25th ANNUAL REPORT 2015

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# Corporate Information

**BOARD OF DIRECTORS**

| | |
|---|---|
| Muhammad Iqbal Usman | Chairman |
| Shunaid Qureshi | Chief Executive Officer |
| Asim Ghani | Executive Director |
| Ali Jehangir Siddiqui | Director |
| Asma Aves Cochinwala | Director |
| Darakshan Ghani | Director |
| Duraid Qureshi | Director |
| Sayyed Rafay Akber Rashdi | Director |
| Suleman Lalani | Director |

**COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER**

Zuhair Abbas

**AUDIT COMMITTEE**

| | |
|---|---|
| Sayyed Rafay Akber Rashdi | Chairman |
| Darakshan Ghani | Member |
| Duraid Qureshi | Member |
| Tariq Iqbal | Secretary |

**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

| | |
|---|---|
| Duraid Qureshi | Chairman |
| Asim Ghani | Member |
| Darakshan Ghani | Member |
| Sayyed Rafay Akber Rashdi | Member |

**BANKERS**

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Bank of Punjab
Pak Oman Investment Company Limited
SilkBank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited

**STATUTORY AUDITORS**

| | |
|---|---|
| Haroon Zakaria & Co. | Chartered Accountants |

**COST AUDITORS**

| | |
|---|---|
| Siddiqi & Company | Cost and Management Accountants |

**REGISTERED OFFICE**

2nd Floor, Pardesi House, Survey No. 2/1,
R.Y. 16, Old Queens Road, Karachi – 74000
Tel: 92-21-111-111-224
Fax: 92-21-32470090
Website: www.aasml.com

**SHARE REGISTRAR OFFICE**

CDC House-99B, Block 'B', S.M.C.H.S
Main Shahra-e-faisal, Karachi-74400

**FACTORIES/STORAGE LOCATIONS**

1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
2) Main National Highway, Dhabeji, Sindh
3) Oil Installation Area, Kemari, Karachi, Sindh

## VISION AND MISSION STATEMENT

# VISION

AL-ABBAS SUGAR MILLS LIMITED is committed to earn the reputation of a reliable manufacturer and supplier of good quality white refined sugar, industrial alcohol, Calcium carbide and alloys in local and international markets.

# MISSION

- To be a profitable organization and to meet the expectations of our stockholders.
- To become competitive in local and international markets by concentrating on quality of core products.
- To promote best use and development of human resources in a safe environment, as an equal opportunity employer.
- To use advance technology for efficient and cost effective operations.

# NOTICE OF 25th ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of **Al-Abbas Sugar Mills Limited** will be held at Beach Luxury Hotel, Karachi on **Thursday, January 28, 2016 at 10:30 a.m.** to transact the following business:

**Ordinary Business**

1. To confirm the minutes of the 24th Annual General Meeting of the shareholders of the Company held on January 30, 2015.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2015, together with the reports of the Auditors' and Directors' thereon.
3. To declare and approve the cash dividend for the year ended September 30, 2015 on the ordinary shares of the Company. The Directors have recommended a final cash dividend at 35% i.e. Rs. 3.5 per share. This is in addition to the combined interim dividend 215% i.e. Rs. 21.5 per share (first interim cash dividend of 25%, second interim cash dividend of 125% and third interim cash dividend of 65%) already paid. The total dividend for 2014-15 will thus amount to 434.058 million i.e. Rs. 25 per share.
4. To appoint auditors for the ensuing year, and to fix their remuneration. The present auditors M/s Haroon Zakaria & Company Chartered Accountants, being retired and eligible, have offered themselves for re-appointment.
5. To elect eight (8) directors as fixed by the Board of Directors in accordance with the requirements of Companies Ordinance, 1984 for a term of three years commencing from January 29, 2016. The names of retiring directors are Mr. Muhammad Iqbal Usman, Mr. Asim Ghani, Mr. Duraid Qureshi, Mrs. Asma Aves Cochinwala, Mr. Sayyed Rafay Akbar Rashdi, Miss. Darakshan Ghani, Mr. Ali Jehangir Siddiqui and Mr. Suleman Lalani.
6. To transact any other business with the permission of the chair.

By Order of the Board

**Zuhair Abbas**
Company Secretary
Karachi: January 01, 2016

**Notes:**

1. Share Transfer Books will be closed from January 22, 2016 to January 28, 2016 (both days inclusive) for the purpose of Annual General Meeting and payment of the final dividend.
2. All Members are entitled to attend and vote at the meeting. A Member may appoint a proxy who needs to be a Member of the Company.
3. The instrument appointing the proxy and the other authority under which it is signed, or a notarial certified copy thereof, must be lodged at the Company's Registered Office or Share Registrar Office at least 48 hours before the time of the meeting.
4. Any change of address of Members should be notified immediately to the Company's Share Registrar office.
5. Any person who seeks to contest the election of directors shall, whether he / she is a retiring director or otherwise, file with the Company the following documents at its registered office not later than fourteen days before the date of the above said meeting;
   a) Notice of his / her intention to offer himself / herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984.
   b) Consent to act as Director on Form 28 under Section 184 of the Companies Ordinance, 1984.
   c) A detailed profile along with his / her office address as require under SECP's SRO 25(1) 2012 dated January 16, 2012.
   d) A list of Companies, where he / she is serving as the Director of the Company, if any.
   e) A declaration that:

      He / she is not ineligible to become a director of the Company under any applicable law and regulations (including listing regulations of Stock Exchange) He / she is not serving as a director of more than seven listed companies simultaneously. Provided that this limit shall not include the directorship in the listed subsidiaries of a listed holding company.
      Neither he / she nor his / her spouse is engaged in the business of brokerage or is a sponsor director or officer of a corporate brokerage house.

   CDC Account Holders will further have to follow the under mentioned guidelines as laid down 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 whose securities 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 at the time of the meeting.

**B. For Appointing Proxies:**

i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall submit the proxy form as per the requirement by the Company.

ii. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers 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 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 shall be submitted along with proxy form to the Company.

**6. Submission of Copies of CNIC and NTN Certificates (Mandatory)**

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

**7. Withholding Tax on Dividend**

Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For filers of income tax returns: 12.5%
(b) For non-filers of income tax returns: 17.5%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 17.5% instead of 12.5%.

**8. Withholding tax on Dividend in case of Joint Account Holders**

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please complete the forms (earlier dispatched) to furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. In the event of non-receipt of the information by February 04, 2016, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

**9. Payment of Cash Dividend Electronically (Optional)**

The SECP has initiated e-dividend mechanism through its Notification 8(4) SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s. Central Depository Company Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

**10. Audited Financial Statements through Email**

Pursuant to SRO No. 787(1)/2014, dated September 08, 2014, the SECP has allowed circulation of Audited Financial Statements along with the notice of Annual General Meeting to the members via email. Therefore, all members who wish to receive a soft copy of Annual Report may send their email addresses to the Company Secretary. A consent form for electronic transmission may be downloaded from Company's website: **www.aasml.com.** A hard copy of the Audited Financial statements will be provided to members on request, free of cost, within seven days.

# DIRECTORS' REPORT

The Board of Directors of your Company take pleasure in presenting their report together with the Company's Annual Audited Financial Statements and Auditors' report thereon for the year ended September 30, 2015.

**FINANCIAL RESULTS:**

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| Profit before taxation | **553,599** | 388,119 |
| Taxation | **(58,664)** | (89,966) |
| Net profit for the year | **494,935** | 298,153 |
| **Earnings per share in rupees** | **28.51** | 17.17 |

**SUBSEQUENT EVENT AND DIVIDEND**

The Board of Directors in their meeting held on November 12, 2015 and on December 28, 2015 has proposed 65% interim and 35% final cash dividend for the year ended September 30, 2015. The approval of the members for the final dividend shall be obtained at the Annual General Meeting to be held on January 28, 2016. These financial statements do not include the effect of the interim cash dividend and final cash dividend. The appropriation approved by the Board is as follows:

**(Rupees in thousands)**

| | |
|---|---|
| Profit after taxation | 494,935 |
| Un-appropriated profit brought forward | 540,914 |
| Final dividend 2014 @ Rs.5/share | (173,623) |
| Interim dividend 2015@ Rs. 2.5/share | (43,406) |
| Interim dividend 2015 @ Rs. 12.5/share | (217,029) |
| Available for appropriation and Un-appropriated profit carried forward | 601,791 |

**OPERATING RESULTS**

Details of operation in respect of Sugar, Ethanol, Storage Tank Terminal, Power, Chemical and alloys Division are given as under:

**SUGAR UNIT**

**Operating Data**

**Operational performance**

| | 2015 | 2014 |
|---|---|---|
| Date of start of season | **December 08, 2014** | November 01, 2013 |
| No. of days worked | **106** | 124 |
| Crushing (M.T) | **564,555** | 621,679 |
| Production from sugarcane (M.T) | **60,534** | 63,650 |
| Sales (M.T) | **64,653** | 56,601 |
| Recovery (%) | **10.72** | 10.23 |

**Financial Data**

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| Sales | **3,020,149** | 2,644,515 |
| Cost of sales | **(2,712,112)** | (2,494,566) |
| Gross profit | **308,037** | 149,949 |
| Distribution cost | **(10,803)** | (38,077) |
| Administrative expenses | **(65,671)** | (70,432) |
| Operating segment profit | **231,563** | 41,440 |

Crushing operations for 2014-15 seasons started on December 08, 2014 and the plant operated for 106 days ending on March 23, 2015 as against 124 days of preceding season. The Sugarcane crushed during the current season was 564,555 metric tons with average sucrose recovery of 10.72% and sugar production of 60,534 metric tons as compared with crushing of 621,679 metric tons with average sucrose recovery of 10.23% and sugar production of 63,650 metric tons of same period of last year.

**ETHANOL UNIT:**

**Operating Data**

| | 2015 | 2014 |
|---|---|---|
| Production (M.T) - Unit - I and II | **36,946** | 36,875 |
| Sales (M.T) | **39,521** | 35,162 |

**Financial Data**

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| Sales | **2,847,149** | 2,876,225 |
| Cost of sales | **(2,330,382)** | (2,245,207) |
| Gross profit | **516,767** | 631,018 |
| Distribution cost | **(103,447)** | (106,599) |
| Administrative expenses | **(43,303)** | (46,589) |
| Operating segment profit | **370,017** | 477,830 |

The production of ethanol during the year ended September 30, 2015 was 36,946 metric tons as compared with 36,875 metric tons during previous year registering slight increase of 71 metric tons. The operating segment profit of this segment is Rs. 370.017 million during the year under review as against segment results of Rs. 477.830 million in the corresponding period of last year evidencing decrease of Rs. 107.813 million. The main reason for decrease in profit is due to sharp decline in ethanol selling price.

**POWER, CHEMICAL AND ALLOYS DIVISION**

During the year under review, the chemical and power division has incurred segment loss of Rs. 58.344 million as compared to the segment loss of Rs. 39.403 million for the last year. The loss is mainly due to fixed cost.

**STORAGE TANK TERMINAL**

By the Grace of Almighty Allah, our Storage Tank Terminal successfully contributing profit of Rs. 86.989 million during the year as compare to last year of Rs. 59.852 million. Our existing customers are very satisfied with our services. The ethanol produced by your company has also been stored in the tank terminal to facilitate the timely arrival of export orders. The Terminal is licensed to act as customs public bonded warehouse and has a total capacity of 22,850 M.T per month to handle bulk liquid cargo. The Terminal has permission to store dangerous goods which includes Ethanol as well as other petroleum products. As of today the Storage Terminal is fully occupied.

**COMMENTS ON AUDITOR'S REPORT**

As fully explained in note 27.1.C to the financial statements, a suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi against the Company and 9 others alleging mismanagement in the Company's affairs. The Company and its management have denied all allegations of the plaintiff and are of the view that no inference is likely to materialize in the suit and there is no financial exposure of the Company in the matter.

**FUTURE OUTLOOK**

The future outlook of the Company entirely depends on a number of factors including sugarcane and molasses prices, average sucrose recovery, selling prices of sugar and ethanol, interest rate, inflation and stability of Pakistani rupees.

**Sugar Segment**

Pakistan's sugar stocks are on the rise as several years of robust production have boosted stocks of sugar. In an effort to move stocks out of the country, the Government has announced 500,000 metric tons of sugar export and Rs. 13 per kg as export subsidy. The Sindh Government hasn't yet fixed the minimum sugarcane price for the Sindh region but has announced that no subsidy will be given for the season 2015-16. However, the Punjab Government has fixed the minimum support price of Rs.180 per 40 kg for the Punjab region.

It is estimated that the production of sugar in Pakistan would be around 5.4-5.5 million tons and total consumption of sugar will be 4.5-4.6 million metric tons for the season 2015-16 and surplus sugar will be around 0.8-1 million metric tons. Sugar consumption by food processing and related sector has witnessed a significant increase. However, supply-demand condition in local market will be in the favor of supply and consequently the prices of sugar are not relatively increasing as compared to its cost of production.

International analysis reveals that the sugar production in 2015-16 is forecast to fall because of reductions in plantation areas in China and India. In contrast, demand for sugar is expected to rise due to growing food-processing sectors in China and India that require more sugar ingredients. However, due to surplus carryover stock it is expected that the selling prices will remain at the current level.

**Ethanol Segment**

In the past few years, the demand of ethanol was increased considerably as an alternative fuel but with the decrease in prices of petroleum product, the prices of ethanol will likely to decline in the International markets. To mitigate this risk, Your Company is targeting growth industries to capture high prices.

**Tank Terminal**

The company expects stable earnings from this segment.

**Power, Chemical and Alloys Division**

The Company is under negotiation to sell its power generation from power plant having a capacity of 15 megawatt to K-Electric. The tariff determination is under the process by National Electric Power Regulatory Authority (NEPRA). After the approval of tariff from NEPRA, the agreement will be put forward for the approval of Board of Directors. With the start of operations, this segment will contribute lucrative profits in the operations of the Company.

**Overall**

The Company is putting more efforts to increase cost efficiencies, improve processes and seeking alternate course of actions to contest the foreseen risks and boost-up overall profitability.

**BOARD OF DIRECTORS**

The Board of Directors is comprised of two executive, five non-executive directors and one independent director. During the year ended September 30, 2015, six meetings of the Board of Directors were held. The numbers of meeting attended by directors are as follows:

| Name of Directors | Status | Number of meetings attended |
|---|---|---|
| Mr. Mohammad Iqbal | Chairman | 6/6 |
| Mr. Shunaid Qureshi | Chief Executive | 4/6 |
| Mr. Asim Ghani | Executive Director | 6/6 |
| Mr. Duraid Qureshi | Non-Executive Director | 2/6 |
| Mr. Ali Jehangir Siddiqui | Non-Executive Director | 1/6 |
| Miss. Darakshan Ghani | Non-Executive Director | 5/6 |
| Mrs. Asma Aves Cochinwala | Non-Executive Director | 5/6 |
| Mr. Suleman Lalani | Non-Executive Director | 5/6 |
| Sayyed Rafay Akber Rashdi | Independent Director | 2/6 |

**AUDIT COMMITTEE**

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance. During the year four meetings were held. The meetings attended by members are as follows:

| Name of Members | Status | Category | Number of meetings attended |
|---|---|---|---|
| Sayyed Rafay Akber Rashdi | Chairman | Independent Director | 4/4 |
| Miss. Darakshan Ghani | Member | Non-Executive Director | 4/4 |
| Mr. Duraid Qureshi | Member | Non-Executive Director | 4/4 |

The Audit Committee reviewed the quarterly, half yearly, annual financial statements along with the related party transaction register before submission to the Board. The Audit Committee also reviewed internal auditor's findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

**HUMAN RESOURCE COMMITTEE**

Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of the key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review. During the year one meeting was held. The meetings attended by members are as follows:

| Name of Members | Status | Category | Number of meetings attended |
|---|---|---|---|
| Mr. Duraid Qureshi | Chairman | Non-Executive Director | 1/1 |
| Mr. Asim Ghani | Member | Executive Director | 1/1 |
| Miss. Darakshan Ghani | Member | Non-Executive Director | 1/1 |
| Sayyed Rafay Akber Rashdi | Member | Independent Director | 1/1 |

**INVESTMENT COMMITTEE**

The Board of Directors has established an Investment Committee consisting high experienced personnel's for evaluating the position of investments on half yearly basis and determining the future strategies regarding the investments held or further investment. The investment committee held (3) meeting during the year. Attendance by each member was as follows:

| Name of Members | Status | Category | Number of meetings attended |
|---|---|---|---|
| Mr. Muhammad Iqbal | Chairman | Non-Executive Director | 3/3 |
| Mr. Asim Ghani | Member | Executive Director | 3/3 |
| Sayyed Rafay Akber Rashdi | Member | Independent Director | 3/3 |

**BOARD EVALUATION COMMITTEE**

The Board of Directors has formed a Board Evaluation Committee for appraisal of Board of Directors' performance and effectiveness of the Board. The committee held one meeting during the year. Attendance by each member was as follows:

| Name of Members | Status | Category | Number of meetings attended |
|---|---|---|---|
| Mr. Muhammad Iqbal | Chairman | Non-Executive Director | 1/1 |
| Miss. Darakshan Ghani | Member | Non-Executive Director | 1/1 |
| Mr. Duraid Qureshi | Member | Non-Executive Director | 1/1 |

**AUDITORS**

The retiring auditors, M/s. Haroon Zakaria & Company Chartered Accountants being eligible, offer themselves for re-appointment. On recommendation of Audit Committee, the Board of Directors has endorsed their appointment for the year 2015-2016 to the shareholders at the forthcoming Annual General Meeting.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company is committed towards accomplishing its Corporate Social Responsibility (CSR) and actively takes part in social work programs that are conducted throughout the year. During the year under review as part of CSR program, various contributions were made in the sector of education, national cause donation, rural development etc.

**CONTRIBUTION TO THE NATIONAL EXCHEQUER**

The Company contributed a total amount of Rs. 218.130 million (2014: Rs. 189.795 million) to the Government Treasury in shape of taxes, levies, excise duty and sales tax.

**PATTERN OF SHAREHOLDING AND SHARES TRADED**

The Pattern of shareholding as on September 30, 2015, in accordance with the requirements of the Code of Corporate Governance and a statement reflecting distribution of shareholding, is separately annexed to this report.

