Abdullah Shah Ghazi
Sugar Mills Limited

32nd ANNUAL REPORT
2015

MACCA GROUP

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Corporate Profile

Board Directors

Mr. Riaz Qadeer Butt (Chief Executive/Director)

Muhammad Nawaz

Muhammad Rashid Raza

Atif Butt

Muhammad Talib

Yasir Iqbal

Muhammad Dawood

Audit Committee

Mr. Riaz Qadeer Butt	(Director)
Muhammad Talib	(Member)
Yasir Iqbal	Member)

Chief Financial Officer

Sohail Azam Khan

Company Secretary

Saleem Abbas

Internal Auditors

Riaz Ahmad, Saqib, Gohar and Company
Chartered Accountants

Auditors

Kaleem & Company
Chartered Accountants

Registrar

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

Registered Office

7/10, A-2 Arkay Square
Shahrah-e-Liaqa, New Challi, Karachi

Mill

Abdullah Shah, Ghaziabad Garho, District Thatta, Sindh.

Bankers

Bank Islami Pakistan Lamited
Summit Bank Limited
Bank Al-Falah Limited
Silk Bank Limited
MCB Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Allied Bank Limited
Website: www.asgsml.co

Mission Statement

To be the premier sugar and allied product's manufacturer while providing our clients with flexibility, on-time delivery, and consistent quality and to achieve sustainable and equitable expansion and growth through efficient and cost effective resources and at the same time developing a Corporate business environment most suited to all the employees and people Concerned.

Vision Statement

To transform the Company into a market leader for the Quality Sugar Manufacturing, while keeping our focus on the growing customer base, be characterized by a high degree of professionalism and is accountable for the successful fulfillment of the company's mission, and to play a meaningful role in the economy of Pakistan.

NOTICE OF THIRTY SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN to all the Members of Abdullah Shah Ghazi Sugar Mills Limited (the 'Company") that thirty second Annual General Meeting of the Company will be held at **09:00 amon** June 12, 2017 at Diamond Banquet, Plot No. C-36, 37 Extension, Gulshan-e-Hadeed, Phase-1, Karachi, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on February 25, 2015.
2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2015 together with Director's and Auditor's Report thereon.
3. To appoint Statutory Auditors of the Company for the financial year 2015-16 and fix their remuneration.
4. To transact any other matter with the permission of the Chair.

By Order of the Board

Saleem Abbas
Company Secretary

Lahore:
May 22, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from June 05, 2017 to June 12, 2017 (both days inclusive) and no transfer will be accepted for registration during this period.
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent Central Depository Company of Pakistan, Located at CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the above said address, not less than 48 hours before the meeting.
4. Any individual beneficial owner of CDC, entitled to vote at the Annual General Meeting, must bring his/her CNIC with his/her to prove his here identity, and in case of proxy attested copy of share holder's CNIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.

DIRECTOR'S REPORT

Dear Members,

On behalf of the board of directors, I welcome you all to the thirty first annual general meeting of the Company and present before you the annual report for the financial year ended September 30, 2015 along with financial statements and auditor's report thereon. The financial results of the year under review can be summarized as follows:

FINANCIAL RESULTS

	2015 Rupees	2014 Rupees
Net sales	**1,763,890,388**	1,057,295,114
Gross loss	**(486,469,577)**	(99,987,744)
Net (loss)/profit after tax	**(515,794,666)**	68,684,884
Key performance indicators		
- Gross loss as % to sales	**(27.58 %)**	(9.46 %)
- Net (loss)/profit % to sales	**(29.24 %)**	6.50 %
- (Loss)/ earning per share	**(6.51)**	0.87

Loss for the year is attributed to lower sugar prices mismatched by higher sugar cane support prices coupled with huge losses incurred on sale of moisted / substandard sugar stocks previously held by Trading Corporation of Pakistan (TCP). The Company has filed a legal suit for recovery of the losses from TCP, being breach of contractual obligation on their part, but as a matter of prudence has fully accounted for the losses in these financial statements.

OPERATING RESULTS:

The operating results for the year under review are summarized below:

		2015	2014
Crushing days	Days	**87**	127
Cane crushed	Tons	**267,160.135**	249,886.963
Avg. crushing Per day	Tons	**3,070.806**	1,967.614
Sugar produced	Tons	**26,490.000**	24,641.500
Average sugar recovery	% age	**9.910 %**	9.861 %
Molasses recovery	% age	**5.049 %**	4.961 %

FUTURE OUTLOOK:

Due to scarcity of sugar cane in surrounding areas of mills and current liquidity crunch resulting from persistent losses, future looks tough. However, management is striving hard to safely sail out Company out of current troubled situation and firmly believes that following factors will eventually pave way to deliver long term values to all stakeholders including our worthy shareholders:

- Unfavorable business conditions are temporary and cyclical in nature and would reverse in future.
- Arbitration efforts that have been undertaken to resolve dispute with TCP will be successful and the Company will be able to settle the subject amount in a convenient and sustainable manner.
- Negotiations with all the secured creditors and financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management expects that the remaining will also turnout successful.
- There will be a persistent financial support from sponsors to enable Company to survive as a "going concern".
- Management is actively pursuing a plan to reduce cost and to increase the efficiency of mills.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Directors are pleased to confirm compliance with corporate and financial reporting framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following:

CORPORATE GOVERNANCE COMPLIANCE:

The compliance with the best practices of Code of Corporate Governance provides comfort to the Board. Therefore, the management ensures that all requirements of the code of corporate governance are complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The company has maintained proper books of accounts as per statutory requirements.

* Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
* The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
* The system of internal control is sound in design and has been effectively implemented and monitored.
* There are no significant doubts upon the company's ability to continue as a going concern.
* There has been no departure from the best practices of corporate governance, as detailed in the list in regulations.
* Key operating and financial data of last six years is annexed in summarize form.
* Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
* The Company operates an un-funded gratuity. Scheme for all employees. The net value of investment in the irrespective accounts is given in related note(s) to the accounts.
* All material information, as described in the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.
* The Directors are aware of their fiduciary responsibilities.
* The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no trading in the company's share during the year. The number of shares, if any, held by them is annexed.

BOARD MEETINGS:

During the year under review four (04) meetings of the Board of Directors were held. Participation of Directors is as follows: -

Director's Names	Meetings Attended
Riaz Qadeer Butt	4
Muhammad Rashid Rana	4
Atif Butt	4
Muhammad Talib	4
Yasirlqbal	4
Shoukat Ali Butt	4
Muhammad Nawaz	1

AUDIT COMMITTEE:

The audit committee is performing its duties in the line with its terms of reference framed by the Company's Board of Directors.

HUMAN RESOURCES AND REMUNERATION COMMITTEE:

The HR and Remuneration Committee comprises of three members. The Committee met once in a year.

PATTERN OF SHAREHOLDING:

Pattern of shareholding as at September 30, 2015 is annexed.

AUDITORS:

The present auditors, Kaleem & Company, Chattered Accountants, retire and offer themselves for reappointment for 2015-16. Audit Committee has also recommended them for reappointment.

APPRECIATION:

The Board acknowledges with thanks the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for their devotion and hard work.

