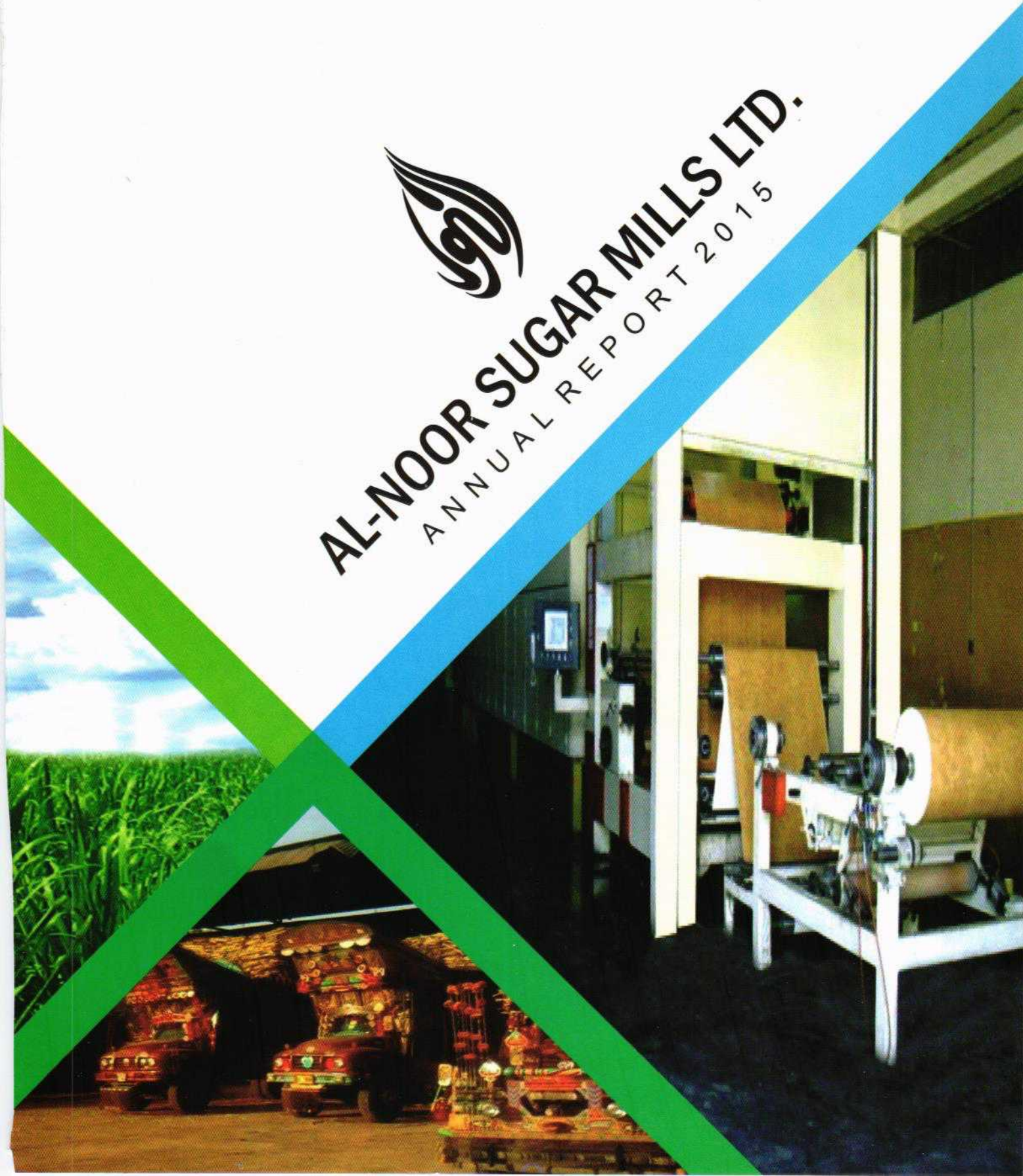


AL-NOOR SUGAR MILLS LTD.
ANNUAL REPORT 2015





CONTENTS

	Page No.
Company Information	02
Mission Statement & Vision Statement	03
Code of Conduct	04
Notice of Annual General Meeting	05
Directors' Report	07
Statement of Compliance with the Code of Corporate Governance	11
Key Operation and Financial Data for Ten Years	13
Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance from Auditors	14
Auditors' Report to the Members	15
Balance Sheet	16
Profit & Loss Account	17
Statement of Comprehensive Income	18
Cash Flow Statement	19
Statement of Changes in Equity	20
Notes to the Financial Statements	21
Pattern of Share Holding	57
Jama Ponji	59

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. YUSUF AYOOB
MR. ISMAIL H. ZAKARIA
MR. SULEMAN AYOOB
MR. A. AZIZ AYOOB
MR. NOOR MOHAMMAD ZAKARIA
MR. ZIA ZAKARIA
MR. SALIM AYOOB
MR. ZOHAIR ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Managing Director
Resident Director

Independent Director
(N.I.T. Nominee)

BOARD AUDIT COMMITTEE

MR. A. AZIZ AYOOB
MR. ZIA ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Member
Independent Director
Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. NOOR MOHAMMAD ZAKARIA
MR. ISMAIL H. ZAKARIA
MR. ZIA ZAKARIA

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

MR. ZOHAIR ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

KRESTON HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

REGISTERED OFFICE

96-A, SINDHI MUSLIM SOCIETY,
KARACHI-74400
Tel: 34550161-63 Fax: 34556675

FACTORY

SHAHPUR JAHANIA, P.O. NOOR JAHANIA, TALUKA MORO,
DISTRICT SHAHEED BENAZIR BHUTTO ABAD (NAWABSHAH)

REGISTRAR & SHARE REGISTRATION OFFICE

C & K MANAGEMENT ASSOCIATES (PVT) LTD.
404-TRADE TOWER,
ABDULLAH HAROON ROAD,
NEAR METROPOLE HOTEL,
KARACHI - 75530

WEBSITE

www.alnoorsugar.co



Mission Statement

To gain strength through industry leadership in the manufacturing and marketing of sugar and Lasani Wood and to have a strong presence in these products markets while retaining the options to diversify in other profitable ventures.

To operate ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio economic development of Pakistan especially in the rural areas through industrial expansion and development.

Vision Statement

To be a model company producing sugar and allied products of international quality by maintaining a high level of ethical and professional standards.

CODE OF CONDUCT

Al-Noor Sugar Mills is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

THE COMPANY

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

AS DIRECTORS

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

AS EXECUTIVE AND MANAGERS

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

AS EMPLOYEES AND WORKERS

- Observe Company policies, regulations and codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

NOTICE OF MEETING

Notice is hereby given that 46th Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Friday, 29th January, 2016 at 03.30 p. m to transact the following Business

ORDINARY BUSINESS

1. To confirm the Minutes of the 45th Annual General Meeting of the Company held on 30th January, 2015.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2015 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of cash dividend @ 33% .i.e. Rs.3.30 per ordinary share of Rs.10/= each for the year ended 30th September 2015 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2016.
5. To transact any other business with permission of the Chair.

By Order of the Board



(M. YASIN MUGHAL)
COMPANY SECRETARY

Karachi: December 29, 2015

NOTE:

1. The Register of the Members of the Company will remain closed from 23rd January, 2016 to 2nd February, 2016 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares.
2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. **Submission of copies of CNIC:**

SECP has directed vide SRO No.831(1)2012 dated July 05, 2012 to issue dividend warrants only crossed as " A/c Payee only" and should bear the computerized National Identity Card (CNIC) number of the registered member. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN alongwith the Folio number(s) to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC, failing which we will not be responsible, if we are unable to pay the dividends to the Shareholders who have not submitted their valid CNIC

4. Deduction of Withholding Tax from Dividend U/S 150 of the Income Tax Ordinance, 2001

- (i) Pursuant to the provisions of the Finance Act, 2015 effective from July 1, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:
 1. Rate of tax deduction for the filer(s) of income tax return 12.50%.
 2. Rate of tax deduction for the non-filer(s) of income tax return 17.50%.

To enable the company to make tax deduction on the amount of cash dividend @ 12.50% instead of 17.50%, shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.50% instead of 12.50%.

- (ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all share holders who hold such shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share registrar in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholders		Signature
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)	

5. Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax.

As per FBR Circulars C No. 1(29) WHT/2006 dated June 30, 2010 and C No. 1(43) DG (WHT) 2008-Vol-II-66417-R dated May 12, 2015 the valid exemption certificate is mandatory to claim exemption amount of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholder who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide Valid Tax Exemption Certificate to our Share Registrar.

In case of those shareholders who are non-residents are requested to please provide their respective detail including residence status /country of residence with copy of their NICOP to our Share Registrars before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

6. Payment of Cash Dividend Electronically (Optional):

The Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank account instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant) CDC.

7. Electronic Transmission Of Annual Financial Statement And Notices Of The Company.

Pursuant to SRO.787(1)/2014 of September 08, 2014 the Securities and Exchange Commission of Pakistan (SECP) has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. www.alnoorsugar.co Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered email address.

8. Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.alnoorsugar.co

9. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are uploaded as per the Regulations shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

- i. In case of individuals the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the company.

10. Change of Address:

Shareholders are requested to inform the Company's Share Registrar , M/S. C & K Management Associates (Pvt.) Limited, 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi of any change in their addresses immediately.

DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum;

On behalf of Board of Directors I feel pleasure to place before you the audited financial statements of your company, the significant achievements as reflected therein together with Auditors' and Directors' Reports thereon, for the year ended September 30, 2015. The Company has earned a profit after tax amounting to Rs. 166.319 million as against Rs 31.333 million earned last year.

Salient comparative production and financial data are summarized as under:

PRODUCTION DATA	2014-15	2013-14
	Crushing season started on	9-12-2014
Season ended on	29-03-2015	05-04-2014
Duration of crushing (days)	110	155
Sugarcane crushed (Metric Tons)	1,013,118	1,293,261
sugar produced (Metric Tons)	104,283	126,719
Sugar recovery rate (percentage)	10.30	9.80
Molasses produced (Metric Tons)	47,925	64,628
MDF Board produced (Cubic Meter)	58,808	49,852
Duration of MDFB Plant operated (Days)	309	316

FINANCIAL DATA	(Rupees in thousand)	
	Sales Revenue	6,966,274
Cost of sales	5,938,537	6,850,190
Gross profit	1,027,737	848,907
Administrative expenses	409,024	400,594
Finance Cost	383,008	389,784
Profit before taxation	221,089	76,223
Provision for taxation	(54,770)	(44,890)
Profit after tax	166,319	31,333
Earnings per share basic	Rs. 8.12	Rs. 1.53

PERFORMANCE REVIEW:

SUGAR DIVISION:

It would be observed from the production data that during the year under consideration sugarcane crushed was less than the last season by 21.66 percent as the crop position was weaker and lesser quantity of raw material was available for crushing. As a result the production of sugar also decreased due to lower volume of crushing. However sugar recovery percentage improved due to commencement of crushing when the sugarcane was fully matured. The recovery percentage thus improved to 10.30 percent as against 9.80 percent achieved last year. Your mills crushed 1,013,118 metric tons of sugarcane as against 1,293,261 metric tons crushed in the last year's crushing season.

For the crushing season 2014-15 the Government of Sindh issued price notification fixing the minimum support price of sugarcane at Rs.182/= per 40 kg of the same. The price of raw material as notified was high keeping in view the sugar price in the local and international markets. The sugar mills in the province of Sindh protested the same and Government of Sindh issued another notification reducing the price of sugarcane to Rs.155/= per 40 kg. The reduced price was not accepted by the growers and the Government of Sindh issued yet another notification maintaining the price at Rs.182/= per 40 kg of the cane. Keeping in view the price of sugar the same was again protested by the sugar mills and a petition were filed before the Honorable High Court of Sindh through Pakistan Sugar Mills Association. The Honorable High Court decided the matter

favoring the price fixed by the Government. Understandably the decision was not acceptable to Sugar Mills Association who then filed a petition before the Honorable Supreme Court of Pakistan who directed the Honorable Sindh High Court to discuss the matter with the stakeholders including Government of Sindh in order to arrive at an acceptable solution of the issue. Final decision would be taken by the Honorable Supreme Court of Pakistan which would be binding to all the stakeholders finally. The Honorable Sindh High Court with the consent of all stakeholders decided that the sugar mills would purchase the cane at the rate of Rs.160/= per 40 kg whereas Rs.12/= per 40 kg would be paid by the Sindh Government through the sugar mills. The fate of remaining Rs.10/= per 40 kg will depend upon the decision of the Honorable Supreme Court of Pakistan.

During the period under consideration the production of sugar was more than the requirements of the country including carry over stock and the Government allowed export of the same but this option was also not suitable for the producers as the production of sugar on worldwide basis was also more which depressed the price of the product in the international markets also.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

During the year under consideration, the plant produced 58,808 Cubic Meters of Lasani wood in various sizes and thickness as against 49,852 Cubic Meters produced during the previous year. The MDF Division has faced power outages which have affected quality of the board produced and efficiency losses in the production. The final product during the year included laminated sheets in various sizes and colors produced during the year thereby increasing component of value added board in the product line. Some of the product was also exported to Afghanistan although geographical uncertainty and unrest affected transport route and also reduced export sales. Some board producing units have also emerged in Khyber Pakhtunkhwa and have an advantage of availability of raw material and labor at low cost and reduced transportation charges to the neighboring country of Afghanistan. This has resulted in substantial reduction in the export of your company.

