



Shakarganj Limited
(Formerly Shakarganj Mills Limited)



Annual Report
For the year ended
30 September 2015



> COMPANY INFORMATION



> BOARD OF DIRECTORS

From Left to Right

1. Chairman (Non-Executive)
 2. Chief Executive Officer
- In alphabetic order:
3. Executive Director
 4. Non-Executive Director
 5. Non-Executive Director
 6. Non-Executive Director (Independent)
 7. Non-Executive Director (NIT)

Chief Financial Officer

Nisar Ahmed Alvi

Company Secretary

Asif Ali

Human Resource & Remuneration Committee

Chairman

Muhammad Anwar

Audit Committee

Chairman

Khalid Bashir

Muhammad Anwar
Anjum Muhammad Saleem

Ali Altaf Saleem
Khalid Bashir
Muhammad Arshad
Shehryar Mazhar
Sheikh Asim Rafiq

Member

Muhammad Anwar
Sheikh Asim Rafiq (NIT)
Shehryar Mazhar (Independent)

Member

Anjum Muhammad Saleem
Khalid Bashir

> MANAGEMENT COMMITTEES

Executive Committee

Chairman

Anjum M. Saleem
Ali Altaf Saleem
Muhammad Pervez Akhtar

This committee devises long term policies and visions for the Company with the sole objective for providing the best returns to shareholders by optimum allocation of existing resources. The Committee is also responsible for review of Company's operation on ongoing basis, establishing and ensuring adequacy of internal controls and monitoring compliance of key policies.

Business Strategy Committee

Chairman

Anjum M. Saleem
Ali Altaf Saleem
Muhammad Pervez Akhtar
Nisar Ahmed Alvi
Manzoor Hussain Malik

This Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital intensive investments and growth of the Company.

System and Technology Committee

Chairman

Muhammad Pervaiz Akhtar
Nisar Ahmed Alvi
Ibrahim Ahmad Cheema

This committee is responsible for devising the I.T. Strategy within the organization to keep all information systems of the Company updated in a fast changing environment.



> SHAREHOLDERS' INFORMATION

Stock Exchange Listing

Shakarganj Limited (Formerly Shakarganj Mills Limited) is a listed company and its shares are traded on all the three stock exchanges of Pakistan. Daily quotes on the Company's stock can be obtained from leading newspapers. Shakarganj is listed under 'Sugar & Allied Industries'

Public Information

Financial analysts, Stock brokers, interested investors and financial media desiring information about "Shakarganj" should contact Mr. Asif Ali at the Company's Office, Jhang. Tel: 047 763 1001 - 05 Fax: 047 763 1011 E-mail: info@shakarganj.com.pk

Shareholders' Information

Inquiries concerning lost stock certificates, dividend payment, change of address, verification of transfer deeds and share transfers should be directed to CorpTec Associates (Pvt) Limited, Share Registrar of the Company at Lahore. Tel: 042 3517 0336 - 7 Fax: 042 3517 0338 E-mail: info@corptec.com.pk

Products

- Sugar
- Bio Fuel
- Bio Power
- Building Materials
- Yarn
- Tiger Compost

Legal Advisor

Hassan & Hassan Advocates, Lahore

Bankers

Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank
Bank Islami Pakistan Limited

Works

Principal Facility

Management House
Toba Road, Jhang, Pakistan
Tel: 047 763 1001 - 05
Fax: 047 763 1011
E-mail: info@shakarganj.com.pk

Satellite Facility

Management House
63 km, Jhang Sargodha Road
Bhone, Pakistan
Tel: 048 688 9211 - 13
Fax: 047 763 1011

Website

www.shakarganj.com.pk
Note: This Report is available on Shakarganj website.

Registered and Principal Office

10th Floor, BOP Tower,
10-B Block E 2, Gulberg III,
Lahore, Pakistan
Tel: 042 3578 3801- 06
Fax: 042 3578 3811

Karachi Office

12th Floor, Sidco Avenue Centre,
264 R.A. Lines, Karachi, Pakistan
Tel: 021 3568 8149
Fax: 021 3568 0476

Faisalabad Office

Nishatabad, New Lahore Road,
Faisalabad, Pakistan
Tel: 041 875 2810
Fax: 041 875 2811

Share Registrar

CorpTec Associates (Pvt) Limited
503-E, Johar Town
Lahore
Tel: 042 3517 0336 - 7
Fax: 042 3517 0338
E-mail: info@corptec.com.pk

Annual General Meeting

The 48th Annual General Meeting of Shakarganj Limited will be held on Saturday, 30 January 2016 at 11:00 a.m. at Qasr-e-Noor, 9-E-2, Main Boulevard, Gulberg III, Lahore

> COMPANY PROFILE

Shakarganj Mills Limited was incorporated in Pakistan in 1967 as a Public Limited Company and is listed on all three stock exchanges of Pakistan. Shakarganj is a leading manufacturer of food products, bio fuel and building materials as well as textiles. We transform renewable crops such as sugarcane and cotton into value added products comprising refined sugar, textiles, bio fuel and building materials in addition to generating bio power from biogas. The Company has two manufacturing facilities in Jhang District. Our registered office is in Lahore.

Shakarganj Mills, through its interest in Shakarganj Food Products Limited, is also active in production of dairy and fruit products.

Sugar Business:

We have two manufacturing facilities, located in District Jhang. We produce different types of sugar comprising pharmaceutical, beverage and commercial grades sugar as well as soft brown sugar, castor and icing sugar, sugar cubes, sachets and retail packs.

Our combined crushing capacity is of 20,000 MT of sugarcane per day which is extendable to 32,000 MT per day.

