



ADAM

SUGAR MILLS LIMITED



IN THE NAME OF ALLAH
THE BENEFICENT, THE MERCIFUL

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. GHULAM AHMED ADAM
MR. SYED NAZAR MAHMOOD SHAH
MR. JAWAID AHMED
LT. COL. (RTD) MUHAMMAD MUJTABA
MR. JUNAID G. ADAM
MR. OMAR G. ADAM
MR. MUSTAFA G. ADAM

AUDIT COMMITTEE

CHAIRMAN
MEMBER
MEMBER

MR. JUNAID G. ADAM
MR. MUSTAFA G. ADAM
MR. JAWAID AHMED

HUMAN RESOURCES AND REMUNERATION COMMITTEE

MR. JUNAID G. ADAM
MR. OMAR G. ADAM
LT. COL. (RTD) MUHAMMAD MUJTABA

DIRECTOR FINANCE / CORPORATE SECRETARY

MR. **QAMAR RAFI KHAN**
Chartered Accountant

REGISTERED OFFICE

Haji Adam Chambers,
ALTAF HUSSAIN ROAD,
NEW CHALLI , KARACHI-2
TEL NO. 32417812 - 16 & 32401139-43
FAX NO. 32427560
WEBSITE: www.adam.com.pk/adamsugar.html

FACTORY

CHAK NO. 4, FORDWAH, CHISHTIAN
DISTRICT BAHAWALNAGAR

STAUTORY AUDITORS

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

SHARE REGISTRAR

C & K MANAGEMENT ASSOCIATES (PVT). LTD.
4TH FLOOR, 404 TRADE TOWER,
ABDULLAH HAROON ROAD, KARACHI
TEL NO. 35685930
FAX NO. 35687839



VISION

To be the leader in Sugar Industry by building the Company 's image through quality improvement, competitive price and meeting social obligations.

MISSION

- To endeavour to be the market leader by offering high quality sugar to our customer at competitive prices
- To continue improving operating performance and profitability thereby ensuring growth for the company while serving best interest of shareholders.

SIX YEARS' REVIEW AT A GLANCE

	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Cane Curshed (Matric Tons)	360,301	527,222	506,091	523,558	457,538	313,363
Recovery	9.75%	9.28%	10.00%	9.84%	9.38%	8.84%
Sugar Produced (Matric Tons)	35,175	48,894	50,650	51,530	42,883	27,761
	RS.	RS.	RS.	RS.	RS.	RS.
Paid up Capital	172,909,620	172,909,620	57,636,540	57,636,540	57,636,540	57,636,540
Reserve & Surplus	523,791,788	583,000,430	392,807,255	312,185,754	272,538,221	228,037,946
Shareholders Equity	696,881,408	755,910,050	450,443,795	369,822,294	330,174,761	285,674,486
Fixed Assets	1,483,401,468	1,531,781,049	1,408,055,065	1,163,459,026	836,759,233	826,170,487
Sales	2,451,996,557	3,174,410,211	2,069,488,065	1,535,411,250	2,440,692,655	2,138,540,950
Cost of Sales	2,586,099,968	3,005,957,329	1,759,311,056	1,363,541,357	2,231,510,507	1,920,020,876
Gross Profit/(Loss)	(136,103,411)	168,452,882	310,311,056	171,869,893	209,182,148	218,520,074
Profit/(Loss) Before Tax	(82,608,478)	(59,433,850)	113,250,559	62,052,713	74,701,831	133,706,647
Profit/(Loss) After Tax	(70,500,029)	30,377,420	84,284,533	42,710,537	46,927,846	92,794,839
(Loss)/Earning Per Share	(4.08)	2.64	13.50	7.41	8.14	16.10
Break up Value of Share	40.30	43.72	78.51	64.14	57.29	49.56



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 50th Annual General Meeting of the shareholders of the Company will be held at 9:00 AM. on Saturday, January 30, 2016 at The Arts Council of Pakistan, M.R.Kiyani Road, Karachi to transact the following business:-

- 1) To confirm the Minutes of 49th Annual General Meeting held on January 31, 2015.
- 2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2015 together with Director's and Auditors' Reports thereon.
- 3) To appoint auditors of the Company for the year 2015-2016 and to fix their remuneration. The present Auditors M/S Haroon Zakaria & Company, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
- 4) To transact any other ordinary business with the permission of the Chair.

By Order of the Board
GHULAM AHMED ADAM
Chief Executive

Karachi: December 31, 2015

NOTES:

- 1) Members who are not able to attend the meeting in person may send their respective proxies duly signed and stamped in the usual form. Such proxies should reach the Registered Office of the Company atleast 48 hours before the meeting.
- 2) The Share Transfer Book of the Company will remain closed from 21st January, 2016 to 30th January, 2016 (both days inclusive). Transfer received at Company Share Registrar M/s C & K Management Associates (Pvt) Ltd, 4th Floor, 404 Trade Tower, Abdullah Haroon Road, Karachi at the close of business on 20th January, 2016 will be treated in time for attending of meeting.
- 3) For identification, CDC account holders should present the participant's CNIC, and CDC Account Number.
- 4) Shareholders are requested to notify the Company of any change in address immediately.



DIRECTOR'S REPORT

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

Dear Shareholders,

On behalf of the Board, we welcome you to the 50th Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2015.