POWER GENERATION DIVISION:

As discussed in the last year's Annual Report, the availability of power from WAPDA was uncertain due to frequent load shedding and accordingly the Company had acquired its own power generators to overcome the situation which are being operated during the crushing season and bagasse is utilized as fuel therein. The additional boiler and turbine that had been installed has achieved reasonable capacity of power generation; as a result surplus power was supplied to WAPDA during the crushing season. Your company generated additional revenue valuing Rs.102.106 million from sale of power this year as against Rs.178.622 million last year. In addition the requirements of power of the Sugar Mills and MDF Board division were also met during the crushing season.

CAPITAL EXPENDITURE:

In the Sugar Industry, upgrading the plant and machinery is a continuous process. During the year under consideration the Company incurred an expenditure of Rs.184.983 million on additions and BMR in order to maintain the efficiency of the plant.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:

1. The Financial Statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. The Company has maintained proper books of accounts as required by the law.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as going concern.
7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the listing regulations of the Stock Exchanges.
8. There have been no outstanding statutory payments; except those under normal course of business and some disputed cases which are appearing in the relevant notes to the financial statements.
9. The pattern of share holding in the Company as on September 30, 2015 is also included in the Annual Report.
10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the company except as otherwise indicated.

11. Value of investment and balance in deposit accounts of Provident Fund based on un-audited accounts as at June 30, 2015 amounted to Rs.105.254 million.

The key operating and financial data of the last ten years and pattern of shareholding have been included in the Annual Report. There has been no significant change in the holding of directors or their spouses except as otherwise indicated.

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:

There was no change in the composition in the Board of directors since its constitution on March 25, 2014 in an Extra Ordinary General Meeting of the members was held on the said date. During the year under review four Board meetings were held and attendance by each Director was as follow:

	NAME OF DIRECTORS	ATTENDED	STATUS
01.	Mr. Yusuf Ayoob (Chairman)	4	Non-Executive
02.	Mr. Ismail H Zakaria (Managing Director)	4	Executive
03.	Mr. Suleman Ayoob	4	Executive
04.	Mr. Aziz Ayoob	4	Non-Executive
05.	Mr. Noor Mohammad Zakaria	4	Non-executive
06.	Mr. Zia Zakaria	2	Non-executive
07.	Mr. Salim Ayoob	3	Non-executive
08.	Mr. Zohair Zakaria	2	Executive
09.	Mr. Shamim Ahmad	4	Independent Director
10.	Mr. Muhammad Asif	4	N.I.T. Nominee

The details of the remuneration of executives and non-executive directors have also been provided in the relevant note to the financial statements as required under the Code of Corporate Governance.

AUDIT COMMITTEE:

The Board has also set up an Audit Committee comprising of the following directors. During the year under consideration four meetings of Audit Committee were held and attendance of each member is also indicated as under.

	NAMES OF DIRECTORS	ATTENDED	STATUS
01.	Mr. A. Aziz Ayoob Chairman	4	Non-Executive
02.	Mr. Zia Zakaria Member	3	Non-executive
03.	Mr. Shamim Ahmed Member	3	Independent Director
04.	Mr. Muhammad Asif Member	4	Non-executive

Term of Reference of the Audit Committee has also been determined by the Board in accordance with the guide lines provided in the Listing Regulations of the Stock Exchanges.

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board in accordance with the Code of Corporate Governance had constituted Human Resource and Remuneration Committee comprising of the following directors. During the year one meeting of the Committee was held and attendance was as follow:

	NAME OF THE DIRECTORS	POSITION	STATUS	ATTENDED
01.	Mr. Noor Mohammad Zakaria	Chairman	Non-executive	1
02.	Mr. Ismail H Zakaria	Member	Executive	1
03.	Mr. Zia Zakaria	Member	Non-executive	1

FUTURE OUTLOOK:

SUGAR DIVISION:

For the crushing season 2014-15, the Government of Sindh enhanced the cane price to Rs. 182 per 40 kg of cane which was disputed by the sugar mills and the growers. The dispute was resolved by the Honorable High Court of Sindh as mentioned earlier. While the government exercises control over the price of the sugarcane to protect the growers, it is imperative to exercise similar control over the selling price of sugar. It is a well known fact that the price of sugar has been depressed in the international and domestic markets due to excessive production of the same. Meanwhile the crushing of sugarcane for 2015-16 has commenced on November 27, 2015 and recovery rate trend is not yet clear. The same would

be clear when substantial volume of sugarcane crushing is completed. The area under plantation has remained more or less the same and the yield is expected to improve due to timely availability of water. It is expected that the production of sugar by your mills during 2015-2016 would be similar to that of last year provided the recovery percentage of sugar is improved.

The countrywide sugar production in the year ahead once again seems to be a significant surplus. The prospects of export may enable an outlet for this excess sugar and help to ease the over-supply scenario. However, this will depend largely on the international market price of the product which also appeared to be depressed due to international excessive production of the same. Export sales not only allow a better price realization and regular lifting of sugar also help to reduce the financial charges of your company.

Presently the oil price reduction has affected most commodities prices. The general trend has been gradual weakening of commodity prices including sugar worldwide. This trend seems poised to continue for the next few years and accordingly the price of sugar may continue to remain depressed in the distant future.

MDF BOARD DIVISION:

Efforts are underway to enhance value addition of the MDF products by adding new lamination processes. The general consumption trend locally and internationally is emerging whereby the finished (laminated) product has higher demand. Accordingly the management is focusing all efforts towards this goal.

During the first quarter of the current year up to December 21, 2015, the plant has operated satisfactorily and produced 7,985 Cubic Meters of Board in various thicknesses which also included laminated sheets and it is expected that the production of the Division would increase during the remaining period of the year.

CREDIT RATING OF THE COMPANY:

JCR-VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of "A-/A-2" (Single "A" Minus A-Two) to the Company. Outlook on the outstanding rating is "Stable".

MECHANISM FOR EVALUATION OF THE BOARD:

The Board and Board's Committees continuously strive to improve their effectiveness and undertake annual reviews to assess the Board's performance. The Board also reviews developments in the corporate governance to ensure that the company remains aligned with the best practices.

In order to ensure on-going effectiveness as high performing Board, a Board Performance Evaluation process has been initiated through introducing a questionnaire covering Board's scope, objectives, functions, company's performance and monitoring. The Board also reviews the performance of the CEO against pre-determined operational, tactical and strategic goals.

CORPORATE & SOCIAL RESPONSIBILITY:

The company continues to operate a school in the factory area and provides education not only to the children of employees but also to the children residing in the surrounding areas of the Mills. Your company also availed medical coverage scheme from M/s Takaful Pakistan Limited for executives and employees and medical cards have been provided enabling them to avail medical facilities from the authorized hospitals as and when required.

DIVIDEND:

Directors are pleased to recommend the payment of cash dividend @ 33 percent i.e. Rs.3.30 per share of Rs.10 each. (2014 : 10% cash dividend i.e. Re.1.00 per share of Rs.10 each in).

AUDITORS:

The present auditors, M/s Kreston Hyder Bhimji & Co., Chartered Accountants retired and being eligible have offered their services for reappointment for the financial year 2015-2016. Audit Committee has also recommended their appointment and Board of Directors of the company endorsed the recommendations of the Audit Committee for re-appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants, till the conclusion of the next Annual General Meeting of the members.

STAFF RELATIONS:

Finally the Directors of your Company record their appreciations for the perseverance, commitment to meeting the objectives and targets and the team work put in by the Management and employees, in the current demanding environment and are confident that they will continue to demonstrate the same zeal and vigor in future.

By order of the Board



ISMAIL H. ZAKARIA
CHIEF EXECUTIVE OFFICER

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

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange 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-executives directors on the Board of Directors. At present the Board consists of ten directors including six non-executive directors and one independent director. At present the Board includes.

<u>Category</u>	<u>Names</u>
Independent Director	i) Mr. Shamim Ahmed
Executive Directors	ii) Mr. Ismail H Zakaria
	iii) Mr. Suleman Ayoob
	iv) Mr. Zohair Zakaria
Non-Executive Directors	v) Mr. Yusuf Ayoob
	vi) Mr. A. Aziz Ayoob
	vii) Mr. Noor Mohammad Zakaria
	viii) Mr. Zia Zakaria
	ix) Mr. Muhammad Asif
	x) Mr. Salim Ayoob

The independent director meets the criteria of independence under clause 1 (b) of the CCG

2. All the directors have confirmed that none of them is serving as 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 a NBFIs. None of the directors of the company is a member of the stock exchange.
4. No casual vacancy occurred in the Board 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 executives 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 the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Since all the directors possess 14 years of education and more than 15 years of experience, they are exempt from the directors' training program as per Code of Corporate Governance. However one of the directors has acquired the required certification from the Institute of Corporate Governance.
10. No new appointment of CFO, Company Secretary or the Head of Internal Audit has been made during the year. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit and any changes thereto has been approved by the Board.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises of four members. All members are non-executive.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive including Chairman and one executive director.
18. The Board has set up an effective internal audit function in the Company managed by qualified and experience professional who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on a full time basis. The head of internal audit department functionally reports to the Board's Audit Committee.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
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 the Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated amongst all the market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with except those indicated in the notes to the accounts.



ISMAIL H. ZAKARIA
CHIEF EXECUTIVE OFFICER

Karachi; December 29, 2015

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
			(Restated)	(Restated)			(Restated)		(Restated)

BALANCE SHEET:

Share Capital	204,737	204,737	204,737	185,703	185,703	185,703	185,703	185,703	185,703	185,703
Reserves	1,232,727	1,028,809	1,028,809	926,504	980,792	928,612	691,371	568,382	344,659	301,468
Surplus on revaluation of fixed assets	1,184,605	1,230,740	1,230,740	621,224	656,126	708,767	765,432	795,686	337,261	369,288
Long Term Liabilities	1,120,111	1,174,073	1,174,073	715,979	457,783	408,534	358,463	270,630	400,714	150,073
Deferred Liabilities	648,983	690,169	690,169	374,560	453,761	561,830	518,674	473,657	346,074	344,112
Current Liabilities	2,758,206	2,236,586	2,236,586	3,147,017	3,142,284	1,431,018	1,283,079	1,542,332	723,653	723,016
Operating Assets	3,639,629	3,706,951	3,706,951	2,674,032	230,921	2,681,942	2,327,921	2,264,422	1,527,982	1,472,955
Long Term Deposits	3,552	46,954	46,954	42,835	42,375	4,688	4,290	5,071	11,317	10,742
Long Term Loans	6,022	3,516	3,516	4,230	5,032	4,476	4,144	-	-	-
Long Term Investments	260,215	246,884	246,884	172,566	151,852	143,933	143,772	98,416	10,263	8,607
Current Assets	3,239,951	2,560,809	2,560,809	3,074,050	2,850,409	1,389,425	1,322,595	1,466,075	788,502	581,356

TRADING:

Turnover	6,966,274	7,699,097	7,699,097	6,129,081	5,983,046	6,313,220	4,249,981	3,048,478	2,382,212	2,698,535
Gross Profit	1,027,737	848,907	848,907	678,924	737,206	1,001,803	682,952	622,358	327,203	415,307
Operating Profit (Loss)	1,028,381	851,525	851,525	682,242	739,831	1,006,841	690,503	637,048	212,905	324,858
Profit(Loss) before Tax	221,089	76,223	76,223	(85,513)	59,875	391,453	210,749	244,243	39,759	182,154
Profit(Loss) after Tax	166,319	31,333	31,333	(43,099)	104,465	254,398	119,738	212,217	26,924	116,767
Earning per share	8.12	1.53	1.53	(2.21)	5.63	13.70	6.45	11.26	1.45	6.29
Cash dividend	33%	10%	5%	5%	30%	50%	40%	30%	15%	10%
Bonus shares	-	-	5%	5%	NIL	NIL	NIL	NIL	NIL	NIL

SUGAR PRODUCTION:

a) From Cane	104,283	126,719	99,740	88,058	71,655	73,175	66,495	98,113	68,310	62,722
b) From Raw Sugar	-	-	-	-	-	-	-	-	-	7,980
Sugar Produced (M.Tons)	104,283	126,719	99,740	88,058	71,655	73,175	66,495	98,113	68,310	70,702
Cane crushed (M.Tons)	1,013,118	1,293,261	959,302	885,101	888,736	774,230	736,420	1,062,304	782,777	662,200
Recovery (%)	10.30%	9.80%	10.40%	9.95%	8.05%	9.47%	9.03%	9.24%	8.72%	9.47%

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

We have reviewed the annexed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended September 30, 2015 prepared by the Board of Directors of **AL-NOOR SUGAR MILLS LIMITED** ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

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

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

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


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi, December 29, 2015

KARACHI Office:

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

LAHORE Office:

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

FAISALABAD Office:

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

www.hyderbhimji.com

A member of kreston international. A global network of independent accounting firms.

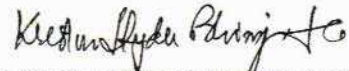
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **M/s. AL-NOOR SUGAR MILLS LIMITED** (the Company) as at September 30, 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 purpose of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2015 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Engagement Partner: Shaikh Mohammad Tanvir

Karachi, December 29, 2015

KARACHI Office:

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

LAHORE Office:

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

FAISALABAD Office:

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

www.hyderbhimji.com

A member of kreston international A global network of independent accounting firms.