On behalf of Board of Directors

Riaz Qadeer Butt
(Chief Executive)

Karachi: May 22, 2017

6 YEARS FINANCIAL HIGHLIGHTS

(Figure in Thousand)

DESCRIPTION	2015	2014	2013	2012	2011	2010
Profit and loss:						
Turnover (Net Sales)/ Toll manufacturing income	1,763,890	1,057,295	1,277,459	581,462	1,263,144	1,249,555
Gross Profit / (Loss)	(486,470)	(99,988)	44,833	145,850	184,950	137,463
Operating Profit / (Loss)	(526,580)	(144,429)	(6,488)	118,808	159,036	109,957
Profit / (Loss) before Taxation	(563,636)	113,462	(95,508)	9,250	19,450	38,085
Profit / (Loss) after Taxation	(515,795)	68,685	(98,400)	0.686	8,978	41,746
Balance Sheet:						
Shareholder Equity	792,617	792,617	792,617	792,617	792,617	792,617
Surplus on Revaluation of Fixed Assets	568,857	574,722	608,650	644,802	57,002	60,568
Accumulated Profit / (Loss)	(1,077,737)	(595,159)	(697,069)	(635,650)	(637,770)	(650,314)
Property, Plant & Equipment	2,714,146	1,900,958	1,811,671	1,828,255	871,509	747,376
Other Long Term Assets	1,326	5,357	5,376	5,316	4,935	4,654
Current Assets	464,544	1,678,716	1,348,260	1,405,252	958,891	586,848
Current Liabilities	2,440,283	2,338,501	1,648,374	1,570,257	1,053,983	584,346
Long Term Liabilities	455,997	474,351	812,735	822,629	569,504	551,662
Significant Results:						
Gross Profit / (Loss) Ratio %	(27.58)	(9.46)	3.51	25.08	14.64	11.00
Profit / (Loss) before Tax Ratio%	(31.95)	10.73	(70.48)	1.59	1.54	3.05
Current Ratio	0.190	0.718	0.818	0.895	0.910	1.004
Earning / (Loss) Per Share	(6.507)	0.867	(1.241)	0.010	0.110	0.560

THE COMPANIES PRDINANCE, 1984

(Section 236 (1) and 464

1 Incorporation Number **0011303**

2 Name of the Company **ABDULLAH SHAH GHAZI SUGAR MILLS LTD**

3 **Pattern of holding of the shares held by the Shareholders as at September 30, 2015.**

4

# Of Shareholders	Shareholding's Slab			Total Shares Held
684	1	to	100	58,070
640	101	to	500	239,166
76	501	to	1000	65,785
67	1001	to	5000	154,811
16	5001	to	10000	125,781
1	10001	to	15000	10,500
2	15001	to	20000	39,498
1	20001	to	25000	23,669
3	25001	to	30000	83,448
1	50001	to	55000	53,555
1	80001	to	85000	83,447
2	85001	to	90000	176,075
1	100001	to	10500125000	101,400
1	120001	to	125000	123,100
1	250001	to	255000	254,161
1	1855001	to	1860000	1,859,815
1	4890001	to	4895000	4,890,249
1	5555001	to	556000	5,559,627
1	65355001	to	65360000	65,359,509
1581				79,261,666

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
Pattern of Shareholding
as at September 30, 2015

	Categories of Shareholders	Shareholders	Shares Held	Percentage
5.1	**Directors and their spouse(s) and minor children**			
	MR. RIAZ QADEER BUTT	1	500	0.00
	MUHAMMAD TALIB	1	400	0.00
	ATIF BUTT	1	400	0.00
	MUHAMMAD RASHID RANA	1	400	0.00
	YASIR IQBAL	1	400	0.00
	MUHAMMED NAWAZ	1	100	0.00
	MUHAMMAD DAWOOD	1	400	0.00
5.2	**Associated Companies, undertakings and related parties**			
	HAQ BAHU SUGAR MILLS (PVT) LTD	2	65,482,609	82.62
5.3	**Executives**	-	-	-
5.4	**Public Sector Companies and Corporations**	5	7,466,742	9.42
5.5	**Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds**	2	4,890,749	6.17
5.6	**Mutual Funds**	-	-	-
5.7	**General Public**			
	a. Local	1475	1,307,177	1.65
	b. Foreign	-	-	-
5.8	**Others**	10	111,789	0.14
	Totals	**1501**	**79,261,666**	**100.00**

	Share holders holding 5% or more		Shares Held	Percentage
	HAQ BAHU SUGAR MILLS (PVT.) LIMITED		65,482,609	82.62
	THE BANK OF PUNJAB, TREASURY DIVISION.		5,559,627	7.01
	AL BARAKA BANK (PAKISTAN) LIMITED		4,890,249	6.17

6 Signature of Chief Executive/ Secretary

7 Name of Signatory

Saleem Abbas

8 Designation

9 CNIC Number: 3 2 3 0 4 - 8 8 1 0 9 9 0 - 5

10 Date

Abdullah Shah Ghazi Sugar Mill Ltd.

Pattern of Shareholding as at September 30, 2015

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
1	6785	MR. RIAZ QADEER BUTT	500	0.00
2	6847	MUHAMMAD TALIB	400	0.00
3	6848	ATIF BUTT	400	0.00
4	6849	MUHAMMAD RASHID RANA	400	0.00
5	6850	YASIR IQBAL	400	0.00
6	6889	MUHAMMED NAWAZ	100	0.00
7	6904	MUHAMMAD DAWOOD	400	0.00
		7	**2,600**	**0.00**
Associated companies, undertakings and related parties				
1	6776	HAQ BAHU SUGAR MILLS (PVT) LTD	123,100	0.16
2	03525-70701	HAQ BAHU SUGAR MILLS (PVT) LTD	65,359,509	82.46
		2	**65,482,609**	**82.62**
Executive				
		NIL		-
		-	-	-
Public sector companies and corporations				
1	9	M/S. NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT	100	0.00
2	5077	M/S. PAKISTAN INDUSTRIAL CREDI. INVESTMENT CORPN. LTD.	27,200	0.03
3	5145	INVESTMENT CORPN.OF PAKISTAN	20,000	0.03
4	07088-47	THE BANK OF PUNJAB, TREASURY DIVISION.	5,559,627	7.01
5	10819-26	PAK BRUNEI INVESTMENT COMPANY LIMITED	1,859,815	2.35
		5	**7,466,742**	**9.42**
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	09944-24	AL BARAKA BANK (PAKISTAN) LIMITED	4,890,249	6.17
2	5306	M/S. ADAMJEE INSURANCE CO. LTD	500	0.00
		2	**4,890,749**	**6.17**
Mutual Funds				
		NIL		-
		-	-	-
General Public Foreign				
		NIL		-
		-	-	-
Others				
1	5268	M/S. THE PAKISTAN FUND	101,400	0.13
2	5143	M/S. ASIF AGENCIES	3,400	0.00
3	5259	M/S. PAK GREASE MFG. CO. (PVT)	700	0.00
4	5304	M/S. CENTRAL CHEMICAL LTD	1,000	0.00
5	5428	M/S. VALIKA ART FABRICS LTD.	100	0.00
6	05298-28	MAAN SECURITIES (PRIVATE) LIMITED	1,088	0.00
7	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	500	0.00
8	06445-28	DARSON SECURITIES (PVT) LIMITED	500	0.00
9	5144	M/S. KARACHI INVESTMENT COMPANY (PRIVATE) LTD.	1,000	0.00
10	14241-22	FIKREE'S (SMC-PVT) LTD.	2,101	0.00
		10	**111,789**	**0.14**
Total		1501	79,261,666	100.00
General Public Local		1475	1,307,177	1.65

KC KALEEM & CO.
Chartered Accountants
134-C, Link A Street # 2,
Cavalry Ground, Lahore
Cantt, Pakistan
Phones: (92-42) 36672320-21
E-mail : kaleem.co@gmail.com

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed balance sheet of ABDULLAH SHAH GHAZI SUGAR MILLS LTD. as at September 30, 2015 and the related profit & lo account, statement of comprehensive income, cash flow statementand statement of changes in equity together with the notes forming part thereof, for the y 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 t purposes of our audit.