FINANCIAL RESULTS:

(Loss) after taxation	Rs. (70,500,029)
Incremental Depreciation net of deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	Rs. 2,632,296
Re-measurement of defined benefit Liability net of deferred Tax	Rs. 101,479
Amortization of Sub-ordinated Director Loan	Rs. 8,737,612
Un-appropriated profit brought forward	<u>Rs. 210,090,810</u>
Un-appropriated profit carried forward	Rs. 151,062,168 =====

OPERATING RESULTS	<u>2015</u>	<u>2014</u>
Cane Crushed-Metric Tons	360,301	527,222
Average Recovery	9.75%	9.28%
Sugar Produced-Metric Tons	35,175	48,894
Commenced Crushing on	01/12/2014	25/11/2013
Stopped Crushing on	28/03/2015	24/03/2014
Number of Season Days	118	120
(Loss)/Earning Per Share (Rupees)	(4.08)	2.64

The Company incurred an after-tax Loss of Rs. 70.5 million. The Punjab Government had fixed the minimum support price of sugarcane at Rs. 180 per 40 K.G, whereas the Sindh Government fixed the price at Rs. 160 per 40 K.G. Due to the disparity in inter-provincial prices of sugar cane the sugar prices were depressed and the Company was forced to sell sugar in the open market at a loss.



BOARD MEETINGS.

During the year five meetings of the Board of Directors were held. Participation of directors is as follows:

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
Mr. Ghulam Ahmed Adam	4
Mr. Jawaid Ahmed	4
Lt. Col (Rtd) Muhammad Mujtaba	4
Mr. Junaid G. Adam	4
Mr. Omar G. Adam	4
Syed Nazar Mahmood Shah	2
Mr. Mustafa G. Adam	2

Leave of absence was granted to Directors who could not attend the meetings.

Statement of Corporate and Financial Reporting Framework.

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- * The financial statements, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- * The company has maintained proper books of accounts as required by the law.
- * Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- * The accounting policies and disclosures are in accordance with the approved Accounting Standards applicable in Pakistan, unless otherwise disclosed.
- * The system of internal control is sound in design and effectively implemented.
- * There is no significant doubt as to the ability of the company to continue as an on-going concern.
- * There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- * No trading in the shares of the Company was carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.



DETAILS OF SHARE HOLDING

	NUMBER	SHARE HELD
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:		
Adam Pakistan Ltd	1	3,503,389
Adam lubricants ltd	1	4,057
ICP:		
Investment Corporation Pakistan	1	117
DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:		
Mr. Ghulam Ahmed Adam	1	8,666,197
Mr. Syed Nazar Mehmood Shah	1	14,406
Mr. Jawaid Ahmed	1	7,500
Lt. Col (Rtd) Muhammad Mujtaba	1	7,500
Mr. Junaid G. Adam	1	7,500
Mr. Omar G. Adam	1	7,500
Mr. Mustaf G. Adam	1	7,500
Executive:	-	-
Public Sector Companies and Corporation	-	-
BANK DFIs INSURANCE COMPANIES MODARBAS AND MUTUAL FUNDS		
United Bank Limited	1	178
MCB Bank Limited	1	223
State Life Insurance Company Limited	1	190
SHAREHOLDERS HOLDING 10% OR MORE		
VOTING INTREST		
Mr. Ghulam Ahmed Adam	1	8,666,197
Adam Pakistan Limited	1	3,503,389



FUTURE PROSPECTS.

The minimum support price of sugarcane has not been increased by the Government: However, the sugar selling price is depressed below economical level and the Pakistan Sugar Mills Association has requested the Government to export excess quantity of sugar. During the cane crushing season 2015-2016, we have already crushed 135,267 tons of sugarcane at an average recovery of 8.3% and have produced 10,795 tons of sugar.

EMPLOYEE RELATIONS:

Your directors appreciate the spirit of cooperation shown by the officers, staff and workers and we hope that their dedication will continue in future.

AUDITORS:

M/s. Haroon Zakaria & Co, Chartered Accountants, the auditors of the Company retire and offer themselves for reappointment. The Audit Committee has recommended their reappointment for the year 2015-2016.

On behalf of the Directors
GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director

Karachi: December 31, 2015



Statement of Compliance with the Code of Corporate Governance

Name of Company : Adam Sugar Mills Limited

Year Ended : September 30,2015

This statement is being presented to comply with the code of corporate governance (CCG) contained in Regulation No. 35 of Chapter XI listing regulation of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained In the CCG in the following manner :

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

Category	Names
Independent Directors	Syed Nazar Mahmood Shah
	Jawaid Ahmed
	Lt.Col.(R) Muhammad Mujtaba
Executive Directors	Ghulam Ahmed Adam
	Omar G.Adam
Non-Executive Directors	Junaid G.Adam
	Mustafa G.Adam

- 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 tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non- Banking Finance institution (NBFI) or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
- 4- No casual vacancy has occurred during the period ended September 30,2015.
- 5- The company has developed "Code Of Conduct" and appropriate steps are 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 duly executed and decision on material transactions, including appointment and determination of remuneration and terms and conditions or employment of the CEO, other executive and non executive directors ,have been taken by the Board/shareholders.
- 8- The meeting 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 appropriately recorded and circulated. The minutes of the meetings were appropriately recorded and circulated in time.