Bio Fuel Business:

We have distilleries located at Jhang and Bhone where various grades of bio fuel are produced. Our products include rectified bio fuel for industrial and food grades, anhydrous bio fuel for fuel grade and extra neutral bio fuel for pharmaceutical and perfume grades. The combined capacity of our distilleries is 280,000 - 300,000 litres per day.

Bio Power Business:

Biogas power generation facility is located at Jhang. This facility comprises an Effluent Treatment Plant (ETP) and a

Power Generation Facility. ETP operations involve biological treatment of distillery waste to produce methane and a biological de-sulphurization plant to remove sulphur from the methane gas. This gas is then used in the power house to produce electricity which is sold to a utility company on the national grid. The present capacity of this plant is 8 megawatts. For better control, from January 2013 ETP has been transferred to Bio Fuel Business.

Building Materials Business:

Our Building Materials Division is located at Jhang facility, with a capability to produce 12 x 4 feet sheets of particle board of varying thickness. Our daily production capacity is 30 cubic metres.

Textile Business:

Located at Jhang, this cotton spinning unit produces carded cotton yarns ranging from 10/s to 30/s and doubled cotton yarn ranging from 8 to 15 TPI. The installed capacity is 25,856 spindles for cotton spinning and 2,304 spindles for doubling.

Farming & Allied Business:

This comprises different parcels of land mainly located at Jhang Division nearby our manufacturing facilities. Total area under cultivation is 1,336 acres of which nearly 1,285 acres is owned land and rest is leased. The main crops include sugarcane, wheat, gram, maize, fodder and seasonal vegetables. A dairy farm located at Jhang has been developed, with a herd of 150 milking and fattening cattle. Small herd of rams and bucks for fattening purpose has also been developed.

Shakarganj has also launched a new product in the area of non chemicals fertilizers under the brand name of "Shakarganj Tiger Compost". The product as organic fertilizer has been developed using aerobic decomposition process with addition of standardized microbial culture in filter cake.



The compost is a rich source of organic matter, with macro and micro nutrients to help improve soil is very useful for better growth, yield and quality of all field crops in general and specifically for sugarcane. This is at its initial stage and would grow up in the farmer's community with the practical exposures.

Business Vision and Strategy:

Shakarganj's vision is to create country's leading renewable ingredients business. We aim to achieve this by building a consistent portfolio of distinctive, profitable, high-value solutions in products and services for our customers. Shakarganj is committed to provide long-term value for our shareholders. Our strategy is to build a stronger value added business with a low-cost commodity base.

We focus on five key business objectives to deliver consistent growth.

- Serve our Customers:

Delivering excellent customer service is at the core of everything we do. Our aim is to be the partner of choice in our customers' processes and to help them develop more successful consumer products.

- Operate Efficiently and Safely:

We aim to be the lowest-cost and most efficient producer in all our markets. Through our expertise in high-volume process management, our focus is on technical and manufacturing excellence and the efficient use of services such as logistics and utilities. We are continually working to improve operational efficiency and strive to ensure safe and healthy conditions for everyone at our sites.

- Invest in Long Term Assets and Partnerships:

We continually evaluate investment opportunities that would add strategic value by enabling us to enter new markets or add products, technologies and knowledge more efficiently than we could organically. We also aim to grow our business by forming joint ventures and partnerships to enhance the capabilities of our existing product portfolio. Using alliances and joint ventures can be an efficient way to lower our cost of investing in new areas and markets, and will help secure access to new and complementary technology and expertise.

- Invest in Technology and People:

We are investing in our research and development capabilities to help us in developing innovative solutions that meet our customers' product challenges. We are also complementing our own capabilities through business and technology partnerships, and university collaborations. To develop talent, improve leadership and help our employees succeed, we operate various programs designed to ensure the right skills at all levels to grow our business.

- Grow the Contribution from Value Added Products:

We are committed to grow the contribution from our value added products. Value added products utilize technology and intellectual property enabling us to obtain a price premium along with sustainable and/or higher margins.

> DIRECTOR'S REPORT

Dear Shakarganj Shareholder:

The directors of your Company are pleased to submit their report together with the audited financial statements of the Company for the year ended 30 September 2015:

Financial Results

The financial results of the Company are summarised below:

		2015 (Rupees in thousand)	2014
Loss before taxation		(42,652)	(584,585)
Taxation		(100,104)	(54,224)
Loss after taxation		(142,756)	(638,809)
Basic loss per share	(Rupees)	(2.05)	(9.19)
Diluted loss per share	Rupees)	(2.05)	(9.19)

Keeping in view accumulated losses, adverse current ratio and conditionalities of our lenders, the directors do not recommend declaration of any dividend for the year ended 30 September 2015.

Statement on corporate and financial reporting framework

1. These financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgement.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from, if any has been adequately disclosed and explained.
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 a going concern as it has adequate resources and operating capabilities to continue in operation for the foreseeable future as has been explained in the Chief Executive's Review and financial statements.



