax carry forward | | (85,070) | (85,070) |
| | | 613,863 | 655,049 |
| 20.2 | | | |
| This represents provision made in respect of denial of excise duty exemption by Central Excise and Land Customs Department vide notification of December 23, 1992. The company had filed a constitutional petition before the High Court of Sindh however the same was rejected by the Sindh High Court. The company has filed an appeal before the Supreme Court of Pakistan against the order of Sindh High Court. The appeal is pending for hearing, whereas the Company has recognised full amount of liability in this respect as a matter of abundant precaution and being prudent. | | | |

| | Note | 2015 | 2014 |
|--|--|------------------|------------------|
| Rupees in thousand | | | |
| 21 TRADE AND OTHER PAYABLES | | | |
| Creditors | 21.1 | 344,467 | 139,569 |
| Murabaha / Istisna payable | 21.2 | 300,000 | 180,000 |
| Accrued expenses | | 61,540 | 33,061 |
| Advances from customers | | 202,590 | 1,748 |
| Workers' Profit Participation fund | 21.3 | 10,412 | 4,103 |
| Workers' welfare fund | | 6,800 | 4,032 |
| Unclaimed dividend | | 3,272 | 3,507 |
| Sales tax payable | | 106,035 | 84,065 |
| Payable to provident fund - related party | | 64 | 129 |
| Others | | 32,284 | 7,003 |
| | | 1,067,464 | 457,217 |
| 21.1 | This includes Rs.0.127 million (2014: Rs. 4.318 million) payable to related party. | | |
| 21.2 | Murabaha / Istisna have been availed from Islamic banks at 6M Kibor+0.5% to 1% per anum (2014: 6M Kibor+1% per anum). The profit is payable with principle amount on the date of maturity of transaction. These include pledge and hypothecation facilities. Pledge facilities are primarily secured by pledge of sugar and collaterally secured by ranking charge on current assets and hypothecation facilities are secured by 1st pari passu hypothecation charge over plant and machinery. The aggregate limit of Murabaha/Istasna arrangements is up to Rs. 1,100 million (2014: Rs 500 million). The unavailed facility at the year end amounted to Rs. 800 million (2014: 320 million). | | |
| 21.3 Workers' Profit Participation fund | | | |
| Opening balance | | 4,103 | 6,584 |
| Interest on funds utilized | 21.3.1 | 330 | 579 |
| Allocation for the year | | 10,412 | 4,103 |
| | | 14,845 | 11,266 |
| Payments made during the year | | (4,433) | (7,163) |
| Closing balance | | 10,412 | 4,103 |
| 21.3.1 | The Company retains Workers' Profit Participation Fund for its business operations till the date of allocation to the workers. Interest is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers. | | |
| 22 ACCRUED MARKUP / FINANCE COST | | | |
| On Long term financing | | 16,346 | 21,706 |
| On Finance lease obligation | | 28 | 84 |
| On Murabaha / Istisna / IERF | | 2,178 | 10,145 |
| On Short term borrowings | | 29,562 | 33,498 |
| | | 48,114 | 65,433 |
| 23 SHORT TERM BORROWINGS | | | |
| From banking companies - Secured | | | |
| Running finance/Cash finance | 23.1 | 1,173,087 | 1,306,299 |
| | | 1,173,087 | 1,306,299 |

23.1 These carry markup at rates ranging from 3/6M Kibor+1% to 1.5% (2014 : 3/6M Kibor+1% to 1.5%) per annum chargeable and payable quarterly. These are secured against pledge of refine sugar/MDFB sheets, pari passu equitable mortgage charge on fixed assets and hypothecation of stocks and receivables. The aggregate limit running finance arrangements is up to Rs. 3,875 million (2014: Rs 3,825 million). The aggregate unavailed running finance/cash finance facilities from commercial banks amounts to Rs. 2,702 million (2014 : Rs.2,519 million) as on balance sheet date.

| | Note | 2015 | 2014 |
|---|------|---------|---------|
| Rupees in thousand | | | |
| 24 CURRENT PORTION OF LONG TERM FINANCING AND LIABILITES AGAINST ASSETS SUBJECT TO FINANCE LEASE | | | |
| Long term financing | 18 | 407,447 | 375,092 |
| Liabilities against assets subject to finance lease | 19 | 62,094 | 32,545 |
| | | 469,541 | 407,637 |

25 CONTINGENCIES AND COMMITMENTS

a). Contingencies

25.1 A demand of Rs. 6.216 million in respect of sales tax on in house use of baggase as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company has disputed the liability and had filed an appeal before the Appellate Tribunal Karachi. The Appellate Tribunal has remanded back the case to the department of sales tax with a direction to compute the sales value and the sales tax payable thereon correctly after providing proper opportunity to the parties. The Sales Tax Tribunal has also directed the department to consider the fact that there was no deliberate or willful attempt to defraud the revenue therefore, the additional tax liability may be uncalled. However, to avail of relief from levy of additional tax, as provided through SRO 1349(1) 99 dated 17th December,1999, the Company had paid a total amount of Rs. 11.791 million including additional tax of Rs.5.577 million in December,1999.

The adjudicating authority has conducted the proceedings on remanded back case of the Tribunal and maintained its previous order. The Company had filed an appeal before Collector Appeals which was decided against the company. Against which the company has filed an appeal before the Appellate Tribunal. Appellate Tribunal once again remanded back the case to the adjudicating authority. However the company has provided for the contingency for the amount of sales tax and additional tax already paid through the aforesaid SRO.

25.2 The Company filed petition before the High Court of Sindh contesting the levy of further tax against taxable supplies made to persons other than registered person under section 3(IA) of the Sales Tax Act, 1990. The entire liability till November 30, 2000 against such further tax had been paid by the Company including additional tax and penalties. During December 2000, a judgment in favor of Company was awarded by the High Court of Sindh. In presence of this the Company has claimed for refund of such further tax amounting to Rs.48.990 million out of which an amount of Rs.5.233 million has been refunded by the department.

The Department of Sales Tax has filed an Appeal before the Honorable Supreme Court against the Order of the High Court of Sindh. The Honorable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law, however ratio-decided ordered by the High Court of Sindh has not been reversed, over ruled or amended. The Company is therefore of the view that the final outcome of the matter will be in favor of the Company. Sales Tax department has however raised a demand of further tax involving amount of 116 million, which has been contested by the company in the light of Sindh High Court Judgment. Thereafter the Sales Tax Tribunal has issued order in favor of the company against which the sales tax department filed appeal against the orders of Tribunal which are pending at Honorable Sindh High Court.