	2015	2014
31 (LOSS)/EARNING PER SHARE - BASIC & DILUTED		
(Loss) / Profit after taxation attributable to ordinary shareholders	Rs. <u>(70,500,029)</u>	<u>30,377,420</u>
Weighted Average No. of Shares	<u>17,290,962</u>	<u>11,518,709</u>
(Loss) / earning per share - diluted	Rs. <u>(4.08)</u>	<u>2.64</u>

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

32.1 Financial assets - at fair value through profit and loss and at amortized cost

Long term deposits	32,400	40,000
Trade debts	37,507,900	145,667,574
Loans and advances	1,550,721	1,570,699
Trade deposits	1,917,483	32,099,271
Rebate Receivable	61,800,000	
Others receivables	257,274	257,274
Interest accrued	391,451	391,451
Cash and bank balances	70,381,344	100,411,514
	<u>173,838,573</u>	<u>280,437,783</u>

32.2 Financial liabilities - at fair value through profit and loss and at amortized cost

Director's subordinated loan	16,222,100	24,959,712
Long term finances	158,684,201	247,124,300
Deferred liabilities	1,018,696	1,134,661
Trade and other payables	244,078,773	192,404,389
Short term borrowings	753,188,844	1,304,001,480
Accrued markup	24,047,186	44,295,557
Current maturity of non-current liabilities	109,281,076	100,000,000
Unclaimed dividend	4,680,863	4,680,863
	<u>1,311,201,739</u>	<u>1,918,600,962</u>

32.3 The company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of prices of the sugar and byproduct (molasses) and purchase price of the sugarcane and seeks potential adverse effects on the company's financial performance.

Risk managed and measured by the company are explained below: -

- Credit risk
- Liquidity risk
- Market Risk

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

32.4 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. Out of the total financial assets of Rs.173.846 (2014 : Rs.280.438) million, the financial assets which are subject to credit risk amounted to Rs.173.066 (2014 : Rs. 279.126) million.

The carrying amount of financial assets representing the maximum credit exposure at the reporting date as follows: -

	2015	2014
	Rupees	Rupees
Long term deposits	32,400	40,000
Trade debts	37,507,900	145,667,574
Loans and advances	1,550,721	1,570,699
Trade deposits	1,917,483	32,099,271
Rebate Receivable	61,800,000	-
Others receivables	257,274	257,274
Interest accrued	391,451	391,451
Cash at bank	69,601,621	99,099,593
	173,058,850	279,125,862

The maximum exposure to credit risk for trade debtors is Rs. 37.508 (2014: Rs.37.508) million.

Impairment

The ageing of trade debts as at balance sheet date are as follows;

	2015		2014	
	Gross debts	Impaired	Gross debts	Impaired
	----- Rupees -----			
Past due 0 - 30 days	-	-	20,929,500	-
Past due 31 - 180 days	-	-	86,932,500	-
Past due 181 and above	37,507,900	-	37,507,900	-
	37,507,900	-	145,369,900	-

Based on the past experience, consideration of financial position, past track records and recoveries," the Company believes that trade debtors past due upto 360 days do not require any impairment. (Refer Note - 23.2).

32.5 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 liability when due.



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

<i>Financial Liabilities</i>	2015			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
Loan from directors	16,222,100	24,959,712	-	24,959,712
Finances (Long and short)	911,873,045	759,080,050	753,188,844	158,684,201
Trade debts	37,507,900	37,507,900	-	-
Trade and other payables	244,078,773	244,078,773	244,078,773	-
Unclaimed dividend	4,680,863	4,680,863	4,680,863	-
	1,214,362,681	1,070,307,298	552,717,492	125,964,373

<i>Financial Liabilities</i>	2014			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Upto one year</i>	<i>More than one year</i>
	----- Rupees -----			
Loan from directors	24,959,712	24,959,712	-	24,959,712
Finances (Long and short)	1,551,517,231	455,502,240	355,632,240	99,870,000
Deferred liabilities	1,134,661	1,134,661	-	1,134,661
Trade and other payables	192,404,389	192,404,389	192,404,389	-
Unclaimed dividend	4,680,863	4,680,863	4,680,863	-
	1,774,696,856	678,681,865	552,717,492	125,964,373

32.6 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of its holdings of financial instruments.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to any currency risk.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows: -

<i>Variable Rate Instruments</i>	2015	2014
	Effective Interest Rate	
	(In Percent)	
Financial liabilities		
Term loan	<u>3M Kibor+2.5%</u>	<u>3M Kibor+2.5%</u>
Term loan	<u>6M Kibor+2.5%</u>	<u>6M Kibor+2.5%</u>



Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant.

	<i>Profit and Loss 100 bp Increase</i>	
Cash flow Sensitivity - Variable Rate Instruments		
As at September 30 2015		
Cash flow Sensitivity	<u>6,078,559</u>	<u>(6,078,559)</u>
As at September 30 2014		
Cash flow Sensitivity	<u>9,471,086</u>	<u>(9,471,086)</u>

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

iii) Price Risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

At reporting date, the company is not exposed to price risk as the company has no investments.

33 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may issue new shares and take other measures commensurating the circumstances.

Consistent with others in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from banking companies less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2015	2014
	<i>Rupees</i>	<i>Rupees</i>
Total borrowings	853,188,844	1,454,001,480
Less: Cash and bank balances	(70,381,344)	(100,411,514)
Net Debt	<u>782,807,500</u>	1,353,589,966
Total equity	696,881,408	755,910,050
Total Capital	<u>1,479,688,908</u>	<u>2,109,500,016</u>
Gearing Ratio (%)	<u>52.90</u>	<u>64.17</u>

34 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The estimated fair value of financial instruments is not significantly different from their carrying value as shown in these financial statements.

