



# what it takes for us to get sugar to you



35,000  
ACRES

4,500  
GROWERS

350  
CANE TRUCKS PER DAY

11,500  
BAGS PER DAY

113  
DAYS

25  
CITIES

03  
PROVINCES



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# 35,000

**acres** of sugar cane  
cultivation supply Mirpurkhas  
Sugar Mills with cane.

With long standing relationships  
many of the farmers are third  
generation suppliers to the Mills.





# 5 to 7

**people** can plant one acre of sugar cane in a day.

# 20 people

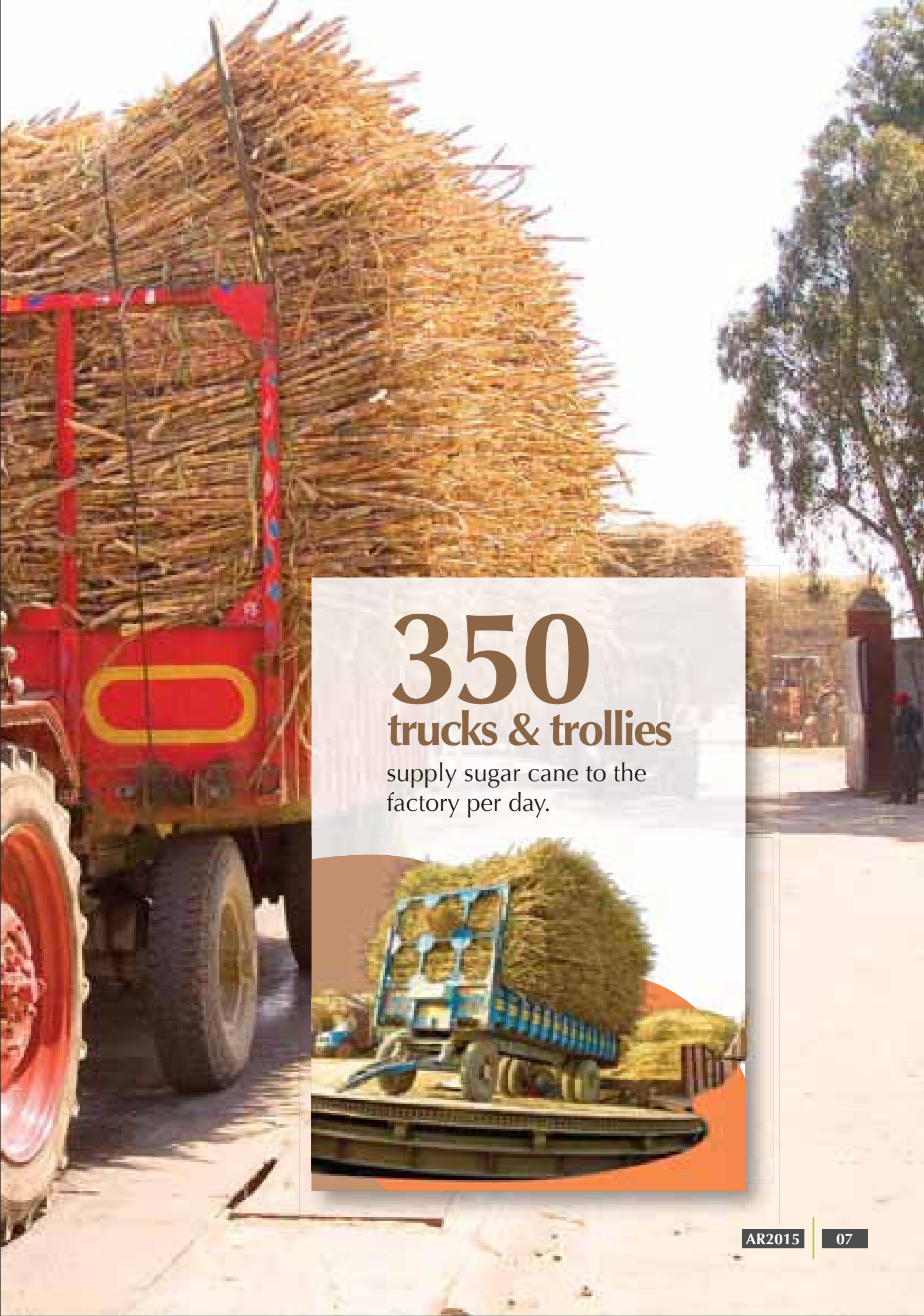
can harvest one acre of sugar cane per day.









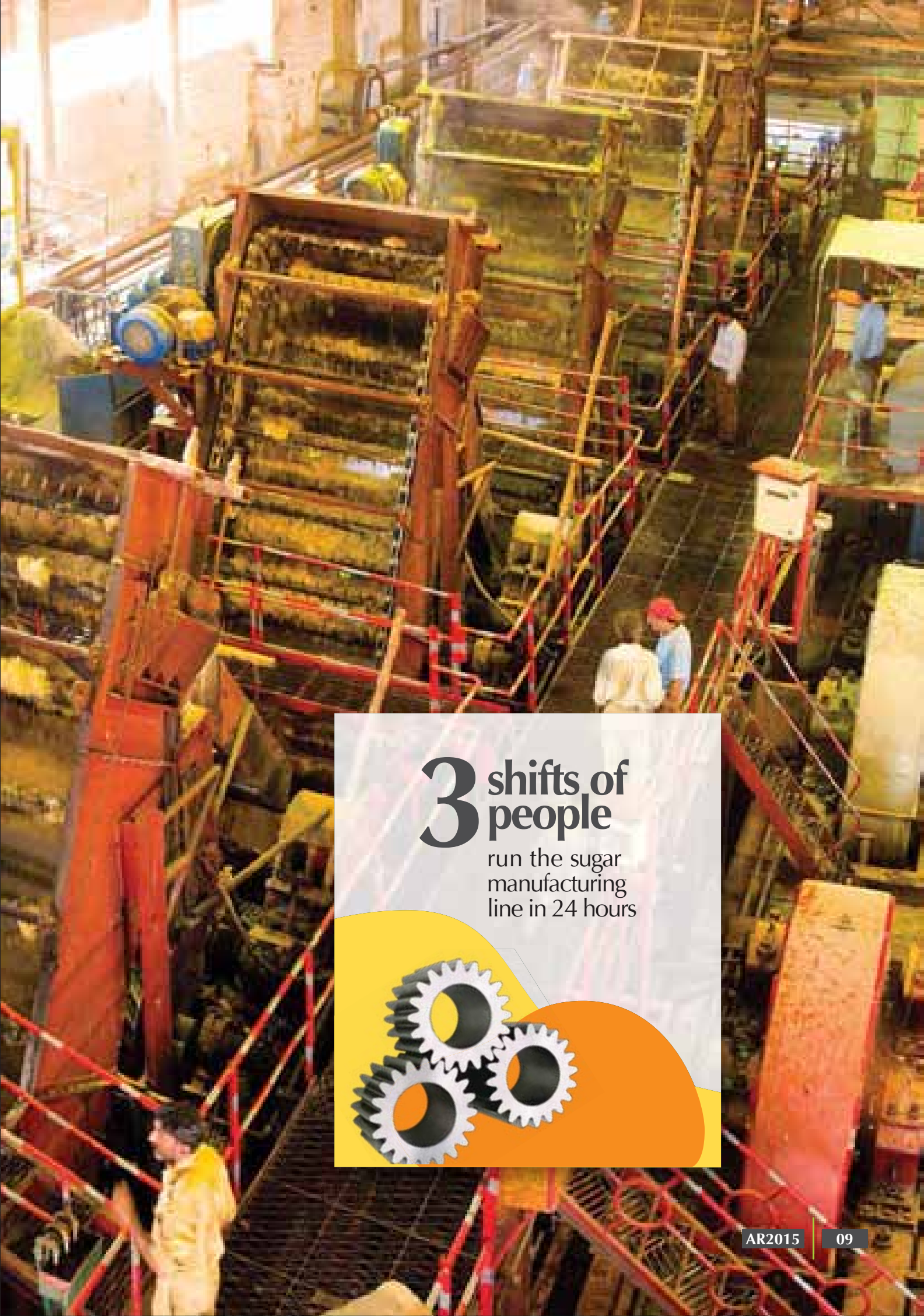


# 350 trucks & trollies

supply sugar cane to the  
factory per day.







# 3 shifts of people

run the sugar manufacturing line in 24 hours



# vision

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



# mission

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

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

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







# code of conduct



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

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

## QUALITY OF PRODUCT

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

## DEALING WITH EMPLOYEES

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

## RESPONSIBILITY TO SOCIETY / INTERESTED PARTIES

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

## FINANCIAL REPORTING & INTERNAL CONTROLS

- To meet the expectations of the wide spectrum of society and government agencies, we have implemented an effective, transparent and fair system of financial reporting and internal controls.
- To ensure efficient and effective utilization of Company's resources, we have placed financial planning and reporting at the heart of management practice as this not only serves to facilitate viable and timely decisions, but also makes Company dealings more transparent and objective oriented.

- We have a sound and efficient Internal Audit department to enhance the reliability of the financial information and data generated by the Company. It also helps in building the confidence of our external stakeholders.

## PURCHASE OF GOODS & TIMELY PAYMENT

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

## CONFLICT OF INTEREST

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

## OBSERVANCE TO LAWS OF THE COUNTRY

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

## ENVIRONMENTAL PROTECTION

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

## OBJECTIVES OF THE COMPANY

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



**IRPUNHAS**



**SUGAR MILLS LTD.**  
**WHITE REFINED SUGAR**  
**50.134 KG**  
**50.000 KG**  
**2015-2016**  
**DEC-2018**

**IRPUNHAS**



**SUGAR MILLS LTD.**  
**WHITE REFINED SUGAR**  
**50.134 KG**  
**50.000 KG**  
**2015-2016**  
**DEC-2018**

# strategic objectives



## **Effective use of resources and management of operating cost:**

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

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

- Active participation in developing new varieties of sugar cane in adjoining areas;

- Search for growth opportunities for existing business through strategic acquisitions and establishing partnerships in prospective sectors of sugar and allied industry.

## **Sustainable development in the region in which the Company operates:**

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

# core values

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

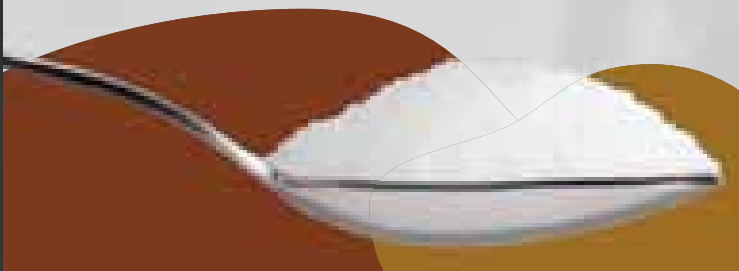


## **nature of business**

The Company has a sugar cane crushing capacity of

**7,500**  
**tons per day**

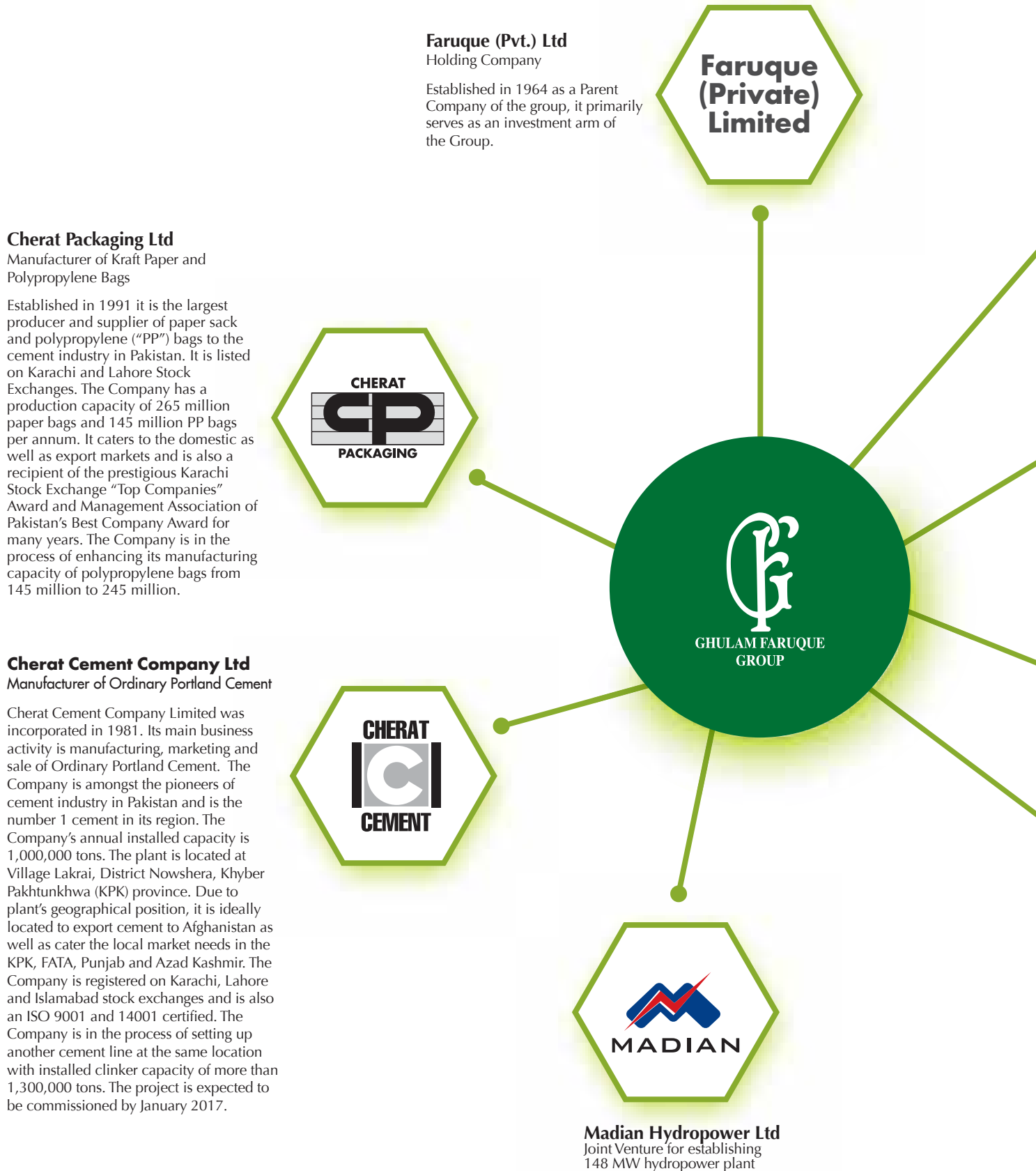
Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 300 km from the port city of Karachi, in Mirpurkhas, and is listed on the Karachi Stock Exchange. It is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its 1,500 acre experimental farms and in adjoining areas.



# group structure

## Introduction

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations; details and brief profile of other leading group companies / ventures are as follows:





**ZENSOFT**

### **Zensoft (Pvt.) Ltd**

Information Systems Services provider specializing in business software solutions

It was established in 1998 and is engaged in providing technical services and development of computer softwares and specializes in providing high quality ERP business solutions for the Group Companies.



**GREAVES**

### **Greaves Pakistan (Pvt.) Ltd**

Providing Specialized Engineering Sales and Services

It was established in 1859 to provide specialized engineering equipment sales and services. However in 1964, the Group acquired a controlling interest in the shares of the Company and by 1981 Greaves became a wholly owned subsidiary of the Group. Greaves has the following divisions namely i) Power Generation, ii) CNG Equipment, iii) Industrial Machinery, iv) Solar Energy, v) LED, vi) Elevator, vii) Earth Moving & Construction Machinery, viii) Air Compressor and ix) Fuel Dispenser.

### **Greaves Airconditioning (Pvt.) Ltd**

Equipment Suppliers and HVAC Solution Provider

Commencing operations in 1975, this Company is the only HVAC solution provider of its kind and is the sole distributor of York (JCI) products in Pakistan. It is involved in providing a wide array of services related to HVAC equipments that includes designing, installation and maintenance of central and packaged units. Moreover, it also launched residential light air conditioning units under the brand name of Euro Aire.

### **Greaves CNG (Pvt.) Ltd**

Retail Sale of CNG to end consumers

Greaves CNG was established in 2001 with a prime motive to install CNG facilities at the retail outlets of Petroleum Companies. It is listed as a preferred third party investor by all major petroleum companies in Pakistan and is currently operating 3 CNG facilities at retail outlets of Shell, PSO and Caltex in Karachi and Lahore and 2 company operated stations at Gujranwala and Mardan.

### **Greaves Engineering Services (Pvt.) Ltd**

HVAC Contractors

Established in 2003, its principal activity is to provide services associated with Airconditioning, installation and maintenance of central and packaged units.



**UNICOL**  
UNICOL LIMITED

### **Unicol Ltd**

Joint Venture Distillery producing Ethanol and Liquid Carbon Dioxide (LCO<sub>2</sub>)

Incorporated in 2003, Unicol is a joint venture distillery project among Mirpurkhas Sugar Mills, Faran Sugar Mills and Mehran Sugar Mills. It is engaged in the production and marketing of ethanol from molasses. Its current production capacity is 200,000 litres per day. It is involved in producing various varieties of ethanol and Liquid Carbon Dioxide (LCO<sub>2</sub>)



**UniEnergy**  
Harnessing Nature

### **UNIENERGY LTD**

Joint Venture Wind Renewable Energy Project

Incorporated in 2015, Unienergy is a Joint Venture Project of the Ghulam Faruque Group, Mehran Sugar Mills, Faran Sugar Mills and the Habib Group. It is a 50 MW wind renewable energy project. It is located in the wind corridor, Thatta.