No trading in the shares of the Company was carried out by the Chief Executive, Director's, Chief Financial Officer and Company Secretary and their spouses and minor children except the following:

| NAME | CATEGORY | TRANSACTION | NO. OF SHARES |
|---|---|---|---|
| Mr. Shunaid Qureshi | Chief Executive Officer | Sale of share | 244,000 |
| Mr. Shunaid Qureshi | Chief Executive Officer | Purchase of share | 244,000 |

**CORPORATE GOVERNANCE**

The Directors are pleased to state that your Company has complied with the provisions of the Code of Corporate Governance as required by SECP which formed part of stock exchange listing regulations.

**COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

a) The financial statements prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
b) The Company has maintained proper books of accounts.
c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
e) A sound system of internal control has been designed and effectively implemented and monitored.
f) There are no significant doubts upon the Company's ability to continue as a going concern.
g) The Key financial data for the last six years is annexed with this report.
h) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
i) The Company has not made payment against market committee fee since inception as it has been challenged in Honorable High Court of Sindh. However full provision has been made in the accounts for such liability.
j) Three (3) Directors have already passed corporate Governance Leadership Skill (CGLS) Program of Pakistan Institute of Corporate Governance (PICG), In addition, two (3) of the Directors are exempted from the requirement of Directors' training program under clause (xi) of CCG and rest of the Director will be trained within the prescribed time period. All the Directors are fully conversant with their duties and responsibilities as Directors of Corporate Bodies.
k) The Company maintains Gratuity Fund for its employees. The value of fund is Rs. 13.632 million in the shape of investment as on September 30, 2015.

**ACKNOWLEDGEMENT**

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every staff member of the Company for significant contribution, continued dedication and hard work in delivering such a strong performance. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. May Allah bless us in our efforts. A'meen!

**For and on behalf of the Board of Directors**

**MUHAMMAD IQBAL USMAN**
Chairman

Karachi: 28th December, 2015

# PATTERN OF SHAREHOLDINGS
AS ON SEPTEMBER 30, 2015

| Number of Shares | Shareholdings' slab From | Shareholdings' slab To | Total Number of Shares Held |
|---|---|---|---|
| 219 | 1 | 100 | 9,409 |
| 507 | 101 | 500 | 237,511 |
| 49 | 501 | 1,000 | 47,000 |
| 44 | 1,001 | 5,000 | 108,704 |
| 7 | 5,001 | 10,000 | 58,500 |
| 1 | 10,001 | 15,000 | 11,500 |
| 1 | 15,001 | 20,000 | 20,000 |
| 1 | 20,001 | 25,000 | 25,000 |
| 3 | 25,001 | 30,000 | 83,600 |
| 1 | 30,001 | 105,000 | 100,027 |
| 1 | 105,001 | 110,000 | 106,400 |
| 1 | 110,001 | 135,000 | 130,479 |
| 1 | 135,001 | 195,000 | 194,600 |
| 1 | 195,001 | 370,000 | 368,500 |
| 1 | 370,001 | 420,000 | 417,500 |
| 1 | 420,001 | 425,000 | 421,802 |
| 1 | 425,001 | 480,000 | 475,698 |
| 1 | 480,001 | 560,000 | 556,100 |
| 1 | 560,001 | 730,000 | 728,087 |
| 1 | 730,001 | 830,000 | 829,583 |
| 1 | 830,001 | 950,000 | 946,232 |
| 1 | 950,001 | 1,010,000 | 1,006,182 |
| 1 | 1,010,001 | 1,400,000 | 1,399,668 |
| 1 | 1,400,001 | 1,415,000 | 1,414,500 |
| 1 | 1,415,001 | 1,730,000 | 1,725,968 |
| 1 | 1,730,001 | 1,900,000 | 1,873,250 |
| 1 | 1,900,001 | 4,070,000 | 4,066,500 |
| 850 | | | 17,362,300 |

# CATAGORIES OF SHAREHOLDERS
AS ON SEPTEMBER 30, 2015

| Shareholders Catagories | Number of Shares Held | Percentage |
|---|---|---|
| Associated Companies, undertaking and related parties | 8,495,082 | 48.9283 |
| Mutual Fund | 582,698 | 3.3561 |
| Directors, Chief Executive Officer, and their spouse and minor children. | 2,353,497 | 13.5552 |
| Executives | NIL | NIL |
| Public Sector Companies and Corporations | NIL | NIL |
| NIT and ICP | 830,083 | 4.7810 |
| Banks, development Finance institutions, non-Banking Finance Companies, insurance Companies, takaful, modarabas and pension funds | 863,344 | 4.9725 |
| Share holders holding 5% | 12,432,300 | 71.6051 |
| General Public | | |
| a. Local | 2,112,150 | 12.1652 |
| b. Foreign | NIL | NIL |
| Others | 2,125,446 | 12.2417 |

# DETAIL OF SHAREHOLDERS CATAGORIES

**AS ON SEPTEMBER 30, 2015**

| | | No. of Shares | Percentage |
|---|---|---|---|
| **1** | **Associated Companies , Undertakings and Related Parties** | | |
| | Mahvash and Jahangir Siddiqui Foundation | **1,414,500** | 8.1470 |
| | Trustee Al-Abbas Sugar Mills Limited-Employees Gratuity Fund | **194,600** | 1.1208 |
| | Haji Abdul Ghani | **4,066,500** | 23.4214 |
| | Muhammad Ayub Younus Adhi | **1,873,250** | 10.7892 |
| | Noor Jahan Hajiani | **946,232** | 5.4499 |
| | | **8,495,082** | 48.9283 |
| **2** | **Mutual funds** | | |
| | Prodential Stocks Fund Limited | **600** | 0.0035 |
| | MCBFSL-Trustee JS Value Fund | **475,698** | 2.7398 |
| | MCFSL - Trustee Js Growth Fund | **106,400** | 0.6128 |
| | | **562,698** | 3.3561 |
| **3** | **Directors, CEO and their spouses and minor children** | | |
| | Muhammad Iqbal Usman | **500** | 0.0029 |
| | Shunaid Qureshi | **1,399,668** | 8.0615 |
| | Ali Jehangir Siddiqui | **500** | 0.0029 |
| | Asim Ghani | **417,500** | 2.4046 |
| | Asma Aves Cochinwala | **100,027** | 0.5761 |
| | Darakshan Ghani | **421,802** | 2.4294 |
| | Duraid Qureshi | **1,000** | 0.0058 |
| | Sayyed Rafey Akbar Rashdi | **500** | 0.0029 |
| | Suleman Lalani | **500** | 0.0029 |
| | Hira Asim | **11,500** | 0.0662 |
| | | **2,353,497** | 13.5552 |
| **4** | **Executives** | **NIL** | NIL |
| **5** | **Public Sector Companies and corporations** | **NIL** | NIL |
| **6** | **NIT and ICP** | | |
| | Investment Corporation of Pakistan | **500** | 0.0029 |
| | CDC - Trustee National Investment (Uuit) Trust | **829,583** | 4.7781 |
| | | **830,083** | 4.7810 |

# DETAIL OF SHAREHOLDERS CATAGORIES

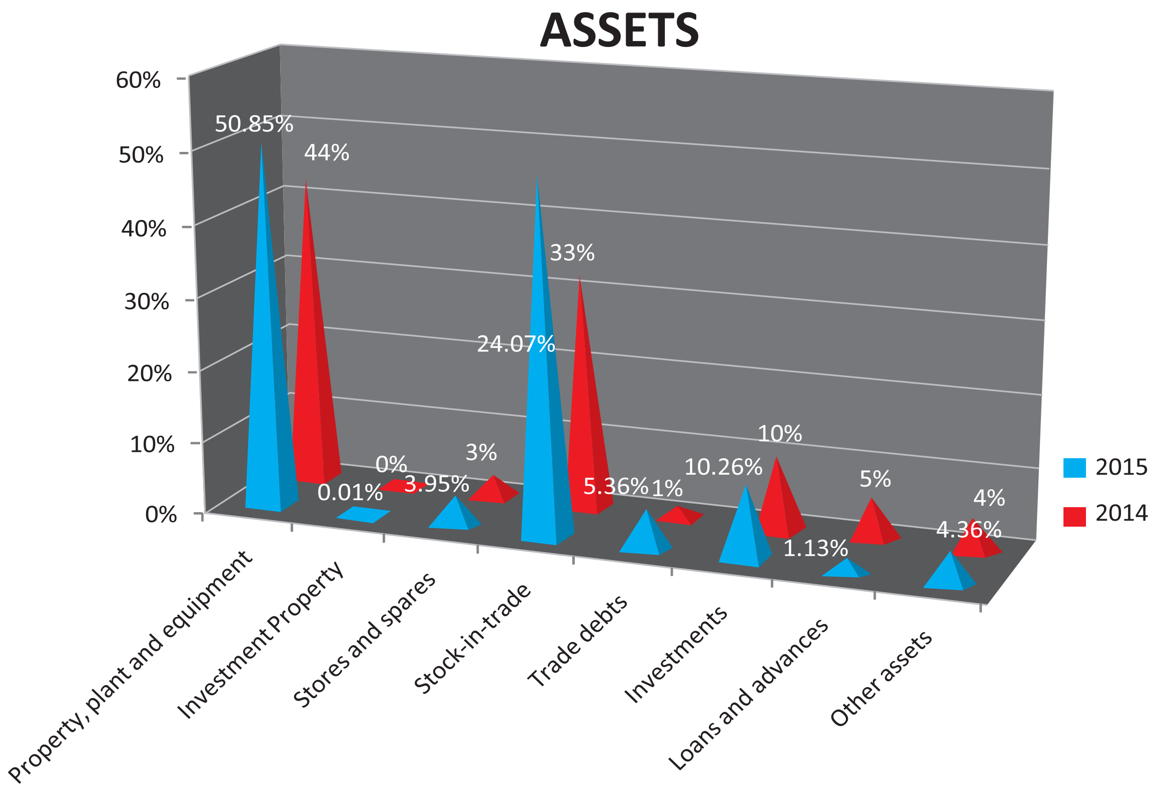
**AS ON SEPTEMBER 30, 2015**

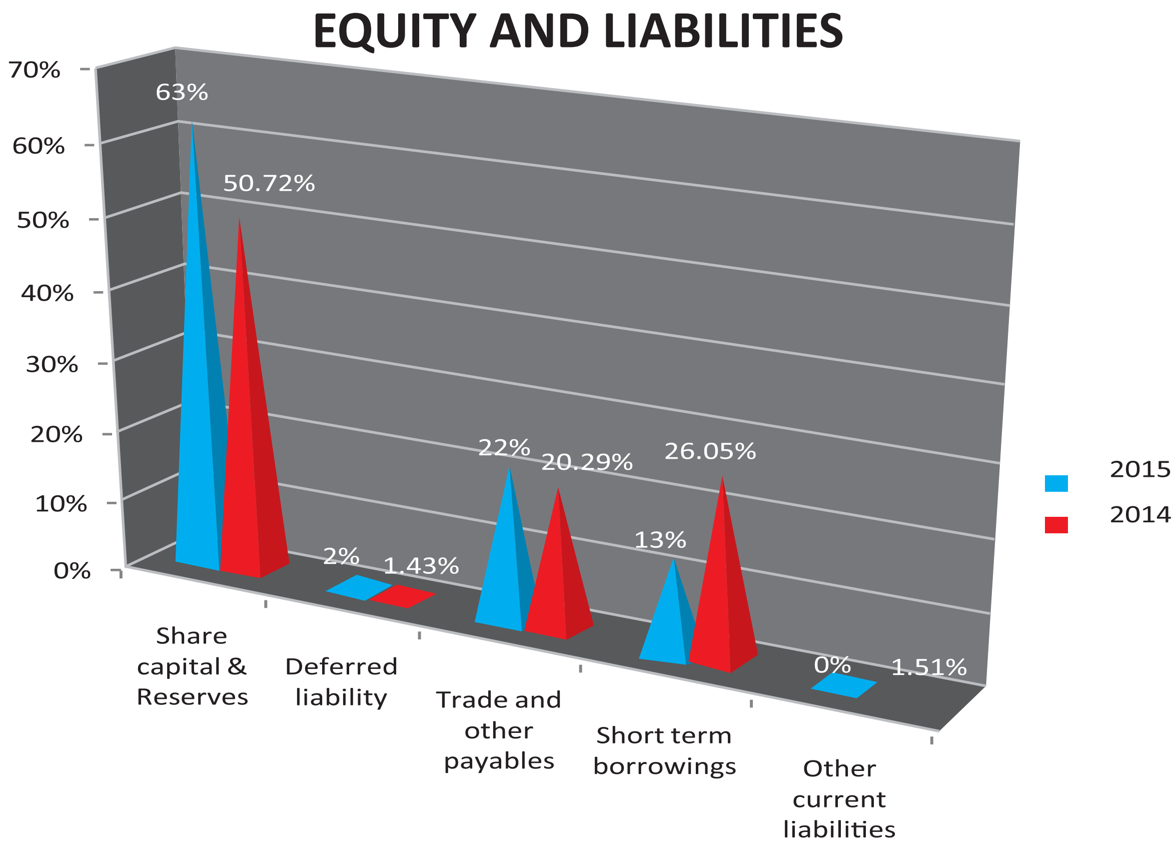
| | | No. of Shares | Percentage |
|---|---|---|---|
| **7** | **Banks, development finance institutions, Non- banking finance Companies, Insurance Companies, takaful, modarabas and pension funds** | | |
| | National Bank of Pakistan | **728,087** | 4.1935 |
| | Trustee National Bank of Pakistan Employees Pension Fund | **130,479** | 0.7515 |
| | Trustee National Bank of Pakistan Emp Bevevolent Fund Trust | **4,578** | 0.0264 |
| | The Bank of Khyber | **200** | 0.0012 |
| | | **863,344** | 4.9725 |
| **8** | **Shareholder holding five percent or more voting interest in the Company** | | |
| | Haji Abdul Ghani | **4,066,500** | 23.4214 |
| | Muhammad Ayub Younus Adhi | **1,873,250** | 10.7892 |
| | Jahangir Siddiqui Securities Services Limited | **1,725,968** | 9.9409 |
| | Mahvash and Jahangir Siddiqui Foundation | **1,414,500** | 8.1470 |
| | Shunaid Qureshi | **1,399,668** | 8.0615 |
| | Jahangir Siddiqui | **1,006,182** | 5.7952 |
| | Noor Jahan Hajiani | **946,232** | 5.4499 |
| | | 12,432,300 | 71.6051 |

# KEY FINANCIAL DATA

| | | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| **Investment Measure** | | | | | | | |
| Ordinary Share Capital | Rs. in ' 000 ' | **173,623** | 173,623 | 173,623 | 173,623 | 173,623 | 173,623 |
| Reserves | Rs. in ' 000 ' | **2,054,425** | 2,052,615 | 1,808,825 | 1,553,757 | 1,207,480 | 1,073,278 |
| Ordinary Shareholder's Equity | Rs. in ' 000 ' | **2,228,048** | 2,226,238 | 1,982,448 | 1,727,380 | 1,381,103 | 1,246,901 |
| Dividend on Ordinary Shares | Rs. in ' 000 ' | **434,058** | 173,623 | 86,812 | 138,898 | 86,812 | 86,812 |
| Dividend per Ordinary Share | Rs. | **25.00** | 10.00 | 5.00 | 8.00 | 5.00 | 5.00 |
| Profit Before Taxation | Rs. in ' 000 ' | **553,599** | 388,119 | 330,998 | 539,337 | 324,463 | 276,059 |
| Profit After Taxation | Rs. in ' 000 ' | **494,935** | 298,153 | 287,545 | 490,546 | 226,863 | 204,851 |
| Earnings per share of Rs. 10 | Rs. | **28.51** | 17.17 | 16.56 | 28.25 | 13.07 | 11.80 |
| Measure of Financial Status | | | | | | | |
| Current Ratio | x : 1 | **1.29** | 1.07 | 0.93 | 0.96 | 0.95 | 0.81 |
| Debt Equity Ratio | x : 1 | **-** | - | 0.08 | 0.25 | 0.47 | 0.70 |
| Total Debt Ratio | x : 1 | **0.13** | 0.27 | 0.38 | 0.41 | 0.41 | 0.43 |
| Number of Days Stock | In days | **82.69** | 93.42 | 89.47 | 150.55 | 118 | 5 9 |
| Measure of Performance | | | | | | | |
| Sales | Rs. in ' 000 ' | **5,867,298** | 5,520,740 | 5,849,700 | 5,950,464 | 6,217,989 | 6,352,884 |
| Cost of Goods Sold as % of Sales | % | **85.94** | 85.85 | 85.85 | 79.50 | 84.92 | 88.09 |
| Profit Before Taxation as % of Sales | % | **9.44** | 7.03 | 5.66 | 9.06 | 5.22 | 4.35 |
| Profit After Taxation as % of Sales | % | **8.44** | 5.40 | 4.92 | 8.24 | 3.65 | 3.22 |

