

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>4.2 Depreciation has been charged to:</b>			
Cost of sales	25	<b>59,780,520</b>	68,761,729
Administrative expenses	26	<b>4,375,928</b>	4,841,016
		<b>64,156,448</b>	73,602,745
<b>4.3 Capital work in progress</b>			
Building and civil works		<b>16,432,789</b>	16,136,260
Plant and machinery		<b>843,380</b>	31,506,862
		<b>17,276,169</b>	47,643,122
<b>5 LONG TERM DEPOSITS</b>			
Utility		<b>5,000</b>	5,000
Others		<b>27,400</b>	35,000
		<b>32,400</b>	40,000
<b>6 INTANGIBLE ASSETS</b>			
<b>- Accounting Software</b>			
Cost		<b>1,209,500</b>	1,209,500
Accumulated amortization		<b>(1,209,500)</b>	(1,024,116)
		<b>-</b>	185,384
Rate of amortization		<b>20%</b>	20%
<b>7 BIOLOGICAL ASSETS</b>			
<b>At fair value</b>			
Carrying value at beginning of the year		<b>290,263</b>	167,513
Addition due to cultivation		<b>605,987</b>	1,072,150
Gain / (loss) arising from changes in fair value less estimated cost to sale		<b>1,840,072</b>	1,318,960
		<b>2,736,322</b>	2,558,623
Deduction due to harvesting		<b>(2,597,722)</b>	(2,268,360)
<b>Carrying value at end of the year</b>		<b>138,600</b>	290,263

**7.1 Operations and principal activities at farms**

The company's agriculture activities include sugar cane, seeds and wheat cultivation which is supplied to various sugar cane growers and other customers.

		<b>2015</b>	<b>2014</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>8 STORES AND SPARES</b>			
Stores		<b>94,171,334</b>	100,217,599
Spares		<b>15,926,176</b>	16,312,072
		<b>110,097,511</b>	<b>116,529,672</b>
<b>9 STOCK IN TRADE</b>			
Sugar in process		<b>5,190,763</b>	7,197,588
Sugar - finished goods		<b>581,060,476</b>	1,251,511,787
Molasses		<b>5,684,998</b>	20,216,350
		<b>591,936,237</b>	<b>1,278,925,726</b>
<b>10 SHORT TERM INVESTMENTS</b>			
Includes investments in term deposit receipts of various banks. Rate of return on these investments ranges from 7.05% to 8.50% (2014 : 7.05% to 8.50%).			
<b>11 TRADE DEBTS - CONSIDERED GOOD</b>			
This includes Rs.37.508 (2014 : Rs.37.508) million receivable from Province of Punjab through District Collector Bahawalnagar and other related Government departments (Refer Note 23.2).			
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>12 LOANS AND ADVANCES - CONSIDERED GOOD</b>			
Loan to staff		<b>1,550,721</b>	1,570,699
<b>Advances</b>			
- to growers		<b>3,283,716</b>	55,468,990
- to suppliers		<b>43,785,329</b>	36,652,517
- against income tax		<b>11,741,674</b>	52,251,170
- against expenses		<b>75,760</b>	276,080
		<b>58,886,479</b>	144,648,757
		<b>60,437,200</b>	<b>146,219,456</b>
<b>13 DEPOSITS AND PREPAYMENTS</b>			
Prepayments		<b>1,564,738</b>	746,196
Trade deposits		<b>1,917,483</b>	32,099,271
Performance bond		-	24,063,943
		<b>3,482,221</b>	<b>56,909,410</b>
<b>14 CASH AND BANK BALANCES</b>			
Cash in hand		<b>779,723</b>	1,311,921
<b>Cash at bank</b>			
- Current accounts		<b>68,317,796</b>	97,983,798
- Deposit accounts	14.1	<b>1,283,825</b>	1,115,796
		<b>69,601,621</b>	99,099,593
		<b>70,381,344</b>	<b>100,411,514</b>

**14.1** These carry mark up ranging from 6% to 7.50%(2014 : 6.25% to 8%).

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

2015 (Number of Shares)	2014		2015 Rupees	2014 Rupees
<b>Authorized capital</b>				
<u>25,000,000</u>	<u>25,000,000</u>	Ordinary shares of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued, subscribed and paid up capital</b>				
3,440,913	3,440,913	Ordinary shares of Rs. 10 each issued for cash	34,409,130	34,409,130
250,000	250,000	Issued to PICIC under terms of loan agreement	2,500,000	2,500,000
2,072,741	2,072,741	Issued as fully paid bonus shares Issuance of 200% right shares @	20,727,410	20,727,410
<u>11,527,308</u>	<u>11,527,308</u>	Rs.10/- each	<u>115,273,080</u>	<u>115,273,080</u>
<u>17,290,962</u>	<u>17,290,962</u>		<u>172,909,620</u>	<u>172,909,620</u>

**15.1** The number of shares held by associated companies - (related parties) of the company are 3,507,446 (2014 : 3,507,446).