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

	Note	2015 Rupees in thousand	2014
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	3,639,629	3,706,951
Intangible asset	5	-	-
Long term investments	6	260,215	246,884
Long term loans	7	6,022	3,516
Long term deposits	8	3,552	46,954
		3,909,418	4,004,305
CURRENT ASSETS			
Stores, spare parts and loose tools	9	313,986	298,554
Stock in trade	10	2,495,964	1,794,897
Trade debts	11	120,106	55,320
Loans and advances	12	83,115	103,541
Trade deposits and short term prepayments	13	38,946	3,767
Other receivables	14	74,208	95,980
Income tax refund due from Government		7,037	-
Income tax refundable - net of provision		8,416	60,241
Cash and bank balances	15	98,173	148,509
		3,239,951	2,560,809
		7,149,369	6,565,114
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
50,000,000 ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital	16	204,737	204,737
General reserve		1,000,000	1,000,000
Share of associate's unrealised loss on remeasurement of associate's investments		(1,998)	(1,005)
Unappropriated profit		234,725	29,814
		1,437,464	1,233,546
Surplus on Revaluation Of Property, Plant and Equipment	17	1,184,605	1,230,740
		2,622,069	2,464,286
NON-CURRENT LIABILITIES			
Long term financing	18	1,120,111	1,111,433
Liabilities against assets subject to finance lease	19	-	62,238
Deferred liabilities	20	648,983	690,169
Long term deposits		-	402
		1,769,094	1,864,242
CURRENT LIABILITIES			
Trade and other payables	21	1,067,464	457,217
Accrued markup / finance cost	22	48,114	65,433
Short term borrowings	23	1,173,087	1,306,299
Current portion of Long term financing and liabilities against assets subject to finance lease	24	469,541	407,637
		2,758,206	2,236,586
CONTINGENCIES AND COMMITMENTS	25	-	-
		7,149,369	6,565,114

The annexed notes from 1 to 46 form an integral part of these financial statements.


ISMAIL H. ZAKARIA
 Chief Executive Officer


SULEMAN AYOOB
 Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Note	2015 Rupees in thousand	2014
Sales	26	6,966,274	7,699,097
Cost of sales	27	(5,938,537)	(6,850,190)
Gross profit		1,027,737	848,907
Profit from trading activities	28	644	2,618
		1,028,381	851,525
Less:			
Distribution cost	29	(23,225)	(29,141)
Administrative expenses	30	(409,024)	(400,594)
Other operating charges	31	(75,633)	(8,702)
		(507,882)	(438,437)
		520,499	413,088
Other income	32	55,101	17,334
		575,600	430,422
Finance cost	33	(383,008)	(389,784)
		192,592	40,638
Share of profit in associates	6	28,497	35,585
Profit before taxation		221,089	76,223
Taxation	34	(54,770)	(44,890)
Profit after taxation		166,319	31,333
Earning per share - Basic and Diluted (Rupees)	35	8.12	1.53

The annexed notes from 1 to 46 form an integral part of these financial statements.


ISMAIL H. ZAKARIA
 Chief Executive Officer


SULEMAN AYOOB
 Director

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

	Note	2015 Rupees in thousand	2014
Profit after taxation		166,319	31,333
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit and loss			
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:			
Company's revaluation surplus		54,801	57,065
Share of associate's incremental depreciation of revaluation surplus		3,739	2,919
Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment.		(7)	-
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of plant and machinery		509	-
Items that may be reclassified subsequently to profit and loss			
Share of associate's unrealized gain on remeasurement of investment	6	(993)	598
		58,049	60,582
Total Comprehensive Income for the year		224,368	91,915

The annexed notes from 1 to 46 form an integral part of these financial statements.


ISMAIL H. ZAKARIA
Chief Executive Officer


SULEMAN AYOOB
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Note	2015	2014
		Rupees in thousand	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		221,089	76,223
Adjustments for:			
Depreciation of property, plant and equipment	4.1.2	240,925	227,445
Amortization of intangible assets		-	983
Gain on disposal of property, plant and equipment		(7,389)	(5,065)
Provision for export freight subsidy	14	49,779	
Provision for obsolescence and slow moving items	9.1	10,201	3,040
Finance cost	33	383,008	389,784
Share of profit in associates	6	(28,497)	(35,585)
		648,027	580,602
Cash generated before working capital changes		869,116	656,825
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(25,633)	(35,407)
Stock in trade		(701,067)	14,257
Trade debts		(64,786)	41,028
Loans and advances		20,426	(52,656)
Trade deposits and short term prepayments		(179)	(677)
Other receivables		(20,417)	(36,170)
		(791,656)	(69,625)
Increase / (decrease) in current liabilities			
Trade and other payables		610,247	(445,309)
Short term borrowings		(133,212)	636,056
		477,035	190,747
Cash generated from operations		554,495	777,947
Income tax paid		(72,806)	(109,911)
Income tax refund received / adjusted		34,553	-
Finance cost paid		(400,327)	(369,834)
Increase in long term loans		(2,506)	(941)
Decrease / (Increase) in long term deposits		8,000	(9,104)
		(433,086)	(489,790)
Net cash inflow from operating activities		121,409	288,157
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(184,983)	(456,944)
Sale proceeds from disposal of property, plant and equipment		18,768	7,535
Dividend received from long term investment		6,600	4,950
Net cash used in investing activities		(159,615)	(444,459)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		585,000	528,733
Repayment of long term financing		(543,967)	(283,458)
Additions to liabilities against assets subject to finance lease		-	-
Repayment of liabilities against assets subject to finance lease		(32,689)	(28,838)
Dividend paid		(20,474)	(9,749)
Net cash (outflow)/inflows from financing activities		(12,130)	206,688
Net increase in cash and cash equivalents (A+B+C)		(50,336)	50,386
Cash and cash equivalents at the beginning of the year		148,509	98,123
Cash and cash equivalents at the end of the year		98,173	148,509

The annexed notes from 1 to 46 form an integral part of these financial statements.


ISMAIL H. ZAKARIA
 Chief Executive Officer


SULEMAN AYOOB
 Director

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

	Issued, Subscribed & paid up capital	General reserves	Un-appropriated profit	Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Total
..... Rupees in thousand					
Balance as at October 01, 2013	194,988		957,995	(1,603)	1,151,380
During the year ended September 30, 2014					
Total Comprehensive Income for the year					
Profit after taxation	-	-	31,333	-	31,333
Other Comprehensive Income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:					
Company's revaluation surplus	-	-	57,065	-	57,065
Share of associate's incremental depreciation of revaluation surplus	-	-	2,919	-	2,919
Share of associate's unrealized gain on remeasurement of associate's investment	-	-	-	598	598
Share of associate's unrealized gain on remeasurement of associate's investment	-	-	59,984	598	60,582
Transfer from unappropriated profit to general reserve		1,000,000	(1,000,000)		-
Transaction with owners					
Final dividend for the year ended September 30, 2013 @ Re.0.50 per share	-	-	(9,749)	-	(9,749)
Issue of bonus shares for the year ended September 30, 2013 @ Re.0.50 per share	9,749	-	(9,749)	-	-
Balance as at September 30, 2014	204,737	1,000,000	29,814	(1,005)	1,233,546
During the year ended September 30, 2015					
Total Comprehensive Income for the year					
Profit after taxation	-	-	166,319	-	166,319
Other Comprehensive Income					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:					
Company's revaluation surplus	-	-	54,801	-	54,801
Share of associate's incremental depreciation of revaluation surplus	-	-	3,739	-	3,739
Share of associate's unrealized gain on remeasurement of investment	-	-	-	(993)	(993)
Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment.	-	-	(7)	-	(7)
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of plant and machinery	-	-	509	-	509
Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment.	-	-	24	-	24
	-	-	59,066	(993)	58,073
Transaction with owners					
Final dividend for the year ended September 30, 2014 @ Re 1 per share	-	-	(20,474)	-	(20,474)
Balance as at September 30, 2015	204,737	1,000,000	234,725	(1,998)	1,437,464

The annexed notes from 1 to 46 form an integral part of these financial statements.


ISMAIL H. ZAKARIA
Chief Executive Officer


SULEMAN AYOOB
Director

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

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on August 08, 1969 and its shares are quoted at the Karachi & Lahore Stock Exchange. The Company owns and operates Sugar, medium density fiber (MDF) board and generation of power units which are located at Shahpur Jahania, District Shaheed Benazirabad in the province of Sindh. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except certain items of property, plant and equipments, stated at revalued amount and long term investment in associates accounted for under equity method and stock in trade when valued at net realizable value. The company uses accrual basis of accounting except cash flow statement.

2.2 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.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods as appropriate. In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

a) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effects on the depreciation and impairment.

b) Stock-in-trade

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

c) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and decision by appellate authorities on certain issues in past. Due weightage is given to past history while determining the ratio of future export sales for the purposes of calculating deferred taxation.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Impairment

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

e) Stores and spare parts and loose tools with respect to provision for obsolescence and slow moving items

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is given as and when it takes place.

f) Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the irrecoverable amount and timing of future cash flow when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision recognized in the profit and loss account.

g) Contingencies

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

2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

2.5.1 New and amended standards and interpretations became effective

During the year, the following approved accounting standards, interpretations, amendments / revisions to the approved accounting standards became effective.

IAS-19	Employee Benefits - Amendment
IAS-32	Financial Instruments: Presentation - Amendment
IAS 36	Impairment of Assets'- Amendment
IAS 39	Financial Instruments: Recognition and Measurement' - Amendment
IFRIC 21	Levies

These Standards, interpretations and amendments are not expected to have significant impact on company's financial statements. In addition to above, certain new cycle of improvements are applicable in current year, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following Standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them.

		Effective for the period beginning on or after as described in IFRS
IAS-16	Property, Plant and Equipment - Amendment	1-Jan-16
IAS-27	Separate Financial Statements - Amendment	1-Jan-16
IAS-28	Investments in Associates	1-Jan-16
IAS-38	Intangible Assets - Amendment	1-Jan-16
IAS-41	Agriculture - Amendment	1-Jan-16
IFRS-9	Financial Instruments: Classification and Measurement	1-Jan-15
IFRS-10	Consolidated Financial Statements - Amendment	1-Jan-16
IFRS-11	Joint Agreements - Amendment	1-Jan-16
IFRS-12	Disclosure of Interests in Other Entities - Amendment	1-Jan-16
IFRS-13	Fair Value Measurement	1-Jan-16
IFRS-14	Regulatory Deferral Accounts	1-Jan-16
IFRS-15	Revenue from Contracts with Customers	1-Jan-18

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the company's financial statements other than certain disclosures, if applicable.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after 01, July 2015, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

2.5.3 New Standards issued by IASB and notified by SECP but not yet effective

Following new standards issued by IASB have been adopted by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and will be effective for annual periods beginning on or after January 01, 2015.

IFRS-10	Consolidated Financial Statements - Amendment
IFRS-11	Joint Agreements - Amendment
IFRS-12	Disclosure of Interests in Other Entities - Amendment
IFRS-13	Fair Value Measurement

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

3 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below

3.1 Property Plant & Equipments

a) Operating assets

Owned

Operating fixed assets except furniture, fixture & fittings and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture, fixture & fittings and vehicles are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in assets note no. 4.1. Depreciation on addition including assets after revaluations is charged from month of acquisition and up to the month preceding the month of disposal respectively.

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

In accordance with the Section 235 of the Companies Ordinance, 1984 an amount equal to the incremental depreciation charged on assets after revaluation has been transferred from the surplus on revaluation of fixed assets to unappropriated profit in the current year through Statement of changes in equity. Consequently incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to unappropriated profit as the case may be during the current year as referred to in note no. 17.1 of these financial statements.

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

Assets subject to finance lease

Assets held under finance lease are initially recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as disclosed in note no 3.9. These are subsequently stated at recorded amount less accumulated depreciation and impairment loss, if any. These assets are depreciated over their expected useful life at the rates specified in the note no 4.1 on the same basis as owned assets.

b) Capital work-in-progress

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

3.2 Intangible assets

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to the profit and loss account on a straight line basis over the period of three years. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month which the item is disposed off.

3.3 Investment in Associates

The Investment in associates is accounted for under equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the profit and loss account. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the incremental depreciation on revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held.

Investment is de-recognized when the Company has transferred substantially all risks and rewards of ownership and rights to receive cash flows from the investment has expired or has been transferred.

3.4 Stores, Spare parts and Loose Tools

These are valued at moving average cost less allowance for obsolescence and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon up to balance sheet date. Adequate provision is made for obsolescence and slow moving items as and when required based on the parameters set out by the management.

3.5 Stock-in-Trade

Stock-in-trade except "by products" are valued at the lower of cost and net realizable value. By products are valued at net realizable value.

Cost for raw material is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date.

Finished goods and work-in-process consist of cost of direct materials, labor and a proportion of manufacturing overheads based on normal capacity. Cost of MDF Board stock is determined on weighted average basis while weighted average cost is used for finished goods of sugar stock.

Cost of trading stock is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date.

3.6 Trade Debts

Trade debts are carried at original invoice amount that is fair value of goods sold. A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect amount due according to the original terms of the debts. When a trade debt is uncollectable, it is written off.

3.7 Employees post employment benefits

Defined Contribution Plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made by the company and employees at the rate of 10% of basic salary plus cost of living allowance. The company's contribution to the fund is charged to profit and loss account for the year.

3.8 Compensated unavailed leaves

The Company accounts for its liability towards unavailed leaves accumulated by employees on accrual basis.

3.9 Liabilities against assets subject to Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee or meets any other criteria defined in IAS 17 "Lease". All other leases are classified as operating lease.