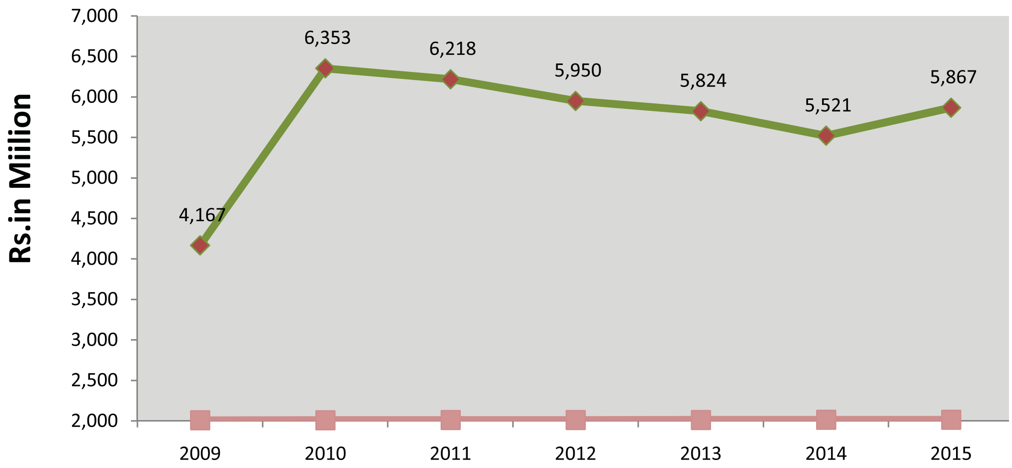
# COMPOSITION OF BALANCE SHEET



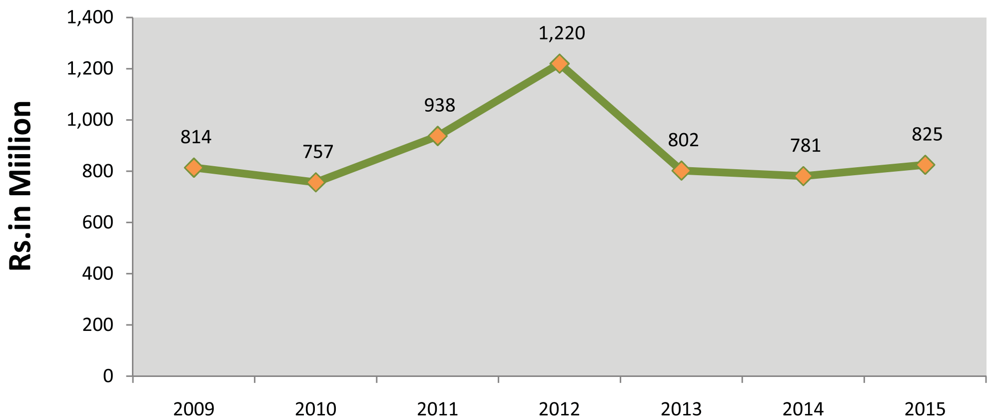



# FINANCIAL INDICATORS

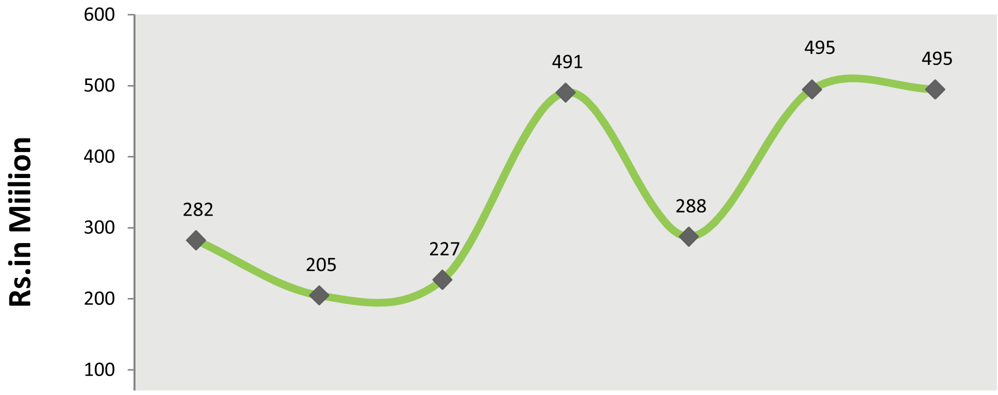
## Sales Revenue




## Gross Profit




## Net Profit



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Al-Abbas Sugar Mills Limited (the Company), for the year ended September 30, 2015 to comply with the requirements of the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management's corporate governance procedures and risks.

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

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

Further we highlight below instance of non-compliance with the requirements of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph 22
As per the Code, no Director, Chief Executive Officer (CEO) or Executive shall, directly or indirectly deal in the shares of listed company in any manner during the closed period. However, the CEO of the Company purchased and sold 244,000 shares of the Company during the closed period.

Haroon Zakaria & Co

Haroon Zakaria & Co.
Chartered Accountants

Engagement Partner
Mohammad Iqbal Abdul Aziz

Dated: December 28, 2015
Karachi

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulation No 35 of the listing Regulation of Karachi 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 CODE OF CORPORATE GOVERNANCE (CCG) in the following manner:

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

| Category | Names |
|---|---|
| Independent Director | Sayyed Raffay Akber Rashdi |
| Non-Executive Directors | Mr. Mohammad Iqbal Usman<br>Mr. Duraid Qureshi<br>Miss. Darakshan Ghani<br>Mrs. Asma Aves Cochinwala<br>Mr. Ali Jehangir Siddiqui<br>Mr. Suleman Lalani |
| Executive Directors | Mr. Asim Ghani |
| Chief Executive Officer | Mr. Shunaid Qureshi |

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

2. The directors have confirmed that none of them is serving as a 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 an NBFI. None of directors is a member of any of the stock exchange.

4. No casual vacancy occurred in the Board during the current 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 and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in everyquarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company arranges orientation course for its Directors as and when needed to apprise them of their duties and responsibilities. Three (3) Directors have already doneDirectors' Training Program of Pakistan Institute of Corporate Governance (PICG). In addition, three (3) of the Directors are exempted from the requirement of Director's training program under clause (xi) of CCG and rest of the Directors to be trained within specified time. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.

10. The Board has approved appointment of Company Secretary, Chief Financial Officer and Head of Internal Audit

including their remuneration and terms and conditions of employment, as determined by the CEO. However, no new appointment was made during the year.

11. The details of all related party transactions have been placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same have been placed before the Board for review and approval, and all the transactions were made on the terms equivalent to those that prevail in arm's length transaction. The Company maintains a detail record of related party transactions along with all documents.

12. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO (and in his absence by Executive Director) and CFO before approval of the board.

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

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

16. The Board has formed an Audit Committee. It comprises of three (3) members, of whomtwoarenon-executive directors and chairman is anindependent Director.

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

18. The board has formed an HR and Remuneration Committee. It comprises four (4) members, of whom two are non-executive directors including chairman and one independent director.

19. The board has set up an effective internal audit function managed by qualified and experienced professional who are conversant with the policies and procedures of the Company and industry best practices. They are involved in the internal audit function on a full time basis. The Head of Internal Audit department functionally reports to the Board's Audit Committee.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant 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 Accountant of Pakistan.

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

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange. However, during the year, Chief Executive Officer of the Company purchased and sold 244,000 shares of the Company during the closed period.

23. Material/price sensitive information has been disseminated among all market participants at once through Karachi Stock Exchange Limited.

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

**MUHAMMAD IQBAL USMAN**
Chairman

Karachi: December 28, 2015

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Abbas 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 a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 the profit, its 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.

**Emphasis of Matter**

We draw attention to note 27.1 (c) to the financial statements which describe the uncertainty related to the outcome of the lawsuit filed against the Company and others by a non-executive Director of the Company. Our opinion is not qualified in respect of this matter.

Haroon Zakaria & Co

**Haroon Zakaria & Co.**
Chartered Accountants

Engagement Partner
**Mohammad Iqbal Abdul Aziz**

Karachi
Dated: December 28, 2015

# BALANCE SHEET
AS AT SEPTEMBER 30, 2015

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 4 | 1,793,347 | 1,912,669 |
| Investment property | 5 | 380 | 422 |
| Long term investments | 6 | 133,987 | 212,271 |
| Long term loans | 7 | 905 | 1,353 |
| Long term deposits | | 11,403 | 11,393 |
| Deferred taxation | 8 | - | - |
| | | 1,940,022 | 2,138,108 |
| **Current Assets** | | | |
| Stores and spares | 9 | 139,241 | 140,750 |
| Stock-in-trade | 10 | 848,785 | 1,435,926 |
| Trade debts | 11 | 189,018 | 41,997 |
| Loans and advances | 12 | 39,978 | 231,153 |
| Trade deposits and short term prepayments | 13 | 10,109 | 12,593 |
| Interest accrued | 14 | 1,380 | 1,300 |
| Other receivables | 15 | 57,904 | 61,394 |
| Short term investments | 16 | 227,911 | 232,479 |
| Income tax refunds due from the Government | 17 | 30,315 | 76,016 |
| Cash and bank balances | 18 | 41,740 | 17,394 |
| | | 1,586,381 | 2,251,002 |
| **Total Assets** | | 3,526,403 | 4,389,110 |
| **EQUITY AND LIABILITIES** | | | |
| **Share Capital and Reserves** | | | |
| Authorized capital | | 400,000 | 400,000 |
| Issued, subscribed and paid - up capital | 19 | 173,623 | 173,623 |
| Reserves | 20 | 2,054,425 | 2,052,615 |
| **Shareholders' equity** | | 2,228,048 | 2,226,238 |
| **Non - Current Liabilities** | | | |
| Deferred liability | 21 | 68,507 | 62,862 |
| **Current Liabilities** | | | |
| Trade and other payables | 22 | 758,280 | 890,620 |
| Accrued mark - up | 23 | 2,121 | 16,953 |
| Short term borrowings | 24 | 456,601 | 1,143,227 |
| Current maturity of non-current liabilities | 25 | - | 36,364 |
| Provision for taxation | 26 | 12,846 | 12,846 |
| | | 1,229,848 | 2,100,010 |
| **Contingencies and Commitments** | 27 | - | - |
| **Total Equity and Liabilities** | | 3,526,403 | 4,389,110 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**
As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

**Asim Ghani**
Director

**Asma Aves Cochinwala**
Director

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

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Sales | 28 | **5,867,298** | 5,520,740 |
| Cost of sales | 29 | **(5,042,494)** | (4,739,773) |
| **Gross profit** | | **824,804** | 780,967 |
| Profit from other reportable segments - net | 30 | **28,645** | 20,449 |
| | | **853,449** | 801,416 |
| Distribution cost | 31 | **(114,250)** | (144,676) |
| Administrative expenses | 32 | **(108,974)** | (117,021) |
| Other operating expenses | 33 | **(79,200)** | (31,859) |
| | | **(302,424)** | (293,556) |
| **Operating profit** | | **551,025** | 507,860 |
| Finance cost | 34 | **(125,083)** | (247,173) |
| Other income | 35 | **127,657** | 127,432 |
| **Profit before taxation** | | **553,599** | 388,119 |
| Taxation | 36 | **(58,664)** | (89,966) |
| **Profit after taxation** | | **494,935** | 298,153 |
| **Earnings per share - Basic and diluted** | 37 | **28.51** | 17.17 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**
As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

**Asim Ghani**
Director

**Asma Aves Cochinwala**
Director

# STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| Profit after taxation | **494,935** | 298,153 |
| **Other comprehensive income for the year** | | |
| **(a) Items to be classified to profit and loss account in subsequent periods** | | |
| Unrealized (loss) / gain on remeasurement of available for sale investments | **(39,054)** | 29,259 |
| **Reclassification adjustment** | | |
| Reclassification of gain (net) to profit and loss account on sale of available for sale investments | **(32,166)** | - |
| | **(71,220)** | 29,259 |
| **(b) Items that will not be reclassified to profit and loss account in subsequent periods** | | |
| Remeasurement of defined benefit plan | **12,153** | 3,190 |
| | **(59,067)** | 32,449 |
| **Total comprehensive income for the year** | **435,868** | 330,602 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

**Asim Ghani**
Director

**Asma Aves Cochinwala**
Director

# CASH FLOW STATEMENT
## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | | Note | 2015 | 2014 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **A.** | **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| | Cash generated from operations | 38 | **1,225,413** | 692,940 |
| | Finance cost paid | | **(139,915)** | (258,590) |
| | Income tax paid | | **(45,013)** | (67,896) |
| | Income tax refunded | | **9,652** | - |
| | Long term loans recovered | | **448** | 1,649 |
| | Long term deposits paid | | **(10)** | (1,379) |
| | | | **(174,838)** | (326,216) |
| | **Net cash generated from operating activities** | | **1,050,575** | 366,724 |
| **B.** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| | Capital expenditure on property, plant and equipment | | **(14,800)** | (48,593) |
| | Proceeds from disposal of property, plant and equipment | | **550** | 3,365 |
| | Long term investments made | | **(168,116)** | - |
| | Proceeds from disposal of long term investments | | **275,645** | - |
| | Proceeds from disposal of short term investments | | **14,519** | - |
| | Interest / markup received | | **3,014** | 4,527 |
| | Dividend received | | **5,565** | 9,846 |
| | **Net cash generated from / (used in) investing activities** | | **116,377** | (30,855) |
| **C.** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| | Repayment of long term financing | | **(36,364)** | (111,063) |
| | Dividend paid | | **(419,616)** | (86,174) |
| | Repayment of short term borrowings - net | | **(686,626)** | (300,217) |
| | **Net cash used in financing activities** | | **(1,142,606)** | (497,454) |
| | **Net increase / (decrease) in cash and cash equivalents** | | **24,346** | (161,585) |
| | **Cash and cash equivalents at beginning of the year** | | **17,394** | 178,979 |
| | **Cash and cash equivalents at the end of the year** | 18 | **41,740** | 17,394 |

The annexed notes from 1 to 49 form an integral part of these financial statements.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**
As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

**Asim Ghani**
Director

**Asma Aves Cochinwala**
Director

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

| | Issued, subscribed and paid-up | RESERVES | | | | | | | | Total Share holder's Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Revenue reserves | | | Capital reserves | | | | | |
| | | General reserve | Unappropriated profit | Sub total | Gain/(loss) on remeasuremnet of Retirement benefit obligation | Gain/(loss) on remeasuremnet of Available for Sale investment | Sub total | | Total reserves | |
| | (Rupees in thousand) | | | | | | | | | |
| **Balance as at October 1, 2013** | 173,623 | 1,458,000 | 329,573 | 1,787,573 | 20,431 | 821 | 21,252 | | 1,808,825 | 1,982,448 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| **Profit for the year** | - | - | 298,153 | 298,153 | - | - | - | | 298,153 | 298,153 |
| **Other comprehensive income for the year** | | | | | | | | | | |
| Unrealized gain on remeasurement of available for sale investments | - | - | - | - | - | 29,259 | 29,259 | | 29,259 | 29,259 |
| Remeasurement of defined benefit plan | - | - | - | - | 3,190 | - | 3,190 | | 3,190 | 3,190 |
| | - | - | - | - | 3,190 | 29,259 | 32,449 | | 32,449 | 32,449 |
| | - | - | 298,153 | 298,153 | 3,190 | 29,259 | 32,449 | | 330,602 | 330,602 |
| **Transactions with owners** | | | | | | | | | | |
| Final Dividend 2013: Rs. 5 per share | - | - | (86,812) | (86,812) | - | - | - | | (86,812) | (86,812) |
| **Balance as at September 30, 2014** | **173,623** | **1,458,000** | **540,914** | **1,998,914** | **23,621** | **30,080** | **53,701** | | **2,052,615** | **2,226,238** |
| **Total comprehensive income for the year** | | | | | | | | | | |
| **Profit for the year** | - | - | 494,935 | 494,935 | - | - | - | | 494,935 | 494,935 |
| **Other comprehensive income for the year** | | | | | | | | | | |
| Unrealized loss on remeasurement of available for sale investments | - | - | - | - | - | (39,054) | (39,054) | | (39,054) | (39,054) |
| Reclassification of gain to profit and loss account on sale of available for sale investments | - | - | - | - | - | (32,166) | (32,166) | | (32,166) | (32,166) |
| Remeasurement of defined benefit plan | - | - | - | - | 12,153 | - | 12,153 | | 12,153 | 12,153 |
| | - | - | - | - | 12,153 | (71,220) | (59,067) | | (59,067) | (59,067) |
| | - | - | 494,935 | 494,935 | 12,153 | (71,220) | (59,067) | | 435,868 | 435,868 |
| **Transactions with owners** | | | | | | | | | | |
| Final Dividend 2014: Rs.10.00 per share | - | - | (173,623) | (173,623) | - | - | - | | (173,623) | (173,623) |
| Interim Dividend 2015: Rs 2.50 per share | - | - | (43,406) | (43,406) | - | | | | (43,406) | (43,406) |
| Interim Dividend 2015: Rs 12.50 per share | - | - | (217,029) | (217,029) | - | - | - | | (217,029) | (217,029) |
| | - | - | (434,058) | (434,058) | - | - | - | | (434,058) | (434,058) |
| **Balance as at September 30, 2015** | **173,623** | **1,458,000** | **601,791** | **2,059,791** | **35,774** | **(41,140)** | **(5,366)** | | **2,054,425** | **2,228,048** |

The annexed notes from 1 to 49 form an integral part of these financial statements.

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**
As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

**Asim Ghani**
Director

**Asma Aves Cochinwala**
Director

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

## 1 THE COMPANY AND ITS OPERATIONS

Al-Abbas Sugar Mills Limited - AASML ("the Company") was incorporated in Pakistan on May 2, 1991 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Karachi Stock Exchange. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y.16. Old Queens Road, Karachi, Pakistan. The principal activities of the Company under following business segments / divisions comprises of :

| S. No | Division | Principal Activities | Location of undertaking | Commencement of commercial production |
|---|---|---|---|---|
| 1 | Sugar | Manufacturing and sale of sugar | Mirwah Gorchani, Mirpurkhas | December 15, 1993 |
| 2 | Ethanol (note 1.1) | Processing and sale of industrial ethanol | Mirwah Gorchani, Mirpurkhas | Unit I: August 20, 2000<br>Unit II: January 23, 2004 |
| 3 | *Chemical and alloys and **Power (note 1.2) | *Manufacturing and sales of calcium carbide and ferro alloys.<br>**Generation and sales of electricity. | Dhabeji, Thatta. | *November 01, 2006<br>**April 06, 2010 |
| 4 | Tank Terminal | Providing bulk storage facility | Oil industrial area, Kemari, Karachi. | October 15, 2012 |

**1.1** The Company has also entered into agreement for supply of CO2 gas at its ethanol division. The same is not a reportable segment as per criteria defined in IFRS-8.

**1.2** The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions. However, the management of the Company is in process of negotiation with K-Electric for resumption of power supply to them for which budgets have been approved by the Board of Directors. Tariff has been approved by the NEPRA, however, the management sought tariff revision. Once the tariff is amended, the management of the Company will place the Power Acquisition Contract and Tariff before the Board of Directors for their approval.

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes.