It is the responsibility of the Company's managementto establish and maintain a system of internal control, and prepare and present the above said statement conformitywith the approved accounting standards and the requirements of the Companies Ordinance,1984. Our responsibility is to express an opinion on th 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 obt reasonable assurance about whether the above said statements are free of any material misstatement.An audit includes examining, on a test basis, eviden supporting the amounts and disclosures in the above said statements.An audit also includes assessing the accountingpolicies and significantestimates made management,as well as, evaluatingthe overall presentationof above said statements.We believe that our audit provides a reasonable basis for our opinion an after due verification, we report that:

(a) a sum of Rs: 411.595 million was reflected as long term loan from previous management which was pending being under discussion with previo managementfor final settlement. Out of total amount Rs: 46.460 millionwas reversed to income during the year ended sep 30, 2005 and remaining amou Rs: 365.135 million has been written back during the year ended sep 30, 2014. We have not been provided with any such informationand explanation ascertain the final outcome and basis on which these liabilities have been written back in the financial statements. Had these liabilities were not written ba in previous years, long term loan and unappropriated loss would have been increased by Rs 411.595 million.

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

(c) in our opinion:

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

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

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

(d) in our opinion and to the best of our information and according to the explanations given to us, except for the matter referred in paragraph 'a' above, t balance sheet, profit & loss account, statementof comprehensive income, cash flow statement and statement of changes in equity togetherwith the not forming part thereof conform with approved accounting standards as applicable in Pakistan,and, give the information required by the Companies Ordinan 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 los comprehensive loss, its cash flows andchanges in equityfor the year then ended; and

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

(f) Without further qualifying our opinion, we draw attention to the following matters:

(i) Note 4 of the financial statements which indicates that the company has incurred a loss after tax of Rs. 515,794,666. As at balance sheet date, it h accumulated loss of Rs. 1,077,736,628 (2014: Rs. 595,159,449), shareholders' equity is negative by an amount of Rs. 285,119,968 and its curre liabilities exceeded its current assets by Rs. 2,394,747,700 (2014: Rs. 1,507,081,190). Moreover,as mentionedin note 31to the financial statemen the company is defendant/ petitioner in various law suits. These factors indicate a material uncertainty which may cast significant doubt on t company's ability to continueas a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course business.

(ii) The financial statements of the Company for the year ended September 30, 2014 were audited by another firm of chartered accountants whi expressed a qualified opinion with emphasis of matter paragraph on going concern on those financial statements dated February 02, 2015.

Muhammad Kaleem Rathor
Lahore
Date: May 22, 2017

KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulation No. 5.19 Chapter 5 of the Pakistan Stock Exchange Limited for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

Category	Name
Independent Directors	Mr. Atif Butt
Executive Directors	Mr. Riaz Qadeer Butt
	Mr. Yasir Iqbal
Non-Executive Directors	Mr. Muhammad Rashid Rana
	Mr. Muhammad Talib
	Mr. Muhammad Dawood
	Mr. Muhammad Nawaz

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

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 tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4 The 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.

5 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.

6 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/shareholders.

7 The meetings of the board were presided over by the Chairman and, in his absence, by the Chief Executive Officer 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.

8 Directors are well conversant with the fiduciary responsibilities and orientation courses were arranged in-house and however during the year under consideration at least one director was required to acquire the certification under the directors' training program which could not be acquired due to other commitments of directors.

9 There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The Directors' report has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

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

11 The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

12 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.

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

14 The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the Internal Audit Department.

15 There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations of Pakistan Stock Exchange.

16 The board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors and the chairman of the committee is an independent director.

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

18 The board has formed an HR and Remuneration Committee. It comprises of three members, of whom one is and independent director, the other is an executive director and the Chairman of the committee is a non-executive director.

19 The board has outsourced the internal audit function to Riaz Ahmad, Saqib, Gohar and Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

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

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

For & on behalf of the Board

LAHORE:
DATE : May 22, 2017

CHIEF EXECUTIVE OFFICER

KC KALEEM & Co.
Chartered Accountants

134-C, Link A Street # 2,
Cavalry Ground, Lahore
Cantt, Pakistan

Phones: (92-42) 36672320-21
E-mail : kaleem.co@gmail.com

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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 September 2015 prepared by the Board of Directors of Abdullah Shah Ghazi Sugar Mills Limited (the Company) to comply with the Listing Regulation No. 5.19 Chapter 5 of the Pakistan 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company'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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulation of the Pakistan Stock Exchange (Guarantee) Limited require 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 or not the related party transactions were undertaken at arm's length price or not.

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

During the year under consideration a minimum of one director was required to acquire certification under directors training program, which has not been complied with. (Ref. 8 of the statement).

Muhammad Kaleem Rathor
Lahore
Date: May 22, 2017

KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

BALANCE SHEET AS ON SEPTEMBER 30, 2015

	NOTES	2015 RUPEES	2014 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
100,000,000 (2014: 100,000,000)			
Ordinary Shares Of Rs. 10/- Each		1,000,000,000	1,000,000,000
Issued, Subscribed And Paid-Up Capital	7	792,616,660	792,616,660
Unappropriated Losses		(1,077,736,628)	(595,159,449)
		(285,119,968)	197,457,211
Surplus On Revaluation Of Property Plant And Equipments -Net	8	568,856,725	574,721,669
NON-CURRENT LIABILITIES			
Long Term Loan From Related Party - Unsecured	9	123,416,314	123,416,314
Long Term Loan From Bank - Secured	10	56,250,000	--
Retirement Benefit Obligations	11	5,325,743	5,319,134
Deferred Taxation	12	271,005,082	345,615,509
CURRENT LIABILITIES			
Trade And Other Payables	13	1,926,061,236	1,534,046,976
Finance Cost Payable	14	87,660,375	76,362,100
Short Term Borrowings - Secured	15	407,811,201	721,607,328
Current Portion of Long Term Loan From Bank	10	18,750,000	--
Provision For Taxation - Net		--	6,484,468
		2,440,282,812	2,338,500,872
CONTINGENCIES AND COMMITMENTS	16	--	--
		3,180,016,708	3,585,030,709
ASSETS			
NON CURRENT ASSETS			
Property, Plant And Equipments	17	2,714,146,332	1,900,957,525
Long Term Deposits		1,326,165	5,357,065
CURRENT ASSETS			
Stores And Spares		41,674,795	279,070,919
Stock In Trade	18	351,867,278	1,228,947,846
Advances, Deposits And Prepayments	19	57,452,307	159,309,032
Advance Income Tax - Net		3,376,902	--
Cash And Bank Balances	20	10,172,929	11,388,322
		464,544,211	1,678,716,119
		3,180,016,708	3,585,030,709

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	NOTES	2015 RUPEES	2014 RUPEES
Sales - Net	21	1,763,890,388	1,057,295,114
Cost Of Sales	22	2,250,359,965	1,157,282,858
Gross Loss		(486,469,577)	(99,987,744)
Administrative and General Expenses	23	38,284,360	36,469,389
Distribution Expenses	24	1,826,516	4,767,154
Workers' Welfare Fund		--	3,205,129
		40,110,876	44,441,672
Operating Loss		(526,580,453)	(144,429,416)
Finance Cost	25	38,501,576	107,768,210
Loss for the Year		(565,082,029)	(252,197,626)
Other Income	26	1,445,537	365,660,067
(Loss) / Profit Before Taxation		(563,636,492)	113,462,441
Taxation			
- Current	27	--	(19,288,615)
- Deferred		47,335,622	(25,345,716)
- Prior		506,204	(143,226)
		47,841,826	(44,777,557)
(Loss) / Profit After Taxation		(515,794,666)	68,684,884
(Loss) / Earnings Per Share - Basic And Diluted	28	(6.51)	0.87

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	2015 RUPEES	2014 RUPEES
(Loss) / Profit for the year	(515,794,666)	68,684,884
Other Comprehensive Income:		
Remeasurement of Net Defined Benefit Liability	583,942	(1,066,525)
Related Deferred Tax	(186,861)	362,619
	397,081	(703,906)
Total Comprehensive (Loss) / Income For The Year	(482,577,179)	101,909,240
Total Comprehensive (Loss) / Income For The Year Transferred To Equity	(515,397,585)	67,980,978

