سانگھڑ شوگر ملز لمیٹیڈ

Sanghar Sugar Mills Limited

Annual Report
2014

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Company Information

BOARD OF DIRECTORS

Mr. Ghulam Dastagir Rajar	(Chairman)
Haji Khuda Bux Rajar	(Chief Executive)
Mr. Mohammad Aslam	
Mr. Rahim Bux	
Mr. Ghulam Hyder	
Mr. Qazi Shamsuddin	
Mr. Shahid Aziz	(Nominee of N.I.T.)

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Rahim Bux	(Chairman)
Mr. Ghulam Hyder	
Mr. Shahid Aziz	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rahim Bux	(Chairman)
Mr. Ghulam Hyder	
Mr. Shahid Aziz	

EXECUTIVE DIRECTOR / COMPANY SECRETARY

Mr. Abdul Ghafoor Ateeq

CHIEF FINANCIAL OFFICER

Syed Rehan Ahmad Hashmi

STATUTORY AUDITORS

Kreston Hyder Bhimji & Co.
Chartered Accountants

COST AUDITORS

Siddiqi & Company
Cost & Management Accountants

SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Limited
Karachi Chambers, Hasrat Mohani Road, Karachi.
Phone: 021 32424826
Fax: 021 32424835

BANKERS

Allied Bank Limited
Askari Bank Limited
Al-Baraka Bank (Pakistan) Limited
Bank Al-Falah Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan

REGISTERED / HEAD OFFICE

C-27, Plot No. F-24, Block - 9, Clifton
Karachi - 75600
Phone: 021 35371441 to 43 (3 lines)
Fax: 021 35371444
Website: www.sangharsugarmills.com
E-mail: info@sangharsugarmills.com

MANUFACTURING FACILITIES

13th KM, Sanghar - Sindhari Road
Deh Kehore, District Sanghar, Sindh
Phone: (0345) 3737001 8222911

Statement of Vision, Mission, Objectives, Corporate Strategy & Strategic Planning

VISION STATEMENT

To have eminent position in manufacturing and supplying quality white refined sugar and allied products and thereby play an important role in the economic and social development of the country.

MISSION STATEMENT

We the Management of Enterprise, have set forth our belief as to the purpose for which the Company is established and the principles under which it should operate. We pledge our entire efforts to the accomplishment of the purpose within the agreed principles. Sanghar Sugar Mills Limited is committed to:

- Manufacture to the highest quality standards. Pursuing the improvement in shareholders' value through team work and continuous improvement in the system in a competitive business environment.
- Be ethical in practice and fulfill social responsibilities.
- Ensure a fair return to stakeholders.
- Realize responsibility towards society and contribute to the environment as good corporate citizen.

CORPORATE OBJECTIVES

The over riding objective of the Company is to optimize over the time, the return to its shareholders. To achieve this objective, the Company shall endeavor to ensure long term viability of its business and to manage effectively its relationship with stakeholders. Sanghar Sugar Mills Limited shall:

- Recognize the need of working at the highest standard to achieve greater level of performance in order to meet the expectations of the stakeholders.
- Optimize over the time, the returns to shareholders of the Company.
- Strive for excellence and build on the Company's core competencies.
- Conduct Company's business with integrity and supply only quality and credible information.
- Respect confidentiality of the information acquired during the course of dealings with the interested parties and refrain from acting in any manner which might discredit the Company.
- Operate within the regulatory framework and be free of any vested interest which might be incompatible with Organization's integrity, objectivity and independence.

CORPORATE STRATEGY

Production of sugar and sugar by-products are the Company's main area of business. The Company, its Director and Management:-

- Believe in diversification through new manufacturing facilities and through equity participation.
- Recognize the value of technological improvement and acquire the benefits of current innovation and development in their business field.
- Believe in professional management and modern practices and use latest techniques available for growth and overall prosperity.
- Consider their human resource as the most important asset and help them in providing facilities with regard to training and updating their knowledge and skill and keep them highly motivated.
- Believe in integrity in business and the Company's integrity depends on integrity of each one of its employees.
- Consider the sugar cane growers as the most important part of the business.

STRATEGIC PLANNING

- Keep up with technological advancement and continuously update the company in the field of sugar technology.
- Maintain all relevant technical and professional standards to be compatible with the requirement of the trade.
- Gauge the market conditions and availability of substitute products and services and ensure quality with cost effectiveness.
- Inculcate efficient, ethical and time tested business practice in the Company's management.

Code of Conduct

The entire Organization of **Sanghar Sugar Mills Limited** will be guided by the following principles of Code of Conduct in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

THE COMPANY

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

AS DIRECTORS

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

AS EXECUTIVES AND MANAGERS

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

AS EMPLOYEES AND WORKERS

- Observe Company policies, regulations and code of best business practices.
- Devote productive time and continued efforts to strengthen the Company.
- Make concerted struggle for excellence and quality.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Protect and safeguard the interest of the Company and avoid conflict of interest.
- Maintain financial integrity and must avoid making personal gain at the Company's expense by participating in or assisting activities which compete with the Company.

Notice of Annual General Meeting

Notice is hereby given that Twenty Nineth **Annual General Meeting** of **Sanghar Sugar Mills Limited** will be held on Saturday January 31, 2015 at 11:00 a.m. at Beach Luxury, M. T. Khan Road, Karachi to transact the following business:

1. To confirm the minutes of Extra Ordinary General Meeting of the Company held on October 31, 2014.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2014 together with Directors' and Auditors' Reports thereon.

3. To appoint Auditors for the year 2014-2015 and fix their remuneration. The present Auditors M/s Kreston Hyder Bhimji & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

Karachi: January 08, 2015

Company Secretary

NOTES :

1. The Share Transfer Books of the Company will remain closed from January 22, 2015 to January 31, 2015 (both days inclusive).

2. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote on his/her behalf. Forms of Proxy to be valid must be properly filled in/executed and received at the Registered Office of the Company at C-27, Plot No. F-24, Block-9, Clifton, Karachi-75600, at least 48 hours before the time of this meeting. A Form of Proxy is annexed with the Annual Report.

3. A Member holding Physical Shares must bring his/her original Computerized National Identity Card (CNIC) and should mention his/her CNIC No. and sign on the Attendance Sheet while personally attending this Meeting. Also Member having deposited his/her shares into Central Depository Company of Pakistan Limited must bring his/her Participant's ID No. and Account/Sub-account No. alongwith original CNIC and mention his/her CNIC No. and sign on the Attendance Sheet while personally attending this Meeting. Representatives of corporate Members should bring the usual documents required for such purpose as prescribed by the S.E.C.P.

4. Members are advised to promptly notify change in their postal registered address, if any, to the Company's Share Registrar, Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

5. Members holding Physical Shares of the Company are once again reminded, in their own interest, to send attested copy of their valid Computerized National Identity Card (CNIC) mentioning their Folio No. thereon directly to the Company's Share Registrar, M/s. Hameed Majeed Associates (Pvt) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi in order to comply with requirements of the Securities & Exchange Commission of Pakistan, since the Members were previously requested also through Notices of AGM published in newspapers - Business Recorder & Khabrain of Karachi & Lahore on January 07, 2011, January 09, 2012 & 2013 and January 10, 2014. The Important Notice for submission of copy of CNIC of the above said Members were also sent through registered post to them along with publication of such Notice in the above said newspapers on March 06, 2014. Members are again reminded through Notices of two Extra Ordinary General Meetings published in Business Recorder and Khabrain of Karachi & Lahore on June 04, 2014 & October 03, 2014. Notice dated November 18, 2014 was also sent separately under postal certificates on November 25, 2014 to all Members in respect of submission of their CNIC & NTN, but poorly responded by them. A separate NOTICE TO MEMBERS dated January 08, 2015 in this regard is also annexed with the Annual Report of Company for the year ended September 30, 2014.

Directors' Report

The Directors of your Company are pleased to present Twenty Nineth Annual Report with the Audited Financial Statements of the Company for the year ended September 30, 2014.

Review of the Performance of the Company

The crushing season for the year 2013-2014 started on November 01, 2013 and completed on March 31, 2014. Due to bumper crop in Sanghar district, your Company was able to operate for 151 days crushing at the rate of 4,889 M. Tons of cane per day compared with 4,482 M. Tons per day of the previous season, achieving its second highest crushing and highest recovery in the history of Sanghar Sugar Mills Limited.

Operating Results

A brief summary of operating results of the Company for the year ended September 30, 2014 along with the comparatives for the corresponding year is given as under.

	2013-2014	2012-2013
Season started on	01-11-2013	03-11-2012
Season completed on	31-03-2014	03-03-2013
Duration of crushing days	151	121
Sugarcane Crushed (M. Tons)	738,209	542,289
Cane sugar produced (M. Tons)	72,530	52,823
Sucrose recovery (%)	9.81	9.77

Review of Operation

The Company operated at better level during the year ended September 30, 2014 under the prevailing circumstances as compared with the previous year.

Financial Results

The key financial figures of the Company for the year ended September 30, 2014 along with the comparatives for the corresponding year are summarized as under:

	2014	2013
	(Rupees in '000)	
Profit before taxation	36,091	14,271
Taxation	27,359	7,370
Profit after taxation	8,732	6,901
Earning per share-basic and diluted (Rupees)	0.73	0.58

Review of Financial Results

As reported above, the Company has manufactured the larger quantity of sugar as compared with the corresponding year. But due to the persistent depressed prices of sugar during the reporting year, the Company earned profit after taxation of Rs. 8,732 thousand as compared with profit after taxation of Rs. 6,901 thousand during the corresponding year ended September 30, 2013.

Future Prospects

As already reported above and in the previous reports of the Company, the sugar industry is functioning under the peculiar environment affected by the policies of Federal and Provincial Governments as well as the trend of the international and local markets. The Government exercises control over the price of sugarcane to protect the interest of the sugarcane growers, but similar practice is not exercised over the price of sugar to have a win win position for all the stakeholders. Under these circumstances, despite the approval for export to the tune of 650,000 M. Tons for the Country, the all over situation of the sugar industry could not be termed as satisfactory.

In these circumstances, in order to make the Company competitive, your Company is exploring the possibility of selling available surplus (Electricity) to the electric distribution company and are in process of finalizing the agreement with Hyderabad Electric Supply Company in this behalf.

Contribution to the Economy

The Company's contribution to the National Exchequer in the form of income tax, sales tax and other levies and charges, was Rs. 283,052 thousands during the year as compared to Rs 96,588 thousand during the last year. This does not include withholding tax that is deducted by the Company from payments made to employees, suppliers etc and deposited with Government Treasury.

Health, Safety and Environment

Your Company, its directors and management are conscious to follow the needs of the society concerning health, safety and environment for achieving the objective. The Company is responsive to make efforts to minimize the accidental risks, have necessary medical facilities and continuously shrine to improve greenery and maintain clean and safe environment around the Mills, better housekeeping, safeguarding the health of employees and application of the principles of safety in its operations, the consumers and public at large by following the rules and regulations in this regards.

Corporate Social Responsibility

Your Company is socially responsible and committed to conduct its business ethically and with responsibility. The Company is conscious of the role to play as responsible corporate citizen in fulfilling the various needs of the society concerning health, safety, environment, employee relationship and social welfare of the society. The Company considers itself accountable to its stakeholders and has identified dimensions of performing the social responsibilities which are contributing to economy, environment and society. The management pursues the strategy by following strategic guidelines to be a good corporate citizen:

i) Encouraging employment of work force living in the rural areas in order to yield significant gain and uplift their living standard.

ii) Continuously striving to improve greenery, maintain a clean environment around the Mills and better housekeeping.

iii) Making arrangement for civic, health, education and accommodation facilities to employees.

iv) Support social causes.

On the corporate social responsibility front, the Company has already launched education program and accordingly providing education facilities at premises adjacent to employees' colony at the factory in order to provide primary education facilities by qualified staff on concessional fees basis to the children of the factory employees and others living nearby in the rural areas in order to alleviate illiteracy and poverty. The Company has always supported other noble causes which help the members of the society.

Sustainability of the Company, its employees and shareholders of the Company is the prime concern of your Directors and various developments on this are under active consideration which will be reported in the ensuing periods.

Statement on Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, the Board of Directors hereby confirms that:

i. The financial statements for the year ended September 30, 2014, prepared by the Management, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

ii. Proper books of accounts of the Company have been maintained.

iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

iv. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.

v. The system of internal control is sound in design and has been effectively implemented and monitored.

vi. There are no significant doubts upon the Company's ability to continue as going concern.

vii. There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations.

viii. The key operating and financial data for last ten years in summarized form are annexed.

ix. Keeping in view the Financial Results and factors stated under "Future Prospects" mentioned above and in order to utilize the available financial resources to make the Company competitive, it is considered not to declare any cash dividend or bonus shares for the year ended September 30, 2014.

x. There are no over dues and statutory payments due on account of taxes duties, levies and charges are being made in the normal course of business.

xi. An unfunded gratuity scheme is in operation for all permanent employees. Provision are made annually to cover the obligation on the basis of actuarial valuation and charged to income currently, related details of which are mentioned in the Notes to the Financial Statements.

xii. The Pattern of Shareholding as on September 30, 2014 is annexed.

xiii. To the best of our knowledge, the Directors, Executives and their spouse and their minor children have not undertaken any trading of Company's shares during the year ended September 30, 2014.

xiv. A statement of Compliance with the Code of Corporate Governance for the year ended September 30, 2014 is annexed with the Report.