### 2.3 Functional and presentation currency

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

## 2.4 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates, assumptions and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - note 3.1 and 4

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of investment property - note 3.2 and 5

- Assumptions and estimates used in determining the provision for slow moving stores and spares - note 3.4 and 9

- Assumptions and estimates used in writing down items of stock in trade to their net realizable value - note 3.5 and 10

- Assumptions and estimates used in calculating the provision for doubtful trade debts - note 3.6 and 11

- Assumptions and estimates used in the recognition of current and deferred taxation - note 3.8 , 8 and 36

- Assumptions and estimates used in accounting for staff retirement benefits - note 3.10 and 15.1

- Assumptions and estimates used in disclosure and assessment of provision for contingencies - note 3.24 and 27

- Assumptions and estimates used in calculating the provision for doubtful loans and advances - note 3.6 and 12

## 2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended September 30, 2015

The following standards, amendments and interpretations are effective for the year ended September 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| | |
|---|---|
| **Amendments to IAS 19 Employee Benefits: Employee contributions** | **Effective from accounting period beginning on or after July 01, 2014** |

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

| | |
|---|---|
| **Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities** | **Effective from accounting period beginning on or after January 01, 2014** |

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

| | |
|---|---|
| **IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets** | **Effective from accounting period beginning on or after January 01, 2014** |

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

| | |
|---|---|
| **Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities** | **Effective from accounting period beginning on or after January 01, 2014** |

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

| | |
|---|---|
| **IFRIC 21 - Levies** | **Effective from accounting period beginning on or after January 01, 2014** |

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

**2.6 New accounting standards and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| | |
|---|---|
| **Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization** | **Effective from accounting period beginning on or after January 01, 2016** |

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

**Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants**

**Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

**IAS 27 (Revised 2011) – Separate Financial Statements**

**Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

**IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures**

**Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

**IFRS 10 – Consolidated Financial Statements**

**Effective from accounting period beginning on or after January 01, 2015 Earlier adoption is encouraged.**

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

| **IFRS 11 – Joint Arrangements** | **Effective from accounting period beginning on or after January 01, 2015** |
|---|---|

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

| **IFRS 12 – Disclosure of Interests in Other Entities** | **Effective from accounting period beginning on or after January 01, 2015** |
|---|---|

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

| **IFRS 13 – Fair Value Measurement** | **Effective from accounting period beginning on or after January 01, 2015** |
|---|---|

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

**Certain annual improvements have also been made to a number of IFRSs.**

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

- IFRS 14 – Regulatory Deferral Accounts

- IFRS 15 – Revenue from Contracts with Customers

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended September 30, 2014.

**3.1 Property, plant and equipment**

**a) Operating fixed assets - owned**

These are stated at cost less accumulated depreciation and impairment, if any, except for land, which is stated at cost.

Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in the relevant note. Assets' residual value and useful lives are reviewed and adjusted appropriately at each financial year end. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off. No amortization is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals, if any, are included in profit and loss account.

**b) Capital work-in-progress**

Capital work-in-progress represents expenditures on fixed assets including advances in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use. Capital work-in-progress is stated at cost.

**3.2 Investment property**

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

Former office premises which is held to earn rental income is classified under investment property. It is carried at its respective cost, under the cost model, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, at the rate specified in the note 5.

**3.3 Stores and spares**

Stores and spares are valued at lower of moving average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon upto balance sheet date. Value of items is reviewed at each balance sheet date to record any provision for slow moving items and obsolescence.

**3.4 Stock-in-trade**

These are stated at the lower of weighted average cost and net realizable value.

Cost in relation to semi finished and finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of semi finished goods is adjusted to an appropriate stage of completion of process whereas value of bagasse is taken equivalent to net realizable value.
Cost in relation to stock of molasses held in ethanol division is valued at weighted average cost.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

**3.5 Trade debts**

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and creditworthiness. Bad debts are written-off when identified and considered irrecoverable.

**3.6 Loans, advances, deposits, prepayments and other receivables**

Loans, advances, deposits, prepayment and other receivables are carried at original amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Loans, advances, deposits, prepayment and other receivables considered irrecoverable are written off.

**3.7 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, current and deposit accounts held with banks.

**3.8 Taxation**

**a) Current**

Provision for current taxation is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

**b) Deferred**

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

**3.9 Staff retirement benefits**

**a) Defined benefit plan - gratuity scheme**

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2015, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are recognized in equity as capital reserves as these will not be reclassified to profit and loss in subsequent periods. Current and past service costs, gain or loss on settlement and net interest income or expense are accounted for in profit and loss account.

This scheme is governed by Trust Deeds and Rules. All matters pertaining to this scheme including contributions to the scheme and payments to outgoing members are dealt with in accordance with the Trust Deeds and Rules.

**b) Employees compensated absences**

The Company accounts for liability in respect of unavailed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn basic salary.

**3.10 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

**3.11 Foreign currency transaction**

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Non-monetary assets and liabilities are recorded using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

**3.12 Financial instruments**

**3.12.1 Financial assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

**a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

**b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**c) Available for sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available for sale financial assets are classified as long term investments in the balance sheet.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in "other comprehensive income" are included in the profit and loss account as gains and losses on disposal of long term investments. Dividends on available for sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

**d) Held to maturity**

Held to maturity are financial assets with fixed or determinable payments and fixed maturity for which management has the intention and ability to hold till maturity, are carried at amortized cost. Since the investment is for short term, its cost is treated as amortized cost because of insignificant difference.

**3.12.2 Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

**3.12.3 Offsetting of financial assets and financial liabilities**

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

**3.12.4 Impairment**

**Financial assets**

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

Any impairment loss arising on financial assets is recognized in profit and loss account.

**Non-financial assets**

The Company assesses at each balance sheet date whether there is any indication that assets, other than deferred tax asset, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

When impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

**3.13 Borrowing costs**

Borrowing costs incurred on finances obtained for the construction of qualifying assets are capitalized up to the date when the respective assets are available for the intended use. All other mark-up, interest and other related charges are charged to profit and loss account in the period in which they are incurred.

**3.14 Provisions**

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

**3.15 Inter-segment pricing**

Transfer between business segments are recorded at net realizable value prevailing at the time of transfer.

**3.16 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, and is reduced for the allowances such as taxes, duties, commissions, sales returns and trade discounts. The following recognition criteria must be met before revenue is recognized:

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of the goods to the customers.

- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable while income from held to maturity investments is recorded using effective yield method.

- Mark-up on growers loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.

- Unrealized gains / (losses) arising on re-measurement of investments classified as 'at fair value through profit and loss' are included in profit and loss account in the year in which they arise.

- Unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

- Gains / (losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.

- Miscellaneous income is recognized on occurrence of transactions.

- Dividend income from investments is recognized when the Company's right to receive the dividend is established.

- Rental income from investment property, rental income of chemical section and income on sale of CO2 is recorded on accrual basis.

### 3.17 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which these are approved.

### 3.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately 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 trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

Segment capital expenditure is the total cost included during the year to acquire property, plant and equipment.

### 3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary share holders of the Company by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.20 Transactions with related parties

The Company enters into transactions with related parties for sale or purchase of goods and services on an arm's length basis.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |

## 4 PROPERTY, PLANT AND EQUIPMENT

| | Note | 2015 | 2014 |
|---|---|---|---|
| Operating fixed assets | 4.1 | **1,793,347** | 1,912,669 |
| Capital work in progress (CWIP) | 4.2 | **-** | - |
| | | **1,793,347** | 1,912,669 |

## 4.1 OPERATING FIXED ASSETS

**As at September 30, 2015**

| | Cost | | | | Accumulated depreciation | | | Written down | |
|---|---|---|---|---|---|---|---|---|---|
| | As at October 01, 2014 | Additions / (Deletions) | Transferred from CWIP | As at September 30, 2015 | As at October 01, 2014 | Charge for the year / (Adjustment) | As at September 30, 2015 | value as at September 30, 2015 | Rate of depreciation % |
| | Rupees in '000 | | | | | | | | |
| Free-hold land | 26,557 | - | - | 26,557 | - | - | - | 26,557 | - |
| Lease-hold land | 73,694 | - | - | 73,694 | | - | - | 73,694 | - |
| | - | | | | | | | | |
| **Main factory buildings** | | | | | | | | | |
| - on free-hold land | 214,661 | - | - | 214,661 | 149,209 | 6,545 | 155,754 | 58,906 | 10 |
| - on lease-hold land | 168,317 | - | - | 168,317 | 87,710 | 8,061 | 95,771 | 72,547 | 10 |
| **Non-factory buildings** | | | | | | | | | |
| - on free-hold land | 147,109 | - | - | 147,109 | 86,614 | 6,050 | 92,664 | 54,445 | 10 |
| - on lease-hold land | 73,666 | - | - | 73,666 | 30,328 | 4,334 | 34,662 | 39,004 | 10 |
| Plant and machinery | 2,599,369 | - | 12,310 | 2,611,679 | 1,082,256 | 101,000 | 1,183,256 | 1,428,423 | 5 to 10 |
| Furniture and fittings | 10,654 | - | - | 10,654 | 6,001 | 465 | 6,466 | 4,188 | 10 |
| Vehicles | 68,915 | 1,923 | - | 70,315 | 42,814 | 5,422 | 47,944 | 22,371 | 20 |
| | - | (523) | - | - | - | (292) | - | - | |
| Office equipments | 31,636 | 326 | - | 31,962 | 19,705 | 1,211 | 20,916 | 11,046 | 10 |
| | - | - | | | - | - | | | |
| Computers | 8,173 | 241 | - | 8,414 | 5,834 | 725 | 6,559 | 1,855 | 30 |
| Tools and tackles | 4,268 | - | - | 4,268 | 3,879 | 78 | 3,957 | 311 | 20 |
| | **3,427,019** | **2,490** | **12,310** | **3,441,296** | **1,514,350** | **133,891** | **1,647,949** | **1,793,347** | |
| | **-** | **(523)** | **-** | **-** | **-** | **(292)** | **-** | **-** | |

**As at September 30, 2014**

| | Cost | | | | Accumulated depreciation | | | Written down | |
|---|---|---|---|---|---|---|---|---|---|
| | As at October 01, 2013 | Additions / (Deletions) | Transferred from CWIP | As at September 30, 2014 | As at October 01, 2013 | Charge for the year / (Adjustment) | As at September 30, 2014 | value as at September 30, 2014 | Rate of depreciation % |
| | Rupees in '000 | | | | | | | | |
| Free-hold land | 26,557 | - | - | 26,557 | - | - | - | 26,557 | - |
| Lease-hold land | 73,694 | - | - | 73,694 | - | - | - | 73,694 | - |
| **Main factory buildings** | | | | | | | | | |
| - on free-hold land | 214,661 | - | - | 214,661 | 141,937 | 7,272 | 149,209 | 65,451 | 10 |
| - on lease-hold land | 168,317 | - | - | 168,317 | 78,753 | 8,956 | 87,710 | 80,608 | 10 |
| **Non-factory buildings** | | | | | | | | | |
| - on free-hold land | 147,109 | - | - | 147,109 | 79,892 | 6,722 | 86,614 | 60,495 | 10 |
| - on lease-hold land | 73,666 | - | - | 73,666 | 25,513 | 4,815 | 30,328 | 43,338 | 10 |
| Plant and machinery | 2,507,069 | 6,119 | 86,181 | 2,599,369 | 981,180 | 101,076 | 1,082,256 | 1,517,113 | 5 to 10 |
| Furniture and fittings | 10,654 | - | - | 10,654 | 5,484 | 517 | 6,001 | 4,653 | 10 |
| Vehicles | 68,618 | 4,123 | - | 68,915 | 38,907 | 6,108 | 42,814 | 26,101 | 20 |
| | - | (3,826) | - | - | - | (2,201) | - | - | |
| Office equipments | 31,864 | 294 | - | 31,636 | 18,509 | 1,335 | 19,705 | 11,931 | 10 |
| | | (522) | | - | | (139) | | | |
| Computers | 7,967 | 206 | - | 8,173 | 4,882 | 952 | 5,834 | 2,339 | 30 |
| Tools and tackles | 4,268 | - | - | 4,268 | 3,782 | 97 | 3,879 | 389 | 20 |
| | 3,334,444 | 10,742 | 86,181 | 3,427,019 | 1,378,839 | 137,851 | 1,514,350 | 1,912,669 | |
| | - | (4,348) | - | - | - | (2,340) | - | - | |

**4.1.1** The depreciation charged for the year has been allocated as follows:

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Cost of sales | 29 | **78,648** | 79,361 |
| Storage Tank Terminal | 30.1 | **19,458** | 19,816 |
| Chemical and alloys | 30.2.1 | **16,313** | 17,712 |
| Power | 30.2.2 | **11,728** | 12,144 |
| Administrative expenses | 32 | **7,744** | 8,818 |
| | | **133,891** | 137,851 |

**4.1.2** The following assets were disposed off during the year:

| Description | Cost | Accumulated depreciation | Witten down value | Sales Proceeds | Gain | Mode of Disposal | Particular of Buyers |
|---|---|---|---|---|---|---|---|
| | Rupees in '000 | | | | | | |
| Suzuki Cultus ALX-946 | 169 | 108 | 61 | 340 | 279 | Negotiation | Mr. Mustafa Mehmood |
| Suzuki Riavi CS-2993 | 354 | 184 | 170 | 210 | 40 | Negotiation | Mr. Yasir Farhan |
| **2015** | **523** | **292** | **231** | **550** | **319** | | |
| 2014 | 4,348 | 2,340 | 2,008 | 3,365 | 1,357 | | |

## 4.2 CAPITAL WORK IN PROGRESS

| Description | September 30, 2015 | | | | September 30, 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | As at October 01, 2014 | Additions / (adjustments) | Transfer to operating fixed assets | As at September 30, 2015 | As at October 01, 2013 | Additions / (adjustments) | Transfer to operating fixed assets | As at September 30, 2014 |
| | Rupees in '000 | | | | | | | |
| Plant and machinery | | | | | | | | |
| DCS System | - | 12,259 | (12,259) | - | - | - | - | - |
| Borrowing cost (note 4.2.1) | - | 51 | (51) | - | - | - | - | - |
| | - | 12,310 | (12,310) | - | - | - | - | - |
| Digester | - | - | - | - | 35,691 | 16,950 | (52,641) | - |
| Advance to contractor | - | - | - | - | 78 | (78) | - | - |
| Stores held for capitalization | - | - | - | - | 8,124 | (8,124) | - | - |
| Borrowing cost (note 4.2.1) | - | - | - | - | 1,439 | 4,544 | (5,983) | - |
| | - | - | - | - | 45,332 | 13,292 | (58,624) | - |
| Pipeline for storage tank terminal | - | - | - | - | 2,864 | 10,143 | (13,007) | - |
| Borrowing cost (note 4.2.1) | - | - | - | - | 134 | 168 | (302) | - |
| | - | - | - | - | 2,998 | 10,311 | (13,309) | - |
| Pipeline from storage tank terminal to Pakistan refinery | - | - | - | - | - | 14,136 | (14,136) | - |
| Borrowing cost (note 4.2.1) | - | - | - | - | - | 112 | (112) | - |
| | - | - | - | - | - | 14,248 | (14,248) | - |
| **Total** | - | 12,310 | (12,310) | - | 48,330 | 37,851 | (86,181) | - |

**4.2.1** Average annualized rate of 7.42% (2014: 10.02%) has been used for capitalization of borrowing cost.

**5 INVESTMENT PROPERTY**

| Description | Cost | | | Depreciation | | | Written down value as on September 30 | Rate of Depreciation |
|---|---|---|---|---|---|---|---|---|
| | As on October 01 | Additions | As on September 30 | As on October 01 | Charge for the year | As on September 30 | | |
| | (Rupees in thousand) | | | | | | | |
| **Former office premises - 2015** | **1,600** | **-** | **1,600** | **1,178** | **42** | **1,220** | **380** | **10%** |
| Former office premises - 2014 | 1,600 | - | 1,600 | 1,131 | 47 | 1,178 | 422 | 10% |

**5.1** The estimated market value as per valuation carried out by M/s. Sipra and Company (Pvt.) Limited as on November 21, 2014 is Rs. 31.18 million.

| | | Note | 2015 | 2014 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |

## 6 LONG TERM INVESTMENTS

**Available for sale investments - in Quoted shares at fair value**

| | Note | 2015 | 2014 |
|---|---|---|---|
| - Related Party | 6.1 | **73** | 99,432 |
| - Others | 6.2 | **133,914** | 112,839 |
| | | **133,987** | 212,271 |

### 6.1 Related party - associated company

| 2015 | 2014 | | | | |
|---|---|---|---|---|---|
| **Number of shares at par value of Re. 1 each** | Number of shares at par value of Rs. 10 each | | | | |
| **4,500** | 765,450 | HUM Network Limited | 6.1.1 | **73** | 99,432 |

**6.1.1** During the year, the Company has sold 765,000 shares of HUM Network Limited. Afterwards, Hum Network Limited reduced the face value of its shares from Rs. 10 to Re.1 per share by correspondingly increasing the number of shares. As a result, the Company received 4500 shares having face value of Re.1 each by surrendering 450 shares of Rs. 10 each.

| | | | Note | 2015 | 2014 |
|---|---|---|---|---|---|
| | | | | (Rupees in thousand) | |

### 6.2 Others

| 2015 | 2014 | | | | |
|---|---|---|---|---|---|
| Number of shares | | | | | |
| **949,000** | 21,996,000 | Power Cement Limited | 6.2.1 | **9,348** | 112,839 |
| **16,994,000** | - | Aisha Steel Mills Limited | 6.2.2 | **124,566** | - |
| | | | | **133,914** | 112,839 |

**6.2.1** During the year, the Company has sold 21,047,000 shares of Power Cement limited.

**6.2.2** During the year, the Company has purchased 16,994,000 cumulative preference shares of Aisha Steel Mills Limited (ASLPS) amounting to Rs. 168,114,776. These are non-redeemable but convertible into ordinary shares of Rs. 10 per ordinary share in the ratio of 1:1, plus unpaid preferential dividends, if any. The rate of dividend on these shares is 3% above six month KIBOR.

As at September 30, 2015, the dividend accrued on these preference shares amounts to Rs 63.939 million which has not been recorded in these financial statements as the investee company is facing operational losses."

