SAKRAND SUGAR MILLS LIMITED

TWENTY SEVENTH ANNUAL REPORT 2015

COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Dinshaw H. Anklesaria	Chief Executive/ Director
	Mr. Jamil Akberi	Director
	Syed Abid Hussain	Director
	Mr. Abdul Naeem Quraishi	Director
	Mr. Neville Mehta	Director
	Mrs. Fatma Gulamali	Director
	Dr. Jamshed H. Anklesaria	Director
AUDIT COMMITTEE	Mr. Abdul Naeem Quraishi	Chairman
	Mr. Jamil Akberi	Member
	Mr. Neville Mehta	Member
HR & R COMMITTEE	Syed Abid Hussain	Chairman
	Mr. Jamil Akberi	Member
	Mr. Neville Mehta	Member
CHIEF FINANCIAL OFFICER	Mr. Farhaj Badar	
COMPANY SECRETARY	Mr. Mustafa Kanani	
BANKERS	Allied Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Sindh Bank Limited Summit Bank Limited United Bank Limited	
AUDITORS	M/s. Haroon Zakaria & Co. Chartered Accountants	
LEGAL ADVISOR	Abdul Naeem Quraishi, Adv.	
REGISTRAR	M/s Evolution Factor (Private) Limited 407-408, Al Ameera Centre Shahrah-e-Iraq, Saddar Karachi-74400	
REGISTERED OFFICE	41-K, Block 6, P.E.C.H.S., Karachi. Fax: 021-34546456 www.sakrandsugar.com	
FACTORY	Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh.	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27thAnnual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED**, will be held on Thursday, January 28, 2016 at 09:00 a.m. at the registered office of the Company situated at 41-K, Block 6, P.E.C.H.S., Karachi for transacting the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on January 31, 2015.

2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2015 together with the Directors' Report and Auditors' Report thereon.

3. To appoint Auditors and to fix their remuneration.

4. To elect Directors in place of retiring Directors. The Board of Directors has fixed the number of Directors to be elected under Section 178(1) of the Companies Ordinance, 1984 at seven (7). The retiring Directors are:

   1. Mr. Dinshaw H. Anklesaria
   2. Mr. JamilAkberi
   3. Syed Abid Hussain
   4. Mr. Abdul Naeem Quraishi
   5. Mr. Neville Mehta
   6. Mrs. Fatma Gulamali
   7. Dr. Jamshed H. Anklesaria

5. To consider any other business with the permission of the Chair.

By order of the Board

(MUSTAFA KANANI)
Company Secretary

Karachi
Dated : January 02, 2016

NOTES :

1. The Shares Transfer Books of the Company will remain closed from January 21, 2016 to January 28, 2016. (both days inclusive).

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote on his/her behalf. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.

3. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

4. Members who have not yet submitted photocopy of their CNIC are requested to send the same to our Share Registrar at the earliest.

5. Members are requested to notify any change in their address immediately.

6. Kindly quote your folio number in all correspondence with the Company.

VISION & MISSION STATEMENT

VISION

To make a product of International Standard acceptable as a brand in the world market. To explore business opportunities available under the World Trade Organization regime.

MISSION

- **Sustained contribution to the National Economy by producing cost effective product.**
- **To ensure professionalism and healthy working environment.**
- **To create a reliable product through adoption of latest technology/ advancement.**
- **To promote research & development and provide technical know how to the growers for improvement of sugarcane yield/recovery.**

DIRECTORS' REPORT

We are pleased to welcome you to the 27th Annual General Meeting of the Company and present the financial and operating results along with audited financial statements for the year ended September 30, 2015 together with the auditors' report thereon.

INDUSTRY REVIEW

Pakistan has now crossed 5.0 million tonne mark in production of sugar. The industry commenced season with a carry over stock of around 1.10 million tonne of sugar. This surplus production was possible due to the bumper sugarcane crop in Pakistan. The farmers consider sugarcane as the most viable cash crop owing to the continuing increase in sugarcane prices by the provincial governments. The carry over stock of sugar, high sugar production, increase in sugarcane price, all led to a bearish trend in the prices of sugar.

Global markets were also under tremendous pressure due to surplus stocks. International sugar prices were trading at $725/- Ton in 2011, $575/- Ton in 2012, $440/- Ton in 2013, $370/- Tons in 2014 and presently is trading at $400/-. Local prices range is from 45 to 50 per kg.

The Mill started crushing season on December 05, 2014 and closed on March 12, 2015. During the current season the mill operated for 98 days and crushed 441,621 metric tons of sugarcane and produced 45,100 metric tons of sugar as compare to last season when it operated 142 days and crushed 770,516 metric tons of sugarcane to produce 70,864 metric tons of sugar. The recovery of sucrose increased to 10.210% as against 9.188% last season. In current season the production of molasses decreased to 18,700 metic tons as compare to 33,397 last year.

Current season 2014-15 started with lot of controversies, as Sindh Government unilaterally fixed the sugarcane price as Rs.182/ 40kg which was unanimously rejected by most of the sugar mills who demanded to fix the minimum price at Rs.155/40 kg. This increase would result in increase in basic raw material of the product. The Government of Sindh promised to fix the minimum sugarcane price at Rs.155/40 kg which was further confirmed by notification No. 8(142) /S.O (Ext)95-XXIII dated 03-12-2014. But just after six (06) days this notification was withdrawn on 09-12-2014 and inacted the first notification dated 07-11-2014 and fixed the sugarcane support price for the season 2014 - 15 at Rs.182/40kg plus quality premium.

By aggrieved the decision taken by the Sindh Government most of the sugar mills filed the petition before the Hon’ble High Court. Which has ordered that the price should be Rs.172 per mound out of which Rs.12 will be paid by the Sindh Government through sugar mills & Rs.10 per mound will be paid subject to the order of Hon'ble Supreme Court which is under subjudices.

The Government of Sindh has paid Rs.12 per mound, which has further distributed to the Growers during finanacial year.

Operationally, reports indicate average sugarcane crop during the season 2015-16. In financial terms, continuing pressure on price (both nationally as well as internationally) will over burden the industry.

FINANCIAL RESULTS

The comparative financial results are as follows:

(Amount in '000')

	2015	2014	Increase/ (Decrease)	% age
	Rupees			
Sales	**2,613,738**	3,486,661	(872,923)	(25.04)
Cost of sales	**2,616,495**	3,690,363	(1,073,868)	(29.10)
Gross (loss) / profit	**(2,756)**	(203,702)	(200,946)	(98.65)
Loss before tax	**(190,579)**	(424,328)	(233,749)	(55.09)
Net loss after tax	**(228,161)**	(186,426)	41,735	22.39

OPERATING RESULTS

		2015	2014	Increase/ (Decrease)	% age
Sugarcane crushed	MT	**441,621**	770,516	(328,895)	(42.69)
Sugar produced	MT	**45,100**	70,864	(25,764)	(36.36)
Molasses produced	MT	**18,700**	33,397	(14,697)	(44.01)
Sugar recovery	%	**10.21**	9.188	1.02	11.12

Considering the downward trend of sugar prices, the Company basically focused on improving high sucrose recovery. The financial limitation within the Company and the steady decline in sugar prices have restricted the Company from incurring a profit.

AUDITORS' REPORT

The auditors have qualified the Annual Accounts on the following not recognizing the financial liability of an amount of Rs. 17 million payable to IDBP & Rs. 224 million payable to HBL, the markup against liability of IDBP and MCB Bank Ltd., and provision against trade debts of Rs. 184 million.

Financial liability of HBL

A settlement has been reached with HBL whereby Company has deposited the securities. The Company has directly recorded the restructuring effect to its profit and loss account, instead of amortising the same until the maturity of the agreements.

Liability of IDBP

The liability of IDBP is sub-judice before the High Court of Sindh. The Company has questioned the markup on markup carried out by IDBP.

Liability of MCB Bank Ltd.

The issue is under discussion with the Bank.

Recovery of trade debts

The Company considers the entire amount as good and expects to recover the amount in due course of time.

FUTURE OUTLOOK

The Company commenced its crushing season of 2015-16 on November 24, 2015, for the season 2015-16, the Government of Sindh has not fixed the sugarcane price yet and sales prices are on decline trend. It was agitated that this inverse proportion will ultimately contribute towards operatational difficulties, financial losses and outstanidng gowers' liabilities. The millers are again facing shortage of sugarcane and price war amongst the sugar mills.

Beside all the harships facing by the industry the company is fully geared to steer through this hard season of high expected sugarcane minimum support price, and low sugar prices.

LABOUR MANAGEMENT RELATIONS

The management / labour relations remained cordial and helpful. I take this opportunity to thank and appreciate the spirit of understanding, good will and co-operation shown by the staff/workers and hope that the same will continue in future.

I thank the executives, officers and all the staff members of the Company and wish to place on record my appreciation for the devotion, sense of responsibility and loyalty.

AUDITORS

M/s. Haroon Zakaria & Co., Chartered Accountants retire and offer their services for the year 2015-2016.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1 The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operation, cash flows and changes in equity.

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

3 Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.

4 There is no doubt on the going concern of the Company.

5 The Company maintains Provident Fund account for its employees. The value of investment of the fund as on June 30, 2015 is Rs. 44,750,000.

6 International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from if any, has been adequately disclosed.

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

8 Key operating and financial data for last six years in summarized form is annexed.

9 There has been no material departure from the best practices of Corporate Governance except those mentioned in the preamble of the statement.

10 During the year, seven meetings of the Board of Directors and four meetings of Audit Committee were held as detailed below.

Name of Director	Number of meetings attended	
	BOD	Audit Committee
Mr. Dinshaw H. Anklesaria	6	
Mr. Jamil Akberi	7	4
Mr. Abdul Naeem Quraishi	7	4
Mr. Neville Mehta	7	4
Syed Abid Hussain	7	
Mrs. Fatma Gulamali	7	
Dr. Jamshed H. Anklesaria	7	

11 Orientation course for the Directors were arranged by the Company during the year 2015 to appraise their duties and responsibilities. One Director has completed and obtained certification under the Corporate Governance, Management and Administration of Company offered by Executive Development Centre, University of Lahore. The Company intends to conduct directors' training program for other directors during the year 2016.

12 During the year, trading of NIL number of shares were carried out by the directors and their spouses and minor children.

13 During the year, the Company suffered loss as per reasons explained earlier and therefore could not declare dividend for the shareholders.

PATTERN OF SHARE HOLDING

The pattern of share holding and additional information regarding pattern of shareholding as on 30th September, 2015 is annexed.