Board of Directors

During the year ended September 30, 2014, there was no change in the Board of Directors of the Company. The conditions in relation to the Chairman and Chief Executive and at least one independent director was applicable with effect from next election of directors, i.e., November 03, 2014 ,as provided under proviso of the clause (vi) of the Code of Corporate Governance and have been complied with on reconstitution of Board of Directors as mentioned below under the heading "Reconstituted Board of Directors After Election". The Board was composed of three Executive Directors and five Non-Executive Directors and five Board meetings were held during the year ended September 30, 2014. Leave of absence was granted to the Directors who could not attend the Board meeting. Attendance by each director was as follows:

	Name of Directors	Status	Category	No. of meetings attended
1)	Haji Khuda Bux Rajar	Chairman & Chief Executive	Executive Director	4
2)	Mr. Ghulam Dastagir Rajar	Director	Non-Executive Director	5
3)	Mr. Mohammad Aslam	Director	Executive Director	5
4)	Mr. Gul Mohammad	Director	Executive Director	5
5)	Mr. Jam Mitha Khan	Director	Non-Executive Director	3
6)	Mr. Qazi Shamsuddin	Director	Non-Executive Director	3
7)	Mr. Shahid Aziz	Director	Non-Executive Director	3
8)	Mr. Irshad Husain	Director	Non-Executive Director	5

Audit Committee

The Board has already setup an Audit Committee comprising three Non-Executive Directors. Its five meetings were held during the year ended September 30, 2014. Leave of absence (L) was granted to the directors who could not attended the meeting. Attendance by each director (P) was as follows:

Name of Directors		Meeting of Audit Committee held on				
		27.11.13	09.01.2014	29.01.2014	29.05.2014	23.07.2014
Mr. Ghulam Dastagir Rajar	(Chairman)	P	P	P	P	P
Mr. Shahid Aziz	(Member)	L	L	P	P	P
Mr. Jam Mitha Khan	(Member)	P	P	P	L	L

Human Resource & Remuneration Committee (H.R.& R. Committee)

The Board has already formed a Human Resource & Remuneration Committee comprising three Non-Executive Directors. Its two meetings were held during the year ended September 30, 2014. Leave of absence (L) were granted who could not attend its meeting. Attendance by each director (P) was as follows:

Name of Directors		Meeting of H.R. & R. Committee held on 27.11.13	29.05.2014
Mr. Ghulam Dastagir Rajar	(Chairman)	P	P
Mr. Shahid Aziz	(Member)	L	P
Mr. Jam Mitha Khan	(Member)	P	L

Threshold for determining Executive

Pursuant to the requirement of Clause xvi (i) of the Code of Corporate Governance, the Board has revised and set out as Threshold for determining an 'Executive' in respect of trading of company's shares whose annual basic salary exceeds Rupees 1.5 million concerning the period commencing from October 01, 2013 upto the next period when it will be revised and approved by the Board as and when deemed necessary.

Board Evaluation

The Board of Directors has formulated a policy to evaluate its own performance and a framework has been developed to carry out Evaluation of efficiency and effectiveness of the members of the Board, Board as a whole and its committees in order to improve governance and transparency as well improve the performance of the Company.

Directors' Training Program

The Directors are well aware of their duties and responsibilities under the Code. One Director - Haji Khuda Bux Rajar is exempt from Directors' Training Program in accordance with criteria defined in clause (xi) of CCG. Three Directors - Mr. Ghulam Dastagir Rajar, Mr. Mohammad Aslam and Mr. Gul Mohammad have completed approved Directors' Training Program and rest of the Directors to be trained within specified time under the CCG.

Revaluation of Property, Plant and Machinery

The Directors are pleased to report that the Company's free hold land, building, plant and machinery were revalued on September 30, 2014 by the independent professional valuers M/s. Oceanic Surveyors (Pvt) Ltd in order to be current with prevailing fair market value and accordingly the carrying value of such assets has been adjusted. The details of which are fully disclosed in the annexed Notes to the Financial Statements for the year ended September 30, 2014.

Reconstituted Board of Directors After Election

The Shareholders of the Company in the Extra Ordinary General Meeting of the Company held on October 30, 2014 elected the Seven Directors for the tenure of three years commencing from November 04, 2014, namely (1) Haji Khuda Bux (2) Mr. Ghulam Dastagir Rajar (3) Mr. Mohammad Aslam (4) Mr. Ghulam Hyder (5) Mr. Gul Mohammad (6) Mr. Qazi Shamsuddin and (7) Mr. Shahid Aziz (Representing N.I.T).

Subsequently Mr. Gul Mohammad (Re-elected Director) resigned on November 01, 2014 which was accepted by the Board of Directors in its meeting held on November 05, 2014 (after holidays during November 02 to 04, 2014 due to Aashura) and Mr. Rahim Bux was appointed/co-opted by the Board as the Director of the Company in his place in order to fill the casual vacancy immediately.

The Board in this meeting elected Mr. Ghulam Dastagir Rajar as the new Chairman of the Board in place of Haji Khuda Bux Rajar. The Board also re-appointed Haji Khuda Bux Rajar as the Chief Executive of the Company and re-appointed Mr. Mohammad Aslam as Working Director for next three years effective from November 04, 2014 as authorized by the Articles of Association of the Company on the remuneration, terms and conditions mentioned in the Abstract u/s 218(2) of the Companies Ordinance 1984 which was circulated as required within the specific time in this regard. Accordingly, the Reconstituted Board of Directors from November 05, 2014 has the following composition:

	Names of Directors	Status	Category
1)	Mr. Ghulam Dastagir Rajar	Chairman	Non-Executive Director
2)	Haji Khuda Bux Rajar	Chief Executive	Executive Director
3)	Mr. Mohammad Aslam	Director	Executive Director
4)	Mr. Rahim Bux	Director	Independent Director
5)	Mr. Ghulam Hyder	Director	Non-Executive Director
6)	Mr. Qazi Shamsuddin	Director	Non-Executive Director
7)	Mr. Shahid Aziz	Director (N.I.T)	Non-Executive Director

Reconstituted Audit Committee

The Board after election of Directors has reconstituted the Audit Committee effective from November 05, 2014 for the tenure of three years in order to comply with the provisions of the Code of Corporate Governance. Accordingly, the Board appointed three members of the Audit Committee having the following composition:-

	Names of Directors	Status	Category
1)	Mr. Rahim Bux	Chairman	Independent Director
2)	Mr. Ghulam Hyder	Member	Non-Executive Director
3)	Mr. Shahid Aziz	Member	Non-Executive Director having financial skill & experience

Reconstituted Human Resource & Remuneration Committee

The Board after election of Directors has reconstituted the Human Resource & Remuneration Committee effective from November 05, 2014 for the tenure of three years in order to comply with the provisions of the Code of Corporate Governance. Accordingly, the Board appointed three members of the H.R. & R. Committee having the following composition:-

	Names of Directors	Status	Category
1)	Mr. Rahim Bux	Chairman	Independent Director
2)	Mr. Ghulam Hyder	Member	Non-Executive Director
3)	Mr. Shahid Aziz	Member	Non-Executive Director

Auditors

The present auditors M/s. Kerston Hyder Bhimji & Co. Chartered Accountants retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for the year ending September 30, 2015.

Acknowledgement

Your Directors place on record their appreciation for devotion of duty, loyalty and hard work of the executives, officers, staff members and workers for smooth running of the Company's affair and hope that they will continue for enhancement of productivity with great zeal and spirit under the blessings of Almighty Allah.

The Directors would like to thank all the government functionaries, banking and non-banking financial institutions, suppliers and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.

For and on behalf of the Board of Directors

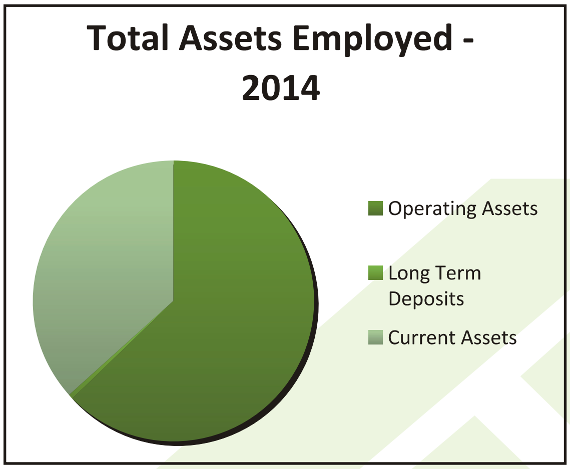
Chief Executive

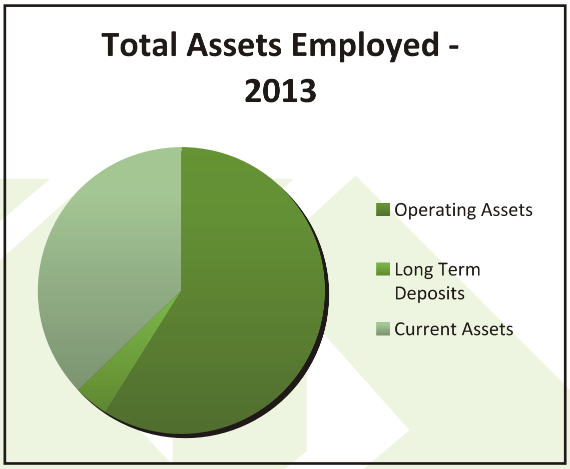
Karachi: January 08, 2015

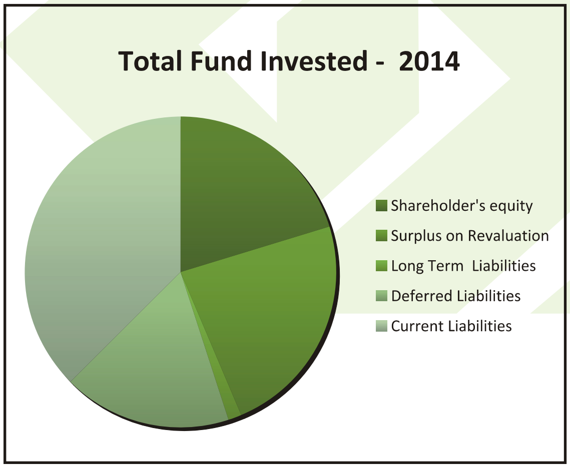
Key Operating & Financial Highlights

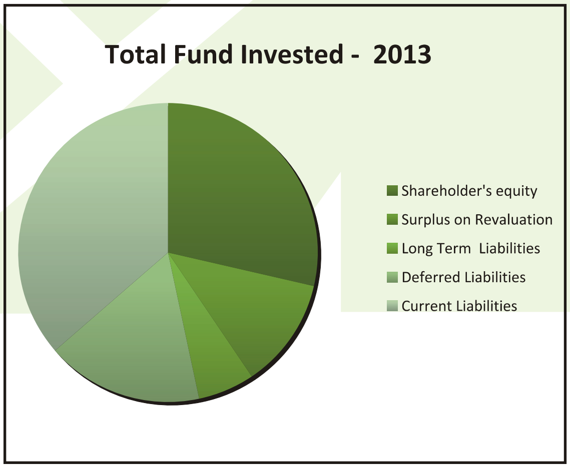
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATIONAL DATA											
Duration of Season	(Days)	151	121	109	117	114	132	182	146	126	103
Cane crushed	(Tons)	738,209	542,289	483,352	491,205	484,452	597,111	853,592	526,439	419,498	330,744
Sucrose Recovery	(%)	9.81	9.77	9.62	9.57	9.60	9.58	9.50	8.68	9.42	9.15
Sugar Made	(Tons)	72,530	52,823	46,516	47,008	46,547	57,308	87,026	45,602	39,837	30,024
Molasses	(Tons)	39,260	27,460	26,503	24,004	23,785	30,279	49,360	26,200	19,773	17,351
All figures in Rs in '000											
PROFIT & LOSS RESULTS											
Turnover - Net		3,196,951	2,771,454	3,005,261	1,498,297	2,679,922	1,679,489	1,861,248	1,065,461	1,052,760	568,370
Gross profit		213,749	148,572	195,512	245,956	377,383	225,504	233,621	71,575	178,720	541,191
Operating profit/ (loss)		135,446	94,580	95,814	159,342	308,572	162,815	171,328	28,489	134,932	(9,341)
Profit/(loss) before taxation		36,091	14,271	(424)	64,345	213,047	115,257	134,232	(12,373)	94,186	(30,701)
Profit/(loss) after taxation		8,732	6,901	(6,554)	37,759	134,431	66,912	98,603	(19,755)	55,461	(62,052)
ASSETS EMPLOYED											
Operating Assets		1,146,845	729,685	747,116	754,005	477,508	494,031	516,797	524,078	539,306	555,559
Long Term Deposits		9,478	45,300	36,369	36,396	2,223	2,223	2,223	2,223	2,385	913
Current Assets		670,133	461,593	935,108	1,471,518	240,366	277,084	119,007	125,784	125,371	102,118
Total Assets Employed		**1,826,456**	**1,236,578**	**1,718,593**	**2,261,919**	**720,097**	**773,338**	**638,027**	**652,085**	**667,062**	**658,590**
FINANCED BY											
Shareholder's equity		370,861	354,765	329,931	327,682	305,462	179,574	106,967	2,757	28,566	(30,370)
Surplus on Revaluation		427,287	146,801	160,241	169,043	46,213	49,624	55,319	103,695	109,587	115,910
Long Term Liabilities		23,174	75,242	64,908	85,089	23,159	75,812	210,646	250,621	240,218	242,647
Deferred Liabilities		320,838	210,011	217,741	217,014	145,489	150,054	145,697	128,348	125,374	86,444
Current Liabilities		684,296	449,759	945,772	1,463,091	199,774	318,274	119,398	166,664	163,317	243,959
Total Fund Invested		**1,826,456**	**1,236,578**	**1,718,593**	**2,261,919**	**720,097**	**773,338**	**638,027**	**652,085**	**667,062**	**658,590**

