26th Annual Report

CONTENTS

COMPANY INFORMATION

Board of Directors	Mr. Akbar Khan	(Chairman)
	Mr. Haroon Khan	(Chief Executive)
	Mr. Ghazi Khan	
	Mrs. Rasheeda Begum	
	Mrs. Mobina Akbar Khan	
	Mr. Saeed Ullah Khan Paracha	
	Mr. Tahir Farooq Malik	
Company Secretary and Chief Financial Officer	Mr. Ahmad Jehanzeb Khan	
Bankers	Allied Bank Limited Bank Alfalah Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Limited The Bank of Punjab United Bank Limited	
Legal Advisors	1) Bandial & Associates House # 12/A, Block 'H' Gulberg II, Lahore	2) Ali Subtain Fazli & Associates Mall Mansion 30 The Mall, Lahore
Audit Committee	Mr. Saeed Ullah Khan Paracha	Chairman
	Mr. Akbar Khan	Member
	Mr. Ghazi Khan	Member / Secretary
Auditors	*KPMG* Taseer Hadi & Co. Chartered Accountants	
Share Registrar	Corplink (Private) Limited 1-K, Model Town, Lahore	
Sugar Mills:		
Unit 1	Kanjwani, Tehsil Tandlianwala District, Faisalabad	
Unit 2	Taunsa Road, Indus Highway Dera Ismail Khan	
Unit 3	Shah Jamal Road Muzaffargarh	
Distillery:		
Unit 1	Kanjwani, Tehsil Tandlianwala District, Faisalabad	
Unit 2	Shah Jamal Road Muzaffargarh	
Top Gas:	Kanjwani, Tehsil Tandlianwala District, Faisalabad	
Registered Office	32-N, Gulberg-II, Lahore	

VISION, MISSION & STRATEGY

Mission

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

Corporate Strategy

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty sixth Annual General Meeting of the Shareholders of Tandlianwala Sugar Mills Limited will be held on Monday, March 02, 2015 at 10:00 a.m at Noor Shadi Hall, 49-N, Industrial Area, Gulberg-II, Lahore, for transacting the following business:

1. To confirm the Minutes of the Annual General Meeting held on February 28, 2014.

2. To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2014 together with the Directors' and Auditors' report thereon.

3. To appoint Auditors for the year ending 30 September 2015 and fix their remuneration. M/s KPMG Taseer Hadi & Co., Chartered Accountants, the retiring Auditors, have offered themselves for re-appointment.

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

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

Lahore:
February 20, 2015

Notes

1. The shares transfer books of the Company will remain closed from 23rd February 2015 to 2nd March 2015 (both days inclusive).

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

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

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

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

Directors' Report

Your Directors are pleased to welcome you at the 26th Annual General Meeting of the Company and present the Audited Financial Statements for the year ended September 30, 2014.

Operating Results - Sugar Division

During the year under review we managed to produce 269,597 M Tons of sugar as compared to 197,370 M Tons during last comparative year, due to more availability of cane during the season as well as balancing/enhancement in capacities of two of our Units. An analysis of key operating results indicates that the Company successfully managed increase in Gross Profit to Rs 1.425 billion from Rs 0.859 billion of last year. The Company also achieved the highest level of its sales volume of approx. Rs 13 billion and effectively got a Net Profit of Rs 247.124 million as compared to the last year's Net Loss of Rs 382.719 million.

There has been an increase of 40% in the financial charges of the company, which is mainly attributed to increase in bank financing for setting up of our Second, state-of-the-art Distillery plant at our Rehman Hajira Unit at Muzaffargarh. The Company is fulfilling its financial obligations on time and enjoying good relations with all the financial institutions.

There has been a normal increase in administrative expenses which have gone up by 7% and reflects the realistic portion of inflation during the year. The decrease in selling expenses is due to decreased export of sugar by sea, as compared to last year.

The Export quota approved by ECC benefited the industry to the extent of FED, but the freight subsidy funds have not yet been released by TDAP.

Distillery Division

The Distillery division (DI) has operated in an excellent manner and achieved 95% of its utilization of capacity during last few years.

The Division utilized its indigenous raw material (Molasses) from its Sugar Division, which is a key competitive advantage and allows the division to enjoy the improved profitability. In this division, a bright future is ahead as the demand for Ethanol in both National and International markets always show an upward trend. Taking cognizance of the future long term benefits, we have set up, during the year under review, our second distillation plant (DII) which began commercial operations from December 2014.

CO2 Division

Our Top Gas (CO_2) Division has worked very efficiently throughout the year in conjunction with the production cycle of Distillery (DI). This division produced 8,649 M. Tons of CO_2 as compared to 3,058 M Tons of last year, which reflects a substantial increase in production.

This new Division (CO_2) of your Company recorded turnover of Rs 241.096 million during the year and achieved a growth of 89% compared to last year, which is quite commendable.

The demand of CO_2 is gradually increasing in the national market as we have established good relationship and won trust of the local consumers in a very short span of time.

Future Outlook of the Company

Sugar industry is in a critical phase as during last few years the minimum support price of sugar cane has significantly increased, which has not been absorbed by the market in view of surplus sugar production both in the domestic and international markets, keeping the sugar prices depressed and even below the manufacturing cost. The overall difficulties of sugar industry are mainly due to the non cooperation of official bodies and government to compensate the industry.

We have diversified into various segments comprised of sugar, ethanol and CO2, which has strengthened TSML group and enabled us to handle the sugar industry crisis.

We are pleased to inform all the shareholders that the Company has established its second distillery (DII) at Rehman Hajira Muzaffargarh sugar unit and it has also started commercial production during the current crushing season 2014-2015. By the commissioning of second unit of Distillery, the TSML group is now the largest ethanol producer of Pakistan.

Corporate Social Responsibility

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

- Encouraging employment of work force living in the rural areas in order to yield significant gain and uplift in their living standards.
- Continuously striving to improve greenery, maintain a clean environment around the factory and better housekeeping.
- Making arrangement for civic, health, education and accommodation facilities to employees.
- Support social causes.

On the corporate social responsibility front, the Company has already launched education program and accordingly providing education facilities at premises adjacent to employees colony at the factory in order to provide primary education facilities by qualified staff on concessional fees basis to the children of the factory employees and others living nearby in the rural areas in order to alleviate illiteracy and poverty. The Company has always supported other noble causes which help the members of the society. Sustainability of the Company, its employees and shareholders of the Company is the prime concern of your directors and various developments on this are under active consideration which will be reported in the ensuing periods.

Statement on Corporate and financial reporting framework

- These financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from, if any has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.

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

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

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

A statement regarding key financial data for the last six years is annexed to this report.

Information about taxes and levies is given in the notes to the financial statements.

Six Years Review at a Glance

The six years review at a glance is annexed.

Pattern of Shareholdings

The pattern of shareholdings as on September 30, 2014 is annexed.

Audit Committee

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

The Audit Committee comprises of the following members:

Mr. Saeed Ullah Khan Paracha	Chairman
Mr. Akbar Khan	Member
Mr. Ghazi Khan	Member / Secretary

Human Resource Committee

The Board has constituted a Human Resource Committee in compliance with the Code of Corporate Governance 2014.

Board Meetings

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

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

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

Trading in Shares

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

Outstanding Statutory Dues

Details of outstanding dues towards minimum tax and those relating to other statutory obligations are set out in note 15 and 31 respectively.

Dividend

No dividend is being recommended by the Board of Directors for the year ended September 30, 2014.

Staff Retirement Benefits

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

Auditors

The retiring Auditors, M/s *KPMG* Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment for the year ending September 30, 2015.