25.3 The Company's appeal in the Honorable Supreme Court against the Order of the Sindh High Court for levy of Quality Premium has been accepted by the Honorable Supreme Court by assailing the Order of Sindh High Court. Accordingly, no provision has been made in the books of accounts amounting to Rs. 339.65 million (2014: 339.65 million), as the matter is pending in the Honorable Supreme Court. Furthermore as per decision of federal government steering committee held on 16-07-2007, the quality premium shall remain suspended till decision of Honorable Supreme Court or consensus on uniform formula to be developed by MINFAL.

25.4 The Company has filed a petition before the Honorable High Court of Sindh against the imposition of special excise duty. The Honorable High Court has issued stay order for the recovery of 70% of the total amount of Rs 7.135 million against excise duty involved. The Company has however as a matter of abundant precaution has provided for the amount of said duty in the financial statements. The case has been decided in favor of the company declaring Special Excise Duty as void ab-initio and of no legal effect. The Inland Revenue department has filed an appeal before Honorable Supreme Court of Pakistan against the decision of Honorable High Court. In previous year, the company has received Show Cause Notice, from department of Inland Revenue -LTU Karachi, against refund claim of Special Excise Duty amounting to Rs. 118.208 million filed by the company, in compliance of order of Honorable High Court of Sindh Karachi.

The company has filed another appeal in Honorable High Court of Sindh Karachi, against the Show Cause Notice issued by the department of Inland Revenue-LTU Karachi. Honorable High Court of Sindh has issued, stay order against the proceedings on the show cause notice.

25.5 The company had received Show Cause Notice, from department of Inland Revenue, for recovery of Federal Excise Duty availed by the company amounting to Rs.51.397 million, under SRO 77(1) 2013 dated 7th February 2013. The company has filed an appeal, before Honorable High Court of Sindh against Show Cause Notice and the Honorable High Court of Sindh has issued, stay order against the proceedings on the Show Cause Notice.

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

25.7 The Company has filed a suit before the Honorable 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. 6.5 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 violation of the constitution. The Honorable High Court of Sindh has accepted the petition and termed that the impugned notification have been issued without lawful authority and suspended the operation of the impugned, notifications. The constitutional petition filed before the Honorable High Court of Sindh has been allowed in favor of the company. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honorable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority has filed an appeal before the Honorable Supreme Court of Pakistan against the decision of Honorable High Court of Sindh. No provision has been made in this respect.

25.8 During the year an order was issued by Large Taxpayer Unit Karachi for recovery of Rs.31.173 million including additional tax and penalty amounting, being alleged inadmissible input tax claimed by the company. The amount of alleged inadmissible input tax was deposited by the company after receipt of order. However, the company filed an appeal before the Commissioner Inland Revenue Karachi. The Commissioner Inland Revenue decided the matter in favour of the company, declaring the input tax adjustment claimed by the company as admissible against which Large Taxpayer Unit Karachi has filed an appeal before Sales Tax Appellate Tribunal Inland Revenue Karachi. However the Company has applied for refund of the amount deposited and is confident for outcome in favour of the company so no provision is made in this respect.

25.9 Against the sugarcane purchase price of Rs. 172 per 40 kgs as fixed for the season 2013-2014, the company had filed a case before the Honourable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honourable Supreme Court. In the due course of time, the Government of Sindh fixed the price of sugarcane at Rs. 182 per 40 kgs for the current season in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honourable High Court of Sindh. The Honourable Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10 per 40 kgs in the accounts aggregating to Rs. 253.279 millions.

25.10 During the year an incidence of fire occurred on May 02, 2015 due to short circuit as a result of which MDFB office situated on the third floor the building has been completely burnt. The premises were fully insured and a claim has been lodged with the insurance company amounting to Rs. 6.60 million and is yet to be assessed and settled. The incidence has no significant effect on operations of the company.

| | Note | 2015 | 2014 |
|--|---------------|------------------|------------------|
| Rupees in thousand | | | |
| b). Commitments | | | |
| The Company's commitment as on September 30, are as follows: | | | |
| Letters of credit | | | |
| Stores | | 25,881 | 8,477 |
| Raw Material | | 94,889 | 101,307 |
| Machinery | | 106,624 | 40,936 |
| | | <u>227,394</u> | <u>150,720</u> |
| Bank Guarantee in favor of Trading Corporation of Pakistan(TCP) against sugar sale contracts | | - | 34,731 |
| | | <u>-</u> | <u>34,731</u> |
| 26 SALES | | | |
| Export | | 521,942 | 452,096 |
| Local | | | |
| Local Sales | | 7,157,495 | 7,966,706 |
| Sales tax and federal excise duty | | (712,229) | (718,662) |
| Brokerage and commission | | (934) | (1,043) |
| | | <u>6,444,332</u> | <u>7,247,001</u> |
| | | <u>6,966,274</u> | <u>7,699,097</u> |
| 27 COST OF SALES | | | |
| Opening stock of finished goods | | 1,620,785 | 1,479,010 |
| Cost of goods manufactured | 27.1 | 6,437,826 | 6,991,965 |
| | | <u>8,058,611</u> | <u>8,470,975</u> |
| Less: Closing stock of finished goods | | (2,120,074) | (1,620,785) |
| | | <u>5,938,537</u> | <u>6,850,190</u> |
| 27.1 Cost of goods manufactured | | | |
| Raw material consumed | 25.9 & 27.1.1 | 5,585,177 | 6,639,647 |
| Salaries, wages and benefits | 27.1.2 | 213,500 | 183,781 |
| Stores and spare parts consumed | | 315,119 | 276,981 |
| Packing materials | | 57,477 | 67,607 |
| Fuel and oil | | 124,661 | 102,291 |
| Power and water | | 247,579 | 210,543 |
| Repair and maintenance | | 128,568 | 95,443 |
| Insurance | | 16,008 | 14,320 |
| Depreciation | 4.1.2 | 197,829 | 183,781 |
| Other manufacturing expenses | | 32,820 | 31,821 |
| | | <u>6,918,738</u> | <u>7,806,215</u> |
| Less: | | | |
| By product sale | | | |
| Molasses | | 357,938 | 625,211 |
| Baggase | | 16,925 | 8,352 |
| Sander dust | | 930 | 816 |
| Sale of Electric Power | | 102,106 | 178,622 |
| | | <u>(477,899)</u> | <u>(813,001)</u> |
| Work-in-process | | | |
| Opening stock | | 6,083 | 4,834 |
| Closing stock | | (9,096) | (6,083) |
| | | <u>(3,013)</u> | <u>(1,249)</u> |
| | | <u>6,437,826</u> | <u>6,991,965</u> |