7. The significant deviations from last year in operating results have been explained in detail together with the reason thereof in the Chief Executive's Review which has been endorsed by the Directors.
8. Key operating and financial data for the last six years in summarised form is annexed herewith.
9. The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.
10. All related party transactions are approved by the Board after review and recommendation of Audit Committee.
11. The Company did not declare any dividend due to accumulated losses.
12. The significant plans and decisions particularly corporate restructuring of the Company along with future prospects and risks & uncertainties have been outlined in the Chief Executive's Review. The detail information is also available in financial statements.
13. The directors of the Company having 15 years of experience on the board of a listed company are exempt from the requirements of directors training program. All the board members except three directors qualify for exemption under this provision of the Code. Two directors have completed training courses until 30 September 2015 and remaining director will acquire certification as per requirement.
14. Total number of regular employees at the end of the year was 1,384.
15. Following is the value of investments of funds based on their respective un-audited accounts for the year ended 30 September 2015:

Gratuity Fund	Rupees	56.12 million
Pension Fund	Rupees	362.88 million
Provident Fund	Rupees	153.48 million

Auditors

The auditors KPMG Taseer Hadi & Co., Chartered Accountants, will retire and are eligible for re-appointment as auditors of the Company for the next year. The Audit Committee of the Board and the Board have recommended the re-appointment of KPMG Taseer Hadi & Co, Chartered Accountants as auditors for the year ending 30 September 2016 for consideration of members at the forthcoming Annual General Meeting.

Meetings of the Board of Directors

During the year four (4) meetings of the Board of Directors, four (4) meetings of the Audit Committee were held and the attendance of each Director is annexed herewith.

Pattern of Shareholding

The pattern of shareholding and additional information thereof is attached. No trade in the shares of the Company was carried out by the directors, executives and their spouses and minor children except the following:

Name of Director/ Spouses / Executive	Shares purchased	Shares Sold
Mr. Ali Altaf Saleem	-	125,000
Mr. Anjum M. Saleem	-	155,000

As per threshold reviewed by the Board of Directors, the heads of all departments of the Company shall be considered as "executives".

Appointment of Chief Executive Officer:

During the year ended 30 September 2015, the Board appointed Mr. Anjum M. Saleem, as director to fill in the casual vacancy created by the resignation of Mr. Ahsan M. Saleem. Mr. Ahsan M. Saleem had been working as Chief Executive of this Company since long and the Company has progressed and performed quite well in all its businesses consistent with approved business plans, corporate strategies and policies. His superb leadership marked by transition and financial challenges, is widely recognized as laying the groundwork for the Company's success. The Board while paying glowing tribute to him, acknowledge his tremendous contributions for the Company. While welcoming the newly appointed director, the board records its appreciation for the valuable contribution of outgoing director. Mr. Anjum M. Saleem was also appointed as Chief Executive of the Company for the remaining terms of Mr. Ahsan M. Saleem on the following terms and conditions:

Gross remuneration Rs. 658,750 per month along with other benefits as per Company policy.

Mr. Anjum M. Saleem is a director of the Company and is considered as interested in his appointment as chief Executive and the terms and conditions thereof. No other director is interested in this appointment.

Default in payments of debts

The details of overdue debts, reasons thereof and the measures taken by the Company to address and settle such default situation has been adequately explained in the Chief Executive's Review which is endorsed by the Directors. The detailed information is also available in the financial statements.

Financial Statements

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, KPMG Taseer Hadi & Co, Chartered Accountants and their report is attached with the financial statements. The auditors have given a paragraph of emphasis drawing attention to the conditions that may affect the Company's ability to continue as a going concern, for which complete information and explanation are included in the Chief Executive's Review.



Chief Executive's Review

The directors endorse the contents of the Chief Executive's Review for the year ended 30 September 2015 which contains the state of Company's affairs, operational performance, reasons for incurring losses, debts status and default and a reasonable indication of the future prospects and other requisite information. The contents of the report shall be read along with this report and shall form an integral part of the Directors Report in terms of Section 236 of the Companies Ordinance, 1984 and requirements of Code of Corporate Governance under Listing Regulations of the Stock Exchanges.

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

Date: 08 January 2016

By Order of the Board

A handwritten signature in black ink, appearing to read 'Anjum M. Saleem', with a stylized flourish at the end.

Anjum M. Saleem
Chief Executive Officer

> BOARD AND ITS COMMITTEES' MEETINGS

Attendance in Meetings

Name of Directors	Board		Audit Committee	
	Required	Attended	Required	Attended
NON - EXECUTIVE DIRECTORS				
Khalid Bashir	4	3	4	3
Muhammad Anwar	4	4	4	4
Muhammad Arshad	4	4	-	-
Shaikh Asim Rafiq	4	4	4	4
Shehryar Mazhar	4	2	3	2
EXECUTIVE DIRECTORS				
Ahsan M. Saleem (Resigned 23 Sep 2015)	4	3	-	-
Ali Altaf Saleem	4	4	-	-



> CHIEF EXECUTIVE'S REVIEW

I welcome you to the 48th Annual General Meeting of Shakarganj Limited to present the audited financial statements of the Company for the year ended 30 September 2015.

In spite of better performance in third quarter, depressed prices compelled Shakarganj to close its bio-fuel as well as other operational segments in the last quarter of the year under review, wiping out Rs. 173 million profits for the nine months rendering negative bottom line figure of Rs. 143 million at the close of the year. It was one of the most difficult seasons to-date due to sugar price uncertainty and volatility in local as well as international markets. Sugar production was significantly reduced due to a sharp increase in sugarcane procurement costs in the absence of a corresponding rise in sugar prices. The floods in Jhang region also adversely affected our crushing campaign. During the season, Sindh Government issued notification reducing downward the sugarcane price to Rs. 155 per 40 kg as compared to Rs. 180 per 40 kg announced and enforced by the Punjab Government. This forced Shakarganj as well as all other Sugar Mills in Punjab to sell refined sugar at the rate below the cost of production.