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

3.10 Taxation

a) Current Income Tax

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

b) Deferred taxation

Deferred tax is recognized using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

c) Sales tax

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

- i) Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) Receivables or payables that are stated with the amount of sales tax included.
- iii) The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.11 Trade and other payables

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

3.12 Borrowings and their costs

Borrowings are recorded at the proceeds received.

Borrowing costs incurred on finances obtained for the construction/installation of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.13 Provisions

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

3.14 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, 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 are taken to profit and loss account.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortized cost, as the case may be.

3.15 Offsetting of Financial Assets and Liabilities

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

3.16 Impairment of assets

Financial assets

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

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

Non-Financial assets

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

3.17 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria is adopted for recognizing revenue;

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable.
- Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of markup on loans considered doubtful is deferred.
- Share of the profit or loss of associates is taken to profit & loss account under equity method (note 3.3).
- Dividend income is recognised when the Company's right to receive the payment is established.

3.18 Foreign currency transactions and translation

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

3.19 Cash and Cash Equivalents

For the purpose of cash flow statement cash and cash equivalents comprises cash in hand, balances with banks on current, savings and deposit accounts.

3.20 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. Operating segments are reported in a manner consistent with the internal reporting structure based on the operating (business) segments of the company. An operating segment's operating results are regularly reviewed by the management and the chief executive officer for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

The Company has following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar
MDF Board - Manufacturing of Medium Density Fiber Board

3.21 Dividends and other appropriations

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

	Note	2015 Rupees in thousand	2014
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	3,549,052	3,662,694
Capital work in progress	4.2	90,577	44,257
		3,639,629	3,706,951

4.1 OPERATING FIXED ASSETS

The following is a statement of operating fixed assets

PARTICULARS	2015										Depreciation Rate	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	Opening Net Book Value At Oct 01, 2014	Direct Additions	Transfer From CWIP	Revaluation	Transfer at NBV - Lease	Disposal	Depreciation	Net Book Value At Sep 30, 2015	Cost	Accumulated Depreciation		Net Book Value At Sep 30, 2015
OWNED												
FREE HOLD LAND												
Cost	3,787	-	-	-	-	-	-	3,787	3,787	-	3,787	10%
Revaluation	135,013	-	-	-	-	-	-	135,013	135,013	-	135,013	10%
FACTORY BUILDING												
Cost	95,069	-	3,533	-	-	-	9,394	89,208	152,984	63,776	89,208	10%
Revaluation	121,576	-	-	-	-	-	12,158	109,418	141,390	31,972	109,418	10%
NON FACTORY BUILDING												
Cost	81,229	-	13,629	-	-	-	4,911	89,947	166,686	76,739	89,947	5% 10%
Revaluation	416,534	-	-	-	-	-	22,775	394,159	476,762	82,603	394,159	5% 10%
POWER PLANT												
Cost	76,155	-	-	-	-	-	9,365	66,790	146,707	79,917	66,790	5%
Revaluation	20,359	-	-	-	-	-	1,018	19,341	22,621	3,280	19,341	5%
PLANT & MACHINERY												
Cost	1,659,940	8,141	71,966	-	-	4,164	110,246	1,625,637	3,070,492	1,444,855	1,625,637	5% - 20%
Revaluation	867,423	-	-	-	-	509	44,639	822,275	1,494,568	672,293	822,275	5% - 20%
FURNITURE, FIXTURE AND												
Cost	3,907	6,131	-	-	-	2,504	1,496	6,038	15,810	9,772	6,038	10%
OFFICE EQUIPMENT												
Cost	8,474	6,219	-	-	-	259	3,723	10,711	63,800	53,089	10,711	10%
VEHICLES												
Cost	44,763	29,044	-	-	-	3,944	10,143	59,720	155,007	95,287	59,720	20%
LEASED												
PLANT AND MACHINERY												
Cost	128,065	-	-	-	-	-	11,057	117,008	175,000	57,992	117,008	5%
TOTAL												
Cost	3,662,694	49,535	89,128	-	-	11,380	240,925	3,549,052	6,220,627	2,671,575	3,549,052	
Revaluation	2,101,369	49,535	89,128	-	-	10,871	160,335	2,068,846	3,950,273	1,881,427	2,068,846	
	1,561,305	-	-	-	-	509	80,590	1,480,206	2,270,354	790,148	1,480,206	
	3,662,694	49,535	89,128	-	-	11,380	240,925	3,549,052	6,220,627	2,671,575	3,549,052	

4.1

PARTICULARS	2014										Depreciation Rate
	NET CARRYING VALUE					GROSS CARRYING VALUE					
	Opening Net Book Value At Oct 01, 2014	Direct Additions	Transfer From CW/IP	Revaluation	Transfer at NBV - Lease	Disposal	Depreciation	Net Book Value At Sep 30, 2015	Cost	Accumulated Depreciation	Net Book Value At Sep 30, 2015
OWNED											
FREE HOLD LAND											
Cost	3,787	-	-	-	-	-	-	3,787	3,787	-	3,787
Revaluation	135,013	-	-	-	-	-	-	135,013	135,013	-	135,013
FACTORY BUILDING											
Cost	61,729	-	41,622	-	-	-	8,282	95,069	149,451	54,382	95,069
Revaluation	135,085	-	-	-	-	-	13,509	121,576	141,390	19,814	121,576
NON FACTORY BUILDING											
Cost	77,824	-	8,055	-	-	-	4,650	81,229	153,057	71,828	81,229
Revaluation	441,133	-	-	-	-	-	24,199	416,934	476,762	59,828	416,934
POWER PLANT											
Cost	76,212	-	9,747	-	-	-	9,804	76,155	146,707	70,552	76,155
Revaluation	22,621	-	-	-	-	-	2,262	20,359	22,621	2,262	20,359
PLANT & MACHINERY											
Cost	1,391,638	46,620	314,095	-	-	-	92,413	1,659,940	2,999,203	1,339,263	1,659,940
Revaluation	912,625	-	-	-	-	-	45,202	867,423	1,495,111	627,888	867,423
FURNITURE, FIXTURE											
Cost	4,167	171	-	-	-	-	431	3,907	16,638	12,731	3,907
OFFICE EQUIPMENT											
Cost	8,005	3,927	-	-	-	8	3,450	8,474	61,028	52,554	8,474
VEHICLES											
Cost	53,731	4,452	-	-	-	2,462	10,958	44,763	139,790	95,027	44,763
LEASED											
PLANT AND MACHINERY											
Cost	140,350	-	-	-	-	-	12,285	128,065	175,000	46,935	128,065
TOTAL	3,463,920	55,170	373,519	-	-	2,470	227,445	3,662,694	6,115,558	2,452,864	3,662,694
Cost	1,817,443	55,170	373,519	-	-	2,470	142,273	2,101,389	3,844,661	1,743,272	2,101,389
Revaluation	1,646,477	-	-	-	-	-	85,172	1,561,305	2,270,897	709,592	1,561,305
TOTAL	3,463,920	55,170	373,519	-	-	2,470	227,445	3,662,694	6,115,558	2,452,864	3,662,694

..... Rupees in thousand

4.1.1 Revaluation of land, buildings and plant and machinery had been recently carried out on September 30, 2013 by an independent valuer on the basis of market value or depreciated replacement values as applicable. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account to comply with the requirement of section 235 of the Companies Ordinance, 1984.

	Note	2015	2014
Rupees in thousand			
4.1.2 Depreciation for the year has been allocated as follows:			
Cost of Sales	27.1	197,829	183,781
Administrative expenses	30	43,096	43,664
		240,925	227,445

4.1.3 Detail of disposal of property, plant, equipment and vehicles - by negotiation

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Particulars of Buyer
Rupees in thousand						
VEHICLES						
Toyota Corolla ATR-26	1,384	870	514	1,245	731	Muhammad Husaan, Flat # 202 Sairna Haven Block-4 Gulshan-E-Iqbal Karachi
Suzuki Swift-AUH-076	1,058	616	442	813	371	Aamir Dar, Block-15 North Nazimabad Karachi
Suzuki Swift- AUL-112	1,058	616	442	813	371	Aamir Dar, Block-18 North Nazimabad Karachi
Suzuki Cultus ASW-058	805	535	270	560	290	Anis Umer, Flat no A-3 Faisal Apartment Miran Shah Muhammad Shah Road KDA 1 Scheme, Karachi
Suzuki Cultus ANL-827	600	497	103	520	417	Haji Abdul Ghaffar, Poonawala Garden Jamshed Road, Karachi.
Suzuki Cultus APL-725	716	586	130	515	385	Shabbir Ahmed, Model School Sheikh Ghari Yaseen Shehkarpur
Suzuki Cultus ANT-310	660	548	112	500	388	Muhammad Saleem, Faizan Height Flat # A-305 Plot # 102 Sobraj Chitami Road Garden West Karachi
Suzuki Cultus ASM-847	790	570	220	490	270	Habib-ur-Rehman, 18th street House no 26/1 Khayabeen -E-Tanzeem DHA Karachi
Suzuki Cultus AMB-938	617	483	134	400	266	Hafiz Saleem, B-9 Block B Bab-E-Rahmat Apartment Gulshan-E-Iqbal, Karachi
Suzuki Cultus AQC-109	626	489	137	400	263	Abdul Salam, House No 431 Block 16, Nazimabad, Karachi
Suzuki Swift ATF-502	1,049	688	361	500	139	Hassan Raza, Akbar Motor, Near Islamia Collegre Jamsheed Road Karachi
Honda City ANX-637	846	686	160	450	290	Abid Siddiqui, House No E-33 Block-7 Gulshan-E-Iqbal Karachi
Suzuki Cultus AKA-782	609	530	79	400	321	Shoukat Khan, Motor and Motor Near Khalid Bin Waleed Road Karachi
Shehzore KEM-8477	534	510	24	550	526	Islamuddin, House No 7 Plot, Manzoor Colony Karachi
Honda CD-70 KEI-3403	63	45	18	63	45	Loung, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KEQ-1644	63	43	20	63	43	Ahmed Raza, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KER-7532	63	43	20	63	43	Bashir Ahmed, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KEL-9440	66	36	30	66	36	Rana Aftab, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KGE-6482	45	20	25	45	20	C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KGE-6492	45	20	25	45	20	C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KGE-6483	45	20	25	45	20	Gulzar Khan, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KGE-6488	45	20	25	45	20	Aslam Khan, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Honda CD-70 KGE 6486	45	20	25	45	20	Faisal Khan, C/o Shahpur Jahania District Sheed Benazir Bhutto Abad, Nawabshah
Fork Lifter	1,885	1,282	603	1,510	907	Faqeer Mohd, D-86/A S.I.T.E Karachi
Fork lifter	110	110	-	860	860	Dilshad Khan, Agra Taj Colony Street E-17 Plot # 257 Iyari Karachi
	13,827	9,883	3,944	11,006	7,062	
Plant & Machinery						
Boiler	8,818	4,654	4,164	4,491	327	Nezar kinara Muhalla Public Colony Sadiqabad Zilla Rahim Yar Khan
Revaluation	543	34	509	509	-	
	9,361	4,688	4,673	5,000	327	
OFFICE EQUIPMENT						
Office & other Equipment	3,447	3,188	259	259	-	Insurance Claim - Reliance Insurance Company Limited
Furniture						
Furniture	6,959	4,455	2,504	2,504	-	Insurance Claim - Reliance Insurance Company Limited
2015	33,594	22,215	11,380	18,768	7,389	
2014	6,499	4,029	2,470	7,535	5,065	

4.2 Capital work in progress

	2015			
	Opening Balance	During the year		Closing Balance
		Capital expenditure incurred	Transferred to operating fixed assets	
----- Rupees in thousand -----				
Civil work - Factory building	33,087	24,454	(17,162)	40,379
Plant and machinery-owned	11,170	110,994	(71,966)	50,198
	44,257	135,448	(89,128)	90,577

	2014			
	Opening Balance	During the year		Closing Balance
		Capital expenditure incurred	Transferred to operating fixed assets	
----- Rupees in thousand -----				
Civil work - Factory building	10,972	71,792	(49,677)	33,087
Plant and machinery-owned	5,030	329,982	(323,842)	11,170
	16,002	401,774	(373,519)	44,257

	Note	2015	2014
Rupees in thousand			
5 INTANGIBLE ASSETS			
ERP Software	5.1	-	-
5.1 ERP Software			
Net Carrying Value Basis			
Opening Net Book Value		-	983
Amortization during the year	5.2	-	(983)
Closing Net Book Value		-	-
Gross Carrying Value Basis			
Cost		6,873	6,873
Accumulated Amortization		(6,873)	(6,873)
		-	-

5.2 Cost of ERP software has been amortized over the period of 3 years on straight line basis as per company policy; however the software is still in use of the Company.