| | Note | 2015 | 2014 |
|--|------|--------------------|------------------|
| | | Rupees in thousand | |
| 27.1.1 Raw material consumed | | | |
| Opening stock | | 150,157 | 307,735 |
| Purchases and related expenses | | 5,643,443 | 6,482,069 |
| | | 5,793,600 | 6,789,804 |
| Closing stock | | (208,423) | (150,157) |
| | | <u>5,585,177</u> | <u>6,639,647</u> |
| 27.1.2 It includes Rs. 6.116 million (2014: Rs. 5.845 million) in respect of contribution towards staff provident fund. | | | |
| 28 PROFIT FROM TRADING ACTIVITIES | | | |
| Sales | | 132,046 | 20,164 |
| Sales tax and federal excise duty | | (19,238) | (3,107) |
| | | 112,808 | 17,057 |
| Cost of sales: | | | |
| Opening stock | | 5,228 | 10,835 |
| Purchases | | 113,327 | 5,179 |
| Closing stock | | (6,682) | (5,228) |
| | | 111,873 | 10,786 |
| | | 935 | 6,271 |
| Distribution expenses | | (291) | (3,653) |
| Profit for the year | | <u>644</u> | <u>2,618</u> |
| 29 DISTRIBUTION COST | | | |
| Sales promotion | | 8,280 | 6,372 |
| Export sale expenses | | 2,044 | 4,322 |
| Dispatch and stacking | | 12,901 | 18,447 |
| | | <u>23,225</u> | <u>29,141</u> |
| 30 ADMINISTRATIVE EXPENSES | | | |
| Salaries, wages and benefits | 30.1 | 175,945 | 171,645 |
| Staff welfare | | 29,244 | 27,363 |
| Rent, rates and taxes | | 6,498 | 2,783 |
| Electricity and gas charges | | 15,337 | 12,535 |
| Repair and maintenance | | 41,260 | 45,315 |
| Legal and professional | | 5,857 | 3,888 |
| Vehicle running | | 25,670 | 29,367 |
| Insurance | | 3,505 | 3,347 |
| Communication | | 6,871 | 6,096 |
| Entertainment | | 8,787 | 9,815 |
| Printing and stationery | | 2,120 | 2,150 |
| Fees and subscription | | 3,784 | 3,994 |
| Traveling and conveyance | | 10,748 | 9,801 |
| Security Expenses | | 19,205 | 17,608 |
| Auditors' remuneration | 30.2 | 1,038 | 1,032 |
| Charity and donation | 30.3 | 2,246 | 2,181 |
| Depreciation | | 43,096 | 43,664 |
| Amortization | | - | 983 |
| Others | | 7,813 | 7,027 |
| | | <u>409,024</u> | <u>400,594</u> |

30.1 It includes Rs.4.633 million (2014 : Rs. 4.908 million) in respect of contribution towards staff provident fund.

| | Note | 2015 | 2014 |
|--|--|--------------------|---------|
| | | Rupees in thousand | |
| 30.2 Auditors' remuneration | | | |
| Kreston Hyder Bhimji & Co | | | |
| Audit fee | | 700 | 700 |
| Out of pocket expenses | | 105 | 104 |
| Half yearly review fee | | 83 | 83 |
| Code of corporate governance review fee | | 10 | 10 |
| | | 898 | 897 |
| A.D.Akhawala & Co. - Provident Fund | | 30 | 25 |
| A.D.Akhawala & Co. - Cost Audit | | 110 | 110 |
| | | 140 | 135 |
| | | 1038 | 1,032 |
| 30.3 | No directors or their spouses had any interest in the donee funds. | | |
| 31 OTHER OPERATING EXPENSES | | | |
| Provision for obsolescence and slow moving items | | 10,201 | 3,040 |
| Provision for export freight subsidy | | 49,779 | - |
| Worker's Profit Participation fund | | 10,412 | 4,103 |
| Workers welfare fund | | 5,241 | 1,559 |
| | | 75,633 | 8,702 |
| 32 OTHER INCOME | | | |
| Income from financial assets | | | |
| Profit on bank deposits | | 3,818 | 1,031 |
| Exchange gain on export proceeds | | 894 | 3,159 |
| | | 4,712 | 4,190 |
| Income from non financial assets | | | |
| Insurance claim | | 21,759 | 426 |
| Sale of scrap | | 1,441 | 2,924 |
| Gain on disposal of property, plant and equipment | 4.1.3 | 7,389 | 5,065 |
| Rent from Related party | | 600 | 600 |
| Export Subsidy | 14.3 | 19,200 | - |
| | | 50,389 | 9,015 |
| ERF Performance Reward | | - | 4,129 |
| | | 55,101 | 17,334 |
| 33 FINANCE COST | | | |
| Profit / Markup / Interest on: | | | |
| Long term financing | | 168,527 | 157,463 |
| Liabilities against asset subject to finance lease | | 5,613 | 9,629 |
| Short term borrowings | | 160,829 | 198,252 |
| Export refinance | | 9,749 | 6,171 |
| Murabaha / Istisna / IERF financing | | 25,651 | 13,611 |
| Workers' profit participation fund | 21.3 | 330 | 579 |
| Bank charges | | 1,675 | 1,389 |
| Export finance fines | | 8,591 | - |
| Others | | 2,043 | 2,690 |
| | | 383,008 | 389,784 |

| | Note | 2015 | 2014 |
|--|------|--------------------|---------------|
| | | Rupees in thousand | |
| 34 TAXATION | | | |
| Current | | 83,042 | 72,294 |
| Deferred | | (28,272) | (27,404) |
| | | <u>54,770</u> | <u>44,890</u> |
| 34.1 Tax Reconciliation - Current Tax | | | |
| Tax at 32% on Accounting profit | | 70,748 | 25,154 |
| Effect of Final tax regime | | 7,535 | 2,048 |
| Minimum tax | | - | 56,993 |
| Dividend income | | 1,609 | 495 |
| Share of profit of associate | | (9,119) | (11,743) |
| Tax credit | | (8,011) | (17,386) |
| Temporary differences | | (18,758) | (20,693) |
| Reduction in tax rate | | (9,514) | (6,711) |
| Others | | 20,279 | 16,733 |
| | | <u>(15,979)</u> | <u>19,736</u> |
| | | <u>54,770</u> | <u>44,890</u> |
| 35 EARNINGS PER SHARE | | | |
| Basic and diluted | | | |
| Profit after taxation | | 166,319 | 31,333 |
| Weighted average number of ordinary shares outstanding during the year | | 20,474 | 20,474 |
| Earnings per share (Rupees) | | 8.12 | 1.53 |