**16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET**

	2015 Rupees	2014 Rupees
Opening balance	423,825,909	340,672,903
Revaluation surplus on land	-	320,767,907
Revaluation surplus on building	-	10,774,109
Reversal of revaluation on Plant & machinery	-	(247,074,331)
Transferred to equity in respect of incremental depreciation - net of deferred tax	(2,632,296)	(988,480)
Related deferred tax liability of incremental depreciation	(1,238,728)	(326,198)
	<u>(3,871,024)</u>	83,153,006
	<u>419,954,885</u>	423,825,909
<b>Less: Related deferred tax liability</b>		
- at beginning of the year	(22,363,155)	106,769,545
Reversal of deferred tax on opening surplus		(106,769,545)
Deferred tax on revised surplus		(22,689,353)
- on Incremental depreciation for the year	1,238,728	326,198
	<u>(21,124,427)</u>	(22,363,155)
	<u>398,830,458</u>	401,462,754

**16.1** Land, building, plant and machinery of the Company were first time revalued by an independent professional valuer M/s. Asif Associates (Private) Limited on the basis of present value as on July 14, 2004 resulting in surplus of Rs.488.629 million incorporated in the financial statements for the year ended September 30, 2006. Subsequently these were again revalued by the same professional valuer on the basis of present value as on July 09, 2009 & June 30, 2014 resulting in surplus of Rs.10.418 & 84.468 million respectively, which has been credited to surplus on revaluation of property plant and equipment.

**16.2** Had there been no revaluation, the status of revalued assets (after providing depreciation) would have been as follows: -

	<i>Cost as at September 30, 2015</i>	<i>Accumulated Depreciation</i>	<i>Written down Value as at September 30, 2015</i>
	----- Rupees -----		
Free hold land	18,015,030	-	18,015,030
Factory building on free hold land	91,065,530	50,091,368	40,974,162
Non - Factory building on free hold land	10,605,562	6,048,396	4,557,166
Plant and machinery	1,368,386,916	427,421,249	940,965,668
	<b>1,488,073,038</b>	<b>483,561,012</b>	<b>1,004,512,026</b>

#### **17 DIRECTOR'S SUBORDINATED LOAN**

	<i>2015 Rupees</i>	<i>2014 Rupees</i>
From associate	24,959,712	24,959,712
Less: Amortized cost	(8,737,612)	-
	<b>16,222,100</b>	<b>24,959,712</b>

This is an interest free and unsecured long term loan from chief executive of the company and is rescheduled since end of current year for 5 years. The amortization is based on 9 percent.

#### **18 LONG TERM FINANCES**

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>From banking company - Secured</b>			
Term loan	18.1	100,000,000	150,000,000
Term loan	18.2	167,965,277	197,124,300
Current maturity shown under current liabilities	22	(109,281,076)	(100,000,000)
		<b>158,684,201</b>	<b>247,124,300</b>

**18.1** This represents term loan of Rs.200 million and carries mark up at the rate of average of 3 months KIBOR plus 2.5%. The loan is payable in 8 equal semi annual installments of Rs.25 million starting from November 11, 2013. The loan is secured against first equitable mortgage over mill premises and first pari passu charge of Rs.267 million on the present and future fixed assets of the Company and subordination of loan agreement of Rs.267 million.

**18.2** This represents term loan of Rs.200 million and carries mark up at the rate of average of 6 months KIBOR plus 3%. The loan is payable in 8 equal semi annual installments of Rs.25 million starting from October 12, 2014. The loan is secured against first parri passu charge of Rs.267 million over plant and machinery and land and building of company and personal guarantee of Mr.Ghulam Ahmed Adam.