Graphical Presentation of Financial Highlights









Horizontal Analysis of Financial Statements

	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
	Rupees in 000					Variance in %				
Balance Sheet										
Total Non-Current Assets	**1,156,323**	774,985	783,485	790,401	479,731	**49.21**	(1.08)	(0.87)	64.76	(3.33)
Total Current Assets	**670,133**	461,593	935,108	1,471,518	240,366	**45.18**	(50.64)	(36.45)	512.20	(13.25)
Total Assets	**1,826,456**	**1,236,578**	**1,718,593**	**2,261,919**	**720,097**	**47.70**	**(28.05)**	**(24.02)**	**214.11**	**(6.88)**
Total Equity & Surplus on revaluation	**798,148**	501,566	490,172	496,725	351,675	**59.13**	2.32	(1.32)	41.25	53.44
Total Non-Current Liabilities	**344,012**	285,253	282,649	302,103	189,251	**20.60**	0.92	(6.44)	59.63	(16.21)
Total Current Liabilities	**684,296**	449,759	945,772	1,463,091	179,171	**52.15**	(52.45)	(35.36)	716.59	(43.71)
Total Equity & Liabilities	**1,826,456**	**1,236,578**	**1,718,593**	**2,261,919**	**720,097**	**47.70**	**(28.05)**	**(24.02)**	**214.11**	**(6.88)**
Profit & Loss Account										
Sales	**3,196,951**	2,771,454	3,005,261	1,498,297	2,679,922	**15.35**	(7.78)	100.58	(44.09)	59.57
Cost of sales	**(2,983,202)**	(2,622,882)	(2,809,749)	(1,252,341)	(2,302,539)	**13.74**	(6.65)	124.36	(45.61)	58.36
Gross Profit	**213,749**	148,572	195,512	245,956	377,383	**43.87**	(24.01)	(20.51)	(34.83)	67.35
Loss from trading activities	**(577)**	--	--	--	--	**100**	--	--	--	--
Distribution cost	**(5,326)**	(6,934)	(9,578)	(2,213)	(1,726)	**(23.19)**	(27.60)	332.81	28.22	21.63
Administrative expenses	**(63,949)**	(61,481)	(90,120)	(84,401)	(68,032)	**4.01**	(31.78)	6.78	24.06	9.41
Other operating expenses	**(8,834)**	(20,378)	(5,984)	(7,739)	(27,046)	**(56.65)**	240.54	(22.68)	(71.39)	150.29
Other income	**383**	34,801	3,698	7,423	947	**(98.90)**	841.08	(50.18)	683.84	4.07
Operating Profit	**135,446**	94,580	93,528	159,026	281,526	**43.21**	1.12	(41.19)	(43.51)	85.20
Finance cost	**(99,355)**	(80,309)	(93,952)	(94,682)	(68,479)	**23.72**	(14.52)	(0.77)	38.26	86.33
Profit / (loss) before taxation	**36,091**	14,271	(424)	64,344	213,047	**152.90**	3,465.80	(100.66)	(69.80)	84.85
Taxation	**(27,359)**	(7,370)	(6,130)	(26,585)	(78,616)	**271.22**	20.23	(76.94)	(66.18)	62.61
Profit / (loss) after taxation	**8,732**	6,901	(6,554)	37,759	134,431	**26.53**	205.29	(117.36)	(71.91)	100.91

Vertical Analysis of Financial Statements

	2014 Rupees in 000	2014 %	2013 Rupees in 000	2013 %	2012 Rupees in 000	2012 %	2011 Rupees in 000	2011 %	2010 Rupees in 000	2010 %
Balance Sheet										
Total Non-Current Assets	**1,156,323**	**63.31**	774,985	62.67	783,485	45.59	790,401	34.94	479,731	66.62
Total Current Assets	**670,133**	**36.69**	461,593	37.33	935,108	54.41	1,471,518	65.06	240,366	33.38
Total Assets	**1,826,456**	**100.00**	1,236,578	100.00	1,718,593	100.00	2,261,919	100.00	720,097	100.00
Total Equity & Surplus on revaluation	**798,148**	**43.70**	501,566	40.56	490,172	28.52	496,725	21.96	351,675	48.84
Total Non-Current Liabilities	**344,012**	**18.83**	285,253	23.07	282,649	16.45	302,103	13.36	189,251	26.28
Total Current Liabilities	**684,296**	**37.47**	449,759	36.37	945,772	55.03	1,463,091	64.68	179,171	24.88
Total Equity & Liabilities	**1,826,456**	**100.00**	1,236,578	100.00	1,718,593	100.00	2,261,919	100.00	720,097	100.00
Profit & Loss Account										
Sales	**3,196,951**	**100.00**	2,771,454	100.00	3,005,261	100.00	1,498,297	100.00	2,679,922	100.00
Cost of sales	**(2,983,202)**	**(93.31)**	(2,622,882)	(94.64)	(2,809,749)	(93.49)	(1,252,341)	(83.58)	(2,302,539)	(85.92)
Gross Profit	**213,749**	**6.69**	148,572	5.36	195,512	6.51	245,956	16.42	377,383	14.08
Loss from trading activities	**(577)**	**(0.02)**	--	--	--	--	--	--	--	--
Distribution cost	**(5,326)**	**(0.17)**	(6,934)	(0.25)	(9,578)	(0.32)	(2,213)	(0.15)	(1,726)	(0.06)
Administrative expenses	**(63,949)**	**(2.00)**	(61,481)	(2.22)	(90,120)	(3.00)	(84,401)	(5.63)	(68,032)	(2.54)
Other operating expenses	**(8,834)**	**(0.28)**	(20,378)	(0.74)	(5,984)	(0.20)	(7,739)	(0.52)	(27,046)	(1.01)
Other income	**383**	**0.01**	34,801	1.26	3,698	0.12	7,423	0.50	947	0.04
Operating Profit	**135,446**	**4.24**	94,580	3.41	93,528	3.11	159,026	10.61	281,526	10.51
Finance cost	**(99,355)**	**(3.11)**	(80,309)	(2.90)	(93,952)	(3.13)	(94,682)	(6.32)	(68,479)	(2.56)
Profit / (loss) before taxation	**36,091**	**1.13**	14,271	0.51	(424)	(0.01)	64,344	4.29	213,047	7.95
Taxation	**(27,359)**	**(0.86)**	(7,370)	(0.27)	(6,130)	(0.20)	(26,585)	(1.77)	(78,616)	(2.93)
Profit / (loss) after taxation	**8,732**	**0.27**	6,901	0.25	(6,554)	(0.22)	37,759	2.52	134,431	5.02

Stakeholders Information

Stock Exchange Listing

Sanghar Sugar Mills Limited is a listed Company and its shares are traded on Karachi and Lahore Stock Exchanges. The Company's shares are quoted in leading newspapers under Sugar Sector.

Communication with Users of Financial Statements

Communication with users of financial statements is given high priority. Annual, half yearly and quarterly reports are distributed to the shareholders and provided to other users within the time specified in the Companies Ordinance, 1984. There is also an opportunity for individual shareholder to participate at the annual general meetings to ensure high level of accountability.

Shareholders Information

Enquiries concerning verification of transfer deeds, transfer of share certificates, change of address etc., should be directed to the Shares Registrar, Hameed Majeed Associates (Pvt) Ltd. Karachi Chambers, Hasrat Mohani Road, Karachi Phone No: 021- 32424826, Fax No: 021-32424835.

Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information about Sanghar Sugar Mills Limited and its products should contact the Executive Director/Chief Financial Officer at Registered Office, Karachi Phone: 021-35371441 to 43 (03 lines), Fax: 021-35371444.

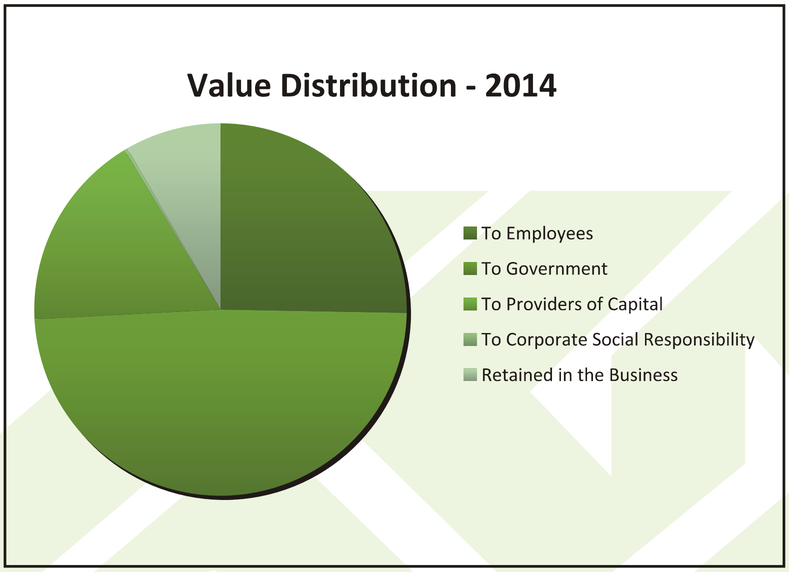
FINANCIAL RATIOS

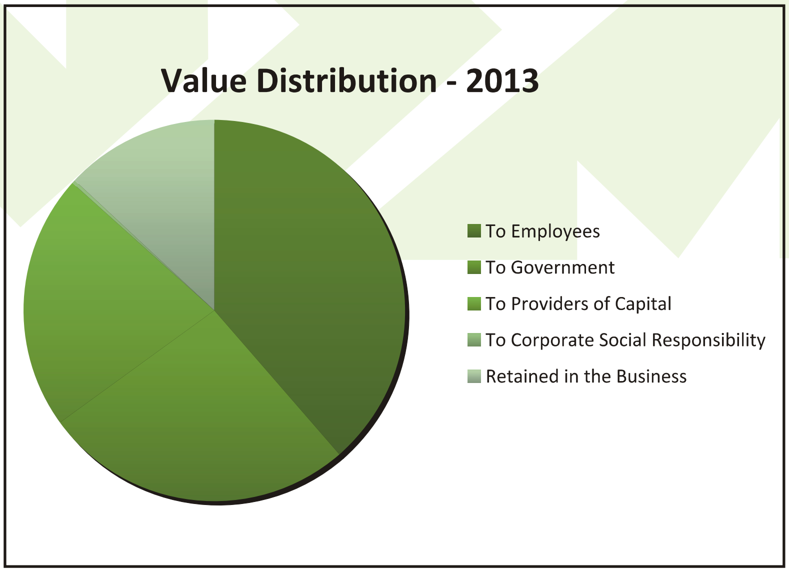
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Profitability Ratios										
Gross Profit Ratio (%)	**6.69**	5.36	6.51	16.42	14.08	13.43	12.55	6.72	16.97	4.78
Net Profit to Sales (%)	**0.27**	0.25	(0.22)	2.52	5.02	6.86	7.21	(1.16)	8.94	(5.40)
Return on Capital Employed (%)	**36.52**	26.66	42.17	47.43	85.86	77.37	41.48	19.49	24.92	6.58
Turnover Ratios										
Inventory Turnover Ratio	**8.01**	6.19	3.08	1.96	17.51	11.72	26.36	18.41	16.28	9.03
Fixed Assets Turnover Ratio	**278.88**	383.94	403.72	200.02	561.23	339.96	360.15	203.30	195.21	102.31
Investor Information										
Price Earning Ratio	**34.89**	39.47	(44.91)	3.39	1.23	2.81	2.96	(5.14)	1.93	(0.96)
Market Value per Share	**25.50**	22.89	24.70	10.71	13.84	15.75	24.45	8.50	8.50	5.00
Book Value per Share	**31.04**	29.70	27.62	27.43	25.57	15.03	8.95	0.23	2.39	(2.54)
Earning per Share	**0.73**	0.58	(0.55)	3.16	11.25	5.60	8.25	(1.65)	4.40	(5.19)
Liquidity Ratios										
Current Ratio	**0.98**	1.03	0.99	1.01	1.203	0.871	0.997	0.75	0.77	0.42
Capital Structure Ratios										
Debt Equity Ratio	**0.69**	1.05	2.06	3.12	1.05	1.97	2.30	1.60	1.24	1.82
Interest Cover Ratio	**1.36**	1.18	1.00	1.68	4.11	4.14	6.30	0.67	3.77	(0.44)