# company information



## Board of Directors

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Mr. Maqbool H. H. Rahimtoola (NIT)	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Amer Faruque	Director
Mr. Tariq Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director

## Audit Committee

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Mr. Yasir Masood	Chairman
Mr. Maqbool H. H. Rahimtoola	Member
Mr. Tariq Faruque	Member
Mr. Samir Mustapha Chinoy	Member

## Human Resource and Remuneration Committee

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Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

## Executive Director & Chief Financial Officer

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Mr. Wasif Khalid

## Executive Director & Company Secretary

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Mr. Abid A. Vazir

## Auditors

Kreston Hyder Bhimji & Co.  
Chartered Accountants

## Cost Auditors

UHY Hassan Naeem & Co.  
Chartered Accountants

## Share Registrar

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Central Depository  
Company of Pakistan Limited  
CDC House, 99 - B,  
Block - B, S.M.C.H.S.  
Main Shahrah-e-Faisal  
Karachi - 74400

## BANKERS

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Al Baraka Bank (Pakistan) Ltd.  
Allied Bank Ltd.  
Askari Bank Ltd. - Islamic Banking  
Bank Alfalah Ltd.  
Bank Al Habib Ltd.  
Dubai Islamic Bank Pakistan Ltd.  
Habib Bank Ltd.  
MCB Bank Ltd.  
Meezan Bank Ltd.  
National Bank of Pakistan  
NIB Bank Ltd.  
Samba Bank Ltd.  
Soneri Bank Ltd.  
United Bank Ltd.

## Registered Office / Factory

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Sub Post Office Sugar Mill  
Jamrao, Umerkot Road  
Mirpurkhas, Sindh

## Legal Advisor

K.M.S. Law Associates

# milestones



## 1965-66

Incorporated in 1964, Mirpurkhas Sugar Mills Ltd started sugar production in February 1966 with its initial cane crushing capacity of 1,500 TCD through DCDS process, (double carbonation double sulphitation).

## 1968-69

Cane crushing capacity was increased to 2000 TCD.

## 1984-85

Process converted to DRCS (Defecation Remelt Carbonation and Sulphitation) with addition of complete juice/melt clarification, refine sugar crystallization, separation, drying and grading processes. Cane crushing was also increased to 3,500 TCD.

## 1988-89

Highest sugar cane crushing of 747,344 M.Tons was achieved in single crop year by process optimization.

## 2001-02

Plant capacity was enhanced to 4,500 TCD.

## 2005-06

Plant capacity was enhanced to 5,000 TCD.

## 2006-07

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide(CO<sub>2</sub>) commenced its production operations.



## 2007-08

Plant capacity was enhanced to 5,500 TCD.

## 2008-09

Achieved sales revenue of over Rs. 2 billion.

## 2009-10

SAP (ERP) implemented across the Company.

## 2010-11

Plant capacity was enhanced to 6,200 TCD.

## 2011-12

Company started corporate farming activities in 871 acres land area.

## 2012-13

Achieved sales revenue of over Rs. 3 billion.

## 2013-14

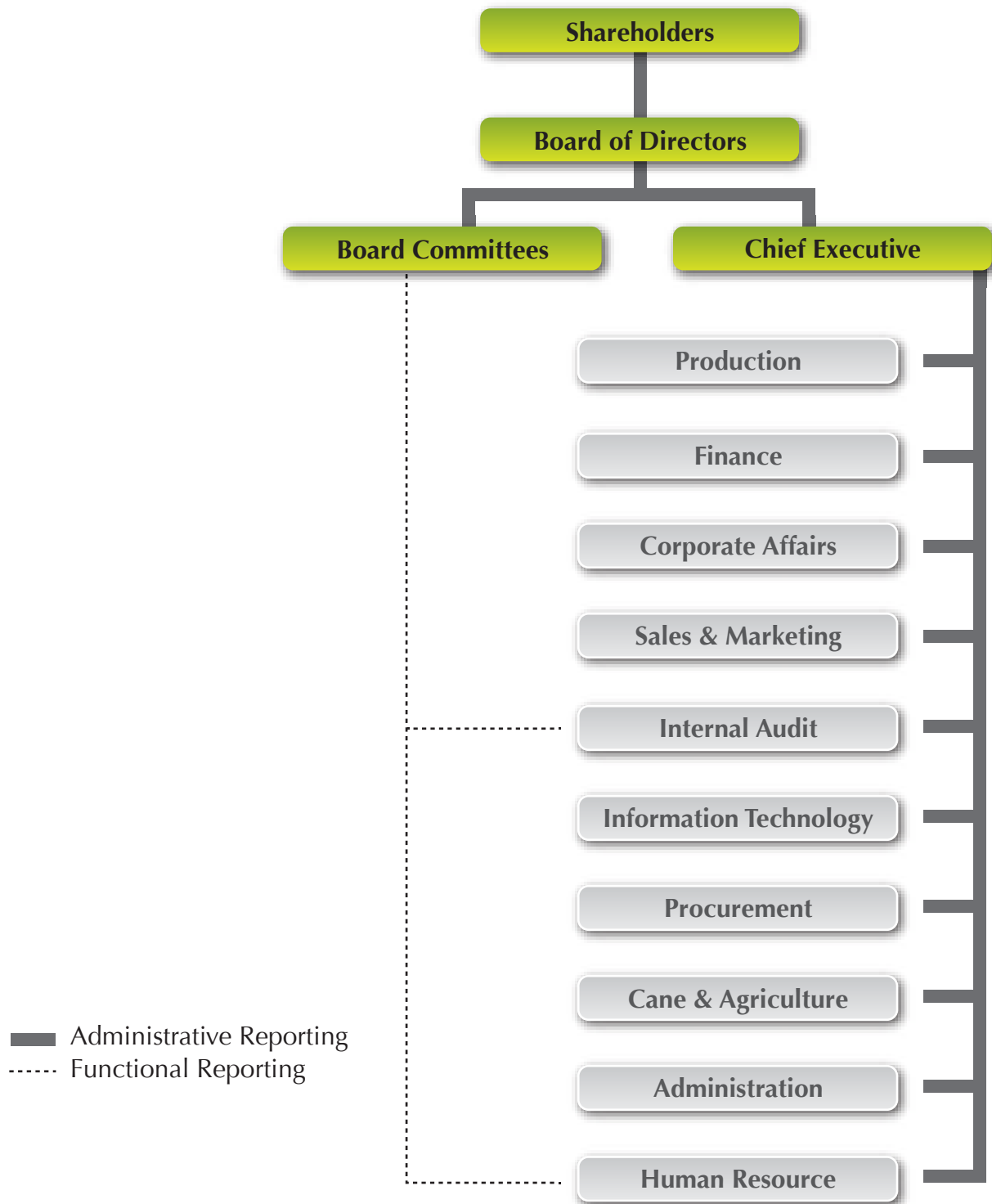
Highest sugar production of 76,220 M. tons was achieved during the year and plant capacity was enhanced to 7,000 TCD.

## 2014-15

Highest ever sucrose recovery of 11.02% was achieved due to optimum and efficient utilization of production resources.

Company farming operations extended to 1,500 acres land area and achieved improved sucrose recovery through improved varieties in its farms as a result of applying latest farming techniques and skills of agronomists and skilled workers.

# organizational structure



# our locations





Unicol Limited has a production capacity of **200,000** liters or **160** metric tons per day.

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

Unicol commenced its operations in August 2007 and is producing ethanol from sugar cane molasses. The plant located at Mirpurkhas, Sindh, on a 143 acre plot, has a designed capacity of 200,000 liters or 160 metric tons per day.

The plant was designed by Maguin Interis, France ([www.maguin.com](http://www.maguin.com)) while the bio gas plant from affluent waste was designed by Proserpol, France ([www.proserpol.com](http://www.proserpol.com)); both companies are well recognized in their respective fields.

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

Furthermore, Unicol has invested in purification and liquification of CO<sub>2</sub> which is a by-product. The CO<sub>2</sub> plant has a capacity of 24 metric tons per day. This plant, designed by Tecno Project Industriale, Italy ([www.tecnoproject.com](http://www.tecnoproject.com)), is in production since June 2014.

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

**Products:** Unicol can produce various grades of ethanol, including ENA Anhydrous (99.9%), ENA (>96%) and industrial grade (>92%). The ethanol produced by Unicol has various uses in different industries like pharmaceuticals, aerosols, cleaning products, perfumes, personal care products, printing inks, fabric softeners, vinegar, paints and varnish, preserving agents and chemical manufacturing. Liquid CO<sub>2</sub> is its by product, and is used in beverages, dye making, dry cleaning, and fire extinguishers. Dry ice, another form of CO<sub>2</sub>, is used in preservation and refrigeration.





# notice of annual general meeting

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting of the Company will be held on Saturday, January 30, 2016, at 12:00 noon at the Registered Office of the Company at Factory premises Jamrao, Umerkot Road, Mirpurkhas, Sindh to transact the following business:

## ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2015 with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @ 35% (Rs. 3.50 per share) to the shareholders for the financial year ended September 30, 2015. This is in addition to cash dividend @ 27% (Rs. 2.70 per share) already paid to the shareholders for the financial year ended September 30, 2014 (Tax year 2015) as recommended by the Board of Directors.
3. To appoint Auditors for the year 2015/16 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

## SPECIAL BUSINESS

5. To consider and approve an increase in the authorized share capital of the Company, and in this connection pass the following resolution as and by way of a Special Resolution:

**"Resolved that authorized share capital of the Company be and is hereby increased from Rs.150 million to Rs.500 million by creation of 35 million shares of Rs.10 each; that the new shares shall rank pari passu in all respects with the existing ordinary shares in the capital of the Company."**

**"Resolved further that the Memorandum and Articles of Association of the Company be and is hereby amended by substituting "150,000,000" with "500,000,000" in Clause No. V of the Memorandum of Association and "150,000,000" with "500,000,000" in Clause No. 3 of the Articles of Association."**

A Statement under section 160 of the Companies Ordinance, 1984, pertaining to the above-mentioned Special Business, is being sent to the Members with the Notice.

By Order of the Board of Directors

Abid A. Vazir  
Executive Director & Company Secretary

Karachi: December 28, 2015

### NOTES:

1. The register of members of the Company will be closed from Thursday, January 21, 2016 to Saturday, January 30, 2016 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Wednesday, January 20, 2016 will be treated in time for the entitlement of final cash dividend.
2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.
4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
6. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP, shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update the record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if shareholders, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven [7] days of receipt of such request.

### Statement under section 160 of the Companies Ordinance, 1984

The statement sets out material facts concerning "Special Business" to be transacted at the 51<sup>st</sup> Annual General Meeting of the Company to be held on Saturday, January 30, 2016. The approval of the Members of the Company will be sought for:

#### Item No. 5 : Increase in Authorized Capital

The Company presently has an authorized share capital of Rs.150,000,000 divided into 15,000,000 ordinary shares of Rs.10/- each. In order to facilitate future increase in the paid up capital, the Board of Directors has recommended that the authorized capital of the Company be raised to Rs.500,000,000 divided into 50,000,000 ordinary shares of Rs.10/- each by creation of 35,000,000 ordinary shares of Rs.10/- each. For this purpose, the Board of Directors has also recommended that the resolution set forth at item (5) under the heading of "Special Resolution" of the notice of 51<sup>st</sup> Annual General Meeting of the Company be passed as a Special Resolution. The resolution increases the authorized capital of the Company in the manner stated above and makes the required consequential changes in the Memorandum and Articles of Association of the Company.

#### STATUS OF INVESTMENT IN UNICOL LIMITED

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

#### STATUS OF INVESTMENT IN UNIENERGY LIMITED

The Company had obtained the approval of its shareholders for equity investment of upto Rs. 250 million in UniEnergy Limited on October 14, 2015. The investment shall be made by the Company in tranches as and when required.



# CEO's message



It gives me immense pleasure to state that your company performed well in the financial year 2014/15 which was a demanding year for the entire sugar industry in Pakistan as well as around the world. The world sugar surplus continued for a fifth consecutive year which resulted in keeping the sugar price in the local and International market under pressure.

Your company's vision "to be a leading producer and supplier of high quality sugar in Pakistan". Keeping in line with our vision, we continue to increase our production capacity and improve operational efficiencies to adapt to the changes and challenges that we may face in the years to come. We have also contributed towards the social economic development of our area by educating our growers in modern technology and means of cultivation by introducing improved variety of sugarcane seeds to improve their yield and lowering the cost of sugarcane cultivation thereby improving the social economic standing and financial strength of our growers.

The season 2014/15 started with a disagreement over the minimum sugarcane support price between various stake holders. During the season, the sugar mills in Sindh had to shut down for nearly a week. However, timely intervention by the government of Sindh resolved the situation and your company continued smooth operations through the rest of the crushing season.

The Joint Venture Company - Unicol completed its expansion and is now operating at full capacity of 200,000 liters per day. The CO<sub>2</sub> plant has also been operational and both units are contributing towards the improved financial performance of the company.

It is our resolve and commitment to all our stakeholders to remain on the path of success through hard work to ensure sustainable growth. I take this opportunity to thank the shareholders, employees, financial institutions and all other stakeholders for their continued support and contribution in making Mirpurkhas a success story.

Karachi: December 28, 2015

Aslam Faruque  
Chief Executive

# directors' profile

## **Mr. Maqbool H.H. Rahimtoola** Chairman

Mr. Maqbool H. H. Rahimtoola has been on the Board of Directors of both Pakistani and Multinational Companies quoted on the Karachi Stock Exchange for many years, across industries such as pharmaceuticals, packaging, finance, textiles, paint, sugar, construction materials and industrial development. In addition to his business background, Mr. Rahimtoola has also been a Technocrat Caretaker Federal Minister for Commerce & of the Textile Industry in 2013, He was Technocrat Minister in the Caretaker Government of Sindh during 1996-7, for 11 Ministries simultaneously.

Over the years, Mr. Rahimtoola has been on many Committees of the Chambers of Commerce & Industry, Karachi, FPCCI, the Standards Institute of Pakistan and the Board of Investment (GOP). Mr. Rahimtoola is a Member of the Petroleum Institute of Pakistan. He was Leader of the Pakistan Business Delegation to the United Nations on occasions such as the UNCTAD/GATT Seminar in Hong Kong and was the Pakistan Representative to UNIDO/GATT World Packaging Conference. He also received the International Trophy for Technology in Germany and received The Achievement Award in 2004 from the Overseas Graduates of Pakistan Club. He led the Pakistan delegation to the International Trade Minister's Conference AIMS in Dubai 2013. In addition to being on the Board of this Company, he is also Chairman of Berger Paints Pakistan Limited and on the Board of Directors of Dadex Eternit Limited and Ray Shipping Enterprises Ltd. He is also the CEO of Bande Nawaz (Private) Limited.



## **Mr. Aslam Faruque**

Chief Executive

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

## **Mr. Arif Faruque**

Director

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



## **Mr. Tariq Faruque**

Director

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

## **Mr. Amer Faruque**

Director

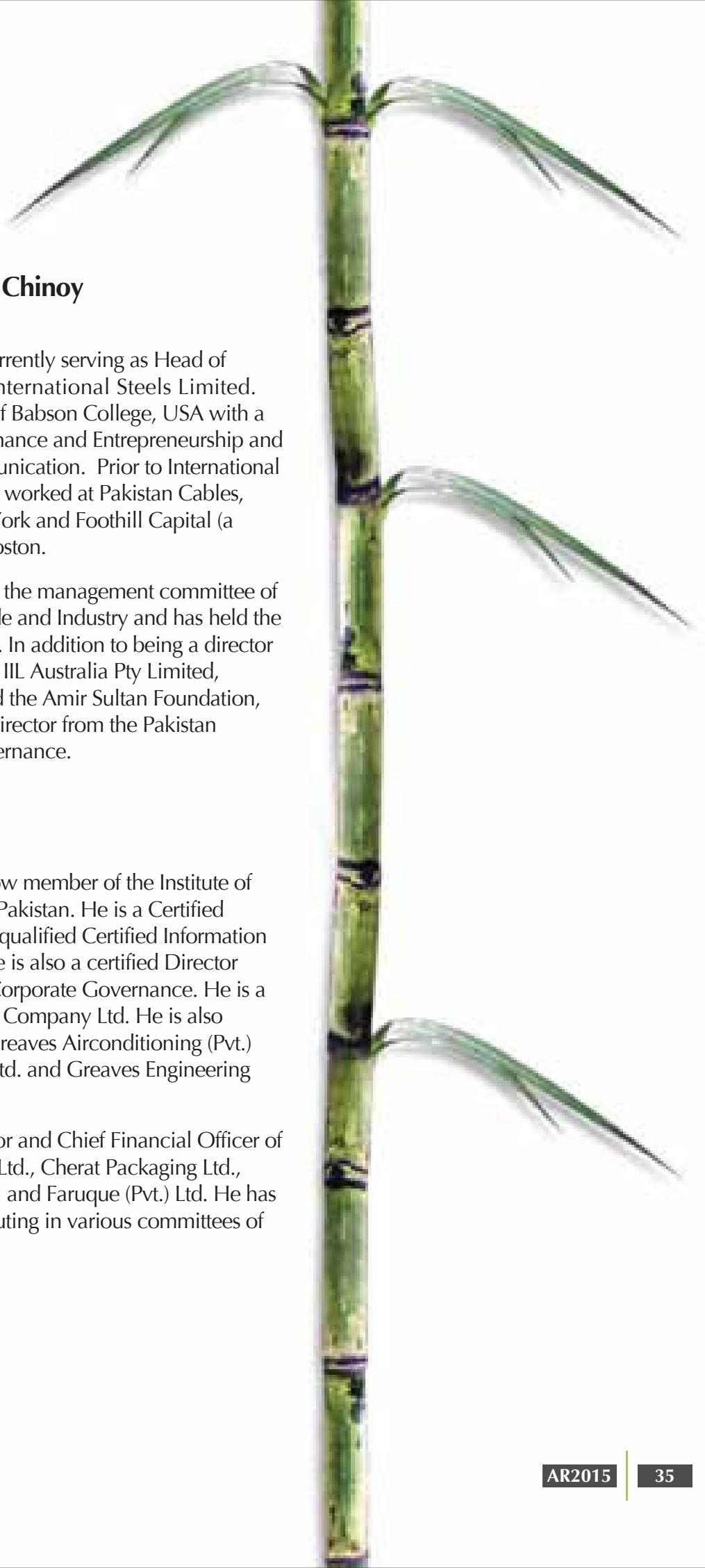
Mr. Amer Faruque is a Bachelor of Science (BS) in Business Administration majoring in Management / Marketing from Drake University, Des Moines, Iowa, USA. He is the Chief Executive of Cherat Packaging Ltd. He serves as a member of Board of Directors of Faruque (Pvt.) Ltd., Greaves Pakistan (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd. and Executive Director Marketing of Cherat Cement Co. Ltd. Mr. Amer Faruque is a member of the Centre of International Private Enterprise (CIPE) and in the past has served as a member of the Board of Governors of Ghulam Ishaq Khan (GIK) Institute of Engineering Sciences and Technology and Lahore University of Management Sciences. He is the Honorary Consul of Brazil in Peshawar.