The market value of each quoted security is as follows:

| | 2015 | 2014 |
|---|---|---|
| HUM Network Limited (HUMNL) | **16.32** | 129.90 |
| Power Cement Limited (POWER) | **9.85** | 5.13 |
| Aisha Steel Mills Limited (ASLPS) | **7.33** | 6.8 |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |

**7 LONG TERM LOANS**

**- Considered good and secured**

| | Note | 2015 | 2014 |
|---|---|---|---|
| Due from executives - related parties | 7.1 | **856** | 1,407 |
| Due from other employees | | **689** | 1,168 |
| | 7.2 & 7.3 | **1,545** | 2,575 |
| Less: current portion of long term loans | 12 | **(640)** | (1,222) |
| | | **905** | 1,353 |

**7.1 Reconciliation of carrying amount of loans to executives**

| | 2015 | 2014 |
|---|---|---|
| Balance at beginning of the year | **1,407** | 3,618 |
| Add: disbursements during the year | **64** | 343 |
| | **1,471** | 3,961 |
| Less: recoveries during the year | **(615)** | (2,554) |
| Balance at the end of the year | **856** | 1,407 |

**7.2** The above loans are interest free and are given to executives and other employees of the Company for purchase of vehicles and personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to five year in equal monthly installments. These are secured against the retirement benefits and vehicles (in case of vehicle loan) of the respective employees and are within the limits of such securities.

**7.3** Maximum aggregate amount of loans outstanding at any month end was Rs. 2.433 million (2014: Rs. 4.364 million).

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |

**8 DEFERRED TAXATION**

| | Note | 2015 | 2014 |
|---|---|---|---|
| **Deductible temporary differences** | | | |
| Available tax losses | | **290,555** | 260,869 |
| Minimum tax | | **125,612** | 92,861 |
| Provisions | | **39,426** | 32,937 |
| | | **455,593** | 386,667 |
| **Taxable temporary differences** | | | |
| Accelerated tax depreciation | | **(270,294)** | (288,010) |
| **Less: Unrecognized deferred tax asset** | 8.1 | **(185,299)** | (98,657) |
| | | **-** | - |

**8.1** The Company has not recognized its entire deferred tax asset relating to tax losses upto the year ended September 30, 2015 as the company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

**8.2 Movement in deferred tax asset**

| | September 30, 2013 | Recognized in profit and loss account | September 30, 2014 | Recognize in profit and loss account | September 30, 2015 |
|---|---|---|---|---|---|
| | ---------- Rupees in '000' ---------- | | | | |
| **Deferred tax liabilities arising in respect of:** | | | | | |
| Accelerated tax depreciation | (287,576) | (434) | (288,010) | 17,716 | **(270,294)** |
| **Less: deferred tax assets arising in respect of:** | | | | | |
| Assessed tax losses | 286,098 | (25,229) | 260,869 | 29,686 | **290,555** |
| Minimum tax | - | 92,861 | 92,861 | 32,751 | **125,612** |
| Provisions | 35,869 | (2,932) | 32,937 | 6,489 | **39,426** |
| | 321,967 | 64,700 | 386,667 | 68,926 | **455,593** |
| **Less: Deferred tax not recognized** | - | (98,657) | (98,657) | (86,642) | **(185,299)** |
| | 34,391 | (34,391) | - | - | **-** |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |

**9 STORES AND SPARES**

| | Note | 2015 | 2014 |
|---|---|---|---|
| Stores and spares | | **169,179** | 163,555 |
| Provision for slow moving items and obsolescence | 9.1 | **(29,938)** | (22,805) |
| | | **139,241** | 140,750 |

**9.1 Movement in provision for slow moving items and obsolescence during the year is as follows**

| | 2015 | 2014 |
|---|---|---|
| Balance at beginning of the year | **22,805** | 21,852 |
| Provision made during the year | **7,133** | 953 |
| Balance at end of the year | **29,938** | 22,805 |

**10 STOCK-IN-TRADE**

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Raw materials | | **145,437** | 327,600 |
| Work-in-process | | **3,312** | 3,485 |
| **Finished goods** | | | |
| Sugar | 10.1 | **603,164** | 815,234 |
| Ethanol | 10.2 | **92,777** | 273,201 |
| Ferro Silicon | | **2,180** | 2,249 |
| | | **698,121** | 1,090,684 |
| Stock of bagasse in hand | | **4,095** | 14,157 |
| | | **850,965** | 1,435,926 |
| Provision against finished goods - Ferro Silicon | 10.3 | **(2,180)** | - |
| | | **848,785** | 1,435,926 |

**10.1** Value of stock pledged as on the balance sheet date amounts to Rs. nil (2014: Rs. 119.410 million).

**10.2** Finished goods includes stock items valued at net realizable value (NRV) amounting to Rs. 18.653 million (2014: Rs. 4.565 million)

Summary of related Cost and NRV is as under:

| | Cost | NRV |
|---|---|---|
| | (Rupees in thousand) | |
| Ethanol - Grade B | **22,007** | **18,653** |

**10.3 Movements in provision for finished goods during the year is as follows**

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Balance at the beginning of the year | | **-** | - |
| Provision made during the year | | **2,180** | - |
| Balance at the end of the year | | **2,180** | - |

**11 TRADE DEBTS**

| | Note | 2015 | 2014 |
|---|---|---|---|
| **Considered good** | | | |
| Export | | **170,156** | 23,269 |
| Local | | **18,862** | 18,728 |
| | | **189,018** | 41,997 |
| **Considered doubtful - Local** | | **15,432** | 15,432 |
| | | **204,450** | 57,429 |
| Provision for doubtful debts | 11.1 | **(15,432)** | (15,432) |
| | | **189,018** | 41,997 |

**11.1 Movements in provision for doubtful trade during the year is as follows**

| | Note | 2015 | 2014 |
|---|---|---|---|
| Balance at the beginning of the year | | **15,432** | 18,593 |
| Provision made during the year | | **-** | 1,297 |
| Reversal of provision during the year | 30.2.1 | **-** | (4,458) |
| Balance at end of the year | | **15,432** | 15,432 |

**12 LOANS AND ADVANCES**

| | Note | 2015 | 2014 |
|---|---|---|---|
| **Loans** | | | |
| **Considered good** | | | |
| **- Interest based:** | | | |
| Loans to growers | 12.1 | **24,734** | 18,713 |
| **- Non - interest based:** | | | |
| **Loans to growers** | | | |
| Considered good | | **1,072** | 3,864 |
| Considered doubtful | | **301** | 301 |
| | | **1,373** | 4,165 |
| Provision for loans considered doubtful | 12.2 | **(301)** | (301) |
| | | **1,072** | 3,864 |
| Current portion of long term loans | 7 | **640** | 1,222 |
| | | **26,446** | 23,799 |
| **Advances** | | | |
| **Considered good** | | | |
| To employees against salary | | **319** | 69 |
| To employees against expenses | | **991** | 438 |
| To suppliers and contractors | 12.4 | **9,104** | 205,393 |
| Against letter of credit for stores and spares parts | | **3,118** | 1,454 |
| | | **13,532** | 207,354 |
| Considered doubtful - To suppliers and contractors | | **75,355** | 46,838 |
| | | **88,887** | 254,192 |
| Provision for doubtful advances | 12.3 | **(75,355)** | (46,838) |
| | | **13,532** | 207,354 |
| | | **39,978** | 231,153 |

**12.1** The rate of mark-up on such loans ranges up to 14.96% (2014: Rs 14.96%) subject to final settlement with the respective grower. In order to ensure supply of sugarcane from certain growers, Company has provided fertilizers, seeds and tricograma cards which has been provided as loan and the Company will recover the same out of the cane supply from the said grower in the ensuing season.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **12.2 Movement in provision for advances considered doubtful during the year is as follows:** | | | |
| Balance at beginning of the year | | **301** | 1,254 |
| Reversal of provision during the year | | **-** | (953) |
| Balance at end of the year | | **301** | 301 |

**12.3 Movement in provision for advances considered doubtful during the year is as follows:**

| | Note | 2015 | 2014 |
|---|---|---|---|
| Balance at the beginning of the year | | **46,838** | 46,838 |
| Provision made during the year | 35 | **28,517** | - |
| Balance at the end of the year | | **75,355** | 46,838 |

**12.4** This includes amount of Rs. nil (2014: Rs. 202.018 million) in respect of advance to molasses suppliers.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS** | | | |
| Deposits | | **-** | 1,000 |
| Prepayments | 13.1 | **10,109** | 11,593 |
| | | **10,109** | 12,593 |

**13.1 Prepayments**

| | 2015 | 2014 |
|---|---|---|
| Rent | **3,892** | 5,965 |
| Establishment charges | **3,009** | 3,015 |
| Insurance | **2,149** | 1,775 |
| Software license fees | **1,059** | 838 |
| | **10,109** | 11,593 |

**14 INTEREST ACCRUED**

| | 2015 | 2014 |
|---|---|---|
| **- On** | | |
| Growers loan | **1,365** | 1,132 |
| Term deposit receipts | **15** | 168 |
| | **1,380** | 1,300 |

**15 OTHER RECEIVABLES**

| | Note | 2015 | 2014 |
|---|---|---|---|
| **- Considered good** | | | |
| Sales tax and excise duty | | **1,705** | 2,237 |
| Defined benefit plan (staff retirement gratuity) - funded | 15.1 | **13,632** | 14,906 |
| Freight subsidy on sugar export | | **42,343** | 42,343 |
| Others | | **224** | 1,908 |
| | | **57,904** | 61,394 |

**15.1 Defined benefit plan (staff retirement gratuity) - funded**

As stated in note 3.9, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at September 30, 2015 using projected unit credit method. The disclosures made in notes 15.1.1 to 15.1.11 are based on the information included in that actuarial report.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **15.1.1 The asset recognized in the balance sheet is as follows:** | | | |
| Present value of defined benefit obligation | 15.1.2 | **(77,746)** | (68,105) |
| Fair value of plan assets | 15.1.3 | **106,596** | 93,039 |
| Payables | | **(1,942)** | (1,917) |
| Receivable from employees gratuity fund | 15.1.7 | **26,908** | 23,017 |
| Other liability - Payable to gratuity fund | | **(13,276)** | (8,111) |
| Net receivable at the balance sheet date | | **13,632** | 14,906 |
| **15.1.2 Changes in present value of defined benefit obligation** | | | |
| Present value of defined benefit obligation at the beginning of the year | | **68,105** | 86,361 |
| Current service cost | | **11,634** | 9,575 |
| Interest cost on defined benefit obligation | | **8,599** | 7,986 |
| Benefits due but not paid (payables) | | **(80)** | (918) |
| Benefits paid | | **(8,675)** | (32,920) |
| Remeasurements: Experience adjustments | | **(1,837)** | (1,979) |
| Present value of defined benefit obligation at the end of the year | | **77,746** | 68,105 |
| **15.1.3 Changes in fair value of plan assets** | | | |
| Fair value of plan assets as at the beginning of the year | | **93,039** | 113,579 |
| Contributions during the year | | **-** | - |
| Interest income on plan assets | | **11,971** | 11,169 |
| Benefit paid during the year - defined benefit obligation | | **(8,675)** | (32,920) |
| Benefit paid during the year - payable | | **(55)** | - |
| Return on plan assets, excluding interest income | | **10,316** | 1,211 |
| Fair value of plan assets at the end of the year | | **106,596** | 93,039 |

**15.1.4 Plan assets comprises of**

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Rupees in '000 | % | Rupees in '000 | % |
| Bond | **-** | **0.0%** | 12,000 | 12.9% |
| Equity | **59,214** | **55.6%** | 52,535 | 56.5% |
| Cash and/or deposits | **47,329** | **44.4%** | 28,504 | 30.6% |
| | **106,596** | **100%** | 93,039 | 100% |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |

**15.1.5 The following amounts have been charged to profit and loss account during the year**

| | | | |
|---|---|---|---|
| Current service cost | | **11,634** | 9,575 |
| Interest cost on defined benefit obligation | | **8,599** | 7,986 |
| Interest income on plan assets | | **(11,971)** | (11,169) |
| | | **8,262** | 6,392 |

**15.1.6 Total Remeasurements Chargeable in Other Comprehensive Income**

| | | | |
|---|---|---|---|
| **Remeasurement of plan obligation:** | | | |
| Experience adjustments | | **(1,837)** | (1,979) |
| Return on plan assets, excluding interest income | | **(10,316)** | (1,211) |
| | | **(12,153)** | (3,190) |

**15.1.7 Movement in net asset recognized in the balance sheet**

| | | | |
|---|---|---|---|
| Asset at the beginning of the year | | **23,017** | 26,219 |
| Charge for the year | 15.1.5 | **(8,262)** | (6,392) |
| Remeasurements chargeable in other comprehensive income | 15.1.6 | **12,153** | 3,190 |
| Contributions | | **-** | - |
| Asset at the end of the year | | **26,908** | 23,017 |

**15.1.8 Principal actuarial assumptions**

The latest actuarial valuation for gratuity fund was carried out as at September 30, 2015 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:

| | 2015 | 2014 |
|---|---|---|
| Discount rate | **9.25%** | 13.50% |
| Expected rate of increase in salary | **8.25%** | 12.50% |
| Expected rate of return on plan assets | **13.50%** | 11.50% |
| Average retirement age of the employee | **60 years** | 60 years |
| Mortality rates | **SLIC 2001-05** | SLIC 2001-05 |

**15.1.9 Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

| | Impact on defined benefit obligation | | |
|---|---|---|---|
| | **Changes in assumption** | **Increase in assumption** | **Decrease in assumption** |
| | **%** | **(Rupees in thousand)** | |
| Discount rate | 1 | 5,320 | (6,024) |
| Salary increase | 1 | (5,855) | 5,258 |

**15.1.10** Expected charge for the year 2015-16 will be Rs. 10.052 million.

**15.1.11** Risks associated with the fund

**Investment Risk:** The risk of the investment underperforming and being not sufficient to meet the liabilities.

**Final Salary Risk:** The risk that the final salary at the time of cessation of service is greater than what the company assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**Withdrawal Risk:** The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

**Mortality Risk:** The risk that the actual mortality experience is different than that of expected i.e. the actual life expectancy is longer than assumed. Especially in case of benefit payable are in streams of payments after retirement like pension etc.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **16 SHORT TERM INVESTMENTS** | | | |
| **Held to Maturity** | | | |
| Term Deposit Receipts (TDR) | 16.1 | **600** | 7,412 |
| **At fair value through profit and loss** | | | |
| Quoted securities | 16.2 | **227,311** | 225,067 |
| | | **227,911** | 232,479 |

**16.1** These term deposit receipts are under banks lien against bank guarantees issued on behalf of Company. It carry profit of 7.27% (2014: 6.11% to 8.25%) per annum.

**16.2 At fair value through profit and loss - in quoted shares**

| 2015 | 2014 | Name of companies | Note | 2015 | 2014 |
|---|---|---|---|---|---|
| Number of shares | | | | (Rupees in thousand) | |
| **1,000,000** | 1,500,000 | Fauji Cement Company Limited | 16.2.1 | **33,480** | 29,235 |
| **253,000** | 253,000 | Mehran Sugar Mills Limited | | **27,860** | 25,695 |
| **759,000** | 759,000 | IGI Insurance Limited | | **165,971** | 170,137 |
| | | | | **227,311** | 225,067 |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees) | |
| **The market value of each listed security is as follows** | | | |
| Fauji Cement Company Limited (FCCL) | | **33.48** | 19.49 |
| Mehran Sugar Mills Limited (MRNS) | | **110.12** | 101.56 |
| IGI Insurance Limited (IGIIL) | | **218.67** | 224.16 |

**16.2.1** During the year, the Company has sold 500,000 of Fauji Cement Company Limited.

| | | Note | 2015 | 2014 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **17** | **INCOME TAX REFUNDS DUE FROM THE GOVERNMENT** | | | |
| | Income tax | | **30,315** | 76,016 |
| | Balance at the beginning of the year | | **76,016** | 63,695 |
| | Advance tax paid / deducted during the year | | **45,013** | 67,896 |
| | Refunds during the year | | **(9,652)** | - |
| | Adjusted against Workers Welfare Fund | | **(10,787)** | - |
| | Provision for taxation for the year | | **(59,555)** | (58,170) |
| | Prior year tax | | **891** | - |
| | Advance tax written off | | **(11,611)** | 2,595 |
| | | | **30,315** | 76,016 |

| | | Note | 2015 | 2014 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **18** | **CASH AND BANK BALANCES** | | | |
| | **Cash in hand** | | **1,039** | 1,016 |
| | **Cash at banks** | | | |
| | Current accounts | | **32,935** | 11,741 |
| | Saving accounts | 18.1 | **7,766** | 4,637 |
| | | | **40,701** | 16,378 |
| | | | **41,740** | 17,394 |

**18.1** These carry profit ranging from 3.29% to 6.10% (2014: 5% to 7.5%).

**19 ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**

| 2015 | 2014 | | 2015 | 2014 |
|---|---|---|---|---|
| (Number of shares) | | | (Rupees in thousand) | |
| | | Fully paid in cash | | |
| **17,362,300** | 17,362,300 | Ordinary shares of par value of Rs.10 each. | **173,623** | 173,623 |

**19.1** Number of shares held by the associates as on the balance sheet date are 5,481,000 (2014: 5,821,000).

**19.2** The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |

## 20 RESERVES

**Capital reserves**

| | Note | 2015 | 2014 |
|---|---|---|---|
| Unrealized gain on remeasurement of retirement benefit obligation | | **35,774** | 23,621 |
| Unrealized (loss) / gain on remeasurement of available for sale investment | | **(41,140)** | 30,080 |
| | 20.1 | **(5,366)** | 53,701 |

**Revenue reserves**

| | Note | 2015 | 2014 |
|---|---|---|---|
| General reserve | | **1,458,000** | 1,458,000 |
| Unappropriated profit | | **601,791** | 540,914 |
| | 20.2 | **2,059,791** | 1,998,914 |
| | | **2,054,425** | 2,052,615 |

**20.1** Capital reserve will be utilized for any purpose only after it is realized and transferred to profit and loss account. However, these reserves can be individually offset against losses arising in future periods (if any).

**20.2** Revenue reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

## 21 DEFERRED LIABILITY

The Company has challenged the levy of market committee fee in the Honourable High Court of Sindh and filed a constitutional petition and has also obtained a stay order from the Honourable High Court. Pending the outcome of the petition, the Company has accounted for the levy as a matter of prudence.