36 RELATED PARTY TRANSACTIONS

The related parties comprise associates, key management personnel and staff retirement benefit plans. The transactions with related parties are carried out as per agreed terms in the normal course of business. Amounts due from and to related parties are shown in respective notes of investment, receivables and payables, and remuneration of directors and key management personnel is disclosed in note 3. Other transactions with related parties are as follows : -

| Relationship with the Company | Nature of Transactions | 2015 Rupees in thousand | 2014 |
|--------------------------------------|--|----------------------------|---------|
| Associates: | | | |
| Reliance Insurance Company Limited | Insurance premium paid | 26,830 | 10,882 |
| | Insurance claims received | 56,764 | 36,110 |
| | Insurance claims receivable | 11,049 | 46,113 |
| Shahmurad Sugar Mills Limited | Sale of goods | 362,738 | 581,473 |
| | Dividend received | 6,600 | 4,950 |
| | Dividend receivable | 7,590 | - |
| | Share of profit in associates | 28,863 | 35,428 |
| | Share of other comprehensive income and item taken directly to equity | - | 33,493 |
| First Al-Noor Modaraba (Pvt) Limited | Rent income | 600 | 600 |
| | Share of (loss) / profit in associates | (366) | 157 |
| | Share of other comprehensive (loss) / income and item taken directly to equity | (976) | 598 |
| Staff Retirement Benefits Plan | Employer's contribution to provident fund | 10,749 | 10,753 |

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive, Directors and Executives of the Company were as follows: -

| | Chief Executive | | Directors | | Executives | | Total | |
|--|-----------------|--------------|---------------|---------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Rupees in thousand | | | | | | | | |
| Meeting fee | 26 | 25 | 242 | 250 | - | - | 268 | 275 |
| Remuneration | 6,535 | 6,324 | 9,282 | 13,712 | 52,299 | 51,395 | 68,116 | 71,431 |
| Provident fund | | - | | - | 3,659 | 4,063 | 3,659 | 4,063 |
| Perquisite (including house rent and bonus) | 3,426 | 3,163 | 4,641 | 6,856 | 51,228 | 45,803 | 59,295 | 55,822 |
| Reimbursable expenses including traveling expenses | 1,618 | - | 1,294 | 1,466 | - | - | 2,912 | 1,466 |
| | 11,605 | 9,512 | 15,459 | 22,284 | 107,186 | 101,261 | 134,250 | 133,057 |
| Number of persons | 1 | 1 | 2 | 4 | 71 | 67 | | |

37.1.1 The Chief Executive, certain Directors and Executives are also provided with free use of company's cars.

37.1.2 Meeting fee has been paid to 10 Directors including CEO.

| | 2015 | 2014 |
|--|-----------|-----------|
| 38 CAPACITY AND PRODUCTION | | |
| Sugar Division | | |
| Capacity Days | 120 | 120 |
| Cane crushing capacity per day (M.Ton) | 7,000 | 7,000 |
| Total Crushing Capacity on basis of no. of days (M.Ton) | 840,000 | 840,000 |
| No of days Mill operated | 110 | 155 |
| Actual Crushing (M.Ton) | 1,013,118 | 1,293,261 |
| Sugar Production (M.Ton) | 104,283 | 126,719 |
| <p>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.</p> | | |
| MDF Board division | | |
| Mande Line | | |
| No. of Days Mill Operated | 303 | 218 |
| Capacity Per Day (Cubic Meter) | 70 | 70 |
| Total Capacity on basis of no. of days (Cubic Meter) | 21,210 | 15,260 |
| Actual Production (Cubic Meter) | 19,053 | 12,524 |
| <p>Production of Mande Line of MDF Board Division was lowered due to production mix of different sizes.</p> | | |
| Sunds Line | | |
| No. of Days Mill Operated | 309 | 316 |
| Capacity Per Day (Cubic Meter) | 122 | 122 |
| Total Capacity on basis of no. of days (Cubic Meter) | 37,698 | 38,552 |
| Actual Production (Cubic Meter) | 39,755 | 37,328 |

39 SEGMENT INFORMATION

The operating results, assets and liabilities and other significant information of each segment is as follows:

| | SUGAR | | MDF BOARD | | TOTAL | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| ----- Rupees in thousand ----- | | | | | | |
| REVENUE | | | | | | |
| External sales | 4,683,372 | 5,722,202 | 2,282,902 | 1,976,895 | 6,966,274 | 7,699,097 |
| External Sales of By-product & Electricity | 476,969 | 812,185 | 930 | 816 | 477,899 | 813,001 |
| Inter-segment transfer - Electricity | 46,183 | 42,488 | - | - | 46,183 | 42,488 |
| Total Revenue | <u>5,206,524</u> | <u>6,576,875</u> | <u>2,283,832</u> | <u>1,977,711</u> | <u>7,490,356</u> | <u>8,554,586</u> |
| RESULTS | | | | | | |
| Profit from operations | <u>449,798</u> | <u>349,886</u> | <u>146,334</u> | <u>71,904</u> | <u>596,132</u> | 421,790 |
| Other operating expenses | | | | | (75,633) | (8,702) |
| Other Income | | | | | 55,101 | 17,334 |
| Finance cost | | | | | (383,008) | (389,784) |
| Share of profit from associates | | | | | 28,497 | 35,585 |
| Profit before tax | | | | | 221,089 | 76,223 |
| Taxation | | | | | (54,770) | (44,890) |
| Net profit for the year | | | | | <u>166,319</u> | <u>31,333</u> |
| BALANCE SHEET | | | | | | |
| Assets | | | | | | |
| Segment assets | 4,526,515 | 3,956,614 | 2,347,186 | 2,301,375 | 6,873,701 | 6,257,989 |
| Investment in associates | 260,215 | 246,884 | - | - | 260,215 | 246,884 |
| Unallocated Assets | - | - | - | - | 15,453 | 60,241 |
| Total assets | | | | | <u>7,149,369</u> | <u>6,565,114</u> |
| Liabilities | | | | | | |
| Segment liabilities | 3,770,681 | 3,319,777 | 736,135 | 769,409 | 4,506,816 | 4,089,186 |
| Unallocated liabilities | | | | | 20,484 | 11,642 |
| Total liabilities | | | | | <u>4,527,300</u> | <u>4,100,828</u> |
| OTHER INFORMATION | | | | | | |
| Additions to property, plant and equipment | 77,742 | 258,687 | 107,241 | 198,257 | 184,983 | 456,944 |
| Depreciation | 128,516 | 131,175 | 112,409 | 96,270 | 240,925 | 227,445 |
| Amortization | - | - | - | 983 | - | 983 |
| Geographical Information | | | | | | |