## **Mr. Shehryar Faruque**

Director

Mr. Shehryar Faruque is a graduate from Davis & Elkins College, Elkins, WV, USA. He is the Director Operations of Greaves Pakistan (Pvt.) Ltd. He serves on the Board of Directors of Cherat Cement Company Ltd, Cherat Packaging Ltd, Faruque (Pvt.) Ltd, Greaves Pakistan (Pvt.) Ltd, Greaves CNG (Pvt.) Ltd and Zensoft (Pvt.) Ltd. Mr. Shehryar Faruque is also serving as Director of NBP Fullerton Asset Management Ltd (NAFA) and Summit Bank Ltd.





## **Mr. Samir Mustapha Chinoy**

Director

Mr. Samir M. Chinoy is currently serving as Head of Marketing and Sales at International Steels Limited. Mr. Chinoy is a graduate of Babson College, USA with a Bachelors of Science in Finance and Entrepreneurship and a minor in Human Communication. Prior to International Steels Limited, Mr. Chinoy worked at Pakistan Cables, Deloitte & Touché, New York and Foothill Capital (a Wells Fargo Company), Boston.

Mr. Chinoy has served on the management committee of Landhi Association of Trade and Industry and has held the position of Vice Chairman. In addition to being a director of Mirpurkhas Sugar Mills, IIL Australia Pty Limited, Intermark (Private) Ltd. and the Amir Sultan Foundation, Mr. Chinoy is a certified Director from the Pakistan Institute of Corporate Governance.

## **Mr. Yasir Masood**

Director

Mr. Yasir Masood is a fellow member of the Institute of Chartered Accountants of Pakistan. He is a Certified Internal Auditor (CIA) and qualified Certified Information Systems Auditor (CISA). He is also a certified Director from Pakistan Institute of Corporate Governance. He is a Director in NBP Exchange Company Ltd. He is also serving on the Boards of Greaves Airconditioning (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd. and Greaves Engineering Services (Pvt.) Ltd.

He is the Executive Director and Chief Financial Officer of Cherat Cement Company Ltd., Cherat Packaging Ltd., Madian Hydro Power Ltd., and Faruque (Pvt.) Ltd. He has been working and contributing in various committees of different Business forums.



# directors' report to the members

for the year ended September 30, 2015



The Board of Directors place before you the annual report of the Company together with the audited accounts for the year ended September 30, 2015.

## INDUSTRY OVERVIEW

There was a decline in the sugarcane crop in the country. The total sugar production was around 5.14 million metric tons compared with 5.60 million metric tons last year. Combined with last year's carry over stock, it exceeded the annual domestic sugar requirement. During the year the average recovery in Sindh was 10.53% compared with 10.21% in the previous year. In Punjab it was 9.98% compared with 9.85% in the previous year, while in KPK it was 9.41% compared with 8.75% in the previous year.

In order to encourage the mills to export the surplus sugar available, the Federal Government took a proactive decision and allowed the export of 650,000 metric tons of sugar and gave an export subsidy of Rs. 10/- per kg. However, due to global surplus for last many years, the prices in the international market remained depressed and your Company did not export any sugar. Furthermore, in order to protect the local industry from cheap imports, the Government increased regulatory duty on sugar imports from 20% to 40% which is considered as a positive measure in supporting the domestic industry.

## OPERATING PERFORMANCE

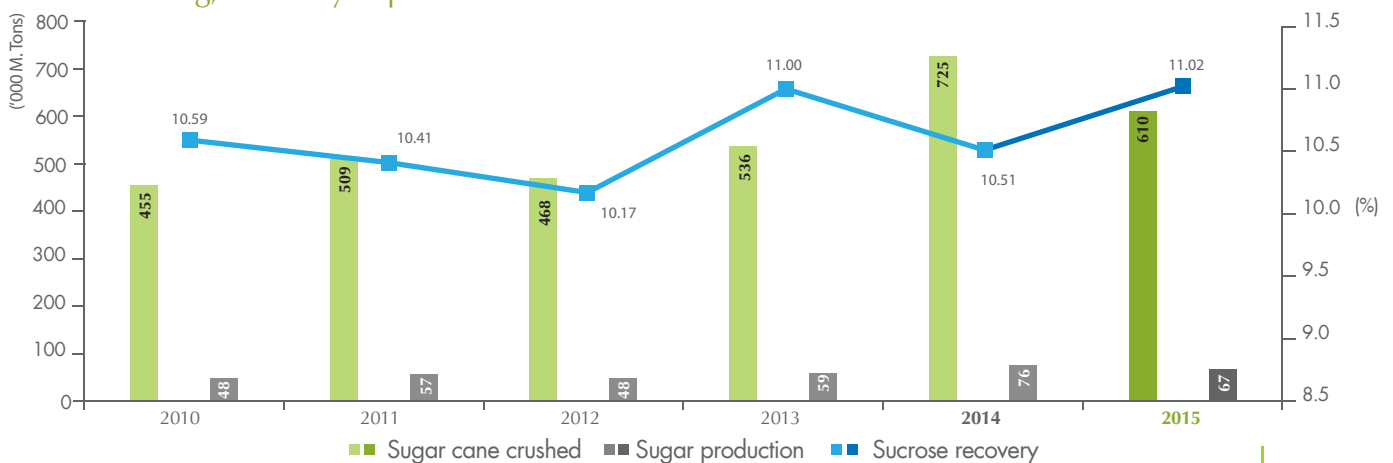
During the season 2014/15, there was a decline in crushing due to lower than expected sugar cane crop in Sindh. As a result, the factory operated 113 days during the season compared with 126 days last season. The factory crushed 609,569 metric tons of sugarcane compared with 725,210 metric tons last season to produce 67,175 metric tons of sugar compared with 76,228 metric tons of sugar. There was an improvement in sucrose recovery, which increased to 11.02% from 10.51% for the season, which is highest in the history of the Company. In line with crushing, the production of molasses also declined to 28,570 metric tons as against 35,100 metric tons corresponding period last year.

During the year under review, the Company sold 64,442 metric tons of sugar compared with 72,090 metric tons sold at the same time last year. Unlike last year, when the Company exported 25,862 metric tons, this year the Company did not export sugar due to unfavorable prices in the international markets.

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

	2015	2014
Days operated	113	126
Sugar cane crushed (metric tons)	609,569	725,210
Sugar production (metric tons)	67,175	76,228
Molasses production (metric tons)	28,570	35,100
Sucrose recovery (%)	11.02	10.51
Sugar sold (metric tons)	64,442	72,090

## Crushing, recovery & production



# directors' report to the members

for the year ended September 30, 2015

## FINANCIAL PERFORMANCE

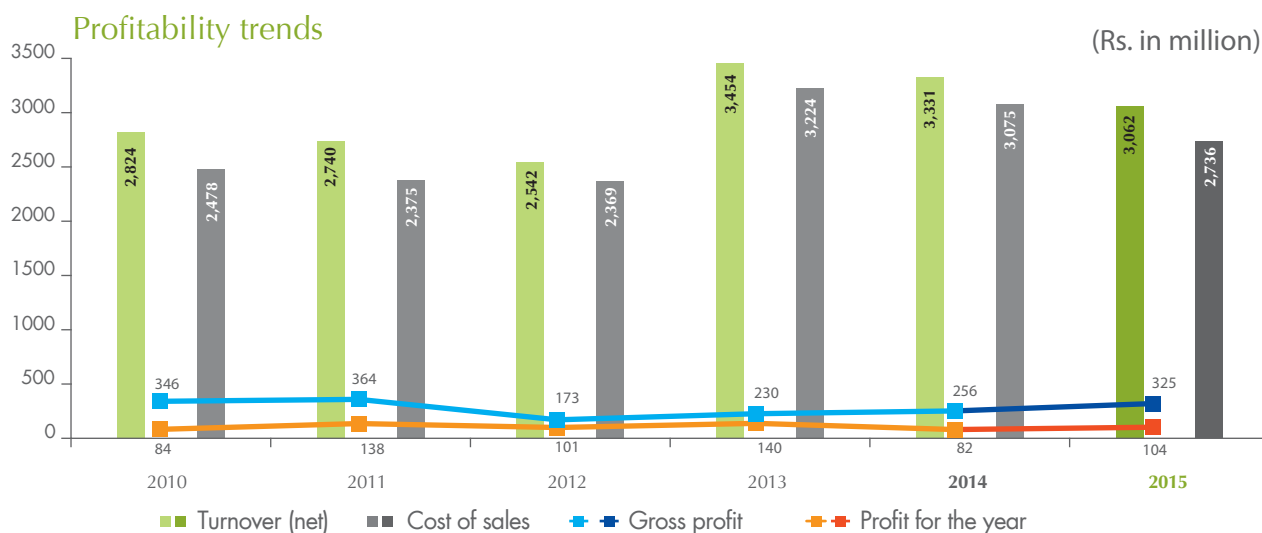
Sugar cane crushing season for the year 2014-15 started with uncertainty and dispute over the minimum sugar cane support price between provincial government, growers and the millers. The Government of Sindh (GoS) played a very positive and effective role in amicably settling the situation while providing Rs. 12/- per maund subsidy to the sugar cane growers against their cane supplies. Their assistance to the growers played a crucial role and provided sustainability for both manufacturing and agriculture industry and was highly appreciated by the sugar cane community.

As committed by the GoS, the subsidy for the growers was received by the Company and paid by MSM to the growers. We are pleased to report that the Company disbursed the said subsidy as soon as it was received from the provincial government. The financial subsidy allowed by the government will go a long way in the development of the agriculture sector involved in sugar cane farming and encourage them in continuing the plantation of sugar cane in coming years.

In line with the decline in the quantity of sugar sold, the sales revenue of the Company also dropped by around Rs. 269 million i.e. 8% from corresponding period last year. During the year under review, the cost of production remained at the same level. There was an increase in Other Operating Expenses of the Company due to fair value adjustment on agriculture produce. The Company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 101.88 million earned during the year and adjusted its investment in associate by the same amount. For the year under review, the Company earned an after tax profit of Rs.103.94 million.

Net sales  
Cost of sales  
Gross profit  
Other income  
Share of profit in associate  
Other expenses & taxes  
Net profit

2015	2014
(Rs. in million)	
3,061.73	3,330.53
(2,736.33)	(3,074.91)
325.40	255.62
41.95	73.17
101.88	52.95
(365.29)	(299.56)
103.94	82.18





## **DIVIDEND**

The Board of Directors of the Company at its meeting held on September 10, 2015 had declared a cash dividend @ Rs. 2.70/- per share for the financial year 2014 (tax year 2015) in order to meet the requirements of section 5A of the Income Tax Ordinance, 2001.

In addition, the Board of Directors at its meeting held on December 28, 2015 has proposed a final cash dividend @ Rs. 3.50/- per share for the year ended September 30, 2015. The approval of members for the dividend will be obtained at the Annual General meeting to be held on January 30, 2016.

## **UNICOL LIMITED**

This is the first time where both production lines of ethanol operated for the whole year. The plant is running efficiently. The project continued to operate at optimum capacity and produced high quality ethanol for export. The distillery, during the year under review, exported 54,591 metric tons of ethanol and sold 4,532 metric tons of CO<sub>2</sub> locally. The management is confident that Unicol will bring further financial benefits to the Company and its shareholders in the years to come.

## **CORPORATE SOCIAL RESPONSIBILITY**

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

## **SAFETY, HEALTH AND ENVIRONMENT**

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

## **STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

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

# directors' report to the members

for the year ended September 30, 2015

- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on September 30, 2015.

• <b>Provident Fund</b>	<b>Rs. 303 million</b>
• <b>Gratuity Fund</b>	<b>Rs. 191 million</b>

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

<b>Name of Director</b>	<b>Meetings Attended</b>
• Mr. Maqbool H.H. Rahimtoola	5
• Mr. Aslam Faruque	3
• Mr. Arif Faruque	5
• Mr. Shehryar Faruque	3
• Mr. Amer Faruque	1
• Mr. Tariq Faruque	5
• Mr. Samir Mustapha Chinoy	5
• Mr. Yasir Masood	5

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

<b>Name of Director</b>	<b>Meetings Attended</b>
• Mr. Yasir Masood	4
• Mr. Maqbool H.H. Rahimtoola	4
• Mr. Tariq Faruque	4
• Mr. Samir Mustapha Chinoy	4

- During the year, one meeting of the Human Resource and Remuneration Committee was held. The attendance record of each director is as follows:

<b>Name of Director</b>	<b>Meetings Attended</b>
• Mr. Arif Faruque	1
• Mr. Aslam Faruque	1
• Mr. Amer Faruque	1

- Pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Chief Executive, Directors, CFO and Company Secretary and their spouses and their minor children during the year except for purchase of shares by Mr. Maqbool H.H. Rahimtoola (Chairman) and Mr. Wasif Khalid (CFO).
- Earnings per share for the year is Rs. 8.47 per share compared to Rs. 6.70 per share last year.



### **CONTRIBUTION TO NATIONAL EXCHEQUER**

The Company contributed over Rs. 402 million to the Government treasury in shape of taxes, excise duty, income tax and sales tax.

### **FUTURE PROSPECTS**

Pakistan's sugar industry is highly regulated which leads to uncertainty in sugar production and carryover sugar stocks. However, the government has provided some protection to the local sugar industry by raising the regulatory duty on sugar imports in the Finance Act 2015-16. The ECC in its decision dated December 14, 2015 has approved export of sugar upto 500,000 metric tons and approved provision of cash support for export of sugar for incidental and freight @ Rs. 13/- per KG. Since the modality has not yet been announced by SBP hence no export has taken place. Furthermore, the Company continue to work on varietal development of sugar cane in the surrounding areas to improve yield and sucrose contents of cultivated sugar cane. Additionally, the government is also requested to immediately release freight subsidy on export of sugar done in the past to help sugar mills improve their financial position, the same has been receivable for more than 2 years. The Company along with its Unicol joint venture partners is planning to setup a 50 MW wind renewable energy project in Sindh for which the approval has already been taken from shareholders. As and when there are further developments the same shall be informed to all concerned.

### **AUDITORS**

The present auditors M/s. Kreston Hyder Bhimji and Co. (Chartered Accountants) retire and being eligible, offer themselves for reappointment.

