



# Al-Noor SUGAR MILLS LTD.

Annual Report  
2014



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

Chairman  
Managing Director  
Resident Director

Independent Director  
(N.I.T. Nominee)

### BOARD AUDIT COMMITTEE

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

Chairman  
Member  
Member

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

Chairman  
Member  
Member

### CHIEF FINANCIAL OFFICER

MR. ZOHAIR ZAKARIA

### COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL  
FCMA

### AUDITORS

KRESTON HYDER BHIMJI & CO.  
Chartered Accountants

### LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

### REGISTERED OFFICE

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

### FACTORY

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

### REGISTRAR & SHARE REGISTRATION OFFICE

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

### WEBSITE

[www.alnoorsugar.co](http://www.alnoorsugar.co)



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## *Mission Statement*

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

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

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

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## *Vision Statement*

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

## CODE OF CONDUCT

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

### THE COMPANY

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

### AS DIRECTORS

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

### AS EXECUTIVE AND MANAGERS

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

### AS EMPLOYEES AND WORKERS

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

## NOTICE OF MEETING

Notice is hereby given that 45th Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Friday, 30th January, 2015 at 03.30 p.m to transact the following Business

### ORDINARY BUSINESS

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on 25th March, 2014.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2014 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of cash dividend @ 10% .i.e. Re. 1.00 per ordinary share of Rs.10/= each for the year ended 30th September 2014 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2015.
5. To transact any other business with permission of the Chair.

By Order of the Board



(M. YASIN MUGHAL)  
COMPANY SECRETARY

Karachi: December 22, 2014

### NOTE:

1. The Register of the Members of the Company will remain closed from 23rd January, 2015 to 3rd February, 2015 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares.
2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

### 3. Submission of copies of CNIC:

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

### 4. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001

In pursuance to the amendments made by government under Section 150 of the Income Tax Ordinance vide Finance Act, 2014, separate rate of tax introduced for Tax Return Filer 10% and Non Filer 15% on dividends. Hence, the Shareholders who already had provided their CNICs/NTN and are categorized as Non Filer as per the list of 'FILER' available at Federal Board of revenue's (FBR) website (<http://www.fbr.gov.pk>) are liable to deduction of tax at source on dividends at higher rate.

### 5. Payment of Cash Dividend Electronically (Optional):

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

**6. Electronic Transmission Of Annual Financial Statement And Notices Of The Company.**

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

7. Financial Statements and relevant reports have been placed on the website of the company which can be seen on [www.alnoorsugar.co](http://www.alnoorsugar.co)
8. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

**A. For Attending the Meeting**

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

**B. For appointing proxies:**

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

**9. Change of Address:**

Shareholders are requested to inform the Company's Share Registrar, M/S. C & K Management Associates (Pvt.) Limited of any change in their addresses immediately.

## DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum;

On behalf of Board of Directors I feel pleasure to place before you the audited financial statements of your company, the significant achievements as reflected therein together with Auditors' and Directors' Reports thereon, for the year ended September 30, 2014. The Company has earned a profit after tax amounting to Rs.31.333 million as against Rs 24.074 million earned last year.

Salient comparative production and financial data are provided as under:

<b>PRODUCTION DATA</b>	<b>2013-14</b>	<b>2012-13</b>
Crushing season started on	<b>01-11-2013</b>	01-12-2012
Season ended on	<b>05-04-2014</b>	25-03-2013
Duration of crushing (days)	<b>155</b>	114
Sugarcane crushed (Metric Tons)	<b>1,293,261</b>	959,302
Sugar produced (Metric Tons)	<b>126,719</b>	99,740
Sugar recovery rate - percentage	<b>9.80</b>	10.40
Molasses produced (Metric Tons)	<b>64,628</b>	43,623
MDF Board produced (Cubic Meter)	<b>49,852</b>	50,237
No. of days MDF Board Plant operated	<b>316</b>	335

### FINANCIAL DATA

(Rupees in thousand)

Sales Revenue	<b>7,699,097</b>	7,594,313
Cost of sales	<b>6,850,190</b>	6,756,466
Gross profit	<b>848,907</b>	837,847
Administrative expenses	<b>400,594</b>	353,274
Finance Cost	<b>389,784</b>	344,447
Profit before taxation	<b>76,223</b>	126,267
Provision for taxation	<b>(44,890)</b>	(102,193)
Profit after tax	<b>31,333</b>	24,074
Earning per share	<b>Rs.1.53</b>	Rs. 1.18

### PERFORMANCE REVIEW:

#### SUGAR DIVISION:

During the year under consideration sugarcane crushed was more than the last season by 34.81 percent as the crop position improved. The production of sugar increased due to higher volume of crushing. However sugar recovery percentage declined due to early commencement of crushing as per directives of the Government on November 1, 2013 which stood at 9.80 percent as against 10.40 percent achieved last year. The decline in the recovery rate was due to early commencement of crushing as sugarcane attains maturity in winter season which is December. Had the crushing been commenced in December 2013 the production of sugar would have been more and recovery rate would have also been improved close to last year or more. Your mills crushed 1,293,261 metric tons of sugarcane as against 959,302 metric tons crushed in the last year's crushing season.

From the cost of cane point of view, for the crushing season 2013-2014 the minimum support price was maintained at Rs.172 per 40 kg of sugarcane, as was fixed for the year 2012-2013. This year the production of sugar was more than the requirements of the country and the Government allowed export of the same but this option was also not attractive for the producers as the production of sugar on worldwide basis was also more which depressed the price of the product in the international markets also.



Trading Corporation of Pakistan (TCP) also purchases sugar in order to meet the requirement of the country when there is shortage of the same. The TCP in turn supplies this sugar to the Utility Stores Corporation in an attempt to provide cheaper sugar to the general public. The overall domestic and international surplus of sugar has kept the bottom line of the sugar division under pressure despite all the measures highlighted above.

**MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:**

During the year under consideration, the plant produced 49,852 Cubic Meters of Lasani wood in various sizes in thickness as against 50,237 Cubic Meters produced during the previous year. The MDF Division has faced heavy power outages which has affected quality of the board produced and efficiency losses in the production as well which resulted in a slightly low production. The final product during the year included laminated sheets in various sizes and colors produced during the year thereby increasing component of value added board in the product line. Some of the product was also exported to Afghanistan although geographical uncertainty and unrest affected transport route and also reduced export sales. Some board producing units have also emerged in Khyber Pakhtunkhwa and have an advantage of availability of raw material at low cost and reduced transportation charges to the neighboring country of Afghanistan. Labour cost is also low when compared with the same in Sindh. This has resulted in substantial reduction in the export of your company.

**POWER GENERATION DIVISION:**

As discussed in the last year's Annual Report, the availability of power from WAPDA was uncertain due to frequent load shedding and accordingly the Company had acquired its own power generators to overcome the situation which are being operated during the crushing season and bagasse is utilized as fuel therein. The additional boiler and turbine that had been installed has achieved reasonable capacity of power generation; as a result surplus power was supplied to WAPDA during the crushing season. Your company generated additional revenue valuing Rs.178.622 million from sale of power this year as against Rs.116.264 million last year. In addition the requirements of power of MDF Board division were also met during the crushing season.

**CAPITAL EXPENDITURE:**

In the Sugar Industry, upgrading the plant and machinery is a continuous process. During the year under consideration the Company incurred an expenditure of Rs.456.944 million on additions and BMR in order to maintain the efficiency of the plant.

**STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:**

1. The Financial Statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. The Company has maintained proper books of accounts as required by the law.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as going concern.
7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the listing regulations of the Stock Exchanges.
8. There have been no outstanding statutory payments; however, there are some disputed cases which are appearing in the relevant notes to the financial statements.
9. The pattern of share holding in the Company as on September 30, 2014 is also included in the Annual Report.
10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the company except as otherwise indicated.

11. Value of investment and balance in deposit accounts of Provident Fund based on un-audited accounts as at 30th June, 2014 amounted to Rs.96.234 million.

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

**CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:**

The tenure of the Board of Directors was completed on March 25, 2014 and an Extra Ordinary General Meeting of the members was held on the said date to elect the directors. The members elected the following persons as directors of your company for another period of three years as provided in the listing regulations of the stock exchanges. During the year under review six Board meetings were held and attendance by each Director was as follow:

	NAME OF DIRECTORS	ATTENDED	STATUS
01.	Mr. Yusuf Ayoob (Chairman)	6	Non-Executive
02.	Mr. Ismail H Zakaria (Managing Director)	5	Executive
03.	Mr. Suleman Ayoob	6	Executive
04.	Mr. A. Aziz Ayoob	4	Non-Executive
05.	Mr. Noor Mohammad Zakaria	2	Non-Executive
06.	Mr. Zia Zakaria	6	Non-Executive
07.	Mr. Salim Ayoob	3	Non-Executive
08.	Mr. Zohair Zakaria	3	Executive
09.	Mr. Shamim Ahmad	5	Independent Director
10.	Mr. Muhammad Asif	5	N.I.T. Nominee

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

**AUDIT COMMITTEE:**

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

	NAMES OF DIRECTORS	ATTENDED	STATUS
01.	Mr. A. Aziz Ayoob (Chairman)	3	Non-Executive
02.	Mr. Zia Zakaria (Member)	4	Non-executive
03.	Mr. Muhammad Asif (Member)	3	N.I.T. Nominee

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

**HUMAN RESOURCE AND REMUNERATION COMMITTEE:**

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

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

**FUTURE OUTLOOK:**

**SUGAR DIVISION:**

For the crushing season 2014-2015 Government of Sindh enhanced the cane price to Rs. 182 per 40 kg of cane but after some time the same was reduced to Rs.155 per 40 kg, but subsequently the said decision was withdrawn the cane price was fixed at Rs.182 per 40 kg; which reflects an increase of about 6 percent in the raw material cost. While the government exercises control over the price of the sugarcane to protect the growers, it is imperative to exercise similar control over the selling price of sugar. It is a well known fact that the price of sugar has been depressed in the international and domestic markets due to excessive production of the same. Meanwhile the crushing of sugarcane has commenced on December 09, 2014 and recovery rate trend is not yet clear. The same would be clear when substantial volume of sugarcane crushing is completed. The area under plantation has remained more or less the same, but the yield has been affected due to non availability of water. It is expected that the production of sugar by your mills during 2014-2015 would be similar to that of last year provided the recovery percentage of sugar is improved.

The countrywide sugar production in the year ahead once again seems to be a significant surplus. The prospects of export may enable an outlet for this excess sugar and help to ease the over-supply scenario. However, this will depend largely on the international market price of the product which also appeared to be depressed due to international excessive production of the same. Export sales only allow a better price realization and regular lifting of sugar also help to reduce the financial charges of your company.

The price of refined sugar in the international market remained hard to predict due to climatic uncertainty worldwide but the general surplus trend will probably continue. However, in the South East Asia, the general eagerness of the growers to plant sugarcane is a good sign and strongly indicates production figures similar to that of the preceding year. Trading Corporation of Pakistan would be encouraged to purchase sugar from the local mills in order to build up and maintain a strategic buffer stock of the product which can come in good use during the periods of shortage. These good steps to bring stability to sugar prices, and might have a trickle down effect in providing stability to sugarcane prices as well. The price of sugar will of course remain the key factor in determining the basis of the division's bottom line.

**MDF BOARD DIVISION:**

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

During the first quarter of the current year up to December 15, 2014 the plant has operated satisfactorily and produced 9,260 Cubic Meters of Board in various thicknesses which also included laminated sheets and it is expected that the production of the Division would increase during the remaining period of the year.

**CREDIT RATING OF THE COMPANY:**

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

**MECHANISM FOR EVALUATION OF THE BOARD:**

As per Code of Corporate Governance, the evaluation of the Board members was essential within two years of the issue of Code of Corporate Governance. The Board has to set the mechanism during the year as required under the Code of Corporate Governance of evaluation of its performance and also Board's committees. The Board also reviews developments in corporate governance to ensure that the company is always updated with best practices.