All non-current assets of the Company are located in Pakistan. Company's local sales represent sales to various external customers in Pakistan whereas export sales represent sales to customers in various countries of Asia. The company is not dependent on any single major customers whose sales is more than 10% of segment revenues

40 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the company as at September 30 are as follows:

| 2015 | | | | | | |
|-------------------------|-------------------------|-----------|-----------------------------|-------------------------|-----------|-------|
| Markup / Interest Based | | | Non Markup / Interest Based | | | Total |
| Maturity up to One Year | Maturity after One Year | Sub Total | Maturity up to One Year | Maturity after One Year | Sub Total | |

-----Rupees in thousand-----

FINANCIAL ASSETS

| | | | | | | | |
|------------------------|-------|---|-------|---------|---------|---------|----------------|
| Long Term Investment | - | - | - | - | 260,215 | 260,215 | 260,215 |
| Long Term Loans | - | - | - | 8,008 | 6,022 | 14,030 | 14,030 |
| Deposits | - | - | - | 36,810 | 3,552 | 40,362 | 40,362 |
| Trade debts | - | - | - | 120,106 | - | 120,106 | 120,106 |
| Loans and advances | - | - | - | 6,189 | - | 6,189 | 6,189 |
| Other receivables | - | - | - | 43,035 | - | 43,035 | 43,035 |
| Cash and bank balances | 3,322 | - | 3,322 | 94,851 | - | 94,851 | 98,173 |
| | 3,322 | - | 3,322 | 308,999 | 269,789 | 578,788 | 582,110 |

FINANCIAL LIABILITIES

| | | | | | | | |
|---|-----------|-----------|-----------|---------|---|---------|------------------|
| Long Term Financing | 407,447 | 1,120,111 | 1,527,558 | - | - | - | 1,527,558 |
| Liabilities against assets subject to finance lease | 62,094 | - | 62,094 | - | - | - | 62,094 |
| Trade and other Payables | 310,412 | - | 310,412 | 554,462 | - | 554,462 | 864,874 |
| Accrued markup / finance cost | - | - | - | 48,114 | - | 48,114 | 48,114 |
| Short term borrowings | 1,173,087 | - | 1,173,087 | - | - | - | 1,173,087 |
| | 1,953,040 | 1,120,111 | 3,073,151 | 602,576 | - | 602,576 | 3,675,727 |

| 2014 | | | | | | |
|-------------------------|-------------------------|-----------|-----------------------------|-------------------------|-----------|-------|
| Markup / Interest Based | | | Non Markup / Interest Based | | | Total |
| Maturity up to One Year | Maturity after One Year | Sub Total | Maturity up to One Year | Maturity after One Year | Sub Total | |

-----Rupees in thousand-----

FINANCIAL ASSETS

| | | | | | | | |
|------------------------|--------|---|--------|---------|---------|---------|---------|
| Long Term Investment | - | - | - | - | 246,884 | 246,884 | 246,884 |
| Long Term Loans | - | - | - | 7,765 | 3,516 | 11,281 | 11,281 |
| Deposits | - | - | - | 233 | 46,954 | 47,187 | 47,187 |
| Trade debts | - | - | - | 55,320 | - | 55,320 | 55,320 |
| Loans and advances | - | - | - | 6,878 | - | 6,878 | 6,878 |
| Other receivables | - | - | - | 46,201 | - | 46,201 | 46,201 |
| Cash and bank balances | 77,444 | - | 77,444 | 71,065 | - | 71,065 | 148,509 |
| | 77,444 | - | 77,444 | 187,462 | 297,354 | 484,816 | 562,260 |

FINANCIAL LIABILITIES

| | | | | | | | |
|---|-----------|-----------|-----------|---------|-----|---------|-----------|
| Long Term Financing | 375,092 | 1,111,433 | 1,486,525 | - | - | - | 1,486,525 |
| Liabilities against assets subject to finance lease | 32,545 | 62,238 | 94,783 | - | - | - | 94,783 |
| Long term deposits | - | - | - | - | 402 | 402 | 402 |
| Trade and other Payables | 184,103 | - | 184,103 | 271,366 | - | 271,366 | 455,469 |
| Accrued markup / finance cost | - | - | - | 65,433 | - | 65,433 | 65,433 |
| Short term borrowings | 1,306,299 | - | 1,306,299 | - | - | - | 1,306,299 |
| | 1,898,039 | 1,173,671 | 3,071,710 | 336,799 | 402 | 337,201 | 3,408,911 |

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest / markup rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

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's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest / markup rate risk, credit risk, financial instruments and investment of excess liquidity. The Board of Directors reviews and agrees policies for managing each of these risks as summarized below.

A Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's operating activities exposes it to credit risks arising mainly in respect of investments, balances with banks, loans and advances, trade debts, deposits and other receivables. The maximum exposure to credit risk at the reporting date is as follows:

| | 2015 | 2014 |
|--------------------|-----------------------------|-------------|
| | (Rupees in thousand) | |
| Loans and advances | 20,219 | 18,159 |
| Deposits | 40,362 | 47,187 |
| Trade debts | 120,106 | 55,320 |
| Other receivables | 43,035 | 46,201 |
| Bank Balances | 97,052 | 147,255 |
| | 320,774 | 314,122 |

Loans and advances

These represent balances due from employees that are secured against their balances of retirement benefited . The Company actively pursue for the recovery and based on past experience the Company does not expect that these will fail to meet their obligations hence no impairment allowance is necessary. Further the recovery of loan to grower is uncertain so appropriate provision has been made against past due loans to growers as disclosed in note 12.2.