### **ACKNOWLEDGMENT**

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

For and on behalf of the Board of Directors

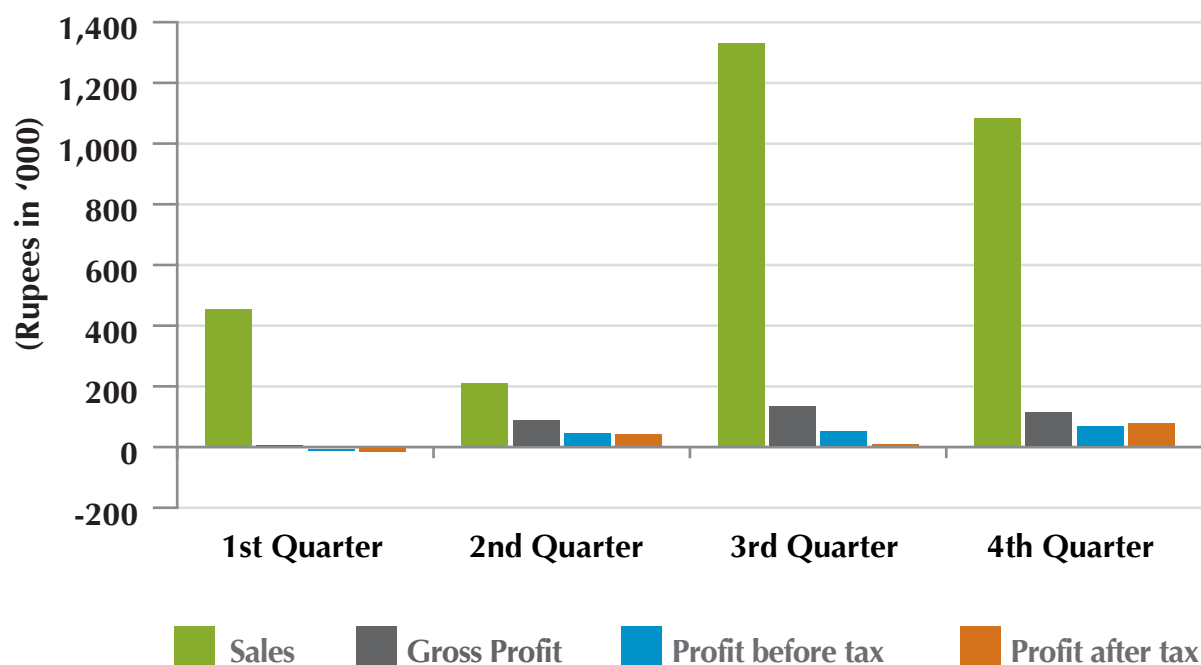
**Maqbool H. H. Rahimtoola**  
Chairman

Karachi: December 28, 2015

# quarterly performance analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
<b>(Rupees in '000)</b>					
<b>Turnover-net</b>	450,884	205,358	1,326,056	1,079,439	3,061,737
Cost of sales	(450,163)	(121,050)	(1,197,001)	(968,118)	(2,736,332)
<b>Gross profit</b>	721	84,308	129,055	111,321	325,405
Distribution cost	(1,081)	(2,477)	(2,242)	(2,694)	(8,494)
Administrative expenses	(26,427)	(24,615)	(29,328)	(34,428)	(114,798)
Other operating expenses	(6,168)	(32,539)	(7,051)	282	(45,476)
	(33,676)	(59,631)	(38,621)	(36,840)	(168,768)
Other income	11,053	45,703	2,701	(17,506)	41,951
<b>Operating (loss) / profit</b>	(21,902)	70,380	93,135	56,975	198,588
Finance cost	(26,614)	(45,607)	(49,939)	(30,709)	(152,869)
	(48,516)	24,773	43,196	26,266	45,719
Share of profit in an associate	42,150	17,908	5,000	36,820	101,878
<b>(Loss) / profit before taxation</b>	(6,366)	42,681	48,196	63,086	147,597
Taxation	(6,065)	(4,492)	(43,537)	10,437	(43,657)
<b>(Loss) / profit after tax</b>	(12,431)	38,189	4,659	73,523	103,940

## Profitability Trend





# comments on quarterly performance analysis



## Quarter 1

- Turnover was on lower side during the quarter due to depressed selling prices in local market as a result of start of sugar production for the season 2014-15.
- Cost of sales was higher due to increase in sugar cane support price fixed by the Government for the season 2014-15.
- Operating loss and net loss was reported also due to lower gross profit margins.

## Quarter 2

- Turnover decreased by 55% as compared to Q1 due to lower demand of sugar in the local market coupled with depressed selling price of sugar.
- Cost of sales per ton was decreased due to improved final recovery for the season 2014-15.
- Gross profit margin and Operating profit was improved due to decrease in cost of sales per ton during the Q2.

## Quarter 3

- Turnover increased significantly as compared to Q2 due to increase in demand of sugar in local market and improvement in selling price of sugar.
- Cost of sales was increased due to the impact of labour and factory overhead.
- Gross profit increased due to increase in turnover and net profit decreased due to effect of prior year taxation.

## Quarter 4

- Turnover decreased by 19% as compared to Q3 as Company sold 80% of its balance stocks of sugar.
- Cost of sales was increased due to the impact of labour and factory overhead / off season repair and maintenance.
- Operating profit was decreased due to decrease in turnover and net profit was increased due to share of profit in an associate.



# quality management



Mirpurkhas Sugar Mills (MSM) is focused to produce high quality food grade sugar by the implementation of comprehensive integrated Quality and Food Safety Management System.

## Our Quality and Food Safety Management Process includes

- Designed installation, operational and performance qualification as part of Quality Assurance.
- Manufacturing Process Validation & Testing Methods Validations as part of Quality Assurance.
- Accurate testing of incoming materials raw / packaging, in-process, final product and performing stability studies etc.
- Implementation of current Good Manufacturing Practices (cGMP) w.r.t. housekeeping at mill and process house, yards and godowns, workers hygiene, pest management and documentation.
- Formal Risk Assessment before any Change and Change Control Mechanism during Change Implementation.
- Monitoring of testing process as per GLP guidelines.
- Monitoring of whole sugar manufacturing process against the standard of cGMP.
- Use of Statistical Process Control Tools to monitor the process capability of manufacturing process.

The consistency of performance across the sugar manufacturing is vital for our customers; hence, reliability of our testing of raw materials, in process and final product is a part of manufacturing Quality Assurance activity.

## Quality Management System Work Facilities

- Sugar cane quality control laboratory focuses on the quality of sugar cane, testing of sugar cane against each arrival and performing source / field inspection frequently during the sugar cane growing season.
- Process Control laboratory / Main laboratory focuses on the manufacturing activity, testing of raw materials, each step of in process and final product.
- Quality Assurance monitors the entire operational activity through process parameters and product attributes, focused on stability studies, validations, handling customer complaint and investigating all deviations with the coordination of main laboratory, process and mill house.
- For integrity of data ERP-SAP & Oracle is used for controlled data recording and reports generation.

## Major Achievements

- Consistency in the production of high quality white refined Sugar.
- Increased productivity by supporting development work of high quality sugar cane in the operational area (sugar recovery =11.02 for season 2014-15).
- Decreased losses of in-process and finished materials by effective support during manufacturing activity.
- Improved the efficiency of plant by close monitoring and comparing the performance indicators.

Mirpurkhas Sugar Mills have human resource in the area of Quality Control and Assurance comprising of academic qualifications from science graduates to Masters and remarkable experience of sugar manufacturing.

# horizontal analysis - last six years

	2015		2014	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Balance Sheet</b>				
<b>Assets</b>				
Non current assets	2,347,034	8	2,178,662	22
Current assets	1,889,474	79	1,055,989	44
<b>Total Assets</b>	<b>4,236,508</b>	<b>31</b>	<b>3,234,651</b>	<b>28</b>
<b>Equity &amp; Liabilities</b>				
Shareholders equity	1,689,581	57	1,079,395	20
Surplus on revaluation of fixed assets	555,749	(3)	574,015	103
Non current liabilities	773,235	38	561,916	(24)
Current liabilities	1,217,943	19	1,019,325	71
<b>Equity &amp; Liabilities</b>	<b>4,236,508</b>	<b>31</b>	<b>3,234,651</b>	<b>28</b>
<b>Turnover &amp; Profit</b>				
Turnover-net	3,061,737	(8)	3,330,536	(4)
Gross profit	325,405	27	255,622	11
Operating profit	198,588	6	187,461	52
Profit before taxation	147,597	73	85,077	(28)
Profit for the year	103,940	26	82,184	(41)

## comments on horizontal analysis

### Balance Sheet

Non current assets increased over the years due to expansion work carried out in plant.

Current asset increased in 2015 as compared to year 2014 due to increase in value of short term investments and loan and advances.

Shareholders' Equity increased in 2015 due in higher fair value gain on available for sale securities and actuarial gain on defined benefit plan.



2013		2012		2011		2010	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
1,787,325	9	1,640,534	38	1,187,555	20	986,239	31
731,058	(34)	1,100,948	(13)	1,267,112	153	501,201	(10)
<u>2,518,383</u>	<u>(8)</u>	<u>2,741,482</u>	<u>12</u>	<u>2,454,667</u>	<u>65</u>	<u>1,487,440</u>	<u>13</u>
902,951	27	713,537	44	495,699	30	381,595	19
282,552	-	282,552	63	173,056	-	173,056	34
735,956	7	687,089	16	592,785	75	338,231	-
596,924	(44)	1,058,304	(11)	1,193,127	101	594,558	13
<u>2,518,383</u>	<u>(8)</u>	<u>2,741,482</u>	<u>12</u>	<u>2,454,667</u>	<u>65</u>	<u>1,487,440</u>	<u>13</u>
3,454,478	36	2,541,537	(7)	2,739,671	(3)	2,823,671	57
230,299	33	173,036	(53)	364,374	5	345,891	4
123,496	66	74,560	(72)	270,778	7	252,018	(6)
117,467	7	109,696	(35)	168,294	8	156,346	(27)
139,528	38	101,128	(27)	137,714	63	84,299	(33)

Non Current liabilities increased mainly due to increase in long term financing.

#### Profit and Loss Account

Operating profit increased over the years due to effective cost control measures.

Profit after taxation showed a downward trend in 2015 and 2014 due to lower profit before taxation

# vertical analysis - last six years

	2015		2014	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Balance Sheet</b>				
<b>Assets</b>				
Non current assets	2,347,034	55	2,178,662	67
Current assets	1,889,474	45	1,055,989	33
<b>Total Assets</b>	<b>4,236,508</b>	<b>100</b>	<b>3,234,651</b>	<b>100</b>
<b>Equity &amp; Liabilities</b>				
Shareholders equity	1,689,581	40	1,079,395	33
Surplus on revaluation of fixed assets	555,749	13	574,015	18
Non current liabilities	773,235	18	561,916	17
Current liabilities	1,217,943	29	1,019,325	32
<b>Equity &amp; Liabilities</b>	<b>4,236,508</b>	<b>100</b>	<b>3,234,651</b>	<b>100</b>
<b>Turnover &amp; Profit</b>				
Turnover-net	3,061,737	100	3,330,536	100
Gross profit	325,405	11	255,622	8
Operating profit	198,588	6	187,461	6
Profit before taxation	147,597	5	85,077	3
Profit for the year	103,940	3	82,184	2

## comments on vertical analysis

### Balance Sheet

Current assets increased in 2015 due to increase in short term investments and loan and advances.

Shareholders' Equity increased in 2015 due in higher fair value gain on available for sale securities and actuarial gain on defined benefit plan.



2013		2012		2011		2010	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
1,787,325	71	1,640,534	60	1,187,555	48	986,239	66
731,058	29	1,100,948	40	1,267,112	52	501,201	34
<u>2,518,383</u>	<u>100</u>	<u>2,741,482</u>	<u>100</u>	<u>2,454,667</u>	<u>100</u>	<u>1,487,440</u>	<u>100</u>
902,951	36	713,537	26	495,699	20	381,595	26
282,552	11	282,552	10	173,056	7	173,056	11
735,956	29	687,089	25	592,785	24	338,231	23
596,924	24	1,058,304	39	1,193,127	49	594,558	40
<u>2,518,383</u>	<u>100</u>	<u>2,741,482</u>	<u>100</u>	<u>2,454,667</u>	<u>100</u>	<u>1,487,440</u>	<u>100</u>
3,454,478	100	2,541,537	100	2,739,671	100	2,823,671	100
230,299	7	173,036	7	364,374	13	345,891	12
123,496	4	74,560	3	270,778	10	252,018	9
117,467	3	109,696	4	168,294	6	156,346	6
139,528	4	101,128	4	137,714	5	84,299	3

Non Current liabilities increased mainly due to increase in long term financing.

#### Profit and Loss Account

Gross profit margins were maintained at the optimum level due to better cost control measures.

Operating profit margin was maintained over the years in line with gross profit margins.

# six years statistics

		2015	2014	2013	2012	2011	2010
<b>Production Data</b>							
Sugarcane crushed	(M. Tons)	609,569	725,210	535,963	467,734	509,204	455,129
Sucrose recovery	(%)	11.02	10.51	11.00	10.17	10.41	10.59
Sugar production	(M. Tons)	67,175	76,228	58,920	47,566	56,681	48,202
Molasses production	(M. Tons)	28,570	35,100	25,680	24,500	26,350	22,180
<b>Sales &amp; Profitability</b>							
(Rupees `000)							
Turnover - net		3,061,737	3,330,536	3,454,478	2,541,537	2,739,671	2,823,671
Cost of sales		2,736,332	3,074,914	3,224,179	2,368,501	2,375,297	2,477,780
Gross profit		325,405	255,622	230,299	173,036	364,374	345,891
Operating profit		198,588	187,461	123,496	74,560	270,778	252,018
Profit before taxation		147,597	85,077	117,467	109,696	168,294	156,346
Profit for the year		103,940	82,184	139,528	101,128	137,714	84,299
<b>Financial Position</b>							
Fixed assets - net		1,682,179	1,614,501	1,280,879	1,263,593	967,920	809,430
Other non-current assets		664,855	564,161	506,446	376,941	219,635	176,809
	A	2,347,034	2,178,662	1,787,325	1,640,534	1,187,555	986,239
Current assets		1,889,474	1,055,989	731,058	1,100,948	1,267,112	501,201
Less: Current liabilities		(1,217,943)	(1,019,325)	(596,924)	(1,058,304)	(1,193,127)	(594,558)
Working capital	B	671,531	36,664	134,134	42,644	73,985	(93,357)
Capital employed	(A+B)	3,018,565	2,215,326	1,921,459	1,683,178	1,261,540	892,882
Less: Non current liabilities		(773,235)	(561,916)	(735,956)	(687,089)	(592,785)	(338,231)
Surplus on revaluation of fixed assets		(555,749)	(574,015)	(282,552)	(282,552)	(173,056)	(173,056)
Shareholders' equity		1,689,581	1,079,395	902,951	713,537	495,699	381,595
<b>Represented by:</b>							
Share capital		122,682	122,682	111,529	96,982	84,332	70,277
Reserves		1,566,899	956,713	791,422	616,555	411,367	311,318
		1,689,581	1,079,395	902,951	713,537	495,699	381,595

## Performance Indicators

### Profitability Ratios

Gross profit ratio	(%)	10.63	7.68	6.67	6.81	13.30	12.25
Net profit to sales	(%)	3.39	2.47	4.04	3.98	5.03	2.99
EBITDA margin to sales	(%)	8.54	7.44	5.23	5.01	11.37	10.05
Operating leverage ratio	(times)	1.18	(0.13)	6.00	6.06	(1.55)	1.55
Return on equity	(%)	6.15	7.61	15.45	14.17	27.78	22.09
Return on capital employed	(%)	13.18	15.32	16.38	19.35	35.45	50.55

### Liquidity Ratios

Current ratio	(times)	1.55	1.04	1.22	1.04	1.06	0.84
Quick/ acid test ratio	(times)	1.07	0.56	0.72	0.30	0.19	0.44
Cash to current liabilities	(times)	0.05	0.02	0.02	0.02	0.01	0.05
Cash flow from operations to sales	(times)	0.02	0.05	0.03	0.09	0.03	0.13

### Activity/ Turnover Ratios

Inventory turnover ratio	(times)	8.28	16.06	8.73	3.12	4.69	15.07
No. of days in inventory	(days)	44.11	22.73	41.82	116.88	77.79	24.22
Debtor turnover ratio	(times)	14.66	12.51	28.56	33.52	25.75	19.45
No. of days in receivables	(days)	24.89	29.17	12.78	10.89	14.18	18.77
Creditor turnover ratio	(times)	24.37	44.23	21.12	15.39	23.34	22.69
No. of days in creditors	(days)	14.98	8.25	17.28	23.72	15.64	16.09
Total assets turnover ratio	(times)	0.72	1.03	1.37	0.93	1.12	1.90
Fixed assets turnover ratio	(times)	1.82	2.06	2.70	2.02	2.84	3.50
Operating cycle	(days)	54.02	43.64	37.32	104.05	76.33	26.90

### Investment/ Market Ratios

Earnings per share - basic **	(Rupees)	8.47	6.70	11.37	8.24	11.23	6.87
Price earning ratio **	(times)	10.03	9.20	3.87	5.25	4.80	8.47
Dividend yield ratio	(%)	4.12	4.38	2.27	3.47	4.64	6.01
Dividend payout ratio	(%)	41.31	40.30	7.99	14.38	15.31	29.18
Dividend cover ratio	(times)	2.42	2.48	12.51	6.95	6.53	3.43
Cash dividend per share*	(Rupees)	3.50	2.70	-	-	1.00	1.50
Stock dividend*	(%)	-	-	10.00	15.00	15.00	20.00
Market price per share:							
- Closing	(Rupees)	85.00	61.62	44.00	43.26	53.88	58.19
- High	(Rupees)	85.90	82.50	54.00	52.50	57.00	89.00
- Low	(Rupees)	48.50	41.30	31.05	27.00	39.51	40.88
Break-up value per share**:							
- With revaluation surplus	(Rupees)	183.02	134.77	96.63	81.19	54.51	45.21
- Without revaluation surplus	(Rupees)	137.72	87.98	73.60	58.16	40.41	31.10

### Capital Structure Ratios

Financial leverage ratio	(times)	0.70	0.54	0.49	0.43	0.51	0.17
Weighted average cost of debt	(%)	8.68	10.90	10.25	12.76	14.31	15.00
Debt-equity ratio		41:59	35:65	33:67	30:70	34:66	15:85
Interest cover ratio	(times)	1.97	1.55	1.87	1.82	2.16	2.50

\* post balance sheet event

\*\* restated, based on weighted average number of ordinary shares in issue



# comments on ratios



## **Profitability Ratios**

Profitability ratios remained positive. This is due to the cost effective measures taken by the management and efficient milling operations.