In spite of 9% increase in average recovery of sugar at Shakarganj, the Sugar Division recorded operational losses of Rs.721 million due to increased cost of production on account of higher sugarcane price and increased fixed overheads cost per unit due to low capacity utilization. Due to declining trend of prices of petroleum products, Bio Fuel Division closed its operations in the last quarter however, financially still performed better and recorded operational profit of more than Rs. 280 million adding major positive contribution toward bottom line. Due to aforesaid factors, after tax loss for the year under review was Rs. 143 million as compared to loss of Rs. 639 million in last year.

Our Sugar Division crushed 615,394 MT of sugarcane to produce 59,905 MT of sugar, at a recovery of 9.73 percent. This was an overall increase of 9% in sugar recovery compared to the previous fiscal year where we produced 112,271 MT of sugar from 1,259,272 MT of sugarcane at a recovery of 8.92 percent. The main reason for the drop in production was increased cost of production declining the margins.

During the year under review, the performance of Bio-Fuel Division remained depressed with production at 46.1 million

litres (FY14: 76.4 million litres), down 40 percent when compared to the last year mainly on account of low crushing level resulting shortage of molasses. The Company still maintained its position as the number one exporter of bio fuel and once again qualified for the Best Export Trophy awarded by the Federation of Pakistan Chambers of Commerce & Industry. Export sales accounted for about 92 percent of our total sale of bio fuel.

Bio power generation by the Company was adversely affected this year as well by inconsistent distillery operations and non-availability of sufficient spent wash, the output during the year was 10.70 million units as compared to previous year generation of 12.86 million units. We utilised this time of forced shutdowns to conduct extensive repair, maintenance and necessary overhauling of the bio gas generators so that operations are smoother in coming periods. Profitability due to above factors remained under pressure.

Due to non-availability of surplus bagasse, this segment could not start its operations and there was no production of Particle Board during the year under review, however, last year this division was able to produce 6,096 cubic metres of particle board. We used surplus bagasse to produce particle board in our Building Material Division.

Yarn production at our Textile Division decreased to 4.34 million kg from 5.12 million kg in the previous year. The decrease in production was mainly attributable to changes in product mix and focus on higher count yarn. Raw material price was reduced but not in line with selling price of yarn, shrinking margins and dwindling profits.

Financial & Business Review:

The Company undertook significant operational & financial measures in the current year as well as in previous couple of years to improve its productivity and financial results in order to generate liquidity for financing of operations and repayment of borrowings. The Company, in its efforts to re-profile its borrowings, continued the process of negotiations with its lenders seeking short term financing facilities for operational liquidity and relaxation in payments of its existing loans.

The Company requested its lenders for restructuring of over-

due balances including mark-up to term borrowings under reduced mark-up arrangements. As a result, the Company has in current and prior years successfully restructured / rescheduled various loans amounting to Rs. 1,435 million with respective lenders (including term finance certificate holders), out of which Rs. 1,347 million has been repaid as of 30 September 2015. The Company expects relaxation in payment terms and support by the lenders for the remaining overdue loans as well.

This year lower crushing impacted sugar and allied business segments negatively consequently overall performance of the Company during the Fiscal 2015 was also severely affected. These factors as well as liquidity crunch impacted adversely the operational results as the Company sustained an operating loss of Rs 183 million compared to operating profit of Rs 379 million in the previous year. After tax loss during the year was Rs 143 million as compared to after tax loss of Rs 639 million in last year. As explained in our last annual report, the Company has been in a tight liquidity position since 2009 and our current ratio has been adversely affected due to reclassification of various long term obligations as short term borrowings. This has led to the current liabilities of the Company exceeding its current assets by Rs 5,206 million. Subsequent to the year ended 30 September 2015, the Company has again requested its lenders for working capital lines for financing of its operations in Fiscal 2016 against pledge of stocks of sugar, molasses and bio-fuel.

As a part of the restructuring process, the Company has successfully disposed off its various assets such as the Dargai Shah Sugar & Bio Power Units, entire divestment of Safeway Fund Limited, Safeway Mutual Fund Limited, Asian Stocks Fund Limited, Crescent Jute Products Limited, Altern Energy Limited and partial disposal of agricultural land. The detail of restructuring process, significant future plans, defaults in payments of debts and reasons thereof etc. have also been given in financial statements. The Company has successfully negotiated with a majority of its lenders on bilateral terms and obtained various short term finance facilities to help overcome the liquidity crunch and increased capacity utilization.

Keeping in view the financial position, without qualifying their opinion, the Company auditors' have given a paragraph of emphasis in auditors' report drawing attention to conditions that may affect the Company's ability to continue as a going concern. The Company believes that there is no significant doubt upon its ability to continue as a going concern as it has adequate resources & operating capabilities to continue in operation for the foreseeable future. It will continue as

a going concern as the current situation is considered to be temporary in nature and would reverse in near future because of support from all stakeholders and concerted efforts being made by the management. The management is also confident that through restructuring of liabilities, availability of improved liquidity, higher operational activities and anticipated positive financial results, the Company will be able to remove the doubts of its ability as a going concern as stated by the auditors in the paragraph of emphasis. The steps taken by the management so far and planned in future are further explained in Note 1.2 to the financial statements.

Corporate Social Responsibility

We actively seek opportunities to contribute to the communities in which we do business and to improve the environments that sustain us all. Areas of primary focus are education, health and safety, energy conservation, waste reduction, and community building. We always aim to be an exemplary corporate citizen and health, safety and environmental concerns are always among our key focal points. Our Social Action Programme delivers a variety of social services in our extended community under the banner of "Sukh Char Programme" These services include education, healthcare, promotion of arts and protection of our cultural heritage. During the year Shakarganj contributed around Rs. 6.35 million toward these activities. As a responsible member of the corporate community, Shakarganj always contributes substantially towards the national economy on account of taxes and other government levies. The year under consideration was no different and your Company's contribution to federal, provincial and local taxes was in excess of Rs 460 million.