Appreciation

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

On behalf of Board of Directors

Haroon Khan
(Chief Executive)
February 20, 2015

SIX YEARS REVIEW AT A GLANCE

Figures in '000

		2014 (Rupees)	2013 (Rupees)	2012 (Rupees)	2011 (Rupees)	2010 (Rupees)	2009 (Rupees)
FINANCIAL RESULTS							
Sales (Net)		12,999,789	12,294,796	8,376,917	7,759,465	10,169,643	5,805,824
Cost of Sales		11,574,518	11,435,215	7,508,390	6,321,536	8,798,140	4,748,963
Gross profit		**1,425,271**	**859,581**	**868,527**	**1,437,929**	**1,371,503**	**1,056,861**
Operating, financial and Other expenses		1,393,962	1,263,727	1,016,758	912,167	762,035	925,542
Other income		54,161	119,737	13,083	6,416	12,966	2,653
Net profit / (loss) before wppf		**85,471**	**(284,409)**	**(135,148)**	**532,178**	**622,434**	**133,972**
Workers' profit participation fund		4,274	-	-	26,609	31,122	6,699
Workers' Welfare fund		-	-	-	(11,826)	11,826	2,545
Net (loss) / profit before Taxation		**81,197**	**(284,409)**	**(135,148)**	**517,395**	**579,486**	**124,728**
Provision for taxation		165,927	98,310	(197,690)	22,839	249,966	86,823
Net (loss) / profit after taxation		**247,124**	**(382,719)**	**62,542**	**494,556**	**329,520**	**37,905**
Cash dividend		-	-	-	-	-	-
(Loss) / Earning per share (Rs.)		2.10	(3.25)	0.42	4.20	2.80	0.32
Authorized capital		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Paid-up capital		1,177,063	1,177,063	1,177,063	1,177,063	1,177,063	1,177,063
Fixed capital expenditures (Net)		797,424	7,645,295	5,460,225	5,221,206	5,415,846	5,471,067
OPERATING RESULTS							
Sugarcane crushed - Unit - 1	M. Tons	627,342	556,144	457,219	472,492	427,828	420,858
Sugarcane crushed - Unit - 2	M. Tons	1,068,301	724,066	465,491	593,420	545,032	497,762
Sugarcane crushed - Unit - 3	M. Tons	1273466	897,054	686,936	514,105	561,893	387,661
Sugar recovery - Unit - 1	%	9.15	9.17	9.47	9.16	9.23	9.68
Sugar recovery - Unit - 2	%	8.49	8.45	8.38	8.37	8.35	8.17
Sugar recovery - Unit - 3	%	9.54	9.50	9.76	9.28	9.20	9.50
Sugar production - Unit - 1	M. Tons	57405	50,997	43,311	43,261	39,519	40,727
Sugar production - Unit - 2	M. Tons	90720	61,172	39,015	49,683	45,481	40,652
Sugar production - Unit - 3	M. Tons	121472	85,201	67,042	47,732	51,696	36,852
Season started - Unit - 1		19-11-2013	29-11-2012	18-11-2011	26-11-2010	17-11-2009	25-11-2008
Season started - Unit - 2		25-11-2013	29-11-2012	29-11-2011	26-11-2010	02-12-2009	22-11-2008
Season started - Unit - 3		20-11-2013	29-11-2012	18-11-2011	26-11-2010	17-11-2009	25-11-2008
Season closed - Unit - 1		29-03-2014	30-03-2013	23-03-2012	07-04-2011	10-03-2010	20-03-2009
Season closed - Unit - 2		21-03-2014	01-04-2013	29-03-2012	01-04-2011	11-03-2010	09-03-2009
Season closed - Unit - 3		05-04-2014	03-04-2013	12-04-2012	01-04-2011	16-03-2010	20-03-2009
Crushing days - Unit - 1	No.	121	122	127	133	114	116
Crushing days - Unit - 2	No.	117	124	122	127	100	108
Crushing days - Unit - 3	No.	137	126	147	127	120	116

FORM 34

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

1. Incorporation Number **L-01226**

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

3. Pattern of holding of the shares held by the shareholders as at **30-09-2014**

4. No. of Shareholders	------Shareholding------ From	To	Total Shares Held
108	1	100	2,959
444	101	500	209,934
76	501	1,000	66,012
74	1,001	5,000	157,756
13	5,001	10,000	93,181
8	10,001	15,000	103,661
3	15,001	20,000	53,555
2	20,001	25,000	42,000
2	25,001	30,000	55,920
1	45,001	50,000	50,000
1	140,001	145,000	144,300
1	550,001	555,000	552,500
2	1,390,001	1,395,000	2,789,689
1	1,395,001	1,400,000	1,395,343
1	1,400,001	1,405,000	1,401,747
1	1,890,001	1,895,000	1,894,064
1	3,290,001	3,295,000	3,294,155
1	5,455,001	5,460,000	5,459,419
1	5,745,001	5,750,000	5,745,514
1	10,610,001	10,615,000	10,610,937
1	20,195,001	20,200,000	20,197,535
1	20,250,001	20,255,000	20,253,274
1	21,480,001	21,485,000	21,481,857
1	21,650,001	21,655,000	21,650,988
746			**117,706,300**

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	92,839,588	78.8739%
5.2 Associated Companies, undertakings and related parties.	---	---
5.3 NIT and ICP	7,500	0.0064%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	222,968	0.1894%
5.5 Insurance Companies	1,000	0.0008%
5.6 Modarabas and Mutual Funds	14,556	0.0124%
5.7 Share holders holding 10%	89,191,433	75.7746%
5.8 General Public		
a. Local	13,998,383	11.8926%
b. Foreign	---	---
5.9 Others (to be specified)		
1-Joint Stock Companies	6,935	0.0059%
2-Non-Residence/Foreign Companies	10,612,037	9.0157%
3- Pension Funds	3,220	0.0027%
4-Others	113	0.0001%

6. Signature of Company Secretary			
7. Name of Signatory	AHMAD JEHANZEB KHAN		
8. Designation	COMPANY SECRETARY		
9. NIC Number	35201-5789985-5		
10 Date	30	09	2014

TANDLIANWALA SUGAR MILLS LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on September 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
		-	-
Mutual Funds (Name Wise Detail)			
1	GOLDEN ARROW SELECTED STOCKS FUND LIMITED (CDC)	5,356	0.0046%
Directors and their Spouse and Minor Chidren (Name Wise Detail):			
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,063,235	19.5939%
3	MR. GHAZI KHAN	22,887,700	19.4448%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
5	MRS. MOBINA AKBAR KHAN	1,000	0.0008%
6	MR. SAEEDULLAH KHAN PARACHA	3,094,155	2.6287%
7	MR. TAHIR FAROOQ MALIK	500	0.0004%
8	MRS. SHAHNAZ W/O SAEEDULLAH KHAN PARACHA	552,500	0.4694%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		236,388	0.2008%

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

S. No.	Name	Holding	Percentage
1	MR. AKBAR KHAN	21,592,481	18.3444%
2	MR. HAROON KHAN	23,063,235	19.5939%
3	MR. GHAZI KHAN	22,887,700	19.4448%
4	MRS. RASHEEDA BEGUM	21,648,017	18.3916%
5	TODDI INVESTMENTS LIMITED.	10,610,937	9.0148%
6	MR. HAMEED ULLAH KHAN PARACHA	7,639,578	6.4904%

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

S.No	NAME		SALE	PURCHASE
		NIL		

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company **TANDLIANWALA SUGAR MILLS LIMITED**

Year Ended **30 September 2014**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

    a. The Company did not have any independent Director during the year ended 30 September 2014 as per the requirement of i(b) of the CCG, after the retirement of Mr. Saeed Ullah Khan Paracha (previously, an independent Director).

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

Lahore	(Akbar Khan)	(Haroon Khan)
February 20, 2015	Chairman	Chief Executive

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of **Tandliawala Sugar Mills Limited** (“the Company”) for the year ended 30 September 2014 to comply with the requirements of Listing Regulation no. 35 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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Code.

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

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

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

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph 23 where these are stated in the Statement of Compliance.

S. No.	Paragraph reference	Description
i.	23(a)	The Company did not have any independent Director during the year ended 30 September 2014 as per the requirement of i(b) of the Code, after the retirement of Mr. Saeed Ullah Khan Paracha (previously, an independent Director).
ii.	23(b)	The Chairman of the audit committee is not an independent Director.

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

Lahore
February 20, 2015

Auditors' Report to the Members

We have audited the annexed balance sheet of Tandlianwala Sugar Mills Limited ("the Company") as at 30 September 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

   iii. the business conducted, investment made and expenditure incurred during the year were in accordance with the objects of the Company.

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

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

Lahore
February 20, 2015

Balance Sheet

	Note	2014 Rupees	2013 Rupees
LIABILITIES			
Share capital and reserves			
Authorised capital			
120,000,000 (2013: 120,000,000) shares of Rs. 10 each		**1,200,000,000**	1,200,000,000
Issued, subscribed and paid up capital	6	**1,177,063,000**	1,177,063,000
Reserves		**1,130,963,317**	879,302,049
Equity portion of financial liabilities	7	**1,101,802,502**	1,337,169,540
		3,409,828,819	3,393,534,589
Non current liabilities			
Loan from Directors - unsecured	8	**1,023,827,632**	1,025,014,048
Long term finances - secured	9	**1,602,021,984**	135,799,408
Liabilities against assets subject to finance lease	10	**172,422,117**	66,525,544
Advances from customers	11	**1,055,746,779**	1,054,646,732
Deferred liabilities	12	**196,097,733**	334,157,508
		4,050,116,245	2,616,143,240
Current liabilities			
Short term borrowings - secured	13	**6,310,458,265**	3,609,662,545
Current portion of non-current liabilities	14	**164,823,746**	102,762,520
Trade and other payables	15	**2,308,514,650**	2,060,281,305
Interest and markup accrued	16	**245,446,716**	114,162,759
		9,029,243,377	5,886,869,129
Contingencies and commitments	17		
		16,489,188,441	11,896,546,958

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

Lahore
February 20, 2015

Chief Executive

As at 30 September 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non current assets			
Property, plant and equipment	18	**9,835,688,601**	7,755,012,318
Long term deposits	19	**110,749,283**	65,943,232
		9,946,437,884	7,820,955,550
Current assets			
Stores, spares and loose tools	20	**1,081,782,099**	628,139,722
Stock in trade	21	**4,008,364,929**	2,136,242,304
Trade debts	22	**30,256,752**	33,232,863
Advances, deposits, prepayments and other receivables	23	**829,028,659**	375,088,038
Advance income tax		**243,973,837**	137,528,423
Cash and bank balances	24	**349,344,281**	765,360,058
		6,542,750,557	4,075,591,408
		16,489,188,441	11,896,546,958