35 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

Particulars	2015			2014		
	Chief Executive	Directors	Total	Chief Executive	Directors	Total
	----- Rupees -----					
Fees		32,000	32,000	-	28,000	28,000
Managerial remuneration	36,000	628,500	664,500	36,000	574,221	610,221
	36,000	660,500	696,500	36,000	602,221	638,221
Number of persons	1	6	7	1	6	7

35.1 Chief executive and two directors of the Company have been provided with free use of Company's car.

35.2 No employees of the company fall under the definition of "Executives" as per the Companies Ordinance, 1984.

36 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel. Year end balances of related parties are shown in the relevant notes to the financial statements. Other transactions with related parties are disclosed as follows: -

	2015 Rupees	2014 Rupees
Receipts of short term loan from the director	181,990,000	1,187,045,171
Repayments of short term loan from the director	481,990,000	1,127,555,133
Purchases of oil and lubricants - from associated undertaking	3,046,792	6,531,527
Payment to associated undertaking against oil and lubricants	2,957,966	6,503,377
Payment of dividend to executives and associated undertakings	-	8,136,801

36.1 The above transactions with related parties are entered into on arm's length basis except loan from director which are interest free.

37 CAPACITY AND PRODUCTION

	2015	2014
Crushing capacity (M. Tons)	826,000	840,000
Cane crushed (M. Tons)	360,301	527,223
Sugar produced (M. Tons)	35,175	48,894
Days worked (Number of days)	118	120

Cane crushed is less than installed capacity due to the non-availability of sugarcane.



38 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

38.1 Revenue from sale of sugar represents 71% (2014 : 92%) of the gross sales of the Company.

38.2 Export sales represent 24% (2014 : 1%) of the gross sales of the Company.

38.3 All non-current assets of the Company at 30 September 2015 are located in Pakistan.

38.4 One customer of the Company accounts for 32%(2014 : 32%) of gross sales of the Company for the year.

39 NUMBER OF EMPLOYEES

At year end, no of employees are 495 (2014: 495) and average for the year were 680 (2014 : 680).

40 DISCLOSURES RELATING TO PROVIDENT FUND

	2015	2014
	Rupees	Rupees
Size of the fund	7,118,800	7,110,442
Cost of investment made	8,750,379	8,287,082
	—— Percentage ——	
Interest rate on saving account	4.02%	5-7%
Invest in bank	100%	100%

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31 December 2015 by the Board of Directors of the Company.

42 GENERAL

Figures have been rounded off to the nearest rupee.

GHULAM AHMED ADAM
Chief Executive

JUNAID G. ADAM
Director



50th ANNUAL GENERAL MEETING

PROXY FORM

Please Quote Reg. Folio No.

I/We _____

of _____

Being a member of **Adam Sugar Mills Limited** Holder of _____

shares hereby appoint _____ of _____

(another Member of the Company) or failing him _____ as

my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 9:00 A.M. on Saturday, 30th January 2016, at The Arts Council Of Pakistan and at any adjournment thereof.

In witness my/our hand this _____ day of 2016

Signed by the said _____
(WITNESS'S SIGNATURE)

In the presence of _____
(WITNESS'S SIGNATURE)

Affix Rs. 5/-
Revenue
Stamp

This form of Proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hours before the time of the meeting.

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

7.1 Operations and principal activities at farms

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



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

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

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

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

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

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

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

2015
Rupees

2014
Rupees

17 DIRECTOR'S SUBORDINATED LOAN

From associate	24,959,712	24,959,712
Less: Amortized cost	(8,737,612)	-
	16,222,100	24,959,712

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

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

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

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



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

19.1 Deferred taxation comprises differences relating to:

Credit balance arises due to:

Accelerated tax depreciation	249,154,639	245,342,484
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Debit balance arises due to:

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

**19.2 Staff retirement benefits
- Gratuity**

a) Movement in defined benefit obligation

Present value of defined benefit obligation

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

b) Charge for the year

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

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

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



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

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

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

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

21 TRADE AND OTHER PAYABLES

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

21.1 Workers Profit Participation Fund payable

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

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

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

23 CONTINGENCIES

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

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

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

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

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

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

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

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

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



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

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

24 SALES - NET

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

25 COST OF SALES

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



- 25.1** It includes Rs.263,519 (2014 : Rs.221,849) contribution each from the employees and the Company towards the provident fund scheme.
- 25.2** It includes an amount of Rs.2.958 (2014 : Rs.6.531) million paid against purchase of lube oil from Adam Lubricants Limited (associated undertaking). The pricing policy and terms and conditions are approved by the management and the same are entered at fair value.

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

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

26.2 Auditors' remuneration

Statutory Audit

Haroon Zakaria & Company

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

Cost audit

Amir Hussain Associates

- Cost audit fee	150,000	150,000
	727,500	675,000

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



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

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

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

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



- 9- The directors at the Board are adequately trained to perform their duties and have been provided in-house presentation to acquaint them on their roles and responsibilities under the requirements of CCG. During this financial year, none of the director has attended any training program of corporate Governance due to their busy schedule. However, company has planned the same for the coming year.
- 10- The Board had approved appointment of CFO and Company Secretary and Head of internal Audit including their remuneration and terms and conditions of employment .
- 11- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed .
- 12- The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 13- The directors ,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 corporate and financial reporting requirements of the CCG.
- 15- The Board has formed an Audit Committee. It comprises three members ,of whom all are non-executive directors and the chairman of the committee is non-executive director.
- 16- The meetings of the Audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been framed and advised to the committee for compliance.
- 17- The board has formed an HR and Remuneration committee. It comprises of three members, of whom two are non-executive directors and the chairman of committee is a non-executive director.
- 18- The Board has set up an executive internal Audit Department which considered suitably qualified and fully conversant with 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 program of the Institute of Chartered Accountants of Pakistan (ICAP),that they are 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 Association of Accountants(IFAC) guidelines on code of ethics as adopted by ICAP.
- 20- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21- The closed period ,prior to the announcement of interim/final results and business decisions, which may materially affect the market price of company 's securities, was determined and intimated to directors ,employees and stock exchange,
- 22- Material /price sensitive information has been disseminated among all participants at once through stock exchange.
- 23- We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Ghulam Ahmed Adam

Chief Executive Officer

Karachi

Dated : December 31, 2015



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Adam Sugar Mills Limited** to comply with the relevant Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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

We draw attention to 9 of the statement of compliance with the code of corporate governance highlighting that orientation courses by directors have not been attained during the year.