CONCLUSION

At the end, let us pray to Almighty ALLAH to guide us in our pursuits of national development and for the betterment of your organization – Ameen.

Thank you all,
for SAKRAND SUGAR MILLS LIMITED

Dinshaw H. Anklesaria
Chief Executive
Karachi: January 02, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Karachi and Lahore Stock Exchanges for the purposes 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 (Revised Code 2012) 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 5 (five) non-executive directors and 2 (two) executive directors including the CEO.

Category	Names
Executive Directors	Mr. Dinshaw H. Anklesaria Syed Abid Hussain
Non-Executive Directors	Mr. Jamil Akberi Mr. Abdul Naeem Quraishi Mr. Neville Mehta Mrs. Fatma Gulamali Dr. Jamshed H. Anklesaria

2. The directors have confirmed that none of them is serving as a director in more than 7 (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 Development Financial Institution or a Non-banking financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board of Directors during the year under review.

5. The Company has prepared a Statement of Ethics and Business Practices which has been signed by all the directors and senior employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

8. The meetings of the Board were presided over by the Chief Executive and, in his absence, by a director elected by the Board for this purpose. 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 meeting were appropriately recorded and circulated.

9. According to clause 11 of the revised Code 2012, "At least one director is required to have the certification of directors' training program by June 30, 2013 and by June 30, 2016 every year at least one director to acquire the said certification; thereafter all directors shall obtain it. However

individuals with a minimum of 14 years of education and 15 years of experience on the board of a listed Company shall be exempted from the directors' training program". Four directors of the Company have obtained the certification of directors' training program up to September 30, 2015 as per the requirement of this clause. The Company is planning to arrange Director's Training for other directors too, in the next year.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit. All these appointments were made before the revised CCG has taken effect.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The CEO and CFO have duly endorsed the financial statements of the Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has compiled with all the corporate and financial reporting requirements of the code.
15. The Board formed an audit committee on 10/08/2009. It comprises of 3 (three) non-executive directors including the Chairman.
16. The meetings of the audit committee were held at least once in 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 already been formed and advised to the committee for compliance.
17. The board has formed a Human Resource and Remuneration Committee (HR&R). It comprises of three (03) members of whom two (02) are non-executive directors and the chairperson of the committee is an executive director.
18. The Board has set-up an internal audit function. Its effectiveness has to be improved as to its independence for which efforts are being made.
19. 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.
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, if any, is disseminated among all market participants at once through stock exchange(s).
23. As there is no related party transaction, the statement regarding Transfer Pricing is not applicable to our Company.
24. Our CFO meets the qualification required by the CCG. Our Internal Audit is headed by a qualified Internal Auditor.
25. It is confirmed that all material principles contained in the Code have been duly complied with.

On behalf of Board of Directors

DINSHAW H. ANKLESARIA
Chief Executive
January 02, 2016

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (CCG) (Revised 2012) prepared by the Board of Directors of Sakrand Sugar Mills Limited to comply with the relevant Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi and Lahore stock exchanges require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transaction 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 transaction by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price or not.

Based on our review, except for the pending appointment of independent director and matter stated in note 5 to Statement of Compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of 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, 2015.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: January 2, 2016

PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT SEPTEMBER 30, 2015

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM		SHARE HOLDING TO	TOTAL SHARES HELD
548	1	-	100	45,750
642	101	-	500	273,627
296	501	-	1000	216,968
215	1001	-	5000	526,335
74	5001	-	10000	584,473
27	10001	-	15000	352,358
8	15001	-	20000	147,400
9	20001	-	25000	203,676
6	25001	-	30000	160,376
3	30001	-	35000	102,500
4	35001	-	40000	156,300
1	40001	-	45000	40,640
9	45001	-	50000	426,080
2	50001	-	55000	107,700
1	55001	-	60000	60,000
1	60000	-	65000	60,700
2	65001	-	70000	136,200
1	75001	-	80000	79,800
1	95001	-	100000	100,000
1	105001	-	110000	107,300
1	120001	-	125000	121,848
1	125001	-	130000	127,420
1	145001	-	150000	149,300
1	155001	-	160000	157,500
4	195001	-	200000	792,744
1	200001	-	205000	201,000
1	205001	-	210000	207,092
1	295001	-	300000	300,000
1	310001	-	315000	313,956
1	320001	-	325000	321,900
1	340001	-	345000	340,700
1	395001	-	400000	400,000
2	465001	-	470000	937,680
1	495001	-	500000	500,000
2	500001	-	505000	1,006,974
1	895001	-	900000	900,000
1	1030001	-	1035000	1,031,500
1	1545001	-	1550000	1,545,826
1	1555001	-	1560000	1,559,960
1	1925001	-	1930000	1,927,978
1	5575001	-	5580000	5,576,439
1,877				22,308,000

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	INDIVIDUAL LOCAL	1846	19,062,658	85.46
2	FINANCIAL INSTITUTION	9	1,660,518	7.44
3	INSURANCE COMPANY	3	245,992	1.10
4	INVESTMENT COMPANY	5	176,632	0.79
5	JOINT STOCK COMPANY	9	610,508	2.74
6	MODARBA COMPANY	2	198,300	0.89
7	LEASING COMPANY	1	40	-
8	CO-OPERATIVE SOCIETIES	1	12,652	0.06
9	MUTUAL FUND	1	340,700	1.53
		1,877	**22,308,000**	**100**

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2015
AS PER REQUIREMENTS OF
THE CODE OF CORPORATE GOVERNANCE

Category	Number of shares held	Category wise No. of shareholders	Category wise shares held	Percentage %
JOINT STOCK COMPANIES		9	610,508	2.74
INVESTMENT COMPANIES		5	176,632	0.79
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDERN		8	9,252,383	41.48
Mr. Dinshaw Hoshang Anklesaria	5,576,439			
Mr. Jameel Akbari	500,500			
Mr. Abid Hussain	543,444			
Mrs. Fatima Gulmali	400,000			
Mr. Abdul Naeem Qureshi	300,000			
Mr. Neville Mehta	1,031,500			
Dr. Jamshed Hoshanh Anklesaria	500			
Mrs. Roxanne Mehta	900,000			
EXECUTIVES		1	20,196	0.09
BANKS,DFIS,NBFIS,INSURANCE COMPANIES, MODARADAS AND MUTUAL FUNDS		16	2,445,550	10.96
CO-OPERATIVE SOCIETIES		1	12,652	0.06
INDIVIDIALS		1837	9,790,079	43.89
		1,877	**22,308,000**	**100.00**

Shareholders holding five percent or more voting interest in the company

Name of Shareholders	No. of Shares held	Percentage
Mr. Dinshaw Hoshang Anklesaria	5,576,439	25.00
Mr. Yasir Gul	1,927,978	8.64
Syed Shujaat Ali	1,559,960	6.99
Nasreen Shujaat	1,545,826	6.93
	10,610,203	**47.56**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sakrand Sugar Mills Limited** as at September 30, 2015 and the related profit and loss account, statement of other 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.

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

a. The Company has derecognized bank liabilities of Rs.241.815 million in 2009, the waiver of which is dependent on compliance with term of settlement and rescheduling arrangements. This result in understatement of liabilities and losses by Rs.241.815 million.

b. Markup on IDBP loan liabilities is not recorded since 2010 owing to litigation. Currently its impact could not be determined owing to non availability of accurate mark up rate. Further confirmation from IDBP remain unresponded.

c. Confirmation from MCB remained un-responded and relevant facts are still unsubstantiated including non accrual of markup.

d. Confirmation from trade debts of Rs. 132.538 million remained un-responded and relevant facts are not substantiated by us

e. In our opinion except as discussed above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

f. In our opinion subject to above matters:

   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 except changes as explained in note 3.2 with which we concur;

   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;

g. In our opinion, except for the effects of matter stated in paragraphs (a) to (d) above, the balance sheet, profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2015 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Emphasis of matter paragraph

We draw attention to the note 1.2 which indicates that the Company has incurred continuous losses and its accumulated losses has reached to Rs. 881.714 million and its current liability has exceeded its current assets by Rs. 1,120.745 million. These conditions indicate the existence of material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern and accordingly Company may not realize its assets and discharge its liabilities at stated amount unless mitigating factors are materialized.

We further draw attention to note 2.2 which explains as to why compliance with relevant retirement of IAS 39 will produce misleading results

Our opinion is not qualified in respect of these matters.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: January 02, 2016

Engagement Partner:
Farhan Ahmed Memon

BALANCE SHEET
AS AT SEPTEMBER 30, 2015

	Note	2015	2014
		.... Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**2,468,869,990**	2,592,051,216
Long term investments	6	**141,520,264**	126,188,376
Long term loans	7	**318,991**	303,304
Long term deposits	8	**1,431,282**	1,596,366
Current Assets			
Stores, spares and loose tools	9	**29,109,445**	29,686,694
Stock in trade	10	**8,632,883**	230,499,284
Trade debts - Unsecured (Considered good)	11	**132,548,433**	134,318,433
Loans and advances	12	**45,872,861**	65,625,705
Prepayments and other receivables	13	**13,009,074**	17,012,683
Taxation refundable		**39,511,148**	32,960,594
Cash and bank balances	14	**7,353,819**	31,600,756
		276,037,663	541,704,149
Total Assets		**2,888,178,190**	3,261,843,410
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
25,000,000 (2014 : 25,000,000) Ordinary shares of Rs.10 each		**250,000,000**	250,000,000
Issued, subscribed and paid-up capital	15	**223,080,000**	223,080,000
Accumulated loss		**(881,713,717)**	(718,799,054)
		(658,633,717)	(495,719,054)
Surplus on revaluation of fixed assets	16	**1,402,329,336**	1,467,993,107
Non-Current Liabilities			
Subordinate loan from directors		**65,766,502**	45,998,100
Deferred taxation	16 & 17	**424,508,898**	387,123,454
Long term finance - Secured			
Markup bearing	18 (a)	**236,326,479**	275,519,036
Markup free	18 (b)	**9,237,215**	7,799,181
		245,563,694	283,318,217
Provision for gratuity	19	**11,861,268**	9,338,111
Current Liabilities			
Trade and other payables	20	**1,085,767,117**	1,060,290,269
Short term borrowings	21	**124,996,633**	323,906,899
Mark up accrued	22	**29,292,326**	40,493,024
Current portion of non current liabilities	18 (a) & (b)	**156,726,133**	139,101,283
		1,396,782,209	1,563,791,475
Contingencies and Commitments	23		
Total Equities and Liabilities		**2,888,178,190**	3,261,843,410