Director

Profit and Loss Account

For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees
Sales - net	25	**12,999,788,942**	12,294,795,993
Cost of sales	26	**(11,574,517,706)**	(11,435,214,945)
Gross profit		**1,425,271,236**	859,581,048
Administrative expenses	27	**(313,399,392)**	(292,574,415)
Distribution expenses	28	**(179,977,785)**	(328,319,420)
Other income	29	**54,161,029**	119,736,792
Profit from operations		**986,055,088**	358,424,005
Finance cost	30	**(900,584,802)**	(642,832,818)
Other expenses		**(4,273,514)**	-
Profit / (loss) before taxation		**81,196,772**	(284,408,813)
Taxation	31	**165,927,318**	(98,310,237)
Profit / (loss) after taxation		**247,124,090**	(382,719,050)
Earnings / (loss) per share - basic and diluted	32	**2.10**	(3.25)

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

Lahore
February 20, 2015

Chief Executive **Director**

Statement of Comprehensive Income

For the year ended 30 September 2014

	2014 Rupees	2013 Rupees
Profit / (loss) after taxation	**247,124,090**	(382,719,050)
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Remeasurement of defined benefit liability	5,850,151	-
Related tax	(1,312,973)	-
	4,537,178	-
Total comprehensive income / (loss) for the year	**251,661,268**	(382,719,050)

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

Lahore
February 20, 2015

Chief Executive

Director

Cash Flow Statement

For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees
Cash flow from operating activities			
Profit / (loss) before taxation		**81,196,772**	(284,408,813)
Adjustments for non cash items:			
Depreciation on property, plant and equipment		**409,294,360**	334,831,270
Gain on disposal of property, plant and equipment		**(744,060)**	(350,891)
Finance cost		**900,584,802**	642,832,818
Provision for employees' retirement benefits		**33,170,824**	23,244,393
Return on bank deposits		**(19,938,994)**	(12,176,401)
		1,322,366,932	988,381,189
Operating profit before working capital changes		**1,403,563,704**	703,972,376
(Increase) / decrease in current assets:			
Stores, spares and loose tools		**(453,642,377)**	75,123,123
Stock in trade		**(1,872,122,625)**	705,818,715
Advances, deposits, prepayments and other receivables		**(453,940,621)**	(214,929,081)
Trade debts		**2,976,111**	(33,232,863)
		(2,776,729,512)	532,779,894
Increase in current liabilities:			
Trade and other payables		**248,233,345**	921,393,052
Cash (used in) / generated from operations		**(1,124,932,463)**	2,158,145,322
Finance cost paid		**(769,300,845)**	(648,667,043)
Employees' retirement benefits paid		**(766,103)**	(270,065)
Taxes paid		**(106,445,414)**	(100,631,025)
Net increase in deposits		**(44,806,051)**	(5,310,798)
		(921,318,413)	(754,878,931)
Net cash (used in) / generated from operating activities		**(2,046,250,876)**	1,403,266,391
Cash flow from investing activities			
Fixed capital expenditure		**(2,490,159,060)**	(1,753,706,183)
Proceeds from sale of property, plant and equipment		**932,477**	734,622
Income received from bank deposits		**19,938,994**	12,176,401
Net cash used in investing activities		**(2,469,287,589)**	(1,740,795,160)
Cash flow from financing activities			
Long term finances - net		**1,524,523,387**	122,507,987
Loans from directors - net		**(236,553,454)**	(86,606,817)
Finance lease liabilities - net		**109,656,988**	(45,123,917)
Advances from customers		**1,100,047**	321,499,032
Net cash generated from financing activities		**1,398,726,968**	312,276,285
Net (decrease) / increase in cash and cash equivalents		**(3,116,811,497)**	(25,252,484)
Cash and cash equivalents at the beginning of the year		**(2,844,302,487)**	(2,819,050,003)
Cash and cash equivalents at the end of the year	*33*	**(5,961,113,984)**	(2,844,302,487)

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

Lahore
February 20, 2015

Chief Executive **Director**

Statement of Changes in Equity

For the year ended 30 September 2014

	Share capital	RESERVES Share premium	Un-appropriated profit	Sub total	Equity portion of Directors' loan	Total
	Rupees					
Balance as at 30 September 2012	1,177,063,000	290,741,640	971,279,459	1,262,021,099	1,491,497,576	3,930,581,675
Transactions with owners of the Company:						
Equity portion of financial liabilities	-	-	-	-	(49,025,825)	(49,025,825)
Imputed interest on financial liability	-	-	-	-	(105,302,211)	(105,302,211)
	-	-	-	-	(154,328,036)	(154,328,036)
Total comprehensive loss for the year:						
Loss for the year ended 30 September 2013	-	-	(382,719,050)	(382,719,050)	-	(382,719,050)
Other comprehensive income for the year ended 30 September 2013 - net of tax	-	-	-	-	-	-
	-	-	(382,719,050)	(382,719,050)	-	(382,719,050)
Balance as at 30 September 2013	1,177,063,000	290,741,640	588,560,409	879,302,049	1,337,169,540	3,393,534,589
Transactions with owners of the Company:						
Equity portion of financial liabilities	-	-	-	-	(122,615,493)	(122,615,493)
Imputed interest on financial liability	-	-	-	-	(112,751,545)	(112,751,545)
	-	-	-	-	(235,367,038)	(235,367,038)
Total comprehensive income for the year:						
Profit for the year ended 30 September 2014	-	-	247,124,090	247,124,090	-	247,124,090
Other comprehensive income for the year ended 30 September 2014 - net of tax	-	-	4,537,178	4,537,178	-	4,537,178
	-	-	251,661,268	251,661,268	-	251,661,268
Balance as at 30 September 2014	**1,177,063,000**	**290,741,640**	**840,221,677**	**1,130,963,317**	**1,101,802,502**	**3,409,828,819**

Lahore
February 20, 2015

Chief Executive

Director

Notes to the Financial Statements

For the year ended 30 September 2014

1 Status and nature of business

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Functional and presentation currency

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

2.3 Accounting convention

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

2.4 Change in accounting policy

As a result of amendment to IAS 19 Employee Benefits (amended 2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Company determines the net interest expense / (income) for the period on the net defined benefit liability / (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability / (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. All changes in the present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in the profit and loss account, immediately in the period in which they occur. The change in accounting policy has been applied prospectively, being considered immaterial.

3 Use of estimates and Judgments

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

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

- Employees' retirement benefits *note 5.1*
- Taxation *note 5.2*
- Useful lives and residual values of property, plant and equipment *note 5.4*
- Provisions and contingencies *note 5.9*

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

There were certain new standards and amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations except as disclosed in note 2.4 and are, therefore, not disclosed in these financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

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

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

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

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

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

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

5 Significant accounting policies

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

5.1 Employees' retirement benefits

The Company operates an un-funded gratuity scheme for eligible employees who have completed their qualifying period. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuations and is charged to profit and loss account.

The most recent valuation was carried out as at 30 September 2014 using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme;

	2014	2013
Expected rate of salary increase in future years	12.50%	10.50%
Discount rate	13.50%	11.50%
Average expected remaining working life-time of employees	08 years	13 years

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

5.2 Taxation

Income tax expense comprises current and deferred tax.

Current

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

Deferred

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

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

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

5.3 Trade and other payables

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

5.4 Property, plant and equipment

Owned

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

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

Depreciation is charged to profit and loss account on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 18 .

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

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

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

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

5.5 *Leases*

The company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note10. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 18. Depreciation of leased assets is charged to profit and loss account.

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

The finance cost is calculated at the interest rates implicit in the lease and are charged to income.

Operating leases

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

5.6 Stores, spares and loose tools

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

5.7 Stock in trade

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

Cost is determined as follows:

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

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

5.8 Trade debts

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

5.9 Provisions

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

5.10 Cash and cash equivalents

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

5.11 Financial instruments

5.11.1 Financial assets

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

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

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

5.11.1 *(b) Loans and receivables*

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

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

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

5.11.1 *(d) Held to maturity*

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

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

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

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

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

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

5.11.2 Financial liabilities

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

5.11.3 Recognition and derecognition

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

5.12 Impairment

Financial assets

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

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

Non-financial assets

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

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

5.13 Offsetting

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

5.14 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the profit and loss account.

5.15 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer i.e. on dispatch of goods in case of local sales and on preparation of Bill of Lading in case of export sales.

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

5.16 Related party transactions

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

5.17 Borrowing costs

Borrowing costs incurred on finances obtained for the construction of qualifying assets are capitalized up to the date, the respective assets are available for intended use. All other borrowing costs are taken to the profit and loss account currently.

5.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

	2014 Number	2013 Number	2014 Rupees	2013 Rupees
6 Issued, subscribed and paid up capital				
Ordinary shares of Rs. 10 each fully paid in cash	**117,706,300**	117,706,300	**1,177,063,000**	1,177,063,000

	Note	2014 Rupees	2013 Rupees
7 Equity portion of financial liabilities	*7.1*	**1,101,802,502**	1,337,169,540

7.1 This represents equity portion relating to interest free loan from Directors amounting to Rs. 2,125 million (2013: Rs. 2,362 million).

7.2 Interest free loan received from Directors has been discounted using discount rate of 11% per annum (2013: 11% per annum) and classified separately in equity portion and long term loan as referred to in note 8.

	Note	2014 Rupees	2013 Rupees
8 Loan from Directors - unsecured			
Interest free loan	*8.1*	**2,125,630,134**	2,362,183,588
Present value adjustment	*7*	**(1,101,802,502)**	(1,337,169,540)
		1,023,827,632	1,025,014,048

8.1 The movement under this head is as follows:

	Note	2014 Rupees	2013 Rupees
Opening balance		**2,362,183,588**	2,448,790,405
Loan obtained during the year		**1,272,868,652**	47,352,417
Repayments made during the year		**(1,509,422,106)**	(133,959,234)
Closing balance	*8.2*	**2,125,630,134**	2,362,183,588

8.2 These represent long term loan portion relating to unsecured and interest free loan from directors amounting to Rs. 2,125 million (2013: 2,362 million). These have been recognized at amortised cost using discount rate of 11% per annum (2013: 11% per annum). The resulting difference has been transferred to equity portion of financial liabilities as referred to in note 7.

