27^{th} Annual Report

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COMPANY INFORMATION

Board of Directors	Mr. Ghazi Khan	(Chairman)
	Mr. Akbar Khan	(Chief Executive)
	Mr. Haroon Khan	
	Mrs. Rasheeda Begum	
	Mrs. Mobina Akbar Khan	
	Mr. Saeed Ullah Khan Paracha	
	Mr. Tahir Farooq Malik	

Company Secretary and Chief Financial Officer
Mr. Ahmad Jehanzeb Khan

Bankers
Allied Bank Limited
Bank Alfalah Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan Limited
The Bank of Punjab
United Bank Limited

Legal Advisors
1) Bandial & Associates
House # 12/A, Block 'H'
Gulberg II, Lahore

2) Ali Subtain Fazli & Associates
Mall Mansion 30
The Mall, Lahore

Audit Committee	Mr. Saeed Ullah Khan Paracha	Chairman
	Mr. Haroon Khan	Member
	Mr. Ghazi Khan	Member
	Mr. Khalid Siddique	Secretary

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar
Corplink (Private) Limited
1-K, Model Town, Lahore

Sugar Mills:
Unit 1
Kanjwani, Tehsil Tandlianwala
District, Faisalabad

Unit 2
Taunsa Road, Indus Highway,
Dera Ismail Khan

Unit 3
Shah Jamal Road,
Muzaffargarh

Distillery:
Unit 1
Kanjwani, Tehsil Tandlianwala
District, Faisalabad

Unit 2
Shah Jamal Road,
Muzaffargarh

Top Gas:
Kanjwani, Tehsil Tandlianwala
District, Faisalabad

Registered Office
32-N, Gulberg-II, Lahore

VISION, MISSION & STRATEGY

Mission

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

Corporate Strategy

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To establish modern corporate sugarcane farm of international standards.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfill social commitments.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty seventh Annual General Meeting of the Shareholders of Tandlianwala Sugar Mills Limited will be held on Monday, February 29, 2016 at 10:00 A.M at Noor Shadi Hall, 49-N, Industrial Area, Gulberg-II, Lahore, for transacting the following business:

1. To confirm the Minutes of the Annual General Meeting held on March 02, 2015.

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

3. To appoint Auditors for the year ending 30 September 2016 and fix their remuneration. M/s KPMG Taseer Hadi & Co., Chartered Accountants, the retiring Auditors, have offered themselves for re-appointment.

4. To consider any other business with the permission of the Chairman.

By Order of the Board
Ahmad Jehanzeb Khan
(Company Secretary)

Lahore:
February 10, 2016

Notes:

1. The shares transfer books of the Company will remain closed from 22nd February 2016 to 29th February 2016 (both days inclusive).

2. All members, eligible to attend and vote at the meeting are entitled to appoint another member as his / her Proxy to attend and vote instead of him / her. A proxy must be a member of the Company. Proxy to be effective must be received at the Registered Office of the Company at least forty eight (48) hours before the meeting.

3. The corporate shareholders shall nominate someone to represent them at the Meeting. The nomination in order to be effective must be received by the Company not later than forty eight (48) hours before the meeting. Representative of corporate members should bring the usual documents required for such purpose.

4. Any individual beneficial owner of Central Depository Company (CDC) entitled to attend and vote at this meeting must bring his / her original National Identity card (CNIC) or Passport. Account and Participant ID number to prove him / her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport.

5. Shareholders are requested to immediately submit copy of valid CNIC with their folio no. and notify change of Address, if any to the Company's Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial Area, Model Town, Lahore.

Directors' Report

On behalf of Board of Directors, it is my pleasure to welcome you at the 27th Annual General Meeting and to place the Audited Financial Statements of the Company together with the Director's Report thereon, for the year ended September 30, 2015.

Operating Results

An analysis of key performance results indicates that with the highest Sales Volume of Rs. 16 billion as compared to last year volume Rs. 13 billion, the Company has managed to achieve the Gross Profit of Rs. 2.219 billion as compared to last year Gross Profit amounting to Rs. 1.425 billion. The increase in the profit after operations, amounts to Rs. 1.636 billion from the last comparative amount of Rs. 986 million, shows that the company's management has key expertise to manage its resources towards the achievement of its goals. The Company has earned Profit before taxation of Rs. 584 million as compared to the last year amount of Rs. 81 million

The Company has achieved the Net profit of Rs. 592 million in comparison to last year amount Rs. 247 million. The Sugar Cane prices for the Crushing season 2014 -2015 were fixed @ Rs. 180 per 40kg with the increase of Rs. 10 per 40kg. We managed this increase by better handling of working capital and liquid resources. The overall recoveries of sugar from cane at two of our units improved in comparison to the last year recoveries.

Due to last season carry-over stocks of sugar and a massive production in the country in the current year, the Federal Government allowed export quota of 650,000 M.Tons with subsidies, which compensated the sugar mills to a certain extent, however, the Ministry of Finance has not yet released funds against inland freight subsidy to Trade Development Authority of Pakistan (TDAP) for onwards disbursement to the mills.

Distillery Division

The Distillery division again achieved excellent results. This year it proficiently attained profits and tremendous growth in comparison to the last year due to setting up of the second, state of the art distillery. This achievement is also due to the major utilization of our indigenous Raw material (Molasses) which is also a key competitive advantage and would allow the division to enjoy the improved profitability over years for long.

The commercial production of our second Distillery started excellently in the month of December-2015. Due to the low price of crude oil and other factors, the prices of ethanol remained depressed in both local and international markets.

With start of production in the second Distillery unit, TSML group is now the largest producer of ethanol in Pakistan with a quality product of international standards. In the calendar year 2015, TSML was also the biggest exporter of ethanol of the Country.

CO2 Division

Our Top Gas (CO_2) Division has kept the same trend of excellent market share, although we faced strong competitive market during the year. The Division has also contributed in the profitability of the TSML group.

There is high demand for the CO_2 in the local market but due to penetration of major competitors like Pak Arab Fertilizers, the company will have to further diversify its marketing to gather trust of the new local consumers, in the future.

Future Outlook of the Company

In the current season (2015-2016) the sugarcane crop seems slightly short, as compared to the year under review. The sugar cane price remained unchanged during the current season at Rs. 180 per 40 kg.

The setting up of Second Distillery unit at our Unit - 3 in Muzaffargarh, was a prudent decision and helped in improvement of profitability of the Company. By strengthening the Distillery division, the TSML group obtained further share in the international market.

Statement on Corporate and financial reporting framework

These financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Proper books of accounts of the Company have been maintained.

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

International Financial Reporting Standards, as applicable in Pakistan, have been followed in prepara tion of financial statements and any departure there from, if any has been adequately disclosed and explained.

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

There are no significant doubts upon the Co mpany's ability to continue as a going concern as it has adequate resources and improving its results to continue in operation for the foreseeable future as has been explained in the Chief Executive's Review and financial statements.

There is no doubt about the company's ability to continue as a going concern;

There has been no material departure from the best practices of the corporate governance as detailed in the listing regulations.

- A statement regarding key financial data for the last six years is annexed to this report. Information about taxes and levies is given in the notes to the financial statements.

Six Years Review at a Glance

The six years review at a glance is annexed.

Pattern of Shareholdings

The pattern of shareholdings as on September 30, 2015 is annexed.

Audit Committee

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. The Committee regularly meets as per requirement of the code. The Committee assists the Board in reviewing internal audit manual and internal audit system.

The Audit Committee comprises of the following members:

Mr. Saeed Ullah Khan Paracha	Chairperson
Mr. Haroon Khan	Member
Mr. Ghazi Khan	Member

Human Resource Committee

The Board has constituted a Human Resource Committee in compliance with the Code of Corporate Governance 2015.

Board Meetings

There have been 9 meetings during the year and the attendance of each director is stated as under:

Name of Directors	Board		Audit Committee		Human Resource and Remuneration Committee	
	Required	Attended	Required	Attended	Required	Attended
NON – EXECUTIVE DIRECTORS						
Mr. Haroon Khan	4	3	4	4	1	1
Mr. Ghazi Khan	4	4	4	4	1	1
Mrs. Rasheeda Begum	4	4				
Mrs. Mobina Akbar Khan	4	4			1	1
Mr. Saeed Ullah Khan Paracha	4	3	4	4		
EXECUTIVE DIRECTORS						

Mr. Akbar Khan	4	4				
Mr. Tahir Farooq Malik	4	4				

(However, leaves of absence were granted to the Directors who could not attend the Board Meetings due to their preoccupations.)

Trading in Shares

Trading in shares by Directors, CEO, CFO, Company Secretary and their spouses and minor children has been disclosed in FORM 34 annexed to this annual report.

Outstanding Statutory Dues

Details of outstanding dues towards minimum tax and those relating to other statutory obligations are set out in note 16 and 32 respectively.

Dividend

No dividend is being recommended by the Board of Directors for the year ended September 30, 2015.

Staff Retirement Benefits

The company operates an un-funded gratuity scheme for all employees with qualifying service period of six months.

Auditors

The retiring Auditors, M/s *KPMG* Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment for the year ending September 30, 2016.

Appreciation

The Board would like to articulate their appr eciation for the allegiance, hard toil of the workers, staff and members of the management team. Growers are the key element of our industry and we thank them for their continued co-operation.