**CORPORATE & SOCIAL RESPONSIBILITY:**

The company continues to operate a school in the factory area and provides education not only to the children of employees but also to the children residing in the surrounding areas of the Mills. During the year an amount of Rs.21.614 million was incurred in respect of running of school and other related welfare activities.

**DIVIDEND:**

Directors are pleased to recommend the payment of cash dividend @ 10 percent i.e.Re.1 per share of Rs.10 each. (2013 - 5% cash dividend i.e. Re. 0.50 per share of Rs.10 each in addition to bonus share @ of 5%).

**AUDITORS:**

The present auditors, M/s Kreston Hyder Bhimji & Co., Chartered Accountants retired and being eligible have offered their services for reappointment for the financial year 2014-15. Audit Committee has also recommended their appointment and Board of Directors of the company endorsed the recommendations of the Audit Committee for re-appointment of M/s Kreston Hyder Bhimji & Co., Chartered Accountants, till the conclusion of the next Annual General Meeting of the members.

**STAFF RELATIONS:**

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

By order of the Board



**ISMAIL H. ZAKARIA**  
CHIEF EXECUTIVE OFFICER

Karachi: December 22, 2014

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH SEPTEMBER 2014

This statement is being presented to comply with the Code of Corporate Governance contained in the regulation No. 35, Chapter XI of Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its on the Board of Directors. At present the Board consists of ten directors including six non-executive directors and one independent director. At present the Board includes:

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

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

2. All the directors have confirmed that none of them is serving as director in 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 NBF1. None of the Directors of the company is a member of the Stock Exchange.
4. No casual vacancy occurred in the Board during the period.
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 and other executives and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Since all the directors possess 14 years of education and 15 years of experience on the board and are exempt from the directors' training program as per Code of Corporate Governance. However one of the directors has acquired the required certification from the Institute of Corporate Governance.
10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit was made during the year. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit and any changes thereto have been approved by the Board.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, Chief Executive Officer (CEO) and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises of three members and all them including chairman are non-executive directors. Subsequent to the year end, Mr. Shamim Ahmad, an independent director has been inducted as member of the Audit Committee to meet the requirements of the Code of Corporate Governance.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive and Chairman of the Committee is a non-executive directors.
18. The Board has set up an effective internal audit function in the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated amongst all the market participants at once through the stock exchanges.
23. We confirm that all material principles contained in the Code of Corporate Governance have been complied except those indicated in the notes to the accounts.

Karachi; December 22, 2014

  
**ISMAIL H. ZAKARIA**  
CHIEF EXECUTIVE OFFICER

## KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
			(Restated)	(Restated)			(Restated)		(Restated)	
<b>BALANCE SHEET:</b>										
Share Capital	204,737	194,988	185,703	185,703	185,703	185,703	185,703	185,703	185,703	185,703
Reserves	1,028,809	956,392	926,504	980,792	928,612	691,371	568,382	344,659	301,468	197,805
Surplus on revaluation										
of fixed assets	1,230,740	1,243,465	621,224	665,126	708,767	765,432	795,686	337,261	369,288	399,472
Long Term Liabilities	1,174,073	1,052,803	715,979	457,783	408,534	358,463	270,630	400,714	150,073	229,526
Deferred Liabilities	690,169	731,339	374,560	453,761	561,830	518,674	473,657	346,074	344,112	279,750
Current Liabilities	2,236,586	1,930,760	3,147,017	3,142,284	1,431,018	1,283,079	1,542,332	723,653	723,016	873,515
Operating Assets	3,706,951	3,479,922	2,674,032	2,830,921	2,681,942	2,327,921	2,264,422	1,527,982	1,472,955	1,456,103
Long Term Deposits	46,954	37,889	42,835	42,375	4,688	4,290	5,071	11,317	10,742	11,047
Long Term Loans	3,516	2,196	4,230	5,032	4,476	4,144	-	-	-	-
Long Term Investments	246,884	182,158	172,566	151,852	143,933	143,772	98,416	10,263	8,607	3,671
Current Assets	2,560,809	2,406,599	3,074,050	2,850,409	1,389,425	1,322,595	1,466,075	788,502	581,356	694,950
<b>TRADING:</b>										
Turnover	7,699,097	7,594,313	6,129,081	5,983,046	6,313,220	4,249,981	3,048,478	2,382,212	2,698,535	1,703,015
Gross Profit	848,907	837,847	678,924	737,206	1,001,803	682,952	622,358	327,203	415,307	297,704
Operating Profit (Loss)	851,525	840,823	682,242	739,831	1,006,841	690,503	637,048	212,905	324,858	215,492
Profit(Loss) before Tax	76,223	126,267	(83,513)	59,875	391,453	210,749	244,243	39,759	182,154	94,955
Profit(Loss) after Tax	31,333	24,074	(43,099)	104,465	254,398	119,738	212,217	26,924	116,767	103,888
Earning per share	1.53	1.18	(2.21)	5.63	13.70	6.45	11.26	1.45	6.29	5.59
Cash dividend	10%	5%	5%	30%	50%	40%	30%	15%	10%	10%
Bonus shares	-	5%	5%	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>SUGAR PRODUCTION:</b>										
a) From Cane	126,719	99,740	88,058	71,655	73,175	66,495	98,113	68,310	62,722	49,004
b) From Raw Sugar	-	-	-	-	-	-	-	-	7,980	6,141
Sugar Produced (M.Tons)	126,719	99,740	88,058	71,655	73,175	66,495	98,113	68,310	70,702	55,145
Cane crushed (M.Tons)	1,293,261	959,302	885,101	888,736	774,230	736,420	1,062,304	782,777	662,200	538,064
Recovery (%)	9.80%	10.40%	9.95%	8.05%	9.47%	9.03%	9.24%	8.72%	9.47%	9.11%



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended September 30, 2014 prepared by the Board of Directors of **AL-NOOR SUGAR MILLS LIMITED** ("the Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges, where the Company is listed.

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

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

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

Based on our review and the compliance subsequently made as stated in paragraph 15 of the statement of compliance, 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 of Corporate Governance, as applicable to the company for the year ended September 30, 2014..

**KRESTON HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS

Karachi, December 22, 2014

**KARACHI Office:**

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

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## AUDITORS' REPORT TO THE MEMBERS

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

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2014 and of profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



**KRESTON HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS

Engagement Partner: Shaikh Mohammad Tanvir

Karachi, December 22, 2014

**KARACHI Office:**

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

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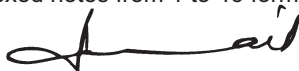


## BALANCE SHEET

### AS AT SEPTEMBER 30, 2014

	Note	2014	2013
Rupees in thousand			
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	4	3,706,951	3,479,922
Intangible asset	5	-	983
Long term investments	6	246,884	182,158
Long term loans	7	3,516	2,196
Long term deposits	8	46,954	37,889
		<b>4,004,305</b>	<b>3,703,148</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	9	298,554	266,187
Stock in trade	10	1,794,897	1,809,154
Trade debts	11	55,320	96,348
Loans and advances	12	103,541	51,263
Trade deposits and short term prepayments	13	3,767	3,090
Other receivables	14	95,980	59,810
Income tax refundable-Payments less provision		60,241	22,624
Cash and bank balances	15	148,509	98,123
		<b>2,560,809</b>	<b>2,406,599</b>
		<b>6,565,114</b>	<b>6,109,747</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital 50,000,000 (2013 : 50,000,000) ordinary shares of Rs.10 each		<b>500,000</b>	<b>500,000</b>
Issued, subscribed and paid-up capital	16	204,737	194,988
General reserve		1,000,000	-
Share of associate's unrealised loss on remeasurement of associate's investments		(1,005)	(1,603)
Unappropriated profit		29,814	957,995
		<b>1,233,546</b>	<b>1,151,380</b>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	17	<b>1,230,740</b>	<b>1,243,465</b>
		<b>2,464,286</b>	<b>2,394,845</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	18	1,111,433	957,792
Liabilities against assets subject to finance lease	19	62,238	94,570
Deferred liabilities	20	690,169	731,339
Long term deposits		402	441
		<b>1,864,242</b>	<b>1,784,142</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	457,217	902,526
Accrued markup / finance cost	22	65,433	45,483
Short term borrowings	23	1,306,299	670,243
Current portion of Long term financing and liabilities against assets subject to finance lease	24	407,637	312,508
		<b>2,236,586</b>	<b>1,930,760</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25	-	-
		<b>6,565,114</b>	<b>6,109,747</b>

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

  
**ISMAIL H. ZAKARIA**  
 Chief Executive Officer

  
**SULEMAN AYOOB**  
 Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014 Rupees in thousand	2013
Sales	26	7,699,097	7,594,313
Cost of sales	27	(6,850,190)	(6,756,466)
Gross profit		848,907	837,847
Profit from trading activities	28	2,618	2,976
		851,525	840,823
Less:			
Distribution cost	29	(29,141)	(35,271)
Administrative expenses	30	(400,594)	(353,274)
Other operating charges	31	(8,702)	(10,242)
		(438,437)	(398,787)
		413,088	442,036
Other income	32	17,334	14,208
		430,422	456,244
Finance cost	33	(389,784)	(344,447)
		40,638	111,797
Share of profit in associates	6	35,585	14,470
Profit before taxation		76,223	126,267
Taxation	34	(44,890)	(102,193)
Profit after taxation		31,333	24,074
			Re-stated
Earning per share - Basic and Diluted (Rupees)	35	1.53	1.18

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



**ISMAIL H. ZAKARIA**  
Chief Executive Officer



**SULEMAN AYOOB**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Note	2014 Rupees in thousand	2013
<b>Profit after taxation</b>		<b>31,333</b>	24,074
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:			
Company's revaluation surplus		<b>57,065</b>	21,926
Share of associate's incremental depreciation of revaluation surplus		<b>2,919</b>	2,386
<i>Items that may be reclassified subsequently to profit and loss</i>			
Share of associate's unrealized gain on remeasurement of investment	8	<b>598</b>	72
		<b>60,582</b>	24,384
<b>Total Comprehensive Income for the year</b>		<b>91,915</b>	48,458

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

  
**ISMAIL H. ZAKARIA**  
 Chief Executive Officer

  
**SULEMAN AYOOB**  
 Director

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED SEPTEMBER 30, 2014

	2014	2013
	Rupees in thousand	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	76,223	126,267
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	227,445	172,340
Amortization of intangible assets	983	2,291
Gain on disposal of property, plant and equipment	(5,065)	(2,554)
Provision for obsolescence and slow moving items	3,040	1,185
Finance cost	389,784	344,447
Share of profit in associates	(35,585)	(14,470)
	<u>580,602</u>	<u>503,239</u>
<b>Cash generated before working capital changes</b>	<b>656,825</b>	<b>629,506</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(35,407)	(31,893)
Stock in trade	14,257	710,304
Trade debts	41,028	57,158
Loans and advances	(52,656)	10,394
Trade deposits and short term prepayments	(677)	(323)
Other receivables	(36,170)	(51,282)
	<u>(69,625)</u>	<u>694,357</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(445,309)	(614,407)
Short term borrowings	636,056	(674,158)
	<u>190,747</u>	<u>(1,288,565)</u>
Cash generated from operations	<b>777,947</b>	<b>35,298</b>
Income tax paid	(109,911)	(39,243)
Finance cost paid	(369,834)	(363,386)
Increase in long term loans	(941)	(922)
(Increase) / Decrease in long term deposits	(9,104)	5,032
	<u>(489,790)</u>	<u>(398,519)</u>
Net cash generated / (used in) from operating activities	<b>288,157</b>	<b>(363,221)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(456,944)	(29,967)
Sale proceeds from disposal of property, plant and equipment	7,535	4,298
Dividend received from long term investment	4,950	4,950
Net cash used in investing activities	<u>(444,459)</u>	<u>(20,719)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	528,733	650,000
Repayment of long term financing	(283,458)	(187,917)
Additions to liabilities against assets subject to finance lease	-	-
Repayment of liabilities against assets subject to finance lease	(28,838)	(34,076)
Dividend paid	(9,749)	(9,285)
Net cash inflows from financing activities	<u>206,688</u>	<u>418,722</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>50,386</b>	<b>34,782</b>
Cash and cash equivalents at the beginning of the year	98,123	63,341
<b>Cash and cash equivalents at the end of the year</b>	<b>148,509</b>	<b>98,123</b>