Loan to the extent of Rs. 300 million is subordinated to Bank of Punjab against Term Finance Facility as explained in note 9.2 .

		Note	2014 Rupees	2013 Rupees
9	**Long term finances**			
	MCB Bank Limited - Led Syndicated Loan	9.1	**1,227,423,091**	-
	The Bank of Punjab	9.2	**135,799,408**	203,699,112
	Pak Oman Investment Company Limited	9.3	**300,000,000**	-
	Al Baraka Bank Limited	9.4	**65,000,000**	-
			1,728,222,499	203,699,112
	Less: current portion of non-current liabilities	14	**126,200,515**	67,899,704
			1,602,021,984	135,799,408

9.1 MCB Bank Limited - led syndicated loan

This syndicated loan has been obtained from consortium of banks comprising of MCB Bank Limited, United Bank Limited, The Bank of Punjab, Soneri Bank Limited and Pak Libiya Holding Company (Pvt.) Ltd. The Company has obtained this syndicated loan to finance for setting up the ethanol project at Rehman Hajra, Unit III.

Principal repayment

Loan is repayable in 18 equal quarterly installments with grace period of two years commencing from February 2014 and ending in June 2020.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 275 bps per annum.

Security

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

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

9.2 The Bank of Punjab

This loan has been obtained from The Bank of Punjab for setting up the carbon dioxide recovery plant at Kanjwani, Unit I.

Principal repayment

This loan is repayable in 12 quarterly installments with grace period of nine months commencing from October 2012 and ending in July 2016.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 375 bps per annum.

Security

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

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

9.3 Pak Oman Investment Company Limited

This loan has been obtained from Pak Oman Investment Company Limited to acquire plant and machinary for Ethanol Project.

Principal repayment

This loan is repayable in 14 quarterly installments with grace period of six months commencing from December 2015 and ending in February 2019.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 375 bps per annum.

Security

This loan is secured by way of ranking charge over fixed assets including land, building, plant and machinery located at Unit-III, with 25% margin over the facility amount. Ranking charge over these assets shall be upgraded to pari passu with in 90 days from the date of facility drawdown.

9.4 Al Baraka Bank Limited

This loan was obtained from Al Baraka Bank Limited under the musharika agreement to acquire steam turbine generator located at Rehman Hajra, Unit III.

Principal repayment

This loan is repayable in 12 quarterly installments commencing from February 2015 and ending in November 2017.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 300 bps per annum.

Security

This loan is secured by way of ranking charge of Rs. 100 million over all fixed and moveable assets including land, building and machinery of Unit-III, located at Muzaffargarh. Ranking charge over these assest shall be upgraded to pari passu within 120 days from the date of disbursment. This loan is also secured by personal guarantee of all the Directors.

10 Liabilities against assets subject to finance lease

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

	Note	2014 Rupees	2013 Rupees
Present value of minimum lease payments		**211,045,348**	101,388,360
Less: current portion of non-current liabilities	14	**(38,623,231)**	(34,862,816)
		172,422,117	66,525,544

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

	Note	**2014** Minimum lease payments	Future finance cost	Present value
		- - - - - - - - Rupees	- - - - - - - -	
Particulars				
Not later than one year	14	**49,065,101**	**10,441,870**	**38,623,231**
Later than one year and not later than five years		**180,608,600**	**8,186,483**	**172,422,117**
		229,673,701	**18,628,353**	**211,045,348**

	Note	2013 Minimum lease payments	Future finance cost	Present value
		- - - - - - - - Rupees	- - - - - - - -	
Particulars				
Not later than one year	14	39,923,577	5,060,761	34,862,816
Later than one year and not later than five years		67,107,125	581,581	66,525,544
		107,030,702	5,642,342	101,388,360

Salient features of the leases are as follows:	2014	2013
Discount factor (%)	**12.40 - 15.92**	12.93 - 15.97
Period of lease (years)	**3 - 5**	3 - 5
Security deposits (%)	**10**	10

10.1 The Company has entered into a finance lease arrangement with a financial institution for plant and machinery as shown in note 18. The liability under this arrangement is payable in monthly installments. Interest rates implicit in the lease is used as discounting factor to determine the present value of minimum lease payments.

10.2 All lease agreements carry renewal option at the end of lease period, however, the Company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Residual value of the leased assets has already been paid at the inception of the lease in the form of security deposits. There are no financial restrictions imposed by lessors. Taxes, repairs, replacements and insurance costs are borne by the lessee.

11 Advances from customers

These represent interest free advances received against sale of sugar from 2015 - 2016 production.

	Note	**2014 Rupees**	2013 Rupees
12 Deferred liabilities			
Employees' retirement benefits - Gratuity	*12.1*	**147,799,780**	121,245,210
Deferred taxation	*12.2*	**48,297,953**	212,912,298
		196,097,733	334,157,508

12.1 Employees' retirement benefits - Gratuity

12.1.1 Amount recognized in balance sheet is as follows:

	Note	**2014 Rupees**	2013 Rupees
Present value of defined benefit obligation	*12.1.3*	**147,729,780**	114,176,546
Unrecognized actuarial loss	*12.1.4*	**-**	6,998,664
Benefits due but not paid during the year		**70,000**	70,000
Liability as at 30 September		**147,799,780**	121,245,210

12.1.2 Movement in liability recognized in balance sheet

	Note	**2014 Rupees**	2013 Rupees
Opening balance as at 01 October		**121,245,210**	98,270,882
Add: Expense for the year	*12.1.5*	**33,170,824**	23,244,393
Less: Benefits paid during the year		**(766,103)**	(270,065)
Charge to other comprehensive income		**(5,850,151)**	-
Closing balance as at 30 September		**147,799,780**	121,245,210

	2014 Rupees	2013 Rupees
12.1.3 Movement in liability for defined benefit obligation		
Present value of defined obligation as at 01 October	**114,176,546**	84,072,072
Current service cost	**20,084,572**	14,102,614
Interest cost for the year	**13,086,252**	9,668,288
Benefits paid during the year	**(766,103)**	(270,065)
Benefits due but not paid during the year	**-**	(70,000)
Actuarial loss on present value of defined benefit obligation	**1,148,513**	6,673,637
Present value of defined benefit obligation as at 30 September	**147,729,780**	114,176,546
12.1.4 Changes in actuarial gains		
Unrecognized actuarial gains	**6,998,664**	14,198,810
Actuarial loss during the year	**(1,148,513)**	(6,673,637)
Actuarial gains charged to profit and loss account	**-**	(526,509)
Charge to other comprehensive income	**(5,850,151)**	-
Unrecognized actuarial gains	**-**	6,998,664
12.1.5 The amounts recognized in the profit and loss account are as follows:		
Current service cost	**20,084,572**	14,102,614
Interest cost	**13,086,252**	9,668,288
Actuarial gains charge	**-**	(526,509)
Net amount chargeable to profit and loss account	**33,170,824**	23,244,393

	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees
Historical Information					
Present value of defined benefit obligations	**147,729,780**	114,176,546	84,072,072	71,175,007	54,970,623
Experience adjustment arising on plan liability (gains) / losses	**1,148,513**	6,673,637	(7,642,643)	(1,784,005)	(5,991,813)

12.1.6 Expected expense for next year

The expected expense to the gratuity scheme for the year ending 30 September 2015 works out to Rs. 45.99 million.

12.1.7 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at 30 September 2014 would have been as follows:

	Gratuity Impact on present value of defined benefit obligation	
	Increase	Decrease
	------------ Rupees ------------	
Discount rate movement	134,846,387	162,721,642
Future salary movement	162,968,210	134,410,855

	Note	2014 Rupees	2013 Rupees
12.2 Deferred taxation			
Deferred tax liability on taxable temporary differences arising in respect of:			
- Accelerated tax depreciation		**952,353,351**	958,377,950
- Leased assets		**32,223,325**	31,016,069
Deferred tax asset on deductible temporary differences arising in respect of:			
- Unused tax losses and tax credits	12.2.2	**(903,107,426)**	(751,254,054)
- Employees' retirement benefits		**(33,171,296)**	(25,227,667)
		48,297,954	212,912,298
12.2.1 Movement in deferred tax balances is as follows:			
As at 01 October		**212,912,298**	114,602,061
Recognized in profit and loss account:			
- Accelerated tax depreciation		**(6,024,599)**	(36,754,316)
- Leased assets		**1,207,256**	(3,453,192)
- Unused tax losses and tax credits		**(151,853,372)**	135,885,617
- Employees' retirement benefits		**(6,630,656)**	2,632,128
Recognized in other comprehensive			
- Employees' retirement benefits		**(1,312,973)**	-
		48,297,954	212,912,298

12.2.2 Deferred tax asset amounting to Rs. 675.69 million (30 September 2013: Rs. 398.34 million) on unused tax losses and tax credits, has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be re-assessed on 30 September 2015.