6 LONG TERM INVESTMENTS

Investment in associates: -

	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Total 2015	Total 2014
----- Rupees in thousand -----				
Opening balance	241,783	5,101	246,884	182,158
Share of profit of associate	28,863	(366)	28,497	35,585
Share of associate's unrealized (loss) / profit on remeasurement of associate's available for sale investment	-	(993)	(993)	598
Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment.	-	(7)	(7)	33,493
Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment.	-	24	24	-
Dividend received from associate	(14,190)	-	(14,190)	(4,950)
	14,673	(1,342)	13,331	64,726
Closing Balance	256,456	3,759	260,215	246,884

Summarized financial statements of associates are as follows: -

	2015		2014	
	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited
----- Rupees in thousand -----				
Number of shares held	3,299,784	500,000	3,299,784	500,000
Cost of investment	21,631	5,000	21,631	5,000
Ownership interest	15.625%	14.285%	15.625%	14.285%
Assets, Liabilities and net assets				
Total assets	5,130,385	31,757	4,667,796	40,121
Total liabilities	3,473,209	5,455	3,108,607	4,418
Net assets	1,657,176	26,303	1,559,189	35,703
Share of net assets	258,934	3,759	243,623	5,101
Operating Results				
Revenue / Income	5,308,780	3,691	5,401,479	4,825
Total expenses	(5,045,631)	(6,719)	(5,158,225)	(5,899)
Share of profit of associates	(366)	819	157	2,302
Taxation	(78,060)	(354)	(16,670)	(264)
Profit after taxation for the year	184,723	(2,563)	226,741	964
Share of incremental depreciation of associate	-	166	-	134
	184,723	(2,397)	226,741	1,098
Share of Al-Noor Sugar Mills Limited	28,863	(366)	35,428	157

- 6.1 The market value of Shahmurad Sugar Mills Limited shares as at September 30, 2015 was Rs.194.03 million. (2014 : Rs.138.195million).
- 6.2 The financial year of Al-Noor Modaraba Management (Pvt.) Limited is June 30. Further there is also no significant changes in the associate's financial affair up to September 30 therefore, the financial results as of June 30, 2015 have been used for the purpose of application of equity method.

The name of Chief Executive of the company is Mr. Jalaluddin Ahmed. The breakup value per share of this company as June 30, 2015 is Rs. 7.51 million (2014 : Rs. 10.20 million) and the aggregate breakup value of shares owned by the company amounts Rs. 3.759 million (2014: 5.101 million).

	Note	2015	2014
Rupees in thousand			
7 LONG TERM LOANS			
Secured & Interest free			
Considered good			-
Due from - Executives	7.1	5,279	3,713
- Non Executive		8,751	7,568
		14,030	11,281
Less : Current portion of			
Due from - Executives		(1,716)	(882)
- Non Executive		(6,292)	(6,883)
		(8,008)	(7,765)
		<u>6,022</u>	<u>3,516</u>
7.1 Movement of outstanding amount of loans to Executives:			
Balance at the beginning of the year		3,713	2,530
Disbursed during the year		4,641	4,842
Recovered during the year		(3,075)	(3,659)
Balance at the end of the year		<u>5,279</u>	<u>3,713</u>
7.2 Loans and advances have been given in accordance with the terms of employment and are recoverable within a period of three years in monthly installments. These are secured against the retirement benefits.			
7.3 The maximum aggregate amount due from executives at any month end during the year was Rs.4.677 million (2014: 6.770 million).			
8 LONG TERM DEPOSITS			
Lease deposit		-	35,000
Other deposits		3,552	11,954
		<u>3,552</u>	<u>46,954</u>
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		131,180	110,528
Spare parts		219,013	191,745
Loose tools		907	634
Stores in transit		-	22,560
		351,100	325,467
Less: Provision for obsolescence and slow moving items	9.1	(37,114)	(26,913)
		<u>313,986</u>	<u>298,554</u>

	Note	2015	2014
Rupees in thousand			
9.1 Provision for obsolescence and slow moving items			
Opening balance		26,913	23,873
Provision for the year		10,201	3,040
Closing balance		37,114	26,913
10 STOCK IN TRADE			
Raw material - in hand		208,423	150,157
- in transit		151,689	12,644
		360,112	162,801
Sugar in process		9,096	6,083
Finished goods			
Sugar		1,940,651	1,493,249
MDFB Sheets		179,423	127,536
		2,120,074	1,620,785
Trading stock of laminated flooring / Edge Banding		6,682	5,228
		2,495,964	1,794,897
10.1			
Stocks of refined sugar amounting to Rs.1,940.65 million (2014: Rs.1,074.658 million) is pledged against cash finance facilities and istisna arrangements as referred in Note.23.1 and 21.1 respectively.			
10.2			
Stock in trade includes stocks costing Rs. 321.607 million (2014: Rs. 1,535.29 million) written down to their net realizable value of Rs. 285.880million (2014: Rs.1,493.249 million).			
11 TRADE DEBTS			
Against Local sales - Unsecured, considered good		120,106	55,320
12 LOANS AND ADVANCES			
Secured & Interest free			
Current portion of long term loans	7	8,008	7,765
Un-secured & Interest free			
Considered good			
Advances against purchases and services		50,909	88,898
Advances to Employees		6,189	6,878
Advances to Grower		18,009	-
		75,107	95,776
Considered doubtful			
Loans to growers	12.1	36,801	36,801
For purchase and services		1,555	1,555
For transportation		2,740	2,740
		41,096	41,096
		124,211	144,637
Provision for doubtful loans and advances	12.2	(41,096)	(41,096)
		83,115	103,541

- 12.1 These loans are given to farmer/growers to support them for sugarcane cultivation and development. These are adjusted against purchase of sugarcane from respective growers. Interest is charged on these loans @ 10% subject to realization of principal. Provision has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful and hence no interest is accrued thereon.

	Note	2015	2014
Rupees in thousand			
12.2 Provision for doubtful loans and advances			
Opening balance		41,096	41,096
Provision made during the year		-	-
Closing balance		41,096	41,096
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		1,810	233
Lease deposit		35,000	-
Short term prepayments		2,136	3,534
		38,946	3,767
14 OTHER RECIEVABLES			
Insurance Claim receivable from related party	14.1	11,049	46,113
Sales tax receivable	25.8	31,173	-
Cane Development Cess		8,238	-
Export Freight Subsidy	14.2	49,779	49,779
Export Subsidy receivable	14.3	15,200	-
Dividend receivable from related party		7,590	-
Others		958	88
		123,987	95,980
Less: Provision against export freight subsidy	14.2	(49,779)	-
		74,208	95,980

- 14.1 These claims are receivable from M/s Reliance Insurance Company Limited, a related party. The maximum aggregate amount due from related party at the end of any month during the year was Rs.38.107 million (2014: 46.107 million). The claim is outstanding for not more than 120 days.

- 14.2 This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan. However, due to uncertainties regarding the recoverability of the subsidy provision has been made as a matter of prudence.

- 14.3 This represents export subsidy receivable from State Bank of Pakistan Vide EPD Circular Letter No.5 dated March 11, 2015.

15 CASH AND BANK BALANCES

Cash in hand		1,121	1,254
Cash at banks			
In Current accounts		93,730	69,811
In Saving accounts	15.1	3,322	77,444
		97,052	147,255
		98,173	148,509

- 15.1 This carry profit at the rate ranging between 5% and 7% (2014: 5 % and 7 %).

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014	Note	2015	2014
No. of Shares			Rupees in thousand	
3,617,635	3,617,635	Ordinary shares of Rs.10 each allotted for consideration paid in cash.	36,177	36,177
884,637	884,637	Ordinary shares of Rs. 10 each allotted as fully paid up otherwise than in cash (issued in terms of loan arrangement and debenture trust deeds).	8,846	8,846
15,971,430	15,971,430	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares.	159,714	159,714
<u>20,473,702</u>	<u>20,473,702</u>		<u>204,737</u>	<u>204,737</u>

16.1 Reconciliation of share capital

2015	2014		2015	2014
No. of Shares			Rupees in thousand	
20,473,702	19,498,764	Outstanding at the beginning of the year	204,737	194,988
-	974,938	Add: 5% issue of bonus shares during the year	-	9,749
<u>20,473,702</u>	<u>20,473,702</u>		<u>204,737</u>	<u>204,737</u>

16.2 Associated companies hold 1,996,950 i.e. 9.75% ordinary shares in the Company (2014: 1,996,950 i.e. 9.75%) .

17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Surplus on revaluation of property, plant and equipment	17.1	1,092,736	1,135,132
Share of associates' surplus on revaluation of property, plant and equipment		91,869	95,608
		<u>1,184,605</u>	<u>1,230,740</u>

17.1 Surplus on revaluation of property, plant and equipment

Gross opening balance		1,561,305	1,646,477
Incremental depreciation - net of deferred tax		(54,801)	(57,065)
Related deferred tax liability		(25,789)	(28,107)
		<u>(80,590)</u>	<u>(85,172)</u>
Transfer to equity on account of disposal of plant and machinery		(509)	-
Gross closing balance		1,480,206	1,561,305
Relevant deferred tax liability		(387,470)	(426,173)
Revaluation surplus net of deferred tax		<u>1,092,736</u>	<u>1,135,132</u>

18 LONG TERM FINANCING- Secured

Banks	18.1	699,208	794,933
Financial Institution	18.1	346,528	262,500
Modaraba	18.1	74,375	54,000
		<u>1,120,111</u>	<u>1,111,433</u>

Description	BANKS										FINANCIAL INSTITUTION					MODARABA		TOTAL	
	Bank Islami Pak Ltd	Burj Bank Ltd	Burj Bank Ltd	Meezan Bank Ltd	Meezan Bank Ltd	MCSB Bank Ltd	Sama Bank Ltd	Total	Pak. Sindh Inv	Pak. Sindh Inv	Pak. Oman Inv	Pak. Oman Inv	Pak. Oman Inv	Pak. Sindh Inv	Pak. Sindh Inv	Standard Chartered Modaraba	Total	2015	2014
Operating balance	234,375	250,000	16,667	50,000	125,000	100,000	278,733	1,054,775	150,000	50,000	12,500	100,000	312,500	119,250	119,250	1,488,525	1,241,250		
Add: Receipts	-	-	-	-	-	-	-	300,000	100,000	100,000	12,500	200,000	200,000	85,000	85,000	585,000	528,733		
Less: Repayment	234,375	62,500	16,667	33,333	50,000	31,942	428,717	428,717	37,500	12,500	50,000	50,000	50,000	65,250	65,250	543,867	293,588		
Closing balance	-	187,500	-	16,667	75,000	108,000	246,891	926,058	100,000	112,500	50,000	100,000	462,500	54,000	139,000	1,327,858	1,488,525		
Less: Current Maturity	62,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shown under current liabilities	125,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	25,000	16,667	16,667	80,000	25,000	72,683	226,850	22,222	18,750	37,500	12,500	25,000	115,972	54,000	10,625	407,447	375,092		
	125,000	-	-	25,000	75,000	174,248	699,266	77,778	81,250	75,000	37,500	75,000	346,528	74,375	74,375	1,120,111	1,111,433		
Description	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Demand Finance	Medium Term	Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance	Diminishing Musharaka	Diminishing Musharaka				
Schedule/Safe Proof Declared Amount (Rs. in million)	250	100	100	200	100	278,733	300	100	100	150	50	100	100	180	180				
Facility Tenor	5 Years	4 Years	4 Years	5 Years	5 Years	3 Years	5 Years	4 Years	5 Years	5 Years	5 Years	5 Years	5 Years	4 Years	4 Years				
Gross Period	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year	3 Months	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year				
Effective rate of markup (per annum)	3M KIBOR + 1.75%	3M KIBOR + 2.50%	3M KIBOR + 2.50%	6M KIBOR + 2.25%	6M KIBOR + 1.75%	3M KIBOR + 1.75%	3M KIBOR + 1.75%	6M KIBOR + 2.00%	6M KIBOR + 2.00%	6M KIBOR + 2.00%	6M KIBOR + 2.00%	6M KIBOR + 2.00%	6M KIBOR + 2.00%	6M KIBOR + 2.00%	6M KIBOR + 2.00%				
Installments Payable	Quarterly	Quarterly	Quarterly	Half Yearly	Half Yearly	Half Yearly	Quarterly	Half Yearly	Quarterly	Quarterly	Quarterly	Half Yearly	Half Yearly	Quarterly	Quarterly				
Number of installments:	16	8	12	8	8	8	16	9	16	16	16	8	8	12	12				
Date of disbursement	13-05-2013	31-03-2011	23-02-2012	23-11-2011	16-09-2014	24-03-2014	09-09-2015	06-11-2014	05-12-2014	27-09-2013	30-09-2014	18-10-2009	08-06-2014	15-05-2012	15-05-2012				
Date of maturity	13-05-2018	30-09-2018	21-03-2016	23-02-2016	19-07-2019	24-03-2019	08-09-2020	08-11-2019	05-12-2019	27-09-2018	30-09-2019	18-12-2014	08-04-2019	15-05-2016	15-05-2016				

SECURITIES

Bank Islami Pakistan Ltd 250-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division
Burj Bank Limited Rs. 250-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Burj Bank Limited Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Burj Bank Limited Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Meezan Bank Limited Rs. 200-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Meezan Bank Limited Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
MCSB Bank Limited Rs. 278.73-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division
Sama Bank Limited 300-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division
Pak. Oman Investment Company Ltd Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak. Oman Investment Company Ltd Rs. 50-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak. Oman Investment Co. Ltd Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak. Sindh Investment Company Ltd Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak. Sindh Investment Company Ltd Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Pak. Sindh Investment Company Ltd Rs. 100-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division
Standard Chartered Modaraba-180-M	First pari passu EM & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Ltd. -MDFB Division
Snd Modaraba-85-M	First pari passu Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of Al-Noor Sugar Mills Ltd. - Sugar Division

	Note	2015	2014
Rupees in thousand			
19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Minimum lease payments / rentals payable		63,388	38,661
Within one year		-	63,996
After one year but not more than five years		63,388	102,657
Less: Amount representing finance charges payable		(1,294)	(6,117)
Within one year		-	(1,757)
After one year but not more than five years		(1,294)	(7,874)
Present value of minimum lease payments		62,094	94,783
Less: Current portion shown under current liabilities	24	(62,094)	(32,545)
		-	62,238
19.1 These represent obligation against finance lease arrangements with leasing company for acquisition of machinery. The outstanding lease rentals due under the lease agreements are payable in quarterly installments latest by 2016. These carry finance charges at the rate of 6 month KIBOR+2.50% per anum being the implicit rate in the lease. The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. Liabilities are secured against promissory notes and security deposit.			
20 DEFERRED LIABILITIES			
Deferred taxation	20.1	613,863	655,049
Excise duty	20.2	35,120	35,120
		648,983	690,169
20.1 Deferred taxation			
Opening Balance		655,049	696,219
Effect of reduction in tax rate related to revaluation surplus		(12,914)	(13,766)
Reversal for the year		(28,272)	(27,404)
		613,863	655,049
Deferred tax liabilities arising due to;			
Accelerated depreciation rates		290,642	302,778
Investment in associates		29,198	22,025
Surplus on revaluation of property, plant and equipments		387,470	426,173
Lease financing arrangements - net		14,928	9,311
		722,238	760,287
Deferred tax assets arising due to;			
Provisions		(23,305)	(20,168)
Minimum tax carry forward		(85,070)	(85,070)
		613,863	655,049

20.2 This represents provision made in respect of denial of excise duty exemption by Central Excise and Land Customs Department vide notification of December 23, 1992. The company had filed a constitutional petition before the High Court of Sindh however the same was rejected by the Sindh High Court. The company has filed an appeal before the Supreme Court of Pakistan against the order of Sindh High Court. The appeal is pending for hearing, whereas the Company has recognised full amount of liability in this respect as a matter of abundant precaution and being prudent.