Consistent increase in sugar cane support price every year by the Government that is approximately 82% to 86% of the total cost of production effected the profitability of the Company and thus resulted to become difficult to remain cost competitive in running business operations.

## **Liquidity Ratios**

Increase in cost of doing business i.e. consistent increase in sugar cane support price over the years resulted in creating problems in running the smooth business operations. However, due to effective working capital management, Company has maintained positive trend from the last three years.

## **Activity/ Turnover Ratios**

Activity/ turnover ratios were maintained at positive level by enhancing inventory management and improved operating cycle.

## **Investment/ Market Ratio**

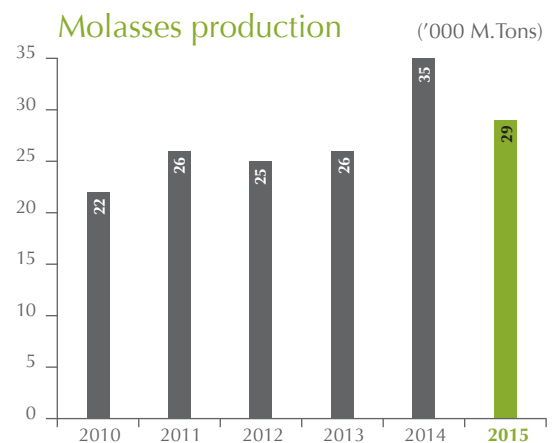
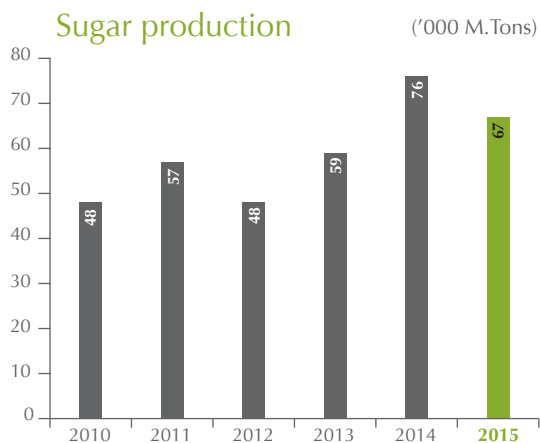
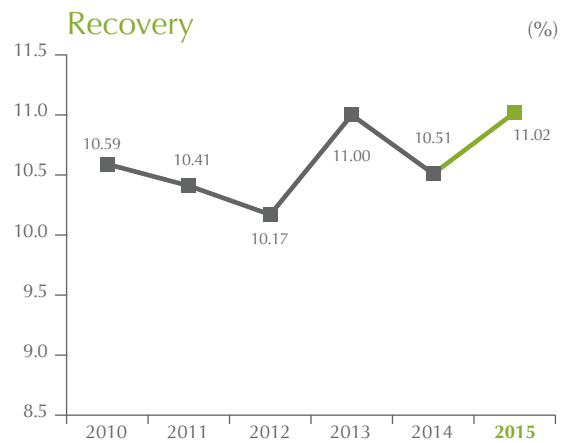
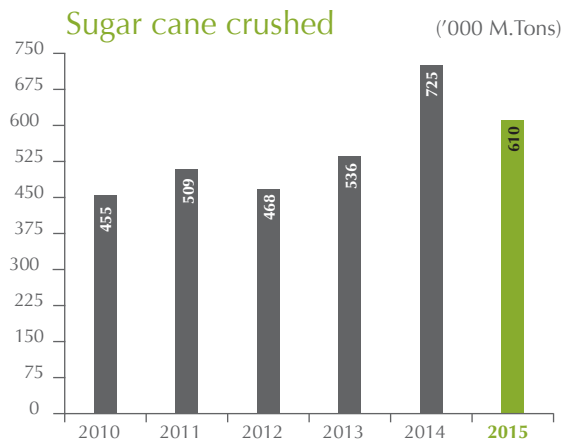
The Company remained operated positively by ensuring positive earnings per share for its shareholders.

## **Capital Structure Ratio**

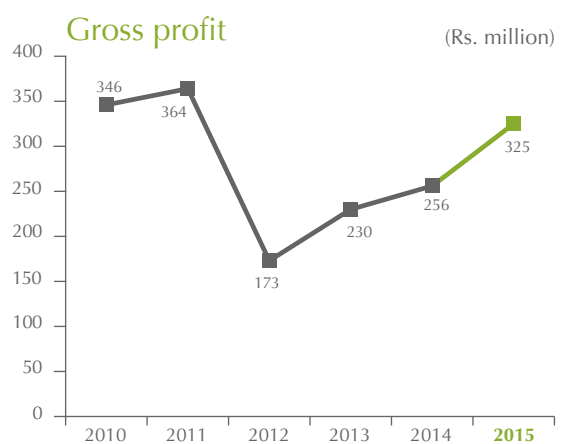
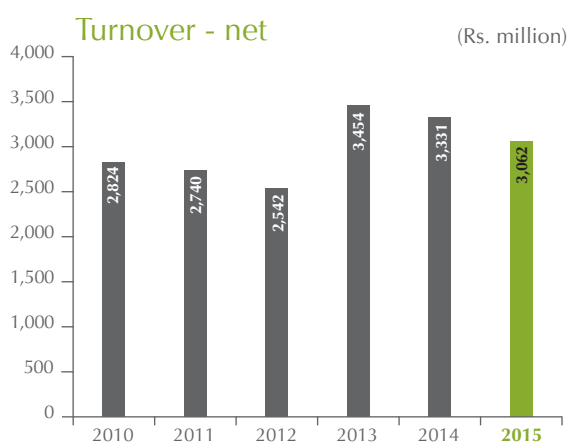
The Company effectively managed its gearing by effectively utilizing the bank financings obtained at very competitive rates resulted in a decrease in financial charges in spite of increase in debt to equity ratio This also resulted in decrease in weighted average cost of debt of the Company.

# graphical presentation

## production highlights



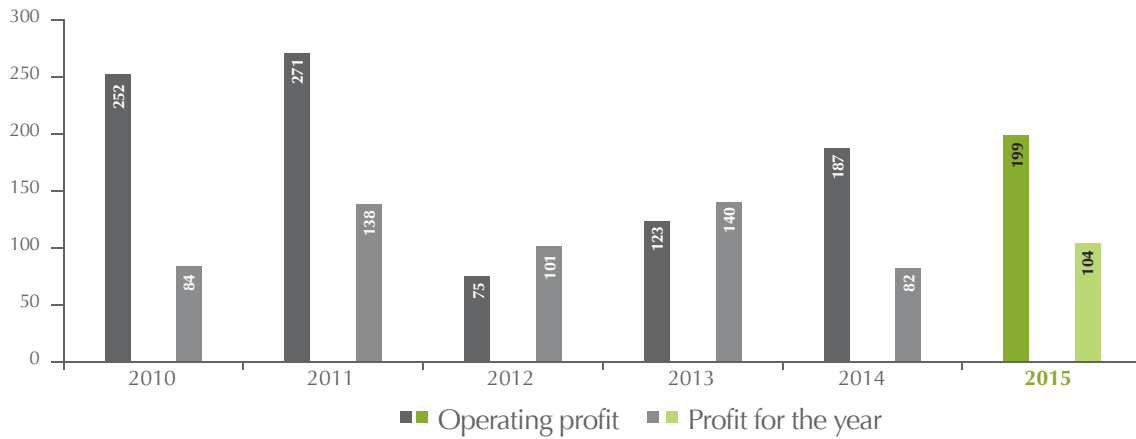
## financial highlights





### Operating profit / profit for the year

(Rs. million)



### Shareholders' equity / reserves

(Rs. million)



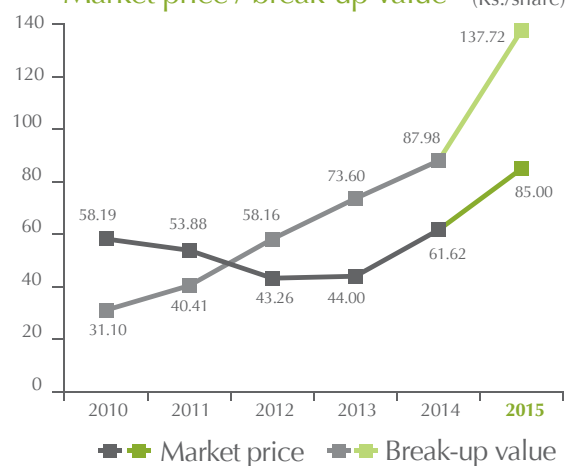
### Earnings per share

(Rupees)



### Market price / break-up value

(Rs./share)



### Interest coverage

(times)



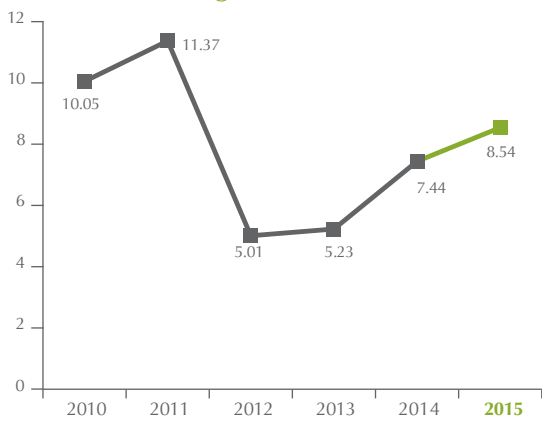
### Weighted average cost of debt

(%)



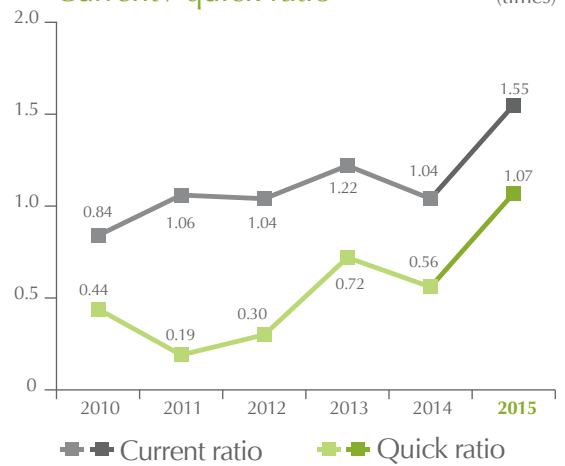
### EBITDA margin to turnover

(%)



### Current / quick ratio

(times)

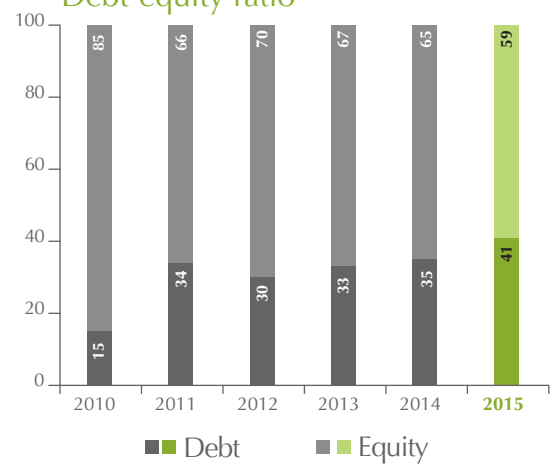


### Total assets turnover ratio

(times)



### Debt-equity ratio

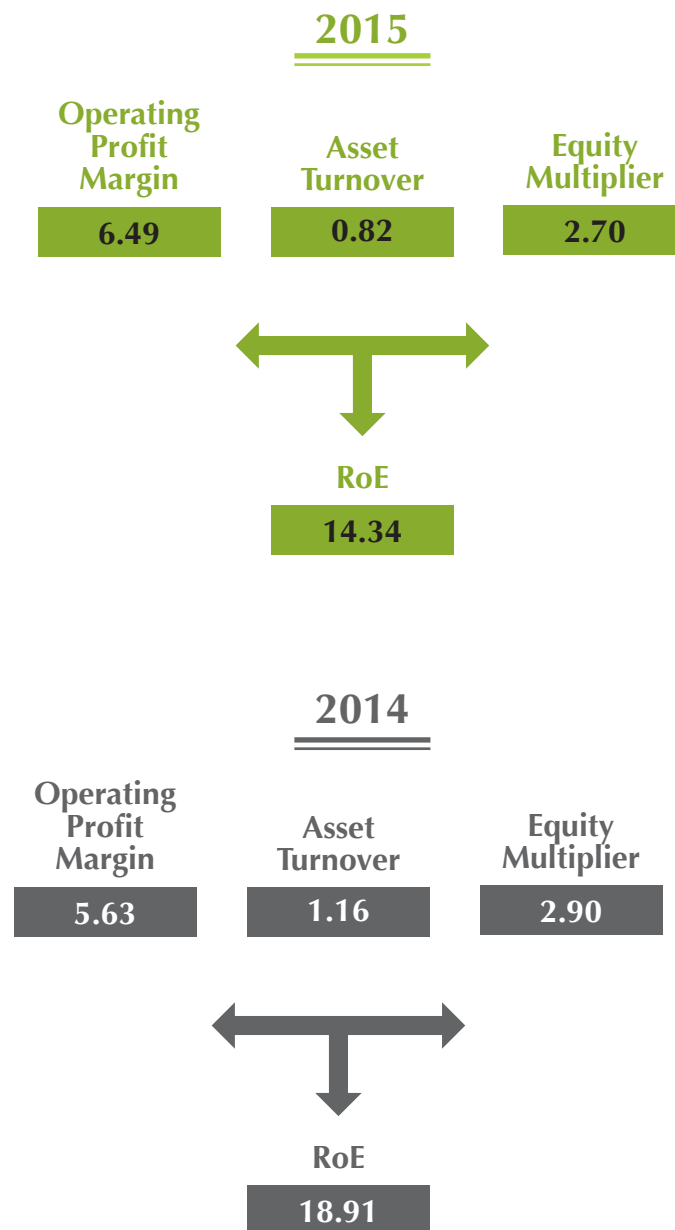


# summary of cash flow statement - last six years



	2015	2014	2013	2012	2011	2010
<b>Summary of Cash flows</b>	<b>(Rupees in `000)</b>					
Net cash generated from operating activities	47,568	155,756	110,000	509,525	79,741	375,735
Net cash used in investing activities	(141,856)	(70,990)	(71,920)	(224,006)	(212,659)	(212,325)
Net cash generated from / (used in) financing activities	130,105	(75,921)	(43,063)	(284,693)	117,417	(167,294)
Change in cash and cash equivalents	35,817	8,845	(4,983)	826	(15,501)	(3,884)
Cash and cash equivalents - beginning of the year	20,339	11,494	16,477	15,651	31,152	35,036
Cash and cash equivalents - Year end	56,156	20,339	11,494	16,477	15,651	31,152

# dupont analysis



# statement of value addition



## Wealth Generated

Gross sales  
Material and services  
Other income  
Share of profit in an associate

## Wealth Distributed

EMPLOYEES REMUNERATION

GOVERNMENT AS:

Direct and indirect taxes  
Workers' funds

CHARITY & DONATIONS

SHAREHOLDERS AS DIVIDEND  
Cash dividend\*\*

FINANCE COST

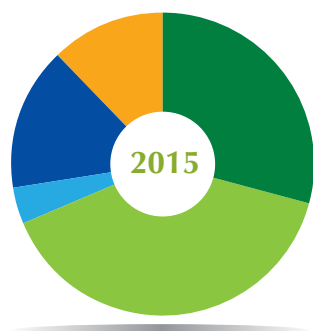
RETAINED IN BUSINESS

Depreciation & amortization  
Retained profit

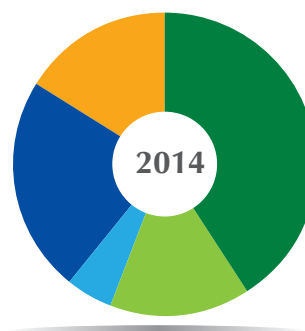
	2015		2014	
	(Rupees `000)			
	3,391,477		3,413,040	
	(2,535,668)		(2,863,079)	
	855,809		549,961	
	41,951		73,169	
	101,878		52,945	
	<u>999,638</u>		<u>676,075</u>	
EMPLOYEES REMUNERATION	293,759	29%	278,924	41%
GOVERNMENT AS:				
Direct and indirect taxes	382,117		96,990	
Workers' funds	3,390		2,382	
	385,507	39%	99,372	15%
CHARITY & DONATIONS	694	*	96	*
SHAREHOLDERS AS DIVIDEND				
Cash dividend**	42,939	4%	33,124	5%
FINANCE COST	152,869	15%	155,329	23%
RETAINED IN BUSINESS				
Depreciation & amortization	62,869		60,170	
Retained profit	61,001		49,060	
	123,870	12%	109,230	16%
	<u>999,638</u>	100%	<u>676,075</u>	100%

\* negligible

\*\* post balance sheet event



## Distribution



	Employees	Government	Shareholders	Finance cost	Retained in business
2015	29%	39%	4%	15%	12%
2014	41%	15%	5%	23%	16%



# statement of compliance

## with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.23 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Samir Mustapha Chinoy
Executive Directors	Mr. Aslam Faruque Mr. Tariq Faruque
Non-Executive Directors	Mr. Shehryar Faruque Mr. Arif Faruque Mr. Amer Faruque Mr. Maqbool H. H. Rahimtoola (NIT) Mr. Yasir Masood

The independent director meets the criteria of independence under clause 5.19.1. (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. 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 Directors of Mirpurkhas Sugar Mills Ltd. are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Further, an orientation course for Directors was arranged by the Company to apprise Directors of their duties and responsibilities. Three Directors of the Company are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.