## 22 TRADE AND OTHER PAYABLES

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Creditors | 22.1 | **376,361** | 246,044 |
| Accrued liabilities | | **70,260** | 36,781 |
| Advances from customers | | **187,735** | 497,721 |
| Advance against rent | | **11,202** | 19,123 |
| Sales tax payable | | **30,471** | 18,810 |
| Workers' Profit Participation Fund | 22.2 | **23,144** | 20,872 |
| Workers' Welfare Fund | | **25,913** | 27,905 |
| Unclaimed dividend | | **19,559** | 5,117 |
| Retention money | | **2,053** | 2,045 |
| Special Excise Duty payable | | **9,696** | 9,696 |
| Withholding tax payable | | **-** | 5,503 |
| Other payable | | **1,886** | 1,003 |
| | | **758,280** | 890,620 |

**22.1** The Company, as the matter of prudence, has recorded liability amounting to Rs. 140.203 million in respect of sugarcane purchases considering the notifications issued by Cane Commissioner Sindh on November 07, 2014 and December 09, 2014. after adjusting the amount paid by Government of Sindh to the growers through sugar mills in the light of interim decision of Honourable High Court of Sindh. However these notifications have been challenged by Pakistan Sugar Mills Association and other sugar mills in Honourable Supreme Court of Pakistan. The case has been pending with the Honourable Court as at September 30, 2015.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |

**22.2 Workers' profit participation fund**

| | Note | 2015 | 2014 |
|---|---|---|---|
| Balance at beginning of the year | | **20,872** | 17,777 |
| Interest for the year | 34 | **7,291** | 2,941 |
| | | **28,163** | 20,718 |
| Charge for the year | 33 | **23,144** | 20,872 |
| | | **51,307** | 41,590 |
| Paid during the year | | **(28,163)** | (20,718) |
| Balance at end of the year | | **23,144** | 20,872 |

**23 ACCRUED MARK - UP**

| | | 2015 | 2014 |
|---|---|---|---|
| **Mark-up on** | | | |
| Long term financing | | - | 72 |
| Short term borrowing | | **2,121** | 16,881 |
| | | **2,121** | 16,953 |

**24 SHORT TERM BORROWINGS**

| | Note | 2015 | 2014 |
|---|---|---|---|
| **From banking companies - secured** | | | |
| **Under Mark up arrangements** | | | |
| Cash / running finances | 24.1 | **101,601** | 321,552 |
| Export refinance | 24.1 | **355,000** | 821,675 |
| | | **456,601** | 1,143,227 |

**24.1** The available aggregate finance facilities (short term funded) amounting to Rs. 3.910 billion (2014: Rs. 3.805 billion) which have been arranged from various commercial banks out of which Rs. 3.110 billion (2014: 2.960 billion) are with export refinance and FE 25, out of total export refinance limit Rs. 2.460 billion (2014: 2.510 billion) are interchangeable. The short term financing are secured against hypothecation of current assets, pledge of stock and hypothecation over present and future property, plant and equipment of the Company. These carry mark-up ranging from 1 to 3 months KIBOR plus 1% to 1.5% (2014: 1 to 3 months KIBOR plus 1% to 1.5%) per annum payable quarterly in arrears or upon maturity. At the year end, facilities amounting to Rs. 3.453 billion (2014: Rs. 2.662 billion) remained unutilized. These facilities are expiring on various dates latest by June 30, 2016 and are renewable.

**24.2** The available facilities for opening letters of credit as at September 30, 2015 aggregate to Rs. 200 million (2014: Rs. 200 million) of which the amount unutilized as at September 30, 2015 was Rs. 190.020 million (2014: Rs. 196.33 million).

**25 CURRENT MATURITY OF NON-CURRENT LIABILITIES - Secured**

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **From banking companies** | | | |
| MCB bank limited - Demand finance | 25.1 | - | 36,364 |

**25.1** The loan has been fully repaid during the year.

**26 PROVISION FOR TAXATION**

**26.1** The Company filed appeal before Commission of Income Tax (CIT) against the said amount of tax levied by Income Tax Officer (ITO) under section 12(9A) of Income Tax Ordinance, 1979 related to assessment year 2002-2003, who set aside the order of ITO. The Department made appeal before the learned Income Tax Appellate Tribunal who maintained the decision of CIT. The Department again filed reference before the Honourable High Court Sindh which is pending. As per view of the tax advisor, the decision of the reference will be in favour of the Company.

**27 CONTINGENCIES AND COMMITMENTS**

**27.1 Contingencies**

a) The Karachi Water and Sewerage Board (Board) has demanded Rs. 19.588 million for sewerage, fire and conservancy charges which the Company has challenged in the Honourable High Court of Sindh, Karachi as no such facilities are being provided by the Board. The Court has stayed the operations of Demand Notice by the Board and hearings of the case are in process. The management is confident that the case will be decided in favor of the Company, therefore, no provision has been made in these financial statements.

b) The Competition Commission of Pakistan has issued show cause notice to the Company alleging cartelization in industry. The Company has challenged this show cause in the Honourable High Court of Sindh in Karachi challenging the jurisdiction of Competition Commission of Pakistan. Which has stayed the show cause notice and case hearings are in progress in Honourable High Court of Sindh, Karachi. There are no financial implications related to this matter at the moment.

c) A suit bearing no. 281 has been filed in the Honourable High Court of Sindh at Karachi by Mr. Suleman Lalani (non-executive and minority Director) against the Company, its Chief Executive and eight others, alleging mismanagement in the company’s affairs including siphoning off and divergence of Company’s funds by the Chief Executive and others. The prayer sought in the suit mainly comprises of Rs. 236.716 million retrieval of the Company’s funds along with the costs of the suit filed by the plaintiff and seeking appointment of receiver and carrying out of the forensic audit of the Company and removal of its Chief Executive. In response to the aforementioned, the Company and its management denied all allegations of the plaintiff. The hearings are in progress.

The Company's legal counsel have stated that considering the uncertainty in the outcomes of the litigation, no definite prediction can be made at this stage. However, in view of the Company’s management, no adverse inference is likely to materialize in the suit.

Furthermore, Mr. Lalani also filed another Civil Miscellaneous Application (CMA) No. 9973 of 2013, seeking to refrain the Board of Directors of the Company from specifically approving any investment in Javedan Corporation Limited ("JCL"), a separate and unrelated public limited company. The said CMA was argued before the Honourable High Court of Sindh by both parties which has restrained the defendant not to take any decision for investment in JCL until the final outcome of the suit and has directed the Securities Exchange Commission of Pakistan ("SECP") to treat the complaint filed in this matter as a complaint under Section 263 of the Companies Ordinance, 1984 and accordingly investigate the affairs of the Company and submit a report on the same.

The said Order of the Court has been challenged by the Company before the Division Bench of the Honourable High Court of Sindh through appeal bearing No. HCA-124, which has suspended a portion of the High Court's Order relating to SECP carrying out an investigation of the Company. This Appeal is currently pending before the Division Bench, and as per the view of the legal advisor, the Company has fair chance to succeed in the said case.

d) As per notification No. 4 (142) S.O (Ext) 95-XXIII dated December 11,2013, Government of Sindh has directed sugar factories in the province to pay quality premium to the cane growers in respect of crushing season 2013-14 @0.50 paisa per 40 Kg for each 0.1%(including fraction thereof to be calculated prorate) of excess sucrose recovery of above 8.7% determined on overall sucrose recovery basis on each mill. However, as the matter is pending in the Honourable Supreme Court of Pakistan and after the decisions of Federal Government, Steering Committee meeting held on 16-07-2007, the payment against quality premium shall remain suspended till the decision of Honourable Supreme Court or Consensus on uniform formula is developed by the Federal Government. In view of the given circumstances and as per the decision of the Honourable High Court of Punjab in a similar case in which it was declared that the demand of quality premium is un lawful, the management of the company is confident that case will be decided in favour of sugar mills, therefore no provision has been made in this financial statements for liability of quality premium in respect of crushing season 2013-14 Rs 82.225 million and 2014-15 amounting to Rs.142.719 million.

e) The Federal Government notified reduced rate of FED @ 0.5% on local supply of sugar to the extent of sugar exported by sugar mills against export quota allocated by Economic Coordination Committee in meeting dated January10, 2013, subject to terms and conditions prescribed in S.R.O 77(1)/2013 dated February 07, 2013. The company has availed the facility effective from 10th January 2013, however as per contention of the department the relief is applicable from the date of SRO, accordingly the demand amounting to Rs. 85.450 millions relating to period prior to date of SRO has been created. The same has been contested before the Honourable High Court of Sindh Vide Constitution Petition No. 1927/2014. The management is confident that the case will be decided in the favour of the Company.

## 27.2 Commitments

a) Commitments in respect of outstanding letter of credit amounting to Rs. 9.984 million ( 2014: 3.655 million).

b) Bank guarantees of Rs. 54.6 million (2014: Rs. 61.412 million) have been issued by the banking companies on behalf of the Company in favour of customers and suppliers. The available and unavailed limits of bank guarantees amount to Rs. 55 (2014: Rs. 61.820) million and Rs. 0.4 (2014: 0.408) million respectively.

| | Note | Sugar | | Ethanol | | Total | |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | (Rupees in thousand) | | | | | |
| **28 SALES** | | | | | | | |
| **Gross sales** | | | | | | | |
| Local | | **3,197,454** | 2,286,672 | **153,280** | 180,206 | **3,350,734** | 2,466,878 |
| Export | 28.1 | **59,543** | 494,806 | **2,712,234** | 2,719,041 | **2,771,777** | 3,213,847 |
| | | **3,256,997** | 2,781,478 | **2,865,514** | 2,899,247 | **6,122,511** | 5,680,725 |
| **Less:** | | | | | | | |
| Sales tax | | **-** | (37) | **(18,365)** | (23,022) | **(18,365)** | (23,059) |
| Federal excise duty | | **(236,848)** | (136,926) | **-** | - | **(236,848)** | (136,926) |
| | | **(236,848)** | (136,963) | **(18,365)** | (23,022) | **(255,213)** | (159,985) |
| | | **3,020,149** | 2,644,515 | **2,847,149** | 2,876,225 | **5,867,298** | 5,520,740 |

**28.1** It includes exchange loss on sugar export of Rs. 0.0522 million (2014: gain of Rs. 0.751 million) and exchange gain on ethanol of Rs.10.336 million (2014: Rs. 17.780 million).

| | Note | Sugar | | Ethanol | | Total | |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | (Rupees in thousand) | | | | | |
| **29 COST OF SALES** | | | | | | | |
| Cost of raw materials consumed | | **2,422,075** | 2,758,175 | **1,911,181** | 2,173,249 | **4,333,256** | 4,931,424 |
| Stores and spare parts consumed | | **74,900** | 66,225 | **65,989** | 56,892 | **140,889** | 123,117 |
| Packing materials | | **31,146** | 34,321 | **-** | 94 | **31,146** | 34,415 |
| Salaries, wages and other benefits | 29.1 | **192,054** | 173,735 | **39,244** | 33,656 | **231,298** | 207,391 |
| Fuel, electricity and water charges | | **3,239** | 1,977 | **98,961** | 60,675 | **102,200** | 62,652 |
| Repairs and maintenance | | **6,994** | 8,917 | **4,560** | 6,931 | **11,554** | 15,848 |
| Other manufacturing expenses | 29.2 | **38,167** | 38,573 | **22,294** | 22,601 | **60,461** | 61,174 |
| Depreciation | 4.1.1 | **42,239** | 44,991 | **36,409** | 34,370 | **78,648** | 79,361 |
| | | **2,810,814** | 3,126,914 | **2,178,638** | 2,388,468 | **4,989,452** | 5,515,382 |
| **Work-in-process** | | | | | | | |
| Opening | | **3,485** | 5,823 | **-** | - | **3,485** | 5,823 |
| Closing | | **(3,312)** | (3,485) | **-** | - | **(3,312)** | (3,485) |
| | | **173** | 2,338 | **-** | - | **173** | 2,338 |
| | | **2,810,987** | 3,129,252 | **2,178,638** | 2,388,468 | **4,989,625** | 5,517,720 |
| **Less:** | | | | | | | |
| Transfer price of molasses | | **(193,338)** | (254,585) | **-** | - | **(193,338)** | (254,585) |
| Sale of fusel oil,CO2 gas and electricity income-net | - | - | **(28,680)** | (29,705) | **(28,680)** | (29,705) | |
| Sale of molasses - net | | - | (4) | **-** | - | - | (4) |
| Transfer price of bagasse | | **(98,764)** | (60,674) | **-** | - | **(98,764)** | (60,674) |
| Stock adjustment of baggasse in hand | | **10,063** | (7,441) | **-** | - | **10,063** | (7,441) |
| Sale of bagasse - net | | **(28,906)** | (23,465) | **-** | - | **(28,906)** | (23,465) |
| | | **(310,945)** | (346,169) | **(28,680)** | (29,705) | **(339,625)** | (375,874) |
| Cost of goods manufactured | | **2,500,042** | 2,783,083 | **2,149,958** | 2,358,763 | **4,650,000** | 5,141,846 |
| **Finished goods** | | | | | | | |
| Opening | | **815,234** | 526,717 | **273,201** | 159,645 | **1,088,435** | 686,362 |
| Closing | | **(603,164)** | (815,234) | **(92,777)** | (273,201) | **(695,941)** | (1,088,435) |
| | | **212,070** | (288,517) | **180,424** | (113,556) | **392,494** | (402,073) |
| | | **2,712,112** | 2,494,566 | **2,330,382** | 2,245,207 | **5,042,494** | 4,739,773 |

**29.1** Salaries wages and other benefits include Rs. 3.947 million (2014: Rs. 2.978 million) in respect of defined benefit plan.

| | Note | Sugar | | Ethanol | | Total | |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | (Rupees in thousand) | | | | | |
| **29.2 Other Manufacturing Expenses** | | | | | | | |
| Security services | | **9,128** | 9,163 | **6,086** | 6,109 | **15,214** | 15,272 |
| Printing and stationery | | **177** | 118 | **117** | 79 | **294** | 197 |
| Vehicle running expenses | | **5,908** | 5,308 | **3,938** | 3,538 | **9,846** | 8,846 |
| Insurance | | **9,919** | 8,986 | **6,613** | 5,990 | **16,532** | 14,976 |
| Travelling and conveyance | | **624** | 3,228 | **416** | 2,152 | **1,040** | 5,380 |
| Others | | **12,412** | 11,770 | **5,125** | 4,733 | **17,537** | 16,503 |
| | | **38,168** | 38,573 | **22,295** | 22,601 | **60,463** | 61,174 |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **30 PROFIT FROM OTHER REPORTABLE SEGMENTS - NET** | | | |
| Net Profit From Storage Tank Terminal | 30.1 | **86,989** | 59,852 |
| Net loss from chemical, alloys and power segment and fixed expenses due to suspension | 30.2 | **(58,344)** | (39,403) |
| | | **28,645** | 20,449 |

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **30.1 Net Profit From Storage Tank Terminal** | | | |
| Storage service income | | **120,289** | 94,146 |
| Inter-segment services | | **17,100** | 17,100 |
| | | **137,389** | 111,246 |
| **Less: direct expenses** | | | |
| Salaries, wages and other benefits | 30.1.1 | **10,757** | 9,376 |
| Water, fuel and power | | **3,323** | 2,815 |
| Repairs and maintenance | | **2,028** | 4,531 |
| Depreciation | 4.1.1 | **19,458** | 19,816 |
| Security services | | **1,894** | 1,971 |
| Printing and stationery | | **65** | 21 |
| Lease charges | | **2,341** | 2,204 |
| Vehicle running expenses | | **609** | 936 |
| Insurance expenses | | **734** | 1,314 |
| Shipment expenses | | **3,947** | 3,040 |
| Fees and subscription | | **531** | 1,112 |
| Establishment charges | | **2,723** | 2,343 |
| Others | | **1,990** | 1,915 |
| | | **50,400** | 51,394 |
| | | **86,989** | 59,852 |

**30.1.1** Salaries, wages and other benefits include Rs. 0.173 million (2014: Rs. 0.116 million) in respect of defined benefit plan.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **30.2 Net loss from chemical, alloys and power segment and fixed expenses due to suspension** | | | |
| Plant lease income | | - | 4,800 |
| Scrap sales | | - | 85 |
| | | - | 4,885 |
| **Less: fixed expenses due to suspension** | | | |
| Chemical and alloys | 30.2.1 | **34,226** | 23,842 |
| Power | 30.2.2 | **24,118** | 20,446 |
| | | **58,344** | 44,288 |
| | | **(58,344)** | (39,403) |
| **30.2.1 Chemical and alloys** | | | |
| Salaries, wages and other benefits | 30.2.1.1 | **6,098** | 3,978 |
| Water, fuel and power | | **1,813** | 846 |
| Security services | | **5,037** | 3,902 |
| Printing and stationery | | **1** | 1 |
| Vehicle running expenses | | **461** | 167 |
| Insurance expenses | | **1,234** | 1,295 |
| Travelling and conveyance | | **110** | 57 |
| Repairs and maintenance | | **760** | 159 |
| Depreciation | 4.1.1 | **16,313** | 17,712 |
| Provision for written down in value of finished goods | | **2,180** | - |
| Others | | **224** | 197 |
| | | **34,231** | 28,314 |
| Reversal of provision for trade debts | 11.1 | - | (4,458) |
| Gain from sale of carried over stock | 30.2.1.2 | **(5)** | (14) |
| | | **34,226** | 23,842 |

**30.2.1.1** Salaries, wages and other benefits include Rs. 0.126 million (2014: Rs. 0.08 million) in respect of defined benefit plan.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **30.2.1.2 Gain from sale of stock** | | | |
| Sales | | **87** | 218 |
| Less: sales tax | | **(13)** | (31) |
| | | **74** | 187 |
| **Stock adjustment** | | | |
| Opening | | **2,249** | 2,422 |
| Closing | | **-** | (2,249) |
| Provision for written down in value of finished goods | | **(2,180)** | - |
| | | **69** | 173 |
| | | **5** | 14 |

**30.2.2 Power**

| | Note | 2015 | 2014 |
|---|---|---|---|
| Salaries, wages and other benefits | 30.2.2.1 | **4,800** | 3,115 |
| Water, fuel and power | | **1,427** | 663 |
| Security services | | **3,965** | 3,055 |
| Vehicle running expenses | | **363** | 130 |
| Insurance Expenses | | **972** | 1,015 |
| Travelling and conveyance | | **87** | 44 |
| Repairs and maintenance | | **598** | 124 |
| Depreciation | 4.1.1 | **11,728** | 12,144 |
| Others | | **178** | 156 |
| | | **24,118** | 20,446 |

**30.2.2.1** Salaries, wages and other benefits include Rs. 0.099 million (2014: Rs. 0.062 million) in respect of defined benefit plan.