The annexed notes from 1 to 44 form an integral part of these financial statements

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

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

	Note	2015	2014
		.... Rupees	....
Sales - Net	24	**2,613,738,185**	3,486,660,907
Cost of sales	25	**(2,616,494,517)**	(3,690,363,349)
Gross Loss		**(2,756,332)**	(203,702,442)
Operating expenses			
Administrative expenses	26	**(143,852,632)**	(139,146,441)
Distribution cost	27	**(4,283,311)**	(5,393,280)
		(148,135,943)	(144,539,721)
Operating loss		**(150,892,275)**	(348,242,163)
Other charges	28	**(372,290)**	(955,089)
Other income	29	**1,776,186**	1,244,546
		1,403,896	289,457
		(149,488,379)	(347,952,706)
Unrealised gain on loan amortisation	30	**8,580,294**	9,062,099
Finance cost	31	**(49,670,656)**	(85,437,350)
Loss before taxation		**(190,578,741)**	(424,327,957)
Provision for taxation			
Current		**-**	-
Deferred	17.2	**(37,582,004)**	237,901,891
		(37,582,004)	237,901,891
Loss after taxation		**(228,160,745)**	(186,426,066)
Loss Per Share-Basic and Diluted	35	**(10.23)**	(8.36)

The annexed notes from 1 to 44 form an integral part of these financial statements

Dinshaw H. Anklesaria	**Syed Abid Hussain**
Chief Executive/Director	Director

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
	.... Rupees	....
Loss after taxation	**(228,160,745)**	(186,426,066)
Other comprehensive income		
Remeasurement of defined benefit liability	**(614,249)**	(2,700,825)
Deferred tax related to remeasurement of defined benefit liability	**196,560**	891,272
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the year net of deferred taxation		
	65,663,771	38,900,133
Total Comprehensive loss	**(162,914,663)**	(149,335,485)

The annexed notes from 1 to 44 form an integral part of these financial statements

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Note	2015	2014
		.... Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(190,578,741)	(424,327,957)
Adjustments for:			
Depreciation		127,806,344	91,914,760
Financial cost		43,218,591	78,269,327
Interest expense-imputed		6,452,065	7,168,023
Provision for gratuity		2,271,340	1,710,913
Gain on disposal of property, plant & equipment		(1,731,046)	(1,196,485)
Effect of increase in KIBOR		6,751,594	4,608,777
Gain on amortisation of investment		(15,331,888)	(13,670,876)
		169,437,000	168,804,439
Operating loss before working capital changes		(21,141,741)	(255,523,518)
Decrease / (increase) in current assets			
Stores, spares and loose tools		577,249	(5,149,388)
Stock in trade		221,866,401	57,797,149
Trade debts		1,770,000	50,685,059
Loans and advances		19,752,844	(46,316,399)
Prepayments and other receivables		4,003,609	(8,970,912)
		247,970,103	48,045,509
Increase in current liabilities			
Trade and other payables		25,476,848	366,618,639
		273,446,951	414,664,148
		252,305,210	159,140,630
Taxes paid		(6,747,114)	(9,404,650)
Financial cost paid		(54,419,289)	(75,145,827)
Gratuity paid		(165,872)	(1,593,183)
		(61,332,275)	(86,143,660)
Net cash generated from operating activities		190,972,935	72,996,970
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property , plant and equipment		(9,382,379)	(13,415,103)
Proceeds from disposal of property , plant and equipment		6,488,306	2,368,880
Long term deposits		165,084	(5,000)
Long term loans		(15,687)	(64,856)
Net cash used in investing activities		(2,744,676)	(11,116,079)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from directors		19,768,402	45,998,100
Repayment of long term loans		(33,333,332)	(24,999,999)
Net cash (used in) / generated from financing activities		(13,564,930)	20,998,101
Net increase in cash and cash equivalents		174,663,329	82,878,992
Cash and cash equivalents at the beginning of the year		(292,306,143)	(375,185,135)
Cash and cash equivalents at the end of the year	36	(117,642,814)	(292,306,143)

The annexed notes from 1 to 44 form an integral part of these financial statements

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

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

	Issued, subscribed and paid-up capital	Accumulated Loss	Total
	....	Rupees	....
Balance as at September 30, 2013	223,080,000	(569,463,569)	(346,383,569)
Total Comprehensive loss			
Net loss for the year		(186,426,066)	(186,426,066)
Other comprehensive income for the year		37,090,581	37,090,581
		(149,335,485)	(149,335,485)
Balance as at September 30, 2014	**223,080,000**	**(718,799,054)**	**(495,719,054)**
Total Comprehensive loss			
Net loss for the year		(228,160,745)	(228,160,745)
Other comprehensive income for the year		65,246,082	65,246,082
		(162,914,663)	(162,914,663)
Balance as at September 30, 2015	**223,080,000**	**(881,713,717)**	**(658,633,717)**

The annexed notes from 1 to 44 form an integral part of these financial statements

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

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

1 STATUS AND NATURE OF BUSINESS

1.1 Sakrand Sugar Mills Limited was incorporated in Pakistan as a Public Limited Company on March 02, 1989 and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the company is situated in 41-K, Block-6, P.E.C.H.S, Karachi. The principal business of the Company is that of manufacturing and sale of sugar. The mill is located at Deh Tharo Unar, Taluka Sakrand, District Nawabshah, Sindh.

1.2 The company has incurred net loss of Rs. 228.161 million (2014 : Rs.186.426 million). Its accumulated losses amounted to Rs. 881.714 million (2014 : Rs. 718.799 million) and its current liabilities exceeds its current assets by Rs. 1120.745 million (2014 : Rs. 1022.087 million). Final outcome of the contingencies is also uncertain.

These factors indicate the existense of material uncertainities that may cast doubts regarding the company's ability to continue as going concern and accordingly company may not be able to realize its assets and discharge its liabilities at stated amount. However following mitigating factors cause the company to prepare the financial statements on going concern basis.

The company filed suit against IDBP in 2010 in the High Court of Sindh Karachi. It has sought settlement of the liability at an amount of Rs. 101.61 million on the ground that the restructured loan includes markup on the capitalized markup amounting to Rs. 29 million which is wrongly charged. Additionally, the Company has not charged markup for the year amounting to Rs.8.02 million (2014 : Rs.9.54 million) and cumulatively mark-up from 01 April, 2010 to September 30, 2015 amounting to Rs. 63.068 million and corresponding increase in current liabilities. The suit is pending since 2010 and the amount of unbooked liability is expected to be reversed by the bank as the same is disputed on merit.

Besides these, trade debts of company amounting to Rs. 132.538 million (2014: Rs. 133.8 million) represents un-secured and overdue balance for which management expects subsequent recovery.

The company has strong support from directors' and NBP facilities as well as fertilizer trading all are expected to result in meeting working capital requirements of the company. The Company commenced crushing for the season 2015-2016 and have planned increased crushing for the season with increase in its capacity utilization and expects to generate reasonable profit from these operations.

In view of above, these financial statements have been prepared using going concern assumption.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan except for IAS-39 (Refer note - 2.2 below). Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provision and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Had the treatment of IAS 39 been adopted, relevant impact on financial statements would have been as follows:

	Current year Rupees
Increase in transacions with owners in equity	**28,796,716**
Increase in Other Charges & loss for the year	**10,311,082**
Reduction in carrying value of director loan through amortization by allowance account	**18,485,634**

The departure as above said is made because compliance will be misleading for the purpose of banking requiremnets as reduction by way of amortization will decrease the carrying value of subordinate loan.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

- Long term finances are measured at amortized cost using applicable interest rate.

- Property, plant equipment are measured at revalued amount less accumulated depreciation and accumulated impairment loss, if any in period subsequent to the revaluation date.

- Investments held to maturity are measured at amortized cost using effective interest method less any impairment loss, if any

3.2 Standards, amendments and interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

This change in accounting policy has no impact on the Statement of Cash Flows and on earnings per share.

3.3 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

Standards or interpretation		(effective for annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 01, 2016
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities (Amendment)	January 01, 2015
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities - applying the consolidation exception (Amendment)	January 01, 2016
IFRS 10	Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets Between an investor and its associates or Joint venture (Amendment)	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Joint Arrangements - Accounting for acquisition of interest in Joint operation (Amendment)	January 01, 2016
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 41 Agriculture : Bearer Plants (Amendment)	January 01, 2016
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements	January 01, 2016

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

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

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

Standards or interpretation		(effective for annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

- The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment, estimates and assumptions in the process of applying company's accounting policies and the reported amounts of assets, liabilities, income & expenses. Actual results may differ from these estimates.

- Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

i.	Property, plant and equipment	note	4.1
ii.	Taxation	note	4.3
iii.	Staff retirement benefits	note	4.4
iv.	Valuation of stock in trade	note	4.10
v.	Trade debts	note	4.11

4.1 Property, plant and equipment

Operating fixed assets

These are stated at revalued amount less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any). All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Assets carrying amount is written down immediately to its recoverable amount if the carrying amount of an asset is greater than its recoverable amount.

Depreciation is charged to profit and loss account using reducing balance method to write off the cost of an asset over its estimated useful life in accordance with the rates specified in the note 05 to these financial statements and after taking into account residual value, if any.

Depreciation on additions is charged from the quarter in which the assets become available for use while on disposals depreciation is charged up to the quarter of deletion.

Repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains/ losses on disposal of property, plant and equipment are charged to the profit and loss account.

Capital work in progress

These are stated at cost less impairment, if any, and consist of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their erection, construction and installation including salaries and wages that are directly attributable to assets under work in progress. The assets are transferred to relevant fixed assets as and when they are available for use.

4.2 Provisions

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

4.3 Taxation

Current

Provision for current taxation is based on higher of tax on the basis of taxable income at the current tax rates after taking into account tax credit and rebates available, if any or minimum tax under section 113 of Income Tax Ordinance, 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed/ finalized during the year.

Deferred

Deferred income tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized (since the company has history of business losses the company accounts for the deferred tax asset to the extent of unabsorbed depreciation). Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

4.4 Staff retirement benefits

The company operates following staff benefits plan:

4.4.1 Defined Contribution plan

Provident fund

The Company operates a defined contributory Provident Fund for all its employees eligible under the scheme. The scheme has been approved under the Income Tax Ordinance, 2001. Monthly contributions are made both by the Company and by the employee to the fund at a rate of 8.33% of basic salary. During the year the contribution of Rs. 1,813,013 (2014 : Rs.1,860,915) have been charged to profit and loss account.