Statement of Value Addition and Its Distribution

Value Addition:	2014 (Rs. '000)	2014 %	2013 (Rs. '000)	2013 %
Turnover Gross	**3,937,882**	**99.99**	3,084,857	98.88
Other Income	**383**	**0.01**	34,801	1.12
	3,938,265	**100.00**	3,119,658	100.00
Cane Procurement and related expenses	**3,212,827**	**95.62**	2,386,120	86.75
Other Expenses	**147,058**	**4.38**	364,486	13.25
	3,359,885	**100.00**	2,750,606	100.00
	578,379	**14.69**	369,052	11.83
Value Distribution:				
Distributed as follows				
To Employees				
– Remuneration	**144,141**	**24.92**	141,533	38.35
– Worker's profit participation fund	**1,938**	**0.34**	1,466	0.40
	146,079		142,999	
To Government				
– Federal Excise Duty / Sales Tax	**251,731**	**43.52**	70,323	19.06
– Income Tax	**26,987**	**4.67**	31,646	8.57
– Deferred Tax	**(7,662)**	**(1.32)**	(14,193)	(3.85)
– Cess & Fees	**11,996**	**2.07**	8,812	2.39
	283,052		96,588	
To Providers of Capital				
– Finance Cost	**99,355**	**17.18**	80,309	21.76
	99,355		80,309	
To Corporate Social Responsibility				
– Charity & Donations	**1,263**	**0.22**	1,226	0.33
	1,263		1,226	
Retained in the Business				
– Depreciation & Amortization	**39,899**	**6.90**	41,029	11.12
– Profit for the Year	**8,732**	**1.51**	6,901	1.87
	48,631		47,930	
	578,379	**100.00**	369,052	100.00

Graphical Presentation of Value Addition & Distribution





KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Review Report to the Members on the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2014 prepared by the Board of Directors of **SANGHAR SUGAR MILLS LIMITED** ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges, where the Company is listed.

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

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

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

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the company for the year ended September 30, 2014.

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi: January 08, 2015

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

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

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

www.hyderbhimji.com

Statement of Compliance with the Code of Corporate Governance

Name of company: **SANGHAR SUGAR MILLS LIMITED**

Year ended: **September 30, 2014**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi and Lahore Stock Exchanges Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	**Name**
(i) Independent Directors	—
(ii) Executive Directors	1. Haji Khuda Bux Rajar 2. Mr. Mohammad Aslam 3. Mr. Gul Mohammad
(iii) Non-Executive Directors	1. Mr. Ghulam Dastagir Rajar 2. Mr. Qazi Shamsuddin 3. Mr. Jam Mitha Khan 4. Mr. Shahid Aziz 5. Mr. Irshad Husain

The condition of clause i(b) of the CCG in relation to independent director, have been complied with effect from Election of Board of Directors i.e. November 03, 2014 as provided under proviso of the clause (vi) of the CCG and new Board has been reconstituted which includes an Independent Director.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors of the Company is a member of the stock exchange.
4. No casual vacancy occurred on the Board during the current year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. The Chairman Audit Committee attended the preceding Annual General Meeting of the Company.

9. The Board is well aware of their duties and responsibilities under the Code. One Director - Haji Khuda Bux Rajar is exempt from Directors' Training Program in accordance with criteria defined in clause (xi) of CCG. Three Directors - Mr. Ghulam Dastagir Rajar, Mr. Mohammad Aslam and Mr. Gul Mohammad have completed approved Directors' Training Program and rest of the Directors to be trained within specified time under the CCG.

10. During the year, the Board has approved appointment of Chief Financial Officer including his remuneration, terms and conditions of employment. The Company Secretary and Head of Internal Audit continued their services. Further their appointment including remuneration, terms and conditions of employment have been approved by the Board.

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

12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, Chief Executive and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed the Audit Committee. It comprises three members who are non-executive directors including the Chairman of the Committee. The condition of independent director as the Chairman of the Committee under clause 1(b) of the CCG have been complied with by inducting an independent director as the member of Audit Committee with effect from election of Directors i.e. November 03, 2014, as provided under proviso of clause (vi) of the CCG.

16. 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.

17. The Board has formed a Human Resource & Remuneration Committee. It comprises three members who are non-executive directors including the Chairman of the Committee. However, after election of Directors, it was reconstituted on November 05, 2014 and comprises three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (the ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

For and On Behalf of Board of Directors

KARACHI: January 08, 2015 **Chief Executive Officer**

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Auditors' Report to the Members

We have audited the annexed Balance Sheet of **M/S. SANGHAR SUGAR MILLS LIMITED** as at September 30, 2014 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at September 30, 2014 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Fahad Ali Shaikh

Karachi: January 08, 2015

Balance Sheet

As at September 30, 2014

	Notes	2014	2013
ASSETS		.... (Rupees in '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	**1,146,348**	729,685
Intangible Assets	6	**497**	—
Long Term Deposits	7	**9,478**	45,300
		1,156,323	774,985
CURRENT ASSETS			
Stores, spare parts and loose tools	8	**42,125**	43,246
Stock-in-trade	9	**442,118**	302,300
Loans and advances	10	**67,069**	24,909
Trade deposits & short term prepayments	11	**64,174**	14,135
Other Receivables	12	**23,196**	23,077
Tax refund due from Government - net of provision less payments		**24,177**	32,209
Cash and bank balances	13	**7,274**	21,717
		670,133	461,593
TOTAL ASSETS		**1,826,456**	1,236,578
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 shares of Rs.10 each		**200,000**	200,000
Issued, subscribed and paid up capital	14	**119,460**	119,460
Unappropriated profit		**251,401**	235,305
		370,861	354,765
Surplus on Revaluation of Property, Plant & Equipment	15	**427,287**	146,801
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	16	**23,174**	75,242
Deferred liabilities	17	**320,838**	210,011
		344,012	285,253
CURRENT LIABILITIES			
Trade and other payables	18	**137,603**	415,817
Accrued mark-up / Financial Charges	19	**20,314**	1,688
Short term borrowings	20	**470,058**	—
Current portion of liabilities against assets subject to finance lease	16	**56,321**	32,254
		684,296	449,759
CONTINGENCIES AND COMMITMENTS	21	**—**	—
TOTAL EQUITY AND LIABILITIES		**1,826,456**	1,236,578

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

Profit and Loss Account

For the year ended September 30, 2014

	Notes	2014	2013
		(Rupees in '000)	
Sales	22	3,196,951	2,771,454
Cost of sales	23	2,983,202	2,622,882
Gross Profit		213,749	148,572
Loss from trading activities	24	577	—
		213,172	148,572
Distribution cost	25	5,326	6,934
Administrative expenses	26	63,949	61,481
Other operating expenses	27	8,834	20,378
		78,109	88,793
		135,063	59,779
Other income	28	383	34,801
Operating Profit		135,446	94,580
Finance cost	29	99,355	80,309
Profit before taxation		36,091	14,271
Taxation	30	27,359	7,370
Profit after taxation		8,732	6,901
Earnings per share - Basic and diluted (Rupees)	31	0.73	0.58

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

Statement of Comprehensive Income

For the year ended September 30, 2014

	2014	2013
	(Rupees in '000)	
Profit after taxation	**8,732**	6,901
Other Comprehensive Income		
Items that will not be reclassified to Profit & Loss:		
Surplus on revaluation of property, plant and equipment realized on account of disposal of assets and incremental depreciation charged on related assets - net of deferred tax	—	9,706
Remeasurement Gain recognized during the year	**920**	3,505
Impact of deferred tax	**(304)**	(1,192)
	616	2,313
Total Other Comprehensive Income	**616**	12,019
Total Comprehensive Income for the year	**9,348**	18,920

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

Cash Flow Statement

For the year ended September 30, 2014

	Note	2014	2013
		(Rupees in '000)	
Profit before taxation		**36,091**	14,271
Adjustment for non cash charges and other items:			
Depreciation		**39,759**	41,029
Amortization		**140**	—
Employees retirement benefits expense		**9,090**	10,440
Provision for market committee fee		**7,382**	5,423
(Gain) / Loss on disposal of property, plant & equipment - net		**(301)**	825
Provision for due from deceased executive		—	12,996
Provision for slow moving and obsolete stores, spares and loose tools		**1,027**	1,786
Finance cost		**99,355**	80,309
		156,451	152,808
		192,542	167,079
Changes in Working capital			
Decrease / (Increase) in current assets			
Stores, spare parts and loose tools		**94**	5,172
Stock - in - trade		**(139,818)**	197,623
Trade debts		—	317,421
Loans and advances		**(42,160)**	1,192
Trade deposits & Short term prepayments		**(14,217)**	(13,141)
Other Receivables		**(119)**	(23,077)
		(196,220)	485,190
Decrease in current liabilities			
Trade and other payables		**(278,214)**	(59,741)
Cash (used in) / generated from Operations		**(281,892)**	592,528
Employees retirement benefits paid during the year		**(2,498)**	(4,905)
Finance cost paid during the year		**(80,729)**	(98,797)
Increase in long term deposits		—	(8,931)
Income tax paid during the year		**(26,987)**	(31,646)
		(110,214)	(144,279)
Net cash (out flow) / inflow from operating activities		**(392,106)**	448,249
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in operating fixed assets		**(3,268)**	(16,171)
Additions in capital work in progress		**(60,899)**	(11,420)
Addition in Intangible Assets		**(637)**	—
Addition through sale & lease back		—	(40,000)
Proceeds from disposal of property, plant & equipment		**410**	43,168
Net cash outflow from investing activities		**(64,394)**	(24,423)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from sale & lease back of property, plant & equipment		—	40,000
Payments of liabilities against asset subject to finance lease		**(28,001)**	(19,030)
Net cash (outflow) / inflow from financing activities		**(28,001)**	20,970
Net (decrease) / increase in cash and cash equivalents		**(484,501)**	444,796
Cash and cash equivalents at beginning of the year		**21,717**	(423,079)
Cash and cash equivalents at end of the year	32	**(462,784)**	21,717

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

Statement of Changes in Equity

For the year ended September 30, 2014

Particulars	Share Capital	Unappropriated profit	Total
	....	(Rs in '000)	....
Balance as at October 01, 2012	**119,460**	**210,471**	**329,931**
Total Comprehensive Income for the year			
Profit after tax for year ended September 30, 2013	—	6,901	6,901
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	—	5,914	5,914
Surplus on revaluation of property, plant and equipment realized on account of disposal of assets and incremental depreciation charged on related assets - net of deferred tax	—	9,706	9,706
Remeasurement Gain recognized during the year - net of deferred tax	—	2.,313	2,313
	—	17,933	17,933
	—	24,834	24,834
Balance as at September 30, 2013	**119,460**	**235,305**	**354,765**
Total Comprehensive Income for the year			
Profit after tax for year ended September 30, 2014	**—**	**8,732**	**8,732**
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	**—**	**6,748**	**6,748**
Remeasurement Gain recognized during the year - net of deferred tax	**—**	**616**	**616**
	—	**7,364**	**7,364**
	—	**16,096**	**16,096**
Balance as at September 30, 2014	**119,460**	**251,401**	**370,861**

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive **Director**

Notes to the Financial Statements

For the year ended September 30, 2014

1 COMPANY AND ITS OPERATIONS

The Company is a public limited Company incorporated in 1986 in Pakistan under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in the manufacture and sale of sugar and its by-products. The registered office of the Company is situated at C-27, Plot No. F-24, Block - 9, Clifton, Karachi and its manufacturing facilities are located in district Sanghar, Sindh.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention ,except for, certain employees retirement benefits that are based on actuarial valuation, items of property, plant and equipment which are carried at revalued amounts and stock in trade when valued at net realisable value.

2.3 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

2.3.1 New and amended standards and interpretations became effective

During the year, the following approved accounting standards, interpretations, amendments / revisions to the approved accounting standards became effective for the accounting periods beginning from the dates specified below;

IFRS-7 **Financial Instruments:** Disclosures - Disclosures about offsetting of financial assets and liabilities (Effective for annual periods beginning on or after January 01, 2013)

These amendments require entities to disclose gross amount subject to right of set off, amounts set off in accordance with accounting standards followed, and the related net credit exposure. These disclosures are intended to facilitate comparison between those entities that prepare financial statements based on IFRS and those that prepare financial statements based on US GAAP.

IAS 27 **Separate Financial Statements-** Amendment (Effective for annual periods beginning on or after January 01, 2013)

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

IAS 28 **Investments in Associates and Joint Ventures -** Amendment (Effective for annual periods beginning on or after January 01, 2013)

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

IFRIC 20 **Striping Costs in the Production Phase of Surface Mine:** (Effective for annual periods beginning on or after January 01, 2013)

The cost of stripping activity to be accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realized in the form of inventory produced.

These revised standards or amendments to standards are either irrelevant or do not have any material impact on the operations and financial statements of the Company.