	Note	2015	2014
Rupees in thousand			
21 TRADE AND OTHER PAYABLES			
Creditors	21.1	344,467	139,569
Murabaha / Istisna payable	21.2	300,000	180,000
Accrued expenses		61,540	33,061
Advances from customers		202,590	1,748
Workers' Profit Participation fund	21.3	10,412	4,103
Workers' welfare fund		6,800	4,032
Unclaimed dividend		3,272	3,507
Sales tax payable		106,035	84,065
Payable to provident fund - related party		64	129
Others		32,284	7,003
		1,067,464	457,217
21.1	This includes Rs.0.127 million (2014: Rs. 4.318 million) payable to related party.		
21.2	Murabaha / Istisna have been availed from Islamic banks at 6M Kibor+0.5% to 1% per anum (2014: 6M Kibor+1% per anum). The profit is payable with principle amount on the date of maturity of transaction. These include pledge and hypothecation facilities. Pledge facilities are primarily secured by pledge of sugar and collaterally secured by ranking charge on current assets and hypothecation facilities are secured by 1st pari passu hypothecation charge over plant and machinery. The aggregate limit of Murabaha/Istasna arrangements is up to Rs. 1,100 million (2014: Rs 500 million). The unavailed facility at the year end amounted to Rs. 800 million (2014: 320 million).		
21.3 Workers' Profit Participation fund			
Opening balance		4,103	6,584
Interest on funds utilized	21.3.1	330	579
Allocation for the year		10,412	4,103
		14,845	11,266
Payments made during the year		(4,433)	(7,163)
Closing balance		10,412	4,103
21.3.1	The Company retains Workers' Profit Participation Fund for its business operations till the date of allocation to the workers. Interest is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.		
22 ACCRUED MARKUP / FINANCE COST			
On Long term financing		16,346	21,706
On Finance lease obligation		28	84
On Murabaha / Istisna / IERF		2,178	10,145
On Short term borrowings		29,562	33,498
		48,114	65,433
23 SHORT TERM BORROWINGS			
From banking companies - Secured			
Running finance/Cash finance	23.1	1,173,087	1,306,299
		1,173,087	1,306,299

- 23.1 These carry markup at rates ranging from 3/6M Kibor+1% to 1.5% (2014 : 3/6M Kibor+1% to 1.5%) per annum chargeable and payable quarterly. These are secured against pledge of refine sugar/MDFB sheets, pari passu equitable mortgage charge on fixed assets and hypothecation of stocks and receivables. The aggregate limit running finance arrangements is up to Rs. 3,875 million (2014: Rs 3,825 million). The aggregate unavailed running finance/cash finance facilities from commercial banks amounts to Rs. 2,702 million (2014 : Rs.2,519 million) as on balance sheet date.

	Note	2015	2014
Rupees in thousand			
24	CURRENT PORTION OF LONG TERM FINANCING AND LIABILITES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Long term financing	18	407,447	375,092
Liabilities against assets subject to finance lease	19	62,094	32,545
		469,541	407,637

25 CONTINGENCIES AND COMMITMENTS

a). Contingencies

- 25.1 A demand of Rs. 6.216 million in respect of sales tax on in house use of baggase as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company has disputed the liability and had filed an appeal before the Appellate Tribunal Karachi. The Appellate Tribunal has remanded back the case to the department of sales tax with a direction to compute the sales value and the sales tax payable thereon correctly after providing proper opportunity to the parties. The Sales Tax Tribunal has also directed the department to consider the fact that there was no deliberate or willful attempt to defraud the revenue therefore, the additional tax liability may be uncalled. However, to avail of relief from levy of additional tax, as provided through SRO 1349(1) 99 dated 17th December,1999, the Company had paid a total amount of Rs. 11.791 million including additional tax of Rs.5.577 million in December,1999.

The adjudicating authority has conducted the proceedings on remanded back case of the Tribunal and maintained its previous order. The Company had filed an appeal before Collector Appeals which was decided against the company. Against which the company has filed an appeal before the Appellate Tribunal. Appellate Tribunal once again remanded back the case to the adjudicating authority. However the company has provided for the contingency for the amount of sales tax and additional tax already paid through the aforesaid SRO.

- 25.2 The Company filed petition before the High Court of Sindh contesting the levy of further tax against taxable supplies made to persons other than registered person under section 3(IA) of the Sales Tax Act, 1990. The entire liability till November 30, 2000 against such further tax had been paid by the Company including additional tax and penalties. During December 2000, a judgment in favor of Company was awarded by the High Court of Sindh. In presence of this the Company has claimed for refund of such further tax amounting to Rs.48.990 million out of which an amount of Rs.5.233 million has been refunded by the department.

The Department of Sales Tax has filed an Appeal before the Honorable Supreme Court against the Order of the High Court of Sindh. The Honorable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law, however ratio-decided ordered by the High Court of Sindh has not been reversed, over ruled or amended. The Company is therefore of the view that the final outcome of the matter will be in favor of the Company. Sales Tax department has however raised a demand of further tax involving amount of 116 million, which has been contested by the company in the light of Sindh High Court Judgment. Thereafter the Sales Tax Tribunal has issued order in favor of the company against which the sales tax department filed appeal against the orders of Tribunal which are pending at Honorable Sindh High Court.

- 25.3 The Company's appeal in the Honorable Supreme Court against the Order of the Sindh High Court for levy of Quality Premium has been accepted by the Honorable Supreme Court by assailing the Order of Sindh High Court. Accordingly, no provision has been made in the books of accounts amounting to Rs. 339.65 million (2014: 339.65 million), as the matter is pending in the Honorable Supreme Court. Furthermore as per decision of federal government steering committee held on 16-07-2007, the quality premium shall remain suspended till decision of Honorable Supreme Court or consensus on uniform formula to be developed by MINFAL.

- 25.4** The Company has filed a petition before the Honorable High Court of Sindh against the imposition of special excise duty. The Honorable High Court has issued stay order for the recovery of 70% of the total amount of Rs 7.135 million against excise duty involved. The Company has however as a matter of abundant precaution has provided for the amount of said duty in the financial statements. The case has been decided in favor of the company declaring Special Excise Duty as void ab-initio and of no legal effect. The Inland Revenue department has filed an appeal before Honorable Supreme Court of Pakistan against the decision of Honorable High Court. In previous year, the company has received Show Cause Notice, from department of Inland Revenue -LTU Karachi, against refund claim of Special Excise Duty amounting to Rs. 118.208 million filed by the company, in compliance of order of Honorable High Court of Sindh Karachi.
- The company has filed another appeal in Honorable High Court of Sindh Karachi, against the Show Cause Notice issued by the department of Inland Revenue-LTU Karachi. Honorable High Court of Sindh has issued, stay order against the proceedings on the show cause notice.
- 25.5** The company had received Show Cause Notice, from department of Inland Revenue, for recovery of Federal Excise Duty availed by the company amounting to Rs.51.397 million, under SRO 77(1) 2013 dated 7th February 2013. The company has filed an appeal, before Honorable High Court of Sindh against Show Cause Notice and the Honorable High Court of Sindh has issued, stay order against the proceedings on the Show Cause Notice.
- 25.6** The Company has filed a petition in the Honorable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the vary jurisdiction of the Competition Commission. The Honorable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honorable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honorable High Courts. Therefore, there are no financial implications related to this at the moment.
- 25.7** The Company has filed a suit before the Honorable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 6.5 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Honorable High Court of Sindh has accepted the petition and termed that the impugned notification have been issued without lawful authority and suspended the operation of the impugned, notifications. The constitutional petition filed before the Honorable High Court of Sindh has been allowed in favor of the company. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honorable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority has filed an appeal before the Honorable Supreme Court of Pakistan against the decision of Honorable High Court of Sindh. No provision has been made in this respect.
- 25.8** During the year an order was issued by Large Taxpayer Unit Karachi for recovery of Rs.31.173 million including additional tax and penalty amounting, being alleged inadmissible input tax claimed by the company. The amount of alleged inadmissible input tax was deposited by the company after receipt of order. However, the company filed an appeal before the Commissioner Inland Revenue Karachi. The Commissioner Inland Revenue decided the matter in favour of the company, declaring the input tax adjustment claimed by the company as admissible against which Large Taxpayer Unit Karachi has filed an appeal before Sales Tax Appellate Tribunal Inland Revenue Karachi. However the Company has applied for refund of the amount deposited and is confident for outcome in favour of the company so no provision is made in this respect.
- 25.9** Against the sugarcane purchase price of Rs. 172 per 40 kgs as fixed for the season 2013-2014, the company had filed a case before the Honourable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honourable Supreme Court. In the due course of time, the Government of Sindh fixed the price of sugarcane at Rs. 182 per 40 kgs for the current season in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honourable High Court of Sindh. The Honourable Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10 per 40 kgs in the accounts aggregating to Rs. 253.279 millions.

25.10 During the year an incidence of fire occurred on May 02, 2015 due to short circuit as a result of which MDFB office situated on the third floor the building has been completely burnt. The premises were fully insured and a claim has been lodged with the insurance company amounting to Rs. 6.60 million and is yet to be assessed and settled. The incidence has no significant effect on operations of the company.

	Note	2015	2014
Rupees in thousand			
b). Commitments			
The Company's commitment as on September 30, are as follows:			
Letters of credit			
Stores		25,881	8,477
Raw Material		94,889	101,307
Machinery		106,624	40,936
		<u>227,394</u>	<u>150,720</u>
Bank Guarantee in favor of Trading Corporation of Pakistan(TCP) against sugar sale contracts		-	34,731
			<u>34,731</u>
26 SALES			
Export		521,942	452,096
Local			
Local Sales		7,157,495	7,966,706
Sales tax and federal excise duty		(712,229)	(718,662)
Brokerage and commission		(934)	(1,043)
		<u>6,444,332</u>	<u>7,247,001</u>
		<u>6,966,274</u>	<u>7,699,097</u>
27 COST OF SALES			
Opening stock of finished goods		1,620,785	1,479,010
Cost of goods manufactured	27.1	6,437,826	6,991,965
		<u>8,058,611</u>	<u>8,470,975</u>
Less: Closing stock of finished goods		(2,120,074)	(1,620,785)
		<u>5,938,537</u>	<u>6,850,190</u>
27.1 Cost of goods manufactured			
Raw material consumed	25.9 & 27.1.1	5,585,177	6,639,647
Salaries, wages and benefits	27.1.2	213,500	183,781
Stores and spare parts consumed		315,119	276,981
Packing materials		57,477	67,607
Fuel and oil		124,661	102,291
Power and water		247,579	210,543
Repair and maintenance		128,568	95,443
Insurance		16,008	14,320
Depreciation	4.1.2	197,829	183,781
Other manufacturing expenses		32,820	31,821
		<u>6,918,738</u>	<u>7,806,215</u>
Less:			
By product sale			
Molasses		357,938	625,211
Baggase		16,925	8,352
Sander dust		930	816
Sale of Electric Power		102,106	178,622
		<u>(477,899)</u>	<u>(813,001)</u>
Work-in-process			
Opening stock		6,083	4,834
Closing stock		(9,096)	(6,083)
		<u>(3,013)</u>	<u>(1,249)</u>
		<u>6,437,826</u>	<u>6,991,965</u>