15. The board has formed an Audit Committee. It comprises of four members, two of whom are Non-Executives Directors and one Independent Director.
16. The meetings of the Audit Committee were held atleast once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resource and Remuneration Committee. It comprises three members of whom two are non-executive directors. The chairman of the committee is a Non Executive Director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The “closed period”, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company’s securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board of Directors

**Maqbool H.H. Rahimtoola**  
Chairman

Karachi: December 28, 2015

## statement of compliance with the Best Practices of Transfer Pricing

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

For and on behalf of the Board of Directors

**Maqbool H.H. Rahimtoola**  
Chairman

Karachi: December 28, 2015

# 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 Mirpurkhas Sugar Mills Limited (the Company) for the year ended September 30, 2015 to comply with the requirements of Listing Regulation No. 35 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. 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 requirements of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

Further, Sub - Regulation (x) of Listing Regulations 35 of Karachi Stock Exchange Limited requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

**KRESTON HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Mohammad Hanif Razzak

Karachi: December 28, 2015

---

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# glossary of terms



## **AGM**

A mandatory, public yearly gathering of a publicly traded company's executives, directors and interested shareholders.

## **HS&E**

Health, Safety and Environment.

## **EBITDA**

Earnings before Interest, Taxes, Depreciation and Amortization.

## **Return on Equity (ROE)**

The value found by dividing the Company's net income by its net assets (ROE measures the amount a company earns on investments).

## **Current Ratio**

The current ratio indicates a company's ability to meet short-term debt obligations.

## **Acid Test Ratio**

The ratio of liquid assets to current liabilities.

## **Earnings Per Share**

Earnings found by dividing the net income of the Company by the number of shares of common outstanding stock.

## **Price-Earnings Ratio (P/E)**

The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

## **Dividend Payout Ratio**

The ratio found by dividing the annual dividends per share by the annual earnings per share.

## **Financial Leverage Ratio**

The ratio found by dividing total debt by the equity. This is a measure of financial risk.

## **IASB**

International Accounting Standards Board.

## **IFRS**

International Financial Reporting Standard.

## **IFRIC**

International Financial Reporting Issues Committee.

## **Amortization**

To charge a regular portion of an expenditure over a fixed period of time.

## **Joint Venture**

A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

## **KIBOR**

Karachi Inter Bank Offer Rate.

## **Spread**

Rate charged by the bank over KIBOR.

## **Gearing Ratio**

Compares some form of owner's equity (or capital) to borrowed funds.



# Financial Statements

- 64 Auditors' Report to the Members
- 65 Balance Sheet
- 66 Profit and Loss Account
- 67 Statement of Comprehensive Income
- 68 Cash Flow Statement
- 69 Statement of Changes in Equity
- 70 Notes to the Financial Statements

5,000  
21,500  
54,144  
80,6  
\$1,332,75

A blue-tinted photograph showing a magnifying glass with a black handle and a silver rim. The lens is focused on a document titled "Balance Sheet". Below the title, the word "Assets" is visible, followed by "Current A" and a partially visible "C". The background is a light blue surface.

Balance Sheet

Assets

Current A  
C

# auditors' report to the members



We have audited the annexed Balance Sheet of MIRPURKHAS SUGAR MILLS LIMITED 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 purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, 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, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d). in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the central zakat fund established under section 7 of that Ordinance.

Karachi: December 28, 2015

KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Mohammad Hanif Razak

## KARACHI Office:

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# balance sheet

As at September 30, 2015



	Note	2015	2014
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,681,812	1,613,034
Intangible asset	5	367	1,467
Long-term investments	6	660,274	558,396
Long-term deposits	7	4,581	5,765
		2,347,034	2,178,662
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	8	167,509	139,766
Stock-in-trade	9	387,049	274,256
Biological assets	10	28,362	72,150
Trade debts	11	34,609	35,851
Loans and advances	12	107,413	39,840
Trade deposits and short-term prepayments	13	2,750	1,992
Other receivables	14	241,668	124,169
Short-term investments	15	791,498	296,607
Tax refunds due from the Government	16	72,460	51,019
Cash and bank balances	17	56,156	20,339
		1,889,474	1,055,989
<b>TOTAL ASSETS</b>		<b>4,236,508</b>	<b>3,234,651</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	18	122,682	122,682
Reserves	19	1,566,899	956,713
		1,689,581	1,079,395
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>	20	555,749	574,015
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	21	540,000	340,000
Deferred liabilities	22	233,235	221,916
		773,235	561,916
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	548,469	434,191
Accrued mark-up	24	21,784	10,528
Short-term borrowings	25	597,690	424,606
Current portion of long-term financing	21	50,000	150,000
		1,217,943	1,019,325
<b>CONTINGENCIES AND COMMITMENTS</b>			
	26		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,236,508</b>	<b>3,234,651</b>

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

Aslam Faruque  
Chief Executive

Tariq Faruque  
Director

# profit and loss account

For the year ended September 30, 2015

	Note	2015	2014
(Rupees in '000)			
<b>Turnover - net</b>	27	3,061,737	3,330,536
Cost of sales	28	(2,736,332)	(3,074,914)
<b>Gross profit</b>		325,405	255,622
Distribution cost	29	(8,494)	(26,756)
Administrative expenses	30	(114,798)	(111,391)
Other operating expenses	31	(45,476)	(3,183)
		(168,768)	(141,330)
Other income	32	41,951	73,169
<b>Operating profit</b>		198,588	187,461
Finance cost	33	(152,869)	(155,329)
		45,719	32,132
Share of profit in an associate	6	101,878	52,945
<b>Profit before taxation</b>		147,597	85,077
Taxation	34	(43,657)	(2,893)
<b>Profit for the year</b>		103,940	82,184
Earnings per share - basic (Rupees)	35	8.47	6.70

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

Aslam Faruque  
Chief Executive

Tariq Faruque  
Director

# statement of comprehensive income

For the year ended September 30, 2015



	2015	2014
	(Rupees in '000)	
<b>Profit for the year</b>	103,940	82,184
<b>Other Comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Fair value gain on available-for-sale securities	444,891	69,639
<b>Items that may not be reclassified subsequently to profit and loss account</b>		
Actuarial gain on defined benefit plan	76,213	24,621
	521,104	94,260
<b>Total comprehensive income for the year</b>	<b>625,044</b>	<b>176,444</b>

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

Aslam Faruque  
Chief Executive

Tariq Faruque  
Director

# cash flow statement

For the year ended September 30, 2015

	Note	2015	2014
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		147,597	85,077
<b>Adjustments for:</b>			
Depreciation	4	61,769	59,070
Amortization	5	1,100	1,100
Provision for market committee fee		6,096	7,252
Provision for store obsolescence	8	783	-
Fair value adjustment of biological assets	31	36,905	(26,610)
Dividend income from related parties	32	(13,010)	(12,671)
Share of profit in an associate	6	(101,878)	(52,945)
Gain on disposal of property, plant and equipment	32	(24,497)	(18,668)
Finance cost	33	152,869	155,329
		120,137	111,857
		267,734	196,934
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
Stores, spare parts and loose tools		(28,526)	7,286
Stock-in-trade		(112,793)	(165,569)
Biological assets		6,883	1,544
Trade debts		1,242	(22,256)
Loans and advances		(67,573)	17,079
Short-term prepayments		(758)	(5,625)
Other receivables		(41,286)	(23,190)
		(242,811)	(190,731)
<b>Increase in current liabilities:</b>			
Trade and other payables		82,520	192,993
<b>Cash generated from operations</b>		107,443	199,196
Income tax paid - net		(59,875)	(43,440)
<b>Net cash generated from operating activities</b>		47,568	155,756
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	4	(150,480)	(104,492)
Sale proceeds of property, plant and equipment	4	44,430	20,831
Short-term investments		(50,000)	-
Long-term deposits		1,184	-
Dividend received from related parties	32	13,010	12,671
<b>Net cash used in investing activities</b>		(141,856)	(70,990)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance cost paid		(141,613)	(159,079)
Short-term borrowings		173,084	233,160
Long-term financing obtained		490,000	-
Long-term financing repaid	21	(390,000)	(150,000)
Payment of dividend		(1,366)	(2)
<b>Net cash generated from / (used in) financing activities</b>		130,105	(75,921)
<b>Net increase in cash and cash equivalents</b>		35,817	8,845
<b>Cash and cash equivalents at the beginning of the year</b>		20,339	11,494
<b>Cash and cash equivalents at the end of the year</b>		56,156	20,339

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

Aslam Faruque  
Chief Executive

Tariq Faruque  
Director

# statement of changes in equity

For the year ended September 30, 2015



	Issued, subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unappropriated profit	Actuarial gain on defined benefit plan	Fair value gain on available-for-sale securities		
(Rupees in '000)							
<b>Balance as at October 01, 2013</b>	111,529	34,250	549,442	16,496	191,234	791,422	902,951
Profit for the year	-	-	82,184	-	-	82,184	82,184
Other comprehensive income	-	-	-	24,621	69,639	94,260	94,260
Total comprehensive income	-	-	82,184	24,621	69,639	176,444	176,444
<b>Transaction with owners</b>							
Issue of bonus shares @ 10% i.e 01 share for every 10 shares held	11,153	-	(11,153)	-	-	(11,153)	-
<b>Balance as at September 30, 2014</b>	122,682	34,250	620,473	41,117	260,873	956,713	1,079,395
<b>Balance as at October 01, 2014</b>	122,682	34,250	620,473	41,117	260,873	956,713	1,079,395
Profit for the year	-	-	103,940	-	-	103,940	103,940
Other comprehensive income	-	-	-	76,213	444,891	521,104	521,104
Total comprehensive income	-	-	103,940	76,213	444,891	625,044	625,044
Surplus on revaluation of Land realised on account of disposal	-	-	18,266	-	-	18,266	18,266
<b>Transaction with owners</b>							
Final cash dividend for the year ended September 30, 2014 @ Rs. 2.70 /- per share	-	-	(33,124)	-	-	(33,124)	(33,124)
<b>Balance as at September 30, 2015</b>	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581

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

Aslam Faruque  
Chief Executive

Tariq Faruque  
Director

# notes to the financial statements

For the year ended September 30, 2015

## 1. STATUS AND NATURE OF BUSINESS

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

The registered office of the Company is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas, Sindh.

## 2. STATEMENT OF COMPLIANCE

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Accounting convention

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

- a. Derivatives financial instruments and investments which are stated at their fair values in accordance with IAS 39;
- b. Inventories which are valued at lower of moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;
- c. Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;
- d. Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19; and
- e. Free hold land which stands at revalued amount in accordance with IAS 16.


### 3.1.1 New standards, interpretations and amendments

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

IAS 32	Financial Instruments: Presentation – (Amendment) Offsetting Financial Assets and Financial Liabilities
IAS 36	Impairment of Assets – (Amendment) Recoverable amount disclosure for Non-Financial Assets
IAS 39	Financial Instruments: Recognition and measurement – (Amendment) Novation of Derivatives and continuation of Hedge Accounting
IFRIC 21	Levies

### Improvements to accounting standards issued by the IASB

IFRS 2	Share-based Payments – Definitions of vesting conditions
IFRS 3	Business combinations – Accounting for contingent consideration in a business combination
IFRS 3	Business combinations – Scope exceptions for joint ventures



IFRS 8	Operating segments – Aggregation of operating segments
IFRS 8	Operating segments – Reconciliation of the total of the reportable segments assets to the entity's assets
IFRS 13	Fair value measurement – Scope of paragraph 52 (portfolio exception)
IFRS 16	Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortization
IAS 24	Related Party Disclosures – Key management personnel
IAS 40	Investment Property – Interrelationship between IFRS 3 and IAS 40 (ancillary services)

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

### 3.2 Significant accounting judgments, estimates and assumptions

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

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

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

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

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

#### a) Employees retirement benefits

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

#### b) Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation / amortization, useful life and residual value used in the calculation of depreciation / amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment. As of the year end the Company estimates that there is no impairment on any of its assets.



**c) Classification of investments**

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

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

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

**e) Biological assets**

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

**f) Trade debts, loans and advances and other receivables**

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

**g) Taxation**

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

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

**h) Provision for impairment**

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

**i) Contingencies**

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





### 3.3 Taxation

#### a) Current

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

#### b) Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement.

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

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

#### c) Sales tax and Federal excise duty (FED)

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

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duty is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables or payables that are stated with the amount of sales tax and federal excise duty included.

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

### 3.4 Employees retirement benefits

#### a) Provident fund scheme

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

	2015	2014
	(Rupees in '000)	
Size of the trust	305,832	202,435
Cost of investments made	183,042	173,452
Fair value of investments	303,908	201,225
	(Percentage)	
Percentage of investments made	99.37	99.40

#### The major categories of investments

	(Rupees in '000)	
Banks	1,431	14,308
Government securities / debt instruments	146,790	119,995
Others	155,687	66,922
	<u>303,908</u>	<u>201,225</u>

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

#### b) Gratuity scheme

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

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

#### Principal actuarial assumptions used are as follows:

	2015	2014
	(% per annum)	
Valuation discount rate	9.25	13.50
Expected rate of return on plan assets	9.25	13.50
Expected rate of salary increase	8.25	12.50

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

	2015	2014
	(Rupees in '000)	
<b>Staff gratuity fund (Asset) / liability:</b>		
Present value of defined benefit obligation	79,242	73,027
Fair value of plan assets	(191,174)	(109,329)
Asset recognized as at September 30	(111,932)	(36,302)
<b>Amounts charged to profit and loss account:</b>		
Current service cost	5,214	5,045
Interest cost	9,665	7,943
Expected return on plan assets	(14,296)	(9,823)
	583	3,165
<b>Total re-measurements chargeable in other comprehensive income:</b>		
Remeasurement gain / (loss) on obligations	5,797	8,204
Remeasurement gain / (loss) on Plan assets	70,416	16,417
	76,213	24,621
<b>Movement in (Net Assets) / Liability recognized in the balance sheet:</b>		
Balance as at October 1	(36,302)	(17,861)
Net charge for the year	583	3,165
Actuarial gain charged to other comprehensive income	(76,213)	(24,621)
Contribution	-	3,015
Balance as at September 30	(111,932)	(36,302)
<b>Movement in the present value of defined benefit obligation:</b>		
Balance as at October 1	73,027	69,898
Current service cost	5,214	5,045
Interest cost	9,665	7,943
Benefits paid during the year	(2,867)	(1,655)
Actuarial (gain) / loss	(5,797)	(8,204)
Balance as at September 30	79,242	73,027
<b>Movement in the fair value of plan assets:</b>		
Balance as at October 1	109,329	87,759
Expected return	14,296	9,823
Contributions	-	(3,015)
Benefits paid	(2,867)	(1,655)
Actuarial gain	70,416	16,417
Balance as at September 30	191,174	109,329

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

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2015 was Rs. 84.71 million (2014: Rs. 26.24 million), calculated on the basis of market conditions as allowed under IAS 19.

### Sensitivity Analysis

Particulars	PVDBO (Rupees in 000')	Percentage Change
Current Liability	79,243	-
+ 1% Discount rate	72,796	(8.14%)
- 1% Discount rate	86,575	9.25%
+1% Salary increase rate	86,935	9.71%
- 1% Salary increase rate	72,384	(8.66%)
+ 10% withdrawal rates	79,225	(0.02%)
- 10% withdrawal rates	79,260	0.02%
1 Year mortality age set back	79,237	(0.01%)
1 Year mortality age set forward	79,249	0.01%

### Comparisons with past years:


	2015	2014	2013	2012	2011
			<i>(Restated)</i>	<i>(Restated)</i>	
	<b>(Rupees in 000)</b>				
Present value of defined benefit obligation	79,242	73,027	69,898	56,828	46,379
Fair value of plan assets	(191,174)	(109,329)	(87,759)	(69,963)	(31,820)
(Surplus) / deficit	<u>(111,932)</u>	<u>(36,302)</u>	<u>(17,861)</u>	<u>(13,135)</u>	<u>14,559</u>
Unrecognized actuarial gain / loss	-	-	-	13,135	-
Experience adjustments arising on plan liabilities	5,797	8,204	(4,438)	-	(242)
Experience adjustments arising on plan assets	70,416	16,417	7,799	-	(3,972)
	<u>76,213</u>	<u>24,621</u>	<u>3,361</u>	<u>13,135</u>	<u>(4,214)</u>

## 3.5 Property, plant and equipment

### a) Owned assets

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

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



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

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

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

**b) Assets subject to finance lease**

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

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

**c) Intangible assets**

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

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

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

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

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

### **3.6 Investments**

**a) In associate**

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

**b) Available-for-sale securities**

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

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

derecognized, at which time the cumulative gain or loss is recognized in other income, and removed from the available-for-sale reserve.

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

**c) Held-to-maturity investments**

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

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

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

**3.7 Stores, spare parts and loose tools**

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

**3.8 Stock-in-trade**

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

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

**3.9 Trade debts**

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

**3.10 Trade and other payables**

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

**3.11 Revenue recognition**

- a) Sales are recorded on dispatch of goods to customers.
- b) Income / return on investments, loans, advances and bank deposits is recognized on accrual basis.
- c) Dividend income on equity investment is recognized, when the right to receive the same is established.
- d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.
- e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.
- f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops.