	Note	2015 Rupees	2014 Rupees
<b>19 DEFERRED LIABILITIES</b>			
Deferred taxation	19.1	103,058,093	115,118,787
Staff retirement benefits	19.2	1,018,696	1,134,661
		<u>104,076,789</u>	<u>116,253,448</u>

**19.1 Deferred taxation comprises differences relating to:**

**Credit balance arises due to:**

Accelerated tax depreciation	249,154,639	245,342,484
------------------------------	-------------	-------------

**Debit balance arises due to:**

Provision for gratuity	(325,983)	(374,438)
Tax credit	(17,846,151)	(19,803,559)
Tax losses	(65,895,135)	(50,911,651)
Tax loss for the year	(19,937,935)	(17,042,707)
Minimum tax impact	(42,091,342)	(42,091,342)
	<u>(146,096,546)</u>	<u>(130,223,697)</u>
	<u>103,058,093</u>	<u>115,118,787</u>

**19.2 Staff retirement benefits  
- Gratuity**

**a) Movement in defined benefit obligation**

**Present value of defined benefit obligation**

At beginning of the year	1,134,661	1,219,868
Charge for the year	263,519	221,849
Benefits paid	(230,250)	(272,212)
Actuarial gain on PVDBO	(149,234)	(34,844)
At the end of the year	<u>1,018,696</u>	<u>1,134,661</u>

**b) Charge for the year**

Current service cost	110,340	97,216
Interest cost	153,179	124,633
	<u>263,519</u>	<u>221,849</u>

**c) The principal actuarial assumptions used for the purpose of the valuation were as follows:**

	2015 Per annum	2014 Per annum
Discount rate	9.25%	13.5%
Expected rate of increase in salary	-	13.5%
Average expected remaining working life time of employees	2 Years	3 years

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>20 SHORT TERM BORROWINGS</b>			
<b>Unsecured - interest free</b>			
- from chief executive		<b>304,017,171</b>	604,017,171
<b>Secured - interest bearing</b>			
- from banking companies	20.1 & 20.2	<b>449,171,673</b>	699,984,309
		<b>753,188,844</b>	1,304,001,480

**20.1** The short term credit facilities available from banking companies and unavailed in respect of cash finances as at September 30, 2015 amount to Rs.1.50 (2014 : Rs.1.20) billion. These finances are secured against pledge of refined white sugar, subordination of director's loan and personal guarantee of chief executive of the Company. Mark up charging rate ranges from one month KIBOR + 1.75% to three months KIBOR + 2.5% (2014 : one month KIBOR + 1.75% to six months KIBOR + 3%).

**20.2** The details of other credit facilities available to the company and not availed as at September 30, 2015 are as under:

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>Nature of Facilities</b>			
Murabaha (Salam)		<b>500,000,000</b>	500,000,000
<b>Sub-limits of cash finance facilities are:</b>			
Letter of credit (0.1% per quarter)		<b>250,000,000</b>	250,000,000

## **21 TRADE AND OTHER PAYABLES**

Trade creditors		<b>197,204,580</b>	126,031,903
Accrued liabilities		<b>35,128,114</b>	49,471,532
Advance from customers		<b>4,451,869</b>	200,941,657
Retention money		<b>126,598</b>	124,697
Workers Profit Participation Fund payable	21.1	-	12,359,987
Workers Welfare Fund payable		<b>8,190,880</b>	8,190,880
Provident fund payable	21.2	<b>7,118,800</b>	7,110,442
Market committee fee payable		<b>3,241,521</b>	2,815,026
Others		<b>1,259,161</b>	6,850,789
		<b>256,721,523</b>	413,896,914

### **21.1 Workers Profit Participation Fund payable**

Opening balance		<b>12,359,987</b>	10,408,410
Interest on funds utilized in the Company's business	29	<b>1,138,385</b>	1,951,577
		<b>13,498,372</b>	12,359,987
Payments made during the year to workers		<b>(13,498,372)</b>	-
			12,359,987
Provision for the year		-	-
		<b>-</b>	12,359,987

**21.2** The Company is maintaining separate bank account for provident fund in its own name.

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>22 CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Current maturity of long term loan	18	<u><b>109,281,076</b></u>	<u>100,000,000</u>

### **23 CONTINGENCIES**

**23.1** The food Secretary Punjab imposed a penalty of Rs.372,494 against the Company. The Company made appeal in Lahore High Court which was dismissed by the Honourable Court. Now the case has been filed in the Supreme Court of Pakistan and the Company expects favourable outcome of the case.