13 Short term borrowings - secured

Banking & Financial Institutions	Limit (Rupees in million)	Note	2014 Rupees	2013 Rupees
Cash Finance:				
MCB Bank Limited	1400	13.1	**1,110,639,000**	503,872,000
Allied Bank Limited	550	13.2	**220,636,216**	444,333,500
United Bank Limited	500	13.3	**388,125,170**	200,000,000
National Bank of Pakistan	1000	13.4	**762,503,500**	294,325,625
Burj Bank Limited	250	13.5	**180,000,000**	250,000,000
Summit Bank Limited	200	13.6	**200,000,000**	5,277,173
The Bank Of Punjab	1000	13.7	**342,964,434**	312,315,794
Sindh Bank Limited	1900	13.8	**461,159,809**	635,784,553
Bank of Khyber	400	13.9	**400,000,000**	-
Morahaba:				
Al Baraka Bank	250	13.10	**199,997,240**	-
Running Finance:				
MCB Bank Limited (within CF)	100	13.11	**99,432,896**	99,041,900
Export Refinance/ Finance against				
Packing Credit:				
MCB Bank Limited	450	13.12	**450,000,000**	300,000,000
Sindh Bank Limited	1000	13.13	**995,000,000**	564,712,000
United bank Limited	500	13.14	**500,000,000**	-
			6,310,458,265	3,609,662,545

13.1 This facility is secured by way of pledge of refined sugar bags at Unit I, Unit II & Unit III. It carries mark-up at the rate of 1 month KIBOR plus 3% per annum (2013: 1 month KIBOR plus 3% per annum). Also included in it is a one-off cash finance facility of Rs. 700 million which carries mark up at the rate of 1 month KIBOR plus 3.25% per annum (2013: 1 month KIBOR plus 3.25% per annum).

In addition, this facility is secured by way of ranking charge of Rs. 667 million over all present and future current assets of the Company, first registered equitable mortgage charge of Rs. 50 million over fixed assets of the Company admeasuring 724 Kanals and 07 Marlas situated at Unit I and personal guarantees of all the sponsor Directors of the Company.

13.2 This facility is secured by way of pledge of refined sugar bags with 25% margin and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at the rate of 1 month KIBOR plus 3.5% per annum (2013: 1 month KIBOR plus 3.5% per annum).

13.3 This facility is secured by way of pledge of sugar bags with 25% margin present at Unit I, Unit II & Unit III, and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at the rate of 1 month KIBOR plus 3% per annum (2013: 1 month KIBOR plus 3% per annum).

13.4 This facility is secured by way of pledge of sugar with 25% margin and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at the rate of 6 month KIBOR plus 2.75% per annum (2013: 6 month KIBOR plus 2.75% per annum).

13.5 This facility is secured by way of pledge of refined sugar with 30% margin, ranking hypothecation charge on all present and future current assets of the Company with 25% risk margin and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at the rate of matching KIBOR plus 3.75% per annum (2013: KIBOR plus 2.75% per annum).

13.6 This facility is secured by way of pledge of refined sugar with 25% margin, ranking charge of Rs. 67 million on all present and future fixed assets of Unit I and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at the rate of 3 month KIBOR plus 5% per annum (2013: 3 month KIBOR plus 5% per annum).

13.7 This facility is secured by way of pledge of refined sugar with 25% margin and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at the rate of 3 month KIBOR plus 3% per annum (2013: 3 month KIBOR plus 3.25% per annum). Also included in it is a one-off cash finance facility of Rs. 300 million which is secured by ranking charge of Rs. 400 million on all present and future fixed assets of the Company. It carries mark up at the rate of 3 month KIBOR plus 3.25% per annum (2013: 3 month KIBOR plus 3.50% per annum).

13.8 This facility is secured by way of pledge of refined sugar with 20% margin and personal guarantees of all the sponsor Directors. It carries mark-up at the rate of 3 month KIBOR plus 4% per annum (2013: 3 month KIBOR plus 3.5% per annum with the floor rate of 14% per annum). Also included in it is a one-off cash finance facility of Rs. 400 million. It carries mark up at the rate of 3 month KIBOR plus 4% per annum (2013: 14% per annum) to be charged quarterly.

13.9 This facility is secured by way of pledge of refined sugar bags at Unit I and Unit II & Unit III with 20% margin . It carries mark-up at the rate of 3 month KIBOR plus 2.75% per annum.

13.10 This facility is secured by way of pledge of refined sugar with 25% margin, ranking charge over present and future current assets (stocks and debtors) of the Company and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at the rate of matching KIBOR plus 2.5% per annum.

13.11 This facility is secured by way of first registered joint pari passu charge of Rs. 134 million on all present and future fixed assets of the Company. It carries mark-up at the rate of 1 month KIBOR plus 3.25% per annum (2013: 1 month KIBOR plus 3.25% per annum).

13.12 This facility is secured by way of lien of irrevocable LC, first pari passu charge of Rs. 319 million over the present and future fixed assets of the Company, first exclusive charge of Rs. 225 million over imported and local machinery of distillery Unit, ranking charge of Rs. 175 million over imported and local machinery of distillery Unit and personal guarantees of all the sponsor directors of the Company. It carries mark-up at the rate of 1 month KIBOR plus 3% per annum or SBP plus 1% per annum (2013: 1 month KIBOR plus 3% per annum or SBP plus 1% per annum).

13.13 The facility is secured by way of lien of irrevocable LC, ranking charge over the current assets of the Company with 25% margin and personal guarantees of all the sponsor Directors of the Company. It carries mark-up at SBP rate plus maximum spread allowed by SBP with the floor of 14% per annum (2013: SBP rate plus maximum spread allowed by SBP with the floor of 14% per annum).

13.14 This facility is secured by way of personal guarantees of all directors of the Company and ranking hypothecation charge of Rs. 667 million over all present and future fixed assets of unit II, to be upgraded to first pari passu charge with in 90 days. However, parri passu charge has not been created to this date. It carries mark-up at the rate of at SBP rate plus 1% per annum.

		Note	2014 Rupees	2013 Rupees
14	**Current portion of non-current liabilities**			
	Long term finances	9	**126,200,515**	67,899,704
	Liabilities against assets subject to finance lease	10	**38,623,231**	34,862,816
			164,823,746	102,762,520
15	**Trade and other payables**			
	Trade creditors		**617,609,919**	331,213,699
	Creditors for capital expenditure		**634,939,569**	435,297,321
	Contractors and suppliers	15.1	**96,557,897**	39,014,125
	Advances from customers	15.2	**722,131,612**	1,009,401,668
	Retention money payable		**34,934,410**	20,279,453
	Income tax deducted at source		**937,139**	2,366,776
	Workers' Profit Participation Fund	15.3	**4,273,514**	-
	Unclaimed dividend		**5,077,781**	5,077,781
	Accrued liabilities		**55,293,846**	45,612,752
	Other liabilities		**136,758,963**	172,017,730
			2,308,514,650	2,060,281,305

15.1 This represents payable to contractor and suppliers after close of 2013-2014 sugar season as per terms of the contract.

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

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

		2014 Rupees	2013 Rupees
15.3	**Workers' Profit Participation Fund**		
	Opening balance	**-**	37,300,707
	Expense for the year	**4,273,514**	-
	Interest on funds utilized in Company's business	**-**	-
	Payments made during the year	**-**	(37,300,707)
		4,273,514	-

16 Interest and markup accrued

	2014 Rupees	2013 Rupees
Long term loans-secured	**42,433,501**	4,041,126
Short term borrowings-secured	**203,013,215**	110,121,633
	245,446,716	114,162,759

17 Contingencies and commitments

17.1 Contingencies

(i) Claims against the Company not acknowledged as debts of Rs. 7.94 million (2013: Rs. 7.94 million) other than disclosed below.

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

(iii) The Honourable Sindh High Court through its order dated March 01, 2013 declared the amendments made in the 'The Workers Welfare Fund Ordinance', 1971 ("WWF") through Finance Act, 2008 applicable through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the provision to date based on accounting profit comes to Rs. 11.40 million (2013: 11.77 million) for the current year. However, these financial statements do not include any adjustment to this effect since the Company is of the opinion that it does not come under the purview of the order of the Honourable Sindh High Court and that the Honourable Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

17.2 Commitments

(i) The Company has capital commitments of Rs. 19.98 million (2013: Rs. 80.56 million) on account of import of machinery and its related components.

(ii) The Company has given a bank guarantee with 100% cash margin of Rs. 1 million (2013: Rs. 1 million) to the Excise and Taxation Department for the export of ethanol.