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



**ISMAIL H. ZAKARIA**  
Chief Executive Officer



**SULEMAN AYOOB**  
Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Issued, Subscribed & paid up capital	General reserves	Un-appropriated profit	Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Total
	Rupees in thousand				
<b>Balance as at October 01, 2012</b>	185,703		928,179	(1,675)	1,112,207
<b>During the year ended September 30, 2013</b>					
<b>Total Comprehensive Income for the year</b>					
Profit after taxation	-	-	24,074	-	24,074
<b>Other Comprehensive Income</b>					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:					
Company's revaluation surplus	-	-	21,926	-	21,926
Share of associate's incremental depreciation of revaluation surplus	-	-	2,386	-	2,386
Share of associate's unrealized gain on remeasurement of investment	-	-	-	72	72
	-	-	24,312	72	24,384
<b>Transaction with owners</b>					
Final dividend for the year ended September 30, 2012 @ Re.0.50 per share	-	-	(9,285)	-	(9,285)
Issue bonus shares for the year ended September 30, 2012 @ Re.0.50 per share	9,285	-	(9,285)	-	-
<b>Balance as at September 30, 2013</b>	194,988	-	957,995	(1,603)	1,151,380
<b>During the year ended September 30, 2014</b>					
<b>Total Comprehensive Income for the year</b>					
Profit after taxation	-	-	31,333	-	31,333
<b>Other Comprehensive Income</b>					
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax from:					
Company's revaluation surplus	-	-	57,065	-	57,065
Share of associate's incremental depreciation of revaluation surplus	-	-	2,919	-	2,919
Share of associate's unrealized gain on remeasurement of investment	-	-	-	598	598
	-	-	59,984	598	60,582
Transfer from un-appropriated profit to general reserve	-	1,000,000	(1,000,000)	-	-
<b>Transaction with owners</b>					
Final dividend for the year ended September 30, 2013 @ Re.0.50 per share	-	-	(9,749)	-	(9,749)
Issue bonus shares for the year ended September 30, 2013 @ Re.0.50 per share	9,749	-	(9,749)	-	-
<b>Balance as at September 30, 2014</b>	204,737	1,000,000	29,814	(1,005)	1,233,546

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

  
ISMAIL H. ZAKARIA  
Chief Executive Officer

  
SULEMAN AYOOB  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2014

### 1. THE COMPANY AND ITS OPERATIONS

Al-Noor Sugar Mills Limited (the Company) was incorporated in Pakistan on August 08, 1969 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984). The Company is listed on Karachi and Lahore Stock Exchanges. The principal activities of the Company are manufacturing and sale of sugar, medium density fiber (MDF) board and generation of power and its sale. The registered office of the company is situated at 96-A, Sindhi Muslim Society, Karachi and the manufacturing facilities are located at Shahpur Jahania, District Nawabshah in the province of Sindh.

### 2 BASIS OF PREPARATION

#### 2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except certain items of property, plant and equipments, stated at revalued amount and long term investment in associates accounted for under equity method.

#### 2.2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

#### 2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

##### a) Property, plant and equipment

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

##### b) Stock-in-trade

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

##### c) Taxation

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

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

**d) Impairment**

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

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

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

**f) Trade debts**

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

**g) Contingencies**

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

**2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS**

**2.5.1 New and amended standards and interpretations became effective**

During the year, the following approved accounting standards, interpretations, amendments / revisions to the approved accounting standards became effective for the accounting periods beginning from the dates specified below;

**IAS-19 Employee Benefits - Amendment (Effective for annual periods beginning on or after January 01, 2013)**

The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income (elimination of 'corridor method' for recognition of actuarial gains and losses). It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

**IFRS-7 Financial Instruments: Disclosures - Disclosures about offsetting of financial assets and liabilities (Effective for annual periods beginning on or after January 01, 2013)**

These amendments require entities to disclose gross amount subject to right of set off, amounts set off in accordance with accounting standards followed, and the related net credit exposure. These disclosures are intended to facilitate comparison between those entities that prepare financial statements based on IFRS and those that prepare financial statements based on US GAAP.

**IAS 27 Separate Financial Statements- Amendment (Effective for annual periods beginning on or after January 01, 2013)**

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

**IAS 28 Investments in Associates and Joint Ventures - Amendment** (Effective for annual periods beginning on or after January 01, 2013)

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

**IFRIC -20 Stripping Costs in the Production Phase of Surface Mine:** (Effective for annual periods beginning on or after January 01, 2013)

The cost of stripping activity to be accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realized in the form of inventory produced.

These revised standards or amendments to standards are either irrelevant or do not have any material impact on the operations and financial statements of the Company.

**2.5.2 Approved standards, Interpretations and Amendments to published approved accounting standards issued but not yet effective for the current financial year**

The following are standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan and would be effective from the dates mentioned below against the respective standards or interpretations:

**IAS -32 Financial Instruments: Presentation- Disclosures about offsetting of financial assets and liabilities** (Effective for annual periods beginning on or after January 01, 2014)

These clarify certain aspects in the application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

**IFRIC 21- Levies, an Interpretation on the accounting for levies imposed by governments'** (effective for annual periods beginning on or after 01 January 2014).

IFRIC 21 is an interpretation of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). 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.

**IAS 36 Impairment of Assets' Recoverable Amount Disclosures for Non-Financial Assets** (Amendment) - effective for annual periods beginning on or after 01 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.

**IAS 39 "Financial Instruments: (Amendments) Recognition and Measurement' Continuing hedge accounting after derivative novation** (effective for annual periods beginning on or after 01 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.



**IAS - 19 Employee Benefits' Employee contributions – Amendments - a practical approach** (effective for annual periods beginning on or after 01 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.

**IAS - 38 &****IAS-16 "Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment'** (effective for annual periods beginning on or after 01 January 2016)

This amendment introduces 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 amortization 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.

**IFRS 10 Consolidated Financial Statements** (effective for annual periods beginning on or after 01 January 2015)

This is a new standard that replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.

**IFRS 11 Joint Arrangements** (effective for annual periods beginning on or after 01 January 2015)

This is a new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.

**IFRS 12 Disclosure of Interest in Other Entities** (effective for annual periods beginning on or after 01 January 2015)

This is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

**IFRS 13 IFRS-13 Fair Value Measurement** (effective for annual periods beginning on or after 01 January 2015)

This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The standard defines fair value on the basis of an 'exit-price' notion and uses 'a fair value hierarchy', which results in market-based, rather than entity-specific measurement.

The above amendments, revisions and interpretations are either irrelevant to the company or their adoption will not have material impact on the Company's financial statements except for additional disclosures.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 01 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 IFRS 8 'Operating Segments**

IFRS 8 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.

**IAS - 38 &****IAS-16** 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.

These amendments / clarification are not likely to have any material impact on the company's financial statements.

**2.5.3 New Standards issued by IASB but not yet adopted by SECP :**

Following new standards issued by IASB have not been adopted by the Securities and Exchange Commission of Pakistan.

**IFRS 1 First-time Adoption of International Financial Reporting Standards** (Effective for annual periods beginning on or after July 01, 2009)

IFRS 1 First-time Adoption of International Financial Reporting Standards sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.

**IFRS 14 IFRS 14 — Regulatory Deferral Accounts** (Effective for annual periods beginning on or after Jan 01, 2016)

IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position (Balance Sheet) and statement of profit or loss (Profit and loss account) and other comprehensive income, and specific disclosures are required.

**IFRS 15 Revenue from Contracts with Customers** (Effective for annual periods beginning on or after Jan 01, 2017)

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below

#### 3.1 Property Plant & Equipments

##### a) Operating assets

###### Owned

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

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

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

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

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

###### Assets subject to finance lease

Assets held under finance lease are initially recognized as items of property, plant & equipment of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as disclosed in note no 3.10.

These are subsequently stated at recorded amount less accumulated depreciation and impairment loss, if any. These assets are depreciated over their expected useful life at the rates specified in the note no 4.1 on the same basis as owned assets.

##### b) Capital work-in-progress

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

#### 3.2 Intangible assets

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

### 3.3 Investment in Associates

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

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

### 3.4 Stores, Spare parts and Loose Tools

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

### 3.5 Stock-in-Trade

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

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

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

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

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

### 3.6 Trade Debts

Trade debts are carried at original invoice amount that is fair value. Export trade debts are further translated into Pak Rupees at the rates ruling on the balance sheet date or as fixed under contractual arrangements. A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect amount due according to the original terms of the debts. When a trade debt is uncollectable, it is written off.

### 3.7 Loans and Receivables

Financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. These are measured at amortized cost less impairment, if any.

### 3.8 Employees post employment benefits

#### Defined Contribution Plan

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

### 3.9 Compensated unavailed leaves

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

### 3.10 Finance leases

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

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

### 3.11 Taxation

#### a) Current Income Tax

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

#### b) Deferred taxation

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

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

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

#### c) Sales tax

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

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

### 3.12 Trade and other payables

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

### 3.13 Borrowings and their costs

Borrowings are recorded at the proceeds received / amortized costs.

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

**3.14 Provisions**

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

**3.15 Financial Instruments**

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

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

**3.16 Offsetting of Financial Assets and Liabilities**

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

**3.17 Impairment of assets****Financial assets**

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

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

**Non-Financial assets**

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

**3.18 Revenue Recognition**

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

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

### 3.19 Foreign currency transactions and translation

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

### 3.20 Cash and Cash Equivalents

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

### 3.21 Segment Reporting

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

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

The accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets. The Company has following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar

MDF Board - Manufacturing of Medium Density Fiber Board

### 3.22 Dividends and other appropriations

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

	Note	2014 Rupees in thousand	2013
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	3,662,694	3,463,920
Capital work in progress	4.2	44,257	16,002
		<b>3,706,951</b>	<b>3,479,922</b>