**23.2** The company has filed case in Honourable Lahore High Court, Bahawalpur Bench, Bahawalpur against Province of Punjab through District Collector Bahawalnagar and other related Government departments for the recovery of Rs.55,161,000, being market value of sugar stock forcefully lifted by the Government of Punjab over and above from the quantity fixed by the Honorable Supreme Court of Pakistan at the rate of Rs. 38/kg. The management of the company is confident that the decision of the case will be in favour of the company. However, the company has recorded receivable amounting to Rs.37,507,900 at Rs.38/kg.

**23.3** CPLA titled "Adam Sugar Mills Vs. Secretary to Govt. of Punjab, Food Department and Others" filed by the Company on 10-07-2010 in the Supreme Court against the judgment dated 17-05-2010 of the Lahore High Court.

The matter involves no future liability as the disputed amount has already been paid under direction of the High Court.

**23.4** A case has been filed by the Company in Honorable Lahore High Court against Additional Collector in which legal interpretation is sought about whether the Company should pay sales tax on the price charged by the Company or on the rate fixed by the FBR. The Company is confident of favourable outcome of this case.

**23.5** An appeal is pending against order of Commissioner Social Security dated 02-05-2005 involving the disputed demand of Rs.1.6 million on account of alleged unpaid social security contribution on special allowance.

No likelihood of liability is expected and right of appeal in the Supreme Court of Pakistan exists with the Company.

**23.6** An appeal is pending in the Lahore High Court Bahawalpur bench against order of Punjab Social Security Court dated 07-02-2012 involving the disputed demand of Rs.4.519 million.

No provision has been made as appellate remedy in Supreme Court is available against an adverse order, if any.

23.7 Guarantees issued by Banking Companies on behalf of the Company are as follows:

	<i>Note</i>	<b>2015</b> <i>Rupees</i>	<b>2014</b> <i>Rupees</i>
<b>In favour of :</b>			
Market Committee Chishtian		<b>130,000</b>	130,000
Excise duty collection Multan		<b>50,000</b>	50,000
Trading Corporation of Pakistan (Private) Limited		-	24,063,943
Punjab Employees Social Security Institution		<b>23,518,154</b>	9,894,000
		<b>23,698,154</b>	34,137,943

#### 24 SALES - NET

Sugar - Local	<b>1,862,165,925</b>	3,170,070,931
Export sale	<b>631,357,180</b>	43,384,082
Molasses	<b>121,079,882</b>	216,862,000
	<b>2,614,602,987</b>	3,430,317,013
Federal excise duty	<b>(162,606,430)</b>	(255,906,802)
	<b>2,451,996,557</b>	3,174,410,211

#### 25 COST OF SALES

<b>Manufacturing cost</b>			
Sugarcane purchased & consumed		<b>1,621,411,451</b>	2,241,920,115
Handling expenses		<b>1,197,615</b>	1,407,089
Road cess		<b>13,511,589</b>	13,180,890
Stores consumed		<b>31,054,632</b>	36,891,841
Market committee fees		<b>1,703,280</b>	2,636,174
Salaries, wages and allowances	25.1	<b>95,280,234</b>	82,453,921
Repairs and maintenance	25.2	<b>35,052,135</b>	11,854,684
Fuel and power		<b>34,261,413</b>	27,099,398
Insurance		<b>5,706,284</b>	7,581,766
Flying ash removal expenses		<b>2,151,326</b>	2,311,516
Depreciation	4.2	<b>59,780,521</b>	68,761,729
		<b>1,901,110,479</b>	2,496,099,122
Opening stock of sugar in process		<b>7,197,588</b>	4,713,821
Closing stock of sugar in process		<b>(5,190,763)</b>	(7,197,588)
		<b>2,006,825</b>	(2,483,767)
<b>Cost of goods manufactured</b>		<b>1,903,117,305</b>	2,493,615,355
<b>Opening stock</b>			
Molasses		<b>20,216,350</b>	7,070,960
Sugar - finished goods		<b>1,251,511,787</b>	1,776,999,151
		<b>1,271,728,137</b>	1,784,070,111
<b>Closing stock</b>			
Molasses		<b>(5,684,998)</b>	(20,216,350)
Sugar - Finished goods		<b>(581,060,477)</b>	(1,251,511,787)
		<b>(586,745,474)</b>	(1,271,728,137)
		<b>2,588,099,968</b>	3,005,957,329



**25.1** It includes Rs.263,519 (2014 : Rs.221,849) contribution each from the employees and the Company towards the provident fund scheme.