Health, Safety and Environment

At Shakarganj, we take maintenance of health and safety standards at our plants and offices seriously as we always aim to be an exemplary corporate citizen, health and safety and environmental concerns are always among our key focal points. We are committed to providing clean, healthy and safe conditions for our employees, contractors and visitors. In providing a good working environment there is no higher priority than safety and we target continuous improvement to reduce recordable injury and accident times to zero. Environmental protection issues are always considered on a higher priority and Shakarganj produces all its products from renewable crops and raw materials and does not believe in making profits at the cost of damage to our environment. All activities at Shakarganj are required to conform to



international standards for health and safety certified by ISO14001:2004.

Outlook

Company remains committed to do its best efforts to keep the operations going on and to improve its liquidity scenario. However, external environment in the country will continue to remain challenging for some time. The government at both federal and provincial levels is determined to revive the industrial sector and has taken various steps to remove bottlenecks to industrialisation. Investors are offered various incentives and several schemes are announced to encourage revival of the industrial sector. The sugar sector is also receiving attention from the government which has moved to impose regulatory duty on imported sugar and several incentives have been announced to facilitate sugar export, steps that are good for the overall wellbeing of domestic sugar industry.

The Company has also entered into agreement for sale of carbon dioxide (CO₂), produced as a by-product of bio fuel manufacturing process, that will help generate additional liquidity at improved margins. Due to stoppage of bio-fuel operations, sale of CO₂ could not start as planned however, we expect revenue generation from January 2016.

As mentioned in our Future Outlook section of our previous report, performance of the Company strongly depends on the selling price of sugar and performance of its bio fuel & alternate energy business. Government permission to continue exporting sugar, while offering various incentives to help offset the costs related to such exports had a positive impact, however, improvement in selling prices of sugar and other products, both at the domestic, as well as international level may add bottom line positively.

Our agricultural farming part of sugar business, had showed improvement in its results but heavy floods have made a negative impact yet farming activities contributed positively toward bottom line. The management has also planned to arrange increased financing in order to satisfy the demand for molasses in order to run bio fuel operations throughout the year in Fiscal 2016.

Textile Division is expected to contribute positively in future by improving power supply and better marketing of yarn. Other business segments would be likely to improve.

We hope that in spite of all the challenges, in Fiscal 2016 results

would be better comparatively, and with the improvement in productivity of various divisions, the Company would be back on track of profitability. Shakarganj has always had a positive forward looking approach in its operations and hopes for the same for all its business segments. We expect to achieve economies of scale, revisiting and simplifying our organizational layout and reducing costs company-wide for coming years.

General

In view of the expanded scope of its business activities of the Company as now it is engaged in production and sale of sugar, its by-products, bio-fuel, bio-power generation, building materials, tiger compost, yarn, investment, strategic or otherwise and carbon oxide CO₂, the Shareholders of the Company on the recommendation of the Board of Directors approved that the name of the Company be changed by deleting the word "Mills" from the exiting name of the Company. The new name "Shakarganj Limited" has been approved by the Securities and Exchange Commission of Pakistan.

The Directors are always a source of guidance and support for the management and we appreciate their commitment to your Company's progress and prosperity. The Directors would also like to express their appreciation for the dedicated efforts, loyalty and hard work of the workers, staff and members of the management team. Our sugarcane farmers are the backbone of our industry and we thank them for their continued support. I would also like to thank our shareholders, customers and other stakeholders for their continued support.

By Order of the Board

Anjum M. Saleem
Chief Executive Officer

08 January 2016

> PRODUCTION DATA

Season	Duration Season (Days)	Cane Crushed (MT)	Raw Sugar Processed (MT)	Sugar Produced (MT)	Recovery (Percent)
2014-15	129	615,394		59,905	9.73
2013-14	140	1,259,272		112,271	8.92
2012-13	135	1,409,811		133,753	9.49
2011-12	164	1,957,358		173,620	8.87
2010-11	136	1,567,361		141,549	9.01
2009-10	109	913,272		78,540	8.62
2008-09	110	784,056		71,600	9.13
2007-08	174	2,254,712		177,092	7.85
2006-07	155	1,587,929		128,170	8.04
2005-06	170	1,288,548	92,968.40	178,934	6.97
2004-05	160	1,324,510	67,930.40	177,679	8.63
2003-04	159	1,614,539		136,813	8.48
2002-03	196	1,675,370		127,060	7.58
2001-02	195	1,704,812		128,000	7.53
2000-01	161	1,054,992	27,811.59	105,550	7.50
1999-00	144	524,377		39,965	7.63
1998-99	157	1,350,119		101,479	7.51
1997-98	163	1,434,389		112,430	7.85
1996-97	176	1,036,955		79,740	7.69
1995-96	151	763,316		60,285	7.92
1994-95	157	1,057,036		86,075	8.11
1993-94	196	1,203,371		88,117	7.34
1992-93	161	691,839		54,055	7.85
1991-92	174	746,506		63,986	8.57
1990-91	204	866,552		65,537	7.56
1989-90	187	708,632		57,912	8.17
1988-89	170	446,325		36,367	7.70
1987-88	193	698,605		55,726	7.98
1986-87	149	333,601		27,899	8.36
1985-86	113	237,602		20,625	8.66
1984-85	168	441,718		39,523	8.96
1983-84	173	427,169		35,501	8.31
1982-83	173	361,291		29,440	8.16
1981-82	207	466,040		39,474	8.47
1980-81	187	287,723		25,562	8.89
1979-80	112	61,207		5,619	8.95
1978-79	114	107,106		9,267	8.80
1977-78	177	319,960		27,620	8.61
1976-77	166	308,987		26,086	8.45
1975-76	157	246,394		18,865	7.61
1974-75	107	104,069		8,253	8.30
1973-74	101	87,825		5,477	6.28