On behalf of Board of Directors

Akbar Khan
(Chief Executive Officer)
February 10, 2016

SIX YEARS REVIEW AT A GLANCE

Figures in '000

		2015 (Rupees)	2014 (Rupees)	2013 (Rupees)	2012 (Rupees)	2011 (Rupees)	2010 (Rupees)
FINANCIAL RESULTS							
Sales (Net)		16,520,294	12,999,789	12,294,796	8,376,917	7,759,465	10,169,643
Cost of Sales		14,301,181	11,574,518	11,435,215	7,508,390	6,321,536	8,798,140
Gross profit		**2,219,113**	**1,425,271**	**859,581**	**868,527**	**1,437,929**	**1,371,503**
Operating, financial and selling expenses		1,674,897	1,393,962	1,263,727	1,016,758	912,167	762,035
		544,216	**31,309**	**(404,146)**	**(148,231)**	**525,762**	**609,468**
Other income		70,303	54,161	119,737	13,083	6,416	12,966
Net profit / (loss) before wppf		**614,519**	**85,471**	**(284,409)**	**(135,148)**	**532,178**	**622,434**
Workers' profit participation fund		30,726	4,274	-	-	26,609	31,122
Workers' Welfare fund		-	-	-	-	(11,826)	11,826
Net (loss) / profit before Taxation		**583,793**	**81,197**	**(284,409)**	**(135,148)**	**517,395**	**579,486**
Provision for taxation		7,833	165,927	98,310	(197,690)	22,839	249,966
Net (loss) / profit after taxation		**591,627**	**247,124**	**(382,719)**	**62,542**	**494,556**	**329,520**
Cash dividend		-	-	-	-	-	-
(Loss) / Earning per share (Rs.)		5.03	2.10	(3.25)	0.42	4.20	2.80
Authorized capital		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Paid-up capital		1,177,063	1,177,063	1,177,063	1,177,063	1,177,063	1,177,063
Fixed capital expenditures (Net)		10,941,621	7,974,241	7,645,295	5,460,225	5,221,206	5,415,846
OPERATING RESULTS							
Sugarcane crushed - Unit - 1	M. Tons	505,953	627,342	556,144	457,219	472,492	427,828
Sugarcane crushed - Unit - 2	M. Tons	1,030,447	1,068,301	724,066	465,491	593,420	545,032
Sugarcane crushed - Unit - 3	M. Tons	1,214,159	1,273,466	897,054	686,936	514,105	561,893
Sugar recovery - Unit - 1	%	8.99	9.15	9.17	9.47	9.16	9.23
Sugar recovery - Unit - 2	%	9.22	8.49	8.45	8.38	8.37	8.35
Sugar recovery - Unit - 3	%	10.26	9.54	9.49	9.76	9.28	9.20
Sugar production - Unit - 1	M. Tons	45,488	57,405	50,997	43,311	43,261	39,519
Sugar production - Unit - 2	M. Tons	95,011	90,720	61,172	39,015	49,683	45,481
Sugar production - Unit - 3	M. Tons	124,611	121,472	85,201	67,042	47,732	51,696
Season started - Unit - 1		25-11-2014	19-11-2013	29-11-2012	18-11-2011	26-11-2010	17-11-2009
Season started - Unit - 2		04-12-2014	25-11-2013	29-11-2012	29-11-2011	26-11-2010	02-12-2009
Season started - Unit - 3		28-11-2014	20-11-2013	29-11-2012	18-11-2011	26-11-2010	17-11-2009
Season closed - Unit - 1		15-03-2015	29-03-2014	30-03-2013	23-03-2012	07-04-2011	10-03-2010
Season closed - Unit - 2		11-04-2015	21-03-2014	01-04-2013	29-03-2012	01-04-2011	11-03-2010
Season closed - Unit - 3		28-03-2015	05-04-2014	03-04-2013	12-04-2012	01-04-2011	16-03-2010
Crushing days - Unit - 1	No.	111	121	122	127	133	114
Crushing days - Unit - 2	No.	129	117	124	122	127	100
Crushing days - Unit - 3	No.	121	137	126	147	127	120

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **L-01226**

2. Name of the Company **TANDLIANWALA SUGAR MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-09-2015**

	------Shareholding------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
106	1	100	2,834
445	101	500	211,016
69	501	1,000	58,486
72	1,001	5,000	155,278
13	5,001	10,000	96,455
6	10,001	15,000	77,882
2	15,001	20,000	35,607
2	20,001	25,000	42,000
2	25,001	30,000	55,920
1	50,001	55,000	50,500
1	140,001	145,000	144,300
1	550,001	555,000	552,500
2	1,390,001	1,395,000	2,789,689
1	1,395,001	1,400,000	1,395,343
1	1,400,001	1,405,000	1,401,747
1	1,890,001	1,895,000	1,894,064
1	3,290,001	3,295,000	3,294,155
1	5,455,001	5,460,000	5,459,419
1	5,745,001	5,750,000	5,745,514
1	10,610,001	10,615,000	10,610,937
1	20,195,001	20,200,000	20,197,535
1	20,250,001	20,255,000	20,253,274
1	21,505,001	21,510,000	21,506,357
1	21,675,001	21,680,000	21,675,488
733			**117,706,300**

5. Categories of shareholders	**Share held**	**Percentage**
5.1 Directors, Chief Executive Officer, and their spouse and minor childern	92,871,588	78.9011%
5.2 Associated Companies, undertakings and related parties.	---	---
5.3 NIT and ICP	7,500	0.0064%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	204,020	0.1733%

5.5 Insurance Companies	1,000	0.0008%
5.6 Modarabas and Mutual Funds	9,200	0.0078%
5.7 Share holders holding 10%	89,223,433	75.8017%
5.8 General Public		
a. Local	13,991,635	11.8869%
b. Foreign	---	---
5.9 Others (to be specified)		
1-Joint Stock Companies	5,987	0.0051%
2-Non-Residence/Foreign Companies	10,612,037	9.0157%
3- Pension Funds	3,220	0.0027%
4-Others	113	0.0001%

6. Signature of Company Secretary			
7. Name of Signatory	AHMAD JEHANZEB KHAN		
8. Designation	COMPANY SECRETARY		
9. NIC Number	35201-5789985-5		
10 Date	30	09	2015

TANDLIANWALA SUGAR MILLS LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on September 30, 2015

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,078,235	19.6066%
3	MR. GHAZI KHAN	22,904,700	19.4592%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
5	MRS. MOBINA AKBAR KHAN	1,000	0.0008%
6	MR. SAEEDULLAH KHAN PARACHA	3,094,155	2.6287%
7	MR. TAHIR FAROOQ MALIK	500	0.0004%
8	MRS. SHAHNAZ W/O SAEEDULLAH KHAN PARACHA	552,500	0.4694%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		217,440	0.1847%

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	Name	Holding	Percentage
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,078,235	19.6066%
3	MR. GHAZI KHAN	22,904,700	19.4592%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
5	TODDI INVESTMENTS LIMITED.	10,610,937	9.0148%
6	MR. HAMEED ULLAH KHAN PARACHA	7,639,578	6.4904%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MR. HAROON KHAN (CDC)	0	15,000
2	MR. GHAZI KHAN (CDC)	0	17,000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company **TANDLIANWALA SUGAR MILLS LIMITED**

Year Ended **30 September 2015**

This statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of executive and non-executive Directors on its Board of Directors. At present the Board includes:

Category	Names
Executive Director	Mr. Akbar Khan Mr. Tahir Farooq Malik
Non-Executive Directors	Mr. Haroon Khan Mr. Ghazi Khan Mrs. Rasheeda Begum Mrs. Mobina Akbar Khan Mr. Saeed Ullah Khan Paracha

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There was no causal vacancy occurred on the Board of Directors during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a

Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the Directors on the Board are well conversant with their responsibilities as Directors and meet the exemption requirement of the Directors "training program".

10. There was no change in CFO, Company Secretary and Head of Internal Audit during the financial year.

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members, all members including Chairman are non-executive Directors.

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

17. The Board has formed HR & Remuneration Committee. It comprises three members, all members including Chairman are non-executive Directors.

	Name	Type of Directorship	Position
1-	Mrs. Rasheeda Begam	Non-executive Director	Chairman
2-	Mr. Haroon Khan	Non-executive Director	Member
3-	Mr. Ghazi Khan	Non-executive Director	Member

18. The Board has set up an effective internal audit function who is considered suitably qualified and experience for the purpose and is conversant with the policies and procedures of the Company.

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

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

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

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

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

    a. The Company did not have any independent Director during the year ended 30 September 2015 as per the requirement of i(b) of the CCG, after the retirement of Mr. Saeed Ullah Khan Paracha (previously, an independent Director).

    b. The Chairman of the audit committee is not an independent Director.

Lahore	(Ghazi Khan)	(Akbar Khan)
February 10, 2016	Chairman	Chief Executive

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Tandlianwala Sugar Mills Limited ("the Company") for the year ended 30 September 2015 to comply with the requirements of Listing Regulation No. 35 of the Pakistan Stock Exchange where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

	Paragraph reference	**Description**
i)	*Paragraph 23(a)*	*At present there is no independent Director on the Company's Board of Directors as required under sub-clause (b) of clause (i) of the Code.*
ii)	*Paragraph 23(b)*	*Under clause (xxiv) of the Code, the Chairman of the Audit Committee should be an Independent Director. Since there is no independent Director on the Board, this requirement is not complied with.*

KPMG Taseer Hadi & Co.

Chartered Accountants

Date: 10 February 2016 **(Kamran Iqbal Yousafi)**

Auditors' Report to the Members

We have audited the annexed balance sheet of **Tandlianwala Sugar Mills Limited ("the Company")** as at 30 September 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conduct our audit in accordance with the aud iting 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) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.3 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;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan , and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

KPMG Taseer Hadi & Co
Chartered Accountants
(Kamran Iqbal Yousafi)

Lahore
February 10, 2016

Balance Sheet

	Note	2015 Rupees	2014 Rupees Restated	2013 Rupees Restated
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised capital				
120,000,000 (2014: 120,000,000) shares of Rs. 10 each		**1,200,000,000**	1,200,000,000	1,200,000,000
Issued, subscribed and paid up capital	*6*	**1,177,063,000**	1,177,063,000	1,177,063,000
Reserves	*7*	**1,727,382,859**	1,130,963,317	879,302,049
Loan from Directors - unsecured		**1,971,962,036**	2,125,630,134	2,362,183,588
Equity portion of financial liabilities	*8*	**-**	-	-
		4,876,407,895	4,433,656,451	4,418,548,637
Non current liabilities				
Loan from Directors - unsecured	*9*	-	-	-
Long term finances - secured	*10*	**1,244,915,364**	1,602,021,984	135,799,408
Liabilities against assets subject to finance lease	*11*	**144,757,046**	172,422,117	66,525,544
Advances from customers	*12*	**1,429,124,273**	1,055,746,779	1,054,646,732
Deferred liabilities				
- Employees' retirement benefits	*13.1.1*	**187,602,200**	147,799,780	121,245,210
- Deferred taxation	*13.2*	**41,768,921**	48,297,953	212,912,298
		3,048,167,804	3,026,288,613	1,591,129,192
Current liabilities				
Short term borrowings - secured	*14*	**6,518,817,533**	6,310,458,265	3,609,662,545
Current portion of non-current liabilities	*15*	**450,239,318**	164,823,746	102,762,520
Trade and other payables	*16*	**1,942,606,092**	2,308,514,650	2,060,281,305
Interest and markup accrued	*17*	**204,952,492**	245,446,716	114,162,759
		9,116,615,435	9,029,243,377	5,886,869,129
Contingencies and commitments	*18*			
		17,041,191,134	16,489,188,441	11,896,546,958

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

Lahore

February 10, 2016

Chief Executive

As at 30 September 2015

	Note	2015 Rupees	2014 Rupees Restated	2013 Rupees Restated
ASSETS				
Non current assets				
Property, plant and equipment	*19*	**10,954,043,101**	9,835,688,601	7,755,012,318
Long term deposits	*20*	**106,240,681**	110,749,283	65,943,232
		11,060,283,782	9,946,437,884	7,820,955,550
Current assets				
Stores, spares and loose tools	*21*	**647,128,600**	1,081,782,099	628,139,722
Stock-in-trade	*22*	**4,022,346,578**	4,008,364,929	2,136,242,304
Trade debts	*23*	**233,927,231**	30,256,752	33,232,863
Advances, deposits, prepayments and other receivables	*24*	**576,132,111**	829,028,659	375,088,038
Tax refunds due from government		**345,840,298**	243,973,837	137,528,423
Cash and bank balances	*25*	**155,532,534**	349,344,281	765,360,058
		5,980,907,352	6,542,750,557	4,075,591,408
		17,041,191,134	16,489,188,441	11,896,546,958