**25.2** It includes an amount of Rs.2.958 (2014 : Rs.6.531) million paid against purchase of lube oil from Adam Lubricants Limited (associated undertaking). The pricing policy and terms and conditions are approved by the management and the same are entered at fair value.

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
<b>26 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other allowances	26.1	<b>33,278,126</b>	28,334,877
Director remuneration		<b>672,788</b>	638,221
Printing and stationery		<b>972,991</b>	1,121,290
Postage, telegram and telephone		<b>1,634,298</b>	1,855,715
Vehicle running expenses		<b>1,489,616</b>	1,530,901
Conveyance and travelling expenses		<b>762,667</b>	1,242,639
Auditors' remuneration	26.2	<b>727,500</b>	675,000
Legal and professional charges		<b>2,167,390</b>	3,739,095
Rent, rates and taxes		<b>820,940</b>	809,167
Electricity charges		<b>1,791,916</b>	1,358,599
Fees and subscription		<b>439,635</b>	2,069,887
Entertainment		<b>663,747</b>	940,454
General expenses		<b>385,845</b>	853,865
TCP Charges		<b>1,143,897</b>	3,293,728
Repair and maintenance		<b>553,593</b>	844,753
Charity and donation	26.3	<b>2,480,764</b>	4,677,620
Computer expenses		<b>610,696</b>	185,670
Amortization of intangible assets	6	<b>185,385</b>	241,900
Depreciation	4.2	<b>4,375,928</b>	4,841,016
		<b>55,157,722</b>	59,254,397

**26.1** This includes staff retirement benefits of Rs.263,519 (2014 : Rs.221,849).

**26.2 Auditors' remuneration**

**Statutory Audit**

Haroon Zakaria & Company

- Statutory audit fee	<b>484,000</b>	440,000
- Review of half yearly accounts	<b>49,500</b>	45,000
- Review of compliance with corporate governance	<b>44,000</b>	40,000
	<b>577,500</b>	525,000

**Cost audit**

Amir Hussain Associates

- Cost audit fee	<b>150,000</b>	150,000
	<b>727,500</b>	675,000

**26.3** None of the directors or their spouses had any interest in the donee institutions.

	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>27 SELLING AND DISTRIBUTION EXPENSES</b>			
Loading and unloading expenses		1,468,453	1,425,218
Shifting expenses		2,195,271	2,202,639
Advertisement expenses		116,733	287,055
Export expenses		385,600	2,543,966
Commission expenses		100,000	712,015
		<u>4,266,057</u>	<u>7,170,893</u>
<b>28 OTHER OPERATING INCOME</b>			
<b>Income from financial assets</b>			
Profit on term and fixed deposits		3,220,295	7,030,976
<b>Income from assets other than financial assets</b>			
Rent		18,000	18,000
Realized farming income - net		1,745,151	3,101,194
Unrealized farming gain/ (loss)-net		94,920	(89,349)
Exchange Loss		-	(166,220)
Rebate		137,800,000	-
Miscellaneous		102,290,401	-
		<u>241,948,472</u>	<u>2,863,626</u>
		<u>245,168,767</u>	<u>9,894,602</u>
<b>29 FINANCE COST</b>			
<b>Mark up on</b>			
- short term borrowings		89,906,852	118,522,522
- long term finances		36,150,682	44,908,401
- workers profit participation fund and Provident Fund	21.1 & 21.2	1,138,385	1,951,577
		<u>127,195,918</u>	<u>165,382,500</u>
Bank charges and commission		5,054,136	5,973,544
		<u>132,250,055</u>	<u>171,356,044</u>
<b>30 TAXATION</b>			
Deferred	30.3	<u>12,108,449</u>	<u>(89,811,270)</u>

**30.1** Taxation is not charged owing to tax credit under section 65(B) of income tax ordinance, 2001.

**30.2** Income tax returns upto and including the tax year 2014 have been filed, which are deemed to be the assessment orders under provisions of the Income Tax Ordinance, 2001. However the commissioner of income tax may any time during the period of five years select the deemed assessment for audit.

**30.3** This includes reduction in opening deferred tax liabilities amounting to Rs.1,151,187 due to reduction in tax rate