Losses (Percent)	Process Molasses (MT)	Bio Fuel (Litres)	Building Materials (m3)	Yarn (Bags)	Bio Power (MWh)
2.18	27,270	46,134,870		95,719	10,702
2.15	55,817	76,377,765	6,096	112,846	12,857
2.16	61,450	63,372,339	6,894	146,466	22,865
2.20	93,575	93,796,731	8,789	149,872	27,779
2.02	70,505	68,860,824	5,920	86,209	21,826
2.05	40,901	22,669,768	3,562	149,878	27,292
1.95	33,070	33,319,694	1,643	148,426	23,542
2.17	117,742	66,490,739	6,540	149,788	17,714
2.30	79,340	35,093,676	1,834	135,935	
2.54	71,008	27,625,611	1,477	133,580	
2.17	66,190	33,245,964	3,584	119,106	
2.41	81,953	35,408,000	5,141	119,922	
2.36	84,277	26,233,000	1,668	109,096	
2.42	91,890	15,800,156	5,670	96,326	
2.31	53,601	10,469,000	1,571	82,063	
2.20	24,243	4,967,000	497	96,999	
2.23	61,756	5,324,756	1,922	103,555	
2.38	73,477	6,350,000	2,784	85,259	
2.50	54,711	6,015,000		98,406	
2.65	39,397	2,573,700	2,118	83,542	
2.77	53,172	5,460,000	5,299	73,938	
2.65	60,150	5,250,076	4,335	50,880	
2.68	35,980	4,887,020	1,663	115,488	
2.53	37,710	4,525,900	3,360	117,902	
2.59	47,135	3,422,204	643	113,341	
2.31	33,180	3,030,217		97,388	
2.44	22,410				
2.61	38,740	308,494			
2.24	15,060	1,855,809			
2.29	11,470	20,239			
2.38	22,580				
2.40	21,860				
2.44	16,255				
2.48	21,255				
2.42	13,373				
2.25	2,358				
2.27	4,147				
2.44	14,103				
2.67	15,228				
2.68	11,424				
2.75	4,182				
3.57	4,726				

FINANCIAL HIGHLIGHTS

		2015	2014	2013	2012	2011	2010
Operating Results:							
Net Sales	(Rs 000)	6,578,986	11,356,340	13,507,225	14,762,318	13,354,705	7,794,204
Cost of Sales	(Rs 000)	6,647,610	11,402,233	12,512,771	13,044,568	12,061,782	7,081,788
Gross Profit/(Loss)	(Rs 000)	(68,624)	(45,893)	994,454	1,717,750	1,292,923	712,416
Operating Profit/(Loss)	(Rs 000)	(183,146)	(378,875)	568,825	1,033,342	841,167	337,602
Profit/(Loss) Before Tax	(Rs 000)	(42,652)	(584,585)	329,362	442,453	(48,195)	(675,690)
Profit/(Loss) After Tax	(Rs 000)	(142,756)	(638,809)	267,012	498,476	(81,523)	(879,727)
Dividends	(Rs 000)	-	-	-	-	-	-
Earnings/(Loss) Before Interest, Taxes, Depreciation & Amortization	(Rs 000)	829,305	71,560	1,110,038	1,457,672	1,196,749	547,336
Per Share Results and Return:							
Earning Per Share	(Rupees)	(2.05)	(9.19)	3.84	7.17	(1.17)	(12.66)
Cash Dividend Per Share	(Rupees)	-	-	-	-	-	-
Dividend Yield Ratio	(%)	-	-	-	-	-	-
Dividend Pay Out Ratio	(%)	-	-	-	-	-	-
Market Price Per Share at the end of the year							
(KSE 100 Index)	(Rupees)	17.71	15.75	19.50	12.9	4.9	4.13
Price Earning Ratio	(Times)	(8.64)	(1.71)	5.08	1.80	(4.19)	(0.33)
Financial Position							
Reserves	(Rs 000)	896,940	1,109,735	1,187,887	970,230	892,985	969,241
Current Assets	(Rs 000)	2,767,463	1,501,818	1,414,570	2,519,539	2,064,613	3,321,289
Current Liabilities	(Rs 000)	7,972,985	6,669,301	6,611,816	7,569,321	7,355,989	6,567,466
Net Current Assets / (Liabilities)	(Rs 000)	(5,205,522)	(5,167,483)	(5,197,246)	(5,049,782)	(5,291,376)	(3,246,177)
Property, Plant and Equipment	(Rs 000)	9,599,483	10,254,043	6,252,667	6,401,019	5,241,210	4,471,988
Total Assets	(Rs 000)	13,328,591	12,411,426	8,810,991	9,726,433	7,982,265	8,271,886
Long-Term Debt	(Rs 000)	1,034,356	1,354,663	2,135,741	2,410,570	2,794,162	2,736,067
Shareholders' Equity	(Rs 000)	(711,810)	(654,867)	21,110	(603,224)	(1,178,945)	(1,206,392)
Share Capital	(Rs 000)	695,238	695,238	695,238	695,238	695,238	695,238
Break-up Value per Share	(Rupees)	(10.24)	(9.42)	0.30	(8.68)	(16.96)	(17.35)
Break-up Value per share including Surplus on Revaluation of Fixed Assets	(Rupees)	64.60	66.78	31.11	24.14	3.42	7.09
Financial Ratios:							
Current Ratio	(Times)	0.35	0.23	0.21	0.33	0.28	0.51
Long-Term Debt to Capitalization	(%)	320.68	193.58	99.02	133.38	172.99	178.87
Total Debt to Total Assets	(%)	66.30	62.59	75.45	82.74	97.02	94.04
Weighted Average Cost Of Debt	%		10.56	10.38	12.86	13.94	14.15
Quick / Acid Test Ratio	(Times)	0.25	0.15	0.13	0.10	0.14	0.49
Earnings before Interest, Taxes, Depreciation & Amortization Margin (EBITDA)	(%)	0.13	0.01	0.08	0.10	0.10	0.07
Profitability Ratios:							
Gross Profit Ratio	(%)	(1.04)	(0.40)	7.36	11.64	9.68	9.14
Net Profit Margin	(%)	(2.17)	(5.63)	1.98	3.38	(0.61)	(11.29)
Average Collection Period	(Days)	1.70	2.40	5.22	12.09	13.63	1.02
Fixed Assets Turnover	(Times)	0.69	1.11	2.16	2.31	2.55	1.74
Total Assets Turnover	(Times)	0.49	0.91	1.53	1.52	1.67	0.94
Other Data:							
Depreciation & Amortization	(Rs 000)	633,833	327,817	342,546	285,750	298,815	359,177
Capital Expenditure	(Rs 000)	13,320	315,213	371,289	311,455	139,072	94,245