4.1 OPERATING FIXED ASSETS

The following is a statement of operating fixed assets

PARTICULARS	2014										Depreciation Rate	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	Opening Net Book Value At Oct 01, 2013	Direct Additions	Transfer From CWIP	Revaluation	Transfer at NBV - Lease	Disposal	Depreciation	Net Book Value At Sep 30, 2014	Cost	Accumulated Depreciation		Net Book Value At Sep 30, 2014
..... Rupees in thousand .....												
<b>OWNED</b>												
<b>FREE HOLD LAND</b>												
Cos	3,787	-	-	-	-	-	-	3,787	3,787	-	3,787	10%
Revaluation	135,013	-	-	-	-	-	-	135,013	135,013	-	135,013	10%
<b>FACTORY BUILDING</b>												
Cos	61,729	-	41,622	-	-	-	8,282	95,069	149,451	54,382	95,069	10%
Revaluation	135,085	-	-	-	-	-	13,509	121,576	141,390	19,814	121,576	10%
<b>NON FACTORY BUILDING</b>												
Cos	77,824	-	8,055	-	-	-	4,650	81,229	153,057	71,828	81,229	5%
Revaluation	441,133	-	-	-	-	-	24,199	416,934	476,762	59,828	416,934	10%
<b>POWER PLANT</b>												
Cos	76,212	-	9,747	-	-	-	9,804	76,155	146,707	70,552	76,155	5%
Revaluation	22,621	-	-	-	-	-	2,262	20,359	22,621	2,262	20,359	5%
<b>PLANT &amp; MACHINERY</b>												
Cos	1,391,638	46,620	314,095	-	-	-	92,413	1,659,940	2,999,203	1,339,263	1,659,940	5%
Revaluation	912,625	-	-	-	-	-	45,202	867,423	1,495,111	627,688	867,423	5%
<b>FURNITURE, FIXTURE</b>												
Cos	4,167	171	-	-	-	-	431	3,907	16,638	12,731	3,907	10%
<b>OFFICE EQUIPMENT</b>												
Cos	8,005	3,927	-	-	-	8	3,450	8,474	61,028	52,554	8,474	10%
<b>VEHICLES</b>												
Cos	53,731	4,452	-	-	-	2,462	10,958	44,763	139,790	95,027	44,763	20%
<b>LEASE</b>												
<b>PLANT AND MACHINERY</b>												
cost	140,350	-	-	-	-	-	12,285	128,065	175,000	46,935	128,065	5%
Revaluation	-	-	-	-	-	-	-	-	-	-	-	5%
<b>TOTAL</b>												
Cos	1,817,443	55,170	373,519	-	-	2,470	142,273	2,101,389	3,844,661	1,743,272	2,101,389	
Revaluation	1,646,477	-	-	-	-	-	85,172	1,561,305	2,270,897	709,592	1,561,305	
	3,463,920	55,170	373,519	-	-	2,470	227,445	3,662,694	6,115,558	2,452,864	3,662,694	



PARTICULARS	2013										Depreciation Rate	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	Opening Net Book Value At Oct 01, 2012	Direct Additions	Transfer From CWIP	Revaluation	Transfer at NBV - Lease	Disposal	Depreciation	Net Book Value At Sep 30, 2013	Cost	Accumulated Depreciation		Net Book Value At Sep 30, 2013
..... Rupees in thousand .....												
<b>FREE HOLD LAND</b>												
Cos	3,787	-	-	-	-	-	-	3,787	3,787	-	3,787	3,787
Revaluation	77,558	-	-	57,455	-	-	-	135,013	135,013	-	135,013	135,013
<b>FACTORY BUILDING</b>												
Cos	63,881	-	4,272	-	-	-	-	61,729	107,829	46,100	61,729	61,729
Revaluation	4,723	-	-	130,834	-	-	-	135,085	141,390	6,305	135,085	135,085
<b>NON FACTORY BUILDING</b>												
Cos	82,407	-	-	-	-	-	-	77,824	145,002	67,178	77,824	77,824
Revaluation	63,634	-	-	381,060	-	-	-	441,133	476,762	35,629	441,133	441,133
<b>POWER PLANT</b>												
Cos	86,624	-	-	-	-	-	-	76,212	136,960	60,748	76,212	76,212
Revaluation	-	-	-	22,621	-	-	-	22,621	22,621	-	22,621	22,621
<b>PLANT &amp; MACHINERY</b>												
Cos	1,438,081	7,195	18,831	-	14,265	-	-	1,391,638	2,638,488	1,246,850	1,391,638	1,391,638
Revaluation	578,901	-	-	358,058	4,854	-	-	912,625	1,495,111	582,486	912,625	912,625
<b>FURNITURE, FIXTURE AND FITTINGS</b>												
Cos	4,495	130	-	-	-	-	-	4,167	16,467	12,300	4,167	4,167
<b>OFFICE EQUIPMENT</b>												
Cos	8,705	2,646	-	-	-	-	-	8,005	57,128	49,123	8,005	8,005
<b>VEHICLES</b>												
Cos	65,023	3,361	-	-	603	(1,744)	-	53,731	141,810	88,079	53,731	53,731
<b>LEASE PLANT &amp; MACHINERY</b>												
cost	14,265	-	-	-	(14,265)	-	-	-	-	-	-	-
Revaluation	4,854	-	-	-	(4,854)	-	-	-	-	-	-	-
<b>POWER PLANT</b>												
Cos	154,000	-	-	-	-	-	-	140,350	175,000	34,650	140,350	140,350
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
<b>VEHICLES</b>												
Cos	603	-	-	-	(603)	-	-	-	-	-	-	-
<b>TOTAL</b>												
Cos	1,921,871	13,332	23,103	-	-	(1,744)	-	1,817,435	3,422,471	1,605,028	1,817,443	1,817,443
Revaluation	729,670	-	-	950,028	-	-	-	1,646,477	2,270,897	624,420	1,646,477	1,646,477
	<b>2,651,541</b>	<b>13,332</b>	<b>23,103</b>	<b>950,028</b>	<b>-</b>	<b>(1,744)</b>	<b>-</b>	<b>3,463,912</b>	<b>5,693,368</b>	<b>2,229,448</b>	<b>3,463,920</b>	<b>3,463,920</b>

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

	Note	2014	2013
Rupees in thousand			
<b>4.1.2 Depreciation for the year has been allocated as follows:</b>			
Cost of Sales	27.1	183,781	146,857
Administrative expenses	30	43,664	25,483
		<b>227,445</b>	<b>172,340</b>

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

Particulars	Original Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Particulars of Buyer
Rupees in thousand						
<b>VEHICLES</b>						
Toyota Jeep- BD-8684	2,950	2,170	780	3,705	2,925	Haji Khan; Flat No.8 Dilkash Arcade, SMCHS, Karachi.
Suzuki Swift-AUM-358	897	498	399	825	426	Rahila Shahid; House No.120/9-10, Nazimabad, Karachi.
Massey Tractor-(240)	335	289	46	820	774	Mr.Syed Nadeem Ali; Mujahid Colony House No.CB/38, Latifabad, Hyderabad.
Tractor / thresher Machine	518	448	70	530	460	Mr.Syed Nadeem Ali; Mujahid Colony House No.CB/38, Latifabad, Hyderabad.
Toyota Corolla-AXH-938	1,772	605	1,167	1,625	458	Insurance Claim from TPL Direct Insurance Limited
	6,472	4,010	2,462	7,505	5,043	
<b>OFFICE EQUIPMENT</b>						
Split Air conditioner	27	19	8	30	22	Mr.Syed Nadeem Ali; Mujahid Colony House No.CB/38 Latifabad, Hyderabad.
<b>2014</b>	<b>6,499</b>	<b>4,029</b>	<b>2,470</b>	<b>7,535</b>	<b>5,065</b>	
2013	6,101	4,357	1,744	4,298	2,554	

4.2 Capital work in progress

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

	2013			
	Opening Balance	During the year		Closing Balance
		Capital expenditure incurred	Transferred to operating fixed assets	
	----- Rupees in thousand -----			
Civil work - Factory building	9,952	5,292	(4,272)	10,972
Plant and machinery-owned	12,518	11,343	(18,831)	5,030
	<b>22,470</b>	<b>16,635</b>	<b>(23,103)</b>	<b>16,002</b>

	Note	2014	2013
Rupees in thousand			
<b>5 INTANGIBLE ASSETS</b>			
ERP Software	5.1	-	983
<b>5.1 ERP Software</b>			
<b>Net Carrying Value Basis</b>			
Opening Net Book Value		983	3,274
Amortization during the year	5.2	(983)	(2,291)
Closing Net Book Value		-	983
<b>Gross Carrying Value Basis</b>			
Cost		6,873	6,873
Accumulated Amortization		(6,873)	(5,890)
		-	983

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

6 LONG TERM INVESTMENTS

Investment in associates: -

	Shahmurad Sugar Mills Limited	AI Noor Modaraba Management (Pvt.) Limited	Total 2014	Total 2013
----- Rupees in thousand -----				
Opening balance	177,812	4,346	182,158	172,566
Share of profit of associate	35,428	157	35,585	14,470
Share of unrealised gain on remeasurement of associate's investment	-	598	598	72
Share of associate's surplus on fresh revaluation of its property, plant and equipment - net of deferred tax	33,493	-	33,493	-
Dividend received from associate	(4,950)	-	(4,950)	(4,950)
	63,971	755	64,726	9,592
Closing Balance	241,783	5,101	246,884	182,158

Note

Summarized financial statements of associates are as follows: -

	2014		2013	
	Shahmurad Sugar Mills Limited	AI Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	AI Noor Modaraba Management (Pvt.) Limited
----- Rupees in thousand -----				
Number of shares held	3,299,784	500,000	3,299,784	500,000
Cost of investment	21,631	5,000	21,631	5,000
Ownership interest	15.625%	14.285%	15.625%	14.285%
<b>Assets, Liabilities and net assets</b>				
Total assets	4,667,796	40,121	3,802,063	34,073
Total liabilities	3,108,607	4,418	2,657,198	3,654
Net assets	1,559,189	35,703	1,144,865	30,419
Share of net assets	243,623	5,101	178,885	4,346
<b>Operating Results</b>				
Revenue / Income	5,401,479	4,825	5,670,704	5,647
Total expenses	(5,158,225)	(5,899)	(5,586,569)	(4,849)
Share of profit of associates	157	2,302	146	533
Taxation	(16,670)	(264)	7,330	(358)
Profit after taxation for the year	226,741	964	91,611	973
Share of incremental depreciation of associate	-	134	-	46
	226,741	1,098	91,611	1,019
Share of AI-Noor Sugar Mills Limited	35,428	157	14,315	155

6.1 The market value of Shahmurad Sugar Mills Limited shares as at September 30, 2014 was Rs.138.195 (2013 : Rs. 70.120) million.

**6.2** The financial year of Al-Noor Modaraba Management (Pvt.) Limited is June 30. Further there is also no significant changes in the associate's financial affair up to September 30 therefore, the financial results as of June 30, 2014 have been used for the purpose of application of equity method.

The name of Chief Executive of the company is Mr. Jalaluddin Ahmed. The breakup value per share of this company as June 30, 2014 is Rs. 10.20 (2013 : Rs. 8.69) and the aggregate breakup value of shares owned by the company amounts Rs. 5.10 million (2013: 4.346 million).