	Note	2015	2014
		Rupees in thousand	
27.1.1 Raw material consumed			
Opening stock		150,157	307,735
Purchases and related expenses		5,643,443	6,482,069
		5,793,600	6,789,804
Closing stock		(208,423)	(150,157)
		<u>5,585,177</u>	<u>6,639,647</u>
27.1.2 It includes Rs. 6.116 million (2014: Rs. 5.845 million) in respect of contribution towards staff provident fund.			
28 PROFIT FROM TRADING ACTIVITIES			
Sales		132,046	20,164
Sales tax and federal excise duty		(19,238)	(3,107)
		112,808	17,057
Cost of sales:			
Opening stock		5,228	10,835
Purchases		113,327	5,179
Closing stock		(6,682)	(5,228)
		111,873	10,786
		935	6,271
Distribution expenses		(291)	(3,653)
Profit for the year		<u>644</u>	<u>2,618</u>
29 DISTRIBUTION COST			
Sales promotion		8,280	6,372
Export sale expenses		2,044	4,322
Dispatch and stacking		12,901	18,447
		<u>23,225</u>	<u>29,141</u>
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	30.1	175,945	171,645
Staff welfare		29,244	27,363
Rent, rates and taxes		6,498	2,783
Electricity and gas charges		15,337	12,535
Repair and maintenance		41,260	45,315
Legal and professional		5,857	3,888
Vehicle running		25,670	29,367
Insurance		3,505	3,347
Communication		6,871	6,096
Entertainment		8,787	9,815
Printing and stationery		2,120	2,150
Fees and subscription		3,784	3,994
Traveling and conveyance		10,748	9,801
Security Expenses		19,205	17,608
Auditors' remuneration	30.2	1,038	1,032
Charity and donation	30.3	2,246	2,181
Depreciation		43,096	43,664
Amortization		-	983
Others		7,813	7,027
		<u>409,024</u>	<u>400,594</u>

30.1 It includes Rs.4.633 million (2014 : Rs. 4.908 million) in respect of contribution towards staff provident fund.

	Note	2015	2014
Rupees in thousand			
30.2 Auditors' remuneration			
Kreston Hyder Bhimji & Co			
Audit fee		700	700
Out of pocket expenses		105	104
Half yearly review fee		83	83
Code of corporate governance review fee		10	10
		898	897
A.D.Akhawala & Co. - Provident Fund		30	25
A.D.Akhawala & Co. - Cost Audit		110	110
		140	135
		1038	1,032
30.3 No directors or their spouses had any interest in the donee funds.			
31 OTHER OPERATING EXPENSES			
Provision for obsolescence and slow moving items		10,201	3,040
Provision for export freight subsidy		49,779	-
Worker's Profit Participation fund		10,412	4,103
Workers welfare fund		5,241	1,559
		75,633	8,702
32 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		3,818	1,031
Exchange gain on export proceeds		894	3,159
		4,712	4,190
Income from non financial assets			
Insurance claim		21,759	426
Sale of scrap		1,441	2,924
Gain on disposal of property, plant and equipment	4.1.3	7,389	5,065
Rent from Related party		600	600
Export Subsidy	14.3	19,200	-
		50,389	9,015
ERF Performance Reward		-	4,129
		55,101	17,334
33 FINANCE COST			
Profit / Markup / Interest on:			
Long term financing		168,527	157,463
Liabilities against asset subject to finance lease		5,613	9,629
Short term borrowings		160,829	198,252
Export refinance		9,749	6,171
Murabaha / Istisna / IERF financing		25,651	13,611
Workers' profit participation fund	21.3	330	579
Bank charges		1,675	1,389
Export finance fines		8,591	-
Others		2,043	2,690
		383,008	389,784

	Note	2015	2014
		Rupees in thousand	
34 TAXATION			
Current		83,042	72,294
Deferred		(28,272)	(27,404)
		<u>54,770</u>	<u>44,890</u>
34.1 Tax Reconciliation - Current Tax			
Tax at 32% on Accounting profit		70,748	25,154
Effect of Final tax regime		7,535	2,048
Minimum tax		-	56,993
Dividend income		1,609	495
Share of profit of associate		(9,119)	(11,743)
Tax credit		(8,011)	(17,386)
Temporary differences		(18,758)	(20,693)
Reduction in tax rate		(9,514)	(6,711)
Others		20,279	16,733
		<u>(15,979)</u>	<u>19,736</u>
		<u>54,770</u>	<u>44,890</u>
35 EARNINGS PER SHARE			
Basic and diluted			
Profit after taxation		166,319	31,333
Weighted average number of ordinary shares outstanding during the year		20,474	20,474
Earnings per share (Rupees)		8.12	1.53

36 RELATED PARTY TRANSACTIONS

The related parties comprise associates, key management personnel and staff retirement benefit plans. The transactions with related parties are carried out as per agreed terms in the normal course of business. Amounts due from and to related parties are shown in respective notes of investment, receivables and payables, and remuneration of directors and key management personnel is disclosed in note 3. Other transactions with related parties are as follows : -

Relationship with the Company	Nature of Transactions	2015	2014
		Rupees in thousand	
Associates:			
Reliance Insurance Company Limited	Insurance premium paid	26,830	10,882
	Insurance claims received	56,764	36,110
	Insurance claims receivable	11,049	46,113
Shahmurad Sugar Mills Limited	Sale of goods	362,738	581,473
	Dividend received	6,600	4,950
	Dividend receivable	7,590	-
	Share of profit in associates	28,863	35,428
	Share of other comprehensive income and item taken directly to equity	-	33,493
First Al-Noor Modaraba (Pvt) Limited	Rent income	600	600
	Share of (loss) / profit in associates	(366)	157
	Share of other comprehensive (loss) / income and item taken directly to equity	(976)	598
Staff Retirement Benefits Plan	Employer's contribution to provident fund	10,749	10,753

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Rupees in thousand								
Meeting fee	26	25	242	250	-	-	268	275
Remuneration	6,535	6,324	9,282	13,712	52,299	51,395	68,116	71,431
Provident fund	-	-	-	-	3,659	4,063	3,659	4,063
Perquisite (including house rent and bonus)	3,426	3,163	4,641	6,856	51,228	45,803	59,295	55,822
Reimbursable expenses including traveling expenses	1,618	-	1,294	1,466	-	-	2,912	1,466
	11,605	9,512	15,459	22,284	107,186	101,261	134,250	133,057
Number of persons	1	1	2	4	71	67		

37.1.1 The Chief Executive, certain Directors and Executives are also provided with free use of company's cars.

37.1.2 Meeting fee has been paid to 10 Directors including CEO.

	2015	2014
38 CAPACITY AND PRODUCTION		
Sugar Division		
Capacity Days	120	120
Cane crushing capacity per day (M.Ton)	7,000	7,000
Total Crushing Capacity on basis of no. of days (M.Ton)	840,000	840,000
No of days Mill operated	110	155
Actual Crushing (M.Ton)	1,013,118	1,293,261
Sugar Production (M.Ton)	104,283	126,719

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery.

MDF Board division

Mande Line

No. of Days Mill Operated	303	218
Capacity Per Day (Cubic Meter)	70	70
Total Capacity on basis of no. of days (Cubic Meter)	21,210	15,260
Actual Production (Cubic Meter)	19,053	12,524

Production of Mande Line of MDF Board Division was lowered due to production mix of different sizes.

Sunds Line

No. of Days Mill Operated	309	316
Capacity Per Day (Cubic Meter)	122	122
Total Capacity on basis of no. of days (Cubic Meter)	37,698	38,552
Actual Production (Cubic Meter)	39,755	37,328

39 SEGMENT INFORMATION

The operating results, assets and liabilities and other significant information of each segment is as follows:

	SUGAR		MDF BOARD		TOTAL	
	2015	2014	2015	2014	2015	2014
----- Rupees in thousand -----						
REVENUE						
External sales	4,683,372	5,722,202	2,282,902	1,976,895	6,966,274	7,699,097
External Sales of By-product & Electricity	476,969	812,185	930	816	477,899	813,001
Inter-segment transfer - Electricity	46,183	42,488	-	-	46,183	42,488
Total Revenue	<u>5,206,524</u>	<u>6,576,875</u>	<u>2,283,832</u>	<u>1,977,711</u>	<u>7,490,356</u>	<u>8,554,586</u>
RESULTS						
Profit from operations	<u>449,798</u>	<u>349,886</u>	<u>146,334</u>	<u>71,904</u>	596,132	421,790
Other operating expenses					(75,633)	(8,702)
Other Income					55,101	17,334
Finance cost					(383,008)	(389,784)
Share of profit from associates					28,497	35,585
Profit before tax					221,089	76,223
Taxation					(54,770)	(44,890)
Net profit for the year					<u>166,319</u>	<u>31,333</u>
BALANCE SHEET						
Assets						
Segment assets	4,526,515	3,956,614	2,347,186	2,301,375	6,873,701	6,257,989
Investment in associates	260,215	246,884	-	-	260,215	246,884
Unallocated Assets	-	-	-	-	15,453	60,241
Total assets					<u>7,149,369</u>	<u>6,565,114</u>
Liabilities						
Segment liabilities	3,770,681	3,319,777	736,135	769,409	4,506,816	4,089,186
Unallocated liabilities					20,484	11,642
Total liabilities					<u>4,527,300</u>	<u>4,100,828</u>
OTHER INFORMATION						
Additions to property, plant and equipment	77,742	258,687	107,241	198,257	184,983	456,944
Depreciation	128,516	131,175	112,409	96,270	240,925	227,445
Amortization	-	-	-	983	-	983

Geographical Information

All non-current assets of the Company are located in Pakistan. Company's local sales represent sales to various external customers in Pakistan whereas export sales represent sales to customers in various countries of Asia. The company is not dependent on any single major customers whose sales is more than 10% of segment revenues

40 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the company as at September 30 are as follows:

2015						
Markup / Interest Based			Non Markup / Interest Based			Total
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	

-----Rupees in thousand-----

FINANCIAL ASSETS

Long Term Investment	-	-	-	-	260,215	260,215	260,215
Long Term Loans	-	-	-	8,008	6,022	14,030	14,030
Deposits	-	-	-	36,810	3,552	40,362	40,362
Trade debts	-	-	-	120,106	-	120,106	120,106
Loans and advances	-	-	-	6,189	-	6,189	6,189
Other receivables	-	-	-	43,035	-	43,035	43,035
Cash and bank balances	3,322	-	3,322	94,851	-	94,851	98,173
	3,322	-	3,322	308,999	269,789	578,788	582,110

FINANCIAL LIABILITIES

Long Term Financing	407,447	1,120,111	1,527,558	-	-	-	1,527,558
Liabilities against assets subject to finance lease	62,094	-	62,094	-	-	-	62,094
Trade and other Payables	310,412	-	310,412	554,462	-	554,462	864,874
Accrued markup / finance cost	-	-	-	48,114	-	48,114	48,114
Short term borrowings	1,173,087	-	1,173,087	-	-	-	1,173,087
	1,953,040	1,120,111	3,073,151	602,576	-	602,576	3,675,727

2014						
Markup / Interest Based			Non Markup / Interest Based			Total
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	

-----Rupees in thousand-----

FINANCIAL ASSETS

Long Term Investment	-	-	-	-	246,884	246,884	246,884
Long Term Loans	-	-	-	7,765	3,516	11,281	11,281
Deposits	-	-	-	233	46,954	47,187	47,187
Trade debts	-	-	-	55,320	-	55,320	55,320
Loans and advances	-	-	-	6,878	-	6,878	6,878
Other receivables	-	-	-	46,201	-	46,201	46,201
Cash and bank balances	77,444	-	77,444	71,065	-	71,065	148,509
	77,444	-	77,444	187,462	297,354	484,816	562,260

FINANCIAL LIABILITIES

Long Term Financing	375,092	1,111,433	1,486,525	-	-	-	1,486,525
Liabilities against assets subject to finance lease	32,545	62,238	94,783	-	-	-	94,783
Long term deposits	-	-	-	-	402	402	402
Trade and other Payables	184,103	-	184,103	271,366	-	271,366	455,469
Accrued markup / finance cost	-	-	-	65,433	-	65,433	65,433
Short term borrowings	1,306,299	-	1,306,299	-	-	-	1,306,299
	1,898,039	1,173,671	3,071,710	336,799	402	337,201	3,408,911

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest / markup rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

This note presents information about the Company's Exposure to each of the above risk, the company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest / markup rate risk, credit risk, financial instruments and investment of excess liquidity. The Board of Directors reviews and agrees policies for managing each of these risks as summarized below.

A Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's operating activities exposes it to credit risks arising mainly in respect of investments, balances with banks, loans and advances, trade debts, deposits and other receivables. The maximum exposure to credit risk at the reporting date is as follows:

	2015	2014
	(Rupees in thousand)	
Loans and advances	20,219	18,159
Deposits	40,362	47,187
Trade debts	120,106	55,320
Other receivables	43,035	46,201
Bank Balances	97,052	147,255
	<u>320,774</u>	<u>314,122</u>

Loans and advances

These represent balances due from employees that are secured against their balances of retirement benefited . The Company actively pursue for the recovery and based on past experience the Company does not expect that these will fail to meet their obligations hence no impairment allowance is necessary. Further the recovery of loan to grower is uncertain so appropriate provision has been made against past due loans to growers as disclosed in note 12.2.

Deposits

These represent security deposits with utility and leasing companies and trade deposits to suppliers. Based on past experience and credit worthiness of the counter parties the Company does not expect that these counter parties will fail to meet their obligations and the Company believes that it is not exposed any significant credit risk in respect of deposits.

Trade debts

Trade debts are due from local customers. The Company manages credit risk in respect of trade debts in respect of local and export sales by setting credit limits in relation to individual customers and / or by obtaining advance against sales and / or through irrevocable letter of credits and / or by providing for doubtful debts. The Company actively pursue for the recovery and the Company does not expect these companies will fail to meet their obligation and further these are neither past due nor impaired, hence no allowance is necessary in respect of trade debts. Aging of trade debts is as follows;

1 to 3 months	641	10,957
3 to 6 months	119,465	44,363
	<u>120,106</u>	<u>55,320</u>

Other receivables

These represent amounts receivables from related and other parties against which the Company is actively pursuing for the recovery and the Company expect that the recovery will be made soon. The Company believes that no impairment allowance is necessary in respect of receivable because these are neither past due nor impaired.