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

	2014 Rupees	2013 Rupees
Not later than one year	**10,741,415**	6,925,848
Later than one year and not later than five years	**11,951,197**	13,637,442
	22,692,612	20,563,290

18 Property, plant and equipment

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	18.1	**7,974,240,722**	7,645,294,506
Capital work in progress	18.2	**1,861,447,879**	109,717,812
		9,835,688,601	7,755,012,318

18.1 Operating fixed assets

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

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

	Note	2014 Rupees	2013 Rupees
Cost of sales	26	**390,819,859**	319,082,402
Administrative expenses	27	**18,474,501**	15,748,868
		409,294,360	334,831,270

	2013									
	COST					DEPRECIATION				
	As at 01 October 2012	Additions / (deletions) during the year	Transfers	As at 30 September 2013	Rate	As at 01 October 2012	For the year	Transfers	As at 30 September 2013	Net book value as at 30 September 2013
	Rupees				%	Rupees				
Owned										
Freehold land	128,828,215	9,507,964	-	138,336,179		-	-	-	-	138,336,179
Building and roads on freehold land	1,233,639,111	348,469,125	-	1,582,108,236	5	273,462,850	53,929,896	-	327,392,746	1,254,715,490
Plant and machinery	5,133,821,728	2,108,268,891	-	7,242,090,619	5	1,164,414,746	245,115,053	-	1,409,529,799	5,832,560,820
Furniture and fittings	10,876,286	1,681,080	-	12,557,366	10	5,322,761	633,552	-	5,956,313	6,601,053
Telephone installations	3,231,625	855,754	-	4,087,379	10	1,520,837	240,625	-	1,761,462	2,325,917
Vehicles	120,063,308	1,780,409	-	118,633,896	20	92,445,939	5,693,860	-	95,313,709	23,320,187
		(3,209,821)	-				(2,826,090)			
Office equipment	51,521,533	8,034,335	-	59,555,868	10	20,653,012	3,528,489	-	24,181,501	35,374,367
Electrical equipment	57,298,655	30,839,898	-	88,138,553	10	16,721,309	5,150,802	-	21,872,111	66,266,442
Workshop and agricultural implements	29,225,364	1,091,140	-	30,316,504	10	13,827,891	1,566,004	-	15,393,895	14,922,609
Tube wells	11,152,956	217,350	-	11,370,306	10	4,690,043	666,215	-	5,356,258	6,014,048
Arms and ammunitions	542,406	-	-	542,406	10	404,329	13,807	-	418,136	124,270
Laboratory equipment	9,003,550	9,538,713	-	18,542,263	10	3,613,145	648,862	-	4,262,007	14,280,256
	6,789,204,737	2,520,284,659	-	9,306,279,575		1,597,076,862	317,187,165	-	1,911,437,937	7,394,841,638
		(3,209,821)					(2,826,090)			
Leased										
Vehicles	43,745,521	-	-	43,745,521	20	15,483,839	5,652,341	-	21,136,180	22,609,341
Plant and machinery	286,737,615	-	-	286,737,615	5	46,902,324	11,991,764	-	58,894,088	227,843,527
	330,483,136	-	-	330,483,136		62,386,163	17,644,105	-	80,030,268	250,452,868
	7,119,687,873	2,520,284,659	-	9,636,762,711		1,659,463,025	334,831,270	-	1,991,468,205	7,645,294,506
		(3,209,821)					(2,826,090)			

18.1.2 Disposal of property, plant and equipment:

Particulars	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain	Mode of disposal	Sold to
	----------	----------	Rupees	----------	----------		
Vehicles							
Suzuki Jeep - LXJ 1894	483,000	461,757	21,243	200,000	**178,757**	Auction	Mr. Muhammad Kashif
Suzuki Alto - LRQ 471	522,590	466,477	56,113	157,477	**101,364**	Auction	Mr. Tariq Aziz
Toyota Corolla - LZD 1495	1,034,340	923,279	111,061	575,000	**463,939**	Auction	Mr. Zia U Allah
2014	**2,039,930**	**1,851,513**	**188,417**	**932,477**	**744,060**		
2013	3,209,821	2,826,090	383,731	734,622	350,891		

		Note	2014 Rupees	2013 Rupees
18.2	**Capital work in progress**			
	Owned			
	Civil works		**443,492,031**	49,638,456
	Plant and machinery		**1,112,683,386**	56,903,921
	Electric equipment		**118,049,613**	-
	Other		**187,222,849**	3,175,435
			1,861,447,879	109,717,812
18.2.1	**Movement in the accounts is as follows:**			
	Opening balance as at 01 October		**109,717,812**	876,296,288
	Addition made during the year:			
	Civil works		**541,530,630**	138,545,408
	Plant and machinery		**1,219,594,508**	975,960,680
	Electric equipment		**118,049,613**	130,099,486
	Other		**189,992,480**	23,099,090
			2,069,167,231	1,267,704,664
	Capitalized during the year:			
	Civil works		**(147,677,055)**	(216,368,267)
	Plant and machinery		**(163,815,044)**	(1,554,449,672)
	Electric equipment			(233,222,511)
	Other		**(5,945,065)**	(30,242,690)
			(317,437,164)	(2,034,283,140)
	Closing balance as at 30 September		**1,861,447,879**	109,717,812

18.2.2 Additions to capital work in progress also include borrowing costs of Rs. 83.68 million (2013: Rs. 7.68 million) relating to specific borrowings for setting up a distillery unit at the rates ranging from 11.77% to 12.93% per annum (2013: 14.03% to 14.52% per annum)

		Note	2014 Rupees	2013 Rupees
19	**Long term deposits**			
	Deposits against leased assets		**86,412,351**	41,606,300
	Others		**24,336,932**	24,336,932
			110,749,283	65,943,232
20	**Stores, spares and loose tools**			
	Stores and spares	*20.1*	**1,019,714,051**	560,175,266
	Oil and lubricants		**19,883,286**	21,860,266
	Chemicals		**42,184,762**	46,104,190
			1,081,782,099	628,139,722

20.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

		2014 Rupees	2013 Rupees
21	**Stock in trade**		
	Sugar	**3,546,388,394**	1,898,385,668
	Ethanol	**258,925,230**	189,200,244
	Molasses	**202,856,671**	47,010,923
	Top Gas	**194,634**	1,645,469
		4,008,364,929	2,136,242,304

The amount charged to profit and loss account on account of write down of sugar to net realizable value amounted to Rs. Nil (2013: Rs.118.25 million).

22 Trade debts

	2014 Rupees	2013 Rupees
Considered good:		
- Unsecured	**30,256,752**	33,232,863

These include amount due from Riaz Bottlers (Pvt.) Limited, an associated company against sale of sugar and top gas amounting to Rs. 8.66 million (2013: Rs. 15.77 million) in the normal course of business and is over due by less than 180 days.

23 Advances, deposits, prepayments and other receivables

	Note	2014 Rupees	2013 Rupees
Advances to sugar cane growers - unsecured, considered good		**10,096,371**	15,030,118
Advances to suppliers and contractors - unsecured, considered good	*23.1*	**512,034,743**	189,012,487
Advances to staff - unsecured, considered good		**23,026,840**	26,595,400
Deposits		**37,860,199**	12,413,300
Advances against L/Cs		**10,030,956**	8,389,420
Prepayments		**9,318,461**	8,847,707
Inland export subsidy	*23.2*	**133,187,750**	99,877,750
Federal Excise Duty and Sales Tax receivable		**79,134,257**	13,410,288
Other receivables		**14,339,082**	1,511,568
		829,028,659	375,088,038

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

23.2 This represents inland export subsidy provided to exporters of sugar @ Rs. 1 per kg (2013: 1.75 per kg) pursuant to public notice by Trade Development Authority of Pakistan (TDAP) dated 08 February, 2013.

24 Cash and bank balances

	Note	2014 Rupees	2013 Rupees
Cash in hand		**1,854,119**	1,038,080
Cash at bank			
- current accounts		**314,202,707**	338,713,829
- saving accounts	*24.1*	**33,287,455**	425,608,149
		347,490,162	764,321,978
		349,344,281	765,360,058

24.1 These carry mark up at the rates ranging from 7% to 8.75% per annum (2013: 5% to 7% per annum).

	Note	2014 Rupees	2013 Rupees
25 Sales			
Local			
Sugar		**8,868,217,715**	7,543,225,538
Ethanol		**141,780,054**	83,782,875
Top Gas		**282,082,854**	149,366,039
		9,292,080,623	7,776,374,452
Export			
Sugar		**2,208,017,797**	2,712,700,849
Ethanol		**2,019,401,980**	2,217,940,659
		4,227,419,777	4,930,641,508
		13,519,500,400	12,707,015,960
Less: Sales Tax		**61,586,930**	33,421,853
Federal Excise Duty		**458,124,528**	378,798,114
		519,711,458	412,219,967
		12,999,788,942	12,294,795,993

	Note	2014 Rupees	2013 Rupees
26 Cost of sales			
Raw material consumed		**12,096,737,232**	9,439,008,902
Salaries, wages and other benefits	*26.1*	**278,090,033**	255,530,137
Depreciation	*18.1.1*	**390,819,859**	319,082,403
Stores consumption		**329,278,542**	285,115,756
Fuel and power		**136,652,347**	111,522,563
Repair and maintenance		**154,197,911**	255,422,990
Vehicle running expenses		**21,523,471**	21,754,312
Insurance		**27,044,144**	25,463,524
Other expenses		**12,296,792**	16,495,643
		13,446,640,331	10,729,396,230
Opening stock - finished goods		**2,136,242,304**	2,842,061,019
		15,582,882,635	13,571,457,249
Closing stock - finished goods		**(4,008,364,929)**	(2,136,242,304)
		11,574,517,706	11,435,214,945

26.1 Salaries, wages and other benefits include Rs. 19.39 million (2013: Rs. 15.29 million) in respect of employee retirement benefit.