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015 RUPEES		2014 RUPEES	
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) / Profit Before Taxation		(563,636,492)		113,462,441
Adjustments for Non Cash And Other Items:				
Depreciation	84,334,100		89,409,701	
Financial Charges	38,501,576		107,768,210	
Workers' Welfare Fund	--		3,205,129	
Liabilities Written Back	--		(365,135,018)	
Provision For Gratuity	2,350,190		1,135,713	
		125,185,866		(163,616,265)
Cash Flow Before Working Capital Changes		(438,450,626)		(50,153,824)
Changes In Working Capital				
(Increase) / Decrease In Current Assets :				
Stores And Spares	237,396,124		(47,007,633)	
Stock In Trade	877,080,568		(213,267,974)	
Advances, Deposits And Prepayments	101,856,725		(69,368,497)	
		1,216,333,417		(329,644,104)
Increase / (Decrease) In Current Liabilities:				
Trade And Other Payables	387,700,018		738,165,118	
		387,700,018		738,165,118
Cash Generated From Operations		1,165,582,809		358,367,190
Payments For:				
Taxes	9,861,370		7,246,562	
Financial Charges	22,889,059		96,911,655	
Gratuity	1,759,639		434,500	
		(34,510,068)		(104,592,717)
Net Cash Generated From Operating Activities		1,131,072,741		253,774,473
CASH FLOWS FROM INVESTING ACTIVITIES				
Fixed Capital Expenditures	(897,522,907)		(178,696,009)	
Long Term Deposit	4,030,900		19,000	
Net Cash used in Investing Activities		(893,492,007)		(178,677,009)
CASH FLOWS FROM FINANCING ACTIVITIES				
Long Term Loan From Bank		75,000,000		--
Short Term Borrowings - Net		(313,796,127)		(68,584,588)
Net Cash (used in) Financing Activities		(238,796,127)		(68,584,588)
Net (Decrease) / Increase In Cash And Cash Equivalent		(1,215,393)		6,512,876
Cash And Bank Balances at the beginning of the Year		11,388,322		4,875,446
Cash And Bank Balances at the end of the Year		10,172,929		11,388,322

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

	SHARE CAPITAL	UNAPPROPRIATED LOSSES	TOTAL
	RUPEES	RUPEES	RUPEES
Balance as at October 01, 2013	792,616,660	(697,068,689)	95,547,971
Total comprehensive income for the year	--	67,980,978	67,980,978
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	33,928,262	33,928,262
Balance as at September 30, 2014	792,616,660	(595,159,449)	197,457,211
Total comprehensive loss for the year	--	(515,397,585)	(515,397,585)
Transfer from surplus on revaluation of property, plant and equipments in respect of Incremental depreciation - Net of tax	--	32,820,406	32,820,406
Balance as at September 30, 2015	792,616,660	(1,077,736,628)	(285,119,968)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is listed in Pakistan Stock Exchange. The principal business of the Company is manufacturing and selling of refined sugar and by products. The Mill is located at Garho, Sindh. Name of parent company is M/s. Haq Bahu Sugar Mills (Private) Limited and registered office of the company is situated at 7/10, A-2 Arkay Square Shahra - e - Liaquat, New Challi, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standars (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance 1984 or the said directives issued by the SECP prevail.

2.2 Accounting Convention

These financial statements have been prepared under the "historical cost convention" except of certain classes of property, plant and equipments which are stated at revalued amount and employee retirement benefits which are stated at fair value.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company"s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors involving a higher degree of expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Employee Benefits

The cost of defined benefit retirement plan (gratuity) is determined using actuarial valuations (projected unit credit method) performed by independent actuaries. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. All assumptions are reviewed at each reporting date.

3.2 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

3.3 Property, Plant and Equipment

The Company reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. 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 the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Assumptions and estimates used in determining the depreciation rates, recoverable amount, residual values and useful lives of the property, palnt and equipment-note 6.3 and 17

3.4 Inventories

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

Assumptions and estimates used in determining the estimated selling price and estimated cost and provision for slow moving stores and spares-note 6.4,6.5 & 18 respectively.

3.5 Impairement

The management of the company reviews carrying amounts of its assets including receiveables and advances and cash generating units for possible impairement makes formal estimates of recoverable amounts if there is such indication.

3.6 Provisions and Contigencies

The company reviews the status of all pending litigations and claims against the company. Based on its judgement and the advice of the legal advisdors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of those litigation and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date.

4 GOING CONCERN ASSUMPTION

The financial statements of the company for the year ended September 30, 2015 reflect that company has sustained a net loss after taxation of Rs.515.795 million and as of that date it has accumulated losses of Rs.1,077.737.781 million (2014: Rs.595.159 million) resulted in negative equity of Rs.285.120 million and its current liabilities exceeded its current assets by Rs.1,975.739 million (2014: Rs.659.785 million). These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. However the financial statements have been prepared under going concern assumption due to following mitiagting factors:

a) Unfavorable business conditions are temporary and cyclical in nature and would reverse in future;
b) Arbitration efforts that have been undertaken to resolve dispute with TCP will be successful and the Company will be able to settle the subject amount in a convenient and sustainable manner;
c) Negotiations with all the secured creditors and financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management expects that the remaining will alsol turnout successful; and
d) There will be a persistent financial support from sponsors to enable Company to survive as a „going concern".
e) Further, the management is actively pursuing a plan to reduce cost and to increase the efficiency of mills.

Accordingly the going concern assumption used in preparation of these financial statements is justified.

5 STANDARD, INTERPRETATIONS & AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

5.1 Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are "highly correlated", or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company"s financial statements.

5.2 IFRS10 "Consolidated Financial Statements" - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 "Consolidated and Separate Financial Statements". IFRS10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called "Separate Financial Statements" and will deal with only separate financial statements. Certain further amendments have been made to IFRS10, IFRS12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

5.3 IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 „Interests in Joint Ventures". Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS11 has also made consequential changes in IAS 28 which has now been named „Investment in Associates and Joint Ventures". The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1st January 2016. The adoption of this standard is not likely to have an impact on Company"s financial statements.

5.4 IFRS12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1st January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company"s financial statements.

5.5 IFRS13 "Fair Value Measurement" (effective for annual periods beginning on or after 1st January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs.It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.

5.6 Amendments to IAS 27 "Separate Financial Statements" (effective for annual periods beginning on or after 1st January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company"s financial statements.

5.7 Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.

5.8 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS 28) [effective for annual periods beginning on or after 1st January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.

5.9 Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1st January 2016). These amendments are not likely to have an impact on Company's financial statements. The new cycle of improvements contain amendments to the following standards:

5.10 IFRS5 Non-current Assets Held for Sale and Discontinued Operations. IFRS5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

5.11 IFRS 7 "Financial Instruments- Disclosures". IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by "Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)" are not specifically required for inclusion in condensed interim financial statements for all interim periods.

5.12 IAS 19 "Employee Benefits". IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

5.13 IAS 34 "Interim Financial Reporting". IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Staff Retirement Benefits

The Company operates an un-funded gratuity scheme covering all employees eligible to the benefit. Provisions are made on the basis of actuarial recommendations. The actuarial valuations are carried out as at 30th September 2015 using the Projected Unit Credit Method, as required by International Accounting Standards (IAS-19).

The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30th September, 2015 as adjusted for unrecognized actuarial gains and losses.

The amendments in IAS 19 require the recognition of changes in defined benefit obligation and fair value of plan asset when they occur thus eliminating "Corridor Approach" permitted under previous version of IAS 19 thus accelerating recognition of past service cost. All actuarial gains and losses are recognized immediately through "Other Comprehensive Income".