### 3.12 Foreign currency transactions and translations

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

### 3.13 Provisions

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

### 3.14 Borrowing costs

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

### 3.15 Related party transactions

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

### 3.16 Financial instruments

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

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

### 3.17 Offsetting of financial assets and liabilities

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

### 3.18 Cash and cash equivalents

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

### 3.19 Dividend and appropriation to reserves

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

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		(Rupees in '000)	
Property, plant and equipment - owned	4.1	1,540,282	1,593,974
Capital work in progress	4.4	141,530	19,060
		<u>1,681,812</u>	<u>1,613,034</u>

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

2015	COST/ REVALUATION			DEPRECIATION				Book value as at Sep. 30, 2015	Depreciation rate per annum / life
	As at Oct. 01, 2014	Additions/ (revaluation) / (disposals)	As at Sep. 30, 2015	As at Oct. 01, 2014	Adjustment on disposals	For the year	As at Sep. 30, 2015		
(Rupees in '000)									
Free hold land (Note 4.3)	600,935	-	581,450	-	-	-	-	581,450	-
		(1,219)							
		(18,266)							
Building on free hold land:									
-Factory	39,986	-	39,986	24,566	-	1,542	26,108	13,878	10%
-Non factory	23,184	-	23,184	18,971	-	421	19,392	3,792	10%
Plant & machinery	1,442,889	22,629	1,465,518	533,564	-	45,843	579,407	886,111	5%
Furniture & fittings	612	-	612	372	-	63	435	177	5 Years
Vehicles	89,738	4,467	92,266	28,812	(1,491)	12,471	39,792	52,474	20%
		(1,939)							
Office & other equipment	12,527	164	12,691	10,476	-	807	11,283	1,408	5 Years
Computers & accessories	7,610	750	8,360	6,746	-	622	7,368	992	3 Years
	<b>2,217,481</b>	<b>28,010</b>	<b>2,224,067</b>	<b>623,507</b>	<b>(1,491)</b>	<b>61,769</b>	<b>683,785</b>	<b>1,540,282</b>	
		<b>(3,158)</b>							
		<b>(18,266)</b>							

2014	COST/REVALUATION			DEPRECIATION				Book value as at Sep. 30, 2014	Depreciation rate per annum / life
	As at Oct. 01, 2013	Additions/ revaluation/ (disposals)	As at Sep. 30, 2014	As at Oct. 01, 2013	Adjustment on disposals	For the year	As at Sep. 30, 2014		
(Rupees in '000)									
Free hold land (Note 4.3)	309,472	-	600,935	-	-	-	-	600,935	-
		291,463							
Building on free hold land:									
-Factory	39,986	-	39,986	22,853	-	1,713	24,566	15,420	10%
-Non factory	23,184	-	23,184	18,503	-	468	18,971	4,213	10%
Plant & machinery	1,395,818	47,071	1,442,889	486,748	-	46,816	533,564	909,325	5%
Furniture & fittings	612	-	612	267	-	105	372	240	5 Years
Vehicles	56,561	47,101	89,738	32,360	(11,762)	8,214	28,812	60,926	20%
		(13,924)							
Office & other equipment	11,732	795	12,527	9,559	-	917	10,476	2,051	5 Years
Computers & accessories	7,356	393	7,610	6,047	(138)	837	6,746	864	3 Years
		(139)							
	<b>1,844,721</b>	<b>95,360</b>	<b>2,217,481</b>	<b>576,337</b>	<b>(11,900)</b>	<b>59,070</b>	<b>623,507</b>	<b>1,593,974</b>	
		<b>291,463</b>							
		<b>(14,063)</b>							



#### 4.1.1 Depreciation charged for the year has been allocated as follows:

	Note	2015	2014
(Rupees in '000)			
Cost of sales	28	54,655	53,246
Distribution cost	29	187	237
Administrative expenses	30	6,927	5,587
		<u>61,769</u>	<u>59,070</u>

#### 4.1.2 Reconciliation of carrying amount:

Carrying amount at beginning of the year	1,593,974	1,268,384
Addition during the year	28,010	95,360
Revaluation of freehold land during the year	-	291,463
Reversal of revaluation of freehold land - sold	(18,266)	-
Depreciation for the year	(61,769)	(59,070)
Disposal during the year at carrying amount	(1,667)	(2,163)
	<u>1,540,282</u>	<u>1,593,974</u>

#### 4.2 Disposal of property, plant and equipment

Description	Cost / Carrying Value	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
(Rupees in '000)							
Free hold land							
Free hold land (32-19 acres)	19,485	-	19,485	43,841	24,356	Negotiation at FMV	Unicol Ltd - related party
Vehicles							
Suzuki Liana RXI APC-381	856	708	148	214	66	Employee Car Scheme	Mohammad Usman Bhatti
Suzuki Liana ARF-095	955	749	206	239	33	Employee Car Scheme	Syed Mohammad Tariq
Motor Cycle Honda CD 70, MPS-2791	60	1	59	70	11	Insurance claim	EFU Geneneral Insurance Ltd.
	1,871	1,458	413	523	110		
Aggregate of assets disposed-off having book value below Rs.50,000 each:							
Vehicles - Motor Cycle	68	33	35	66	31		
<b>2015</b>	<u>21,424</u>	<u>1,491</u>	<u>19,933</u>	<u>44,430</u>	<u>24,497</u>		
<b>2014</b>	<u>14,063</u>	<u>11,900</u>	<u>2,163</u>	<u>20,831</u>	<u>18,668</u>		

4.3 This includes Rs. 555.749 million (2014: Rs. 574.015 million) in respect of revaluation surplus. Had the revaluation not been carried out the freehold land would have been stated at Rs. 25.70 million (2014: Rs. 26.92 million).



4.4 Capital work in progress:	2015	2014
	(Rupees in '000)	
Plant and machinery	140,430	18,110
Stores held for capitalization	1,100	950
	<u>141,530</u>	<u>19,060</u>

4.4.1 Movement in Capital work in progress:	2015	2014
Opening	19,060	9,928
Add: Addition during the year	145,099	56,203
	<u>164,159</u>	<u>66,131</u>
Less: Transferred during the year	(22,629)	(47,071)
	<u>141,530</u>	<u>19,060</u>

## 5. INTANGIBLE ASSET

ERP System	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
<b>2015</b>	5,500	-	5,500	4,033	1,100	5,133	367	5 Years
<b>2014</b>	5,500	-	5,500	2,933	1,100	4,033	1,467	5 Years

### 5.1 Amortization charged for the year has been allocated as follows:

	Note	2015	2014
		(Rupees in '000)	
Cost of sales	28	660	660
Distribution cost	29	110	110
Administrative expenses	30	330	330
		<u>1,100</u>	<u>1,100</u>

## 6. LONG TERM INVESTMENT - In Associate

Unicol Limited			
23,059,573 (2014: 23,059,573 )			
fully paid ordinary shares			
of Rs.10/- each			
Equity held : 33.33 % (2014 : 33.33%)	6.1	558,396	505,451
Share of profit	6.1.2	101,878	52,945
		<u>660,274</u>	<u>558,396</u>

## 6.1 Unicol Limited

The Company holds 33.33% (2014: 33.33%) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / loss arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(a) . The share of Company in the net assets has been determined on the basis of the audited financial statements for the year ended September 30, 2015.

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

	Note	2015	2014
		(Rupees in '000)	
Non-current assets		997,127	968,987
Current assets		426,983	820,014
		1,424,110	1,789,001
Long-term liabilities		(330,818)	(392,566)
Current liabilities		(433,018)	(838,039)
		(763,836)	(1,230,605)
Net assets		660,274	558,396

### 6.1.2 The Company's share in profit and loss of Unicol Limited:

Sales		1,444,655	1,055,215
Cost of sales		(1,231,811)	(855,212)
		212,844	200,003
Other expenses, income and taxes		(110,966)	(147,058)
		101,878	52,945

## 7. LONG-TERM DEPOSITS

These represent non-interest bearing deposits paid by the Company for obtaining various services.

## 8. STORES, SPARE PARTS AND LOOSE TOOLS

Stores		71,993	49,616
Spare parts		103,108	97,059
Loose tools		1,230	1,130
		176,331	147,805
Provision for obsolescence	8.1	(8,822)	(8,039)
		167,509	139,766

8.1	Opening balance	8,039	8,039
	Provided during the year	783	-
	Closing balance	8,822	8,039

## 9. STOCK-IN-TRADE

Sugar	28	384,180	271,299
Sugar in process	28	2,869	2,957
		387,049	274,256

## 10. BIOLOGICAL ASSETS

Sugarcane		25,701	67,486
Others		2,661	4,664
		28,362	72,150
<b>Movement during the year</b>			
As at October 01		72,150	47,084
Addition due to cultivation		47,405	43,378
(Loss) / gain arising from initial recognition of standing crop less cost to sell		(36,905)	34,039
Decrease due to harvest sales		(54,288)	(52,351)
		28,362	72,150



**10.1** The value of sugarcane crop is based on estimated average yield of 665 maunds per acre (2014: 900 maunds) on cultivated area of 382 acres (2014: 576 acres).

**11. TRADE DEBTS - unsecured, considered good**

	Note	2015	2014
(Rupees in '000)			
Related party: Unicol Limited	11.1	2,047	-
Others:		32,562	35,851
		34,609	35,851
<b>11.1</b> Trade receivable are non-interest bearing and aging analysis of trade debts is as follows:			
Past due but not impaired - within 30 days		2,047	-

**12. LOANS AND ADVANCES - unsecured**

**Considered good:**

To suppliers	41,792	9,179
To employees classified as recoverable within next twelve months	201	265
Against letters of credit	22,399	1,133
To sugar cane growers	39,895	25,983
To transport contractors	3,126	3,280
	107,413	39,840

**Considered doubtful:**

Sugar cane growers	5,400	5,400
Provision there against	(5,400)	(5,400)
	-	-
	107,413	39,840

**13. TRADE DEPOSIT AND SHORT-TERM PREPAYMENTS**

Prepaid insurance	1,101	170
Prepaid rent	590	67
Prepaid others	976	1,672
Trade deposits	83	83
	2,750	1,992

**14. OTHER RECEIVABLES**

Sales tax / federal excise duty on unlifted sugar		50,691	8,822
Freight subsidy	14.1	79,045	79,045
Staff Gratuity fund	14.2	111,932	36,302
		241,668	124,169

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

**14.2** This represents amount determined on the basis of accounting policy as explained in note 3.4 (b)



## 15. SHORT-TERM INVESTMENTS

### Available-for-sale securities - related parties

#### Quoted:

Cherat Cement Company Limited  
5,770,252 (2014: 3,770,252)  
fully paid ordinary shares  
of Rs.10/- each

Cherat Packaging Limited  
1,367,380 (2014: 1,367,380)  
fully paid ordinary shares  
of Rs.10/- each

Note	2015	2014
	(Rupees in '000)	
	497,511	197,486
	293,987	99,121
	<u>791,498</u>	<u>296,607</u>

## 16. TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax refundable

72,460	51,019
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## 17. CASH AND BANK BALANCES

With banks in:

Current accounts  
PLS accounts

Cash in hand

45,590	5,446
8,716	13,583
<u>54,306</u>	<u>19,029</u>
1,850	1,310
<u>56,156</u>	<u>20,339</u>

17.1 Effective profit rate in respect of PLS accounts is 5% per annum (2014: 6 % per annum).

## 18. SHARE CAPITAL

### 18.1 Authorized capital

2015	2014		2015	2014
Number of Shares				
<u>15,000,000</u>	<u>15,000,000</u>	Ordinary shares of Rs. 10/- each	<u>150,000</u>	<u>150,000</u>

### 18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Issued for cash	17,700	17,700
10,498,219	9,382,927	Issued as fully paid bonus shares:	104,982	93,829
-	1,115,292	- Opening balance	-	11,153
<u>10,498,219</u>	<u>10,498,219</u>	- Issued during the year	<u>104,982</u>	<u>104,982</u>
<u>12,268,219</u>	<u>12,268,219</u>		<u>122,682</u>	<u>122,682</u>

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

	2015	2014
	Number of shares	
Faruque (Private) Limited	5,081,994	5,081,994
Greaves Pakistan (Private) Limited	292,735	292,735
	<u>5,374,729</u>	<u>5,374,729</u>

## 19. RESERVES

### Revenue reserves

	(Rupees in '000)	
General reserve	34,250	34,250
Unappropriated profit	709,555	620,473
Actuarial gain on defined benefit plan	117,330	41,117
Fair value gain on available for sales securities	705,764	260,873
	<u>1,566,899</u>	<u>956,713</u>

## 20. SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of freehold land	<u>555,749</u>	<u>574,015</u>
-----------------------------------------	----------------	----------------

It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders as of August 31, 2014 to determine the present (realizable) market value by enquiring from local active realtors. Revaluation surplus was credited to surplus on revaluation of fixed assets account, and during the year upon disposal of land the surplus so realized has been taken to statement of changes in equity.

## 21. LONG TERM FINANCINGS - secured

From commercial banks	Mode & commencement of repayment	Security	2015	2014	Markup / profit rate
			(Rupees in 000)		
Plant Expansion / BMR loans					
Finance 1 (Diminishing Musharika)	Sixteen quarterly installments commencing from December, 2013	First pari-passu hypothecation charge on plant & machinery	100,000	150,000	3 months average KIBOR + 0.50%
Finance 2	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	150,000	-	3 months average KIBOR + 0.60%
Finance 3 (Diminishing Musharika)	Ten semi annual installments commencing from October, 2017	First pari-passu hypothecation charge on plant & machinery	340,000	-	1 year average KIBOR + 1%
Finance 4	Ten semi annual installments commencing from February 2013	First pari-passu hypothecation charge on plant & machinery	-	180,000	6 month average KIBOR + 0.75%
Finance 5	Ten semi annual installments commencing from February 2014	First pari-passu hypothecation charge on plant & machinery	-	160,000	6 month average KIBOR + 0.40%
			<u>590,000</u>	<u>490,000</u>	
Less: Current maturity			<u>50,000</u>	<u>150,000</u>	
			<u>540,000</u>	<u>340,000</u>	

## 22. DEFERRED LIABILITIES

	Note	2015	2014
		(Rupees in '000)	
Quality premium	26.1.2 and 26.1.3	78,985	78,985
Market committee fee	26.1.4	50,029	43,933
Deferred tax liability - net	22.1	104,221	98,998
		<u>233,235</u>	<u>221,916</u>

## 22.1 DEFERRED TAX LIABILITY - NET

Note	2015	2014
	(Rupees in '000)	
<b>Taxable temporary differences arising in respect of :</b>		
- Accelerated tax depreciation allowance and investment	185,395	191,326
<b>Deductible temporary differences arising in respect of :</b>		
- Unabsorbed tax losses & tax credits	(67,495)	(90,843)
- Liabilities written back	(13,679)	(1,485)
	(81,174)	(92,328)
	<u>104,221</u>	<u>98,998</u>

## 23. TRADE AND OTHER PAYABLES

Creditors		186,581	45,575
Accrued liabilities	26.1.10 and 26.1.11	153,150	29,462
Advances from customers		157,372	335,577
Unclaimed dividend		34,872	3,114
Income tax payable		891	2,135
Sales tax payable		6,747	14,310
Workers' profit participation fund	23.1	2,456	1,726
Workers' welfare fund	31	934	656
Other liabilities		5,466	1,636
		<u>548,469</u>	<u>434,191</u>

## 23.1 Workers' profit participation fund

Opening balance		1,726	-
Interest thereon		52	-
		1,778	-
Less: Paid during the year		(1,778)	-
		-	-
Charge for the Year		2,457	1,726
Closing Balance		<u>2,457</u>	<u>1,726</u>

## 24. ACCRUED MARK-UP

On long-term financing		16,442	7,421
On short-term borrowings		5,342	3,107
		<u>21,784</u>	<u>10,528</u>

## 25. SHORT-TERM BORROWINGS - secured

Short-term running finance	25.1	447,690	174,606
Money market loans	25.2	150,000	250,000
		<u>597,690</u>	<u>424,606</u>

**25.1** This represents utilized portion of short term finance facilities aggregating Rs. 2,925 million (2014 : Rs. 1,925 million) obtained from various commercial banks. These carry mark-up ranging from 1-month KIBOR + 0.75% and 3-month KIBOR + 0.60 % to 1-month KIBOR + 1% and 3-month KIBOR+ 1% per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR + 0.35% to KIBOR + 0.75%. The facilities are secured against registered first pari-passu hypothecation charge over assets of the Company. These facilities are renewable annually.

**25.2** This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at 1-month KIBOR + 0.4% (2014: 1-month KIBOR + 0.5%). The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered first pari passu hypothecation charge over assets of the Company.

## **26. CONTINGENCIES AND COMMITMENTS**

### **26.1 Contingencies:**

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

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

**26.1.3** The Company has challenged in the Honorable High Court of Sindh, the issue of Notification No. 8 (142) SO (EXT) / 95 – XXI dated 24th December, 2002 issued by the Secretary to the Government of Sindh, Agriculture Department in connection with the fixation of sugar cane price and payment of quality premium. Pending judgement of the Sindh High Court, the Company has provided the liability in this regard, As judgement is still pending the government has continuously suspended the levy of quality premium from crushing season 2008-09 till Sep, 2014-15, through yearly notifications.

**26.1.4** The Company has filed a case in the Honourable High Court of Sindh against the levy of market committee fee by the Government of Sindh on sugarcane purchased at the factory. The Sindh High Court has granted status quo. Full todate provision of Rs. 50.03 million (Sep, 2014: Rs. 43.93 million) has been made as a matter of prudence, which includes Rs. 6.10 million for the crushing season Sep, 2014-15.