Deposits

These represent security deposits with utility and leasing companies and trade deposits to suppliers. Based on past experience and credit worthiness of the counter parties the Company does not expect that these counter parties will fail to meet their obligations and the Company believes that it is not exposed any significant credit risk in respect of deposits.

Trade debts

Trade debts are due from local customers. The Company manages credit risk in respect of trade debts in respect of local and export sales by setting credit limits in relation to individual customers and / or by obtaining advance against sales and / or through irrevocable letter of credits and / or by providing for doubtful debts. The Company actively pursue for the recovery and the Company does not expect these companies will fail to meet their obligation and further these are neither past due nor impaired, hence no allowance is necessary in respect of trade debts. Aging of trade debts is as follows;

| | | |
|---------------|----------------|--------|
| 1 to 3 months | 641 | 10,957 |
| 3 to 6 months | 119,465 | 44,363 |
| | 120,106 | 55,320 |

Other receivables

These represent amounts receivables from related and other parties against which the Company is actively pursuing for the recovery and the Company expect that the recovery will be made soon. The Company believes that no impairment allowance is necessary in respect of receivable because these are neither past due nor impaired.

Bank balances

The Company limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating and given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with credit ratings are tabulated below:

| | Long Term Ratings | Short Term Ratings | 2015 Rupees in thousand | 2014 |
|-------------------------------------|-------------------|--------------------|----------------------------|----------------|
| United Bank Limited | AA+ | A-1+ | 3,443 | 27,649 |
| Habib Bank Limited | AAA | A-1+ | 8,740 | 2,413 |
| Allied Bank Limited | AA+ | A1+ | 3,075 | 1,752 |
| MCB Bank Limited | AAA | A1+ | 3,230 | 11,363 |
| Standard Chartered Bank Limited | AAA | A1+ | 1,213 | 175 |
| National Bank of Pakistan | AAA | A1+ | 1,819 | 2,805 |
| Faysal Bank Limited | AA- | A1+ | 3,213 | 5,637 |
| Bank Al-Falah Limited | AA | A1+ | 26,371 | 90,301 |
| Bank Islami Limited | A+ | A1 | 238 | 251 |
| Habib Metropolitan Bank Limited | AA+ | A1+ | 642 | 12 |
| Al-Baraka Bank (Pakistan) Limited | A | A1 | 370 | 16 |
| Soneri Bank Limited | AA- | A1+ | 577 | 626 |
| Industrial Commercial bank of china | A1 | P-1 | 2 | 2 |
| Meezan Bank Limited | AA | A-1+ | 20,151 | 3,264 |
| Burj Bank Limited | A- | A-2 | 856 | 576 |
| Js Bank Limited | A+ | A1+ | 1,035 | 214 |
| Bank Al-Habib | AA+ | A1+ | 21,767 | 171 |
| Askari Commercial Bank Limited | AA | A-1+ | 12 | 12 |
| Dubai Islamic Bank | A+ | A-1 | 234 | 16 |
| Samba Bank Limited | AA | A-1 | 49 | |
| Bank of Khyber | | | 15 | |
| | | | 97,052 | 147,255 |

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired is assessed by reference to historical information and external ratings or to historical information about counter party default rates. As at the balance sheet date amounts of Rs. 41.096 millions (2014: 41.096 million) receivable from growers, suppliers and contractors were past due against which allowance for doubtful debts have been made. The aging of the past due financial asserts is as under;

| | | |
|-------------------|---------------|--------|
| 2 year to 3 years | 41,096 | 41,096 |
|-------------------|---------------|--------|

The company has also made provision of Rs.49.779 million in respect of Export frieght subsidy due to uncertainties regarding the recoverability.

B Liquidity risk

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with contractual maturities (undiscounted) of the financial liabilities is as follow;

| | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|-------------------------------------|-----------------------|-------------------|------------------|------------------|
| (Rupees in thousand) | | | | |
| Year ended 30 September 2015 | | | | |
| Long term financing | - | 407,447 | 1,120,111 | 1,527,558 |
| Finance lease Liabilities | - | 62,094 | - | 62,094 |
| Trade and other payables | 554,390 | 310,484 | - | 864,874 |
| Accrued mark-up | 48,114 | - | - | 48,114 |
| Short-term borrowings | - | 1,173,087 | - | 1,173,087 |
| | 602,504 | 1,953,112 | 1,120,111 | 3,675,727 |
| Year ended 30 September 2014 | | | | |
| Long term financing | - | 375,092 | 1,111,433 | 1,486,525 |
| Finance lease Liabilities | - | 32,545 | 62,238 | 94,783 |
| Long term deposits | - | - | 402 | 402 |
| Trade and other payables | 258,443 | 197,026 | - | 455,469 |
| Accrued mark-up on | 65,433 | - | - | 65,433 |
| Short-term borrowings | - | 1,306,299 | - | 1,306,299 |
| | 323,876 | 1,910,962 | 1,174,073 | 3,408,911 |

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2015 the Company has PKR 3,502 million (2014: PKR 3,535 million) available unutilized short term borrowing limit from financial institutions and also has PKR 98.173 million (2014: PKR 148.509 million) being cash and banks balances. Based on the above, management believes the liquidity risk is insignificant.

C Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest/markup rate risk and other price risk.

D Interest/ markup rate risk management

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest / markup rates. The Company's major interest / markup rate exposure arises from long term financings, short term borrowings and Finance Lease. The Company analyses its interest / markup rate exposure on a regular basis by monitoring markup/interest rate trends. At the balance sheet date the interest / markup rate profile of the Company's mark up/interest bearing financial instruments is:

| Financial Liabilities | Effective interest rates | | Carrying Values | |
|---|--------------------------|--|----------------------------|------------------|
| | 2015 | | 2015 | 2014 |
| | Note number | | --- Rupees in thousand --- | |
| Variable Rate Instruments | | | | |
| Long Term Financing | 18 | | 1,527,558 | 1,486,525 |
| Murabaha/Istisna/IERF | 21.2 | | 300,000 | 180,000 |
| Liability Against assets subject to finance lease | 19 | | 62,094 | 94,783 |
| WPPF | 21.3 | | 10,412 | 4,103 |
| Short term Borrowings | 23 | | 1,173,087 | 1,306,299 |
| Less: Balances in saving bank account | | | (3,322) | (77,444) |
| | | | 3,069,829 | 2,994,266 |

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet would not effect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased /increased profit for the year before tax by the amount of Rs. 30.698 million (2014: 29.942 million) assuming that all other variables remains constant.

E Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial statements will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure in respect of on balance sheet items is insignificant. In appropriate cases, the Company takes out forward contracts to mitigate risk. The Company's exposure to foreign currency risk in respect of off balance sheet items is as follows:

| | 2015 | | 2014 | | 2015 | | 2014 | |
|-----------------------------------|--------------|-------|------|-----|---------------------|--|----------------|--|
| | in thousands | | | | Rupees in thousands | | | |
| Off Balance Sheet Exposure | | | | | | | | |
| Commitments | | | | | | | | |
| US Dollars | \$ | 849 | \$ | 735 | 89,145 | | 87,587 | |
| EUROS | € | 1,068 | € | 725 | 127,092 | | 56,785 | |
| SWISS FRANC | CHF | 18 | CHF | - | 1,944 | | - | |
| | | | | | 218,181 | | 144,372 | |

The following significant exchange rate has been applied:

| | 2015 | 2014 |
|-----------------------|--------|--------|
| Rupee per USD | | |
| Average rate | 103.75 | 100.70 |
| Reporting date rate | 105.00 | 102.50 |
| Rupee per EURO | | |
| Average rate | 124.56 | 139.63 |
| Reporting date rate | 119.00 | 130.11 |
| Rupee per SWISS FRANC | | |
| Average rate | 107.66 | 112.21 |
| Reporting date rate | 108.00 | 107.31 |

Sensitivity analysis

The effect of 10 percent strengthening / weakening on off Balance Sheet date items would have been Rs.21.818 million (2014: Rs.14.437 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

F Fair value of financial instruments

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

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values except investment in associate reported at equity method.

G Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

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

The Company manages its capital structure and makes adjustment to it, in 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.

During 2015 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2015 and 2014 were as follows:

| | 2015 (Rupees in thousand) | 2014 |
|------------------------------|--|------------------|
| Total borrowings | 3,062,739 | 3,067,607 |
| Less: Cash and bank balances | (98,173) | (148,509) |
| | <u>2,964,566</u> | <u>2,919,098</u> |
| Total equity | 1,437,464 | 1,233,546 |
| Total equity and debt | <u>4,402,030</u> | <u>4,152,644</u> |
| Gearing ratio (%) | <u>67.35%</u> | <u>70.29%</u> |

42 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

| | 2015 (Rupees in thousand) Un-audited | 2014 Un-audited |
|---------------------------------|---|----------------------------------|
| Size of the fund - Total assets | <u>105,341</u> | <u>98,653</u> |
| Cost of investments made | <u>105,200</u> | <u>96,234</u> |
| Percentage of investments made | <u>99.87%</u> | <u>97.55%</u> |
| Fair value of investments | <u>105,200</u> | <u>96,234</u> |

42.1 The break-up of fair value of investment is:

| | 2015 | | 2014 | |
|----------------------------|-------------------|----------------------|-----------------|----------------------|
| | Rs. 000s | % | Rs. 000s | % |
| | Un-audited | | Audited | |
| Meezan Amdan Certificate | 100,100 | 95.15% | 94,200 | 97.89% |
| Saving accounts with banks | 5,100 | 4.85% | 2,034 | 2.11% |
| | <u>105,200</u> | <u>100.00%</u> | <u>96,234</u> | <u>100.00%</u> |

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

43 NUMBER OF EMPLOYEES

No of persons employed as on year end were 769 (2014:815) and average number of employee during the year were 820 (2014:670).

44 EVENTS AFTER BALANCE SHEET DATE

Subsequent to the year ended September 30, 2015, the Board of Directors has proposed a final cash dividend of Rs. 67.563 million at 33% i.e. Rs. 3.30 per share of Rs. 10 each (2014: Rs. 20.474 million at 10% i.e. Rs. 1.00 per share of Rs. 10 each) in their meeting held on December 29, 2015 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 29, 2016.

45 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 29th December, 2016.

46 GENERAL

46.1 Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director

**PATTERN OF HOLDING OF THE SHARES HELD
BY THE SHAREHOLDERS AS ON 30-09-2015**

| NO. OF SHAREHOLDERS | SHARE HOLDINGS | | | TOTAL SHARES HELD |
|------------------------|----------------|----|---------|----------------------|
| 446 | 1 | TO | 100 | 11,647 |
| 388 | 101 | TO | 500 | 110,857 |
| 119 | 501 | TO | 1000 | 87,446 |
| 168 | 1001 | TO | 5000 | 411,129 |
| 40 | 5001 | TO | 10000 | 292,810 |
| 13 | 10001 | TO | 15000 | 153,810 |
| 10 | 15001 | TO | 20000 | 173,847 |
| 8 | 20001 | TO | 25000 | 183,103 |
| 4 | 25001 | TO | 30000 | 117,632 |
| 3 | 30001 | TO | 35000 | 94,291 |
| 2 | 40001 | TO | 45000 | 84,000 |
| 2 | 45001 | TO | 50000 | 99,678 |
| 3 | 50001 | TO | 55000 | 158,948 |
| 1 | 55001 | TO | 60000 | 59,209 |
| 5 | 60001 | TO | 65000 | 309,446 |
| 2 | 65001 | TO | 70000 | 134,803 |
| 2 | 70001 | TO | 75000 | 149,513 |
| 2 | 90001 | TO | 95000 | 185,308 |
| 1 | 95001 | TO | 100000 | 97,000 |
| 1 | 100001 | TO | 105000 | 101,981 |
| 2 | 110001 | TO | 115000 | 223,750 |
| 1 | 115001 | TO | 120000 | 118,704 |
| 2 | 120001 | TO | 125000 | 242,314 |
| 1 | 125001 | TO | 130000 | 128,933 |
| 1 | 145001 | TO | 150000 | 150,000 |
| 1 | 155001 | TO | 160000 | 156,940 |
| 1 | 165001 | TO | 170000 | 166,976 |
| 4 | 185001 | TO | 190000 | 745,649 |
| 2 | 190001 | TO | 195000 | 384,953 |
| 1 | 195001 | TO | 200000 | 197,695 |
| 1 | 205001 | TO | 210000 | 208,218 |
| 2 | 220001 | TO | 225000 | 442,176 |
| 1 | 235001 | TO | 240000 | 236,046 |
| 1 | 270001 | TO | 275000 | 270,403 |
| 2 | 280001 | TO | 285000 | 560,589 |
| 1 | 285001 | TO | 290000 | 288,383 |
| 1 | 300001 | TO | 305000 | 304,117 |
| 1 | 320001 | TO | 325000 | 323,394 |
| 2 | 370001 | TO | 375000 | 744,774 |
| 1 | 400001 | TO | 405000 | 402,483 |
| 1 | 415001 | TO | 420000 | 417,820 |
| 1 | 465001 | TO | 470000 | 469,637 |
| 1 | 480001 | TO | 485000 | 482,550 |
| 1 | 565001 | TO | 570000 | 566,416 |
| 1 | 710001 | TO | 715000 | 710,915 |
| 1 | 735001 | TO | 740000 | 739,500 |
| 1 | 775001 | TO | 780000 | 775,750 |
| 1 | 850001 | TO | 855000 | 853,375 |
| 1 | 1015001 | TO | 1020000 | 1,019,227 |
| 1 | 1220001 | TO | 1225000 | 1,222,995 |
| 1 | 1875001 | TO | 1880000 | 1,875,675 |
| 1 | 2025001 | TO | 2030000 | 2,026,887 |
| 1261 | | | | 20,473,702 |