6.2 Taxation

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 charge for current tax also includes adjustmnts, where considered necessary, to provision for tax made in previous years arising from assesments framed during the year for such years.

Deferred

Deferred tax is recognized using the balnace sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deducteable temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that related tax benefits will be realized. Deferred tax liablities are recognised for all the taxable temporary differences.

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

6.3 Property, Plant and Equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except certain classes of property, plant and equipment as stated in note 17.3, which are stated at revalued amounts less accumulated depreciation and impairment loss, if any. Free hold land is stated at revalued amount. Depreciation is charged to current year's profit and loss account by applying reducing balance method over estimated useful life at the rates specified in note of property, plant and equipment.

Effective from Current Year, depreciation on addition during the year is charged proportionately, from date the assets is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is also charged on assets sold during the year proportionately. Previously, depreciation on addition was charged from the quarter in which assets were put to use while no depreciation was charged in the quarter in which assets were disposed off. The effect of change in accounting estimate is immaterial.

Incremental depreciation charged for the period on revalued assets is transferred (net of tax) from surplus on revaluation of fixed assets to retained earnings / (accumulated losses).

Minor renewals, replacements, maintenance, repairs and profit and loss on disposal of fixed assets are included in current year's profit and loss account.

Major renewals and improvements are capitalized.

All expenditures connected with specific assets and incurred during development, installation and construction period are carried as capital work in progress. These are transferred to the specific asset as and when these assets are available for commercial or intended use.

6.4 Stores and Spares

These are valued at lower of moving average cost and net realizable value. The cost is determined using weighted average method.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

6.5 Stock in Trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Raw materials:	Weighted average cost
Goods in transit:	Cost comprising invoice value plus other charges incurred thereon.
Work in process:	Weighted average manufacturing cost
Finished goods:	Average manufacturing cost
Molasses:	Contracted price / net realizable value

Net realizable value signifies the estimated selling price in ordinary course of business less expenses necessary to be incurred in order to make sale.

6.6 Revenue Recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of discounts and applicabe taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable , the associtaed costs and possible return of goods can be estimated reliably, there is no continuing involvement of management when the goods and the amount of revenue can be measured reliably.

- Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- Revenue from the sale of electricity is recognized on transmission of electricity;
- Interest and rental income are recognised on accrual basis;
- Dividend income is recognized when the company's right to receive the dividend is established; and
- Sale of scrap is rcognized on actual realisation basis.

6.7 Borrowing Cost

Borrowing Cost incurred on finance obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark up interest and other related charges are taken to Profit and Loss account.

6.8 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

6.9 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

6.10 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Transaction in foreign currencies are converted into rupees at the rate of ruling on the date of transactions.

6.11 Trade Debts

Trade debts are stated initially at the fair value Subsequent to initial recognition, these are stated at their amortised cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

6.12 Financial Instruments

Financial Assets
Financial assets are loans advances, deposits, trade debts, other receivable and cash and banks. These are initially recognized at its cost which represent fair value of consideration given for it and subsequent to initial recognition financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

Financial Liabilities
Financial liabilities are classified according to the substance of the contractual agreements entered in to significant financial liabilities are long term loans, trade and other payables.

All financial liabilities are initially recognized at cost, which represents fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measure at amortized cost.

6.13 Trade and Other Payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and services.

6.14 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

6.15 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at nominal amounts. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and balance with banks in current accounts.

6.16 Loans and Advances

Loans and advances are recorded at cost. The irrecoverable loans and advances are written off, provision is made against loans and advances considered doubtful.

6.17 Long Term and Short Term Borrowings

These are recorded at the proceeds received. Financial charges relating to borrowings are recorded on accrual basis.

6.18 Dividends

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.

6.19 Transactions with Related Parties

Transactions with related parties are priced at an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold or services rendered in an economically comparable market to a buyer unrelated to the seller.

6.20 Off Setting of Financial Assets and Liabilities

A financial asset and a financial liability are 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.

	2015 RUPEES	2014 RUPEES
7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
79,261,666 (2014: 79,261,666) Ordinary shares of Rs.10/- each fully paid in cash	792,616,660	792,616,660

7.1 65,482,609 (2014:77,691,800) shares are held by Haq Bahu Sugar Mills (Private) Limited (holding company) representing 82.62% (2014 : 98.02%) shareholding in the company.

8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENTS - Net

	2015	2014
Opening Balance	877,875,886	929,282,343
Less: Transferred to equity in respect of:		
Incremental depreciation on revalued Asset	(32,820,406)	(33,928,262)
Related deferred tax liability	(15,444,897)	(17,478,195)
	(48,265,303)	(51,406,457)
Closing Balance - Gross	829,610,583	877,875,886
Less: Related Deferred tax liability		
Related Deferred Tax Liability on Revaluation Surplus	303,154,217	320,632,412
Effect of change in tax rate	(8,631,211)	-
Reversal of Deferred Tax	(18,324,251)	-
Amount realized during the year on account of incremental depreciation	(15,444,897)	(17,478,195)
	260,753,858	303,154,217
Closing Balance - Net	568,856,725	574,721,669

The company has complied with the requirements of SRO 45(I) 2003 for the effect of incremental depreciation. The incremental depreciation charged on revalued assets during the years and in prior year has been transferred to retained earnings / accumulated profit/(Loss) to record realization of surplus to the extent of incremental depreciation to comply with the amendment in section 235 of Companies Ordinance, 1984 and further notification of Securities and Exchange Commission of Pakistan to clarify the treatment of surplus arising on revaluation of fixed assets.

9 LONG TERM LOAN FROM RELATED PARTY - Unsecured

	2015	2014
Subordinated loan from holding company	123,416,314	123,416,314

The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ six months KIBORplus 1% (2014: @ six months KIBORplus 1%) payable half yearly. Since the loan will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to certain short term finance facility obtained by the company.

10 LONG TERM LOAN FROM BANK - SECURED

	2015	2014
Received during the year	75,000,000	--
Transfer to current portion	(18,750,000)	--
	56,250,000	--

The facility has been obtained from Summit Bank Limited and is repayable in eight equal quarterly installments of Rs.9.375 million with a grace period of six month. The facility carries markup @ 3 months KIBORplus 1% per annum payable quarterly in arrears. The facility is secured against first pari passu charge over present and future fixed assets of the company, post dated cheques as per repayment schedule and personal guarantees of all sponsoring directors.

		Note	2015 RUPEES	2014 RUPEES
11	**RETIREMENT BENEFIT OBLIGATIONS**			
	Balance sheet liability		5,319,134	3,551,396
	Remeasurements chargeable in other comprehensive income		(583,942)	1,066,525
	Expenses chargeable to profit and loss account	11.1	2,350,190	1,135,713
	Benefits paid		(1,759,639)	(434,500)
			5,325,743	5,319,134
11.1	**Amount charged to profit and loss account**			
	Current service cost		1,750,883	752,286
	Interest cost on defined benefit obligation		599,307	383,427
	Total amount chargeable to profit and loss account		2,350,190	1,135,713
11.2	**Significant actuarial assumptions**			
	Discount rate used for interest cost in profit and loss account charge		13.50%	11.50%
	Discount rate used for year end obligation		9.25%	13.50%
	Salary increase used for year end obligation		8.25%	12.50%
	Net salary is increased at		01-01-16	01-01-15
	Mortality rates		Setback 1 Year	Setback 1 Year
	Withdrawal rates		Age-Based	Age-Based
	Retirement assumption		Age 60	Age 60
11.3	**Allocation**			
	Total retirement benefits costs are included in salaries and benefits and allocated as follows:			
	Cost of sales		1,339,756	647,428
	Administrative and general expenses		1,010,434	488,285
			2,350,190	1,135,713
11.4	**Year end sensitivity analysis (± 100 bps) on defined benefit obligation**			
	Discount rate + 100 BPS		4,946,972	4,973,540
	Discount rate - 100 BPS		5,769,023	5,722,039
	Salary Increase + 100 BPS		5,781,278	5,733,646
	Salary Increase - 100 BPS		4,929,366	4,957,266

The average duration of the defined benefit obligation is 7 years.