		Note	2014 Rupees	2013 Rupees
27	**Administrative expenses**			
	Salaries, wages and other benefits	*27.1*	**150,638,942**	148,427,161
	Rent, rates and taxes		**11,972,918**	9,655,505
	Depreciation	*18.1.1*	**18,474,501**	15,748,867
	Electricity charges		**2,013,744**	1,026,066
	Printing and stationery		**8,990,291**	8,621,318
	Insurance		**2,046,273**	2,103,027
	Postage, telephone and telegrams		**4,671,359**	5,086,539
	Vehicle running expenses		**39,544,848**	38,791,611
	Repair and maintenance		**5,037,834**	8,816,330
	Travelling and conveyance		**7,441,673**	15,736,015
	Subscription, books and periodicals		**6,861,988**	3,333,404
	Legal and professional charges		**5,915,353**	4,869,294
	Auditors' remuneration	*27.2*	**2,060,809**	1,775,000
	Entertainment		**10,434,972**	11,380,276
	Ijarah lease rentals		**9,923,550**	2,105,761
	Other expenses		**27,370,337**	15,098,241
			313,399,392	292,574,415

27.1 Salaries, wages and other benefits include Rs. 13.77 million (2013: Rs. 7.94) in respect of employee retirement benefit.

		Note	2014 Rupees	2013 Rupees
27.2	**Auditors' remuneration**			
	Audit fee		**1,500,000**	1,350,000
	Half yearly review		**400,000**	385,000
	Out of pocket expenses		**160,809**	40,000
			2,060,809	1,775,000

		Note	2014 Rupees	2013 Rupees
28	**Distribution expenses**			
	Handling and distribution		**97,187,724**	83,877,048
	Transportation		**58,495,489**	227,059,510
	Others		**24,294,572**	17,382,862
			179,977,785	328,319,420
29	**Other income**			
	Income from financial assets			
	Profit on saving accounts		**19,938,994**	12,176,401
	Income from non financial assets			
	Profit on disposal of property, plant and equipment	*18.1.2*	**744,060**	350,891
	Foreign exchange gain		**167,975**	7,331,750
	Inland export subsidy		**33,310,000**	99,877,750
			54,161,029	119,736,792

30	**Finance cost**	*Note*	**2014 Rupees**	2013 Rupees
	Interest / markup on:			
	- Long term loans - secured		**22,708,520**	1,476,183
	- Short term bank borrowings - secured		**849,304,343**	611,453,937
	- Finance leases		**7,853,318**	11,524,257
	Bank charges		**1,956,130**	1,751,688
	Other charges		**18,762,491**	16,626,753
			900,584,802	642,832,818

31	**Taxation**			
	Income tax			
	- current	*31.1*	**-**	-
	Deferred tax	*31.2*	**(165,927,318)**	98,310,237
			(165,927,318)	98,310,237

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

Tax under 'Final Tax Regime' represents tax on export of sugar and ethanol and is treated as a full and final discharge u/s 154 of Income Tax Ordinance, 2001. Current tax included tax under FTR amounting to Rs. 41.91 million (2013 : Rs. 49.30 million).

31.2 The liability for deferred taxation comprise of timing differences relating to accelerated tax depreciation, leased assets, retirement benefits and unused tax losses and tax credits as mentioned in note 12.2.

31.3 Since the Company is liable to pay minimum tax, therefore no numerical tax reconciliation is given.

32 Earnings / (loss) per share

32.1 Earnings / (loss) per share - Basic

		2014	2013
Profit / (loss) after taxation	***Rupees***	**247,124,090**	(382,719,050)
Weighted average number of ordinary shares	***No. of shares***	**117,706,300**	117,706,300
Earnings / (loss) per share - basic	***Rupees***	**2.10**	(3.25)

32.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 September 2014.

33	**Cash and cash equivalents**	**2014 Rupees**	2013 Rupees
	Cash and bank balances	**349,344,281**	765,360,058
	Short term borrowings - secured	**(6,310,458,265)**	(3,609,662,545)
		(5,961,113,984)	(2,844,302,487)

34 Capacity and production

Sugar plant	2014 Unit I	2014 Unit II	2014 Unit III	2014 Total
Season started on	**19 November '13**	**25 November '13**	**20 November '13**	**19 November '13**
Season closed on	**29 March '14**	**21 March '14**	**05 April '14**	**05 April '14**
Working Days	**121**	**117**	**137**	**375**
Crushing capacity (Metric tons) based on 160 days	**960,000**	**1,600,000**	**1,600,000**	**4,160,000**
Sugar cane crushed (Metric tons)	**627,342**	**1,068,301**	**1,273,466**	**2,969,109**
Sugar produced (Metric tons)	**57,405**	**90,720**	**121,472**	**269,597**
Recovery ratio	**9.15%**	**8.49%**	**9.54%**	**9.08%**

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

Sugar plant	2013 Unit I	2013 Unit II	2013 Unit III	2013 Total
Season started on	29 November '12	29 November '12	29 November '12	29 November '12
Season closed on	30 March '13	01 April '13	03 April '13	03 April '13
Working Days	122	124	126	372
Crushing capacity (Metric tons) based on 160 days	960,000	1,600,000	1,600,000	4,160,000
Sugar cane crushed (Metric tons)	556,144	724,066	897,054	2,177,264
Sugar produced (Metric tons)	50,997	61,172	85,201	197,370
Recovery ratio	9.17%	8.45%	9.50%	9.06%

Ethanol - Distillery plant	**2014**	2013
Season started on	**01 October 13**	01 October 12
Season closed on	**30 September 14**	30 September 13
Working Days	**318**	331
Rated capacity (Litres) based on 300 days	**37,500,000**	37,500,000
Actual production (Litres)	**35,561,364**	37,683,232

The company is presently in the process of setting up of the second distillery Unit-II at Muzaffargarh. The production from this second unit started subsequent to the year in January 2015.

Top Gas - Carbon dioxide plant	**2014**	2013
Season started on	**01 October 13**	28 May 13
Season closed on	**30 September 14**	30 September 13
Working Days	**318**	99
Rated capacity (Metric tons) based on 300 days	**14,400**	**14,400**
Actual production (Metric tons)	**8,649**	3,058

The production of Top Gas (Carbon dioxide) started in the month of May 2013.

35 Financial risk management

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

- Credit risk
- Market risk
- Liquidity risk

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

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

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

35.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other parties. Out of the total financial assets of Rs. 683.37 million (2013: Rs. 960.79 million) financial assets which are subject to credit risk amount to Rs. 463.00 million (2013: Rs. 846.46 million).

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

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

Exposure to credit risk

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

	Note	**2014 Rupees**	2013 Rupees
Trade debts	*22*	**30,256,752**	33,232,863
Advances, deposits and other receivable	*23*	**85,257,077**	48,909,688
Bank balances	*24*	**347,490,162**	764,321,978
		463,003,991	846,464,529

Trade debts

Trade debtor at the balance sheet date represents domestic parties and are not impaired.

Advances, deposits and other receivable

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

Bank balances

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

	Rating		Rating	2014	2013
	Short term	Long term	Agency	Rupees	Rupees
Al-Baraka Islamic Bank	A1	A	PACRA	**177,316**	2,331,003
Allied Bank Limited	A1+	AA+	PACRA	**130,163,613**	45,532,549
Bank Alfalah Limited	A1+	AA	PACRA	**2,655,379**	26,599,649
The Bank of Punjab	A1+	AA -	PACRA	**616,890**	5,152,910
Barclays Bank PLC	A1	A+	S&P	**45,826**	44,163
Burj Bank	A-1	A	JCR-VIS	**1,665,360**	214,844
Dubai Islamic Bank	A-1	A+	JCR-VIS	**93,780**	9,085
Faysal Bank Limited	A-1+	AA	PACRA	**51,768**	85,333
Habib Bank Limited	A-1+	AAA	JCR-VIS	**4,683,644**	14,796,581
KASB Bank Limited	C	B	PACRA	**214,558**	206,972
MCB Bank Limited	A1+	AAA	PACRA	**74,428,146**	396,174,511
Meezan Bank Limited	A-1+	AA	JCR-VIS	**1,000**	-
NIB Bank Limited	A1+	AA-	PACRA	**500,944**	501,144
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**395,151**	33,384,635
Silk bank Limited	A-2	A-	JCR-VIS	**-**	241,101
Standard Chartered Bank Limited	A1+	AAA	PACRA	**-**	263,529
Samba Bank Limited	A-1	AA-	JCR-VIS	**54,694**	52,751
Saudi Pak Bank	A-1+	AA	JCR-VIS	**241,060**	-
Sindh Bank Limited	A-1	AA	JCR-VIS	**240,583**	83,616,552
Soneri Bank Limited	A1+	AA-	PACRA	**13,859**	-
Summit Bank Limited	A-1	A	JCR-VIS	**148,242**	5,960,398
The bank Of Khyber	A-1	A	JCR-VIS	**197,200**	9,912
United Bank Limited	A-1+	AA+	JCR-VIS	**130,901,149**	149,144,356
				347,490,162	764,321,978

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

35.2 Liquidity risk

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

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

	2014				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five year
	------------	------------	Rupees	------------	------------
Financial liabilities					
Long term finances	1,728,222,499	3,029,779,002	503,717,593	2,526,061,409	-
Loans from Directors-unsecured	1,023,827,632	1,023,827,632	-	-	1,023,827,632
Liabilities against asset subject to finance lease	211,045,348	229,673,701	49,065,101	180,608,600	-
Short term borrowings-secured	6,310,458,265	6,310,458,265	6,310,458,265	-	-
Trade and other payables	850,612,058	850,612,058	850,612,058	-	-
Interest and markup accrued	245,446,716	245,446,716	245,446,716	-	-
	10,369,612,518	**11,689,797,374**	**7,959,299,733**	**2,706,670,009**	**1,023,827,632**