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE



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

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

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

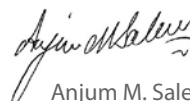
Category	Names
Independent Director	Mr. Shehryar Mazhar
Non-Executive Directors	Mr. Khalid Bashir Mr. Muhammad Anwar Mr. Muhammad Arshad Mr. Shaikh Asim Rafiq
Executive Directors	Mr. Anjum M. Saleem Mr. Ali Altaf Saleem

The independent director meets the criteria of independence under clause I (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed Companies including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy was occurred on the Board of Directors on 23 September 2015 that was duly filled up by the directors on the same day.
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 Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the board/shareholders. On 23 September 2015, the Board of Directors through circularization appointed new CEO in place of the outgoing CEO. The remuneration and terms and conditions of appointment of the new CEO have been determined and approved by the Board of directors in their meeting held on 08 January 2016.
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 four times during the year ended 30 September 2015 for approval of quarterly and annual financial statements of the Company. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors were apprised about the applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the Company. The directors of the Company having 15 years of experience on the board of a listed company are exempt from the requirements of directors training program. All the board members except three directors qualify for exemption under this provision of the Code. Two directors have completed training course in March 2013 and in March 2015 however the Company will arrange training for remaining directors as per requirements.
10. There were no new appointments of the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit made during the year. The contract of the CFO expired on 30 September 2015. The Company appointed acting CFO in place of the outgoing CFO. The appointment, remuneration and terms and conditions of employment of the acting CFO has been determined and approved by the Board of Directors in their meeting held on 08 January 2016.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, of whom one member is independent director and the remaining three members are non-executive directors. The Chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. 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, two of whom are non-executive directors and one member is executive director. Chairman of the committee is a non-executive director.
18. The Board has outsourced the internal audit function to Riaz Ahmad and Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with including that the Board has developed a criteria for its own evaluation. However assessment against the developed criteria is being done by the Board of Directors in its meeting on 08th January 2016.

By order of the Board


Anjum M. Saleem
Chief Executive Officer

08 January 2016



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

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

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

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

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

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

Lahore
08 January 2016

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Shakarganj Limited
(Formerly Shakarganj Mills Limited)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015



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> AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 1.2 to the financial statements, which highlights the Company's inability to timely meet its obligations in respect of principal and markup repayments on borrowings from financial institutions. The current liabilities of the Company have exceeded its current assets by Rs. 5,206 million. These conditions, along with other matters set forth in note 1.2 indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Lahore
08 January 2016

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

> BALANCE SHEET

As at 30 September 2015

	Note	2015 (Rupees in thousand)	2014
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
150,000,000 (2014: 150,000,000)			
ordinary shares of Rs 10 each		1,500,000	1,500,000
50,000,000 (2014: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		2,000,000	2,000,000
Issued, subscribed and paid up capital			
69,523,798 (2014: 69,523,798)			
ordinary shares of Rs 10 each	5	695,238	695,238
Reserves		896,940	1,109,735
Accumulated loss		(2,303,988)	(2,459,840)
		(711,810)	(654,867)
Surplus on revaluation of property, plant and equipment	6	5,203,063	5,297,880
Non-current liabilities			
Long term finances	7	-	-
Liabilities against assets subject to finance lease	8	-	-
Employees' retirement benefits	9	-	9,287
Deferred taxation	10	864,353	1,089,825
		864,353	1,099,112
Current liabilities			
Current portion of long term liabilities	11	1,034,356	1,364,594
Short term borrowings	12	2,584,737	1,861,493
Trade and other payables	13	3,737,147	2,836,493
Accrued finance cost	14	616,745	606,721
		7,972,985	6,669,301
Contingencies and commitments	15		
		13,328,591	12,411,426

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


Chief Executive



	Note	2015 (Rupees in thousand)	2014
ASSETS			
Non-current assets			
Property, plant and equipment	16	9,599,483	10,254,043
Intangible assets	17	775	865
Biological assets	18	9,954	13,654
Investments - related parties	19	901,845	603,687
Employees' retirement benefits	9	12,126	-
Long term loans, advances and deposits	20	36,945	37,359
		10,561,128	10,909,608
Current assets			
Biological assets	18	20,668	29,477
Stores, spares and loose tools	21	83,516	100,287
Stock-in-trade	22	804,951	479,944
Trade debts	23	30,564	38,888
Investments	24	-	295,721
Loans, advances, deposits, prepayments and other receivables	25	299,308	462,509
Cash and bank balances	26	1,528,456	94,992
		2,767,463	1,501,818
		13,328,591	12,411,426