	Note	2014	2013
Rupees in thousand			
<b>7 LONG TERM LOANS</b>			
<b>Secured &amp; Interest free</b>			
Considered good			
Due from - Executives	7.1	3,713	2,530
- Non Executive		7,568	7,810
		11,281	10,340
Less : Current portion of			
Due from - Executives		(882)	(1,012)
- Non Executive		(6,883)	(7,132)
		(7,765)	(8,144)
		3,516	2,196
<b>7.1 Movement of outstanding amount of loans to Executives:</b>			
Balance at the beginning of the year		2,530	6,628
Disbursed during the year		4,842	2,265
Recovered during the year		(3,659)	(6,363)
Balance at the end of the year		3,713	2,530
<b>7.2</b> Loans and advances have been given in accordance with the terms of employment and are recoverable within a period of three years in monthly installments. These are secured against the retirement benefits.			
<b>7.3</b> The maximum aggregate amount due from executives at any month end during the year was Rs.6.770 million (2013: 6.935 million).			
<b>8 LONG TERM DEPOSITS</b>			
Lease deposit		35,000	35,000
Other deposits		11,954	2,889
		46,954	37,889
<b>9 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		110,528	105,406
Spare parts		191,745	163,393
Loose tools		634	594
Stores in transit		22,560	20,667
		325,467	290,060
Less: Provision for obsolescence and slow moving items	9.1	(26,913)	(23,873)
		298,554	266,187
<b>9.1 Provision for obsolescence and slow moving items</b>			
Opening balance		23,873	22,688
Provision for the year		3,040	1,185
Closing balance		26,913	23,873

	Note	2014	2013
Rupees in thousand			
<b>10 STOCK IN TRADE</b>			
Raw material - in hand		150,157	307,735
- in transit		12,644	6,740
		<b>162,801</b>	<b>314,475</b>
Sugar in process		6,083	4,834
Finished goods			
Sugar		1,493,249	1,270,980
Molasses		-	15,195
MDFB Sheets		127,536	192,835
		<b>1,620,785</b>	<b>1,479,010</b>
Trading stock of laminated flooring / Edge Banding		5,228	10,835
		<b>1,794,897</b>	<b>1,809,154</b>
<b>10.1</b>	Stocks of refined sugar and MDFB Sheets amounting to Rs.1,074.658 million and Rs. Nil (2013:655.180 million and Rs. 15.230) respectively are pledged against cash finance facilities and istisna arrangements as referred in Note.23.1 and 21.1 respectively.		
<b>11 TRADE DEBTS</b>			
Against Local sales - Unsecured, considered good		55,320	96,348
<b>12 LOANS AND ADVANCES</b>			
<b>Secured &amp; Interest free</b>			
Current portion of long term loans	7	7,765	8,144
<b>Un-secured &amp; Interest free</b>			
Considered good			
Advances against purchases and services		88,898	40,771
Advances to Employees		6,878	2,348
		<b>95,776</b>	<b>43,119</b>
Considered doubtful			
Loans to growers	12.1	36,801	36,801
For purchase and services		1,555	1,555
For transportation		2,740	2,740
		<b>41,096</b>	<b>41,096</b>
		<b>144,637</b>	<b>92,359</b>
Provision for doubtful loans and advances	12.2	(41,096)	(41,096)
		<b>103,541</b>	<b>51,263</b>
<b>12.1</b>	These loans are given to farmer/growers for their capital requirement for sugarcane cultivation and development. These are adjusted against purchase of sugarcane from respective growers. Interest is charged on these loans @ 10% subject to realization of principal, however no interest is accrued as at balance sheet date as all the balances are doubtful. Provision has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful.		
<b>12.2 Provision for doubtful loans and advances</b>			
Opening balance		41,096	41,096
Provision made during the year		-	-
Closing balance		<b>41,096</b>	<b>41,096</b>

	Note	2014	2013
Rupees in thousand			
<b>13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Trade deposits		233	739
Short term prepayments		3,534	2,351
		<u>3,767</u>	<u>3,090</u>
<b>14 OTHER RECIEVABLES</b>			
Insurance Claim receivable from related party	14.1	46,113	10,003
Freight Subsidy	14.2	49,779	49,779
Others		88	28
		<u>95,980</u>	<u>59,810</u>

**14.1** These claims are receivable from M/s Reliance Insurance Company Limited, a related party. The maximum aggregate amount due from related party at the end of any month during the year was Rs.46.107 million (2013: 10.003 million). The claim is outstanding for not more than 120 days.

**14.2** This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan.

**15 CASH AND BANK BALANCES**

Cash in hand		1,254	1,099
Cash at banks			
In Current accounts		69,811	96,889
In Saving accounts	15.1	77,444	135
		<u>147,255</u>	<u>97,024</u>
		<u>148,509</u>	<u>98,123</u>

**15.1** This carry profit / mark-up at the rate ranging between 5% and 7% (2013: 5 % and 6 %).

**16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2014	2013		2014	2013
No. of Shares			Rupees in thousand	
3,617,635	3,617,635	Ordinary shares of Rs.10 each allotted for consideration paid in cash.	36,177	36,177
884,637	884,637	Ordinary shares of Rs. 10 each allotted as fully paid up otherwise than in cash (issued in terms of loan arrangement and debenture trust deeds).	8,846	8,846
15,971,430	14,996,492	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares.	159,714	149,965
<u>20,473,702</u>	<u>19,498,764</u>		<u>204,737</u>	<u>194,988</u>

**16.1 Reconciliation of share capital**

2014		2013		2014		2013	
No. of Shares				Rupees in thousand			
19,498,764	18,570,252	Outstanding at the beginning of the year		194,988		185,703	
974,938	928,512	Add: 5% issue of bonus shares during the year		9,749		9,285	
<u>20,473,702</u>	<u>19,498,764</u>			<u>204,737</u>		<u>194,988</u>	

**16.2** Associated companies hold 1,996,950 (9.75%) ordinary shares in the Company.

	Note	2014	2013
		Rupees in thousand	
<b>17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Surplus on revaluation of property, plant and equipment	17.1	1,135,132	1,178,431
Share of associates' surplus on revaluation of property, plant and equipment		95,608	65,034
		<u>1,230,740</u>	<u>1,243,465</u>
<b>17.1 Surplus on revaluation of property, plant and equipment</b>			
Gross opening balance		1,646,477	729,670
Surplus on fresh revaluation of property, plant and equipment		-	950,028
		<u>1,646,477</u>	<u>1,679,698</u>
Incremental depreciation - net of deferred tax		(57,065)	(21,926)
Related deferred tax liability		(28,107)	(11,295)
		<u>(85,172)</u>	<u>(33,221)</u>
Gross closing balance		1,561,305	1,646,477
Relevant deferred tax liability		(426,173)	(468,046)
Revaluation surplus net of deferred tax		<u>1,135,132</u>	<u>1,178,431</u>



Description	BANKS										FINANCIAL INSTITUTION				MODARABA		TOTAL		
	Bank Islami Pak Ltd	Burj Bank Ltd	Burj Bank Ltd	Burj Bank Ltd	Mezzan Bank Ltd	Mezzan Bank Ltd	Mezzan Bank Ltd	MCB Bank Ltd	Total	SAPICO	Pak Oman Inv	Pak Oman Inv	Pak Oman Inv	Pak Bunei Inv	Pak Bunei Inv	Total		Standard Chartered Modaraba	2014
Opening balance	250,000	50,000	83,333	175,000	-	-	278,733	-	808,333	26,667	50,000	150,000	-	37,500	-	264,167	188,750	1,241,250	779,166
Add: Receipts	-	-	33,333	50,000	100,000	100,000	278,733	-	378,733	-	-	-	-	100,000	-	190,000	-	528,733	650,000
Less: Payment	16,625	33,333	16,667	50,000	125,000	100,000	278,733	-	132,281	26,667	50,000	-	-	25,000	-	101,667	46,900	283,468	187,917
Closing balance	234,375	250,000	16,667	50,000	125,000	100,000	278,733	1,054,775	-	-	150,000	50,000	50,000	12,500	100,000	372,500	119,250	1,486,225	1,241,249
Less: Current Maturity	62,500	62,500	16,667	33,333	50,000	100,000	34,642	259,842	-	-	37,500	-	-	12,500	-	50,000	65,250	375,092	253,457
Shown under current liabilities	177,875	187,500	16,667	75,000	75,000	243,891	794,833	-	-	-	112,500	50,000	-	100,000	-	262,500	54,000	1,111,433	957,792
	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Diminishing Musharaka	Demand Finance		Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance	Long Term Finance		Diminishing Musharaka		
Sanctioned/Sale Price/ Disbursed Amount (Rs in million)	250	100	100	200	100	278,733	5 Years		100	200	150	50	100	100	100		180		
Facility Tenor	5 Years	4 Years	4 Years	5 Years	5 Years	5 Years	5 Years		4 Years	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years		4 Years		
Grace Period	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year		3 Months	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year		1 Year		
Effective rate of markup (per annum)	3M KIBOR + 1.75%	3M KIBOR + 2%	3M KIBOR + 2.50%	6M KIBOR + 2.25%	6M KIBOR + 1.75%	6M KIBOR + 2.00%	3 M KIBOR + 2.00%		6 M KIBOR + 2.50%	6M KIBOR + 3.00%	6M KIBOR + 2.00%	6M KIBOR + 2.00%	6M KIBOR + 2.75%	6M KIBOR + 2.00%	6M KIBOR + 2.00%		6M KIBOR + 2.00%		
Installments Payable	Quarterly	Half Yearly	Quarterly	Half Yearly	Half Yearly	Half Yearly	Half Yearly		Quarterly	Quarterly	Quarterly	Quarterly	Half Yearly	Half Yearly	Half Yearly		Quarterly		
	16	8	12	12	8	8	8		15	16	16	16	8	8	8		12 Varying		
Number of installments	13-06-2013	21-02-2011	23-02-2012	23-11-2011	18-07-2014	24-03-2014	24-03-2014		02-08-2010	18-07-2009	27-09-2013	30-09-2014	18-12-2009	08-04-2014	08-04-2014		15-05-2012		
Date of disbursement	13-06-2018	21-02-2015	23-02-2016	23-11-2016	18-07-2019	24-03-2019	24-03-2019		02-08-2014	18-07-2014	27-09-2018	30-09-2019	18-12-2014	08-04-2019	08-04-2019		15-05-2016		
Date of maturity																			
<b>SECURITIES</b>																			
Bank Islami Pakistan Ltd-250-M.	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division																		
Burj Bank Limited Rs-250-M.	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Burj Bank Limited Rs. 100-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Burj Bank Limited Rs. 100-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Mezzan Bank Limited Rs-200-M	First pari passu hypothecation charge over all fixed assets including Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division																		
Mezzan Bank Limited Rs-100-M	First pari passu hypothecation charge over all fixed assets including Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division																		
MCB Bank Limited Rs. 278.73-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division																		
SAPICO Rs. 100-M	First pari passu hypothecation charge over all fixed assets including Plant & Machinery (excluding Land & Building) of Al-Noor Sugar Mills Limited-MDFB Division																		
Pak Oman Investment Company Ltd Rs. 200-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Pak Oman Investment Company Ltd Rs. 100-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Pak Oman Investment Company Ltd Rs. 50-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Pak Bunei Investment Company Ltd Rs. 100-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Pak Bunei Investment Company Ltd Rs. 100-M	First pari passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division																		
Standard Chartered Modaraba	First pari passu E/M & hypothecation charge over all fixed assets of Al-Noor Sugar Mills Limited-Sugar Division																		

	Note	2014	2013
Rupees in thousand			
<b>19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Minimum lease payments / rentals payable			
Within one year		38,661	38,105
After one year but not more than five years		63,996	101,684
		102,657	139,789
Less: Amount representing finance charges payable			
Within one year		(6,117)	(9,054)
After one year but not more than five years		(1,757)	(7,114)
		(7,874)	(16,168)
Present value of minimum lease payments		94,783	123,621
Less: Current portion shown under current liabilities	24	(32,545)	(29,051)
		62,238	94,570
<b>19.1</b>			
These represent machinery acquired under finance lease from leasing company. The outstanding lease rentals due under the lease agreements are payable in quarterly installments latest by 2016. These carry finance charges at the rate of 6 month KIBOR+2.50% per annum being the implicit rate in the lease. The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. Liabilities are secured against promissory notes and security deposit.			
<b>20 DEFERRED LIABILITIES</b>			
Deferred taxation	20.1	655,049	696,219
Excise duty	20.2	35,120	35,120
		690,169	731,339
<b>20.1 Deferred taxation</b>			
Opening Balance		696,219	339,440
Deferred tax effect of fresh revaluation / Effect of tax rate related to revaluation		(13,766)	303,475
Provision during the year		(27,404)	53,304
		655,049	696,219
<b>Deferred tax liabilities arising due to;</b>			
Accelerated depreciation rates		302,778	269,212
Investment in associates		22,025	15,640
Surplus on revaluation of property, plant and equipments		426,173	468,046
Lease financing arrangements - net		9,311	-
		760,287	752,898
<b>Deferred tax assets arising due to;</b>			
Provisions		(20,168)	(16,384)
Lease financing arrangements - net		-	(218)
Unabsorbed tax losses/ Minimum tax carry forward		-	(40,077)
		(20,168)	(56,679)
Minimum tax carry forward		(85,070)	-
		655,049	696,219
<b>20.2</b>			
This represents liability recognized in respect of denial of excise duty exemption by Central Excise and Land Customs Department vide notification of December 23, 1992. The company had filed a constitutional petition before the High Court of Sindh however the same was rejected by the Sindh High Court. The company has filed an appeal before the Supreme Court of Pakistan against the order of Sindh High Court. The appeal is pending for hearing, whereas the Company has recognised full amount of liability in this respect as a matter of abundant precaution and being prudent.			