2.3.2 Approved standards, Interpretations and Amendments to published approved accounting standards issued but not yet effective for the current financial year

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

IAS 32 **Financial Instruments: Presentation - Disclosures about offsetting of financial assets and liabilities** (Effective for annual periods beginning on or after January 01, 2014)

These clarify certain aspects in the application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IFRIC 21 **Levies, an Interpretation on the accounting for levies imposed by governments'** (effective for annual periods beginning on or after 01 January 2014).

IFRIC 21 is an interpretation of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

IAS 36 **Impairment of Assets' Recoverable Amount Disclosures for Non-Financial Assets** (Amendment) - effective for annual periods beginning on or after 01 January 2014).

These narrow-scope amendments to IAS 36 "Impairment of Assets" address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 39 **Financial Instruments: (Amendments) Recognition and Measurement' Continuing hedge accounting after derivative novation (**effective for annual periods beginning on or after 01 January 2014).

The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

IAS 19 **Employee Benefits' Employee contributions – Amendments - a practical approach** (effective for annual periods beginning on or after 01 July 2014).

The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

IAS 38 & IAS-16 **Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment'** (effective for annual periods beginning on or after 01 January 2016)

This amendment introduces 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 amortization 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.

IFRS 10 **Consolidated Financial Statements**

This is a new standard that replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11 **Joint Arrangements**

This is a new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.

IFRS 12 **Disclosure of Interest in Other Entities**

This is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 **Fair Value Measurement**

This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit-price' notion and uses 'a fair value hierarchy', which results in market-based, rather than entity-specific measurement.

The above amendments, revisions and interpretations are either irrelevant to the company or their adoption will not have material impact on the Company's financial statements except for additional disclosures.

2.3.3 **Annual Improvements 2010-2012 and 2011-2013 cycles** (most amendments will apply prospectively for annual period beginning on or after 01 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS - 2 **Share-based Payment**

IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS - 3 Business Combinations

These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

IFRS - 8 IFRS 8 'Operating Segments

IFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition, this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

IAS 16 & IAS 38 Amendments to IAS 16 'Property, plant and equipment'; and IAS 38 'Intangible Assets'

The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

IAS - 24 Related Party Disclosure

The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

IAS - 40 Investment Property

IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

These amendments / clarification are not likely to have any material impact on the company's financial statements.

2.3.4 New standards not yet adopted by SECP

Following new standards issued by IASB but have not yet been notified by the Securities and Exchange Commission of Pakistan.

IFRS 1 First-time Adoption of International Financial Reporting Standards (Effective for annual periods beginning on or after July 01, 2009)

IFRS 1 First-time Adoption of International Financial Reporting Standards sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.

IFRS 14 Regulatory Deferral Accounts (Effective for annual periods beginning on or after Jan 01, 2016)

IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

IFRS 15 Revenue from Contracts with Customers (Effective for annual periods beginning on or after Jan 01, 2017)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

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

3 Critical accounting estimates, judgments and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under that circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcome that require material adjustment to the carrying amount of the asset or liability affected in future periods.

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

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

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

— **Taxation :**

In making the estimates of the income tax liabilities, the management considers current income tax law and decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate.

— **Defined Benefit Plan**

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might effect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates.

— **Property, Plant and Equipment**

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The Company reviews the value of assets for possible impairment on financial year end. Any change in the estimate in the future years might effect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

— **Stock in trade**

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

— **Contingencies**

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

— **Provision against trade debts, deposits, advances and other receivables**

The Company reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of doubt full & bad debts and provision required there against.

— **Slow Moving and Stores Obsolescence**

In making estimates of quantum of slow moving and obsolescence, the aging analysis, current condition of various items component of realization and expected use in future are considered.

— **Impairment**

The Company reviews carrying amount of assets annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

4 SIGNIFICANT ACCOUNTING POILICIES

4.1 Taxation

4.1.1 Current

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

4.1.2 Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and their tax base and is recognized on the basis of the expected manner of the realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax asset is recognized to the extent that it is probable that the future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax asset is reduced to the extent that is no longer probable that the related tax benefit will be realized.

4.1.3 Sales tax and Federal Excise Duty (FED)

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

— Where amount incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the tax / duty is recognized as part of the cost of the acquisition of the assets or as part of the expense item as applicable; and

— Receivables or payables that are stated with the amount of Sales tax / FED included.

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

4.2 Employees Retirement benefits:

4.2.1 Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees eligible to the scheme with qualifying service period. Provision is made annually to cover the obligation on the basis of actuarial valuation carried out using Projected Unit Credit Method, and is charged to profit and loss account, related details of which are given in the respective note to the financial statements. Actuarial gains or losses are recognized in full as and when arise and are charged to other comprehensive income.

4.3 Property, plant and equipment

4.3.1 Owned assets

These are stated at cost less accumulated depreciation and impairment, if any, except for free hold land, buildings and plant and machinery which are stated at revalued amounts.

Depreciation is charged, on a systematic basis over the economic useful life of the asset, on reducing balance method, which reflects the pattern in which the assets economic benefits are consumed by the Company, at the rates specified in respective note. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The Surplus on revaluation of Property, Plant and Equipment is recognized in accordance with section 235 of the Companies Ordinance, 1984. The surplus on revaluation of Property, Plant and Equipment to the extent of incremental depreciation net of deferred tax thereon charged on the related assets is transferred by the Company to statement of changes in equity under unappropriated profit. In case of disposal of revalued Property, Plant and Equipment, any revaluation surplus is directly transferred to retained earning through statement of Other Comprehensive Income. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

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

4.3.2 Assets subject to finance lease

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired.

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

4.3.3 Capital work-in-progress

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

4.4 Intangible Assets

Computer software are stated at cost less accumulated amortisation. Software cost are only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight line method at the rate stated in respective note to these financial statements.

4.5 Stores, spare parts and loose tools

These are valued at cost calculated on moving average basis less provision for obsolescence, and slow moving items, except for the items in transit, which are valued at cost accumulated upto the balance sheet date.

4.6 Stock in trade

Stock of sugar is valued at lower of the weighted average cost and net realizable value. By products i.e. Molasses and Baggasse are valued at net realizable value (NRV). Cost in relation to work in process and finished goods consists of material cost, proportionate manufacturing overheads.

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

4.7 Trade debts

Trade debts are carried at original invoice amount less provision if any. Provision for doubtful debts is based on management's assessment of customers and their credit worthiness. Bad debts are written off when there is no realistic prospect of recovery.

4.8 Trade and other payables

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

4.9 Finance Lease

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

4.10 Ijarah Lease contracts

Leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as Ijarah lease. Payments made under the Ijarah lease agreements are charged to profit & loss account on a straight line basis over the lease term.

4.11 Revenue recognition

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.

4.12 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company’s functional and presentation currency.

4.13 Foreign currency transaction and translation

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

4.14 Provisions

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

4.15 Borrowing cost

Mark-up, interest and other charges on loans are capitalized upto the date of commissioning of the respective qualifying assets. All other mark-up, interest, profit and other charges are charged to profit & loss account.

4.16 Financial Instruments

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss, if any, on derecognition of financial assets and financial liabilities is included in the profit and loss account currently.

4.17 Offsetting of financial assets and liabilities

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

4.18 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and bank balances net of short term borrowings.

4.19 Dividend and appropriation to reserves

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

4.20 Impairment

Financial assets

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

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

Non-Financial assets

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

4.21 Employee compensated absences

The Company provides for compensated absences for all eligible employees in the period in which these are earned in accordance with the terms of employment.

			2014	2013
5	**PROPERTY, PLANT AND EQUIPMENT**		**(Rupees in '000)**	
	These are comprised as under:			
	Operating fixed assets	**Note - 5.1**	**1,086,312**	721,841
	Capital work-in-progress	**Note - 5.2**	**60,036**	7,844
			1,146,348	729,685

5.1 Operating Fixed Assets

Net carrying value as at Sept 30, 2014	OWNED									LEASED	OWNED & LEASED
	Free hold land	Factory Building on free hold land	Non-Factory Building on free hold land	Plant and Machinery	Furniture and Fittings	Vehicles	Computer Equipment & Appliances	Stores & Spares held for capital expenditure	Sub - Total	Plant and Machinery	Grand Total
	Rupees in'000										
Opening Net Book Value (NBV)	25,600	37,836	8,700	494,708	1,992	12,426	2,981	3,763	**588,006**	133,835	**721,841**
Direct Additions at Cost	—	—	—	—	45	781	354	2,088	**3,268**	—	**3,268**
Transfer from Capital Work in Progress	—	—	—	8,707	—	—	—	—	**8,707**	—	**8,707**
Revaluation during the year	67,900	101,868	61,950	160,646	—	—	—	—	**392,364**	—	**392,364**
Disposal at NBV	—	—	—	—	—	(109)	—	—	**(109)**	—	**(109)**
Depreciation charge for the year	—	(3,784)	(870)	(25,062)	(202)	(2,551)	(401)	(197)	**(33,067)**	(6,692)	**(39,759)**
Closing Net Book Value	**93,500**	**135,920**	**69,780**	**638,999**	**1,835**	**10,547**	**2,934**	**5,654**	**959,169**	**127,143**	**1,086,312**
Gross carrying value as at Sept 30, 2014											
Cost	7,043	25,271	11,589	530,832	6,470	21,930	11,430	5,867	**620,433**	148,322	**768,755**
Accumulated Depreciation - Cost	—	(15,740)	(8,121)	(207,831)	(4,635)	(11,383)	(8,496)	(213)	**(256,419)**	(21,179)	**(277,598)**
	7,043	9,531	3,468	323,001	1,835	10,547	2,934	5,654	**364,013**	127,143	**491,156**
Revaluation	86,457	158,654	73,618	378,501	—	—	—	—	**697,230**	—	**697,230**
Accumulated Depreciation - Revaluation	—	(32,265)	(7,306)	(62,503)	—	—	—	—	**(102,074)**	—	**(102,074)**
	86,457	126,389	66,312	315,998	—	—	—	—	**595,156**	—	**595,156**
Total Net Book Value	**93,500**	**135,920**	**69,780**	**638,999**	**1,835**	**10,547**	**2,934**	**5,654**	**959,169**	**127,143**	**1,086,312**

Net carrying value as at Sept 30, 2013	OWNED									LEASED	OWNED & LEASED
	Free hold land	Factory Building on free hold land	Non-Factory Building on free hold land	Plant and Machinery	Furniture and Fittings	Vehicles	Computer Equipment & Appliances	Stores & Spares held for capital expenditure	Sub - Total	Plant and Machinery	Grand Total
	Rupees in'000										
Opening Net Book Value (NBV)	25,600	40,301	9,667	553,751	2,184	10,881	2,534	—	**644,918**	99,476	**744,394**
Additions (at Cost)	—	—	—	5,028	27	6,540	797	3,779	**16,171**	—	**16,171**
Transfer from Capital Work in Progress	—	1,579	—	4,719	—	—	—	—	**6,298**	—	**6,298**
Addition through Sale & Lease back	—	—	—	—	—	—	—	—	—	40,000	**40,000**
Disposal through Sale & Lease back	—	—	—	(41,509)	—	—	—	—	**(41,509)**	—	**(41,509)**
Disposal (at NBV)	—	—	—	—	—	(2,484)	—	—	**(2,484)**	—	**(2,484)**
Depreciation	—	(4,044)	(967)	(27,281)	(219)	(2,511)	(350)	(16)	**(35,388)**	(5,641)	**(41,029)**
Closing Net Book Value	**25,600**	**37,836**	**8,700**	**494,708**	**1,992**	**12,426**	**2,981**	**3,763**	**588,006**	**133,835**	**721,841**
Gross carrying value as at Sept 30, 2013											
Cost	7,043	25,271	11,589	522,125	6,425	21,567	11,076	3,779	**608,875**	148,322	**757,197**
Accumulated Depreciation - Cost	—	(14,567)	(7,688)	(189,794)	(4,433)	(9,141)	(8,095)	(16)	**(233,734)**	(14,487)	**(248,221)**
	7,043	10,704	3,901	332,331	1,992	12,426	2,981	3,763	**375,141**	133,835	**508,976**
Revaluation	18,557	56,787	11,668	217 855	—	—	—	—	**304,867**	—	**304,867**
Accumulated Depreciation - Revaluation	—	(29,655)	(6,869)	(55,478)	—	—	—	—	**(92,002)**	—	**(92,002)**
	18,557	27,132	4,799	162,377	—	—	—	—	**212,865**	—	**212,865**
Total Net Book Value	**25,600**	**37,836**	**8,700**	**494,708**	**1,992**	**12,426**	**2,981**	**3,763**	**588,006**	**133,835**	**721,841**
Depreciation rate % per annum	—	10	10	5	10	20	10 & 20	5		5	

5.1.1 The Company's freehold land, building and plant and machinery were revalued on September 30, 2014, afresh by independent professional valuers M/s Oceanic Surveyors (Pvt) Limited at fair market value. The resultant revaluation on surplus has been adjusted to the surplus on revaluation of Fixed Assets Account. The Fair Values were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, adjusted for any difference in nature, location or condition of the specific property.