Director

Profit and Loss Account

For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	26	**16,520,294,399**	12,999,788,942
Cost of sales	27	**(14,301,181,419)**	(11,574,517,706)
Gross profit		**2,219,112,980**	1,425,271,236
Administrative expenses	28	**(355,296,763)**	(313,399,392)
Distribution expenses	29	**(298,156,264)**	(179,977,785)
Other income	30	**70,303,213**	54,161,029
Profit from operations		**1,635,963,166**	986,055,088
Finance cost	31	**(1,021,443,673)**	(900,584,802)
Other expenses		**(30,725,975)**	(4,273,514)
Profit before taxation		**583,793,518**	81,196,772
Taxation	32	**7,833,179**	165,927,318
Profit after taxation		**591,626,697**	247,124,090
Earnings per share - basic and diluted	33	**5.03**	2.10

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

Lahore
February 10, 2016

Chief Executive

Director

Statement of Comprehensive Income

For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
Profit after taxation		**591,626,697**	247,124,090
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurement of defined benefit liability	*13.1.4*	**6,096,992**	5,850,151
Related tax		**(1,304,147)**	(1,312,973)
		4,792,845	4,537,178
Total comprehensive income for the year		**596,419,542**	251,661,268

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

Lahore
February 10, 2016

Chief Executive

Director

Cash Flow Statement

For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
Cash flow from operating activities			
Profit before taxation		**583,793,518**	81,196,772
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	*19.1.1*	**519,819,790**	409,294,360
Gain on disposal of property, plant and equipment	*19.2.1*	**(277,713)**	(744,060)
Finance cost	*31*	**1,021,443,673**	900,584,802
Provision for employees' retirement benefits	*13.1.5*	**46,668,379**	33,170,824
Return on bank deposits	*30*	**(7,160,318)**	(19,938,994)
		1,580,493,811	1,322,366,932
Operating profit before working capital changes		**2,164,287,329**	1,403,563,704
(Increase) / decrease in current assets:			
Stores, spares and loose tools		**355,176,773**	(453,642,377)
Stock in trade		**(13,981,649)**	(1,872,122,625)
Advances, deposits, prepayments and other receivables		**252,896,548**	(453,940,621)
Trade debts		**(203,670,479)**	2,976,111
		390,421,193	(2,776,729,512)
(Decrease) / increase in current liabilities:			
Trade and other payables		**(365,908,558)**	248,233,345
Cash generated from / (used in) operations		**2,188,799,964**	(1,124,932,463)
Finance cost paid		**(1,061,937,897)**	(769,300,845)
Employees' retirement benefits paid	*13.1.2*	**(768,967)**	(766,103)
Taxes paid		**(101,866,461)**	(106,445,414)
Net increase in deposits		**4,508,602**	(44,806,051)
		(1,160,064,723)	(921,318,413)
Net cash generated from / (used in) operating activities		**1,028,735,241**	(2,046,250,876)
Cash flow from investing activities			
Fixed capital expenditure		**(1,544,200,351)**	(2,490,159,060)
Proceeds from sale of property, plant and equipment		**375,000**	932,477
Income received from bank deposits		**7,160,318**	19,938,994
Net cash used in investing activities		**(1,536,665,033)**	(2,469,287,589)
Cash flow from financing activities			
Long term finances repaid		**(92,209,813)**	(67,899,704)
Long term finances obtained		**-**	1,592,423,091
Loans from directors - net		**(153,668,098)**	(236,553,454)
Finance lease liabilities - net		**(21,740,806)**	109,656,988
Short term borrowings - net		**207,946,621**	2,700,404,724
Advances from customers		**373,377,494**	1,100,047
Net cash generated from financing activities		**313,705,398**	4,099,131,692
Net decrease in cash and cash equivalents		**(194,224,394)**	(416,406,773)
Cash and cash equivalents at the beginning of the year		**249,911,385**	666,318,158
Cash and cash equivalents at the end of the year	*34*	**55,686,991**	249,911,385

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

Lahore
February 10, 2016

Chief Executive

Director

Statement of Changes in Equity

For the year ended 30 September 2015

	Share Capital	Reserves: Capital — Share premium	Reserves: REVENUE — Un-appropriated profit	Total reserves	Equity portion of Directors' loan	Loan from Directors	Total
	------	------	------	Rupees	------	------	------
Balance as at 30 September 2013 as previously reported	1,177,063,000	290,741,640	588,560,409	879,302,049	1,337,169,540	-	3,393,534,589
Effect of restatement as explained in note 9.1	-	-	-	-	(1,337,169,540)	2,362,183,588	1,025,014,048
Balance as at 30 September 2013 - restated	1,177,063,000	290,741,640	588,560,409	879,302,049	-	2,362,183,588	4,418,548,637
Transactions with owners of the Company:							
Loan provided during the year	-	-	-	-	-	1,272,868,652	1,272,868,652
Repayments made during the year	-	-	-	-	-	(1,509,422,106)	(1,509,422,106)
	-	-	-	-	-	(236,553,454)	(236,553,454)
Total comprehensive income for the year:							
Profit for the year ended 30 September 2014	-	-	247,124,090	247,124,090	-	-	247,124,090
Other comprehensive income for the year ended 30 September 2014 - net of tax	-	-	4,537,178	4,537,178	-	-	4,537,178
	-	-	251,661,268	251,661,268	-	-	251,661,268
Balance as at 30 September 2014 - restated	1,177,063,000	290,741,640	840,221,677	1,130,963,317	-	2,125,630,134	4,433,656,451
Balance as at 30 September 2014 as previously reported	1,177,063,000	290,741,640	840,221,677	1,130,963,317	1,101,802,502	-	3,409,828,819
Effect of restatement as explained in note 9.1	-	-	-	-	(1,101,802,502)	2,125,630,134	1,023,827,632
Balance as at 30 September 2014 - restated	1,177,063,000	290,741,640	840,221,677	1,130,963,317	-	2,125,630,134	4,433,656,451
Transactions with owners of the Company:							
Repayments made during the year	-	-	-	-	-	(153,668,098)	(153,668,098)
Total comprehensive income for the year:							
Profit for the year ended 30 September 2015	-	-	591,626,697	591,626,697	-	-	591,626,697
Other comprehensive income for the year ended 30 September 2015 - net of tax	-	-	4,792,845	4,792,845	-	-	4,792,845
	-	-	596,419,542	596,419,542	-	-	596,419,542
Balance as at 30 September 2015	**1,177,063,000**	**290,741,640**	**1,436,641,219**	**1,727,382,859**	**-**	**1,971,962,036**	**4,876,407,895**

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

Lahore
February 10, 2016

Chief Executive **Director**

Notes to the Financial Statements

For the year ended 30 September 2015

1 Status and nature of business

Tandlianwala Sugar Mills Limited ("the Company") was incorporated in Pakistan on 01 November 1988 as a public limited company under the Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is production and sale of white crystalline sugar, ethanol and top gas (Carbon dioxide). The manufacturing facilities of the Company are located at Kanjwani (Unit I), Dera Ismail Khan (Unit II) and MuzafarGarh (Unit III). The registered office of the Company is situated at 32 - N, Gulberg II, Lahore.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentation currency

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

2.3 Change in accounting policy

Pursuant to early adoption of Technical Release 32 "Accounting Directors' Loan" ("TR 32") issued by Institute of Chartered Accountants of Pakitan ("ICAP") dated 25 January 2016 the Company has changed its accounting policy relating to interest free loan received from Directors. As per clause 3.3.1 of TR 32 *"A loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently remeasured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity"* .The effect of change in accounting policy has been applied restrospectively as described in note 9.1.

2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except for employees' retirement benefits which are recognized at present value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3 Use of estimates and Judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are:

- Employees' retirement benefits	*note 5.1*
- Taxation	*note 5.2*
- Useful lives and residual values of property, plant and equipment	*note 5.4*
- Stores, spares and loose tools	*note 5.6*
- Stock-in-trade	*note 5.7*
- Trade debts	*note 5.8*
- Provisions and contingencies	*note 5.9*

4 New standards, amendments to approved accounting standards and new interpretations, that are not yet effective

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

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

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 01 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated',or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 01 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 01 January 2016.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 01 January 2015) replaces IAS 31 Interests in Joint Ventures'.Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 01 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.

- IFRS 13 'Fair Value measurement' effective for annual periods beginning on or after 01 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.

- Amendments to IAS 27 'Separate Financial Statements'(effective for annual periods beginning on or after 01 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 01 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a Company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [Amendments to IFRS 10 and IAS 28] (effective for annual periods beginning on or after 01 January 2016). The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 01 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

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

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

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

The improvements are not likely to have an impact on the Company's financial statements.

5 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

5.1 Employees' retirement benefits

The Company also operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to profit and loss account.

The most recent valuation was carried out as at 30 September 2015 by a qualified actuary using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2015	2014
Expected rate of salary increase in future years	8.25%	12.50%
Discount rate	9.25%	13.50%
Average expected remaining working life-time of employees	08 years	08 years

Re-measurement of the net defined benefit liability, including actuarial gains and losses are recognized immediately in Statement of Comprehensive Income ("OCI") net of related tax. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

5.2 Taxation

Income tax expense comprises current tax and deferred tax. It is recognized in profit and loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

5.3 Trade and other payables

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

5.4 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost and related overheads, interest and borrowing cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renewals and improvements are capitalized. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation is charged to profit and loss account on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 19.1.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

5.5 ***Leases***

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company'sdepreciation policy on property and equipment. The finance cost is charged to profit and loss account.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Operating leases

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

5.6 Stores, spares and loose tools

These are valued at lower of weighted average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date. Obsolete and used items are recorded at nil value. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management's estimate.

5.7 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw materials	at weighted average cost
Work-in-process and finished goods	at lower of weighted average cost plus related manufacturing expenses and net realizable value
Molasses - by product	at average cost of molasses purchased from third parties

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

5.8 Trade debts

Trade debts are recognized initially at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

5.9 Provisions

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

5.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances and running finance.

5.11 Financial instruments

5.11.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

5.11.1 ***(a) Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

5.11.1 ***(b) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

5.11.1 ***(c) Available-for-sale financial assets***

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

5.11.1 ***(d) Held to maturity***

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivable' and 'held to maturity' investments are carried at amortized cost using effective interest rate method. The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

5.11.2 Financial liabilities

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

5.11.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

5.12 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.13 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets or settle the liabilities simultaneously.

5.14 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in profit and loss account.

5.15 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

5.16 Related party transactions

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in profit and loss account as incurred.

5.18 Settlement date accounting

Regular way purchases and sale of financial assets are recognized on trade date.

5.19 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company'sfinancial statements in the year in which it is declared by the Company's shareholders.

5.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.21 Government grants

Government grants relating to export subsidy are recoginised when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

5.22 Segment reporting

Operating segments is a component of the Company that engages in business activities from which it may earn revenues and incur expenses are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

		2015 Number	2014 Number	2015 Rupees	2014 Rupees
6	**Issued, subscribed and paid up capital**				
	Ordinary shares of Rs. 10 each fully paid in cash	**117,706,300**	117,706,300	**1,177,063,000**	1,177,063,000

		Note	2015 Rupees	2014 Rupees
7	**Reserves**			
	Share premium	*7.1*	**290,741,640**	290,741,640
	Un-appropriated profit		**1,436,641,219**	840,221,677
			1,727,382,859	1,130,963,317

7.1 This reserve can be utilized by the Company only for the purpose specified in section 83 (2) of the Companies Ordinance, 1984.