	Note	2014	2013
Rupees in thousand			
<b>21 TRADE AND OTHER PAYABLES</b>			
Creditors	21.1	139,569	162,536
Murabaha / Istisna payable	21.2	180,000	510,000
Accrued expenses		33,061	33,473
Advances from customers		1,748	155,167
Workers' Profit Participation fund	21.3	4,103	6,584
Workers' welfare fund		4,032	2,473
Unclaimed dividend		3,507	3,430
Sales tax payable		84,065	26,935
Payable to provident fund - related party		129	145
Others		7,003	1,783
		<u>457,217</u>	<u>902,526</u>
<b>21.1</b>	This includes Rs. 4.318 million (2013: Rs. Nil) payable to related party.		
<b>21.2</b>	Murabaha / Istisna have been availed from Islamic banks at 6M Kibor+1% per anum (2013: 6M Kibor+1% per anum). The profit is payable with principle amount on the date of maturity of transaction. These include pledge and hypothecation facilities. Pledge facilities are primarily secured by pledge of sugar and collaterally secured by ranking charge on current assets and hypothecation facilities are secured by 1st pari passu hypothecation charge over plant and machinery. The aggregate limit of Murabaha/Istasna arrangements is up to Rs. 500 million (2013: Rs 600 million). The unavailed facility at the year end amounted to Rs. 320 million (2013: 380 million).		
<b>21.3 Workers' Profit Participation fund</b>			
Opening balance		6,584	1,649
Interest on funds utilized	21.2.1	579	-
Allocation for the year		4,103	6,584
		<u>11,266</u>	<u>8,233</u>
Payments made during the year		(7,163)	(1,649)
Closing balance		<u>4,103</u>	<u>6,584</u>
<b>21.2.1</b>	The Company retains Workers' Profit Participation Fund for its business operations till the date of allocation to the workers. Interest is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.		
<b>22 ACCRUED MARKUP / FINANCE COST</b>			
On Long term financing		21,706	17,820
On Finance lease obligation		84	113
On Murabaha / Istisna / IERF		10,145	5,702
On Short term borrowings		33,498	21,848
		<u>65,433</u>	<u>45,483</u>
<b>23 SHORT TERM BORROWINGS</b>			
<b>From banking companies - Secured</b>			
Running finance/Cash finance	23.1	1,306,299	670,243

- 23.1** These carry markup at rates ranging from 3/6M Kibor+1% to 1.5% (2012 : 1M Kibor+2% and 3M Kibor+1.00 to 2.00%) per annum chargeable and payable quarterly. These are secured against pledge of refine sugar/MDFB sheets, pari passu equitable mortgage charge on fixed assets and hypothecation of stocks and receivables. The aggregate limit running finance arrangements is up to Rs. 3,825 million (2013: Rs 3,825). The aggregate unavailed running finance/cash finance facilities from commercial banks amounts to Rs. 2,519 million (2013 : Rs.3,155 million) as on balance sheet date.

	Note	2014	2013
Rupees in thousand			
<b>24 CURRENT PORTION OF LONG TERM FINANCING AND LIABILITES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Long term financing	18	375,092	283,457
Liabilities against assets subject to finance lease	19	32,545	29,051
		407,637	312,508

**25 CONTINGENCIES AND COMMITMENTS**

**a). Contingencies**

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

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

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

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

- 25.3** The Company's appeal in the Honorable Supreme Court against the Order of the Sindh High Court for levy of Quality Premium has been accepted by the Honorable Supreme Court by assailing the Order of Sindh High Court. Accordingly, no provision has been made in the books of accounts amounting to Rs. 339.65 (2013: 323.48) million, as the matter is pending in the Honorable Supreme Court. Furthermore as per decision of federal government steering committee held on 16-07-2007, the quality premium shall remain suspended till decision of Honorable Supreme Court or consensus on uniform formula to be developed by MINFAL.

**25.4** The Company has filed a petition before the Honorable High Court of Sindh against the imposition of special excise duty. The Honorable High Court has issued stay order for the recovery of 70% of the total amount of Rs 7.135 million against excise duty involved. The Company has however as a matter of abundant precaution has provided for the amount of said duty in the financial statements. The case has been decided in favor of the company declaring Special Excise Duty as void ab-initio and of no legal effect. The Inland Revenue department has filed an appeal before Honorable Supreme Court of Pakistan against the decision of Honorable High Court. During the period under review, the company has received Show Cause Notice, from department of Inland Revenue -LTU Karachi, against refund claim of Special Excise Duty amounting to Rs. 118.208 Million filed by the company, in compliance of order of Honorable High Court of Sindh Karachi.

The company has filed another appeal in Honorable High Court of Sindh Karachi, against the Show Cause Notice issued by the department of Inland Revenue-LTU Karachi. Honorable High Court of Sindh has issued, stay order against the proceedings on the show cause notice.

**25.5** During the period under review, the company has received Show Cause Notice, from department of Inland Revenue, for recovery of Federal Excise Duty availed by the company amounting to Rs.51.397 Million, under SRO 77( 1 ) 2013 dated 7th February 2013. The company has filed an appeal, before Honorable High Court of Sindh against Show Cause Notice and the Honorable High Court of Sindh has issued, stay order against the proceedings on the Show Cause Notice.

**25.6** The Company has filed a petition in the Honorable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the vary jurisdiction of the Competition Commission. The Honorable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honorable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honorable High Courts. Therefore, there are no financial implications related to this at the moment.

**25.7** The Company has filed a suit before the Honorable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 6.5 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Honorable High Court of Sindh has accepted the petition and termed that the impugned notification have been issued without lawful authority and suspended the operation of the impugned, notifications. The constitutional petition filed before the Honorable High Court of Sindh has been allowed in favor of the company. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honorable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority has filed an appeal before the Honorable Supreme Court of Pakistan against the decision of Honorable High Court of Sindh. No provision has been made in this respect.

	Note	2014	2013
Rupees in thousand			
<b>b). Commitments</b>			
The Company's commitment as on September 30, are as follows:			
Letters of credit			
Stores		8,477	12,114
Raw Material		101,307	79,467
Machinery (CWIP)		40,936	99,866
		<u>150,720</u>	<u>191,447</u>
Bank Guarantee in favor of Trading Corporation of Pakistan(TCP) against sugar sale contracts		<u>34,731</u>	<u>6,505</u>
<b>26 SALES</b>			
Export		452,096	1,590,039
Local			
Local Sales		7,967,535	6,535,120
Sales tax and federal excise duty		(719,491)	(527,767)
Brokerage and commission		(1,043)	(3,079)
		<u>7,247,001</u>	<u>6,004,274</u>
		<u>7,699,097</u>	<u>7,594,313</u>

	Note	2014	2013
Rupees in thousand			
<b>27 COST OF SALES</b>			
Opening stock of finished goods		1,479,010	2,130,961
Cost of goods manufactured	27.1	6,991,965	6,104,515
		<b>8,470,975</b>	8,235,476
Less: Closing stock of finished goods		<b>(1,620,785)</b>	<b>(1,479,010)</b>
		<b>6,850,190</b>	6,756,466
<b>27.1 Cost of goods manufactured</b>			
Raw material consumed	27.1.1	6,639,647	5,445,844
Salaries, wages and benefits	27.1.2	183,781	171,561
Stores and spare parts consumed		276,981	232,650
Packing materials		67,607	39,522
Fuel and oil		102,291	140,976
Power and water		210,543	218,987
Repair and maintenance		95,443	97,909
Insurance		14,320	16,993
Depreciation	4.1.2	183,781	146,857
Other manufacturing expenses		31,821	60,667
		<b>7,806,215</b>	6,571,966
Less:			
By product sale			
Molasses		625,211	349,090
Baggase		8,352	-
Sander dust		816	790
Sale of Electric Power		178,622	116,264
		<b>(813,001)</b>	<b>(466,144)</b>
Work-in-process			
Opening stock		4,834	3,527
Closing stock		(6,083)	(4,834)
		<b>(1,249)</b>	<b>(1,307)</b>
		<b>6,991,965</b>	<b>6,104,515</b>
<b>27.1.1 Raw material consumed</b>			
Opening stock		307,735	361,468
Purchases and related expenses	27.1.1.1	6,482,069	5,392,111
		<b>6,789,804</b>	5,753,579
Closing stock		<b>(150,157)</b>	<b>(307,735)</b>
		<b>6,639,647</b>	<b>5,445,844</b>

**27.1.1.1** It includes subsidies paid to growers aggregating to Rs nil (2013: Rs.55.749 million) in addition to minimum support price fixed by the Government of Sindh.

**27.1.2** It includes Rs. 5.845 million (2013: Rs. 5.491 million) in respect of contribution towards staff provident fund.

	Note	2014	2013
Rupees in thousand			
<b>28 PROFIT FROM TRADING ACTIVITIES</b>			
Sales		20,164	22,249
Sales tax and federal excise duty		(3,107)	(3,089)
		17,057	19,160
Cost of sales:			
Opening stock		10,835	11,369
Purchases		5,179	9,646
Closing stock		(5,228)	(10,835)
		10,786	10,180
		6,271	8,980
Distribution expenses		(3,653)	(6,004)
Profit for the year		2,618	2,976
<b>29 DISTRIBUTION COST</b>			
Sales promotion		6,372	14,934
Export sale expenses		4,322	8,441
Dispatch and stacking		18,447	11,896
		29,141	35,271
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	30.1	171,645	159,706
Staff welfare		27,363	24,677
Rent, rates and taxes		2,783	1,031
Electricity and gas charges		12,535	6,537
Repair and maintenance		45,315	42,232
Legal and professional		3,888	3,789
Vehicle running		29,367	33,236
Insurance		3,347	2,828
Communication		6,096	6,014
Entertainment		9,815	8,467
Printing and stationery		2,150	1,879
Fees and subscription		3,994	4,027
Traveling and conveyance		9,801	12,541
Security Expenses		17,608	8,796
Auditors' remuneration	30.2	1,032	984
Charity and donation	30.3	2,181	4,920
Depreciation		43,664	25,483
Amortization		983	2,291
Others		7,027	3,836
		400,594	353,274

**30.1** It includes Rs. 4.908 million (2013 : Rs. 3.905 million) in respect of contribution towards staff provident fund.