4.4.2 Defined Benefit plan

Gratuity

The Company operates a defined gratuity fund for all of its permanent employees who attain the minimum qualification period for entitlement to gratuity. Actuarial valuation is conducted periodically using "Projected Unit Credit Method" and the latest actuarial valuation was carried out at September 30, 2015 .The detail of valuation is given in note 19.1.

4.5 Impairment of assets

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such asset is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use and impairment loss is recognized whenever, the carrying amount of the asset or its cash generating unit exceed its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

4.6 Financial Instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, Long term and short term borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet only when the company has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.8 Held to maturity investments

Investments with a fixed maturity that the company has positive intent and ability to hold till maturity are classified as held to maturity investments. Held to maturity investments are initially recognized at fair value plus transaction cost attributable to acquisition and are subsequently carried at amortized cost using effective interest rate method, less any impairment loss.

Profit and loss, gains and losses are recognized in the profit & loss account when the investments are derecognized or impaired, as well as by amortization process.

4.9 Stores, spares and loose tools

These are valued as under:

In hand	-	At lower of moving average cost or NRV.
In transit	-	Actual cost incurred up to the balance sheet date

Provisions for obsolete and slow moving stock are duly made as when required. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.10 Stock in trade

The basis of valuation has been specified against each:

Sugar in process	-	At average cost of raw material consumed
Finished sugar	-	At lower of cost or net realizable value
Molasses	-	At net realizable value.
Fertilizers	-	FIFO

Provisions for obsolete and slow moving stock are made as and when required. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

4.11 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and pervious repayment pattern. Balances considered irrecoverable are written off as and when identified.

4.12 Loans and borrowings

These are initially recognized at cost, being the fair value of the consideration received net of cost associated with the borrowings. Subsequently these are measured at amortized cost using the effective interest rate method except as otherwise explained.

4.13 Trade and other payables

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

4.14 Cash and cash equivalent

Cash in hands and at banks, highly liquid short term investments and deposits and short term running finance, if any are carried at cost. Cash and cash equivalents comprises of cash in hand, balances with banks, short term investments and short term finance and they form an integral part of company's cash management and are included as a component of cash equivalents for the purpose of statement of cash flows.

4.15 Borrowing costs

Borrowing costs are recognized in profit and loss account in the period in which these are incurred except that borrowing costs that are directly attributable to acquisition, construction or production of qualifying asset are capitalized during the period of time it is completed and prepared for its intended use.

4.16 Related party transactions

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

4.17 Dividend Distribution

Dividend distribution to the company's share holders is recognised as a liability in the period in which dividend is declared/approved.

4.18 Foreign Currency transactions

Transactions in the foreign currencies are translated into rupees at exchange rate prevailing on the date of the transaction. All assets and liabilities in foreign currencies are translated to exchange rate prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account currently.

4.19 Functional and presentation currency

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

4.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is recognised as follows:

- Sales are recorded on dispatch of goods to customers.
- Commission and handling income is recognized on shipment of products.
- Return/Interest on bank deposits and investments are recognised on accrual basis.

5 PROPERTY, PLANT AND EQUIPMENT

	Free hold land	Factory building	Non factory building	Plant and machinery	Office equipment and others
	----- Rupees -----				
As at October 01, 2013					
Cost / Revalued amount	255,675,000	273,068,262	232,881,320	1,631,875,422	9,818,259
Accumulated depreciation	-	(84,836,764)	(79,799,966)	(693,809,230)	(6,844,306)
Net book value	255,675,000	188,231,498	153,081,354	938,066,192	2,973,953
Year ended September 30, 2014					
Opening net book value	255,675,000	188,231,498	153,081,354	938,066,192	2,973,953
Surplus on revaluation	66,475,500	85,386,333	97,792,607	853,806,404	-
Additions(including transfers) during the year	-	15,560.64	23,957	-	435,300
Disposals / transfers					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book value	-	-	-	-	-
Depreciation for the year	-	(10,304,667)	(17,190,711)	(56,703,758)	(318,737)
Closing net book value	322,150,500	263,328,725	233,707,208	1,735,168,838	3,090,516
As at October 01, 2014					
Cost	322,150,500	358,470,155	330,697,884	2,485,681,826	10,253,559
Accumulated depreciation	-	(95,141,431)	(96,990,677)	(750,512,988)	(7,163,043)
Net book value	322,150,500	263,328,725	233,707,208	1,735,168,838	3,090,516
Year ended September 30, 2015					
Opening net book value	322,150,500	263,328,725	233,707,208	1,735,168,838	3,090,516
Additions(including transfers) during the year	-	-	38,366	450,000	211,158
Disposals / transfers					
Cost	-	-	-	-	101,700
Accumulated depreciation	-	-	-	-	(46,076)
Net book value	-	-	-	-	(55,624)
Depreciation for the year	-	(12,921,616)	(22,511,640)	(85,161,900)	(306,835)
Closing net book value	322,150,500	250,407,108	211,233,934	1,650,456,938	2,939,214
As at September 30, 2015					
Cost / Revalued amount	322,150,500	358,470,155	330,736,250	2,486,131,826	10,363,017
Accumulated depreciation	-	(108,063,047)	(119,502,317)	(835,674,888)	(7,423,803)
Net book value	322,150,500	250,407,108	211,233,934	1,650,456,938	2,939,214
Annual rate of depreciation	0%	5%	10%	5%	10%

	Furniture & fixture	Vehicles	Tents and tarpulins	Tools and tackles	Total
	----- Rupees -----				
As at October 01, 2013					
Cost / Revalued amount	6,538,614	52,900,127	1,934,244	4,342,876	2,469,034,124
Accumulated depreciation	(5,084,865)	(25,554,114)	(1,622,653)	(3,169,802)	(900,721,700)
Net book value	1,453,749	27,346,013	311,591	1,173,074	1,568,312,424
Year ended September 30, 2014					
Opening net book value	1,453,749	27,346,013	311,591	1,173,074	1,568,312,424
Surplus on revaluation	-	-	-	1,103,460,844	
Additions(including transfers) during the year	1,209,880	11,344,005	386,400	-	13,415,103
Disposals / transfers					
Cost	-	3,458,716	-	-	3,458,716
Accumulated depreciation	-	(2,236,321)	-	-	(2,236,321)
Net book value	-	(1,222,395)	-	-	(1,222,395)
Depreciation for the year	(221,673)	(6,589,640)	(198,459)	(387,114)	(91,914,760)
Closing net book value	2,441,956	30,877,983	499,532	785,960	2,592,051,216
As at October 01, 2014					
Cost	7,748,494	60,785,416	2,320,644	4,342,876	3,582,451,354
Accumulated depreciation	(5,306,538)	(29,907,433)	(1,821,112)	(3,556,916)	(990,400,139)
Net book value	2,441,956	30,877,983	499,532	785,960	2,592,051,216
Year ended September 30, 2015					
Opening net book value	2,441,956	30,877,983	499,532	785,960	2,592,051,216
Additions(including transfers) during the year	12,600	8,670,255	-	-	9,382,379
Disposals / transfers					
Cost	-	9,092,102	-	-	9,193,802
Accumulated depreciation	-	(4,390,466)	-	-	(4,436,542)
Net book value	-	(4,701,636)	-	-	(4,757,260)
Depreciation for the year	(236,112)	(6,293,697)	(145,545)	(228,999)	(127,806,344)
Closing net book value	2,218,444	28,552,904	353,987	556,960	2,468,869,990
As at September 30, 2015					
Cost / Revalued amount	7,761,094	60,363,569	2,320,644	4,342,876	3,582,639,931
Accumulated depreciation	(5,542,650)	(31,810,665)	(1,966,657)	(3,785,916)	(1,113,769,941)
Net book value	2,218,444	28,552,904	353,987	556,960	2,468,869,990
Annual rate of depreciation	10%	20%	33%	33%	

	2015	2014
	.... Rupees	

5.1 Depreciation for the year has been allocated as under :-

Cost of sales	**98,312,515**	67,395,539
Administrative expenses	**29,493,829**	24,519,221
	127,806,344	91,914,760

5.2 Details of disposal of property, plant & equipments are as under

	Cost	Accumulated Depreciation	Book Value	Proceeds / Exchange Price	(Gain) / Loss on disposal	Mode of disposal	Purchaser
		---------------- Rupees		--------------			
Vehicle							
Daihatsu Cuore ALF-068	292,523.00	210568	81955	229,906	(147,951)	Negotiaotion	AUN ALI
Daihatsu Cuore AVK-025	806074	388205	417869	665,000	(247,131)	Negotiaotion	ADNAN NAFEES
Suzuki Mehran AJZ-501	676610	238167	438443	600,000	(161,557)	Negotiaotion	TEHMINA BASHIR
Toyota Land Cruiser BD-7757	1916895	1641926	274969	1,500,000	(1,225,031)	Negotiaotion	WASEEM MUNIR CHATAN
Toyota Hilux.Pick up KT-6969	5400000	1911600	3488400	3,488,400	-		
Office Equipment							
Laptop	101700	46076	55624	5,000	50,624	Negotiaotion	Trade-in with New Laptop
	9,193,802.00	4,436,542.00	4,757,260.00	6,488,306.00	(1,731,046.00)		

5.3 Had there been no revaluation , the figures of the revalued assets would have been as follows:

Particulars	2015 Cost	2015 Accumulated depreciation	2015 Written down value	2014 Written down value
	....	Rupees	....	
Free hold land	7,601,840	-	7,601,840	7,601,840
Factory building	98,914,946	63,083,272	35,831,674	37,680,675
Non-factory building	20,271,521	18,669,008	1,602,513	1,733,954
Plant & machinery	1,091,833,652	665,154,653	426,678,999	448,240,977
	1,218,621,959	746,906,934	471,715,025	495,257,447

6 INVESTMENT- Held to Maturity

This represents the DSCs purchased by the Company on June 11, 2009 and on November 11, 2009 with a maturity of 10 years from the date of purchase of DSC's having effective interest rate of 12.15%, these have been pledged with National Bank of Pakistan and Habib Bank Limited respectively (Refer note 18.2 and 18.4).

	Note	2015	2014
		.... Rupees	....
Cost of Investment in DSC's		**70,500,000**	70,500,000
Unrealized gain on Investments			
Opening balance		**55,688,376**	42,017,500
Income earned during the year		**15,331,888**	13,670,876
Closing balance		**71,020,264**	55,688,376
		141,520,264	126,188,376

7 LONG TERM LOANS - Considered good

	Note	2015	2014
Vehicle loans to employees	7.1	**404,255**	415,012
Less: Current portion of long term loans shown under current assets		**85,264**	111,708
		318,991	303,304

7.1 These are interest free loans given to employees other than directors and executives of the Company. The loan is recoverable in 60 to 84 installments from the date of disbursement and is secured by registration of vehicles in the name of the Company.