Haroon Zakaria & Co.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: December 31, 2015



AUDITOR'S REPORT TO THE MEMBERS

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

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and



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

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

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

Haroon Zakaria & Co.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: December 31, 2015

Engagement Partner:
Farhan Ahmed Memon



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

NUMBER OF SHAREHOLDERS	SIZE OF SHAREHOLDING				TOTAL SHARES HELD
1,626	FROM	1	TO	100	49,419
450	FROM	101	TO	500	119,792
124	FROM	501	TO	1,000	102,578
230	FROM	1,001	TO	5,000	688,916
83	FROM	5,001	TO	10,000	600,691
17	FROM	10,001	TO	15,000	222,745
12	FROM	15,001	TO	20,000	208,876
5	FROM	20,001	TO	25,000	119,500
5	FROM	25,001	TO	30,000	135,895
2	FROM	30,001	TO	35,000	62,300
3	FROM	35,001	TO	40,000	112,609
1	FROM	40,001	TO	45,000	44,500
2	FROM	45,001	TO	50,000	97,500
1	FROM	50,001	TO	55,000	52,500
2	FROM	55,001	TO	60,000	113,336
2	FROM	60,001	TO	65,000	127,800
2	FROM	65,001	TO	70,000	135,500
2	FROM	80,001	TO	85,000	169,000
1	FROM	95,001	TO	100,000	97,500
2	FROM	115,001	TO	120,000	236,500
1	FROM	125,001	TO	130,000	129,000
1	FROM	145,001	TO	150,000	150,000
1	FROM	155,001	TO	160,000	158,157
1	FROM	195,001	TO	200,000	200,000
1	FROM	230,001	TO	235,000	234,000
1	FROM	255,001	TO	260,000	256,479
1	FROM	295,001	TO	300,000	295,500
1	FROM	455,001	TO	460,000	457,683
1	FROM	3,500,001	TO	3,505,000	3,502,968
1	FROM	8,405,001	TO	8,410,000	8,409,718
2,582					17,290,962

CATAGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCENTAGE
Individuals	2,556	13,594,585	78.62%
Investment Companies	1	117	00.00%
Insurance Companies	1	190	00.00%
Joint Stock Companies.	19	3,576,078	20.68%
Financial Instutions	2	401	00.00%
Others (See below)	3	119,591	00.69%
	2,582	17,290,962	100.00%

OTHERS:

Trustee Treet Corp. Ltd. Emp. Provident Fund	119,000
Trustee Karachi Sheraton Hotel & Tower Employees	500
Administrator Abandoned Properties	91

119,591



**BALANCE SHEET
AS AT SEPTEMBER 30, 2015**

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	1,483,401,468	1,531,781,049
Long term deposits	5	32,400	40,000
Intangible assets	6	-	185,384
		1,483,433,868	1,532,006,433
Current Assets			
Biological assets	7	138,600	290,263
Stores and spares	8	110,097,511	116,529,672
Stock in trade	9	591,936,237	1,278,925,726
Short term investments	10	23,518,154	23,518,154
Trade debts - considered good	11	37,507,900	145,667,574
Loans and advances - considered good	12	60,437,200	146,219,456
Deposits and prepayments	13	3,482,221	56,909,410
Rebate Receivable		61,800,000	-
Others receivables - considered good		966,192	966,192
Interest accrued		391,451	391,451
Tax refund due from government		107,714,272	55,463,102
Cash and bank balances	14	70,381,344	100,411,514
		1,068,371,082	1,925,292,514
Total Assets		2,551,804,950	3,457,298,947
EQUITY AND LIABILITIES			
Authorized Share Capital			
25,000,000 Ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid-up capital	15	172,909,620	172,909,620
Reserves			
Revenue Reserves			
Share Premium		172,909,620	172,909,620
General reserve		200,000,000	200,000,000
Accumulated profit		151,062,168	210,090,810
		523,971,788	583,000,430
Shareholders' Equity		696,881,408	755,910,050
Surplus on revaluation of property, plant and equipment - net	16	398,830,458	401,462,754
Non-Current Liabilities			
Director's subordinated loan	17	16,222,100	24,959,712
Long term finances	18	158,684,201	247,124,300
Deferred liabilities	19	104,076,789	116,253,448
		278,983,090	388,337,460
Current Liabilities			
Short term borrowings	20	753,188,844	1,304,001,480
Trade and other payables	21	256,721,523	413,896,914
Accrued markup		24,047,186	44,295,557
Current maturity of non-current liabilities	22	109,281,076	100,000,000
Unclaimed dividend		4,680,863	4,680,863
Provision for taxation		29,190,502	44,713,869
		1,177,109,994	1,911,588,683
Contingencies	23	-	-
Total Equity and Liabilities		2,551,804,950	3,457,298,947

The annexed notes from 1 to 42 form an integral part of these financial statements