		Note	2015 Rupees	2014 Rupees *(Restated)*	2013 Rupees *(Restated)*
8	**Equity portion of financial liabilities**				
	Present value adjustment		-	-	1,337,169,540
	Reclassified in Equity	*9.1*	-	-	(1,337,169,540)
			-	-	-
9	**Loan from Directors - unsecured**				
	Interest free loan		-	-	2,362,183,588
	Present value adjustment	*8*	-	-	(1,337,169,540)
	Reversal of present value adjustment	*9.1*	-	-	1,337,169,540
	Reclassified in Equity	*9.1*	-	-	(2,362,183,588)
			-	-	-

9.1 This represents unsecured and interest free loans provided to the Company by its Directors. These loans are agreed to be repayable at the Company's discretion which is intended to be exercised by the Company after 31 October 2021. In the absence of specific guidance available, the Company had recognized these loans at present value using discount rate of 11% per annum with the resulting difference recognised in Statement of Changes in Equity and presented under equity portion of Directors' loan. However, the Institute of Chartered Accounts of Pakistan ("ICAP") issued Technical Release 32 "Accounting Directors' Loan" ("TR-32") on 25 January 2016 which provides specific guidance on Director's loans that are interest free and repayable at the discretion of the entity. The Company has early adopted TR-32 and has accounted for these loans accordingly.

As a result of specific guidance under "TR-32" the Company has now recognised loan from Directors amounting to Rs. 2,125.63 million and Rs. 2,362.18 million as at 30 September 2014 and 30 September 2013 respectively at face value and presented under share capital and reserves. Further present value of adjustment as at 30 September 2014 and 30 September 2013 of Rs. 1,101.80 million and Rs. 1,337.17 million has been reversed. This adjustment has no impact on profit after tax, basic earnings per share and diluted earnings per share of the Company for the year ended 30 September 2014 and 30 September 2013.

	Note	2015 Rupees	2014 Rupees
10 Long term finances - secured			
MCB Bank Limited - Led Syndicated Loan	*10.1*	**1,227,423,091**	1,227,423,091
The Bank of Punjab	*10.2*	**67,899,704**	135,799,408
Pak Oman Investment Company Limited	*10.3*	**278,571,429**	300,000,000
Al Baraka Bank Limited - Diminishing Musharika	*10.4*	**65,000,000**	65,000,000
First Punjab Modaraba - Diminishing Musharika	*10.5*	**14,806,962**	-
		1,653,701,186	1,728,222,499
Less: current portion of non-current liabilities	*15*	**408,785,822**	126,200,515
		1,244,915,364	1,602,021,984

10.1 MCB Bank Limited - Led syndicated loan

Principle terms

This syndicated loan has been obtained from consortium of banks comprising of MCB Bank Limited, United Bank Limited, The Bank of Punjab, Soneri Bank Limited and Pak Libya Holding Company (Pvt.) Ltd. The Company has obtained this syndicated loan to finance for setting up the ethanol project at Muzaffargarh. Loan is repayable in 18 equal quarterly installments with grace period of two years commencing from February 2014 and ending in June 2020. The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum.

Security

This loan is secured by way of pari passu charge over all the present and future fixed assets of Unit - I, Unit - II of sugar and exclusive charge of distillery at Unit - III Muzaffargarh respectively in the sum of Rs. 1,667 million in favour of security agent. This loan is also secured by way of lien and over the collection account in favour of security agent in terms of collection arrangement agreement entered into between company and security agent and personal guarantees of all the Directors of the Company.

Under the terms of the agreement, the Company is under restriction from lender that until the entire amount of purchase price and all other amounts due and payable by the Company have been paid in full to the satisfaction of lender, the Company shall not except with the prior written consent of the long term finance facility - syndicate, declare any dividend if the Company is in non-compliance with the financial covenants or if the declaration and payment of such dividend will result in breach of any of the financial covenants contained in the agreement. Directors loan to the extent of Rs. 1,250 million is subordinated to this loan.

10.2 The Bank of Punjab

Principle terms

This loan has been obtained from The Bank of Punjab for setting up the carbon dioxide recovery plant at Unit I, Kanjwani. This loan is repayable in 12 quarterly installments with grace period of nine months commencing from October 2013 and ending in July 2016. The interest is payable quarterly at a rate of three months KIBOR plus 375 bps per annum.

Security

This loan is secured by way of 1st pari passu charge of Rs. 320 million over all present and future fixed assets (Land, building and plant & machinery) of Unit-I and further specific charge of Rs. 320 million over Carbon Dioxide Recovery Plant and personal guarantees of all sponsor Directors of the Company. Directors loan to the extent of Rs 300 million is subordinated to this loan.

The Company is restricted from distribution of its profits / retained earnings (in part or in whole) through dividends, issuance of further shares as bonus or otherwise (with or without discount), specie dividends or any other form of distribution to its shareholders and directors; unless it is regular in payment to bank to date.

10.3 Pak Oman Investment Company Limited

Principle terms

This loan has been obtained from Pak Oman Investment Company Limited for balancing of plant and machinery for Unit III Muzaffargarh. This loan is repayable in 14 quarterly installments with grace period of six months commencing from June 2015 and ending in September 2018. The interest is payable quarterly at a rate of six months KIBOR plus 300 bps per annum.

Installment due on 30 September 2015 amounting to Rs. 21.42 million has been paid subsequent to the year end on 02 October 2015.

Security

This loan is secured by way of 1st pari passu charge over fixed assets including land, building, plant and machinery located at Unit III, with 25% margin over the facility amount and personal guarantee of all Directors of the Company.

10.4 Al Baraka Bank Pakistan Limited - Diminishing Musharika

Principle terms

This loan was obtained from Al Baraka Bank Pakistan Limited under the musharika agreement to acquire steam turbine generator located at Unit III Muzaffargarh. This loan is repayable in 12 quarterly installments commencing from November 2015 and ending in February 2018. The interest is payable quarterly at a rate of six months KIBOR plus 300 bps per annum.

Security

This loan is secured by way of pari passu charge of Rs. 100 million over all fixed and moveable assets including land, building and machinery of Unit III, located at Muzaffargarh. This loan is also secured by personal guarantee of all the Directors of the Company.

10.5 First Punjab Modaraba - Diminishing Musharika

Principle repayment

This loan was obtained from First Punjab Modaraba under the diminishing musharika agreement to acquire vehicle of brands namely Toyota, Honda and Tractors (Massey Ferguson). This loan is repayable in 36 monthly installments commencing from January 2015 and ending in December 2017. The interest is payable monthly at a rate of six months KIBOR plus 400 bps per annum.

Security

Vehicles are registered in the name of First Punjab Modaraba as security. This is also secured by personal guarantee of all the Directors of the Company.

11 Liabilities against assets subject to finance lease

The liability against assets subject to finance lease represents the lease entered into with financial institutions.

	Note	2015 Rupees	2014 Rupees
Present value of minimum lease payments		**186,210,542**	211,045,348
Less: current portion of non-current liabilities	15	**(41,453,496)**	(38,623,231)
		144,757,046	172,422,117

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

	Note	2015 Minimum lease payments	2015 Future finance cost	2015 Present value
		----- Rupees -----		
Particulars				
Not later than one year	15	**47,477,101**	**6,023,605**	**41,453,496**
Later than one year and not later than five years		**147,339,883**	**2,582,837**	**144,757,046**
		194,816,984	**8,606,442**	**186,210,542**

	Note	2014 Minimum lease payments	2014 Future finance cost	2014 Present value
		----- Rupees -----		
Particulars				
Not later than one year	15	49,065,101	10,441,870	38,623,231
Later than one year and not later than five years		180,608,600	8,186,483	172,422,117
		229,673,701	18,628,353	211,045,348

Salient features of the leases are as follows:	2015	2014
Discount factor (%)	**11.04 - 15.69**	12.40 - 15.92
Term of lease (years)	**3 - 5**	3 - 5
Security deposits (%)	**10**	10

11.1 The Company has entered into various lease agreements with financial institutions for plant and machinery and vehicles. Lease rentals are payable on monthly basis. All lease agreements carry renewal option at the end of lease period, however, the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposits. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by the lessee.

12 Advances from customers

These represent interest free advances received against sale of sugar from 2016 - 2017 production.

13 Deferred liabilities	Note	2015 Rupees	2014 Rupees
Employees' retirement benefits - Gratuity	13.1.1	**187,602,200**	147,799,780
Deferred taxation	13.2	**41,768,921**	48,297,953
		229,371,121	196,097,733

13.1 Employees' retirement benefits - Gratuity

13.1.1 Amount recognized in balance sheet is as follows:

	Note	2015 Rupees	2014 Rupees
Present value of defined benefit obligation	13.1.3	**187,532,200**	147,729,780
Benefits due but not paid during the year		**70,000**	70,000
Liability as at 30 September		**187,602,200**	147,799,780

13.1.2 Movement in liability recognized in balance sheet

	Note	2015 Rupees	2014 Rupees
Opening balance as at 01 October		**147,799,780**	121,245,210
Add: Expense for the year	13.1.5	**46,668,379**	33,170,824
Less: Benefits paid during the year		**(768,967)**	(766,103)
Charge to other comprehensive income		**(6,096,992)**	(5,850,151)
Closing balance as at 30 September		**187,602,200**	147,799,780

13.1.3 Movement in liability for defined benefit obligation

	2015 Rupees	2014 Rupees
Present value of defined obligation as at 01 October	**147,729,780**	114,176,546
Current service cost	**26,776,764**	20,084,572
Interest cost for the year	**19,891,615**	13,086,252
Benefits paid during the year	**(768,967)**	(766,103)
Actuarial (gain) / loss on present value of defined benefit obligation	**(6,096,992)**	1,148,513
Present value of defined benefit obligation as at 30 September	**187,532,200**	147,729,780

13.1.4 Changes in actuarial gains

	2015 Rupees	2014 Rupees
Unrecognized actuarial gains	**-**	6,998,664
Actuarial gain / (loss) during the year	**6,096,992**	(1,148,513)
Actuarial gains charged to profit and loss account	**-**	-
Charge to other comprehensive income	**(6,096,992)**	(5,850,151)
Unrecognized actuarial gains	**-**	-

13.1.5 The amounts recognized in the profit and loss account are as follows:

	2015 Rupees	2014 Rupees
Current service cost	**26,776,764**	20,084,572
Interest cost	**19,891,615**	13,086,252
Net amount chargeable to profit and loss account	**46,668,379**	33,170,824

	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees
Historical Information					
Present value of defined benefit obligations	**187,602,200**	147,729,780	114,176,546	84,072,072	71,175,007
Experience adjustment arising on plan liability (gains) / losses	**(6,096,992)**	1,148,513	6,673,637	(7,642,643)	(1,784,005)

13.1.6 Expected expense for next year

The expected expense to the gratuity scheme for the year ending 30 September 2016 works out to Rs. 49.07 million.

13.1.7 The Plan exposes the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the benefit.

13.1.8 Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. Gratuity is based on the last month basic salary for each year of service.