	2013				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five year
	Rupees				
Financial liabilities					
Long term finances	203,699,112	247,352,994	90,608,225	156,744,769	-
Loans from Directors-unsecured	1,025,014,048	1,025,014,048	-	-	1,025,014,048
Liabilities against asset subject to finance lease	101,388,360	107,030,702	39,923,577	67,107,125	-
Short term borrowings-secured	3,609,662,545	3,609,662,545	3,609,662,545	-	-
Trade and other payables	576,568,191	576,568,191	576,568,191	-	-
Interest and markup accrued	114,162,759	114,162,759	114,162,759	-	-
	5,630,495,015	5,679,791,239	4,430,925,297	223,851,894	1,025,014,048

35.3 Market risk

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

35.3.1 Currency risk

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

Exposure to currency risk

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

	2014 Rupees	2013 Rupees
Outstanding letters of credit	**(19,980,000)**	(80,560,000)

Exchange rates applied during the year

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

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

	2013		
	Spot rate		Average rate for the year
	Buying	Selling	
	USD		
Exchange rate during the year on transactions involving foregin currency	105.30	105.50	95.64

Senstivity analysis

A reasonably possible strengthening of 10% in Pak Rupee against USD at the reporting date would have increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	2014 Rupees	2013 Rupees
Effect on Profit	**1,923,276**	8,017,832

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

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

Currency risk management

Since the maximum amount exposed to currency risk is only 0.12% (2013: 0.68%) of the Company's total assets, any adverse / favourable movement in the functional currency with respect to US dollar will not have any material impact on the operational results.

35.3.2 Interest rate risk

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

	2014	2013	2014	2013
	Effective rate in ----- Percentage -----		Carrying amount -------- Rupees -------	
Financial assets				
Fixed rate instruments				
Bank balances - deposit accounts	**7% to 8.75%**	5% to 7%	**33,287,455**	425,608,149
Financial liabilities				
Floating rate instrument				
Long term finances - PKR	**11.77% to 13.92%**	12.40% to 14.52%	**1,728,222,499**	203,699,112
Liabilities against assets subject to finance lease	**12.40% to 15.92%**	12.93% to 15.97%	**211,045,348**	101,388,360
Short term borrowings - PKR	**7.50% to 14.38%**	9.20% to 16.27%	**6,310,458,265**	3,609,662,545

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	2014 Rupees	2013 Rupees
Effect on profit	**82,497,261**	39,147,500

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

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

Interest rate risk management

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

35.3.3 Other price risk

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

35.3.4 Fair value of financial instruments

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

36 Capital management

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

The Company's objectives when managing capital are:

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

(ii) to provide an adequate return to shareholders.

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

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

	2014 Rupees	2013 Rupees
Total debt	**9,273,553,744**	4,939,764,065
Total equity and debt	**12,683,382,563**	8,333,298,654
Debt-to-equity ratio	**73%**	59%

The increase in the debt-to-equity ratio in 2014 resulted primarily from the increase in borrowings during the year. For working capital requirements and capital expenditure, the company primarily relies substantially on short term borrowings.

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

37 Business segments information

	Sugar		Distillery		Top Gas		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Sales - Net								
- External	**10,618,110,984**	9,877,128,297	**2,140,581,561**	2,289,924,865	**241,096,397**	127,742,831	**12,999,788,942**	12,294,795,993
- Inter-segment	**1,622,063,810**	555,387,055	**-**	-	-	-	**1,622,063,810**	555,387,055
	12,240,174,794	10,432,515,352	**2,140,581,561**	2,289,924,865	**241,096,397**	127,742,831	**14,621,852,752**	12,850,183,048
Cost of sales								
- External	**11,433,767,450**	10,487,688,574	**94,919,695**	919,016,311	**45,830,561**	28,510,060	**11,574,517,706**	11,435,214,945
- Inter-segment	**-**	-	**1,622,063,810**	555,387,055	**-**	-	**1,622,063,810**	555,387,055
	11,433,767,450	10,487,688,574	**1,716,983,505**	1,474,403,366	**45,830,561**	28,510,060	**13,196,581,516**	11,990,602,000
Gross profit / (loss)	**806,407,344**	(55,173,222)	**423,598,056**	815,521,499	**195,265,836**	99,232,771	**1,425,271,236**	859,581,048
- Administrative expenses	**278,735,616**	265,581,473	**32,695,213**	24,656,687	**1,968,563**	2,336,255	**313,399,392**	292,574,415
- Distribution expenses	**48,854,564**	151,742,672	**115,562,659**	170,727,788	**15,560,562**	5,848,960	**179,977,785**	328,319,420
	327,590,180	417,324,145	**148,257,872**	195,384,475	**17,529,125**	8,185,215	**493,377,177**	620,893,835
Segment results	**478,817,164**	(472,497,367)	**275,340,184**	620,137,024	**177,736,711**	91,047,556	**931,894,059**	238,687,213
Other income							**54,161,029**	119,736,792
Profit from operations							**986,055,088**	358,424,005
Finance cost							**(900,584,802)**	(642,832,818)
Other expenses							**(4,273,514)**	-
Profit / (loss) before taxation							**81,196,772**	(284,408,813)
Taxation							**165,927,318**	(98,310,237)
Profit / (loss) after taxation							**247,124,090**	(382,719,050)

37.1 Inter-segment sales and purchases and basis of pricing

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

	Sugar		Distillery		Top Gas		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
37.2 Segment assets	**9,013,701,540**	9,187,591,619	**7,171,140,773**	2,395,750,721	**304,346,128**	313,204,618	**16,489,188,441**	11,896,546,958
37.3 Segment liabilities	**9,039,779,798**	9,217,366,617	**7,144,997,050**	2,365,975,723	**304,411,593**	313,204,618	**16,489,188,441**	11,896,546,958
37.4 Capital expenditure	**616,794,192**	2,031,176,965	**81,991,236**	284,301,854	**39,643,565**	204,805,840	**738,428,993**	2,520,284,659
37.5 Depreciation on property, plant and equipment	**321,502,776**	266,305,141	**60,604,207**	49,662,266	**11,043,870**	1,219,758	**393,150,853**	317,187,165
37.6 Depreciation on leased assets	**16,143,507**	17,483,651	**-**	160,454	**-**	-	**16,143,507**	17,644,105

37.7 Secondary reporting format

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

	Sugar		Distillery		Top Gas		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Export sales	**2,208,017,797**	2,712,700,873	**2,019,401,980**	2,217,940,635	**-**	-	**4,227,419,777**	4,930,641,508
Local sales	**8,410,093,187**	7,164,427,424	**121,179,581**	71,984,230	**241,096,397**	127,742,831	**8,772,369,165**	7,364,154,485
	10,618,110,984	9,877,128,297	**2,140,581,561**	2,289,924,865	**241,096,397**	127,742,831	**12,999,788,942**	12,294,795,993

Export sales are 32.98% (2013: 40.10%) of total sales made by the Company.

38 Remuneration of chief executive, directors and executives

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

	2014			
		Directors		
	Chief executive	**Executive**	**Non- executive**	**Executives**
	Rupees			
Managerial remuneration	**8,960,000**	**369,600**	**-**	**7,098,000**
Medical allowance	**640,000**	**26,400**	**-**	**507,000**
	9,600,000	**396,000**	**-**	**7,605,000**
Number of persons	**1**	**1**	**5**	**7**

	2013			
		Directors		
	Chief executive	Executive	Non- executive	Executives
	Rupees			
Managerial remuneration	5,880,000	369,600	-	6,762,000
Medical allowance	420,000	26,400	-	483,000
	6,300,000	396,000	-	7,245,000
Number of persons	1	1	5	7

The chief executive officer, directors and executives are provided with free use of Company maintained cars.
Directors have not provided with any fee against the attendance in any meeting of the Board.

39 Number of employees

The Company has employed following number of persons:

	2014	2013
	(Number of persons)	
- As at 30 September	**1,512**	1,428
- Average number of employees	**1,463**	1,396

40 Transactions with related parties

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

Name of party	**Relationship**	**Nature of Transaction**	**2014 Rupees**	2013 Rupees
Riaz Bottlers (Pvt) Limited	Associated Company	Sale of sugar	**161,891,998**	9,269,908
		Sale of top gas	**84,255,704**	6,508,115
Directors of the Company	Directors	Loan repaid	**(236,553,454)**	(86,606,817)
		Guest house rent	**4,800,000**	4,800,000
Other related parties				
Gratuity fund			**33,170,824**	23,244,393

41 Date of authorization for issue

These financial statements were authorized for issue on February 20, 2015 by the Board of Directors of the Company.

42 General

42.1 Figures have been rounded off to the nearest rupee.

42.2 Corresponding figures have been rearranged and reclassified, where necessary, for better presentation and disclosure. However, there have been no material rearrangements or reclassifications.

Lahore
February 20, 2015

Chief Executive **Director**

TANDLIANWALA SUGAR MILLS LTD.

PROXY FORM

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

I/we ____

of ____

being a Member of **TANDLIANWALA SUGAR MILLS LIMITED** and a holder of ____________ Ordinary shares, as per Register Folio No. ____________________ who is also Member of the Company of ____ as my/our proxy to vote for me/us and on my/our behalf of the 26th Annual General Meeting of the Company to be held on March 02, 2015 and at any adjournment thereof.

As witness my hand this ________________ day of 2015 signed by __________________in the presence of ____________________________

Revenue Stamp

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

NOTE:

1. This form of Proxy duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her Attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.