| | Note | Sugar | | Ethanol | | Total | |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | (Rupees in thousand) | | | | | |
| **31 DISTRIBUTION COST** | | | | | | | |
| Sugar bags handling expenses | | **7,162** | 8,697 | **-** | - | **7,162** | 8,697 |
| Export transportation and other expenses | | **384** | 26,599 | **103,447** | 106,599 | **103,831** | 133,198 |
| Marking fees | | **3,257** | 2,781 | **-** | - | **3,257** | 2,781 |
| | | **10,803** | 38,077 | **103,447** | 106,599 | **114,250** | 144,676 |
| **32 ADMINISTRATIVE EXPENSES** | | | | | | | |
| Salaries, wages and other benefits | 32.1 | **32,637** | 28,767 | **21,758** | 19,178 | **54,395** | 47,945 |
| Rent, rates and taxes | | **3,192** | 3,067 | **2,128** | 2,045 | **5,320** | 5,112 |
| Communication charges | | **1,874** | 1,908 | **1,249** | 1,272 | **3,123** | 3,180 |
| Traveling and conveyance | | **1,044** | 540 | **696** | 360 | **1,740** | 900 |
| Printing and stationery | | **616** | 1,471 | **411** | 981 | **1,027** | 2,452 |
| Entertainment | | **1,102** | 1,051 | **735** | 701 | **1,837** | 1,752 |
| Vehicle running expenses | | **4,907** | 7,570 | **3,271** | 5,047 | **8,178** | 12,617 |
| Repairs and maintenance | | **1,612** | 1,230 | **1,075** | 820 | **2,687** | 2,050 |
| Insurance | | **1,401** | 1,943 | **934** | 1,295 | **2,335** | 3,238 |
| Fees and subscription | | **3,720** | 3,480 | **2,480** | 2,320 | **6,200** | 5,800 |
| Legal and professional charges | | **2,994** | 6,419 | **1,996** | 4,279 | **4,990** | 10,698 |
| Auditors' remuneration | 32.2 | **854** | 839 | **570** | 559 | **1,424** | 1,398 |
| Charity and donations | 32.3 | **675** | 501 | **-** | - | **675** | 501 |
| Newspaper and periodicals | | **43** | 42 | **29** | 28 | **72** | 70 |
| Utilities | | **1,937** | 2,590 | **1,291** | 1,727 | **3,228** | 4,317 |
| Depreciation on property plant and equipments | 4.1.1 | **4,646** | 5,291 | **3,098** | 3,527 | **7,744** | 8,818 |
| Depreciation on investment property | | **42** | 47 | **-** | - | **42** | 47 |
| Security charges | | **953** | 920 | **635** | 613 | **1,588** | 1,533 |
| Miscellaneous expenses | | **1,422** | 2,756 | **947** | 1,836 | **2,369** | 4,593 |
| | | **65,671** | 70,432 | **43,303** | 46,588 | **108,974** | 117,021 |

32.1 Salaries, wages and other benefits include Rs. 3.917 million (2014: Rs. 3.156) in respect of defined benefit plan.

| | Note | Sugar | | Ethanol | | Total | |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2015 | 2015 | 2014 |
| | | (Rupees in thousand) | | | | | |
| **32.2 Auditors' remuneration** | | | | | | | |
| **Statutory Auditors** | | | | | | | |
| Annual audit fee | | **600** | 600 | **400** | 400 | **1,000** | 1,000 |
| Half yearly review fee | | 63 | 62 | **42** | 41 | **105** | 103 |
| Out of pocket expenses | | **93** | 76 | **76** | 64 | **169** | 140 |
| | | **756** | 738 | **518** | 505 | **1,274** | 1,243 |
| **Cost Auditors** | | | | | | | |
| Audit fee | | **78** | 135 | **52** | - | **130** | 135 |
| Out of pocket expenses | | **20** | 20 | **-** | - | **20** | 20 |
| | | **98** | 155 | **52** | - | **150** | 155 |
| | | **854** | 893 | **570** | 505 | **1,424** | 1,398 |

32.3 None of the directors or their spouses have any interest in any donee's fund.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **33 OTHER OPERATING EXPENSES** | | | |
| Provision for slow moving items and obsolescence | | **7,133** | 953 |
| Advance tax written off | | **11,611** | - |
| Loss on disposal of property, plant and equipment | | **-** | 287 |
| Provision for doubtful debts | | **-** | 1,297 |
| Provision for doubtful advances - stores | | **28,517** | - |
| Workers' Profit Participation Fund | 22.2 | **23,144** | **20,872** |
| Workers' Welfare Fund | | **8,795** | 8,450 |
| | | **79,200** | 31,859 |
| **34 FINANCE COST** | | | |
| Mark-up on long term financing | | **2,396** | 7,954 |
| Mark-up on short term borrowings | | **109,473** | 228,602 |
| Interest on Workers Profit Participation Fund | 22.2 | **7,291** | 2,941 |
| Bank charges and guarantee commission | | **5,923** | 7,676 |
| | | **125,083** | 247,173 |
| **35 OTHER INCOME** | | | |
| **Income from financial assets** | | | |
| Mark - up on loan to growers | | **2,089** | 1,770 |
| Income from TDR / PLS deposits | | **1,005** | 1,204 |
| Dividend | | **5,565** | 7,971 |
| Capital gain on sale of long term investments - available for sale | | **100,465** | - |
| Capital gain on sale of short term investments | | **4,774** | - |
| Unrealized gain on short term investments carried at fair value through profit and loss | | **11,989** | 99,837 |
| | | **125,887** | 110,782 |
| **Income from other than financial assets** | | | |
| Scrap sales | | **1,365** | 7,733 |
| Income from investment property | | **-** | 662 |
| Sale of mud fertilizer | | **-** | 129 |
| Reversal of provision for loan to growers | | **-** | 953 |
| Gain on disposal of property, plant and equipment | | **319** | 1,644 |
| (Loss) / Income from farming - net | 35.1 | **(140)** | 1,136 |
| Liabilities written back | | **-** | 3,990 |
| Miscellaneous | | **226** | 403 |
| | **1,770** | 16,650 | |
| | | **127,657** | 127,432 |

| | | Note | 2015 | 2014 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **35.1** | **(Loss) / income from farming - net** | | | |
| | Sales | | **1,713** | 3,878 |
| | Farming cost | | **(1,853)** | (2,742) |
| | | | **(140)** | 1,136 |

**35.1.1** Farm operations is a distinguishable business segment as per the criteria specified in International Financial Reporting Standard - 8 "Operating Segment", but it is substantially below the threshold mentioned for reportable segment under IFRS- 8, therefore, farm operations is not classified as reportable segment.

| | | Note | 2015 | 2014 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **36** | **TAXATION** | | | |
| | Current | | **59,555** | 58,170 |
| | Prior | | **(891)** | (2,595) |
| | Deferred | | **-** | 34,391 |
| | | | **58,664** | 89,966 |

**36.1** This represents minimum tax on local turnover and on income chargeable under Final Tax Regime (FTR), therefore, no numerical tax reconciliation is given.

**36.2** Income tax assessments of the Company have been finalized up to tax year 2014. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

**36.3** The Company has filed appeal before the Appellate Tribunal Inland Revenue and Commissioner Inland Revenue (Appeals) against amended order passed under section 122 of Income Tax Ordinance, 2001 for the tax year 2012 under which Assistant Commissioner Inland Revenue has disallowed / added back Rs. 176 million to the income respectively. However, this addition has no impact on the tax liability of the Company due to huge carried forwarded losses. Further, the appeal filed before the appellate forum is pending adjudication, as hearing of the case is not fixed so far.

**36.4** For the tax year 2013, the Commissioner Inland Revenue has issued order u/s 122(1)/(5) of the Income Tax Ordinance 2001, with no material adverse effect.

| | | Note | 2015 | 2014 |
|---|---|---|---|---|
| **37** | **EARNINGS PER SHARE - BASIC AND DILUTED** | | | |
| | Net profit for the year (Rupees in thousand) | | **494,935** | 298,153 |
| | Weighted average number of ordinary shares outstanding(No. of Shares) | | **17,362,300** | 17,362,300 |
| | Basic and diluted earnings per share - Rupees | 37.1 | **28.51** | 17.17 |

**37.1** Diluted earnings per share is same as basic as the Company does not have any convertible instruments in issue as at September 30, 2015 and September 30, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **38 CASH GENERATED FROM OPERATIONS** | | | |
| **Profit before taxation** | | **553,599** | 388,119 |
| **Adjustment for:** | | | |
| Depreciation on property, plant and equipment | | **133,891** | 137,851 |
| Depreciation on investment property | | **42** | 47 |
| Provision for doubtful trade debts | | **-** | 1,297 |
| Provision for slow moving items and obsolescence | | **(7,133)** | 953 |
| Liabilities written back | | **-** | (3,990) |
| Provision for doubtful advances | | **28,517** | - |
| Provision for write down in value of stock in trade | | **2,180** | - |
| Advance tax written off | | **11,611** | - |
| Mark - up on loan to growers | | **(2,089)** | (1,770) |
| Staff retirement benefits - Gratuity | | **8,262** | 6,392 |
| Income from TDR / PLS deposits | | **(1,005)** | (1,204) |
| Unrealized gain on short term investments carried at fair value through profit and loss. | | **(11,989)** | (99,837) |
| Dividend income | | **(5,565)** | (7,971) |
| Gain on disposal of property, plant and equipment - net | | **(319)** | (1,357) |
| Finance cost | | **125,083** | 247,173 |
| Capital gain on sale of short term investments | | **(4,774)** | - |
| Capital gain on sale of long term investments | | **(100,465)** | - |
| Increase in market committee fee | | **5,645** | 6,216 |
| Workers Welfare Fund | | **23,144** | 20,872 |
| Workers Profit Participation Fund | | **8,795** | 8,450 |
| | | **213,831** | 313,122 |
| **Working capital changes** | 38.1 | **457,983** | (8,301) |
| **Cash generated from operations** | | **1,225,413** | 692,940 |

### 38.1 Working capital changes

| | 2015 | 2014 |
|---|---|---|
| **(Increase) / decrease in current assets** | | |
| Stores and spare parts | **8,642** | 2,497 |
| Stock-in-trade | **584,961** | (445,567) |
| Trade debts | **(147,021)** | (23,329) |
| Loans and advances | **162,658** | 146,594 |
| Trade deposits and short term prepayments | **2,484** | 4,263 |
| Other receivables | **7,381** | 8,934 |
| Short term investments | **6,812** | (6,811) |
| | **625,917** | (313,419) |
| **Increase/ (decrease) in trade and other payables** | **(167,934)** | 305,118 |
| **Cash generated from working capital** | **457,983** | (8,301) |

## 39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

| | Chief Executive | | Director | | Executive | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (Rupees in thousand) | | | | | | | |
| Managerial remuneration | **9,818** | 9,818 | **5,455** | 5,455 | **42,191** | 36,645 | **57,464** | 51,918 |
| Medical allowances | **982** | 982 | **545** | 545 | **3,680** | 3,207 | **5,207** | 4,734 |
| Other perquisites | **1,993** | 3,058 | **366** | 724 | **4,644** | 5,926 | **7,003** | 9,708 |
| Retirement benefits | **2,108** | 1,767 | **675** | 548 | **1,878** | 1,454 | **4,661** | 3,769 |
| Total | **14,901** | 15,625 | **7,041** | 7,272 | **52,393** | 47,232 | **74,335** | 70,129 |
| No. of persons | **1** | 1 | **1** | 1 | **38** | 38 | **40** | 40 |

**39.1** Chief Executive and a director are provided with Company maintained cars for business and personal use.

**39.2** Sixteen (2014: Seventeen) executives of the Company are also provided with Company maintained cars for the business and personal use.

## 40 FINANCIAL INSTRUMENTS BY CATEGORY

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **FINANCIAL ASSETS** | | | |
| - Loans and receivables at amortized cost | | | |
| Long term loans | | **905** | 1,353 |
| Long term deposits | | **11,403** | 11,393 |
| Trade debts - Gross | | **204,450** | 57,429 |
| Loans and advances | | **959** | 1,291 |
| Trade deposits | | **-** | 1,000 |
| Accrued income | | **1,380** | 1,300 |
| Other receivables | | **224** | 1,908 |
| Cash and bank balances | | **41,740** | 17,394 |
| | | **261,061** | 93,068 |
| - Held to maturity | | | |
| Short term investments | | **600** | 7,412 |
| - Fair value through profit and loss | | | |
| Short term investments | | **227,311** | 225,067 |
| - Available for sale | | | |
| Long term investments | | **133,987** | 212,271 |
| | | **622,959** | 537,818 |
| **FINANCIAL LIABILITIES** | | | |
| - Financial liabilities at amortized cost | | | |
| Long term financing | | **-** | 36,364 |
| Trade and other payables | | **470,119** | 318,224 |
| Accrued mark-up | | **2,121** | 16,953 |
| Short term borrowings | | **456,601** | 1,143,227 |
| | | **928,841** | 1,514,768 |

## 41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk

- Liquidity risk

- Market risk

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

**41.1 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, short-term investments, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. Out of the total financial assets of Rs. 622.959 million (2014: Rs. 537.818 million), the financial assets which are subject to credit risk amounted to Rs. 621.920 million (2014: Rs. 536.802 million).
To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the Chief Executive Officer and Executive Directors. Where considered necessary, advance payments are obtained from certain parties. Sales made to exporters are secured through letters of credit. The management set out a maximum credit period in respect of certain customers as well in order to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Long term investments | | **133,987** | 212,271 |
| Long term loans | | **905** | 1,353 |
| Long term deposits | | **11,403** | 11,393 |
| Trade debts | | **204,450** | 57,429 |
| Loans and advances | | **959** | 1,291 |
| Trade deposits | | **-** | 1,000 |
| Interest accrued | | **1,380** | 1,300 |
| Other receivables | | **224** | 1,908 |
| Short term investments | | **227,911** | 232,479 |
| Bank balances | | **40,701** | 16,378 |
| | | **621,920** | 536,802 |

**Long term loans**

The Company believes that no impairment allowance is required in respect of loans because these are not past due. The Company is actively pursuing for the recovery of debts and the Company does not expect any of its employees failing to meet their obligations.

**Trade debts**

All the trade debts at the balance sheet date represent domestic and overseas parties.

The maximum exposure to credit risk before any credit enhancements and provisions for trade debts at the reporting date by division is:

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Ethanol division | | **170,156** | 23,269 |
| Chemical and alloys | | **9,636** | 9,636 |
| Bagasse | | **6,526** | 7,857 |
| Others | | **18,134** | 16,667 |
| | | **204,452** | 57,429 |

The aging of trade receivable at the reporting date is:

| | 2015 | 2014 |
|---|---|---|
| Past due 1-30 days | **173,341** | 29,068 |
| Past due 30-150 days | **12,550** | 10,869 |
| Past due 150 days | **18,561** | 17,492 |
| | **204,452** | 57,429 |

The Company has made adequate provision of Rs. 15.432 million for receivables past due over one year since it is likely that the same is not to be received and for rest of the receivables, the Company considers the amount to be fully recoverable and therefore, no further provision has been made.

Loan and advances

These represent balances due from employees for which the Company is actively pursuing for the recovery and the Company does not expect these loans and advances will fail to meet their obligations.

Other receivables

The Company believes that no impairment allowance is necessary in respect of other receivables because these are neither past due nor impaired. The Company is actively pursuing for the recovery and the Company expect that the recovery will made soon.

Quality of financial assets

The Company keeps its fund with banks having good credit ratings. Currently the funds are kept with banks having rating from A1+ to A3.

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| Bank balances | | |
| With external credit rating | | |
| A1+ | **40,552** | 10,869 |
| A1 | **72** | 5,139 |
| A2 | **77** | 314 |
| A3 | **-** | 56 |
| | **40,701** | 16,378 |

**41.2 Liquidity risk**

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as they fall due. The Company’s approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The following are the contractual maturities of the financial liabilities:

| | 2015 | | | | | |
|---|---|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **Six months or less** | **Six to twelve months** | **Two to three years** | **Three to five years and over** |
| | (Rupees in thousand) | | | | | |
| **Financial Liabilities** | | | | | | |
| Trade and other payables | **470,119** | **470,119** | **247,010** | **223,109** | **-** | **-** |
| Accrued mark - up | **2,121** | **2,121** | **2,121** | **-** | **-** | **-** |
| Short term borrowings | **456,601** | **456,601** | **228,301** | **228,300** | **-** | **-** |
| | **928,841** | **928,841** | **477,432** | **451,409** | **-** | **-** |

| | 2014 | | | | | |
|---|---|---|---|---|---|---|
| | **Carrying amount** | **Contractual cash flows** | **Six months or less** | **Six to twelve months** | **Two to three years** | **Three to five years and over** |
| | (Rupees in thousand) | | | | | |
| **Financial Liabilities** | | | | | | |
| Long term financing | 36,364 | 36,364 | 18,182 | 18,182 | - | - |
| Trade and other payables | 318,224 | 318,224 | 95,832 | 222,391 | - | - |
| Accrued markup | 16,953 | 16,953 | 16,953 | - | - | - |
| Short term borrowings | 1,143,227 | 1,143,227 | 571,614 | 571,614 | - | - |
| | 1,514,768 | 1,514,768 | 702,581 | 812,187 | - | - |

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 Rs 3.453 billion (2014: Rs. 2.662 billion) available unutilized short term borrowing limit from financial institutions and also has Rs. 40.701 million (2014: Rs. 16.378 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

### 41.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices 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. The Company is exposed to foreign exchange risk, interest rate risk and other price risk are as follows:

#### 41.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transactions or receivables or payables that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on import of raw sugar, stores and spares, export of refined sugar and export of ethanol mainly denominated in US Dollars. Approximately 94.65% and 1.83% of the Company's revenue from ethanol segment and sugar segment respectively are denominated in currencies other than Pak rupees which form 47.24% of the total gross revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Foreign debtors | | **170,156** | 23,269 |
| Advance from customers - foreign | | **(3,581)** | (3,457) |
| Net exposure | | **166,575** | 19,812 |

The following significant exchange rate has been applied:

| | Average rate | | Spot rate at reporting date | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| PKR to USD | **102.91** | 102.38 | **104.50** | 102.70 |

**Sensitivity analysis**

At reporting date, if the PKR had strengthened by 10% against the US $ with all other variables held constant, pre tax profit for the year have been lower by the amount shown below:

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| **Effect on profit or loss** | | |
| US Dollars | **(16,658)** | (1,981) |

The weakening of the PKR against US $ would have had an equal but opposite impact on the pre tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

**41.3.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rate . The Company has short term borrowings - under cash / running finance borrowings Rupee based loan at variable rates, short term borrowings under export refinance borrowings Rupee base loan at fixed rates. The Company has provided short term loan to growers and Term deposit to bank carrying mark up at fixed rates, while saving accounts carries mark up at variable rate.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

| | 2015 | 2014 | 2015 | 2014 |
|---|---|---|---|---|
| | Effective interest rate (In percent) | | Carriying amount (Rupees in thousand) | |
| **Financial assets** | | | | |
| Fixed rate instruments | | | | |
| Loans to growers | **14.96%** | 14.96% | **24,734** | 18,713 |
| Term deposit receipts (TDR) | **7.27%** | 6.11% to 8.25% | **600** | 7,412 |
| | | | **25,334** | 26,125 |
| Variable rate instruments | | | | |
| Bank balances | **3.29% to 6.10%** | 5% to 7.5% | **7,766** | 4,637 |
| Financial liabilities | | | | |
| Variable rate instruments | | | | |
| Long term financing | **-** | 11.03% to 11.83% | **-** | 36,364 |
| Short term borrowings | **4.5% to 11.87%** | 10.12% to 11.88% | **456,601** | 1,143,227 |
| | | | **456,601** | 1,179,591 |

**Sensitivity analysis**

**Fair value sensitivity analysis**

The Company holds short term investments of Rs. 227.911 million at fair value through profit and loss and the related gain is reported in note 35.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

| | Profit and loss 100 bp | |
|---|---|---|
| | Increase | Decrease |
| | (Rupees in thousand) | |
| **Financial assets** | | |
| **As at September 30, 2015** | | |
| Cash flow sensitivity | **78** | **(78)** |
| As at September 30, 2014 | | |
| Cash flow sensitivity | 46 | (46) |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

| | | |
|---|---|---|
| **Financial liabilities** | | |
| **As at September 30, 2015** | | |
| Cash flow sensitivity | **(4,566)** | **4,566** |
| As at September 30, 2014 | | |
| Cash flow sensitivity | (11,796) | 11,796 |

**41.3.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to price risk with respect to equity investment. Investments are monitored through continuous trend prevailing in the market for which an investment committee has been setup to take appropriate decision.