GHULAM AHMED ADAM
Chief Executive


JUNAID G. ADAM
Director



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

	<i>Note</i>	2015 Rupees	2014 Rupees
Sales - net	24	2,451,996,557	3,174,410,211
Cost of sales	25	(2,588,099,968)	(3,005,957,329)
Gross (Loss)/Profit		(136,103,411)	168,452,882
Administrative expenses	26	(55,157,722)	(59,254,397)
Selling and distribution expenses	27	(4,266,057)	(7,170,893)
Operating (loss) / profit		(59,423,779)	(66,425,290)
		(195,527,190)	102,027,592
Other operating income	28	245,168,767	9,894,602
		49,641,577	111,922,194
Finance cost	29	(132,250,055)	(171,356,044)
Loss before taxation		(82,608,478)	(59,433,850)
Taxation	30	12,108,449	89,811,270
(Loss) / profit after taxation		(70,500,029)	30,377,420
(Loss)/Earning per share - Basic & diluted	31	(4.08)	2.64

The annexed notes from 1 to 42 form an integral part of these financial statements


GHULAM AHMED ADAM
Chief Executive


JUNAID G. ADAM
Director

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

	2015 Rupees	2014 Rupees
(Loss) / profit after taxation	(70,500,029)	30,377,420
Other comprehensive income		
Incremental depreciation transferred from surplus	3,871,024	1,314,678
Remeasurement of defined benefit liability	149,234	34,844
Deferred tax related to defined benefit liability	(47,755)	(11,499)
Less: Deferred tax related to incremental depreciation	(1,238,728)	(326,198)
	2,733,775	1,011,825
Total comprehensive income / (loss) for the year	(67,766,254)	31,389,245

The annexed notes from 1 to 42 form an integral part of these financial statements


GHULAM AHMED ADAM
 Chief Executive


JUNAID G. ADAM
 Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	2015 Rupees	2014 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(82,608,478)	(59,433,850)
Adjustments:		
Depreciation	64,156,448	73,602,745
Amortization of intangible assets	185,384	241,900
Finance cost	132,250,055	171,356,044
Provision for gratuity	263,519	221,849
Unrealized farming gain/ (loss)-net	94,920	(89,349)
	196,950,326	245,333,189
Cash generated from operating activities before working capital changes	114,341,848	185,899,339
Working capital changes:		
Decrease / (increase) in current assets		
Biological assets	56,743	(33,401)
Stores and spares	6,432,161	(32,784,324)
Stock in trade	686,989,489	509,858,206
Trade debts	108,159,674	(107,862,000)
Rebate receivable	(61,800,000)	-
Loans and advances	45,272,760	(49,781,871)
Deposits and prepayments	53,427,189	(11,930,319)
Interest accrued	-	3,524
Others receivables	-	461,999
	838,538,016	307,931,814
(Decrease) in current liabilities		
Trade and other payables	(144,815,404)	(393,431,897)
	693,722,612	(85,500,083)
Net cash generated from operations after working capital changes	808,064,460	100,399,256
Financial charges paid	(151,360,041)	(163,217,508)
Workers' profit participation fund paid	(13,498,372)	-
Gratuity paid	(230,250)	(272,212)
Long term deposits	7,600	-
Dividend paid	-	(13,956,117)
Taxes paid	(27,265,041)	(38,879,676)
Net cash generated from / (used in) operating activities	615,718,356	(115,926,257)



2015
Rupees

2014
Rupees

B. CASH FLOW FROM INVESTING ACTIVITIES

Additions in operating fixed assets-net of transfer	(46,143,819)	(65,217,801)
Additions in/ (Transfer from) capital work in progress	30,366,953	(47,643,122)
Net cash used in investing activities	(15,776,867)	(112,860,923)

C. CASH FLOW FROM FINANCING ACTIVITIES

Repayment of Subordinated loan from director	-	(214,364,725)
Proceeds from long term loan - net	(79,159,024)	(21,037,800)
Proceeds from short term loans - net	(550,812,636)	209,492,813
Proceeds against issue of right shares	-	288,182,700
Net cash (used in) / generated from financing activities	(629,971,660)	262,272,988
Net (decrease) / increase in cash and cash equivalent (A+B+C)	(30,030,171)	33,485,808
Cash and cash equivalents at beginning of year	123,929,668	90,443,860
Cash and cash equivalents at end of year	93,899,498	123,929,668
Cash and cash equivalents		
Cash and bank balances	70,381,344	100,411,514
Short term investments	23,518,154	23,518,154
	93,899,498	123,929,668

The annexed notes from 1 to 42 form an integral part of these financial statements


GHULAM AHMED ADAM
Chief Executive


JUNAID G. ADAM
Director



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

<i>Description</i>	<i>Share Capital</i>
Balance as at September 30, 2013	57,636,540
Profit for the year	-
Other comprehensive income for the year	-
Total comprehensive income	-
Issuance of 200% right shares @ Rs.25/- each	115,273,080
Transaction with owners	
Final dividend paid @ 25% (Rupee 2.5 per share) for the year ended September 30, 2013	-
Balance as at September 30, 2014	172,909,620
Loss for the year	-
Other comprehensive income for the year	-
Total comprehensive income	-
Transaction with owner	
Amortization of subordinated director loan	-
Balance as at September 30, 2015	172,909,620

The general reserves and accumulated profit can be utilized for meeting any contingencies and for distribution of profits by way of dividends.