5.1.2 Depreciation charge for the year has been allocated as under:

		2014	2013
		(Rupees in '000)	
Cost of Sales	**Note - 23**	**35,537**	36,966
Administrative Expenses	**Note - 26**	**4,222**	4,063
		39,759	41,029

5.1.3 The following Property, plant and equipments were disposed off during the year:

Particulars	Cost	Written Down Value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Purchaser
	......................Rupees in '000........................					
Vehicle						
Suzuki Bolan - CS 3694	418	109	410	301	Negotiation	Mr. Sikandar Bakht Samejo S/o Moula Bux Samejo, House No. 222-A, D.O.H.S., Phase I, Malir Cantt., Karachi.
Sept 30, 2014	**418**	**109**	**410**	**301**		
Sep. 30, 2013	65,518	43,993	43,168	(825)		

5.2 Capital work-in-progress

	Cost at October 01	Capital expenditure incurred during the year	Transferred to operating fixed assets	Cost at September 30
	.... Rupees in '000		....	
Plant and Machinery - under erection	**7,844**	**58,032**	**8,707**	**57,169**
Civil Works	—	**2,867**	—	**2,867**
As at Sept 30, 2014	**7,844**	**60,899**	**8,707**	**60,036**
Plant and Machinery - under erection	2,722	9,841	4,719	7,844
Civil Works	—	1,579	1,579	—
As at Sep 30, 2013	2,722	11,420	6,298	7,844

			2014	2013
			(Rupees in '000)	
6	**INTANGIBLE ASSETS**			
	Computer Software			
	Net carrying value as at Sep 30			
	Opening Net Book Value (NBV)		—	—
	Additions at cost during the year		637	—
	Amortization charged during the year	Note 6.1 & 26	(140)	—
	Closing Net Book Value		497	—
	Gross carrying value as at Sep 30			
	Cost		637	—
	Accumulated Amortization		(140)	—
			497	—
	Amortization rate % per annum		33	—

6.1 The cost is being amortized using straight line method over a period of three years.

			2014	2013
7	**LONG TERM DEPOSITS**			
	Lease deposits		44,753	44,753
	Lease deposit being adjustable within next twelve months classified as current asset	Note 11	(35,822)	—
			8,931	44,753
	Security deposits		547	547
			9,478	45,300
8	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		22,762	27,895
	Spare parts		33,149	28,167
	Loose tools		568	511
			56,479	56,573
	Provision for slow moving items and obsolescence	Note 8.1	14,354	13,327
			42,125	43,246
8.1	**Reconciliation of provision for slow moving and obsolete items**			
	Opening balance at the beginning of the year		13,327	11,541
	Charge for the year		1,027	1,786
	Closing balance at the end of the year		14,354	13,327
9	**STOCK-IN-TRADE**			
	Sugar	Note 9.1	440,832	299,754
	Sugar in process		886	1,936
	Molasses in process		250	490
	Baggasse		150	120
			442,118	302,300

9.1 The closing stock of sugar having carrying value of Rs. 196,678 thousands (2013: Nil) has been pledged against cash finance obtained from the Banking Companies.

			2014	2013
			(Rupees in ‘000)	
10	**LOANS AND ADVANCES**			
	Interest free			
	Secured			
	Loans to Employees - Other than CEO, Directors & Executives	Note 10.1	**366**	680
	Un-Secured			
	Advances to - Employees against salaries		**165**	116
	- Contractors and suppliers		**21,768**	8,981
	- Growers Considered good	Note 10.2	**44,770**	15,132
	Considered doubtful		**6,925**	6,925
			51,695	22,057
	Provision against doubtful growers advances		**6,925**	6,925
			44,770	15,132
			67,069	24,909

10.1 Loans and advances have been given to employees for the purchase of house hold equipments and housing assistance in accordance with the terms of the employments and are repayable in the different monthly installments and are non-interest / mark-up bearing. These are secured against the retirement benefits.

10.2 During the year, the Company has advanced to growers which comprises of payments and fertilizers / seeds, as an advance which is adjustable against the supplies of sugarcane during the ensuing season. These are interest free.

			2014	2013
11	**TRADE DEPOSITS & SHORT TERM PREPAYMENTS**			
	Trade Deposits			
	Lease deposit being adjustable within next twelve months classified as current	Note 7	**35,822**	—
	Bank Guarantee Margin	Note 21.2	**18,750**	12,500
	TCP Bid Money		**8,855**	—
			63,427	12,500
	Short Term Prepayments			
	Prepaid Insurance		**666**	1,273
	Others		**81**	362
			747	1,635
			64,174	14,135
12	**OTHER RECEIVABLES**			
	Inland Freight Subsidy receivable	Note 12.1	**18,713**	18,713
	Due from deceased executive	Note 12.2	**—**	—
	Further sales tax refundable		**4,283**	4,283
	Insurance Claim		**200**	81
			23,196	23,077

12.1 These are receivable from the Government of Pakistan through Trade Development Authority of Pakistan. Total receivable in this respect amounted to Rs. 21,703 thousands; however an amount of Rs. 2,990 thousand relating to the export sales of current year 2013-14, has not been accounted for as a matter of prudence and will be recognised once the chances of recovery are confirmed.

	2014	2013
	(Rupees in '000)	
12.2 Due from deceased executive:		
Due from deceased executive	**12,996**	12,996
Provision there against	**(12,996)**	(12,996)
	—	—
13 CASH AND BANK BALANCES		
Cash in hand	**52**	78
Cash at banks		
– current accounts	**7,222**	21,639
	7,274	21,717

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014	2013		2014	2013
10,860,000	10,860,000	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	**108,600**	108,600
1,086,000	1,086,000	Ordinary shares of Rs.10 each allotted as bonus shares	**10,860**	10,860
11,946,000	11,946,000		**119,460**	119,460

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

	2014	2013
Gross opening balance	**212,865**	236,531
Revaluation Surplus during the year	**392,364**	—
Incremental depreciation charged on surplus on revaluation of property, plant & equipment - net of deferred tax	**(6,748)**	(5,914)
Deferred Tax on Incremental Depreciation charged on surplus on revaluation of property, plant & equipment	**(3,324)**	(3,046)
	(10,072)	(8,960)
Incremental depreciation charged on related assets of surplus on revaluation of property, plant and equipment realized, on account of disposal of assets - net of deferred tax	**—**	(9,706)
Deferred Tax on Incremental depreciation charged on related assets of surplus on revaluation of property, plant and equipment realized, on account of disposal of assets	**—**	(5,000)
	—	(14,706)
	(10,072)	(23,666)
	595,157	212,865
Related deferred Tax	**(167,870)**	(66,064)
Revaluation surplus net of deferred tax	**427,287**	146,801

	2014	2013
	(Rupees in '000)	
16 LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE		
Present Value of Minimum Lease Payments	**79,495**	107,496
Less: Current Portion shown under current liabilities	**56,321**	32,254
	23,174	75,242

16.1 The amounts of future payments for the lease and the period of their maturity is as follows:

	Minimum Lease Payments (MLP)	Financial Charges	Present Value of MLP
	Rupees in 000		
	2014		
Rentals due within one year	60,667	4,346	56,321
Rentals due after one year but within two years	25,631	2,457	23,174
Balance as at September 30, 2014	**86,298**	**6,803**	**79,495**
	2013		
Rentals due within one year	41,207	8,953	32,254
Rentals due after one year but within three years	80,949	5,707	75,242
Balance as at September 30, 2013	122,156	14,660	107,496

16.1.1 The Company has entered into combined lease agreement, for an amount of Rs. 108,322 thousands with ORIX Leasing Pakistan Limited (Rs. 62,264 thousands) and National Bank of Pakistan Leasing (NBP Leasing)(Rs. 46,058 thousands) to acquire Generator and Steam Turbine for enhancing Company's power generation capacity by 6 MW. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit. Minimum lease payments have been discounted using rates linked with KIBOR aggregating to 15.00% to 15.69% (2013: 14.99% to 17.39%). Lease rentals are payable in 48 months on quarterly basis starting from March 2011.

16.1.2 The Company has entered into sale & lease back agreement, for an amount of Rs. 40,000 thousands with Orix Leasing Pakistan Limited for Vapourcell, Crystallizers and Vaccum Pan. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit. Minimum lease payments have been discounted using rates linked with KIBOR aggregating to 13.21% to 15.17%. Lease rentals are payable in 48 months on monthly basis starting from July 2013.

		2014	2013
		(Rupees in '000)	
17 DEFERRED LIABILITIES			
Deferred taxation	Note 17.1	**238,788**	141,015
Market committee fee	Note 21.1.1	**41,621**	34,239
Employees retirement benefits			
– Defined benefit plan	Note 17.2	**40,429**	34,757
		320,838	210,011

	2014	2013
	(Rupees in '000)	
17.1 Deferred taxation:		
Opening Balance	**141,015**	156,198
Impact of Surplus on revaluation during the year & effect of change in tax rate	**105,131**	(2,182)
Impact of deferred tax on actuarial gain / loss	**304**	1,192
Reversal during the year	**(7,662)**	(14,193)
Closing balance	**238,788**	141,015
17.1.1 Deferred tax (debit) / credit arising due to:		
Deferred tax credit arising due to:		
– surplus on revaluation	**167,870**	66,064
– accelerated depreciation	**93,277**	100,852
– assets obtained under finance lease	**15,724**	8,955
	276,871	175,871
Deferred tax debit arising due to:		
– provisions	**(38,083)**	(33,571)
	238,788	142,300

17.2 Defined Benefits Plan:

The Company operates an unfunded gratuity scheme for its employees eligible to the benefit effective from July 01, 2003 and provision is made as per actuarial valuation of the scheme conducted for the year ended September 30, 2014 vide Actuarial Valuation Report by M/s Nauman Associates (Consulting Actuaries) dated December 09, 2014 under the "Projected Unit Credit " method. The principal assumptions used for actuarial valuation for the gratuity scheme are as follows:

	2014	2013
	(Rupees in '000)	
17.2.1 Movement in the present value of the obligation		
Present value of obligation at the beginning of the year	**34,757**	32,727
Charge for the year		
Current service cost	**5,237**	6,349
Interest cost	**3,853**	4,091
	9,090	10,440
Benefits paid during the year	**(2,498)**	(4,905)
Remeasurement gain taken to other comprehensive income	**(920)**	(3,505)
Present value of obligation at the end of the year	**40,429**	34,757
17.2.2 Expense for the year charged to Profit & Loss Account		
Current service cost	**5,237**	6,349
Interest cost	**3,853**	4,091
	9,090	10,440

		2014	2013
		(Rupees in '000)	
17.2.3 Charge for the year has been allocated as under:			
Cost of Sales	Note 23.1	**6,818**	7,830
Administrative Expenses	Note 26.1	**2,272**	2,610
		9,090	10,440
17.2.4 Significant Actuarial Assumptions			
Discount rate used for interest cost		**11.50%**	12.50%
Discount rate used for year end obligation		**13.50%**	11.50%
Salary increased used for year end obligation		**12.50%**	10.50%
Retirement assumption		**Age 60**	Age 60
17.2.5 Year end Sensitivity Analysis (± 100 bps) on Defined Benefit Obligation			
Discount Rate + 100 bps		**38,226,870**	32,800,570
Discount Rate - 100 bps		**42,915,809**	36,974,282
Salary Increase + 100 bps		**42,971,912**	36,964,685
Salary Increase - 100 bps		**38,138,375**	32,775,454
18 TRADE AND OTHER PAYABLES			
Creditors		**104,802**	72,416
Accrued liabilities		**16,293**	12,867
Advances from customers		**3,890**	322,427
Sales tax / FED payable		**5,315**	2,350
Worker's Profit participation Fund	Note 18.1	**1,938**	1,466
Worker's Welfare Fund		**1,323**	586
Unclaimed dividend		**1,554**	1,554
Other liabilities	Note 18.2	**2,488**	2,151
		137,603	415,817
18.1 Workers Profit Participation Fund			
Opening balance at the beginning of the year		**1,466**	—
Interest paid on funds utilized by the Company		**76**	—
		1,542	—
Less: Payments made during the year		**(1,542)**	—
		—	—
Add: Allocation for the year		**1,938**	1,466
Closing balance at the end of the year		**1,938**	1,466

		2014	2013
		(Rupees in '000)	
18.2 Other liabilities			
Sales tax withhold		**114**	153
Income tax deducted at source		**499**	658
Cane field staff	Note 18.2.1	**736**	527
Others		**1,139**	813
		2,488	2,151

18.2.1 These represents amount received from cane field employees under Company's motor cycle policy.

		2014	2013
		(Rupees in '000)	
19 ACCRUED MARK-UP / FINANCIAL CHARGES			
Accrued financial Charges on liabilities against asset subject to finance lease		**789**	1,688
Accrued mark-up on short term borrowings		**19,525**	—
		20,314	1,688
20 SHORT TERM BORROWINGS -Secured			
Cash Finance	Note 20.1	**420,058**	—
Running Finance	Note 20.1	**50,000**	—
		470,058	—

20.1 The aggregate financing facilities available amounting to Rs. 1,150,000 thousands (September 2013: 900,000 thousands), out of which Rs. 679,942 thousand (2013: 900,000 thousand) were un-utilised as at the year end. These are secured by pledge of sugar stocks under the supervision of approved muccadum and hypothecation over current assets of the Company, exclusive & pari passu hypothecation charge on Company's plant & machinery and 1st equitable mortgage charge over fixed assets of the Company. The financing facilities are collaterally secured by the personal guarantees of all the sponsor directors. The facilities carries markup at 3 months KIBOR as base rate plus 2.25% & 3% per annum (September 2013: 2.25% & 3%) chargeable and payable quarterly. The facility is renewable annually at the time of maturity.