8 LONG TERM DEPOSITS

	2015	2014
Utilities	**1,289,082**	1,454,166
Rent	**135,000**	135,000
Others	**7,200**	7,200
	1,431,282	1,596,366

9 STORES, SPARES AND LOOSE TOOLS

	2015	2014
In hand		
Stores	**5,576,742**	4,782,605
Spares	**22,493,970**	23,927,737
Loose tools	**1,038,733**	976,353
	29,109,445	29,686,694
In transit	**-**	-
	29,109,445	29,686,694

10 STOCK IN TRADE

	Note	2015	2014
Finished goods	10.1	**459,170**	226,492,593
Sugar in process		**1,627,979**	2,324,662
Molasses		**1,970**	1,682,030
Fertilizer		**6,543,764**	-
	10.2	**8,632,883**	230,499,284

10.1 The Stock is valued at Cost, in the previous year stock is valued at NRV and the difference between NRV and Cost recognized in finished stock and is included in 'cost of sales' amounted to Rs. Nil (2014 : Rs.20.25 million).

10.2 Stock pledged with bank against Cash Finance facility amounted to Rs. Nil (September 30, 2014: Rs.248.76 million) at the balance sheet date.

	Note	2015	2014
		.... Rupees	

11 TRADE DEBTS - Unsecured

	Note	2015	2014
Considered good	11.1	**132,548,433**	134,318,433

11.1 This include trade debts due from a customer amounting to Rs. 132.538 million against sales of molasses for the year 2009 to 2010. The terms of sales stipulated payment against delivery based on which the amount is over due. The management expects to recover the amount in due course of business based on the historical relationship with customer.

12 LOANS AND ADVANCES

	Note	2015	2014
		.... Rupees	
Current portion of vehicle loans	7	**85,264**	111,708
Unsecured considered good			
Loan to growers	12.1	**13,156,732**	10,087,819
Advance to suppliers and contractors		**13,401,064**	7,340,353
Advance against expenses		**123,931**	316,276
Advance against salaries		**3,105,870**	2,859,751
Advance against LC	12.2	**-**	24,999,798
Margin against LG	12.3	**16,000,000**	19,910,000
		45,787,597	65,513,997
		45,872,861	65,625,705
Considered Doubtful			
Loan to growers	12.1	**2,575,000**	2,575,000
Advance to supplier, contractors & others		**17,472,544**	17,472,545
		20,047,544	20,047,545
Less: Provision for doubtful advances		**(20,047,544)**	(20,047,545)
		45,872,861	65,625,705

12.1 This includes loan to growers for cultivation of cane over last several years. The recovery of the amount was deferred by a company as a measure of incentive. These growers are supplying cane to the company and considered good as the amount can be adjusted at any stage from future supplies. The company has however retained a provision of Rs.2.575 million (2014 : Rs.3.775 million) on prudent basis against these loans.

12.2 This represents margin of Rs. Nil (2014 : Rs. 24.99 million) given to Sindh Bank Limited against in land LC of Rs. Nil (2014 : Rs 100 million) for purchase of fertilizers from Engro fertilizer Limited.

12.3 The guarantee of Rs. 80 million (2014 : Rs. 79.64 million) is given by Sindh Bank Limited for the fulfillment of purchase of fertilizer from Pakarab Fertilizer Limited. Margin of Rs. 16 million (2014 : Rs 19.91 million) given to Sindh bank for the said guarantee. The guarantee is secured by 20% cash margin as above & making charge over present and future fixed assets of the company to Rs. 133.334 millions and another charge over present & future current assets of the company to Rs. 133.334 millions.

	Note	2015	2014
		.... Rupees	

13 PREPAYMENTS AND OTHER RECEIVABLES

	Note	2015	2014
Prepayments		173,761	-
Sales tax	13.1	6,464,996	6,464,996
Other receivables	13.2	6,370,317	10,547,687
		13,009,074	17,012,683

13.1 This represents the amount of sales tax paid by the Company in the year ended 2001 against the demand raised by the Collectorate of sales tax. The company had adjusted further sales tax paid earlier by it on its sales against the output tax on its subsequent sales following the judgment of High Court of Sindh on the issue declaring further tax charge as unlawful. The company's suit for the recovery of the same is pending in the High Court of Sindh.

13.2 This include a sum of Rs. 1,017,398 paid subsequent to the decision of Supreme Court that held the levy of sales tax on disposal of fixed assets as lawful with certain exceptions and set aside the decision of the High Court of Sindh that had earlier declared the said levy as unlawful. The payment was made so as to avail amnesty offered by the government and for avoiding additional tax to provide against the risk from an unfavorable judgment.

14 CASH AND BANK BALANCES

	Note	2015	2014
		.... Rupees	
Cash in hand		169,569	142,635
Cash with banks:			
in current account		7,174,250	31,448,120
in deposit account		10,000	10,000
		7,184,250	31,458,120
		7,353,819	31,600,756

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
Number of shares			.... Rupees	
16,900,000	16,900,000	Fully paid ordinary shares of Rs.10 each issued for cash	169,000,000	169,000,000
5,408,000	5,408,000	Fully paid ordinary shares of Rs.10 each issued as bonus shares	54,080,000	54,080,000
22,308,000	22,308,000		223,080,000	223,080,000

	2015	2014
	.... Rupees	

16 SURPLUS ON REVALUATION OF FIXED ASSETS

	2015	2014
Surplus on revaluation:		
As at October 01	**2,058,850,855**	1,014,329,608
Revaluation surplus on land	**-**	66,475,500
Revaluation Surplus on Plant, Machinery and Building	**-**	1,036,985,344
Transferred to retained earnings in respect of incremental		
depreciation charged during the year	**(65,663,771)**	(58,939,596)
relevant deferred tax	**(30,900,598)**	-
	(96,564,369)	1,044,521,248
As at September 30	**1,962,286,486**	2,058,850,855
Related deferred tax:		
As at October 01	**590,857,748**	268,692,047
On revaluation surplus on Plant, Machinery and Building arise during the year	**-**	342,205,163
Reversal on incremental depreciation charged during the year	**(30,900,598)**	(20,039,463)
As at September 30	**559,957,150**	590,857,748
	1,402,329,336	1,467,993,107

16.1 Non factory building, Factory building & plant and machinery of the Company were lastly revalued on July 18 by an independent professional valuer M/s. Tracom (Private) Limited on the basis of present value. The revaluation results in surplus of Rs. 1,103.460 million incorporated in the financial statements for the year ended September 30, 2014.

17 TAXATION

- Current

Income tax assessment of the Company deemed finalized as per tax return filed up to the tax year 2014 which is subject to further assessment. The Company's carry forward loss amounted to Rs.787.75 million (tax year 2014 : Rs.1033.85 million) up to tax year 2015. The deductible temporary differences are recognized only to the extent that it is probable that future taxable profit will be available to adjust these differences. No current year tax is computed on the basis of minimum tax u/s 113 of Income Tax Ordinance 2001 as the company suffered gross loss and have already paid advance tax.

17.1 Deferred Tax arises due to following elements:

	2015	2014
	.... Rupees	
Deferred tax liability arises due to :		
Accelerated tax depreciation	**653,462,329**	704,314,001
Unrealized gain on amortization on loan	**33,337,695**	33,677,182
	686,800,024	737,991,183
Deferred tax asset arises due to :		
Loans & advances	**6,415,214**	6,615,690
Gratuity	**3,795,606**	3,081,577
Assessed Losses	**252,080,306**	341,170,463
	262,291,126	350,867,729
Deferred tax liability	**424,508,898**	387,123,454

	2015	2014
17.2 Reversal of taxable temporary differences includes:	.... Rupees	
Due to temporary differences arises during the year	(25,850,990)	229,557,437
Due to change of tax rate	(11,731,014)	8,344,455
	(37,582,004)	237,901,891

17.3 Owing to accounting & tax losses, relationship among tax expenses and accounting profit is not applicable.

18 LONG TERM FINANCE - Secured

18 (a) Mark-up bearing

PARTICULARS	IDBP BF-I	NBP LCY-I	NBP LTF	HBL LCY	MCB LCY	SEPTEMBER 2015	SEPTEMBER 2014
	.... Rupees						
Opening balance	117,499,000	63,810,863	83,333,338	111,292,000	31,654,194	407,589,395	422,095,227
Obtained during the year	-	-	-	-	-	-	-
Interest expense (Refer Note 30.1)	-	5,749,359	-	-	-	5,749,359	6,387,340
	117,499,000	69,560,222	83,333,338	111,292,000	31,654,194	413,338,754	428,482,567
Repaid during the year	-	-	(33,333,332)	-	-	(33,333,332)	(24,999,999)
Effect of remeasurement (Refer Note 29.1)	-	6,016,266	-	-	-	6,016,266	4,106,827
	117,499,000	75,576,488	50,000,006	111,292,000	31,654,194	386,021,688	407,589,395
Overdue installments	64,624,450	-	8,333,333	-	31,654,194	104,611,977	86,987,127
Current portion	11,749,900	-	33,333,332	-	-	45,083,232	45,083,232
Closing liability as at September, 30 2015	41,124,650	75,576,488	8,333,341	111,292,000	-	236,326,479	275,519,036

Significant terms and conditions:

Installments	Semi annually	DSCs of Rs. 35m have been deposited that are going to mature after 4 years to settle the above liability	Quaterly	DSCs of Rs. 35.5m have been deposited that are going to mature after 4 years to settle the above liability	Semi annually
No. of installments	20	-	24	-	9
Date of first installment	01-04-10	-	19-01-2011	-	31-03-01
Rate of mark-up per annum	13%	Nil	3 months Kibor + 2%	one year Kibor with 7 % floor	10%
Sub note number	18.1	18.2	18.3	18.4	18.5

18.1 Industrial Development Bank of Pakistan

This represents the liability determined in accordance with rescheduling agreement reached between the company and I.D.B.P on October 17, 2009. Consequent there to total liability of Rs.149.162 million at that date stood reduced to Rs.131.347 million (refer note 18a and 18b) payable on the terms as stated in respective schedule. The difference amounting to Rs. 17.815 million was taken to profit and loss account for the year ended September 30, 2009. The rescheduling was accepted by the Company under protest and appeal is pending before the court (refer note 23(v)). The company has not paid the last 11 installments amounting to Rs. 64.624 million as per rescheduling agreement till September 30, 2015 which are overdue.