		Note	2015 RUPEES	2014 RUPEES
12	**DEFERRED TAXATION**			
	Deferred tax liability arising due to			
	accelerated tax depreciation		125,719,522	122,185,647
	revaluation - Net of related depreciation		260,753,858	303,154,217
	Deferred tax assets arising out of			
	staff gratuity		(1,704,238)	(1,808,506)
	available tax losses and credits		(238,141,758)	(77,915,849)
			146,627,384	345,615,509
	Asset not recognized	12.1	(124,377,698)	--
			271,005,082	345,615,509

12.1 Deferred tax asset arising due to available tax losses has not been recognized as sufficient future taxable profits may not be against which the said asset can be utilized.

		Note	2015 RUPEES	2014 RUPEES
13	**TRADE AND OTHER PAYABLES**			
	Creditors for goods and services		1,118,245,569	479,163,866
	Advance from customers			
	- Trading Corporation of Pakistan	13.1	521,162,495	570,971,700
	- Others		221,522,548	421,607,156
	Accrued liabilities		13,230,040	12,444,553
	Deposits		39,076	39,076
	Road cess		2,448,207	1,637,677
	Income tax payable		2,775,635	2,571,951
	Workers' profit participation fund	13.2	41,133,730	36,819,488
	Workers' welfare fund	13.3	4,616,856	4,616,856
	Sales tax payable		617,366	811,644
	Other liabilities		269,714	3,363,009
			1,926,061,236	1,534,046,976

13.1 The company is in dispute with Trading Corporation of Pakistan. For details refer to note 16.1(b).

13.2 Workers' profit participation fund

Opening balance	36,819,488	32,933,144
Interest provided for the year	4,314,242	3,886,344
	41,133,730	36,819,488

13.3 Workers' welfare fund

Opening balance	4,616,856	1,411,727
Provision for the year	--	3,205,129
	4,616,856	4,616,856

14 FINANCE COST PAYABLE	87,660,375	76,362,100

This includes amount of Rs.68.832 million (2014: 56.852 million) payable to Haq Bahu Sugar Mills (Private) Limited (holding company).

15 SHORT TERM BORROWINGS - Secured

Short term finances from banks - Secured	15.1	388,838,201	702,634,328
Others - Unsecured, interest free	15.3	18,973,000	18,973,000
		407,811,201	721,607,328

15.1 During the year the company has obtained various short term borrowings facilities from various banks for working capital requirements against the available limit of Rs.685.240 million (2014: Rs.1,037.240 million). These facilities carries markup @ ranging from three to 6 months KIBORplus 2.5% to 4% (2014: @ ranging from three to six months KIBORplus 2.25% to 4%) payable quarterly in arrears. These facilities are secured on all present & future fixed assets of the company, pledge of refined sugar stock and personal guarantees of directors.

15.2 The facilities amounting to Rs.296.402 million (2014: Rs. 334.606 million) from the banks remained un-availed at the balance sheet date.

15.3 This loan is interest free and unsecured and is payable with the mutual consent.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

a) The Company received advances from Trading Corporation of Pakistan (TCP) under four different sugar supply agreements. The Company has disputed the supply of sugar under the said agreements contending that TCP made numerous breaches of the agreements causing enormous losses to the Company and has filed a civil suit in court of Honorable Civil Judge, Lahore praying to refer the dispute for arbitration under the terms of the agreements. The Court has initiated exparte proceedings against TCP and matter is a pending adjudication.

b) During the year under consideration TCP filed a complaint with National Accountability Bureau (NAB), Sindh for recovery of the amount advanced by it as referred in preceding paragraph. Total amount claimed by TCP is Rs.1,311.528 million being principle amount of Rs.570.913 million plus Rs.740.615 million being penalty, markup and other incident charges. The matter is pending with NAB for disposal and the management expects that outcome will be in its favor and penalty, markup and other incidental charges of Rs.740.615 million would not be payable, hence no provision there against has been made in these financial statements. During the year TCP has encashed Margin on Gaurantee deposited by the company with the banks and therefore the pinciple amount claimed has been reduced to 521.165 million.

16.2 Commitments

The Company has entered into Ijarah agreements for Rs.4.409 million (2014: Rs.32.218 million) with bank al falah limited to acquire vehicles. The rentals under these agreements are payable monthly up to October 2017 carrying profit rates ranging from three and six month kibor plus 1.23% to 1.41% per annum (2014: 1.23% to 1.61% per annum). The total of future Ijarah payments are as under:

Less than one year	1,274,556	5,185,398
Within one to five years	1,104,384	2,952,800

17 PROPERTY, PLANT AND EQUIPMENTS

		2015 RUPEES	2014 RUPEES
Operating Fixed Assets	17.1	1,465,986,581	1,545,335,662
Capital Work in Progress - At Cost	17.4	1,248,159,751	355,621,863
		2,714,146,332	1,900,957,525

17.1 Operating Fixed Assets

Particulars	Cost / Revaluation As at October 01, 2014	Additions	As at September 30, 2015	Rate	Depreciation As at October 01, 2014	For the year	As at September 30, 2015	WDV as at September 30, 2015
	------------------ 2015 ------------------							
	RUPEES			%	RUPEES			
Owned								
Land free hold	8,278,125	--	8,278,125		--	--	--	8,278,125
Experimental land	10,500,000	--	10,500,000		--	--	--	10,500,000
Building on free hold land:								
- Factory	206,614,715	--	206,614,715	10	110,533,892	9,608,082	120,141,974	86,472,741
- Non factory	90,849,466	--	90,849,466	10	53,681,645	3,716,782	57,398,427	33,451,039
Plant and machinery	1,879,383,500	3,750,000	1,883,133,500	5	501,936,553	68,919,222	570,855,775	1,312,277,725
Electric installations	12,529,128	--	12,529,128	10	11,501,476	102,765	11,604,241	924,887
Tools and equipment	3,420,377	94,000	3,514,377	10	2,560,268	93,161	2,653,429	860,948
Telephone installation	1,030,151	--	1,030,151	10	889,495	14,066	903,561	126,590
Electric equipment	6,813,253	373,050	7,186,303	10	5,033,750	188,162	5,221,912	1,964,391
Furniture and fixture	7,481,644	85,500	7,567,144	10	5,940,161	159,386	6,099,547	1,467,597
Office equipment	4,401,508	--	4,401,508	10	1,383,696	301,781	1,685,477	2,716,031
Arms and ammunitions	453,677	--	453,677	10	338,364	11,531	349,895	103,782
Tents and tarpaulins	3,167,160	43,500	3,210,660	10	871,999	232,779	1,104,778	2,105,882
Computers	3,197,194	46,969	3,244,163	10	1,872,375	134,689	2,007,064	1,237,099
Vehicles	11,394,565	592,000	11,986,565	20	7,642,566	850,950	8,493,516	3,493,049
Scales and weighbridges	14,000	--	14,000	10	6,561	744	7,305	6,695
TOTAL	2,249,528,463	4,985,019	2,254,513,482		704,192,801	84,334,100	788,526,901	1,465,986,581

17.2 Depreciation charge for the year has been allocated as follows:

	2015 RUPEES	2014 RUPEES
Cost of goods manufactured	78,956,753	83,601,548
Administration expenses	5,377,347	5,808,153
	84,334,100	89,409,701