13.1.9 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at 30 September 2015 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	**Decrease**
	- - - - - - - - - - - Rupees - - - - - - - - - - -	
Discount rate movement	**173,816,902**	**203,547,892**
Future salary movement	**203,804,109**	**173,351,347**

		Note	2015 Rupees	2014 Rupees (Restated)
13.2	**Deferred taxation**			
	Deferred tax liability on taxable temporary differences arising in respect of:			
	- Accelerated tax depreciation		**1,222,763,867**	952,353,351
	- Leased assets		**38,174,327**	32,223,324
	Deferred tax asset on deductible temporary differences arising in respect of:			
	- Unused tax losses and tax credits	*13.2.2*	**(1,179,041,162)**	(903,107,426)
	- Employees' retirement benefits		**(40,128,111)**	(33,171,296)
			41,768,921	48,297,953
13.2.1	**Movement in deferred tax balances is as follows:**			
	As at 01 October		**48,297,953**	212,912,298
	Recognized in profit and loss account:			
	- Accelerated tax depreciation		**315,110,028**	(6,024,599)
	- Leased assets		**7,463,432**	1,207,255
	- Unused tax losses and tax credits		**(382,181,668)**	(151,853,372)
	- Employees' retirement benefits		**(7,209,591)**	(6,630,656)
	- Tax rate adjustment		**61,592,914**	-
	Recognized in other comprehensive			
	- Employees' retirement benefits		**(1,304,147)**	(1,312,973)
			41,768,921	48,297,953

13.2.2 Deferred tax asset amounting to Rs. 991.50 million (2014: Rs. 675.69 million) on unused tax losses has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be re-assessed on 30 September 2016.

14 Short term borrowings - secured

Banking & Financial Institutions	**Nominal interest rate %**	**2015 Rupees**	2014 Rupees
Cash finance	**7.96 - 14.00**	**3,864,771,990**	4,066,028,129
Morahaba finance	**12.64 - 12.66**	**-**	199,997,240
Running finance	**10.08 - 13.62**	**99,845,543**	99,432,896
Export refinance	**4.50 - 7.50**	**2,554,200,000**	1,945,000,000
		6,518,817,533	6,310,458,265

The Company has availed short term borrowing facilities from various commercial banks under mark-up arrangements having aggregate sanctioned limits of Rs. 9,775 million (2014: Rs. 9,500 million). These facilities are secured against different securities including pledge of stock-in-trade, lien on debtors, charge over the present and future current and fixed assets, lien on exports documents and personal guarantees of the sponsoring directors. The pledge based outstanding borrowings out of the above outstanding borrowings are secured against pledge of stock-in-trade amounting to Rs. 4,963 million (2014: Rs. 5,386 million).

		Note	2015 Rupees	2014 Rupees
15	**Current portion of non-current liabilities**			
	Long term finances	*10*	**408,785,822**	126,200,515
	Liabilities against assets subject to finance lease	*11*	**41,453,496**	38,623,231
			450,239,318	164,823,746
16	**Trade and other payables**			
	Trade creditors		**228,262,079**	617,609,919
	Creditors for capital expenditure		**613,827,792**	634,939,569
	Contractors and suppliers	*16.1*	**47,940,609**	96,557,897
	Advances from customers	*16.2*	**623,990,601**	722,131,612
	Retention money payable		**30,295,078**	34,934,410
	Federal Excise Duty and Sales Tax payable		**76,836,687**	-
	Income tax deducted at source		**16,499,251**	937,139
	Workers' Profit Participation Fund	*16.3*	**30,725,975**	4,273,514
	Unclaimed dividend		**5,077,781**	5,077,781
	Accrued liabilities		**56,155,752**	55,293,846
	Other liabilities		**212,994,487**	136,758,963
			1,942,606,092	2,308,514,650

16.1 This represents payable to contractor and suppliers after close of 2014-2015 sugar season as per terms of the contract.

16.2 This includes Rs. 158.13 million received from Trading Corporation of Pakistan (TCP) against sale of sugar. In the year 2009 the Food Directorate of the Government, in conjunction with the law enforcement agencies lifted and sold TCP sugar stocks, despite protest from the Company.

This lifting of the sugar stocks by government constituted an event of force majeure under clause 12 of terms of tenders and the tenders would, therefore, be discharged due to frustration of the contract. Accordingly the management, based on the legal opinion, is of the view that the Company after the event of force majeure is not required to make delivery of sugar to TCP and no penalties or incidental charges will arise on non performance of the contract. Further, the Company agreed to settle the remaining amount to TCP subject to reconciliation of quantity forcibly lifted by TCP which to-date is pending.

		2015 Rupees	2014 Rupees
16.3	**Workers' Profit Participation Fund**		
	Opening balance	**4,273,514**	-
	Expense for the year	**30,725,975**	4,273,514
	Payments made during the year	**(4,273,514)**	-
		30,725,975	4,273,514

		2015 Rupees	2014 Rupees
17	**Interest and markup accrued**		
	Long term loans - secured	**40,166,418**	42,433,501
	Short term borrowings - secured	**164,786,074**	203,013,215
		204,952,492	245,446,716

18 Contingencies and commitments

18.1 Contingencies

(i) Claims against the Company not acknowledged as debts of Rs. 7.94 million (2014: Rs. 7.94 million) other than disclosed below.

(ii) The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 through notification No. SO. Tax (E&T) 3-4/2012 dated 3rd July 2013, levied a charge of Rs. 2 per liter on manufacturing of spirit (ethanol). The management through its legal council is of the view that imposition of said levy has placed the distilleries in the Punjab province in a disadvantageous position as compared to other provinces and accordingly filed a writ petition no 18347 2012 against the above levy in the Lahore High Court. The Honorable Lahore High Court, through such petition, has granted an interim relief in favour of the Company and accordingly no provision has been incorporated in the financial statements.

(iii) The Honourable Sindh High Court through its order dated March 01, 2013 declared the amendments made in the The Workers' Welfare Fund Ordinance, 1971 ("WWF") through Finance Act, 2008 applicable through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the provision to date based on accounting profit comes to Rs. 37.73 million (2014: 26.06 million) for the current year. However, these financial statements do not include any adjustment to this effect since the Company is of the opinion that it does not come under the purview of the order of the Honourable Sindh High Court and that the Honourable Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

18.2 Commitments

(i) The Company has capital commitments of Rs. 32.38 million (2014: Rs. 19.98 million) on account of import of machinery and its related components.

(ii) The Company has given a bank guarantee with 100% cash margin of Rs. 2 million (2014: Rs. 1 million) to the Excise and Taxation Department for the export of ethanol.

(iii) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2015	2014
	Rupees	Rupees
Not later than one year	**10,145,715**	10,741,415
Later than one year and not later than five years	**1,709,496**	11,951,197
	11,855,211	22,692,612

The Company has entered into Ijarah lease agreements with Al Baraka Bank Pakistan Limited for vehicles. Ijarah rentals are payable on monthly basis. The vehicles shall be returned to the lessor at the end of the Ijarah lease term. During the Ijarah lease term all rights, title and exclusive ownership of the vehicles shall at all times remain vested in the lessor. Taxes, repairs, replacements and insurance costs are borne by the lessee.

19 Property, plant and equipment	Note	2015 Rupees	2014 Rupees
Operating fixed assets	19.1	10,941,621,048	7,974,240,722
Capital work in progress	19.3	12,422,053	1,861,447,879
		10,954,043,101	9,835,688,601

19.1 Operating fixed assets

	2015									
	COST					DEPRECIATION				
	As at 01 October 2014	Additions / (deletions) during the year	Transfers	As at 30 September 2015	Rate	As at 01 October 2014	For the year	Transfers	As at 30 September 2015	Net book value as at 30 September 2015
	Rupees				%	Rupees				
Owned										
Freehold land	164,838,444	-	-	164,838,444		-	-	-	-	164,838,444
Building and roads on										
freehold land	1,705,729,207	595,437,960	-	2,301,167,167	5	393,312,531	86,443,278	-	479,755,809	1,821,411,358
Plant and machinery	7,645,925,822	2,790,417,703	-	10,436,343,525	5	1,709,792,006	383,340,544	-	2,093,132,550	8,343,210,975
Furniture and fittings	13,725,164	4,854,481	-	18,579,645	10	6,685,250	827,825	-	7,513,075	11,066,570
Telephone installations	4,124,440	1,552,788	-	5,677,228	10	1,994,938	246,720	-	2,241,658	3,435,570
Vehicles	165,192,495	275,115	-	164,614,850	20	113,884,512	10,111,745	-	123,240,784	41,374,066
		(852,760)	-				(755,473)			
Office equipment	63,815,559	7,911,448	-	71,727,007	10	27,927,543	3,808,169	-	31,735,712	39,991,295
Electrical equipment	99,153,064	39,467,411	-	138,620,475	10	28,917,230	8,337,521	-	37,254,751	101,365,724
Workshop and agricultural						-	-			
implements	36,872,205	4,736,160	-	41,608,365	10	17,294,594	2,265,265	-	19,559,859	22,048,506
Tube wells	11,370,306	270,000	-	11,640,306	10	5,957,663	543,331	-	6,500,994	5,139,312
Arms and ammunitions	2,183,939	-	-	2,183,939	10	553,678	163,026	-	716,704	1,467,235
Laboratory equipment	18,706,993	10,091,337	-	28,798,330	10	5,698,268	1,506,714	-	7,204,982	21,593,348
	9,931,637,638	3,455,014,403	-	13,385,799,281		2,312,018,213	497,594,138	-	2,808,856,878	10,576,942,403
		(852,760)					(755,473)			
Leased										
Vehicles	26,776,521	32,283,000	-	59,059,521	20	14,479,910	4,896,752	-	19,376,662	39,682,859
Plant and machinery	414,737,615	-	-	414,737,615	5	72,412,929	17,328,900	-	89,741,829	324,995,786
	441,514,136	32,283,000	-	473,797,136		86,892,839	22,225,652	-	109,118,491	364,678,645
2015	10,373,151,774	3,487,297,403	-	13,859,596,417		2,398,911,052	519,819,790	-	2,917,975,369	10,941,621,048
		(852,760)					(755,473)			

19.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2015 Rupees	2014 Rupees
Cost of sales	27	499,928,579	390,819,859
Administrative expenses	28	19,891,211	18,474,501
		519,819,790	409,294,360