The annexed notes from 1 to 42 form an integral part of these financial statements


GHULAM AHMED ADAM
 Chief Executive



<i>Revenue Reserves</i>				
<i>Share Premium</i>	<i>General Reserves</i>	<i>Accumulated Profit</i>	<i>Total</i>	<i>Total</i>
<i>----- Rupees -----</i>				
-	200,000,000	193,110,700	393,110,700	450,747,240
-	-	30,377,420	30,377,420	30,377,420
-	-	1,011,825	1,011,825	1,011,825
-	-	31,389,245	31,389,245	31,389,245
172,909,620	-	-	172,909,620	288,182,700
-	-	(14,409,135)	(14,409,135)	(14,409,135)
172,909,620	200,000,000	210,090,810	583,000,430	755,910,050
-	-	(70,500,029)	(70,500,029)	(70,500,029)
-	-	2,733,775	2,733,775	2,733,775
-	-	(67,766,254)	(67,766,254)	(67,766,254)
-	-	8,737,612	8,737,612	8,737,612
172,909,620	200,000,000	151,062,168	523,971,788	696,881,408


JUNAID G. ADAM
 Director



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

1 COMPANY AND ITS OPERATIONS

Adam Sugar Mills Limited (the Company) was incorporated in Pakistan in 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company. In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Karachi and Lahore stock exchanges. The Company is principally engaged in the manufacturing and sale of sugar. The registered office of the Company is situated at first floor Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi and its factory is situated in Chak # 4, Fordwah, Chishtian, district Bahawalnagar, Punjab.

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is the functional currency of the Company.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the 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 on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Property, plant, equipment and intangible asset

The Company reviews the appropriateness of rate of depreciation / amortization, useful life and residual value used in calculation of depreciation / amortization. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant, equipment and intangible asset with a corresponding effect on the depreciation / amortization charge and impairment.



Stock in trade and stores and spares

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

Trade debtors

The Company reviews its receivables against any provision required for any doubtful balances on a on-going basis. The provision is made while taking into consideration expected recoveries, if any.

Taxation

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Staff retirement benefits - Gratuity

Certain actuarial assumptions have been adopted as disclosed in the relevant note to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

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

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

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

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

<i>Standards or interpretation</i>		<i>(effective for annual periods beginning on or after)</i>
IFRS 10	Consolidated Financial Statements	January 01, 2016
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities (Amendment)	January 01, 2015
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities - applying the consolidation exception (Amendment)	January 01, 2016
IFRS	Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets Between an investor and its associates or Joint venture (Amendment)	January 01, 2016

<i>Standards or interpretation</i>		<i>(effective for annual period beginning on or after)</i>
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Joint Arrangements - Accounting for acquisition of interest in Joint operation (Amendment)	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 41 Agriculture : Bearer Plants (Amendment)	January 01, 2016
IAS 27	Separate Financial Statements - Equity Method in Separate Financial Statements	January 01, 2016

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

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

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

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

3 SUMMARY OF SIGNIFICANT POLICIES

The principal accounting policies adopted in preparing these financial statements are as follows:

3.1 Property, plant and equipment

Owned

Property, plant and equipment are initially recognized at cost. Subsequent to initial recognition these are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any except for freehold land which is stated at revalued amount.

Depreciation is charged to income by applying the diminishing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note 4 to the financial statement. Depreciation is charged from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Gains and losses on disposal of property, plant and equipment are taken in to profit and loss account. Maintenance and normal repairs are charged to income as and when incurred while major improvements, if any, are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying reducing balance method at the rates specified in the relevant note. Depreciation is charged on additions during the year from the month of purchase while no depreciation is charged on disposal of assets from the month of disposal.

Financial charge is allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

3.2 Intangible asset

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is charged applying straight line method over estimated useful life.

Amortization on addition is charged from the month in which an asset is acquired while no amortization is charged from the month in which the asset is disposed off.

3.3 Capital work in progress

These are stated at cost less impairment, if any, and represents expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant fixed asset category as and when assets are available for their intended use.

3.4 Stores and spares

These are valued at lower of the moving average cost or net realizable value. Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Provision is made for items considered obsolete and slow moving. Items in transit are valued at cost comprising invoice price and other charges paid thereon.

3.5 Stock in trade

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

Work in process	Prime cost plus proportionate allocation of manufacturing overheads based on stage of completion.
Finished goods	Prime cost plus an appropriate allocation of manufacturing overheads.
Stock of by product	Net realizable value.

Net realizable value comprises of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale.

3.6 Trade and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost net of provision for uncollectable amounts, if any. A provision for uncollectable amounts



is established when there is an objective evidence that the Company will not be able to collect due amounts. Trade debts and other receivables considered irrecoverable are written off.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flows statement, cash and cash equivalents consist of cash in hand, balances with banks.

3.8 Loans, advances, deposits and prepayments

These are stated at their nominal values net of any allowance for uncollectable amounts (if any).

3.9 Staff retirement benefits

Defined Contribution Plan

The Company operates a funded provident fund scheme covering permanent employees of mill. Equal contribution are made by both employer and employees.

Defined Benefit Plan

The Company also operates an unfunded gratuity scheme for its permanent employees. Provisions are made in the financial statements to cover the obligations using the projected unit credit method. Actuarial gains / losses are amortized over the expected future service of the employees.

3.10 Taxation

Current

Provision for current taxation is based on the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base, to the extent of probability that taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

3.11 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 the future for goods and services received, whether or not billed to the Company.

3.12 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.13 Off-setting of financial assets and financial liabilities

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



3.14 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

3.15 Related party transactions

All transactions with related parties are carried out by the company at arms length prices using the admissible valuation methods except loan from directors which is interest free.