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies:

21.1.1 The Company has filed a case in the Honourable High Court of Sindh against the levy of market committee fee by the Government of Sindh on sugarcane purchases at the factory. The Sindh High Court has granted status quo. Full provision of Rs. 41,621 thousands (2013: 34,239 thousands) has been made as a matter of prudence, which includes Rs. 7,382 thousands for the current crushing season 2013-2014.

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

21.1.3 The Company has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) Challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-2009 amounting to Rs. 1,915 thousands. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. The constitutional petition filed before the Honourable High Court of Sindh has allowed in favour of the Company. In the meantime the legal counsel of the Company has filed caveat in respect of an appeal to be filed by PSQCA against the judgment in the Honourable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority have filed an appeal before the Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh. No provision has been made in this respect.

21.1.4 A show cause notice has been issued by the department of Inland Revenue Service-LTU against the company regarding the reduced rate of Federal Excise Duty availed by the company amounting to Rs. 58,106 thousands under SRO 77(1)/ 2013 dated 7th February 2013. The Company has filed an appeal before the Honourable High Court of Sindh against the show cause notice and the Honourable High Court of Sindh has issued stay order against the proceedings on the show cause notice.

21.1.5 The matter of quality premium continues to be pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company purchased sugar cane at market rate, which was higher than minimum support price fixed by the government during the period from 2004-2014. The resultant aggregate excess payment on account of various subsidies born by Company was higher than that absorbed the quality premium for the said years of Rs. 557,868 thousand. It also holds the view that uniform formula being developed by MINFAL for mills and cane growers would be applicable prospectively. In view of above, the Company has not recorded any obligation.

21.2 Guarantee:

Rs. 75,000 thousands (2013: 50,000 thousands) guarantee issued by the Bank for six months period in favour of Engro Fertilizers Limited on behalf of the Company for the procurement of Fertilizers for onward supply to sugarcane growers. The guarantee is secured against the 25% cash margin and rest against the existing charge over current and fixed assets of the Company held as collateral.

21.3 Commitments:

21.3.1 Capital commitments in respect of plant and machinery amount to Rs. 40,000 thousands (2013: Rs. 8,200 thousands).

21.3.2 The Company has entered into Ijarah Lease agreement, for the amount of Rs. 29,334 thousands with Al-Baraka Bank Pakistan Limited to acquire of Shredder Turbine for enhancing power generation capacity. The Company has option to purchase the assets upon expiry of the lease term by making payment of residual value by way of adjustment of security deposit. Minimum lease payments have been discounted using discount rates linked with KIBOR aggregating to 12.42%. Ijarah lease rentals are payable in 20 quarterly installments starting from March 2014.

The Company is committed for minimum Ijarah rental payments for each of the following period as follows:

	2014	2013
	(Rupees in '000)	
Not more than one year	**7,533**	5,824
More than one year but not more than five years	**24,481**	30,131
More than five years but not more than six years	—	1,883
	32,014	37,838

			2014	2013
			(Rupees in '000)	
22	**SALES**			
	Export Sales		**161,227**	905,437
	Local Sales		**3,269,946**	1,936,340
	Less: Federal Excise Duty		**234,222**	70,323
			3,035,724	1,866,017
			3,196,951	2,771,454
23	**COST OF SALES**			
	Sugar cane consumed (including cane procurement expenses)		**3,224,823**	2,394,932
	Salaries, wages and staff benefits	Note 23.1	**99,479**	96,809
	Stores, spare parts & loose tools consumed		**103,761**	92,944
	Fuel, power & utilities		**8,902**	9,417
	Insurance		**8,061**	9,774
	Repairs and maintenance		**3,062**	7,565
	Vehicle running expenses		**9,478**	9,777
	Lease Rentals		**5,650**	—
	Depreciation	Note 5.1.2	**35,537**	36,966
	Other expenses		**10,470**	10,155
			3,509,223	2,668,339
	Sugar -in-process			
	– Opening		**1,936**	1,156
	– Closing		**(886)**	(1,936)
			1,050	(780)
			3,510,273	2,667,559
	Sale of Molasses	Note 23.2	**385,328**	238,655
	Inventory adjustment		**(240)**	315
			385,088	238,970
	Sale of Baggasse	Note 23.2	**875**	4,425
	Inventory adjustment		**30**	(1,325)
			905	3,100
	Cost of goods manufactured		**3,124,280**	2,425,489
	Finished sugar			
	– Opening stock		**299,754**	497,147
	– Closing stock		**(440,832)**	(299,754)
			(141,078)	197,393
			2,983,202	2,622,882

23.1 Salaries, wages and benefits include Rs. 6,818 thousands (2013: 7,830 thousands) in respect of defined benefit plan.

23.2 These figures are net off sales tax of Rs. Nil (2013: 4,416 thousands) in respect of molasses and Rs. 149 thousands (2013: Rs. 708 thousands) in respect of Baggasse.

			2014	2013
			(Rupees in '000)	
24	**LOSS FROM TRADING ACTIVITIES**			
	Sales		120,506	—
	Less: Sales Tax		(17,509)	—
			102,997	—
	Less: Purchases & other charges		103,574	—
	Net Loss		577	—
25	**DISTRIBUTION COST**			
	Handling and stacking		1,362	3,112
	Export Expenses		3,964	3,822
			5,326	6,934
26	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and staff benefits	Note 26.1	44,662	44,724
	Rent, rates and taxes		251	473
	Communication		728	828
	Repairs and maintenance		412	319
	Utilities		583	769
	Entertainment		370	525
	Subscription		1,702	597
	Cartage		450	478
	Printing and stationery		1,398	985
	Insurance		2,687	3,258
	Conveyance and traveling		2,668	2,318
	Depreciation	Note 5.1.2	4,222	4,063
	Amortization	Note 6	140	—
	Legal and professional charges		1,289	499
	Mess Expenses		40	300
	Others		2,347	1,345
			63,949	61,481

26.1 Salaries, wages and benefits include Rs. 2,272 thousands (2013: 2,610 thousands) in respect of defined benefit plan.

			2014	2013
			(Rupees in '000)	
27	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	Note 27.1	**710**	642
	Corporate social responsibility costs	Note 27.2	**1,263**	1,226
	Loss on sale and lease back of property, plant and equipment		—	1,509
	Workers Profit Participation Fund		**1,938**	1,466
	Provision for due from deceased executive		—	12,996
	Workers Welfare Fund		**737**	586
	Exchange Loss on Export proceeds		**3,159**	—
	Provision for slow moving and obsolete items		**1,027**	1,786
	Others		—	167
			8,834	20,378
27.1	**Auditors' remuneration**			
	Statutory Auditors - Kreston Hyder Bhimji and Co.			
	Audit fee		**545**	500
	Half yearly review fee		**30**	25
	Code of corporate governance certification		**20**	15
			595	540
	Cost Auditors - Siddiqi and Co.			
	Audit fee		**100**	90
	Out of pocket expenses		**15**	12
			115	102
			710	642

27.2 Corporate social responsibility costs do not include any amount paid to any person or organization in which any director or their spouse had any interest.

		2014	2013
		(Rupees in '000)	
28	**OTHER INCOME**		
	Income from financial assets:		
	Exchange gain realized during the year	—	5,305
	Income from non financial assets:		
	Inland freight subsidy	—	18,713
	Scrap Sales	—	8,627
	Gain on sale of property, plant and equipment	**301**	683
	Others - Rent & Miscellaneous receipts	**82**	1,473
		383	34,801
29	**FINANCE COST**		
	Mark-up on short-term borrowings	**86,043**	69,664
	Financial charges on liabilities against asset subject to finance lease	**7,314**	7,816
	Bank charges	**1,538**	2,829
	Mark-up on Bank Guarantee	**4,384**	—
	Interest on Workers Profit Participation Fund	**76**	—
		99,355	80,309

		2014	2013
		(Rupees in '000)	
30	**TAXATION**		
	Current year	**35,995**	30,493
	Prior years'	**(974)**	(8,930)
	Deferred	**(7,662)**	(14,193)
		27,359	7,370

Provision for current taxation represents the final tax on exports and minimum tax being the turnover tax under section 113 of Income Tax Ordinance, 2001, hence tax reconciliation of tax expense with accounting profit is not presented for the current year.

31 EARNING PER SHARE - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on.

	2014	2013
Profit after taxation (Rupees '000)	**8,732**	6,901
Number of ordinary shares	**11,946,000**	11,946,000
Earning per share - (Rupees)	**0.73**	0.58

32 CASH AND CASH EQUVALENTS

Cash and cash equivalent comprise of the following items

	2014	2013
Cash and bank balances	**7,274**	21,717
Less: Short Term Borrowings	**(470,058)**	—
	(462,784)	21,717

33 FINANCIAL INSTRUMENTS

33.1 FINANCIAL ASSETS AND LIABILITIES

Table below summarizes the maturity profile of the Company's financial assets and liabilities at the following reporting periods.

2014

	Interest / markup rate	Interest / Mark-up bearing			Non Interest / Mark-up bearing			
		Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total 2014
		(Rupees in '000)						
Financial Assets								
Deposits		—	—	—	63,427	9,478	72,905	**72,905**
Loans and Advances		—	—	—	366	—	366	**366**
Other Receivables		—	—	—	200	—	200	**200**
Cash and bank balances		—	—	—	7,274	—	7,274	**7,274**
T O T A L 2014		—	—	—	**71,267**	**9,478**	**80,745**	**80,745**
Financial Liabilities								
Liabilities against assets subject to finance lease	14.69% to 15.69%	56,321	23,174	79,495	—	—	—	**79,495**
Trade & other payables	1MK + 2.25% & 3%	1,938	—	1,938	122,649	—	122,649	**124,587**
Accrued mark-up		—	—	—	20,314	—	20,314	**20,314**
Short-term borrowings	3 MK + 2.25 % to 3%	470,058	—	470,058	—	—	—	**470,058**
T O T A L 2014		**528,317**	**23,174**	**551,491**	**142,963**	—	**142,963**	**694,454**

	Interest / markup rate	Interest / Mark-up bearing Maturity upto one year	Maturity after one year	Sub Total	Non Interest / Mark-up bearing Maturity upto one year	Maturity after one year	Sub Total	Total 2013
		2013 (Rupees in '000)						
Financial Assets								
Deposits		—	—	—	12,500	45,300	57,800	**57,800**
Loans and advances		—	—	—	680	—	680	**680**
Other Receivables		—	—	—	81	—	81	**81**
Cash and bank balances		—	—	—	21,717	—	21,717	**21,717**
T O T A L 2013		—	—	—	**34,978**	**45,300**	**80,278**	**80,278**
Financial Liabilities								
Liabilities against assets subject to finance lease	17.39% to 14.99%	32,254	75,242	107,496	—	—	—	**107,496**
Trade & other payables	1MK + 2.25% & 3%	1,466	—	1,466	86,837	—	86,837	**88,303**
Accrued mark-up		—	—	—	1,688	—	1,688	**1,688**
T O T A L 2013		**33,720**	**75,242**	**108,962**	**88,525**	—	**88,525**	**197,487**

34 FINANCIAL RISKS MANAGEMENT

34.1 Financial Risk Management Objectives, Policies and Responsibilities

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

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

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

- Market risk
- Credit risk
- Liquidity risk

34.1.1 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The company is subject to following market risks;

34.1.1.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign exchange. The Company is not exposed to currency risk as at balance sheet date.

34.1.1.2 Interest rate risk

Interest rate risk is the risk that value or future cash flows of the financial instruments will fluctuate because of changes in market interest rate. The Company has liabilities against asset subject to finance lease and short term borrowings which are based at varying rates.

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

	2014	2013	**2014**	2013
	Effective interest rate (in percent)		**Carrying amount (Rupees in '000)**	
Financial liabilities				
Variable rate instruments				
Finance lease	**14.69% to 15.69%**	17.39% to 14.99%	**79,495**	107,496
Short term borrowings	**3 MK + 2.25% & 3%**	3 MK + 2.25% & 3%	**470,058**	—
Workers Profit Participation Fund	**1 MK + 2.25% & 3%**	1 MK + 2.25% & 3%	**1,938**	1,466
			551,491	108,962

Sensitivity analysis

Fairvalue sensitivity analysis for fixed rate instruments

As at the balance sheet date the Company has no exposure to fixed rate financial liabilities. Further, the Company does not account for any fixed rate instruments at fair value through profit & loss account.

Cash flow sensitivity analysis for variable rate instruments.