19.2 **Operating fixed assets**

	2014									
	C O S T					D E P R E C I A T I O N				
	As at 01 October 2013	Additions / (deletions) during the year	Transfers	As at 30 September 2014	Rate	As at 01 October 2013	For the year	Transfers	As at 30 September 2014	Net book value as at 30 September 2014
	Rupees				%	Rupees				
Owned										
Freehold land	138,336,179	26,502,265	-	164,838,444		-	-	-	-	164,838,444
Building and roads on freehold land	1,582,108,236	123,620,971	-	1,705,729,207	5	327,392,746	65,919,785	-	393,312,531	1,312,416,676
Plant and machinery	7,242,090,619	531,835,203	(128,000,000)	7,645,925,822	5	1,409,529,799	300,795,540	(533,333)	1,709,792,006	5,936,133,816
Furniture and fittings	12,557,366	1,167,798	-	13,725,164	10	5,956,313	728,937	-	6,685,250	7,039,914
Telephone installations	4,087,379	37,061	-	4,124,440	10	1,761,462	233,476	-	1,994,938	2,129,502
Vehicles	118,633,896	31,629,529	16,969,000	165,192,495	20	95,313,709	10,608,047	9,814,269	113,884,512	51,307,983
		(2,039,930)	-				(1,851,513)			
Office equipment	59,555,868	4,259,691	-	63,815,559	10	24,181,501	3,746,042	-	27,927,543	35,888,016
Electrical equipment	88,138,553	11,014,511	-	99,153,064	10	21,872,111	7,045,119	-	28,917,230	70,235,834
Workshop and agricultural implements	30,316,504	6,555,701	-	36,872,205	10	15,393,895	1,900,699	-	17,294,594	19,577,611
Tube wells	11,370,306	-	-	11,370,306	10	5,356,258	601,405	-	5,957,663	5,412,643
Arms and ammunitions	542,406	1,641,533	-	2,183,939	10	418,136	135,542	-	553,678	1,630,261
Laboratory equipment	18,542,263	164,730	-	18,706,993	10	4,262,007	1,436,261	-	5,698,268	13,008,725
	9,306,279,575	738,428,993	(111,031,000)	9,931,637,638		1,911,437,937	393,150,853	9,280,936	2,312,018,213	7,619,619,425
		(2,039,930)					(1,851,513)			
Leased										
Vehicles	43,745,521	-	(16,969,000)	26,776,521	20	21,136,180	3,157,999	(9,814,269)	14,479,910	12,296,611
Plant and machinery	286,737,615	-	128,000,000	414,737,615	5	58,894,088	12,985,508	533,333	72,412,929	342,324,686
	330,483,136	-	111,031,000	441,514,136		80,030,268	16,143,507	(9,280,936)	86,892,839	354,621,297
	9,636,762,711	738,428,993	-	10,373,151,774		1,991,468,205	409,294,360	-	2,398,911,052	7,974,240,722
		(2,039,930)					(1,851,513)			

19.2.1 Disposal of property, plant and equipment:

Particulars	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain	Mode of disposal	Sold to
	----------	----------	Rupees	----------	----------		
Vehicle							
Suzuki Liana	**852,760**	**755,473**	**97,287**	**375,000**	**277,713**	Auction	Mr. Shah Nawaz Shaukat
2015	**852,760**	**755,473**	**97,287**	**375,000**	**277,713**		
2014	2,039,930	1,851,513	188,417	932,477	744,060		

		2015 Rupees	2014 Rupees
19.3	**Capital work in progress**		
	Owned		
	Civil works	**12,142,315**	443,492,031
	Plant and machinery	**279,738**	1,112,683,386
	Electric equipment	**-**	118,049,613
	Other	**-**	187,222,849
		12,422,053	1,861,447,879
19.3.1	**Movement in the accounts is as follows:**		
	Opening balance as at 01 October	**1,861,447,879**	109,717,812
	Additions made during the year:		
	Civil works	**145,687,576**	541,530,630
	Plant and machinery	**282,120,091**	1,219,594,508
	Electric equipment	**510,984**	118,049,613
	Other	**45,725,437**	189,992,480
		474,044,088	2,069,167,231
	Capitalized during the year:		
	Civil works	**(577,037,293)**	(147,677,055)
	Plant and machinery	**(1,510,685,834)**	(163,815,044)
	Electric equipment	**(2,398,501)**	-
	Other	**(232,948,286)**	(5,945,065)
		(2,323,069,914)	(317,437,164)
	Closing balance as at 30 September	**12,422,053**	1,861,447,879

19.3.2 Additions to capital work in progress also include borrowing costs of Rs. 39.97 million (2014: Rs. 83.68 million relating to specific borrowings for setting up a Distillery Unit II at the rates ranging from 9.34% to 12.92% per annum (2014: 11.77% to 12.93% per annum)

		2015 Rupees	2014 Rupees
20	**Long term deposits**		
	Deposits against leased assets	**80,084,950**	86,412,351
	Others	**26,155,731**	24,336,932
		106,240,681	110,749,283
21	**Stores, spares and loose tools**		
	Stores and spares	**597,916,489**	1,019,714,051
	Oil and lubricants	**16,841,306**	19,883,286
	Chemicals	**32,370,805**	42,184,762
		647,128,600	1,081,782,099

		2015 Rupees	2014 Rupees
22	**Stock in trade**		
	Raw material		
	Molasses	**2,530,249**	202,856,671
		2,530,249	202,856,671
	Finished goods		
	Sugar	**3,868,946,102**	3,546,388,394
	Ethanol	**150,658,505**	258,925,230
	Top Gas	**211,722**	194,634
		4,019,816,329	3,805,508,258
		4,022,346,578	4,008,364,929

	Note	2015 Rupees	2014 Rupees
23 Trade debts			
Export - secured	23.1	**222,662,152**	-
Local - unsecured, considered good	23.2	**11,265,079**	30,256,752
		233,927,231	30,256,752

23.1 These are secured through banks by letters of credit.

23.2 These include amount due from Riaz Bottlers (Pvt.) Limited, an associated company against sale of sugar and top gas amounting to Rs. 8.81 million (2014: Rs. 8.66 million) in the normal course of business and is over due by less than 180 days.

	Note	2015 Rupees	2014 Rupees
24 Advances, deposits, prepayments and other receivables			
Advances to sugar cane growers - unsecured, considered good		**6,202,576**	10,096,371
Advances to suppliers and contractors - unsecured, considered good	24.1	**198,213,713**	512,034,743
Advances to staff - unsecured, considered good			
- against expenses		**14,331,045**	9,512,913
- against salaries	24.2	**12,313,927**	13,513,927
Leased deposits		**47,477,101**	37,860,199
Advances against Letter of Credits		**49,388,680**	10,030,956
Prepayments		**9,609,603**	9,318,461
Inland export subsidy	24.3	**133,187,750**	133,187,750
Export support on sugar	24.4	**63,498,050**	-
Federal Excise Duty and Sales Tax receivable		**-**	79,134,257
Other receivables		**41,909,666**	14,339,082
		576,132,111	829,028,659

24.1 This represents unsecured interest free advances to contractors and suppliers for normal repair and maintenance.

24.2 This represents amount receivable from Mr. Aftab Ali Khan, an executive of the Company.

24.3 This represents inland export subsidy provided to exporters of sugar @ Rs.1 per kg (2014:Rs.1 per kg) pursuant to public notice by Trade Development Authority of Pakistan (TDAP) dated 07 February 2013.

24.4 This represents export support on sugar provided to exporters with inland freight support of Rs. 2 per kg and export support of Rs. 8 per kg (2014: Nil) pursuant to public notice by Government of Pakistan Finance Division dated 18 February 2015.

	Note	2015 Rupees	2014 Rupees
25 Cash and bank balances			
Cash in hand		**2,802,915**	1,854,119
Cash at bank			
- current accounts		**96,154,587**	314,202,707
- saving accounts	25.1	**56,575,032**	33,287,455
		152,729,619	347,490,162
		155,532,534	349,344,281

25.1 These carry mark up at the rates ranging from 7% to 8.75% per annum (2014: 5% to 7% per annum).

		Note	2015 Rupees	2014 Rupees
26	**Sales**			
	Local:			
	Sugar		**12,475,668,758**	8,868,217,715
	Ethanol		**109,740,350**	141,780,054
	Top Gas		**163,554,686**	282,082,854
			12,748,963,794	9,292,080,623
	Export:			
	Sugar	*26.1*	**1,465,112,958**	2,208,017,797
	Ethanol		**3,268,206,451**	2,019,401,980
			4,733,319,409	4,227,419,777
			17,482,283,203	13,519,500,400
	Less: Sales Tax		**39,709,512**	61,586,930
	Federal Excise Duty		**922,279,292**	458,124,528
			961,988,804	519,711,458
			16,520,294,399	12,999,788,942

26.1 This also includes export subsidy amounting to Rs. 218.08 million (2014: Nil).

		Note	2015 Rupees	2014 Rupees
27	**Cost of sales**			
	Raw material consumed		**12,565,855,745**	12,096,737,232
	Salaries, wages and other benefits	*27.1*	**385,997,285**	278,090,033
	Depreciation	*19.2.1*	**499,928,579**	390,819,859
	Stores consumption		**404,549,819**	329,278,542
	Fuel and power		**121,830,771**	136,652,347
	Repair and maintenance		**266,641,237**	154,197,911
	Vehicle running expenses		**15,532,722**	21,523,471
	Insurance		**38,967,017**	27,044,144
	Other expenses		**15,859,893**	12,296,792
			14,315,163,068	13,446,640,331
	Opening stock			
	- raw material	*22*	**202,856,671**	47,010,923
	- finished goods	*22*	**3,805,508,258**	2,089,231,381
			18,323,527,997	15,582,882,635
	Closing stock			
	- raw material	*22*	**(2,530,249)**	(202,856,671)
	- finished goods	*22*	**(4,019,816,329)**	(3,805,508,258)
			14,301,181,419	11,574,517,706

27.1 Salaries, wages and other benefits include Rs. 29.13 million (2014: Rs. 19.39 million) in respect of employee retirement benefit.

	Note	2015 Rupees	2014 Rupees
28 Administrative expenses			
Salaries, wages and other benefits	*28.1*	**177,780,051**	150,638,942
Rent, rates and taxes		**11,288,483**	11,972,918
Depreciation	*19.2.1*	**19,891,211**	18,474,501
Donation	*28.2*	**14,029,707**	-
Electricity charges		**775,411**	2,013,744
Printing and stationery		**7,437,432**	8,990,291
Insurance		**2,175,432**	2,046,273
Postage, telephone and telegrams		**5,357,086**	4,671,359
Vehicle running expenses		**38,824,042**	39,544,848
Repair and maintenance		**6,289,894**	5,037,834
Travelling and conveyance		**6,866,220**	7,441,673
Subscription, books and periodicals		**4,683,790**	6,861,988
Legal and professional charges		**5,419,704**	5,915,353
Advances written off		**5,481,223**	-
Auditors' remuneration	*28.3*	**2,426,640**	2,060,809
Entertainment		**12,702,796**	10,434,972
Ijarah lease rentals		**12,362,612**	9,923,550
Other expenses		**21,505,029**	27,370,337
		355,296,763	313,399,392

28.1 Salaries, wages and other benefits include Rs. 17.54 million (2014: Rs. 13.77 million) in respect of employee retirement benefit.

28.2 During the year the Company has made donation to Institute of Policy Reforms situated at 4 - Shami Road Lahore Cantt, Pakistan in which Mr. Akbar Khan is a Director. None of other Directors of the Company or their spouses have any interest in, or are otherwise associated with the recipient of donation.