	Note	2014	2013
		Rupees in thousand	
<b>30.2 Auditors' remuneration</b>			
Kreston Hyder Bhimji & Co			
Audit fee		700	700
Out of pocket expenses		104	66
Half yearly review fee		83	83
Code of corporate governance review fee		10	10
		897	859
A.D.Akhawala & Co. - Provident Fund		25	25
A.D.Akhawala & Co. - Cost Audit		110	100
		135	125
		1,032	984
<b>30.3</b>	No directors or their spouses had any interest in the donee funds.		
<b>31 OTHER OPERATING EXPENSES</b>			
Provision for obsolescence and slow moving items		3,040	1,185
Worker's Profit Participation fund		4,103	6,584
Workers welfare fund		1,559	2,473
		8,702	10,242
<b>32 OTHER INCOME</b>			
Income from financial assets			
Profit on bank deposits		1,031	428
Exchange gain on export proceeds		3,159	7,426
		4,190	7,854
Income from non financial assets			
Insurance claim		426	918
Sale of scrap		2,924	2,282
Gain on disposal of property, plant and equipment		5,065	2,554
Rent		600	600
		9,015	6,354
ERF Performance Reward		4,129	-
		17,334	14,208
<b>33 FINANCE COST</b>			
Profit / Markup / Interest on:			
Long term financing		157,463	96,372
Liabilities against asset subject to finance lease		9,629	13,602
Short term borrowings		198,252	135,855
Export refinance		6,171	64,501
Murabaha / Istisna / IERF financing		13,611	28,329
Workers' profit participation fund	21.3	579	-
Bank charges		1,389	3,122
Others		2,690	2,666
		389,784	344,447
<b>34 TAXATION</b>			
Current year		72,294	48,889
Deferred		(27,404)	53,304
		44,890	102,193



- 34.1** The company has worked out the tax liabilities for the current year on the basis of amendment incorporated in the Income tax law which have resulted in reducing of tax expenses substantially.
- 34.2** Current tax expense is net of tax credit amounting to Rs.17.386 (2013: Rs.33.566 ) million. Further in view of available tax losses / depreciation the provision for current taxation represents minimum tax being the turnover tax under Section 113 of the Income Tax Ordinance, 2001 and in case of exports provision is worked out at prevailing final tax rates, so tax reconciliation of tax expense with accounting profit is not presented.

	Note	2014	2013 (Restated)
Rupees in thousand			
<b>35 EARNINGS PER SHARE</b>			
<b>Basic and diluted</b>			
Profit after taxation		31,333	24,074
Weighted average number of ordinary shares outstanding during the year		20,474	20,474
Earnings per share (Rupees)		1.53	1.18

There is no dilutive effect on the basic earnings per share of the Company. Weighted average number of ordinary sharers outstanding and earning per share for the year ended September 30, 2013 have been restated by taken into effect, the bonus shares issued during current year @ 5%.

**36 RELATED PARTY TRANSACTIONS**

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

Relationship with the Company	Nature of Transactions	2014	2013
Rupees in thousand			
<b>Associates:</b>			
Reliance Insurance Company Limited	Insurance premium paid	10,882	32,057
	Insurance claims	36,110	10,003
Shahmurad Sugar Mills Limited	Sale of goods	581,473	275,910
	Dividend received	4,950	4,950
First Al-Noor Modaraba (Pvt) Limited	Rent income	600	600
Staff Retirement Benefits Plan	Employer's contribution to provident fund	10,753	9,396

**37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

	Chief Executive		Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
..... Rupees in thousand .....								
Meeting fee	25	15	250	205	-	-	275	220
Remuneration	6,324	6,324	13,712	18,282	51,395	46,175	71,431	70,781
Provident fund	-	-	-	-	4,063	3,769	4,063	3,769
Perquisite (including house rent and bonus)	3,163	3,162	6,856	9,141	45,803	47,353	55,822	59,656
Reimbursable expenses including traveling expenses	-	1,180	1,466	973	-	-	1,466	2,153
	<b>9,512</b>	<b>10,681</b>	<b>22,284</b>	<b>28,601</b>	<b>101,261</b>	<b>97,297</b>	<b>133,057</b>	<b>136,579</b>
Number of persons	1	1	4	3	67	59		

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

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

	2014	2013
<b>38 CAPACITY AND PRODUCTION</b>		
<b>Sugar Division</b>		
Capacity Days	120	120
Cane crushing capacity per day (M.Ton)	7,000	7,000
Total Crushing Capacity on basis of no. of days (M.Ton)	840,000	840,000
No of days Mill operated	155	114
Actual Crushing (M.Ton)	1,293,261	959,302
Sugar Production (M.Ton)	126,719	99,740

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

**MDF Board division**

**Mande Line**

No. of Days Mill Operated	218	160
Capacity Per Day (Cubic Meter)	70	70
Total Capacity on basis of no. of days (Cubic Meter)	15,260	11,200
Actual Production (Cubic Meter)	12,524	8,883

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

**Sunds Line**

No. of Days Mill Operated	316	335
Capacity Per Day (Cubic Meter)	122	122
Total Capacity on basis of no. of days (Cubic Meter)	38,552	40,870
Actual Production (Cubic Meter)	37,328	41,354

Production of Sunds line of MDF Board Division was lowered due to production mix of different sizes.

39 SEGMENT INFORMATION

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

	SUGAR		MDF BOARD		TOTAL	
	2014	2013	2014	2013	2014	2013
----- Rupees in thousand -----						
<b>REVENUE</b>						
External sales	5,722,202	5,433,593	1,976,895	2,160,720	7,699,097	7,594,313
External Sales of By-product & Electricity	812,185	465,354	816	790	813,001	466,144
Inter-segment sales	42,488	46,467	-	-	42,488	46,467
Total Revenue	<u>6,576,875</u>	<u>5,945,414</u>	<u>1,977,711</u>	<u>2,161,510</u>	<u>8,554,586</u>	<u>8,106,924</u>
<b>RESULTS</b>						
Profit from operations	<u>357,575</u>	<u>414,824</u>	<u>81,549</u>	<u>51,662</u>	<u>439,124</u>	466,486
Other operating expenses					(8,702)	(10,242)
Finance cost					(389,784)	(344,447)
Share of profit from associates					35,585	14,470
Profit before tax					76,223	126,267
Taxation					(44,890)	(102,193)
Net profit for the year					<u>31,333</u>	<u>24,074</u>
<b>BALANCE SHEET</b>						
<b>Assets</b>						
Segment assets	3,956,614	3,539,551	2,301,375	2,365,410	6,257,989	5,904,961
Investment in associates	246,884	182,158	-	-	246,884	182,158
Unallocated Assets	-	-	-	-	60,241	22,624
Total assets					<u>6,565,114</u>	<u>6,109,747</u>
<b>Liabilities</b>						
Segment liabilities	3,319,777	2,853,846	769,409	848,569	4,089,186	3,702,415
Unallocated liabilities					11,642	12,487
Total liabilities					<u>4,100,828</u>	<u>3,714,902</u>
<b>OTHER INFORMATION</b>						
Additions to property, plant and equipment	258,687	18,790	198,257	11,177	456,944	29,967
Depreciation	131,175	89,204	96,270	83,136	227,445	172,340
Amortization	-	-	983	2,291	983	2,291

**Geographical Information**

All non-current assets of the Company are located in Pakistan. Company's local sales represent sales to various external customers in Pakistan whereas export sales represent sales to customers in various countries of Asia.

**40 FINANCIAL ASSETS AND LIABILITIES**

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

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

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

**FINANCIAL ASSETS**

Long Term Investment	-	-	-	-	246,884	246,884	<b>246,884</b>
Deposits	-	-	-	233	46,954	47,187	<b>47,187</b>
Long Term Loans	-	-	-	7,765	3,516	11,281	<b>11,281</b>
Trade debts	-	-	-	55,320	-	55,320	<b>55,320</b>
Loans and advances	-	-	-	6,878	-	6,878	<b>6,878</b>
Other receivables	-	-	-	46,201	-	46,201	<b>46,201</b>
Cash and bank balances	-	-	-	148,509	-	148,509	<b>148,509</b>
	-	-	-	<b>264,906</b>	<b>297,354</b>	<b>562,260</b>	<b>562,260</b>

**FINANCIAL LIABILITIES**

Long Term Financing	375,092	1,111,433	1,486,525	-	-	-	<b>1,486,525</b>
Liabilities against assets subject to finance lease	32,545	62,238	94,783	-	-	-	<b>94,783</b>
Long term deposits	-	-	-	-	402	402	<b>402</b>
Trade and other Payables	184,103	-	184,103	176,266	-	176,266	<b>360,369</b>
Accrued markup / finance cost	-	-	-	65,433	-	65,433	<b>65,433</b>
Short term borrowings	1,306,299	-	1,306,299	-	-	-	<b>1,306,299</b>
	<b>1,898,039</b>	<b>1,173,671</b>	<b>3,071,710</b>	<b>241,699</b>	<b>402</b>	<b>242,101</b>	<b>3,313,811</b>

2013						
Markup / Interest Based			Non Markup / Interest Based			Total
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	

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

**FINANCIAL ASSETS**

Long Term Investment	-	-	-	-	182,158	182,158	182,158
Deposits	-	-	-	739	37,889	38,628	38,628
Long Term Loans	-	-	-	8,144	2,196	10,340	10,340
Trade debts	-	-	-	96,348	-	96,348	96,348
Loans and advances	-	-	-	2,348	-	2,348	2,348
Other receivables	-	-	-	10,031	-	10,031	10,031
Cash and bank balances	-	-	-	98,123	-	98,123	98,123
	-	-	-	<b>215,733</b>	<b>222,243</b>	<b>437,976</b>	<b>437,976</b>

**FINANCIAL LIABILITIES**

Long Term Financing	283,457	957,792	1,241,249	-	-	-	1,241,249
Liabilities against assets subject to finance lease	29,051	94,570	123,621	-	-	-	123,621
Long term deposits	-	-	-	-	441	441	441
Trade and other Payables	516,584	-	516,584	199,584	-	199,584	716,168
Accrued markup / finance cost	-	-	-	45,483	-	45,483	45,483
Short term borrowings	670,243	-	670,243	-	-	-	670,243
	<b>1,499,335</b>	<b>1,052,362</b>	<b>2,551,697</b>	<b>245,067</b>	<b>441</b>	<b>245,508</b>	<b>2,797,205</b>

**41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**41.1 Financial Risk Management Objectives**

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

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

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

This information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital, is as follows;

**A Credit risk**

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

	2014	2013
	(Rupees in thousand)	
Loans and advances net of provision	18,159	12,688
Deposits	47,187	38,628
Trade debts	55,320	96,348
Other receivables	46,201	10,031
Bank Balances	147,255	97,024
	<u>314,122</u>	<u>254,719</u>

**Loans and advances**

These represent balances due from growers and employees. The Company actively pursue for the recovery and based on past experience the Company does not expect that these counter parties will fail to meet their obligations hence no impairment allowance is necessary except for certain past due loans to growers against which appropriate provision has been made in the financial statements as disclosed in note no 12.1.

**Deposits**

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

**Trade debts**

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

1 to 3 months	10,957	96,348
3 to 6 months	44,363	-

**Other receivables**

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

**Bank balances**

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

The bank balances along with credit ratings are tabulated below:

	Long Term Ratings	Short Term Ratings	2014 Rupees in thousand	2013
United Bank Limited	AA+	A-1+	27,649	19,329
Habib Bank Limited	AAA	A-1+	2,413	8,048
Allied Bank Limited	AA+	A1+	1,752	888
MCB Bank Limited	AAA	A1+	11,363	15,940
Standard Chartered Bank Limited	AAA	A1+	175	175
National Bank of Pakistan	AAA	A-1+	2,805	2,330
Faysal Bank Limited	AA	A1+	5,637	34,288
Bank Al-Falah Limited	AA	A1+	90,301	10,298
Bank Islami Limited	A	A-1	251	160
Habib Metropolitan Bank Limited	AA+	A-1+	12	19
Al-Baraka Bank (Pakistan) Limited	A	A1	16	
Soneri Bank Limited	AA-	A1+	626	408
Industrial Commercial bank of china	A1	P-1	2	125
Meezan Bank Limited	AA	A-1+	3,264	2,341
Burj Bank Limited	A	A-1	576	215
Js Bank Limited	A+	A1	214	469
Bank Al-Habib	AA+	A1+	171	1,969
Askari Commercial Bank Limited	AA	A1+	12	12
Dubai Islamic Bank	A	A-1	16	10
			<b>147,255</b>	<b>97,024</b>

**Financial assets that are either past due or impaired**

The credit quality of financial assets that are either past due or impaired is assessed by reference to historical information and external ratings or to historical information about counter party default rates. As at the balance sheet date amounts of Rs. 41.096 millions (2013: 41.096 million) receivable from growers, suppliers and contractors were past due against which allowance for doubtful debts have been made. The aging of the past due financial assets is as under;

2 year to 3 years	<b>41,096</b>	<b>41,096</b>
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**B Liquidity risk**

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

**Year ended 30 September 2014**

	Less than 3 months	3 to 12 months	1 to 5 years	Total
(Rupees in thousand)				
Long term financing	-	375,092	1,111,433	1,486,525
Finance lease Liabilities	-	32,545	62,238	94,783
Long term deposits	-	-	402	402
Trade and other payables	258,443	198,774	-	457,217
Short-term borrowings	-	1,306,299	-	1,306,299
Accrued mark-up	65,433	-	-	65,433
	<b>323,876</b>	<b>1,912,710</b>	<b>1,174,073</b>	<b>3,410,659</b>

**Year ended 30 September 2013**

Long term financing	-	283,457	957,792	1,241,249
Finance lease Liabilities	-	29,051	94,570	123,621
Long term deposits	-	-	441	441
Trade and other payables	378,111	524,415	-	902,526
Short-term borrowings	-	670,243	-	670,243
Accrued mark-up on	45,483	-	-	45,483
	<b>423,594</b>	<b>1,507,166</b>	<b>1,052,803</b>	<b>2,983,563</b>

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2014 the Company has PKR 2,839 million (2013: PKR 3,535 million) available unutilized short term borrowing limit from financial institutions and also has PKR 148.509 million (2013: PKR 98.123 million) being cash and banks balances. Based on the above, management believes the liquidity risk is insignificant.