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit/loss before tax for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	.... 2014		.... 2013	
	(Rupees in '000)		(Rupees in '000)	
	Profit and loss 100 bp		**Profit and loss 100 bp**	
Financial liabilities	**increase**	**decrease**	**increase**	**decrease**
Cash flow sensitivity	**(5,515)**	**5,515**	(1,090)	1,090

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

34.1.1.3 Other Price Risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have financial instruments dependent on market prices.

34.1.2 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk interalia by setting out credit limits in relation to individual customers and / or by obtaining advance against the sales and / or through letter of credits and / or by providing for doubtful debts.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the Chief Executive Officer and Executive Directors. Where considered necessary, advance payments are obtained from certain parties.

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

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

	2014	2013
	(Rupees in '000)	
Deposits	**72,905**	57,800
Loans and advances	**366**	680
Other Receivables	**200**	81
Bank balances	**7,222**	21,639
	80,693	80,200

a) Deposits

Deposits are due from leasing companies, Commercial Bank and others. Major amount of the deposits are from leasing companies and Commercial Bank which have good credit ratings from the rating agencies and also the lease deposits are secured against the leased asset. The Company believes that it is not exposed to major concentration of any such risk.

b) Balances with Bank

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

The bank balances along with the short term credit ratings are tabulated below:

	2014	2013
	(Rupees in '000)	
A1+	**5,003**	13,533
A1	**485**	194
A-1	**1,733**	7,911
A3	—	1
A-3	**1**	—
	7,222	21,639

34.1.2.1 Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates as disclosed in respective notes.

Management believes that there are no financial asset that are either past due or impaired.

34.1.3 Liquidity Risk

Liquidity risk represent the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities. The maturity profile of the Company's financial assets and liabilities as at the balance sheet date with respect to period lags is given in Note 33.

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. As at September 30, 2014, the Company has available unutilized borrowing facilities of Rs. 679,942 thousands (2013: Rs. 900,000 thousands) and also has cash & bank balances of Rs. 7,274 thousands (2013: 21,717 thousands). Based on the above, the management believes that the Company is not significantly exposed to the liquidity risk.

34.2 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The carrying value of all the financial assets and liabilities reflected in the financial statements approximates their fair values.

34.3 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

	2014	2013
	(Rupees in '000)	
Total financing and borrowings including finance lease	**549,553**	107,496
Less: Cash and bank balances	**(7,274)**	(21,717)
Net debt	**542,279**	85,779
Total Equity	**370,861**	354,765
Total capital employed	**913,140**	440,544
Gearing Ratio	**59.39%**	19.47%

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in '000)							
Non executive Directors' fee - 5 Directors	—	—	170	145	—	—	170	145
Managerial remuneration	5,383	5,106	1,236	1,236	7,142	5,398	13,761	11,740
Allowances & Others	1,827	1,827	804	804	2,708	2,230	5,339	4,861
	7,210	6,933	2,040	2,040	9,850	7,628	19,100	16,601
Number of persons	1	1	2	2	3	4	6	7

The Chief Executive, two Executive Directors and Executives as stated above are provided with the Company maintained cars for the business and personal use and the Chief Executive and two Executive Directors are also provided with telephone facilities for the business and personal use.

36 RELATED PARTY TRANSACTIONS

The Company in the normal course of business carried out transactions with related parties as detailed below:

Relationship with Company	Nature of Transaction	2014	2013
		(Rupees in '000)	
Key Management Personnel and their relatives	Purchase of sugarcane	105,620	93,643

Transactions, as applicable in relation to Directors of the Company and Key Management Personnel (KMP) have been disclosed in note # 35. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

Receivable / payables as at the balance sheet date are disclosed in the respective notes to the financial statements.

37 ENTITY - WIDE INFORMATION

37.1 The Company constitutes of a single reportable segment, the principal class of product is Sugar and by products are Molasses and Baggasse.

37.2 Information about geographical areas

The Company does not hold non-current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are not material in the overall context of these financial statements. The analysis of sugar sales, by products and sales of trading activities are as follows:

	2014	2013
	(Rupees in '000)	
Export Sales	**161,227**	905,437
Local Sales - net	**3,524,924**	3,975,114
	3,686,151	4,880,551
	(In percentage)	
Export Sales	**4.37%**	18.55%
Local Sales - net	**95.63%**	81.45%
	100.00%	100.00%

38 CAPACITY AND PRODUCTION

	2014		2013	
	Quantity M. Tons	**No. of days**	Quantity M. Tons	No. of days
Crushing capacity	**6,000**	**Per day**	6,000	Per day
Capacity based on actual working days	**906,000**	**151**	726,000	121
Actual Crushing	**738,209**	**151**	542,289	121
Sucrose recovery (in %)	**9.81**		9.77	
Sugar production from cane	**72,530**		52,823	

38.1 Main reason for under utilization of production capacity is lesser availability of sugarcane during the season.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **January 08, 2015** by the Board of Directors of the Company.

40 NUMBER OF EMPLOYEES

The number of employees as at year end was 532 (2013: 534) and average number of employees during the year was 748 (2013: 741) included seasonal employees.

41 GENERAL

Figures have been rounded off to nearest thousand of rupees.

Chief Executive **Director**

Pattern of Share Holding

As at September 30, 2014

Number of Shareholders	Share Holding From	Share Holding To	Total Shares Held
757	1	100	22,668
111	101	500	30,889
85	501	1000	52,133
69	1001	5000	153,179
39	5001	10000	244,650
4	10001	15000	50,890
3	15001	20000	56,000
3	20001	25000	73,000
3	25001	30000	79,940
1	35001	40000	35,500
2	40001	45000	89,650
1	55001	60000	55,750
1	60001	65000	62,700
3	95001	100000	289,140
1	240001	245000	241,487
1	360001	365000	360,179
1	400001	405000	403,100
2	410001	415000	821,722
1	415001	420000	417,000
1	495001	500000	496,000
1	520001	525000	522,600
2	570001	575000	1,145,722
1	655001	660000	659,250
1	670001	675000	674,750
1	855001	860000	858,000
1	910001	915000	913,000
1	975001	980000	979,000
1	1060001	1065000	1,063,616
1	1090001	1095000	1,094,485
1,099			**11,946,000**

* There is no shareholding in the slab not mentioned

	Category of Shareholders	Number of Shares Held	Percentage %
01	Directors, Chief Executive Officer, and their spouse and minor children	1,649,137	13.8049
02	Associated Companies, undertakings and related parties	–	–
03	Executives	25,290	0.2117
04	NIT & ICP	1,064,016	8.9068
05	Banks, DFIs, NBFIs, Mudarabas and Pension Fund	116,440	0.9747
06	Insurance Companies	418,040	3.4994
07	Shareholders holding 5% or more	3,844,485	32.1822
08	Joint Stock Companies	16,922	0.1418
09	General Public - Local	4,811,670	40.2785
	TOTAL	**11,946,000**	**100.0000**

Detail of Pattern of Share Holding

As per Requirement of Code of Corporate Governance

As at September 30, 2014

Category Name	Number of shares held	Percentage %	Category wise Number of shareholders	Category wise shares held	Percentage %
Directors, Chief Executive and their spouse and minor children			7	1,649,137	13.8049
Haji Khuda Bux Rajar	241,487	2.0215			
* Mr. Ghulam Dastagir Rajar	659,250	5.5186			
Mr. Mohammad Aslam	3,300	0.0276			
Mr. Qazi Shamsuddin	4,900	0.0410			
* Mr. Gul Mohammad	674,750	5.6483			
Mr. Jam Mitha Khan	62,700	0.5249			
Mrs. Khanzady W/o Haji Khuda Bux Rajar	2,750	0.0230			
Associated Companies, Undertaking and related parties			-	-	-
Executives			1	25,290	0.2117
NIT & ICP			3	1,064,016	8.9068
* CDC - Trustee National Investment (Unit) Trust	1,063,616	8.9035			
Investment Corporation of Pakistan	400	0.0033			
Banks, DFIs, NBFIs, Mudarabas and Pension Funds			5	116,440	0.9747
Insurance Companies			3	418,040	3.4994
* **Shareholders holding 5% or more**			4	3,844,485	32.1822
Joint Stock Companies			5	16,922	0.1418
General Public - Local			1071	4,811,670	40.2785
TOTAL			**1,099**	**11,946,000**	**100.0000**

* Shareholders having 5% or more shares marked as(*) are shown in their relevant categories. The name wise details of the remaining shareholders having 5% or more given below

Name of Shareholders	Number of shares held	Percentage %
Ali Ghulam	858,000	7.1823
Khuda Bux	913,000	7.6427
Abdul Jabbar	979,000	8.1952
Pir Baksh	1,094,485	9.1620
	3,844,485	**32.1822**

Information under clause (xvi) (i) of the Code of Corporate Governance

The Directors, Executives and their spouse and their minor children have not undertaken any trading of Company's shares during the year 2013-2014

TO ALL THE MEMBERS OF THE COMPANY IN RESPECT OF SUBMISSION OF THEIR CNIC & NTN

Dear Members

NOTICE is hereby given to the Members of the Company as reminder in their own interest to the Holders of Shares with Central Depository Co., (CDC) to send written information about their National Tax Number (NTN) mentioning their CDC Account No. and also to the Holders of Physical Shares to send urgently the attested legible copies of their valid Computerized National Identity Card (CNIC) alongwith mentioning NTN and Folio No. and Corporate Bodies to send urgently copy of their N.T.N mentioning their Folio No. thereon to the Company's Shares Registrar - M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi (Phone No. 021-32424826 in order to comply with the requirements of the Securities & Exchanges Commission of Pakistan (the Commission) and Federal Board of Revenue (FBR). It is mentioned that the Members of the Company were previously requested/reminded through Notices of A.G.M. published in Business Recorder & Khabrain on 07-01-2011, 09-01-2012, 09-01-2013 & 10-01-2014. The Important Notices dated 24-10-2010 & 21-10-2011 were also given to the Members for submission of CNIC. Thereafter, Important Notice was published in the said newspapers on 06-03-2014 which was also sent through registered post to all Members holding Physical Shares. The Member were again reminded through Notices of two Extra Ordinary General Meetings published in the said newspapers on 04-06-2014 and 03-10-2014.

The Notice dated 18-11-2014 was also sent separately Under Postal Certificates on 25-11-2014 to all Members in respect of submission of their CNIC & NTN, but poorly responded by them.

In continuance of the above, it is once again finally requested and reminded to the Members of the Company who have not yet provided copy of their CNIC & NTN should give urgent attention for submission thereof in order to comply with the requirements of the FBR and the Commission in this connection.

Dated: January 08, 2015
Karachi

Company Secretary
Sanghar Sugar Mills Limited

Copy sent for information to:-

1. The Director Enforcement
   Enforcement & Monitoring Division
   The Securities and Exchange Commission of Pakistan
   NIC Building, 63 Jinnah Avenue,
   Blue Area, Islamabad.

2. The Joint Registrar,
   Company Registration Office,
   Securities and Exchange Commission of Pakistan
   4th Floor, State Life Building No. 2,
   Wallace Road, Karachi.

3. The General Manager
   Karachi Stock Exchange Limited
   Stock Exchange Building
   Stock Exchange Road,
   Karachi.

4. The Secretary,
   Lahore Stock Exchange Limited
   19-Khyban-e-Aiwan-e-Iqbal,
   Lahore

FORM OF PROXY

Sanghar Sugar Mills Limited

The Company Secretary
Sanghar Sugar Mills Limited
C-27, Plot No. F-24, Block-9,
Clifton, Karachi-75600

I/We .... (Full name) CNIC No. ....

of .... being a member of **SANGHAR SUGAR MILLS LIMITED**

and holding .... ordinary shares, as per Folio No. .... / CDC Participant's

I.D.No. .... and Sub Account No. .... hereby appoint

.... (Full name) CNIC No. ....

as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Saturday January 31, 2015 at 11:00 a.m. at Beach Luxury, M. T. Khan Road, Karachi and at any adjournment thereof.

As witness my/our hand this .... day of
......................................, 2015 signed in the presence of:

Signature on **Five Rupees Revenue Stamp**

Witness 1

Signature : ....

Name : ....

CNIC No.: ....

Address : ....

....

Witness 2

Signature : ....

Name : ....

CNIC No.: ....

Address : ....

....

NOTES:

1) A member entitled to attend and vote at this meeting may appoint another member as Proxy to attend and vote instead of his/her. The Form of Proxy, duly completed and signed must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.
2) Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC, CDC Account and Participant's ID Number to prove his/her identity, and in case of Proxy, must enclose attested copy of his/her CNIC, CDC Participant's ID and Account Number. Representatives of corporate members should bring the necessary documents as required for such purpose.
3) Signature must agree with the specimen signature registered with the Company.

Printed by: Bela Graphics

REGISTERED OFFICE:

C-27, Plot No. F-24, Block-9, Clifton, Karachi-75600
Telephone No. 021-35371441 to 43 (three lines), Fax No.: 021-35371444.
Email: info@sangharsugarmills.com; Website: www.sangharsugarmills.com

FACTORY:

13th Km, Sanghar – Sindhri Road, Deh Kehore, District Sanghar, Sindh
Phone : (0345) 3737001 – 8222911