	2015 Rupees	2014 Rupees
28.3 Auditors' remuneration		
Audit fee	**1,750,000**	1,500,000
Half yearly review	**450,000**	400,000
Out of pocket expenses	**226,640**	160,809
	2,426,640	2,060,809

	2015 Rupees	2014 Rupees
29 Distribution expenses		
Handling and distribution	**94,577,660**	97,187,724
Transportation	**153,798,718**	58,495,489
Others	**49,779,886**	24,294,572
	298,156,264	179,977,785

	Note	2015 Rupees	2014 Rupees
30 Other income			
Income from financial assets			
Profit on saving accounts		**7,160,318**	19,938,994
Income from non financial assets			
Profit on disposal of property, plant and equipment	*19.2.1*	**277,713**	744,060
Foreign exchange gain		**8,316,382**	167,975
Export subsidy		**54,548,800**	33,310,000
		70,303,213	54,161,029

31 Finance cost	Note	2015 Rupees	2014 Rupees
Interest / markup on:			
- Long term loans - secured		**191,630,605**	106,395,019
- Short term bank borrowings - secured		**829,990,754**	849,304,343
- Finance leases		**9,861,753**	7,853,318
Bank charges		**7,034,387**	1,956,130
Other charges		**22,897,792**	18,762,491
		1,061,415,291	984,271,301
Less: Borrowing costs capitalized	*19.3.2*	**(39,971,618)**	(83,686,499)
		1,021,443,673	900,584,802

32 Taxation			
Income tax			
- current	*32.2 & 32.3*	**-**	-
Deferred tax	*32.4*	**(7,833,179)**	(165,927,318)
		(7,833,179)	(165,927,318)

32.1 Tax Charge Reconciliation

Numerical reconciliation between tax expense and accounting profit

	2015	2014
Profit before taxation	**583,793,518**	81,196,772
Applicable tax rate as per Income Tax Ordinance, 2001	**32%**	33%
Tax on accounting profit	**186,813,926**	26,794,935
Tax credit	**193,081,270**	135,681,778
Tax rate adjustment	**61,592,914**	116,415,680
Accelerated tax depreciation	**315,110,028**	(6,024,599)
Unused tax losses and tax credits	**(382,181,668)**	(151,853,372)
Effect of final tax regime	**(347,545,904)**	(354,656,202)
Others	**(34,703,745)**	67,714,462
	(7,833,179)	(165,927,318)

32.2 In view of available tax losses, the provision for current tax represents tax under 'Final Tax Regime' (FTR) and tax on minimum turnover u/s 113, of Income Tax Ordinance, 2001. Tax charge (normal and final) for current year has been restricted to zero because of the tax credit related to balancing, modernisation and replacement of plant and machinery already installed, as available u/s 65B of the Income Tax Ordinance, 2001. Minimum tax is available for set off for five years against normal tax liabilities arising in future years.

Tax under 'Final Tax Regime' represents tax on export of sugar and ethanol and is treated as a full and final discharge u/s 154 of Income Tax Ordinance, 2001. Current tax included tax under FTR amounting to Rs. 45.24 million (2014: Rs. 41.91 million).

32.3 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid-up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

Tax on undistributed reserves amounting to Rs. 28.16 million has been adjusted against the tax credit related to balancing, modernisation and replacement of plant and machinery already installed, as available u/s 65B of the Income Tax Ordinance, 2001.

32.4 The liability for deferred taxation comprise of timing differences relating to accelerated tax depreciation, leased assets, retirement benefits and unused tax losses and tax credits as mentioned in note 13.2.

33 Earnings per share

33.1 Earnings per share - Basic

		2015	2014
Profit after taxation	*Rupees*	**591,626,697**	247,124,090
Weighted average number of ordinary shares	*No. of shares*	**117,706,300**	117,706,300
Earnings per share - basic	*Rupees*	**5.03**	2.10

33.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 September 2015.

34 Cash and cash equivalents

	2015 Rupees	2014 Rupees
Cash and bank balances	**155,532,534**	349,344,281
Running finance	**(99,845,543)**	(99,432,896)
	55,686,991	249,911,385

35 Capacity and production

Sugar plant	2015 Unit I	Unit II	Unit III	Total
Season started on	**25 November '14**	**04 December '14**	**28 November '14**	**25 November '14**
Season closed on	**15 March '15**	**11 April '15**	**28 March '15**	**11 April '15**
Working Days	**111**	**129**	**121**	**361**
Crushing capacity (Metric tons) based on 160 days	**960,000**	**1,600,000**	**1,600,000**	**4,160,000**
Sugar cane crushed (Metric tons)	**505,953**	**1,030,447**	**1,214,159**	**2,750,559**
Sugar produced (Metric tons)	**45,488**	**95,011**	**124,611**	**265,110**
Recovery ratio	**8.99%**	**9.22%**	**10.26%**	**9.49%**

Under utilisation of capacity is due to the fact that during the season there was shortage of sugarcane as compared to previous season.

Sugar plant	2014 Unit I	Unit II	Unit III	Total
Season started on	19 November '13	25 November '13	20 November '13	20 November '13
Season closed on	29 March '14	21 March '14	05 April '14	05 April '14
Working Days	121	117	137	375
Crushing capacity (Metric tons) based on 160 days	960,000	1,600,000	1,600,000	4,160,000
Sugar cane crushed (Metric tons)	627,342	1,068,301	1,273,466	2,969,109
Sugar produced (Metric tons)	57,405	90,720	121,472	269,597
Recovery ratio	9.15%	8.49%	9.54%	9.06%

Ethanol - Distillery plant I	2015	2014
Season started on	**01 October 14**	01 October 13
Season closed on	**30 September 15**	30 September 14
Working Days	**318**	318
Rated capacity (Litres) based on 300 days	**37,500,000**	37,500,000
Actual production (Litres)	**33,076,087**	35,561,364

Ethanol - Distillery plant II	2015	2014
Season started on	**01 October 14**	01 October 13
Season closed on	**30 September 15**	30 September 14
Working Days	**293**	-
Rated capacity (Litres) based on 300 days	**39,000,000**	-
Actual production (Litres)	**31,811,749**	-

Top Gas - Carbon dioxide plant	2015	2014
Season started on	**01 October 14**	01 October 13
Season closed on	**30 September 15**	30 September 14
Working Days	**318**	318
Rated capacity (Metric tons) based on 300 days	**14,400**	14,400
Actual production (Metric tons)	**6,337**	8,649

36 Financial risk management

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

- Credit risk
- Market risk
- Liquidity risk

The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other parties. Out of the total financial assets of Rs. 1,138.34 million (2014: Rs. 683.37 million) financial assets which are subject to credit risk amount to Rs. 467.04 million (2014: Rs. 473.83 million).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the cutomer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a policy of making sales to customers on prepayment basis.

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

Exposure to credit risk

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

	Note	**2015 Rupees**	2014 Rupees
Trade debts	*23*	**233,927,231**	30,256,752
Advances, deposits and other receivable		**54,223,593**	71,743,150
Long term deposits		**26,155,731**	24,336,932
Bank balances	*25*	**152,729,619**	347,490,162
		467,036,174	473,826,996

Trade debts

Trade debtor at the balance sheet date are classified in Pak Rupees.

	2015 Rupees	2014 Rupees
Export - secured	222,662,152	-
Local - unsecured, considered good	11,265,079	30,256,752
	233,927,231	30,256,752

The aging of trade receivables at the reporting date is:

	Related Parties	Others	Total
	2015	**2015**	**2015**
	Rupees	**Rupees**	**Rupees**
1 to 30 days	**8,812,066**	**222,662,152**	**231,474,218**
30 to 90 days	**-**	**2,453,013**	**2,453,013**
	8,812,066	**225,115,165**	**233,927,231**

	Related Parties	Others	Total
	2014	2014	2014
	Rupees	Rupees	Rupees
1 to 30 days	8,660,900	21,595,852	30,256,752
	8,660,900	21,595,852	30,256,752

Based on past experience the management believes that no impairment allowance is necessary in respect of advances, deposits and other receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Bank balances

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2015	2014
	Short term	Long term	Agency	Rupees	Rupees
Al-Baraka Islamic Bank	A1	A	PACRA	**451,706**	177,316
Allied Bank Limited	A1+	AA+	PACRA	**2,996,238**	130,163,613
Bank Alfalah Limited	A1+	AA	PACRA	**10,602,193**	2,655,379
The Bank of Punjab	A1+	AA -	PACRA	**622,916**	616,890
Barclays Bank PLC	A1	A+	S&P	**-**	45,826
Burj Bank	A-1	A	JCR-VIS	**70,952,503**	1,665,360
Dubai Islamic Bank	A-1	A+	JCR-VIS	**395,423**	93,780
Faysal Bank Limited	A-1	AA	PACRA	**196,790**	51,768
Habib Bank Limited	A-1+	AAA	JCR-VIS	**1,096,693**	4,683,644
KASB Bank Limited	C	B	PACRA	**725**	214,558
MCB Bank Limited	A1+	AAA	PACRA	**35,875,848**	74,428,146
Meezan Bank Limited	A-1+	AA	JCR-VIS	**1,000**	1,000
NIB Bank Limited	A1+	AA-	PACRA	**500,944**	500,944
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**635,984**	395,151
Silk bank Limited	A-2	A-	JCR-VIS	**241,060**	-
Samba Bank Limited	A-1	AA-	JCR-VIS	**56,111**	54,694
Saudi Pak Bank	A-1+	AA	JCR-VIS	-	241,060
Sindh Bank Limited	A-1	AA	JCR-VIS	**12,345,573**	240,583
Soneri Bank Limited	A1+	AA-	PACRA	**212,609**	13,859
Summit Bank Limited	A-1	A	JCR-VIS	**15,773**	148,242
The bank Of Khyber	A-1	A	JCR-VIS	**39,615**	197,200
United Bank Limited	A-1+	AA+	JCR-VIS	**15,489,915**	130,901,149
				152,729,619	347,490,162

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained short term working capital facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2015				
	Carrying Amount	**Contractual cash flows**	**Less than one year**	**One to five years**	More than five year
	---------------------------- **Rupees** --------------------				
Financial liabilities					
Long term finances	**1,653,701,186**	**2,231,138,290**	**574,155,941**	**1,656,982,349**	**-**
Liabilities against asset subject to finance lease	**186,210,542**	**194,816,984**	**47,477,101**	**147,339,883**	**-**
Short term borrowings-secured	**6,518,817,533**	**6,665,490,927**	**6,665,490,927**	**-**	**-**
Trade and other payables	**1,177,338,944**	**1,177,338,944**	**1,177,338,944**	**-**	**-**
Interest and markup accrued	**204,952,492**	**204,952,492**	**204,952,492**	**-**	**-**
	9,741,020,697	**10,473,737,637**	**8,669,415,405**	**1,804,322,232**	**-**

	2014				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five year
	---------------------------- Rupees --------------------				
Financial liabilities					
Long term finances	1,728,222,499	3,029,779,002	503,717,593	2,526,061,409	-
Liabilities against asset subject to finance lease	211,045,348	229,673,701	49,065,101	180,608,600	-
Short term borrowings-secured	6,310,458,265	6,310,458,265	6,310,458,265	-	-
Trade and other payables	850,612,058	850,612,058	850,612,058	-	-
Interest and markup accrued	245,446,716	245,446,716	245,446,716	-	-
	9,345,784,886	10,665,969,742	7,959,299,733	2,706,670,009	-

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

36.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

Exposure to currency risk

The Company's exposure to currency risk at the reporting date was as follows:

	2015 Rupees	2014 Rupees
Balance sheet items		
Foreign debtors	**222,662,152**	**-**
Off balance sheet items		
Outstanding letters of credit	**(32,389,824)**	(19,980,000)
Net exposure	**190,272,328**	(19,980,000)

Exchange rates applied during the year

The following exchange rate has applied during the year on transactions involving foreign currency.