**C Market Risk**

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

**D Interest/ markup rate risk management**

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

Financial Liabilities	Effective interest rates		Carrying Values	
	2014	2013	2014	2013
	Note number		--- Rupees in thousand ---	
Variable Rate Instruments				
Long Term Financing	18 & 24		<b>1,486,525</b>	957,792
Murabaha/Istisna/IERF	21.2		<b>180,000</b>	510,000
Liability Against assets subject to finance lease	19 & 24		<b>94,783</b>	123,621
WPPF	21.3		<b>4,103</b>	6,584
Short term Borrowings	23		<b>1,306,299</b>	670,243
			<b>3,071,710</b>	<b>2,268,240</b>

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet would not effect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased /increased profit for the year before tax by the amount of Rs. 30.717 million (2013: 22.682 million) assuming that all other variables remains constant.

**E Foreign exchange risk management**

Foreign exchange risk is the risk that the fair value of future cash flows of financial statements will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

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

	2014 in thousand		2013 Rupees in thousand	
<b>Off Balance Sheet Exposure</b>				
Commitments				
US Dollars	\$ 855	\$ 735	87,587	79,467
EUROS	€ 436	€ 725	56,785	107,320
			<b>144,373</b>	<b>186,787</b>

The following significant exchange rate has been applied:

	2014	2013
Rupee per USD		
Average rate	100.70	100.15
Reporting date rate	102.50	105.5
Rupee per EURO		
Average rate	139.63	125.382
Reporting date rate	130.11	142.2

**Sensitivity analysis**

The effect of 10 percent strengthening / weakening on off Balance Sheet date items would have been Rs.14.437 million (2013: Rs.18.679 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

**F Fair value of financial instruments**

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

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

**G Capital risk management**

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

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.



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

During 2014 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2014 and 2013 were as follows:

	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Total borrowings	3,067,607	2,545,113
Less: Cash and bank balances	(148,509)	(98,123)
Total equity	2,919,098	2,446,990
Total equity and debt	4,301,153	3,696,493
Gearing ratio (%)	67.87%	66.20%

#### 42 PROVIDENT FUND RELATED DISCLOSURES

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

	2014 ..... (Rupees in thousand) .....	2013 Audited
	Un-audited	Audited
Size of the fund - Total assets	98,653	80,440
Cost of investments made	96,234	78,555
Percentage of investments made	97.55%	97.66%
Fair value of investments	96,234	78,555

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

	2014		2013	
	Rs. 000s	..... % .....	Rs. 000s	..... % .....
	Un-audited		Audited	
Meezan Amdan Certificate	94,200	97.89%	77,700	98.91%
Saving accounts with banks	2,034	2.11%	855	1.09%
	96,234	100.00%	78,555	100.00%

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

#### 43 NUMBER OF EMPLOYEES

No of persons employed as on year end were 815 (2013:810) and average number of employee during the year were 670 (2013:668).

#### 44 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on December 22, 2014.

#### 45 EVENTS AFTER BALANCE SHEET DATE

Subsequent to the year ended September 30, 2014, the Board of Directors has proposed a final cash dividend of Rs. 20.474 million at 10% i.e. Re. 1 per share of Rs. 10 each (2013 - 5% cash dividend i.e. Re. 0.50 per share of Rs.10 each in addition to bonus share @ of 5%) in their meeting held on December 22, 2014 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 30, 2015.

#### 46 GENERAL

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



ISMAIL H. ZAKARIA  
Chief Executive Officer



SULEMAN AYOOB  
Director

**PATTERN OF HOLDING OF THE SHARES HELD  
BY THE SHAREHOLDERS AS ON 30-09-2014**

NOS OF SHAREHOLDERS	H O L D I N G S			TOTAL SHARES HELD
449	1	TO	100	11,990
382	101	TO	500	106,123
114	501	TO	1000	79,613
128	1001	TO	5000	275,147
27	5001	TO	10000	200,139
10	10001	TO	15000	124,286
7	15001	TO	20000	124,877
5	20001	TO	25000	113,053
3	25001	TO	30000	84,033
1	30001	TO	35000	33,304
1	35001	TO	40000	37,795
1	40001	TO	45000	44,100
1	45001	TO	50000	49,678
4	50001	TO	55000	213,135
2	55001	TO	60000	118,634
4	60001	TO	65000	245,946
2	65001	TO	70000	134,803
2	70001	TO	75000	149,513
2	90001	TO	95000	185,308
1	100001	TO	105000	101,981
1	110001	TO	115000	110,250
1	115001	TO	120000	118,704
2	120001	TO	125000	242,314
1	125001	TO	130000	128,933
1	130001	TO	135000	134,500
1	155001	TO	160000	156,940
1	165001	TO	170000	166,976
4	185001	TO	190000	745,649
2	190001	TO	195000	384,953
1	195001	TO	200000	197,695
1	200001	TO	205000	204,737
1	205001	TO	210000	208,218
2	220001	TO	225000	442,176
1	235001	TO	240000	236,046
1	270001	TO	275000	270,403
1	275001	TO	280000	279,833
2	280001	TO	285000	560,589
1	285001	TO	290000	288,383
1	300001	TO	305000	304,117
1	315001	TO	320000	317,000
1	320001	TO	325000	323,394
1	325001	TO	330000	326,500
1	365001	TO	370000	368,805
2	370001	TO	375000	744,774
1	400001	TO	405000	402,483
1	415001	TO	420000	417,820
1	465001	TO	470000	469,637
1	480001	TO	485000	482,550
1	520001	TO	525000	525,000
1	565001	TO	570000	566,416
1	710001	TO	715000	710,915
1	775001	TO	780000	775,750
1	1015001	TO	1020000	1,019,227
1	1220001	TO	1225000	1,222,995
1	1875001	TO	1880000	1,875,675
1	2305001	TO	2310000	2,309,887
1190			<b>TOTAL:-</b>	<b>20,473,702</b>

**CATEGORIES OF SHAREHOLDING AS ON 30-09-2014**

SR.NO.	CATEGORIES OF SHAREHOLDER'S	NUMBER OF SHARES HOLDERS	SHARES HELD	PERCENTAGE
1	INDIVIDUALS	1165	14,139,669	69.06%
2	INSURANCE COMPANIES	1	566,416	2.77%
3	JOINT STOCK COMPANIES	13	3,062,302	14.96%
4	MUTUAL FUNDS	1	2,309,887	11.28%
5	FINANCIAL INSTITUTIONS	4	34,030	0.17%
6	MODARABAS	1	121,275	0.59%
7	OTHERS	5	240,123	1.17%
	TOTAL:-	1190	20,473,702	100.00%

## CATEGORIES OF SHARE HOLDING AS AT SEPTEMBER 30, 2014

Categories of Shareholders	No. of Share Holders	Sheres Held	Percentage
<b>ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES</b>			
FIRST AL-NOOR MODARABA	1	121,275	0.59
NOORI TRADING CORP. (PVT) LTD	1	1,875,675	9.16
<b>NBP, NIT &amp; ICP</b>			
INVESTMENT CORPORATION OF PAKISTAN	1	208	0.00
NATIONAL INVESTMENT TRUST LTD. ADMINISTRATION FUND	1	20,881	0.10
NATIONAL BANK OF PAKISTAN	1	12,831	0.06
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND.	1	220,468	1.08
TRUSTEE NATIONAL BANK OF PAKISTAN EMP. BENEVOLENT FUND TRUST.	1	7,736	0.04
<b>MUTUAL FUNDS</b>			
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,309,887	11.28
<b>DIRECTORS , CEO &amp; THEIR SPOUSES AND MINOR CHILDERN</b>			
MRS. MUNIRA ANJUM (W/O YUSUF AYOOB)	1	402,483	1.97
MR. MUHAMMAD SULEMAN AYOOB	1	323,394	1.58
MR. MUHAMMAD YUSUF AYOOB	1	371,032	1.81
MR. ABDUL AZIZ AYOOB	1	121,039	0.59
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)	1	208,218	1.02
MRS. ZARINA ISMAIL ZAKARIA (W/O ISMAIL H. ZAKARIA)	1	191,165	0.93
MR. ZIA ZAKARIA	1	193,788	0.95
MR. ZOHAIR ZAKARIA	1	304,117	1.49
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)	1	60,070	0.29
MR. MOHAMMAD SALIM SULEMAN	1	92,811	0.45
MR. ISMAIL H. ZAKARIA	1	469,637	2.29
MR. NOOR MOHAMMAD ZAKARIA	1	11,279	0.06
MR. SHEHNAZ NOOR MOHAMMAD (W/O NOOR MOHAMMAD)	1	373,742	1.83
MRS. ADIBA SALIM (W/O SALIM SULEMAN )	1	74,538	0.36
<b>PUBLIC SECTOR COMPANIES AND CORP.</b>	1	566,416	2.77
<b>BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND</b>	1	110	0.00
<b>JOINT STOCK COMPANIES</b>	12	1,186,627	5.80
<b>OTHERS</b>	3	11,919	0.06
<b>INDIVIDUALS</b>	1151	10,942,356	53.45
<b>TOTAL:-</b>	<b>1,190</b>	<b>20,473,702</b>	<b>100.00</b>

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

CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	---	2,309,887
NOORI TRADING CORPORATION (PVT.) LTD.	---	1,875,675
ZAKI ZAKARIA	---	1,222,995

## PROXY FORM

I/We .....  
in the district of ..... being a Member of **AL-NOOR SUGAR MILLS LIMITED**  
and holder of ..... Ordinary Shares as per Share  
(Number of Shares)  
Register **Folio No.** ..... and/or **CDC Participant I.D. No.** ..... and **Sub Account No.** .....  
hereby appoint ..... of .....  
or failing him .....  
of ..... also a member; as my/our Proxy in my/our absence to  
attend and vote for me/us at the 45th Annual General Meeting of the Company to be held on the 30th day of January two  
thousand and fifteen at 3.30 P.M. and at any adjournment thereof :  
Signed this ..... day of ..... 2015

**WITNESSES:**

1. Signature .....  
Name: .....  
Address .....  
NIC or  
Passport No. ....
2. Signature .....  
Name: .....  
Address .....  
NIC or  
Passport No. ....

Rupees five  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Member(s)

**NOTE:**

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



**Al-Noor**  
**SUGAR MILLS LTD.**

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