Bank balances

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

The bank balances along with credit ratings are tabulated below:

	Long Term Ratings	Short Term Ratings	2015 Rupees in thousand	2014
United Bank Limited	AA+	A-1+	3,443	27,649
Habib Bank Limited	AAA	A-1+	8,740	2,413
Allied Bank Limited	AA+	A1+	3,075	1,752
MCB Bank Limited	AAA	A1+	3,230	11,363
Standard Chartered Bank Limited	AAA	A1+	1,213	175
National Bank of Pakistan	AAA	A1+	1,819	2,805
Faysal Bank Limited	AA-	A1+	3,213	5,637
Bank Al-Falah Limited	AA	A1+	26,371	90,301
Bank Islami Limited	A+	A1	238	251
Habib Metropolitan Bank Limited	AA+	A1+	642	12
Al-Baraka Bank (Pakistan) Limited	A	A1	370	16
Soneri Bank Limited	AA-	A1+	577	626
Industrial Commercial bank of china	A1	P-1	2	2
Meezan Bank Limited	AA	A-1+	20,151	3,264
Burj Bank Limited	A-	A-2	856	576
Js Bank Limited	A+	A1+	1,035	214
Bank Al-Habib	AA+	A1+	21,767	171
Askari Commercial Bank Limited	AA	A-1+	12	12
Dubai Islamic Bank	A+	A-1	234	16
Samba Bank Limited	AA	A-1	49	
Bank of Khyber			15	
			97,052	147,255

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired is assessed by reference to historical information and external ratings or to historical information about counter party default rates. As at the balance sheet date amounts of Rs. 41.096 millions (2014: 41.096 million) receivable from growers, suppliers and contractors were past due against which allowance for doubtful debts have been made. The aging of the past due financial assets is as under;

2 year to 3 years	41,096	41,096
-------------------	---------------	--------

The company has also made provision of Rs.49.779 million in respect of Export freight subsidy due to uncertainties regarding the recoverability.

B Liquidity risk

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with contractual maturities (undiscounted) of the financial liabilities is as follow;

Year ended 30 September 2015

	Less than 3 months	3 to 12 months	1 to 5 years	Total
(Rupees in thousand)				
Long term financing	-	407,447	1,120,111	1,527,558
Finance lease Liabilities	-	62,094	-	62,094
Trade and other payables	554,390	310,484	-	864,874
Accrued mark-up	48,114	-	-	48,114
Short-term borrowings	-	1,173,087	-	1,173,087
	602,504	1,953,112	1,120,111	3,675,727

Year ended 30 September 2014

Long term financing	-	375,092	1,111,433	1,486,525
Finance lease Liabilities	-	32,545	62,238	94,783
Long term deposits	-	-	402	402
Trade and other payables	258,443	197,026	-	455,469
Accrued mark-up on	65,433	-	-	65,433
Short-term borrowings	-	1,306,299	-	1,306,299
	323,876	1,910,962	1,174,073	3,408,911

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2015 the Company has PKR 3,502 million (2014: PKR 3,535 million) available unutilized short term borrowing limit from financial institutions and also has PKR 98.173 million (2014: PKR 148.509 million) being cash and banks balances. Based on the above, management believes the liquidity risk is insignificant.

C Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest/markup rate risk and other price risk.

D Interest/ markup rate risk management

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest / markup rates. The Company's major interest / markup rate exposure arises from long term financings, short term borrowings and Finance Lease. The Company analyses its interest / markup rate exposure on a regular basis by monitoring markup/interest rate trends. At the balance sheet date the interest / markup rate profile of the Company's mark up/interest bearing financial instruments is:

Financial Liabilities	Effective interest rates	Carrying Values	
	2015 Note number	2015 --- Rupees in thousand ---	2014
Variable Rate Instruments			
Long Term Financing	18	1,527,558	1,486,525
Murabaha/Istisna/IERF	21.2	300,000	180,000
Liability Against assets subject to finance lease	19	62,094	94,783
WPPF	21.3	10,412	4,103
Short term Borrowings	23	1,173,087	1,306,299
Less: Balances in saving bank account		(3,322)	(77,444)
		3,069,829	2,994,266

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 rate at the balance sheet would not effect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased /increased profit for the year before tax by the amount of Rs. 30.698 million (2014: 29.942 million) assuming that all other variables remains constant.

E Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial statements will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure in respect of on balance sheet items is insignificant. In appropriate cases, the Company takes out forward contracts to mitigate risk. The Company's exposure to foreign currency risk in respect of off balance sheet items is as follows:

	2015 in thousands		2014 Rupees in thousands	
Off Balance Sheet Exposure				
Commitments				
US Dollars	\$ 849	\$ 735	89,145	87,587
EUROS	€ 1,068	€ 725	127,092	56,785
SWISS FRANCO	CHF 18	CHF -	1,944	-
			218,181	144,372

The following significant exchange rate has been applied:

	2015	2014
Rupee per USD		
Average rate	103.75	100.70
Reporting date rate	105.00	102.50
Rupee per EURO		
Average rate	124.56	139.63
Reporting date rate	119.00	130.11
Rupee per SWISS FRANCO		
Average rate	107.66	112.21
Reporting date rate	108.00	107.31

Sensitivity analysis

The effect of 10 percent strengthening / weakening on off Balance Sheet date items would have been Rs.21.818 million (2014: Rs.14.437 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

F Fair value of financial instruments

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

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values except investment in associate reported at equity method.

G Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

The primary objectives of the Company 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.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During 2015 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2015 and 2014 were as follows:

	2015 (Rupees in thousand)	2014 (Rupees in thousand)
Total borrowings	3,062,739	3,067,607
Less: Cash and bank balances	(98,173)	(148,509)
	2,964,566	2,919,098
Total equity	1,437,464	1,233,546
Total equity and debt	4,402,030	4,152,644
Gearing ratio (%)	67.35%	70.29%

42 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

	2015 (Rupees in thousand)	2014 (Rupees in thousand)
	Un-audited	Un-audited
Size of the fund - Total assets	105,341	98,653
Cost of investments made	105,200	96,234
Percentage of investments made	99.87%	97.55%
Fair value of investments	105,200	96,234

42.1 The break-up of fair value of investment is:

	2015		2014	
	Rs. 000s %	Rs. 000s %
	Un-audited		Audited	
Meezan Amdan Certificate	100,100	95.15%	94,200	97.89%
Saving accounts with banks	5,100	4.85%	2,034	2.11%
	105,200	100.00%	96,234	100.00%

42.2 The investment out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

43 **NUMBER OF EMPLOYEES**

No of persons employed as on year end were 769 (2014:815) and average number of employee during the year were 820 (2014:670).

44 **EVENTS AFTER BALANCE SHEET DATE**

Subsequent to the year ended September 30, 2015, the Board of Directors has proposed a final cash dividend of Rs. 67.563 million at 33% i.e. Rs. 3.30 per share of Rs. 10 each (2014: Rs. 20.474 million at 10% i.e. Rs. 1.00 per share of Rs. 10 each) in their meeting held on December 29, 2015 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 29, 2016.

45 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue in the Board of Directors meeting held on 29th December, 2016.

46 **GENERAL**

46.1 Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director

**PATTERN OF HOLDING OF THE SHARES HELD
BY THE SHAREHOLDERS AS ON 30-09-2015**

NO. OF SHAREHOLDERS		SHARE HOLDINGS		TOTAL SHARES HELD
446	1	TO	100	11,647
388	101	TO	500	110,857
119	501	TO	1000	87,446
168	1001	TO	5000	411,129
40	5001	TO	10000	292,810
13	10001	TO	15000	153,810
10	15001	TO	20000	173,847
8	20001	TO	25000	183,103
4	25001	TO	30000	117,632
3	30001	TO	35000	94,291
2	40001	TO	45000	84,000
2	45001	TO	50000	99,678
3	50001	TO	55000	158,948
1	55001	TO	60000	59,209
5	60001	TO	65000	309,446
2	65001	TO	70000	134,803
2	70001	TO	75000	149,513
2	90001	TO	95000	185,308
1	95001	TO	100000	97,000
1	100001	TO	105000	101,981
2	110001	TO	115000	223,750
1	115001	TO	120000	118,704
2	120001	TO	125000	242,314
1	125001	TO	130000	128,933
1	145001	TO	150000	150,000
1	155001	TO	160000	156,940
1	165001	TO	170000	166,976
4	185001	TO	190000	745,649
2	190001	TO	195000	384,953
1	195001	TO	200000	197,695
1	205001	TO	210000	208,218
2	220001	TO	225000	442,176
1	235001	TO	240000	236,046
1	270001	TO	275000	270,403
2	280001	TO	285000	560,589
1	285001	TO	290000	288,383
1	300001	TO	305000	304,117
1	320001	TO	325000	323,394
2	370001	TO	375000	744,774
1	400001	TO	405000	402,483
1	415001	TO	420000	417,820
1	465001	TO	470000	469,637
1	480001	TO	485000	482,550
1	565001	TO	570000	566,416
1	710001	TO	715000	710,915
1	735001	TO	740000	739,500
1	775001	TO	780000	775,750
1	850001	TO	855000	853,375
1	1015001	TO	1020000	1,019,227
1	1220001	TO	1225000	1,222,995
1	1875001	TO	1880000	1,875,675
1	2025001	TO	2030000	2,026,887
1261				20,473,702

CATAGORIES OF SHAREHOLDERS AS ON 30-09-2015

SR. NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1	INDIVIDUALS	1237	14,839,255	72.48
2	INSURANCE COMPANIES	1	566,416	2.77
3	JOINT STOCK COMPANIES	12	2,645,677	12.92
4	MUTUAL FUND	1	2,026,887	9.90
5	FINANCIAL INSTITUTIONS	4	34,030	0.17
6	MODARABAS	1	121,275	0.59
7	OTHERS	5	240,162	1.17
TOTAL:-		1261	20,473,702	100.00

CATEGORIES OF SHARE HOLDING AS AT SEPTEMBER 30, 2015

Categories of Shareholders	No. of Share Holders	Shares Held	Percentage
ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES			
FIRST AL-NOOR MODARABA	1	121,275	0.59
NOORI TRADING CORPORATION (PVT) LTD	1	1,875,675	9.16
NBP, NIT & ICP			
INVESTMENT CORPORATION OF PAKISTAN	1	208	0.00
NATIONAL INVESTMENT TRUST LTD. ADMINISTRATION FUND	1	20,881	0.10
NATIONAL BANK OF PAKISTAN	1	12,831	0.06
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND.	1	220,468	1.08
TRUSTEE NATIONAL BANK OF PAKISTAN EMP. BENEVOLENT FUND TRUST.	1	7,736	0.04
MUTUAL FUNDS			
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,026,887	9.90
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDREN			
MRS. MUNIRA ANJUM (W/O YUSUF AYOOB)	1	402,483	1.97
MR. MUHAMMAD SULEMAN AYOOB	1	323,394	1.58
MR. MUHAMMAD YUSUF AYOOB	1	371,032	1.81
MR. ABDUL AZIZ AYOOB	1	121,039	0.59
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)	1	208,218	1.02
MRS. ZARINA ISMAIL ZAKARIA (W/O ISMAIL H. ZAKARIA)	1	191,165	0.93
MR. ZIA ZAKARIA	1	193,788	0.95
MR. ZOHAIR ZAKARIA	1	304,117	1.49
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)	1	60,070	0.29
MR. MOHAMMAD SALIM SULEMAN	1	92,811	0.45
MR. ISMAIL H. ZAKARIA	1	469,637	2.29
MR. NOOR MOHAMMAD ZAKARIA	1	11,279	0.06
MR. SHEHNAZ SATTAR ZAKARIA (W/O NOOR MOHAMMAD)	1	373,742	1.83
MRS. ADIBA SALIM (W/O SALIM SULEMAN)	1	74,538	0.36
PUBLIC SECTOR COMPANIES AND CORP.	1	566,416	2.77
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND	1	110	0.00
JOINT STOCK COMPANIES	11	770,002	3.76
OTHERS	3	11,958	0.06
INDIVIDUALS	1223	11,641,942	56.86
TOTAL:-	1,261	20,473,702	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	---	2,026,887
NOORI TRADING CORPORATION (PVT.) LTD.	---	1,875,675
ZAKI ZAKARIA	---	1,222,995

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



PROXY FORM

I/We
in the district of being a Member of **AL-NOOR SUGAR MILLS LIMITED**
and holder of Ordinary Shares as per Share
(Number of Shares)

Register Folio No. and/or CDC Participant I.D. No. and Sub Account No.

hereby appoint of
or failing him

of..... also a member; as my/our Proxy in my/our absence to
attend and vote for me/us at the 46th Annual General Meeting of the Company to be held on the 29th day of January two
thousand and sixteen at 3.30 P.M. and at any adjournment thereof :

Signed this day of 2016

WITNESSES:

1. Signature
Name:
Address
NIC or
Passport No.

2. Signature
Name:
Address
NIC or
Passport No.

Rupees five
Revenue
Stamp

Signature of Member(s)

NOTE:

If a Member is unable to attend the Meeting, he may sign this Form and send it to Secretary AL-NOOR SUGAR MILLS LIMITED, KARACHI so as to reach him not less than 48 hours before the time of holding the Meeting. A proxy need to be a member of the company.



AL-NOOR SUGAR MILLS LIMITED
M.D.F. BOARD DIVISION



AL-NOOR SUGAR MILLS LTD.

96-A, Sindhi Muslim Society, Karachi-74400.