Security:

The finance is secured by way of :

- Mortgage of all immovable properties of the Company.
- Hypothecation by way of floating charges on the Company's movable and immovable properties both present and future.
- Pledge of shares
- Personal guarantees of the directors.
- Demand promissory notes.

18.2 NBP (formerly National Development Finance Corporation)

This represents the liability determined in accordance with the rescheduling agreement reached between National Bank of Pakistan and the company on June 4, 2009 and consequent thereto an amount of Rs.105.125 million was paid as full and final discharge of the outstanding liability through DSCs of Rs.35 million pledged by the company with National Bank of Pakistan maturing after 10 years on June 3, 2019 from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs.105.125 million that will be realized by encashment of DSC's on maturity date(s).

Since the rescheduled loan is interest free and payable after 10 years. It has been initially recognized at cost amounting to Rs.105.125million (refer note 18(a) and subsequently measured on amortized cost at each balance sheet date with effective interest rate prevailing at year end. The difference was taken to profit and loss in the year ended September 30, 2009 (refer note 31). Effective interest rate prevailing as for the year was 9.01% p.a accordingly imputed interest cost is taken to profit and loss account for the year ended September 30, 2015 (refer note 31).

18.3 This represents loan obtained from NBP for the purpose of repayment of its outstanding balance of growers liability for the year 2007-2008 and 2008-2009 at markup rate of 3 months kibor + 2% on quarterly basis. Repayment of principal amount of loan commenced with effect from 19-01-2010 in 24 quarterly installments of Rs. 8,333,333 each. The loan is secured as under.

Security

The above finance is secured by way of:

- First Parri Passu hypothecation charge over Plant, Machinery and Equipments of the company for an amount of Rs 275,639,140 and Rs 17,983,360.
- First Equitable Mortgage over Land and Building of the company for an amount of Rs. 275,639,140 and Rs. 17,983,360.
- Personal guarantees of directors of the company.

18.4 Habib Bank Limited

This represents the liability determined in accordance with the rescheduling agreement reached between Habib Bank Limited and the company on September 15 , 2009 and consequent thereto an amount of Rs. 111.292 million was paid as full and final discharge of the total outstanding liability standing at that date of Rs. 336.018 million through DSCs of Rs. 35.5 million pledged by the company with HBL bank limited maturing after 10 years from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs. 111.292 million that will be realized by encashment of DSC's on maturity date(s). The difference amount of Rs. 224 million was taken to profit and loss account for the year ended September 30, 2009.

The loan carries mark up at the rate of one year KIBOR with floor @ 7% per annum on Rs. 111.292 (M) till 2019 on quarterly basis . In case of default by the company in payment of mark up for two consecutives quarters, HBL shall have right to withdraw the settlement package and demand the balance decretal amount of Rs 327.49 million.

Security

The above finance is secured by way of :

- First charge on entire project assets at Deh Unar, Kazi Ahmed, Taluka Sakrand, Nawabshah, ranking parri passu with other secured creditors.
- Hypothecation of stocks.
- Guarantee of the mill duly supported by resolution of Board of Directors.
- DSC's of Rs 35.5 (M).

18.5 MCB Bank Limited

This represents the amount of bank liability as rescheduled by the bank vide its letter No.SAMG/PO/JPICUS/409, dated July 3, 2004 that are outstanding.

During the year 2009-2010, the Company approached to the bank for a negotiated settlement of the said liabilities vide its letter number SSML/Acct/60/2010 on dated February 01, 2010 and proposed to settle the present principle liability by submitting DSC's to bank amounting to Rs. 10 million with 10 years maturity having maturity value of Rs. 31 million and outright payment of Rs. 5 million towards settlement of total mark up outstanding (refer note 18 b).

Security

Pari passu / second charge with other creditors on all assets of the Company and fresh personal guarantees of sponsors / directors.

18 (b) Mark-up free - frozen mark-up

PARTICULARS	IDBP BF-I	MCB LCY - 1	SEPTEMBER 2015	SEPTEMBER 2014
	....	.... Rupees	....	....
Opening balance	7,799,181	7,030,924	**14,830,105**	13,547,472
Interest Expense (Refer Note 31.1)	702,706	-	**702,706**	780,682
	8,501,887	7,030,924	**15,532,811**	14,328,154
Effect of Remeasurement (Refer Note 30.1)	735,328	-	**735,328**	501,951
Effect in fluctuation in KIBOR	9,237,215	7,030,924	**16,268,139**	14,830,105
Overdue Installments	-	7,030,924	**7,030,924**	7,030,924
	9,237,215	-	**9,237,215**	7,799,181

Significant terms and conditions:

Installments	**Quarterly**	**Semi annually**
No. of installments	4	12
Date of first installment	01-01-2020	30-09-2004
Sub Note Number	18.6	

18.6 This represents the amount of markup of I.D.B.P payable after 01.01.2020 in four quarterly installments in terms of the rescheduling agreement with I.D.B.P as disclosed in note 18.1. Since the loan is interest free and payable after 10 years. It was initially recognized at cost i.e. Rs.13.848 million and subsequently measured on amortized cost at each balance sheet date with effective interest rate prevailing at year end. The difference was taken to profit and loss in the year ended September 30, 2009. Effective interest rate prevailing as at September 30, 2015 was 9.01% p.a and such interest expense is taken to profit and loss account (refer note 31).

		Note	2015	2014
			.... Rupees	....
19	PROVISION FOR GRATUITY	19.1	**11,861,268**	9,338,111

19.1 Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at September 30, 2015 using the Projected Unit Credit Method.

Principal assumptions	**2015**	**2014**
Discount rate	9.25% per annum	13.5% per annum
Expected rate of eligible salary increase in future years - short term	15% per annum	12% per annum
Expected rate of eligible salary increase in future years - Long term	8% per annum	12% per annum

	Note	2015	2014
		.... Rupees	
Changes in defined benefit liability are as follows:			
Opening defined benefit obligation		**9,338,111**	6,519,556
Current service cost		**825,331**	1,024,157
Interest cost		**1,249,449**	686,756
Benefit paid directly by the company		**(165,872)**	(1,593,183)
Actuarial losses		**614,249**	2,700,825
Closing defined benefit obligation		**11,861,268**	9,338,111
Liability for gratuity arose in the following manner:			
Opening net liability		**9,338,111**	6,519,556
Expense for the year		**2,074,780**	1,710,913
Benefit paid		**(165,872)**	(1,593,183)
Other Comprehensive income		**614,249**	2,700,825.00
Closing net liability		**11,861,268**	9,338,111
Charge to profit and loss account			
Current service cost		**825,331**	1,024,157
Interest cost		**1,249,449**	686,756
Total amount chargeable to P&L account		**2,074,780**	1,710,913

20 TRADE AND OTHER PAYABLES

	Note	2015	2014
Trade payables			
Quality premium	20.1	**56,460,953**	56,460,953
Sugar cane and others		**944,635,652**	752,238,816
		1,001,096,605	808,699,768
Accrued expenses		**31,100,735**	27,446,950
Other payables			
Advance from customers		**36,997,274**	182,387,789
Sales Tax and Excise duty payable	20.2	**4,003,445**	21,963,274
Unclaimed dividend		**377,172**	437,154
WWF		**-**	-
Sales tax penalty payable		**-**	329,801
Others		**12,191,886**	19,025,534
		53,569,777	224,143,551
		1,085,767,117	1,060,290,269

20.1 This represents the outstanding amount of quality premium for the years 2003 and 2004 withheld since the issue is pending for disposal with the Supreme Court of Pakistan. The Appellants, including the company were granted leave to defend by the Supreme Court of Pakistan in the year 2004 with the direction that no coercive action for recovery of quality premium from the mills shall be taken till the disposal of the Appeal which continues to be in force. The provincial government in its yearly notification since year 2004 onwards for minimum cane price fixation refers to the direction of the Supreme Court as reason for suspending coercive recovery of the quality premium from the mill until uniform formula subsequently is developed by the Ministry of Food and Agriculture.

20.2 Sales tax liabilities are outstanding due to shortage of funds.

21 SHORT TERM BORROWING - Secured

	Note	2015	2014
		.... Rupees	....
National Bank of Pakistan			
Running finance	21.1	**124,996,633**	124,898,749
Cash finance	21.2	**-**	199,008,150
		124,996,633	323,906,899

21.1 Running Finance Facility

Purpose:

To finance the working capital requirements of the Company and for procurement of sugarcane.

Mark up rate:

3 months KIBOR + 2.5% p.a.

Security:

1. First pari passu hypothecation charge over plant, machinery & equipment of the company with 25% margin.

2. First equitable mortgage over land and building of the Company of PKR 167 million with 25% margin.

3. Personal Guarantees of the Directors of the Company.

21.2 Cash Finance Facility

Purpose:

To finance the working capital requirements of the Company and for procurement of sugarcane.

Mark up rate:

3 months KIBOR + 2.5% p.a.

Security:

1. Pledge of refined sugar stock with 25% margin.
2. Personal guarantees of the Directors of the Company.

22 ACCRUED MARK UP

	2015	2014
	.... Rupees	....
National Bank of Pakistan	**1,572,798**	4,552,930
MCB Bank Limited	**17,228,787**	17,228,787
Loan from others	**5,518,824**	5,518,824
National Bank of Pakistan - Running and Cash Finance	**2,901,703**	12,467,189
Summit Bank Limited	**-**	725,294
Habib Bank Limited	**2,070,214**	-
	29,292,326	40,493,024

23 CONTINGENCIES AND COMMITMENTS

23.1.1 Contingencies

i. Following Constitutional Petitions are pending for which outcome could not be determined:

a) Constitutional Petition No. 230 of 2013
b) Constitutional Petition No. 6416 of 2014
c) Constitutional Petition No. 554 of 2015
d) Constitutional Petition No. 5482 of 2014

ii. Appeal is pending in appellate tribunal (IR) regarding levy of FED of Rs. 18.66 million for which favourable outcome is expected.

iii. Appeal is pending in appellate tribunal (IR) regarding alleged demand with penalty for which favourable outcome is expected.

iv. Rent case" is pending for which outcome could not be determined.

v. In respect of restructured loan amounting to Rs.130 million of Industrial Development Bank (refer in note 18a & 18b) the company filed a suit in the High Court of Sindh Karachi seeking settlement of the liability at an amount of Rs. 101.61 million on the ground that the restructured loan includes markup on the capitalized markup amounting to Rs. 29 million which is wrongly charged though not permissible under the law. The Honorable Court has stayed recovery proceedings till further order. Accordingly the Company has not charged markup for the year amounting to Rs. 8.02 million (2014: 9.54 million) and cumulatively mark-up from 01 April, 2010 to 30 Sep, 2015 amounting to Rs. 63.068 million on the outstanding balance as per rescheduling package of IDBP for the reason that it expects that an amount of Rs. 29 million would be reversible as a result of the final outcome court proceedings on merit of case and this is hence not going to have any effect on these financial statements.

vi. Appeal against demand of Rs. 571,997 is filed with CIT . Appeal for which hearing is pending and outcome can not be decided at this stage.