17.3 Had there been no revaluation the carrying amount of revalued assets would have been as follows :

Land free hold	2,877,388	2,877,388
Experimental land	1,145,920	1,145,920
Building on free hold land:		
- Factory	21,696,819	24,107,576
- Non Factory	6,206,841	6,896,490
Plant and Machinery	589,442,040	616,567,279
	621,369,008	651,594,653

Particulars	Cost / Revaluation: As at October 01, 2013	Cost / Revaluation: Additions	Cost / Revaluation: As at September 30, 2014	Rate	Depreciation: As at October 01, 2013	Depreciation: For the year	Depreciation: As at September 30, 2014	Book value As at September 30, 2014
2014								
	RUPEES			%	RUPEES			
Owned								
Land free hold	8,278,125	--	8,278,125		--	--	--	8,278,125
Experimental land	10,500,000	--	10,500,000		--	--	--	10,500,000
Building on free hold land:								
- Factory	206,614,715	--	206,614,715	10	99,858,245	10,675,647	110,533,892	96,080,823
- Non factory	87,196,849	3,652,617	90,849,466	10	49,653,349	4,028,296	53,681,645	37,167,821
Plant and machinery	1,879,029,900	353,600	1,879,383,500	5	429,448,650	72,487,903	501,936,553	1,377,446,947
Electric installations	12,529,128	--	12,529,128	10	11,387,292	114,184	11,501,476	1,027,652
Tools and equipment	3,334,737	85,640	3,420,377	10	2,464,700	95,568	2,560,268	860,109
Telephone installation	1,030,151	--	1,030,151	10	873,866	15,629	889,495	140,656
Electric equipment	6,580,303	232,950	6,813,253	10	4,848,040	185,710	5,033,750	1,779,503
Furniture and fixture	7,213,595	268,049	7,481,644	10	5,777,556	162,605	5,940,161	1,541,483
Office equipment	4,196,488	205,020	4,401,508	10	1,049,828	333,868	1,383,696	3,017,812
Arms and ammunitions	453,677	--	453,677	10	325,551	12,813	338,364	115,313
Tents and tarpaulins	2,327,660	839,500	3,167,160	10	644,580	227,419	871,999	2,295,161
Computers	3,146,964	50,230	3,197,194	10	1,726,768	145,607	1,872,375	1,324,819
Vehicles	11,164,565	230,000	11,394,565	20	6,718,941	923,625	7,642,566	3,751,999
Scales and weighbridges	14,000	--	14,000	10	5,734	827	6,561	7,439
TOTAL	**2,243,610,857**	**5,917,606**	**2,249,528,463**		**614,783,100**	**89,409,701**	**704,192,801**	**1,545,335,662**

		2015 RUPEES	2014 RUPEES
17.4 Capital work in progress - At cost			
Opening balance		355,621,863	182,843,460
Add: Additions during the year	17.4.2	892,537,888	172,778,403
	17.4.1	1,248,159,751	355,621,863
17.4.1 Breakup is as follows			
Plant and machinery		1,231,937,408	339,726,458
Civil works		16,222,343	15,895,405
		1,248,159,751	355,621,863

17.4.2 Additions to capital work in progress includes amount of Rs.38.873 million (2014: Rs.10.957 million) borrowing cost capitalized during the year using average borrowing rate of 12.49% (2014: 15.68%) per annum.

18 STOCK IN TRADE

Work in process		1,320,898	2,218,671
Finished goods	18.1	350,546,380	1,226,729,175
		351,867,278	1,228,947,846

18.1 Finished goods stock valuing Rs.66.478 million (2014: Rs.591.302 million) were pledged as security for the finances obtained from commercial banks.

18.2 Finished goods stock has been written down to net realizable value by Rs.35.785 million (2014: Rs.90.657 million).

19 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances - Unsecured, considered good			
Growers		25,410,240	65,331,346
Contractors		1,408,233	2,651,087
Suppliers		7,688,033	17,533,362
Employees		833,595	440,371
For expenses		4,085,190	15,791,668
Other receivable	19.1	1,609,204	--
Export rebate receivable		15,815,000	15,815,000
		56,849,495	117,562,834
Deposits:			
Excise duty	19.2	20,831,910	20,831,910
Margin on bank guarantees	19.3	--	38,614,926
Prepayments		202,023	142,396
Sales tax receivable		400,789	2,988,876
		78,284,217	180,140,942
Provision against excise duty deposit	19.2	(20,831,910)	(20,831,910)
		57,452,307	159,309,032

19.1 It includes advances to executives amounting to Rs. Nil (2014: Rs.11.077 million) and maximum amount due at the end of any month was Rs.Nil (2014: Rs.11.077 million).

19.2 This represents the amount of excise duty deposited in 1991-92 under protest with collector of custom and central excise, Hyderabad on account of rebate of excise duty earlier claimed as per the incentive given by the government. The Hon'able High Court of Sindh has decided the case in favour of Collector of Customs. The company has filed an appeal in Supreme Court of Pakistan which is pending for hearing. The management of the company expects favourable outcome. However, as a matter of prudence company has made provision there against in these financial statements.

19.3 These represent margin deposited with banks against guarantees issued in favor of TCP. During the year under consideration guarantees were encashed by TCP and therefore these have been adjusted against balance payable to TCP.

		2015 RUPEES	2014 RUPEES

20 CASH AND BANK BALANCES

	Note	2015 RUPEES	2014 RUPEES
Cash in hand		2,051,610	83,285
Cash with banks			
- In current accounts		8,091,012	11,250,104
- In saving account	20.1	30,307	54,933
		10,172,929	11,388,322

20.1 It carries interest @ 3% to 6% (2014: @ 3.5% to 7%) per annum.

21 SALES - Net

		2015 RUPEES	2014 RUPEES
Gross local sales			
Sugar		1,792,541,801	998,424,001
Molasses		106,619,507	106,479,486
Export sales - Sugar		--	23,567,440
Total gross sales		1,899,161,308	1,128,470,927
Less Sales tax		(135,270,920)	(71,175,813)
Sales - Net		1,763,890,388	1,057,295,114

22 COST OF SALES

	Note	2015 RUPEES	2014 RUPEES
Cost of sugar cane		1,106,514,964	1,096,558,109
Stores and spares consumed		40,380,812	26,396,479
Oil and lubricants consumed		5,599,645	6,571,089
Packing material consumed		13,174,527	13,892,010
Chemical consumed		10,344,605	9,183,570
Salaries, wages and benefits		87,480,190	90,383,602
Water, fuel and power		9,183,854	17,017,965
Vehicle running and maintenance		4,644,077	4,181,235
Freight, handling and octroi		2,593,222	2,060,248
Insurance		1,596,496	2,287,325
Ijara rentals		2,919,295	5,925,668
Depreciation	17.2	78,956,753	83,601,548
Others		9,890,957	12,491,984
		1,373,279,397	1,370,550,832
Add: Work in process - Opening		2,218,671	4,553,615
Less: Work in process - Closing		(1,320,898)	(2,218,671)
Cost of goods manufactured		1,374,177,170	1,372,885,776
Add: Finished good - Opening		1,226,729,175	1,011,126,257
Less: Finished good - Closing		(350,546,380)	(1,226,729,175)
	22.1	2,250,359,965	1,157,282,858

22.1 Cost of goods sold includes cost of sugar stock loss amounting to Rs.258.964 million due to moisture and dampening.

23 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2015 RUPEES	2014 RUPEES
Salaries, bonus and allowances		8,405,867	13,041,295
Fees, subscription and renewals		7,538,785	4,247,916
Vehicle running and maintenance		1,896,874	1,707,828
Legal and professional charges		1,529,100	1,500,000
Printing and stationery		365,737	352,128
Insurance		45,171	129,319
Travelling, conveyance and entertainment		1,978,911	2,211,055
Rent, rates and taxes		810,457	323,755
Repairs and maintenance		324,238	6,010
Telephone and telex		48,460	20,765
Electricity		567,357	30,004
Auditors remuneration	23.1	866,400	866,400
Depreciation	17.2	5,377,347	5,808,153
Others		6,157,484	3,831,545
Ijarah rentals		2,060,506	2,045,452
Entertainment		311,666	34,779
Sales tax payments		--	273,585
Advances and deposits written off		--	39,400
		38,284,360	36,469,389