3.16 Translation of foreign currencies

Transaction in foreign currencies are recorded into rupees at the rates approximating those prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the balance sheet date. Exchange differences are included in income currently.

3.17 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers.

Rent income is recorded on accrual basis as per terms of agreement.

Return on bank deposits is recognized on accrual basis.

3.18 Dividend to share holders

Dividend is recognized as a liability in the period in which it is approved and declared.

3.19 Provisions

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

3.20 Borrowing cost

Borrowing and other related 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 as an expense in the period in which they are incurred.

3.21 Biological asset

Biological assets are measured at their fair value less their point of sale costs. Gain / (loss) on such measurement is recognized in profit and loss account. Gain / (loss) on disposal of biological asset is recognized in profit and loss account in the year of disposal.



	Note	2015 Rupees	2014 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,466,125,299	1,484,137,927
Capital work in progress	4.3	17,276,169	47,643,122
		<u>1,483,401,468</u>	<u>1,531,781,049</u>

4.1 Operating fixed assets

Particulars	Freehold land	Factory building on freehold land	Non-factory building on freehold land	Plant and Machinery	Building construction machinery	Railway siding	Vehicles
Net book value as at September 30, 2013	53,632,093	53,974,858	8,807,989	1,256,396,627	2,919	25,831	20,555,388
Year ended September 30, 2014							
Additions	-	5,251,800	-	54,572,905	-	-	2,861,621
Surplus / (deficit) on revaluation	320,767,907	2,167,847	8,606,261	(247,074,331)			
Disposals							
- Cost	-	-	-	-	-	-	-
- Depreciation	-	-	-	-	-	-	-
Depreciation charged	-	5,547,051	543,849	61,133,950	263	2,583	4,299,038
Net book value as at September 30, 2014	<u>374,400,000</u>	<u>55,847,455</u>	<u>16,870,401</u>	<u>1,002,761,251</u>	<u>2,656</u>	<u>23,248</u>	<u>19,117,971</u>
Year ended September 30, 2015							
Additions	-	-	1,284,218	42,747,099	-	-	-
Depreciation charged	-	5,584,745	912,002	51,777,024	239	2,325	3,823,594
Net book value as at September 30, 2015	<u>374,400,000</u>	<u>50,262,709</u>	<u>17,242,617</u>	<u>993,731,326</u>	<u>2,417</u>	<u>20,923</u>	<u>15,294,377</u>
At September 30, 2014							
Cost / revaluation	374,400,000	109,462,496	24,424,686	1,524,569,576	238,125	2,191,346	39,753,647
Accumulated depreciation	-	53,615,041	7,554,285	521,808,325	235,469	2,168,098	20,635,676
Net book value	<u>374,400,000</u>	<u>55,847,455</u>	<u>16,870,401</u>	<u>1,002,761,251</u>	<u>2,656</u>	<u>23,248</u>	<u>19,117,971</u>
At September 30, 2015							
Cost / revaluation	374,400,000	109,462,496	25,708,904	1,567,316,675	238,125	2,191,346	39,753,647
Accumulated depreciation	-	59,199,787	8,466,287	573,585,349	235,708	2,170,423	24,459,270
Net book value	<u>374,400,000</u>	<u>50,262,709</u>	<u>17,242,617</u>	<u>993,731,326</u>	<u>2,417</u>	<u>20,923</u>	<u>15,294,377</u>
Rate of depreciation %	-	10	5	5	9	10	20



<i>Owned</i>								<i>Leased</i>		<i>Total</i>
<i>Office equipments</i>	<i>Computer and other equipments</i>	<i>Furniture and fixtures</i>	<i>Electrical equipments</i>	<i>Water connection and electric installations</i>	<i>Tools and other equipments</i>	<i>Arms and ammunition</i>	<i>Air conditioners and refrigerators</i>	<i>Plant and machinery</i>		
----- Rupees -----										
1,054,354	2,144,388	1,936,398	3,630,064	1,316,127	4,027,478	134,091	416,582	-	1,408,055,187	
-	724,030	20,000	552,864	432,480	396,101	250,000	156,000	-	65,217,801	
-	-	-	-	-	-	-	-	-	84,467,684	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
105,435	241,026	195,517	619,496	157,375	647,185	32,039	77,938	-	73,602,745	
948,919	2,627,392	1,760,881	3,563,432	1,591,232	3,776,394	352,052	494,644	-	1,484,137,927	
309,000	88,370	-	1,461,978	-	253,155	-	-	-	46,143,819	
107,767	268,478	176,088	673,862	143,211	577,711	35,205	74,196	-	64,156,448	
1,150,152	2,447,284	1,584,793	4,351,548	1,448,021	3,451,838	316,847	420,448	-	1,466,125,299	
2,495,136	5,536,216	4,525,267	5,322,270	4,547,334	12,862,248	401,000	1,815,394	6,295,255	2,118,839,995	
1,546,217	2,908,824	2,764,386	1,758,838	2,956,102	9,085,854	48,948	1,320,750	6,295,255	634,702,068	
948,919	2,627,392	1,760,881	3,563,432	1,591,232	3,776,394	352,052	494,644	-	1,484,137,927	
2,804,136	5,624,586	4,525,267	6,784,248	4,547,334	13,115,402	401,000	1,815,394	6,295,255	2,164,983,815	
1,653,984	3,177,302	2,940,474	2,432,700	3,099,313	9,663,564	84,153	1,394,946	6,295,255	698,858,516	
1,150,152	2,447,284	1,584,793	4,351,548	1,448,021	3,451,838	316,847	420,448	-	1,466,125,299	
10	10	10	9	15	15	6	15	5		