	2015		
	Spot rate		Average rate for the year
	Buying	**Selling**	
	------------------------ USD ------------		
Exchange rate during the year on transactions involving foregin currency	**104.2**	**104.4**	**101.8**

	2014		
	Spot rate		Average rate for the year
	Buying	Selling	
	------------------------ USD ------------		
Exchange rate during the year on transactions involving foregin currency	101.92	103.99	103.36

Senstivity analysis

A reasonably possible strengthening of 10% in Pak Rupee against USD at the reporting date would have increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	2015 Rupees	2014 Rupees
Effect on profit	**(19,027,233)**	1,923,276

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the profit.

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

Currency risk management

Since the maximum amount exposed to currency risk is only 0.12% (2014: 0.02%) of the Company's total assets, any adverse / favourable movement in the functional currency with respect to US dollar will not have any material impact on the operational results.

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2015	2014	2015	2014
	Effective rate in		Carrying amount	
	----- Percentage -----		-------- Rupees -------	
- **Financial assets**				
Fixed rate instruments				
Bank balances - deposit accounts	**7% to 8.75%**	5% to 7%	**56,575,032**	33,287,455

	2015	2014	2015	2014
	Effective rate in		Carrying amount	
	----- Percentage -----		-------- Rupees -------	
- **Financial liabilities**				
Floating rate instrument				
Long term finances - PKR	**9.34% to 13.96%**	11.77% to 13.92%	**1,653,701,186**	1,728,222,499
Liabilities against assets subject to finance lease	**11.04% to 15.94%**	12.40% to 15.92%	**8,606,442**	186,210,542
Short term borrowings - PKR	**4.50% to 14.18%**	7.50% to 14.38%	**6,518,817,533**	6,310,458,265

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A reduction of 100 basis points in interest rates at the reporting date would have increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	2015	2014
	Rupees	Rupees
Effect on profit	**81,811,252**	82,248,913

An increase of 100 basis points in interest rate at the reporting date would have had an equal but opposite impact on the profit for the year.

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

Interest rate risk management

The Company manages interest rate risk through risk management strategies where significant changes in gap position can be adjusted. The short term borrowings and loans and advances by the Company have variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

36.3.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

36.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company believes that it is not exposed to other price risk.

36.3.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values.

36.3.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

37 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 September were as follows:

	2015 **Rupees**	2014 Rupees
Total debt	**8,358,729,261**	8,249,726,112
Total equity and debt	**13,235,137,156**	12,683,382,563
Debt-to-equity ratio	**63%**	65%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants including restriction on dividend declaration, commonly imposed by the providers of debt finance.

38 Business segments information

38.1 The Company has three reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Company's Chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The following summary describes the operations in each of the Company's reportable segments:

Reportable Segments	***Operation of***
Sugar segment	production of White sugar & molasses from sugar cane
Distillery segment	production of Ethanol from molasses
Top Gas segment	production of Top gas

Information regarding the Company's reportable segments is presentec

Segment revenue and results

Following is the information about reportable segments of the Company:

	Sugar		Distillery		Top Gas		Inter segment reconciliation		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Sales - Net										
- External	**13,018,502,424**	10,618,110,984	**3,362,001,613**	2,140,581,561	**139,790,362**	241,096,397	-	-	**16,520,294,399**	12,999,788,942
- Inter-segment	**1,140,980,144**	1,622,063,810	-	-	-	-	**(1,140,980,144)**	(1,622,063,810)	-	-
Reportable segment revenue	**14,159,482,568**	12,240,174,794	**3,362,001,613**	2,140,581,561	**139,790,362**	241,096,397	**(1,140,980,144)**	(1,622,063,810)	**16,520,294,399**	12,999,788,912
Gross profit	**209,992,301**	806,407,344	**1,900,814,217**	423,598,056	**108,306,462**	195,265,836	-	-	**2,219,112,980**	1,425,271,236
- Administrative expenses	**(298,381,969)**	(278,735,616)	**(55,225,665)**	(32,695,213)	**(1,689,129)**	(1,968,563)	-	-	**(355,296,763)**	(313,399,392)
- Distribution expenses	**(53,245,598)**	(48,854,564)	**(232,925,788)**	(115,562,659)	**(11,984,878)**	(15,560,562)	-	-	**(298,156,264)**	(179,977,785)
	(351,627,567)	(327,590,180)	**(288,151,453)**	(148,257,872)	**(13,674,007)**	(17,529,125)	-	-	**(653,453,027)**	(493,377,177)
Other income	**61,986,831**	53,993,054	**8,316,382**	167,975	-	-	-	-	**70,303,213**	54,161,029
Finance cost	**(770,332,053)**	(816,921,408)	**(238,081,113)**	(60,488,221)	**(13,030,507)**	(23,175,173)	-	-	**(1,021,443,673)**	(900,584,802)
Segment (loss) / profit	**(849,980,488)**	(284,111,190)	**1,382,898,033**	215,019,938	**81,601,948**	154,561,538	-	-	**614,519,493**	85,470,286

38.2 Inter-segment sales and purchases and basis of pricing

Inter-segment sales and purchases have been eliminated from total figure and all inter-segment transfers are made at market price.

		Sugar		Distillery		Top Gas		Inter segment reconciliation		Total	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
38.3	**Segment assets**	**7,804,763,270**	9,013,701,540	**8,923,448,379**	7,171,140,773	**312,979,486**	304,346,128	-	-	**17,041,191,135**	16,489,188,441
38.4	**Segment liabilities**	**7,830,841,522**	9,039,779,798	**8,897,370,127**	7,144,997,050	**312,979,486**	304,411,593	-	-	**17,041,191,135**	16,489,188,441
38.5	**Capital expenditure**	**210,063,223**	616,794,192	**3,276,050,750**	81,991,236	**1,183,345**	39,643,565	-	-	**3,487,297,318**	738,428,993
38.6	**Depreciation on property, plant and equipment**	**324,381,255**	321,502,776	**161,156,580**	60,604,207	**12,056,303**	11,043,870	-	-	**497,594,138**	393,150,853
38.7	**Depreciation on leased assets**	**20,161,995**	16,143,507	**2,063,657**	-	-	-	-	-	**22,225,652**	16,143,507

38.8 Secondary reporting format

Segment revenues from external customers by geographical areas is as follows:

	Sugar		Distillery		Top Gas		Inter segment reconciliation		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Export sales (Asia)	**1,456,796,909**	2,208,017,797	**3,268,206,451**	2,019,401,980	-	-	-	-	**4,725,003,360**	4,227,419,777
Local sales	**11,561,705,515**	8,410,093,187	**93,795,162**	121,179,581	**139,790,362**	241,096,397	-	-	**11,795,291,039**	8,772,369,165
	13,018,502,424	10,618,110,984	**3,362,001,613**	2,110,581,561	**139,790,362**	241,096,397	-	-	**16,520,294,399**	12,999,788,912

Export sales are 28.60% (2014: 32.98%) of total sales made by the Company.

38.9 Reconciliations of reportable segment revenues, loss and other material items.

	Total	
	2015	2014
	Rupees	Rupees
38.9.1 Revenues		
Total revenue for reportable segments	**17,661,274,543**	14,621,852,752
Elimination of inter-segment revenue	**(1,140,980,144)**	(1,622,063,810)
Consolidated revenue	**16,520,294,399**	12,999,788,942
38.9.2 Profit and loss		
Total profit for reportable segments	**614,519,493**	85,470,286
Unallocated corporate expenses	**(22,892,796)**	161,653,801
Consolidated profit after tax	**591,626,697**	247,124,090

38.9.3 Other material items

The inter-segment transactions related to other material items are insignificant.

39 Remuneration of chief executive, directors and executives

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

	Rupees			
		Directors		
	Chief executive	**Executive**	**Non - executive**	**Executives**
	Rupees			
Managerial remuneration	-	**286,000**	6,400,000	**30,736,968**
Medical allowance	-	**28,600**	640,000	**3,073,697**
House rent allowance	-	**114,400**	2,560,000	**12,294,787**
Bonus	-	**71,500**	-	**6,577,472**
Gratuity	-	**41,250**	800,000	**6,691,510**
	-	**541,750**	**10,400,000**	**59,374,434**
Number of persons	**1**	**1**	**5**	**37**

	Rupees			
		Directors		
	Chief executive	Executive	Non - executive	Executives
	Rupees			
Managerial remuneration	6,400,000	264,000	-	21,867,476
Medical allowance	640,000	26,400	-	2,186,748
House rent allowance	2,560,000	105,600	-	8,746,990
Bonus	-	-	-	-
Gratuity	800,000	41,250	-	3,553,132
	10,400,000	437,250	-	36,354,346
Number of persons	1	1	5	28

The Chief Executive Officer, Directors and Executives are provided with free use of Company maintained cars.

40 Number of employees

The Company has employed following number of persons:

	2015	2014
	(Number of persons)	
- As at 30 September	**1,800**	1,512
- Average number of employees	**1,746**	1,463

41 Transactions with related parties

The related parties comprise associated companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel are disclosed in note 37. Other significant transactions with related parties are as follows:

Name of party	**Relationship**	**Nature of Transaction**	**2015 Rupees**	2014 Rupees
Riaz Bottlers (Pvt) Limited	Associated Company	Sale of sugar	-	161,891,998
		Sale of top gas	**83,204,022**	84,255,704
Directors of the Company	Directors	Loan repaid - net	**(153,668,098)**	(236,553,454)
		Guest house rent	**4,800,000**	4,800,000
Other related parties				
Gratuity fund			**46,668,379**	33,170,824

42	**Restriction on title and assets pledged as security**	**2015 Rupees**	2014 Rupees
	Mortgages and charges		
	Hypothecation of all present and future assets and properties	**20,982,987,535**	19,766,320,536
	Mortgage over land and building	**9,299,666,668**	8,579,666,668
	Pledge		
	Finished goods	**4,963,966,022**	5,386,604,698

43 Date of authorisation for issue

These financial statements were authorized for issue on February 10, 2016 by the Board of Directors of the Company.

44 General

44.1 Figures have been rounded off to the nearest rupee.

TANDLIANWALA SUGAR MILLS LTD.

PROXY FORM

The Secretary
Tandlianwala Sugar Mills Limited
32-N, Gulberg II
LAHORE.

I/we ____

of ____

being a Member of **TANDLIANWALA SUGAR MILLS LIMITED** and a holder of ____________ Ordinary shares, as per Register Folio No. ____________________ who is also Member of the Company of ______________________________ as my/our proxy to vote for me/us and on my/our behalf of the 27th Annual General Meeting of the Company to be held on February 29, 2016 and at any adjournment thereof.

As witness my hand this ________________ day of 2016 signed by ________________ in the presence of ____________________________

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 deposited at the 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 the instrument.

3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.