A 10% increase / (decrease) in share prices at year end would have increased / (decreased) the Company's profit in case of short term investments at fair value through profit or loss and increase / (decrease) in unrealized gain / (loss) on remeasurement of available for sale investments through OCI as follows:

| | Profit and loss 100 bp | |
|---|---|---|
| | Increase | Decrease |
| | (Rupees in thousand) | |
| **As at September 30, 2015** | | |
| Investment at fair value through profit or loss | **22,731** | **(22,731)** |
| Available for sale investment through OCI | **13,399** | **(13,399)** |
| | **36,130** | **(36,130)** |
| As at September 30, 2014 | | |
| Investment at fair value through profit or loss | 22,507 | (22,507) |
| Available for sale investment through OCI | 21,227 | (21,227) |
| | 43,734 | (43,734) |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / equity and assets of the Company.

**41.4 Fair value of financial instruments**

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

Financial assets which are tradable in an open market are remeasured at the market prices prevailing on the balance sheet date. The carrying values of all other financial assets and liabilities reported in the financial statements approximate their fair values.

**41.5 Capital risk management**

The Company's objective when managing capital is 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratios as at the balance sheet are as follows:

| | | 2015 | 2014 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Accrued mark-up | | **2,121** | 16,953 |
| Short term borrowings | | **456,601** | 1,143,227 |
| Current maturity of long term financing | | **-** | 36,364 |
| **Total debt** | | **458,722** | 1,196,544 |
| Less: cash and bank balances | | **(41,740)** | (17,394) |
| Net debt | **A** | **416,982** | 1,179,150 |
| **Total shareholders' equity** | | **2,228,048** | 2,226,238 |
| **Capital and equity** | **B** | **2,645,030** | 3,405,388 |
| **Gearing ratio** | **(C=A/B)** | **15.76%** | 34.63% |

**42 PLANT CAPACITY AND ACTUAL PRODUCTION**

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| **Sugar Unit** | | |
| Sugarcane crushing capacity per day in M.T | **7,500** | 7,500 |
| Actual number of days season operated | **106** | 124 |
| Sugar cane crushed during the year in M .T | **564,555** | 621,679 |
| Sugarcane yield | **10.72%** | 10.23% |
| Capacity in M.T based on number of days operated and sugarcane yield | **85,224** | 95,139 |
| Actual production in M. T | **60,534** | 63,650 |

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| **Ethanol Unit** | | |
| **Unit - I** | | |
| Capacity in liters per day | **85,000** | 85,000 |
| Actual number of days operated | **271** | 259 |
| Capacity in liters based on number of days operated | **23,035,000** | 22,015,000 |
| Actual production in liters | **22,344,203** | 21,492,796 |
| **Unit - II** | | |
| Capacity in liters per day | **87,500** | 87,500 |
| Actual number of days operated | **284** | 294 |
| Capacity in liters based on number of days operated | **24,850,000** | 25,725,000 |
| Actual production in Liters | **23,837,046** | 24,738,578 |
| **Chemical alloys and others** | | |
| Capacity in M.T based on 320 days | **27,220** | 27,220 |
| Actual production in M.T | **-** | - |
| **Power** | | |
| Capacity in Kilo Watts Hour (KWH) per day | **312,000** | 312,000 |
| Actual number of days operated | - | - |
| Capacity in KWH based on number of days operated | **-** | - |
| Actual production in KWH | **-** | - |
| **Tank terminal** | | |
| Capacity per year based on ethanol in M.T | **274,200** | 274,200 |
| Actual capacity utilized based on ethanol in M.T | **274,200** | 268,035 |

**42.1 Reasons for shortfall in capacity utilization**

**a) Sugar**
Lesser availability of sugarcane.

**b) Ethanol**
Lesser availability of molasses and its quality.

**c) Chemical, alloys and power**
Production facilities have been suspended.

## 43 SEGMENT REPORTING

| | Note | 2015 Sugar | 2015 Ethanal | 2015 Chemical, allays and power | 2015 Storage tank terminal | 2015 Total | 2014 |
|---|---|---|---|---|---|---|---|
| | | (Rupees in thousand) | | | | | |
| **Segment assets and liabilities** | | | | | | | |
| Segment assets | | 1,456,142 | 829,480 | 509,219 | 197,160 | 2,992,001 | 3,737,626 |
| Unallocated segment assets | | | | | | 534,402 | 651,484 |
| | | | | | | 3,526,403 | 4,389,110 |
| Segment liabilities | | 716,027 | 360,722 | 67 | 32,517 | 1,109,333 | 2,031,982 |
| Unallocated segment liabilities | | | | | | 189,022 | 130,890 |
| | | | | | | 1,298,355 | 2,162,872 |
| Addition in capital work in progress | 4.2 | - | 12,310 | - | - | 12,310 | 37,851 |
| Addition in property, plant and equipment | | - | - | - | - | - | 6,119 |
| Unallocated additions in operating fixed assets | | - | - | - | - | 2,490 | 4,623 |
| | | | | | | 14,800 | 48,593 |
| **Segment profit and loss account** | | | | | | | |
| Sales | 28 | 3,020,149 | 2,847,149 | - | - | 5,867,298 | 5,520,740 |
| Cost of sales | 29 | (2,712,112) | (2,330,382) | - | - | (5,042,494) | (4,739,773) |
| Gross profit | | 308,037 | 516,767 | - | - | 824,804 | 780,967 |
| Profit from other reportable segments - net | 30 | - | - | (58,344) | 86,989 | 28,645 | 20,449 |
| | | 308,037 | 516,767 | (58,344) | 86,989 | 853,449 | 801,416 |
| Distribution cost | 31 | (10,803) | (103,447) | - | - | (114,250) | (144,676) |
| Administrative expenses | 32 | (65,671) | (43,303) | - | - | (108,974) | (117,021) |
| Segment wise operating profits | | 231,563 | 370,017 | (58,344) | 86,989 | 630,225 | 539,719 |
| Other operating expenses | 33 | | | | | (79,200) | (31,859) |
| Finance cost | 34 | | | | | (125,083) | (247,173) |
| Other income | 35 | | | | | 127,657 | 127,432 |
| Profit before taxation | | | | | | 553,599 | 388,119 |
| Taxation | 36 | | | | | (58,664) | (89,966) |
| Profit after taxation | | | | | | 494,935 | 298,153 |
| **Depreciation** | | 46,885 | 39,507 | 28,041 | 19,458 | 133,891 | 137,851 |
| **Non cash items other than depreciation** | | | | | | | |
| Provision for trade debts | 33 | - | - | - | - | - | 1,297 |
| Provision of write down in finished goods | 10.3 | - | - | 2,180 | - | 2,180 | - |
| Provision for doubtful advances | 12 | - | - | - | - | 28,517 | - |
| Provision for slow moving items and obsolescence | 33 | - | - | - | - | 7,133 | 953 |
| Liability written back | 35 | - | - | - | - | - | 3,990 |
| Unrealized gain on short term investments | 35 | - | - | - | - | 11,989 | 99,837 |

**43.1** Revenue reported in note number 28, and 30 has been generated from external customers. The inter transfer of molasses and bagasse from sugar segment to ethanol segment is accounted as a reduction of cost of production of sugar segment in note 29.

**43.2** The accounting policies of the reportable segments are the same as those described in note number 3. Financial charges on long term, cash and running financing is allocated to sugar where as mark up on export refinance is allocated to ethanol. This is the measure adopted management for the purposes of resource allocation and assessment of segment performance.

**43.3 Revenue from major products**

The break up of Companys' revenue from external customers for major products is given in note number 28 of the financial statements.

**43.4 Reclassification of segments assets**

Value of long term and short term investments amounting to Rs. 212.27 millions and Rs.232.48 millions respectively in year 2014 which was apportioned to segments of sugar and ethanol, now reclassified to unallocated assets in above segment reporting for better and fair presentation. The practice of segment wise allocation in respect of finance cost, other operating expenses and other income has been abandoned during the current financial year for better and fair presentation, treating these items as common to all segments.

**43.5 Information about major customers**

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represent Rs. 2,162 million (2014: Rs. 1,395 million) of total sugar segment gross revenue of Rs. 3,257 million (2014: Rs. 2,781 million), ethanol segment of Rs. 2,475 million (2014: Rs. 2,449 million) of total ethanol segment revenue of Rs. 2,866 million (2014: Rs. 2,899 million), power segment of Rs. nil (2014: Rs. nil) of total power segment revenue of Rs. nil (2014: Rs. nil). Revenue from chemical and alloys segment is none due to suspension.

**44 RELATED PARTY TRANSACTIONS**

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown in under respective note to the financial statement. Remuneration of directors, chief executive and executives being the key management personnel are disclosed in note 39 of financial statements. Transactions with related parties are as follows:

| | 2015 | 2014 |
|---|---|---|
| | (Rupees in thousand) | |
| **- associated company** | | |
| Dividend received | **1,150** | 5,279 |
| Sale of ethanol and others | **8,704** | - |
| **- other related party** | | |
| Installment recovered from employees on behalf of Employees' Gratuity Fund. | **13,164** | 11,091 |
| Paid to Employee's Gratuity Fund on account of installment recovered from employees | **8,000** | 15,054 |
| Rental income | **-** | 662 |
| Commission on purchase and sale of shares | **1,266** | - |

**44.1** During the year the Company has paid dividend to Directors and Associates amounting to Rs.362.944 million (2014: Rs. 71.646 million) There were no other transactions with the key management personnel other than those are disclosed in note 39 to the financial statements.

**45 NUMBER OF EMPLOYEES**

Total number of employees as on the year end and average number of employees during the year were 978 (2014: 955) and 1,064 (2014: 1,112) respectively.

## 46 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of compliance, comparison and better presentation. Major changes made during the year are as follows:

| Reclassification from the caption component | Reclassification to the caption component | Note | Amount in million |
|---|---|---|---|
| Net Profit From Storage Tank Terminal | Profit From Other Reportable Segments - Net | Profit and loss account | **59,852** |
| Net loss from chemical, alloys and power segment and fixed expenses due to suspension | Profit From Other Reportable Segments - Net | Profit and loss account | **(39,403)** |
| | | | **20,449** |
| Other income - Income from investment property | Administrative expenses - Depreciation on investment property | 32 | **0.047** |
| Trade and other payables - Installment recovered from employees on behalf of gratuity fund (loan) | Other receivables - Defined benefit plan (staff retirement gratuity) - funded | 15 | **8.111** |

## 47 NON ADJUSTING SUBSEQUENT EVENT

The Board of Directors in its meeting held on November 12, 2015 and December 28, 2015 has proposed a cash dividend of Rs. 6.5 per share i.e. 65% and Rs. 3.5 per share i.e. 35% for the year ended September 30, 2015 amounting to Rs. 112.855 million and 60.768 million. The financial statements for the year ended September 30, 2015 do not include the effect of the proposed cash dividend which will be accounted for in the financial statements for the year ended September 30, 2016.

## 48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 28, 2015 by the Board of Directors of the Company.

## 49 GENERAL

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

**STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984**

As the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.

**Asim Ghani**
Director

**Asma Aves Cochinwala**
Director

# FORM OF PROXY

I/We.......................................................................................................................................................of
.................................................................... in the district of ..................................................................................... being a
member of **AL-ABBAS SUGAR MILLS LIMITED,** holding ........................................................................................
shares, hereby appoint Mr./Mrs./Miss .................................................................................................................
.........................................................................................................................................................................of
as my proxy to vote for me, and on my behalf at the 25th Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on Thursday, January 28, 2016 at 10:30 a.m. and at any adjournment thereof.

As witness given under my/our hand(s)..................................................... day of ........................2016
Signed by the said ......................................................................
in the presence of 1 .......................................................
2 .......................................................
2 .......................................................
3 .......................................................

**(Member's Signature on Rs. 5.00 Revenue Stamp)**

**(Witness's Signature)**

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

Share held...........................................................
Shareholders folio No...........................................
CDC A/c No..........................................................
CNIC No...............................................................

**Note:**

1) The Proxy Form should be deposited at the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting and, on default, Proxy form will not be treated as valid.
2) No person can act as proxy unless he/she is member of the Company, except that a corporation may appoint a person who is not a member.
3) If a member appoints more that one proxy and more than one instrument of proxy is deposited by a member with a Company, all such instruments of proxies shall be rendered invalid.

**For CDC Account Holders/Corporate Entities:**

In addition to the above the following requirements have to be met:

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

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

iv) In the case of a corporate entity, the Board of Directors resolution/power of attorney with the specimen signature should be submitted (unless it has been provided earlier) along with the proxy form to the Company.

# العباس شوگر ملز لمیٹڈ
# نیابتی فارم

میں/ہم ------------------------ رہائشی ----------------------------------------------------------

العباس شوگر ملز لمیٹڈ کے رکن ہونے کے ناطے ملکیت حصص -------------- بذریعہ ہذا جناب/مسمات/مسمی ---------------------------- کو بطور

میرے/ہمارے نیابتی مقرر کرتا/کرتی ہوں کہ وہ میرے/ہمارے لئے اور میری/ہماری جانب سے کمپنی کے 25 ویں سالانہ اجلاس عام جو بیچ لگژری (Beach Luxury)

ہوٹل، کراچی میں بروز جمعرات، 28 جنوری 2016 صبح 10.30 بجے منعقد ہوگی میں بغیر کسی التوا کے ووٹ ڈال سکیں۔

گواہان کی موجودگی میں میرے/ہمارے ---------------------- مورخہ -------------- 2016

مزکورہ شخص نے گواہان کی موجودگی میں دستخط کئے:

گواہان:

| | |
|---|---|
| 1۔ دستخط ---------------------------- | 2۔ دستخط ---------------------------- |
| نام ---------------------------- | نام ---------------------------- |
| سی این آئی سی/پاسپورٹ نمبر ---------------- | سی این آئی سی/پاسپورٹ نمبر ---------------- |
| پتہ ---------------------------- | پتہ ---------------------------- |

5 روپے کے ریوینو اسٹمپ پر دستخط

(دستخط کو کمپنی میں رجسٹرڈ دستخط کے نکونے سے مشابہ ہونا چاہیے)

حصص یافتگان ------------------------

کھاتہ نمبر --------------------------

سی ڈی سی اے/سی نمبر --------------------

سی این آئی سی نمبر ----------------------

برائے مہربانی پشت پر نوٹس ملاحظہ کیجئے

# Form of Submission of Copies of CNIC and NTN Certificates

In pursuance with the Securities & Exchange Commission of Pakistan (SECP) Notification No.SRO 831(1)/2012 dated July 05, 2012 in super session of earlier Notification No. SRO 779(1)/2011 of August 18, 2011, SECP has directed all listed companies to mention Computerized National Identity Card Number (CNIC) / NTN numbers of the registered shareholder on the dividend warrants. Therefore;

**"THE SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO PROVIDE IMMEDIATELY A COPY OF THEIR COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR PASSPORT (IN CASE OF FOREIGNER) AT COMPANY'S REGISTERED OFFICE OR SHARE REGISTRAR OFFICES".**

| Folio No. | Name of Shareholder | CNIC/ NTN / Passport No (Copy Attached) |
|---|---|---|
| | | |

Signature of Member / Share holder

# Form for Dividend Mandate (Optional)

**Payment of Cash Dividend Electronically (Optional)**

As per the directions to all Listed Companies by SECP vide Letter No.SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.

| S.No. | Shareholder / Member Detail | |
|---|---|---|
| 1 | Shareholder' Name | |
| 2 | Father's / Husband Name | |
| 3 | Folio Number | |
| 4 | Name of Bank, Branch and Address | |
| 5 | Title of Bank Account | |
| 6 | Bank Account Number | |
| 7 | Branch Code | |
| 8 | Cell Number | |
| 9 | Telephone Number | |
| 10 | CNIC Number (attach Copy) | |

______________________________

Signature of Member / Share holder

AL-ABBAS SUGAR Mills Limited