CATAGORIES OF SHAREHOLDERS AS ON 30-09-2015

| SR. NO. | CATEGORIES OF SHARE HOLDERS | NUMBER OF SHARE HOLDERS | SHARES HELD | PERCENTAGE % |
|---------|--------------------------------|----------------------------|-------------------|-----------------|
| 1 | INDIVIDUALS | 1237 | 14,839,255 | 72.48 |
| 2 | INSURANCE COMPANIES | 1 | 566,416 | 2.77 |
| 3 | JOINT STOCK COMPANIES | 12 | 2,645,677 | 12.92 |
| 4 | MUTUAL FUND | 1 | 2,026,887 | 9.90 |
| 5 | FINANCIAL INSTITUTIONS | 4 | 34,030 | 0.17 |
| 6 | MODARABAS | 1 | 121,275 | 0.59 |
| 7 | OTHERS | 5 | 240,162 | 1.17 |
| | TOTAL:- | 1261 | 20,473,702 | 100.00 |

CATEGORIES OF SHARE HOLDING AS AT SEPTEMBER 30, 2015

| Categories of Shareholders | No. of Share Holders | Sheres Held | Percentage |
|--|----------------------|-------------------|---------------|
| ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES | | | |
| FIRST AL-NOOR MODARABA | 1 | 121,275 | 0.59 |
| NOORI TRADING CORPORATION (PVT) LTD | 1 | 1,875,675 | 9.16 |
| NBP, NIT & ICP | | | |
| INVESTMENT CORPORATION OF PAKISTAN | 1 | 208 | 0.00 |
| NATIONAL INVESTMENT TRUST LTD. ADMINISTRATION FUND | 1 | 20,881 | 0.10 |
| NATIONAL BANK OF PAKISTAN | 1 | 12,831 | 0.06 |
| TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND. | 1 | 220,468 | 1.08 |
| TRUSTEE NATIONAL BANK OF PAKISTAN EMP. BENEVOLENT FUND TRUST. | 1 | 7,736 | 0.04 |
| MUTUAL FUNDS | | | |
| CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 1 | 2,026,887 | 9.90 |
| DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDERN | | | |
| MRS. MUNIRA ANJUM (W/O YUSUF AYOOB) | 1 | 402,483 | 1.97 |
| MR. MUHAMMAD SULEMAN AYOOB | 1 | 323,394 | 1.58 |
| MR. MUHAMMAD YUSUF AYOOB | 1 | 371,032 | 1.81 |
| MR. ABDUL AZIZ AYOOB | 1 | 121,039 | 0.59 |
| MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB) | 1 | 208,218 | 1.02 |
| MRS. ZARINA ISMAIL ZAKARIA (W/O ISMAIL H. ZAKARIA) | 1 | 191,165 | 0.93 |
| MR. ZIA ZAKARIA | 1 | 193,788 | 0.95 |
| MR. ZOHAIR ZAKARIA | 1 | 304,117 | 1.49 |
| MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB) | 1 | 60,070 | 0.29 |
| MR. MOHAMMAD SALIM SULEMAN | 1 | 92,811 | 0.45 |
| MR. ISMAIL H. ZAKARIA | 1 | 469,637 | 2.29 |
| MR. NOOR MOHAMMAD ZAKARIA | 1 | 11,279 | 0.06 |
| MR. SHEHNAZ SATTAR ZAKARIA (W/O NOOR MOHAMMAD) | 1 | 373,742 | 1.83 |
| MRS. ADIBA SALIM (W/O SALIM SULEMAN) | 1 | 74,538 | 0.36 |
| PUBLIC SECTOR COMPANIES AND CORP. | 1 | 566,416 | 2.77 |
| BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND | 1 | 110 | 0.00 |
| JOINT STOCK COMPANIES | 11 | 770,002 | 3.76 |
| OTHERS | 3 | 11,958 | 0.06 |
| INDIVIDUALS | 1223 | 11,641,942 | 56.86 |
| TOTAL:- | 1,261 | 20,473,702 | 100.00 |

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

| | | |
|--|-----|-----------|
| CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | --- | 2,026,887 |
| NOORI TRADING CORPORATION (PVT.) LTD. | --- | 1,875,675 |
| ZAKI ZAKARIA | --- | 1,222,995 |

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PROXY FORM

I/We
in the district of being a Member of **AL-NOOR SUGAR MILLS LIMITED**
and holder of Ordinary Shares as per Share
(Number of Shares)
Register **Folio No.** and/or **CDC Participant I.D. No.** and **Sub Account No.**
hereby appoint of
or failing him
of also a member; as my/our Proxy in my/our absence to
attend and vote for me/us at the 46th Annual General Meeting of the Company to be held on the 29th day of January two
thousand and sixteen at 3.30 P.M. and at any adjournment thereof :
Signed this day of 2016

WITNESSES:

1. Signature
Name:
Address
NIC or
Passport No.

2. Signature
Name:
Address
NIC or
Passport No.

Rupees five
Revenue
Stamp

Signature of Member(s)

NOTE:

If a Member is unable to attend the Meeting, he may sign this Form and send it to Secretary AL-NOOR SUGAR MILLS LIMITED, KARACHI so as to reach him not less than 48 hours before the time of holding the Meeting. A proxy need to be a member of the company.



AL-NOOR SUGAR MILLS LTD.

96-A, Sindhi Muslim Society, Karachi-74400.