23.1.2 Guarantee given Rs. 80 million .(Refer note 12.3)

23.2 Commitments

During the year company has outstanding uplifted delivery orders of quantity Nil M.Ton (2014 : 3478.4 M.ton) of Rs. Nil million (2014 : Rs.161.037 million).

24 SALES - Net

	2015	2014
	.... Rupees	....
Sugar	2,464,086,760	3,438,743,039
Less : Brokerage and commission	-	(483,160)
	2,464,086,760	3,438,259,879
Molasses	129,280,000	301,242,389
Fertilizer	240,094,786	-
Bagasse	-	2,200,000
	2,833,461,546	3,741,702,268
Less: Export Expenses	-	-
Less: Sales tax	(219,723,361)	(255,041,361)
	2,613,738,185	3,486,660,907

	Note	2015	2014
25 COST OF GOODS SOLD		.... Rupees	....
Sugarcane consumed	25.1	**1,880,805,228**	3,324,937,029
Manufacturing expenses	25.2	**293,554,398**	307,629,171
Fertilizer Cost		**220,268,489**	-
		2,394,628,115	3,632,566,200
Sugar in process			
Opening		**2,324,662**	5,385,343
Closing		**(1,627,979)**	(2,324,662)
		696,683	3,060,681
		2,395,324,798	3,635,626,881
Finished goods			
Opening		**226,492,593**	282,911,090
Closing		**(459,170)**	(226,492,593)
		226,033,423	56,418,497
		2,621,358,221	3,692,045,379
Molasses			
Opening		**1,682,030**	-
Closing		**(1,970)**	(1,682,030)
		1,680,060	(1,682,030)
		2,623,038,281	3,690,363,349
Fertilizer			
Opening		**-**	-
Closing		**(6,543,764)**	-
		(6,543,764)	-
		2,616,494,517	3,690,363,349

25.1 This includes quality premium and subsidies for the year amounting to Rs. Nil million (2014: Rs. Nil million) and Rs. 1.023 million (2014: Rs. 3.339 million) respectively.

25.2 Manufacturing expenses

	Note	2015	2014
Stores and spares consumed		**40,860,437**	64,551,080
Fuel and power		**19,694,057**	22,261,661
Salaries, wages including bonus and staff amenities	25.3	**80,198,204**	77,048,392
Repairs and maintenance		**42,050,164**	60,389,662
Vehicle maintenance		**1,099,925**	1,359,914
Insurance		**6,017,266**	6,663,881
Depreciation	5.1	**98,312,515**	67,395,539
Bagasse, mud, Ash handling & Others		**5,321,830**	7,959,043
		293,554,398	307,629,171

25.3 This includes Rs. 2,599,311 (2014: Rs. 1,703,958) in respect of contribution to provident fund & gratuity.

26 ADMINISTRATIVE EXPENSES

	Note	2015	2014
		.... Rupees	
Salaries, including bonus and staff amenities	26.1	**77,096,425**	73,306,094
Rent, rates and taxes		**1,040,762**	1,053,620
Insurance		**3,324,790**	2,945,298
Water, gas and electricity		**4,040,359**	4,112,984
Printing and stationery		**1,470,079**	1,482,869
Postage, telephone, telegrams and telex		**2,666,635**	2,757,865
Vehicle maintenance		**6,434,026**	8,298,859
Repairs and maintenance		**624,329**	1,815,466
Traveling and conveyance		**704,998**	1,531,534
Newspaper, books and periodicals		**87,620**	75,104
Fee and subscription		**448,375**	1,086,071
Legal and professional		**9,212,492**	7,926,407
Auditors' remuneration	26.2	**990,150**	832,225
Entertainment		**2,140,770**	2,905,024
Computer maintenance		**1,590,519**	556,773
Advertisement		**447,560**	339,670
Charity and donation	26.3	**152,450**	191,100
Depreciation	5.1	**29,493,829**	24,519,221
Provision for bad debts		**-**	1,120,869
Sales tax penalty		**-**	329,801
Others		**1,886,464**	1,959,587
		143,852,632	139,146,441

26.1 This includes Rs. 1,288,482 (2014: Rs. 939,280) in respect of contribution provident fund and gratuity.

26.2 Auditors' remuneration comprises of :

	2015	2014
	.... Rupees	
Audit fees	**602,500**	550,000
Half yearly review	**202,000**	200,000
Certifications	**140,000**	50,000
Out of pocket expenses	**45,650**	32,225
	990,150	832,225

26.3 The directors or his spouse had no interest in the donees fund.

27 DISTRIBUTION COST

Loading and stacking	**4,173,661**	5,237,880
Sampling charges	**109,650**	155,400
	4,283,311	5,393,280

28 OTHER CHARGES

Loan processing fees	**109,290**	259,976
Mucaddam charges	**263,000**	695,113
	372,290	955,089

	Note	2015	2014
		.... Rupees	

29 OTHER INCOME

	Note	2015	2014
Profit on PLS account		-	411
Exchange Gain in Foreign Currency		-	-
Profit/(loss) on sale of fixed asset		1,731,046	1,196,485
Other		45,140	47,650
		1,776,186	1,244,546

30 UN-REALIZED GAIN/(LOSS) ON AMORTIZATION OF LOANS / INVESTMENTS

	Note	2015	2014
National Bank of Pakistan	18(a) & 30.1	(6,016,266)	(4,106,827)
IDBP	18(b) & 30.1	(735,328)	(501,951)
Income on amortization of Investment in DSC's	30.2	15,331,888	13,670,876
		8,580,294	9,062,099

30.1 This represents effects of increase in KIBOR over the year and recognizing liability at fair value.

30.2 This represents amortization of investment in DSC's amounting to Rs 70.5 million at the rate of 12.15%.

31 FINANCIAL COST

	Note	2015	2014
		.... Rupees	
Mark-up on loans		42,330,041	74,603,485
Bank charges		888,550	3,665,842
Interest expense	31.1	6,452,065	7,168,023
		49,670,656	85,437,350

31.1 This represents interest expense in respect of amortization of loan and frozen mark up liability of NBP and I.D.B.P (refer 18(a) and 18(b)) using effective interest rate @ 9.01% (2014 : `10.5% p.a).

32 REMUNERATION OF EXECUTIVES

(Amount in Rupees)

PARTICULARS	2015				2014			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Remuneration	8,236,131	14,742,687	2,326,872	25,305,690	7,324,005	13,109,979	1,448,616	21,882,600
Company's contribution to provident fund	-	-	129,742	129,742	-	-	120,713	120,713
Perquisites, benefits and utilities	-	-	-		-	-	-	
Total	8,236,131	14,742,687	2,456,614	25,435,432	7,324,005	13,109,979	1,569,329	22,003,313
Number of Persons	1	6	2	9	1	6	2	9

	2015	2014
	Rupees	

33 PLANT CAPACITY AND PRODUCTION

	2015	2014
Installed Production Capacity-Metric ton	86,400	86,400
Duration of Season-Days	98	142
Actual Production-Metric ton	45,100	70,865
Actual Crushing-Days	86	138
% of capacity attained	52%	82%

34 SEGMENT REPORTING

	Note	2015 Sugar	2015 Fertilizer	2015 Total	2014
		Rupees			
Segment assets and liabilities					
Segment assets		2,865,634,426	22,543,764	2,888,178,190	3,261,843,410
Segment liabilities		2,064,560,368	79,922,203	2,144,482,571	2,289,569,357
Segment profit and loss account					
Sales-gross	24	2,593,366,760	240,094,786	2,833,461,546	3,741,702,268
Less: Sales Tax		(182,524,946)	(37,198,415)	(219,723,361)	(255,041,361)
Sales-net		2,410,841,814	202,896,371	2,613,738,185	3,486,660,907
Cost of sales	25	(2,389,682,264)	(226,812,253)	(2,616,494,517)	(3,690,363,349)
Gross profit		21,159,550	(23,915,882)	(2,756,332)	(203,702,442)
Distribution cost	27	(4,283,311)	-	(4,283,311)	(5,393,280)
Administrative expenses	26	(143,852,632)	-	(143,852,632)	(139,146,441)
Segment wise operating profits		(126,976,393)	(23,915,882)	(150,892,275)	(348,242,163)
Other charges	28	(372,290)	-	(372,290)	(955,089)
Finance cost	31	(48,908,371)	(762,285)	(49,670,656)	(85,437,350)
Other income	29	1,776,186	-	1,776,186	1,244,546
Unrealised gain on loan amortisation	30	8,580,294	-	8,580,294	9,062,099
Profit before taxation		(165,900,574)	(24,678,167)	(190,578,741)	(424,327,957)
Taxation	17.2	(37,582,004)	-	(37,582,004)	237,901,891
Profit after taxation		(203,482,578)	(24,678,167)	(228,160,745)	(186,426,066)
Depreciation					
Cost of sales	25	98,312,515	-	98,312,515	67,395,539
Administrative expenses	26	29,493,829	-	29,493,829	24,519,221
		127,806,344	-	127,806,344	91,914,760

34.1 Revenue reported in note number 24 has been generated from external customers.

34.2 The accounting policies of the reportable segments are the same as those described in note number 3. Financial charges on long term, cash and running financing is allocated to sugar where as commission on letter of guarantee and letter of credit is allocated to fertilizer. This is the measure adopted management for the purposes of resource allocation and assessment of segment performance.