23.1 Auditors' remuneration

	2015 RUPEES	2014 RUPEES
Annual audit fee	600,000	600,000
Review of code of corporate governance	100,000	100,000
Half year review	100,000	100,000
Cost audit fee	66,400	66,400
	866,400	866,400

24 DISTRIBUTION EXPENSES

	2015 RUPEES	2014 RUPEES
Loading and unloading charges	135,740	681,201
Stacking and re-stacking charges	712,625	590,948
Transportation charges	137,892	453,096
Numbering charges	63,576	59,470
Re loading charges	536,441	324,610
Carriage and freight	240,242	744,360
Service charges	--	36,169
Export development surcharge	--	67,010
Brokerage and commission	--	271,931
Miscellaneous expenses	--	122,639
Sugar claim	--	1,415,720
	1,826,516	4,767,154

25 FINANCE COST

	2015 RUPEES	2014 RUPEES
Mark up on subordinated sponsors' loan	11,979,971	13,810,286
Mark up on short term borrowings	59,360,008	99,591,567
Markup on WPPF	4,314,242	3,886,344
Bank charges and commission	1,720,009	1,436,703
	77,374,230	118,724,900
Less: borrowing cost capitalized	(38,872,654)	(10,956,690)
	38,501,576	107,768,210

	2015 RUPEES	2014 RUPEES

26 OTHER INCOME

	2015 RUPEES	2014 RUPEES
Scrap sales	754,808	--
Profit on deposit account	8,681	5,049
Gain on sale of vehicle	682,048	--
Rebate on export sales	--	520,000
Liabilities written back	--	365,135,018
	1,445,537	365,660,067

27 TAXATION

Current

The assessment of the company deemed to have been finalized upto tax year 2014.

27.1 Relationship between tax expense and accounting profit

	2015	2014
Accounting profit for the year	(563,636,492)	113,462,441
Applicable tax rate	33%	34%
Tax on accounting profit	(186,000,042)	38,577,230
Tax effect of expenses that are not deductible in determining taxable profit	28,605,816	31,875,185
Tax effect of expenses that are deductible in determining taxable profit	(13,893,561)	(15,965,225)
Tax effect loss related to presumptive tax regime	--	(1,214,537)
Adjustment of brought forward losses	171,287,787	(53,272,653)
Tax refundable under normal rules	--	--
Tax payable under normal rules	NIL	NIL
Minimum tax liability U/s. 113 (2014: U/s 113 - C)	--	(19,288,615)

In view of gross loss sustained by the company, no provision for taxation is required in terms of section 113 of the Income Tax Ordinance, 2001.

28 (LOSS) / EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on basic earnings per share of the company, which is based on:

	2015	2014
(Loss) / profit after taxation	(515,794,666)	68,684,884
	NUMBER OF SHARES	
Weighted average number of ordinary shares	79,261,666	79,261,666
	RUPEES	
(Loss) / earnings per share - Basic and diluted	(6.51)	0.87

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

Particulars	2015				2014			
	Chief Executive	Director	Executive	Total	Chief Executive	Director	Executive	Total
Remuneration	--	300,000	6,156,000	6,456,000	--	300,000	11,404,000	11,704,000
Perquisites and other benefits	--	--	--	--	--	--	--	--
Total rupees	--	300,000	6,156,000	6,456,000	--	300,000	11,404,000	11,704,000
No. of persons	--	1	2	3	--	1	4	5

30 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, Haq Bahu Sugar Mills (Private) Limited (holding company) and key management personnel. Remuneration and benefits to the chief executive, directors and key management personnel under the terms of their employment are disclosed in note 29 to the financial statements. Markup expense on subordinated loan is Rs.11.980 million (2014:13.810 million).

31 NUMBER OF EMPLOYEES

	2015	2014
Number of employees as at sep 30		
Regular	49	64
Contractual	375	471
Average number of employees during the year		
Regular	53	64
Contractual	371	475

32 CAPACITY AND PRODUCTION

Year	No. of Days Mill Operated	Crushing Capacity: M.Tons per day	Crushing Capacity: Total Crushing on the basis of No. of days Mill Operated	Crushing Capacity: Actual Crushing M.Tons
2015	87	4,000	348,000	267,160
2014	127	4,000	348,000	249,887

Reason for shortfall:

Under utilization of production capacity is due to scarcity of sugarcane in sindh.

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

33.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2015 RUPEES	2014 RUPEES
Deposits, loans and other receivables	35,832,671	90,872,860
Bank balances	8,091,012	11,250,104
	43,923,683	102,122,964

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry, its customers are credit worthy and dealing banks posses good credit ratings.

Name of Bank	Rating Agency	Rating Short term	Rating Long term
MCB Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA
National Bank of Pakistan	PACRA	A1+	AAA
Allied Bank Limited	PACRA	A1+	AA+
Soneri Bank Limited	PACRA	A1+	AA-
Meezan Bank Limited	JCR-VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Silk Bank Limited	JCR-VIS	A-2	A-
United Bank Limited	JCR-VIS	A-1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
Al Baraka Bank Limited	JCR-VIS	A-2	A-
Summit Bank Limited	JCR-VIS	A-1	A
Askari Bank Limited	JCR-VIS	A-1+	AA
Sindh Bank Limited	JCR-VIS	A-1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
JS Bank Limited	PACRA	A1+	A+

33.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

	carrying amount	contractual cashflows	six months or less	six to twelve months	1 to 2 years	2 to 5 years
2015						
Financial Liability						
Long Term Loan from related party	123,416,314	151,629,283	4,689,279	4,715,044	9,404,323	132,820,637
Long Term Loan from bank	75,000,000	92,100,000	2,842,192	2,857,808	5,700,000	80,700,000
Short term borrowing	407,811,201	445,071,029	445,071,029	-	-	-
Accrued markup	87,660,375	87,660,375	87,660,375	-	-	-
Trade & Other Payables	1,183,376,193	1,183,376,193	1,183,376,193	-	-	-
2014						
Financial Liability						
Long Term Loan from related party	123,416,314	164,847,171	6,848,388	6,924,061	13,848,122	137,226,600
Short term borrowing	721,607,328	787,375,637	787,375,637	-	-	-
Accrued markup	76,362,100	76,362,100	76,362,100	-	-	-
Trade & Other Payables	541,468,120	541,468,120	541,468,120	-	-	-

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effect as at September 30.

33.3 Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company's financial instruments are in its functional currency therefore it is not exposed to currency risk, however the company's exposure to interest rate risk is as follows:

33.4 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Variable rate instruments at carrying amounts

	2015 RUPEES	2014 RUPEES
Financial liabilities		
Long term loan from related party	123,416,314	123,416,314
Long term loan from bank	56,250,000	--
Short term borrowings	18,750,000	--
	198,416,314	123,416,314

	2015 RUPEES	2014 RUPEES
Interest bearing financial assets:		
Bank Balances in deposit / saving accounts	30,307	54,933

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss / profit for the year by the amounts shown below:

Effect on loss / profit due to change of 100 BPs

	2015 RUPEES	2014 RUPEES
Increase	6,285,639	7,484,336
Decrease	6,285,639	7,484,336

33.5 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 arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

33.6 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

34 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation however there has been no significant reclassification.

35 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on May 22, 2017.

36 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees, which is the Company's functional currency. All financial information presented in Rupees been rounded to nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

32nd ANNUAL REPORT 2015

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