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

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



- 26.1.6** The Company in 2010, has filed a petition in the Honourable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the vary jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. Therefore, there are no financial implications related to this at the moment.
- 26.1.7** The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition filed in the Honourable High Court of Sindh has been allowed in favour of the Company. Furthermore, the Company has filed caveat in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour and the amount is insignificant and is not likely to be materialized.
- 26.1.8** The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 under this section and notification. On February 22, 2013. The Honourable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007 was likewise a nullity and of no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements for the year ended September 30, 2015. The department has filed in Honourable Supreme Court of Pakistan, a civil petition for leave to appeal against the judgement passed by Honourable High Court of Sindh in Company's favour and the Company is contesting the same.
- 26.1.9** The company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the orders of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 81.32 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The provision has been made in this financial statement as a matter of prudence.
- 26.1.10** The company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additiona l/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The provision has been made in this financial statement as a matter of prudence.

**26.1.11** The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still sub judice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015.

## 26.2 Commitments

	Note	2015	2014
		(Rupees in '000)	
<b>26.2.1</b> Letters of credit issued by commercial banks - for imported machinery		64,202	774

## 27. TURNOVER

Local sales		3,391,477	2,281,565
Federal excise duty		(329,740)	(82,504)
		3,061,737	2,199,061
Export sales		-	1,131,475
		3,061,737	3,330,536

## 28. COST OF SALES

Sugar cane cost		2,616,856	3,149,667
Stores and spare parts consumed		114,936	105,379
Packing material and expenses		47,683	57,310
Salaries, wages and other benefits	28.1	226,061	211,148
Water, fuel and power		21,615	20,165
Insurance		5,285	4,880
Repairs and maintenance		23,382	19,427
Vehicles expenses		10,008	12,069
Sugar handling expenses		3,395	2,526
Other expenses		13,187	12,023
Depreciation	4.1.1	54,655	53,246
Amortization	5.1	660	660
		3,137,723	3,648,500
Sugar-in-process - opening		2,957	4,304
- closing	9	(2,869)	(2,957)
		88	1,347
		3,137,811	3,649,847
Less: - sale of molasses	28.2	237,278	366,500
- sale of bagasse	28.2	51,320	41,517
		288,598	408,017
Cost of goods manufactured		2,849,213	3,241,830
Finished goods - opening		271,299	104,383
- closing	9	(384,180)	(271,299)
		(112,881)	(166,916)
		2,736,332	3,074,914

**28.1** This includes Rs. 4.84 million (2014: Rs. 7.22 million) in respect of staff retirement benefits.

**28.2** These figures are net of sales tax and special excise duty of Rs. Nil (2014 : Rs. Nil) in respect of molasses and Rs. 8.72 million (2014 : Rs. 7.06 million) in respect of bagasse.



29. DISTRIBUTION COST	Note	2015	2014
		(Rupees in '000)	
Salaries, wages and other benefits	29.1	3,021	2,849
Insurance		3,002	2,052
Sugar export freight & port handling expenses		-	20,394
Other expenses		2,174	1,114
Depreciation	4.1.1	187	237
Amortization	5.1	110	110
		<u>8,494</u>	<u>26,756</u>

**29.1** This includes Rs. 0.03 million (2014: Rs. 0.21 million) in respect of staff retirement benefits.

### 30. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	30.1	64,677	64,927
Directors' fee		1,025	850
Rent, rates and taxes		2,722	3,338
Communication expense		2,567	3,691
Conveyance and travelling		6,828	6,879
Printing and stationery		2,167	1,703
Entertainment		1,169	1,093
Vehicles expenses		2,835	3,172
Insurance		2,444	2,098
Repairs and maintenance		2,541	2,706
Subscription		1,912	2,541
Legal and professional charges		9,786	8,157
General expenses		4,526	2,070
Utilities		2,342	2,249
Depreciation	4.1.1	6,927	5,587
Amortization	5.1	330	330
		<u>114,798</u>	<u>111,391</u>

**30.1** This includes Rs. 2.15 million (2014: Rs. 1.71 million) in respect of staff retirement benefits.

### 31. OTHER OPERATING EXPENSES

Auditors' remuneration	31.1	793	705
Provision for stores obsolescence		783	-
Net loss from agriculture produce		39,816	-
Workers' profit participation fund	23.1	2,456	1,726
Workers' welfare fund	23.1	934	656
Charity and donation	31.2	694	96
		<u>45,476</u>	<u>3,183</u>

#### 31.1 Auditors' Remuneration

Annual audit fee	398	350
Half yearly review fee	125	125
Cost audit fee	165	165
Out of pocket expenses	105	65
	<u>793</u>	<u>705</u>

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

### 32. OTHER INCOME

	Note	2015	2014
		(Rupees in '000)	
<b>Income from financial assets</b>			
Dividend income from related parties		13,010	12,671
Profit on PLS and deposit accounts with banks		1,321	1,974
Mark-up on growers' loans		325	1,139
		14,656	15,784
<b>Income from non-financial assets</b>			
Gain on disposal of operating property, plant and equipment	4.2	24,497	18,668
Fair value adjustments / net gain or loss from agriculture produce		-	34,038
		24,497	52,706
<b>Other</b>			
Miscellaneous		2,798	4,679
		41,951	73,169

### 33. FINANCE COST

Mark-up on long-term financing	46,031	60,640
Mark-up on short-term borrowings	104,387	92,161
Interest on workers' profit participation fund	52	-
Bank charges	2,399	2,528
	152,869	155,329

### 34. TAXATION

Current	(35,359)	(39,727)
Prior	(5,338)	-
	(40,697)	(39,727)
Tax Credit	2,263	5,542
	(38,434)	(34,185)
Deferred	(5,223)	31,292
	(43,657)	(2,893)

The assessments of the Company for and upto the tax year 2015 have been completed. In view of unabsorbed losses the Company is only liable to pay minimum tax and final tax in the current year, therefore, no numerical tax reconciliation is given.

### 35. EARNINGS PER SHARE- basic

Profit after taxation	103,940	82,184
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	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	8.47	6.70

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

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

### 36.1 Market risk

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

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

#### a) Foreign currency risk

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

#### b) Interest rate risk

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

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 35.21 million (2014: Rs. 28.49 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variable remains constant.

### c) Price risk

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

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 791.50 million (2014: Rs. 296.61 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs. 79.15 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

## 36.2 Credit Risk

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

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

	2015	2014
	(Rupees in '000)	
Long-term deposits	4,581	5,765
Trade debts	34,609	35,851
Advances	43,021	29,263
Short-term investments	791,498	296,607
Bank balances	54,306	19,029
	<u>928,014</u>	<u>386,515</u>

### 36.2.1 Credit quality of financial assets

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

#### Trade debts

Customers with no default in the past one year

#### Advances

Counter parties without credit rating

#### Short-term investments

Counter parties without credit rating

#### Cash at bank

A1 +

34,609	35,851
43,021	29,263
791,498	296,607
54,306	19,029

## 36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at balance sheet date, the Company has unused credit facilities of Rs. 2,327 million (2014 : Rs. 1,500 million).

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

	INTEREST BEARING			NON-INTEREST BEARING			2015 Total (a+b)	2014
	Less than one year	One to five year	Sub total (a)	Less than one year	One to five year	Sub total (b)		
(Rupees in 000)								
<b>Financial liabilities:</b>								
Long-term financing	50,000	540,000	590,000	-	-	-	590,000	490,000
Deferred liabilities	-	-	-	-	129,014	129,014	129,014	122,918
Short-term borrowings	597,690	-	597,690	-	-	-	597,690	424,606
Trade & other payables	-	-	-	537,441	-	537,441	537,441	415,364
Accrued mark-up	-	-	-	21,784	-	21,784	21,784	10,528
	<u>647,690</u>	<u>540,000</u>	<u>1,187,690</u>	<u>559,225</u>	<u>129,014</u>	<u>688,239</u>	<u>1,875,929</u>	<u>1,463,416</u>

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

### 36.4 Fair value of financial instruments

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

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

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

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

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

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

	Total	Level 1	Level 2	Level 3
(Rupees in 000)				
<b>Investment at fair value (available-for-sale securities)</b>				
<b>30 September 2015</b>	791,498	791,498	-	-
<b>30 September 2014</b>	296,607	296,607	-	-

### 36.5 Capital risk management

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

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

The gearing ratios as at September 30, 2015 and 2014 were as follows:

	2015	2014
	(Rupees in '000)	
<b>Total Long-term debt</b>	590,000	490,000
Share Capital	122,682	122,682
Reserves	1,566,899	956,713
<b>Total Equity</b>	1,689,581	1,079,395
<b>Total Equity and Long-term debt</b>	2,279,581	1,569,395
<b>Gearing ratio</b>	25.88%	31.22%

### 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in 000)					
Remuneration & bonus	27,197	27,197	19,029	24,023	27,479	17,883
Housing allowance	1,452	1,452	6,077	1,452	3,007	5,678
Utilities	250	250	1,350	250	596	1,262
Leave fare assistance	1,373	1,373	-	1,221	1,221	-
Retirement benefits	2,974	2,974	1,893	2,619	2,619	1,907
	33,246	33,246	28,349	29,565	34,922	26,730
No. of persons	1	1	14	1	2	14

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

37.1 The aggregate amount charged in the financial statements for the year for fee to 5 directors amounted to Rs. 1.03 million (2014: 5 directors - Rs. 0.85 million).

### 38. TRANSACTIONS WITH RELATED PARTIES

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



Relationship	Nature of transactions	2015	2014
		(Rupees in '000)	
Group Companies	Services received	7,322	5,868
	Goods purchased	51,658	32,713
	Sales made	303,548	427,909
	Dividend received	13,010	12,671
	Dividend paid	1,348	-
	Investment made	50,000	-
Other related parties	Staff provident and gratuity funds	7,016	10,788

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

### 39. RECENT ACCOUNTING DEVELOPMENTS

#### Standards, interpretations and amendments issued but not yet effective.

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

Standard or Interpretation		Effective dates (accounting periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	January 1, 2015
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 1, 2016
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	January 1, 2016

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard		IASB Effective dates (annual periods beginning on or after)
IFRS 9	Financial Instruments classification and measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2018



#### 40. CAPACITY AND PRODUCTION

	2015	2014
No. of days mill operated	113	126
Crushing capacity per day (M.tons)	7,500	7,500
Total crushing capacity on the basis of no. of days (M.tons)	847,500	945,000
Actual crushing (M.tons)	609,569	725,210
Sugar production (M.tons)	67,175	76,228

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

#### 41. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 199 (2014: 193) and average number of employees during the year were 195 (2014: 205).

#### 42. DATE OF AUTHORIZATION FOR ISSUE

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

#### 43. DIVIDEND AND APPROPRIATIONS

Subsequent to the year ended September 30, 2015, the Board of Directors has approved/ proposed the following in its meeting held on December 28, 2015 for the approval of the members at the Annual General meeting.

	2015	2014
	(Rupees in '000)	
Final cash dividend @ Rs. 3.50/- per share (2014: Rs. 2.70/- per share)	42,939	33,124

43.1 The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceeds the amount of its paid up capital. However this tax shall not apply in case of a public company which distributes cash dividend equal to atleast either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the board of Directors of the Company declared a cash dividend amounting to Rs. 33.12 million in its meeting held on September 10, 2015 for the financial year 2014 & tax year 2015 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly the Company believes that it would not be liable to pay tax on its undistributed reserves as of September 30, 2014.

#### 44. CORRESPONDING FIGURES

There were no reclassifications that could affect the financial statements materially, Additionally due to nature an amount of Rs. 3.58 million (2014: Rs. 4.77 million) has been reclassified from short term to long term deposits.

#### 45. GENERAL

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

Aslam Faruque  
Chief Executive

Tariq Faruque  
Director

# pattern of shareholding

as at September 30, 2015



No. of Shareholders	Shareholding		Total Shares Held
	From	To	
1062	1	100	21,522
350	101	500	86,497
157	501	1000	119,000
199	1001	5000	487,949
45	5001	10000	333,326
20	10001	15000	242,324
12	15001	20000	223,994
2	20001	25000	41,123
3	25001	30000	79,995
1	30001	35000	34,646
2	35001	40000	73,155
2	45001	50000	97,000
1	50001	55000	50,200
3	55001	60000	179,026
1	70001	75000	71,000
1	80001	85000	83,500
1	90001	95000	90,001
1	125001	130000	125,170
1	220001	225000	221,116
1	290001	295000	292,735
1	310001	315000	314,532
1	335001	340000	339,495
1	370001	375000	370,861
1	495001	500000	499,316
1	730001	735000	732,500
1	800001	805000	802,353
1	1170001	1175000	1,173,889
1	5080001	5085000	5,081,994
1873			12,268,219

# categories of shareholders

as at September 30, 2015

















Categories of shareholders	No. of shareholders	Shares held
Directors and their spouse(s) and minor children		
MR. MAQBOOL H.H. RAHIMTOOLA	1	1,000
MR. ASLAM FARUQUE	1	9,120
MR. ARIF DINO FARUQUE	1	27,057
MR. AMER FARUQUE	1	7,934
MR. TARIQ FARUQUE	1	12,665
MR. SHEHRYAR FARUQUE	1	59,676
MR. SAMIR MUSTAPHA CHINOY	1	100
MR. YASIR MASOOD	1	100
Associated Companies, undertakings and related parties		
FARUQUE (PRIVATE) LIMITED	1	5,081,994
GREAVES PAKISTAN (PRIVATE) LTD	1	292,735
Executive(s)	1	10,000
Public Sector Companies and Corporations	8	1,138,073
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	12	136,484
Mutual Funds		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,173,889
General Public	1815	3,079,954
Others	26	1,237,438
<b>Total</b>	<b>1873</b>	<b>12,268,219</b>
Shareholders holding 5% or more		Shares Held
FARUQUE (PRIVATE) LIMITED		5,081,994
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,173,889
NATIONAL BANK OF PAKISTAN		802,353
ROSHAN AMIN TAI		732,500



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-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

# proxy form

Mirpurkhas Sugar Mills Limited  
51<sup>st</sup> Annual General Meeting



## IMPORTANT

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

Registered Folio/ Participant's

ID No. & A/c No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I / We \_\_\_\_\_

of \_\_\_\_\_

being member of Mirpurkhas Sugar Mills Limited, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

another member of the Company as my / our proxy to attend & vote for me/us and on my/our behalf at the 51<sup>st</sup> Annual General Meeting of the Company to be held on Saturday, January 30, 2016 at 12:00 noon and at any adjournment thereof.

## WITNESSES

1. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

Signature of  
Shareholder

Please affix  
Revenue  
Stamp

2. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

Note: SECP Circular of January 26, 2000 is annexed.



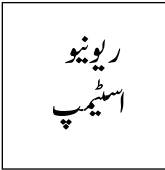
اہم نوٹ

پراکسی انسٹرومنٹ اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جنرل میٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہو جائے۔

رجسٹرڈ فوئیو نمبر / پارٹیسپنٹ شناخت نمبر
اکاؤنٹ نمبر
مجموعی شہیرز

میں مسمی / مسماة \_\_\_\_\_ سکنة \_\_\_\_\_  
 ضلع \_\_\_\_\_ بحیثیت ممبر میرپور خاص شوگر ملز لمیٹڈ، مسمی / مسماة \_\_\_\_\_  
 سکنة \_\_\_\_\_ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے اجلاس عام / سالانہ اجلاس / غیر معمولی اجلاس (یا جو بھی صورت حال ہو)، جو مورخہ 30 جنوری 2016 دوپہر 12:00 بجے بروز ہفتہ بمقام فیکٹری، جمراؤ، عمرکوٹ روڈ، میرپور خاص منعقد ہو رہا ہے، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

گواہان



رپو نیو  
اسٹیٹ پی

دستخط شہیر ہولڈر

1 دستخط \_\_\_\_\_  
 نام \_\_\_\_\_  
 پتہ \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر \_\_\_\_\_

2 دستخط \_\_\_\_\_  
 نام \_\_\_\_\_  
 پتہ \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر \_\_\_\_\_

نوٹ: ایس ای سی پی کاسٹر کلر بتاریخ 26 جنوری 2000 منسلک ہے۔

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

Islamabad, January 26, 2000.

Circular No.1 of 2000

Sub : GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

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

- A. Attending of meeting in person by account holders and/or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS :
- (1) The Company shall obtain list of beneficial owners from the CDC as per regulation # 12.3.5 of the CDC Regulations.
  - (2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up loaded as per the regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original Passport at the time of attending the meeting.
  - (3) In case of Corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.
- B. Appointment of proxies:
- (1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.
  - (2) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
  - (3) Attested copies of NIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
  - (4) The proxy shall produce his original NIC or original Passport at the time of the meeting.
  - (5) In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted alongwith Proxy Form to the Company.

sd  
(M. Javed Panni)  
Chief (Coordination)





GHULAM FARUQUE  
GROUP

**Registered Office / Factory:**

Sub Post Office Sugar Mill  
Jamrao, Umerkot Road,  
Mirpurkhas, Pakistan.

**Head Office:**

Modern Motors House  
Beaumont Road,  
Karachi-75530, Pakistan

UAN: +92 - 21-111- 354 -111

Fax: +92 - 21- 35688036

Web: [www.gfg.com.pk](http://www.gfg.com.pk)