35 LOSS PER SHARE - Basic / Diluted

	2015	2014
	.... Rupees	
Net loss for the year	**(228,160,745)**	(186,426,066)
Weighted average number of ordinary shares	**22,308,000**	22,308,000
Loss per share	**(10.23)**	(8.36)

36 CASH AND CASH EQUIVALENTS

	2015	2014
Short term borrowing - Secured	**(124,996,633)**	(323,906,899)
Cash and bank balances	**7,353,819**	31,600,756
	(117,642,814)	(292,306,143)

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Interest/mark-up rate risk arises from the possibility that changes in interest/mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest/mark-up bearing financial liabilities, the following table indicate their effective interest/mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

2 0 1 5 **(Amount in Rupees)**

	Interest bearing		Non-interest bearing		
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	Total
FINANCIAL ASSETS					
Long term Investment	-	70,500,000	-	-	70,500,000
Long term loans	-	-	318,991	-	318,991
Long term deposits	-	-	-	1,431,282	1,431,282
Trade debts	-	-	132,548,433	-	132,548,433
Cash and bank balances	10,000	-	7,343,819	-	7,353,819
	10,000	70,500,000	140,211,243	1,431,282	212,152,525
FINANCIAL LIABILITIES					
At Amortized Cost					
Long term loans	149,695,209	236,326,479	7,030,924	9,237,215	402,289,827
Short term Borrowings	124,996,633	-	-	-	124,996,633
Trade and other payables	-	-	1,044,766,398	-	1,044,766,398
Mark up accured on loans	-	-	29,292,326	-	29,292,326
	274,691,842	236,326,479	1,081,089,648	9,237,215	1,601,345,184

2 0 1 4 (Amount in Rupees)

	Interest bearing		Non-interest bearing		
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	Total
FINANCIAL ASSETS					
Long term Investment	-	70,500,000	-	-	70,500,000
Long term loans	-	-	303,304	-	303,304
Long term deposits	-	1,596,366	-	-	1,596,366
Trade debts	-	-	134,318,433	-	134,318,433
Cash and bank balances	10,000	-	31,590,756	-	31,600,756
	10,000	72,096,366	166,212,493	-	238,318,858
FINANCIAL LIABILITIES					
At Amortized Cost					
Long term loans	132,070,359	275,519,036	7,030,924	7,799,181	422,419,500
Short Term Borrowings	323,906,899	-	-	-	323,906,899
Trade and other payables	-	-	485,015,978	-	485,015,978
Mark up accured on loans	-	-	40,493,024	-	40,493,024
	455,977,258	275,519,036	532,539,926	7,799,181	1,271,835,401

38 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

The board of directors has overall responsibility for the establishment and the oversight of the company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

38.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business. The financial assets that are exposed to credit risk are as follows:

	2015	2014
	.... Rupees	....
Long term loans	**318,991**	303,304
Trade debts - unsecured	**132,548,433**	134,318,433
Trade deposits and short term prepayments	**-**	-
Bank balances	**7,184,250**	31,458,120
	140,051,674	166,079,857

37.1.1 Impairment losses

The aging of financial assets at the reporting date was:

	2015		2014	
	Gross value	Impairment	Gross value	Impairment
	---Rupees---			
Not past due	-	-	-	-
Past due < 1 year	-	-	-	-
Past due 1 year to 2 years	-	-	-	-
More than 2 years	**132,538,832**	-	133,808,833	-
More than 3 years	**9,600**	-	509,600	-
Total	**132,548,432**	-	134,318,433	-

The company believes that no impairment allowance is necessary in respect of financial assets past due other than amount provided. Financial assets are essentially due from credit worthy parties. The company is actively pursuing for recovery of debts and the company does not expect these parties to fail to meet their obligations.

38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities (including interest payments).

The table below summarizes the maturity profile of the Company's financial liabilities as at Sept 30, 2015 based on contractual undiscounted payment dates and present market interest rate:

	2015			
	Carrying amount	Contractual cash flows	Twelve months or less	Two to five years
	---Rupees---			
Non-Derivative Financial liabilities				
Long term financing	402,289,827	402,289,827	156,726,133	245,563,694
Trade and other payables	1,081,763,672	1,081,763,672	1,081,763,672	-
Short Term Borrowings	124,996,633	124,996,633	124,996,633	-
Accrued mark-up	29,292,326	29,292,326	29,292,326	-
	1,638,342,458	1,638,342,458	1,392,778,764	245,563,694

	2014			
	Carrying amount	Contractual cash flows	Twelve months or less	Two to five years
Non-Derivative Financial liabilities	----------	----------	Rupees	----------
Long term financing	422,419,500	422,419,500	139,101,283	283,318,217
Trade and other payables	1,038,326,995	1,038,326,995	1,038,326,995	-
Short Term Borrowings	323,906,899	323,906,899	323,906,899	-
Accrued mark-up	40,493,024	40,493,024	40,493,024	-
	1,825,646,418	1,825,646,418	1,542,328,201	283,318,217

38.3 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk may comprises of two types of risk: foreign exchange or currency risk and interest/mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

38.3.1 Foreign exchange risk management

Foreign currency risk arises mainly where balances exist due to the transactions with foreign undertakings. The Company is was not exposed to foreign exchange risk as at September 30, 2015 as no balances existed at the said date due to transactions with foreign undertakings.

38.3.2 Mark-up rate risk

Markup rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the mark-up rates. Sensitivity to mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term loans and short-term finances with floating interest rates.

The mark-up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

38.3.3 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit/ (loss) before tax (through impact on floating rate borrowing). There is only immaterial impact on Company's equity. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	2015	2014
	.... Rupees	
Increase / decrease in basis points	100	100
Effect on profit before tax	5,110,183	6,758,264

38.4 Equity price risk

Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk.

38.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

39 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are 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.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, capital and revenue reserves. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2015 and 2014 were as follows:

	2015	2014
	.... Rupees	
Long term finance	402,289,827	422,419,500
Short term Borrowings	124,996,633	323,906,899
Total debt	527,286,460	746,326,399
Less: Cash and bank balances	7,353,819	31,600,756
Net debt	519,932,641	714,725,644
Total Equity	(658,633,717)	(495,719,054)
Total Capital	(138,701,076)	219,006,590
Gearing Ratio	(375%)	326%

The company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting the Company into profitable entity and has taken financial measures to support such rehabilitation program. In calculating above gearing ratio surplus on revaluation on fixed assets was not taken into account, had such reserves was considered gearing ratio would have improved to 41% (2014: 42%).

40 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with related parties. Amounts due from and to related parties are shown under receivables and payables, remuneration of directors and key management personnel is disclosed in relevant note. During the year there is no significant transactions with related parties except contribution paid to the post employment benefits as disclosed in respective note.

41 NUMBER OF EMPLOYEES

	2015	2014
Total employees during the year	192	193
Average number of employees during the year	191	192

42 DISCLOSURES RELATING TO PROVIDENT FUND

	2015	2014
Size of the fund	72,075,772	60,890,331
Cost of investment made	44,750,000	42,000,000
Percentage of investments made	95.6%	97.2%
Fair value of investments	68,892,637	59,185,114
Breakup of Investment - At Fair Value		
- Shares in listed companies	6,250,000	4,500,000
- Investment in deposit certificates	38,500,000	37,500,000
	44,750,000	42,000,000

	2015	2014
	----- Percentage -----	
Shares in listed companies	**14.0%**	10.7%
Investment in deposit certificates	**86.0%**	89.3%
	100.0%	100.0%

These figures are based on the unaudited financial statements of the provident fund as at June 30, 2015.

43 DATE OF AUTHORIZATION

The financial statements were authorized for issue on January 02, 2016 by the board of directors of the Company.

44 GENERAL

- Figures have been rounded off to the nearest rupee.

- Figures have been rearrange and reclassified where necessary.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director

SIX YEARS' REVIEW AT A GLANCE

FINANCIAL RESULTS		2015	2014	2013	2012	2011	2010
		(Rs. in 000)					
Sales		2,613,738	3,486,661	2,560,803	2,463,907	3,125,044	3,193,219
Gross (loss) / profit		(2,756)	(203,702)	(133,830)	56,038	41,208	217,471
Operating (loss) / profit		(150,892)	(348,242)	(263,950)	(59,064)	(61,978)	126,643
Profit/ (loss) before taxation		(190,579)	(424,328)	(330,535)	(151,870)	(133,211)	47,753
Profit/(loss) after taxation		(228,161)	(186,426)	(332,289)	(134,858)	(148,545)	46,405
Accumulated loss for the year		(881,714)	(718,799)	(569,464)	(291,516)	(192,351)	(76,324)
OPERATING RESULTS		**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
		(Rs. in 000)					
Sugarcane crushed	(tonnes)	441,621	770516	516,227	559,968	615,017	543,353
Sugar recovery	(%)	10.21	9.188	9.89	9.75	8.66	9.155
Sugar produced	(tonnes)	45,100	70864	51,050	54,575	53,250	49,702
Molasses recovery	(%)	4.236	4.330	4.322	4.251	4.193	4.563
Molasses produced	(tonnes)	18,700	33,397	22,306	23,800	25,766	23,625
Operating period	(days)	98	142	109	108	149	107
ASSETS EMPLOYEED		**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
		(Rs. in 000)					
Fixed capital expenditure		2,468,870	2,592,051	1,568,312	1,641,428	1,177,285	1,225,657
Long term loans and deposits		1,750	1,900	1,830	1,665	783	812
Investments		141,520	126,188	112,517	100,328	89,458	79,766
Current assets		276,038	541,704	553,704	707,817	674,273	484,621
Total assets employed		2,888,178	3,261,843	2,236,364	2,451,238	1,941,800	1,790,855
FINANCED BY		**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
		(Rs. in 000)					
Shareholders' equity		(658,634)	(495,719)	(346,384)	(68,436)	30,729	146,756
Revaluation on fixed assets		1,402,329	1,467,993	746,140	781,462	411,440	432,577
Subordinate loan from directors		65,767	45,998	-	-	-	
Long term liabilities		245,564	283,318	316,625	353,255	383,291	422,473
Deferred liabilities		436,370	396,462	289,729	308,302	220,848	248,930
Current liabilities		1,396,782	1,563,791	1,230,254	1,076,656	895,491	540,120
Total funds invested		2,888,178	3,261,843	2,236,364	2,451,238	1,941,799	1,790,856
Break-up value per share	(Rupees)	(29.52)	(22.22)	(15.53)	(3.07)	1.38	6.58
Earning per share	(Rupees)	(10.23)	(8.36)	(14.90)	(6.05)	(6.66)	2.08

FORM OF PROXY

The Company Secretary
SAKRAND SUGAR MILLS LIMITED
41-K, Block 6, P.E.C.H.S.
Karachi-75000

I/We ____

of ____

being a Member of Sakrand Sugar Mills Limited and holder of ______________________

Ordinary Shares, as per Register Folio No. ______________________

hereby appoint ____

who is also a Member of the Company of as my/our Proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on January 28, 2016 and at any adjournment thereof.

Signed ______________________________________ day of 2016.

RUPEES FIVE
REVENUE STAMP

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

NOTE :

1. This form of proxy duly completed and signed, must be depostied at Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to instrument.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.