Chairman

> PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014	
Sales - net	27	6,578,986	11,356,340	
Cost of sales	28	(6,647,610)	(11,402,233)	
Gross loss		(68,624)	(45,893)	
Administrative expenses	29	(258,743)	(323,831)	
Distribution and selling costs	30	(174,258)	(313,341)	
Other operating expenses	31	(44,034)	(47,356)	
Other income	32	362,513	351,546	
Loss from operations		(183,146)	(378,875)	
Finance cost	33	(238,124)	(328,328)	
Share of profit from associates	19.1	378,618	122,618	
Loss before taxation		(42,652)	(584,585)	
Taxation				
- Company		(46,594)	(16,794)	
- Associates		(53,510)	(37,430)	
	34	(100,104)	(54,224)	
Loss for the year		(142,756)	(638,809)	
Basic loss per share	Rupees	35.1	(2.05)	(9.19)
Diluted loss per share	Rupees	35.2	(2.05)	(9.19)

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


Chief Executive


Chairman

> STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2015



	2015 (Rupees in thousand)	2014
Loss for the year	(142,756)	(638,809)
Other comprehensive income for the year		
<u>Items that may be reclassified to profit and loss account:</u>		
Fair value (deficit) / gain on 'Available for sale' investments	(16,247)	47,114
Gain realised on disposal of 'Available for sale' investments transferred to profit and loss	(170,414)	-
Share of other comprehensive income / (loss) of associates	445	(3,062)
<u>Items that will not be reclassified to profit and loss account:</u>		
Remeasurement gain/(loss) on employee retirement benefits	22,033	(21,336)
Surplus on revaluation of property, plant and equipment - net of tax(i)	-	-
Total comprehensive loss for the year	(306,939)	(616,093)

- (i) Surplus on revaluation of property, plant and equipment - net of tax is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

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


Chief Executive


Chairman

> CASH FLOW STATEMENT

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014
Cash flows from operating activities			
Cash generated from operations	36	1,380,887	547,126
Finance cost paid		(228,100)	(637,800)
Taxes paid		(65,647)	(96,917)
Employees' retirement benefits paid		(15,939)	(16,949)
Net decrease in long term deposits		414	964
Net cash generated from / (used in) operating activities		1,071,615	(203,576)
Cash flows from investing activities			
Fixed capital expenditure		(3,903)	(77,335)
Dividends received		6,582	32,133
Income from bank deposits received		310	515
Proceeds from sale of investment		381,216	657,819
Proceeds from sale of property, plant and equipment		9,797	72,722
Net cash generated from investing activities		394,002	685,854
Cash flows from financing activities			
Repayment of long term finance		(320,307)	(781,078)
Short term borrowings - net		298,085	301,520
Finance lease liabilities - net		(9,931)	(8,089)
Dividends paid		-	(8)
Net cash used in financing activities		(32,153)	(487,655)
Net increase / (decrease) in cash and cash equivalents		1,433,464	(5,377)
Cash and cash equivalents at the beginning of the year		94,992	100,369
Cash and cash equivalents at the end of the year	26	1,528,456	94,992

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


Chief Executive


Chairman

> STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	CAPITAL RESERVES			REVENUE RESERVES				Total	
	Share capital	Share premium	Share in capital reserves of associates	Difference of capital under scheme of arrangement of merger	General	Dividend equalization	Equity investment market value equalization		Accumulated loss
	695,238	243,282	26,865	155,930	410,606	22,700	83,000	(1,857,703)	25,422
Balance as at 01 October 2013									
Total comprehensive income for the year ended 30 September 2014									
Loss for the year	-	-	-	-	-	-	-	(638,809)	(638,809)
Other comprehensive income for the year:									
Fair value gain on 'Available for sale' investments	-	-	-	47,114	-	-	-	-	47,114
Remeasurement loss on employee retirement benefits	-	-	-	-	-	-	-	(21,336)	(21,336)
Gain realised on disposal of 'Available for sale' investments transferred to profit and loss	-	-	-	(122,204)	-	-	-	-	(122,204)
Share of other comprehensive loss of associates	-	-	(3,062)	-	-	-	-	-	(3,062)
	-	-	(3,062)	(75,090)	-	-	-	(660,145)	(738,297)
Surplus transferred to accumulated losses on account of:									
- disposal of land	-	-	-	-	-	-	-	21,218	21,218
- incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	36,790	36,790
	-	-	-	-	-	-	-	58,008	58,008
Total comprehensive loss for the year									
Balance as on 30 September 2014	695,238	243,282	23,803	155,930	410,606	22,700	83,000	(2,459,840)	(654,867)
Total comprehensive income for the year ended 30 September 2015									
Loss for the year	-	-	-	-	-	-	-	(142,756)	(142,756)
Other comprehensive income for the year:									
Fair value gain on 'Available for sale' investments	-	-	-	(16,247)	-	-	-	-	(16,247)
Remeasurement gain on employee retirement benefits	-	-	-	-	-	-	-	22,033	22,033
Gain realised on disposal of 'Available for sale' investments transferred to profit and loss account	-	-	-	(170,414)	-	-	-	-	(170,414)
Other comprehensive income of associate reclassified to profit and loss on loss of significant influence - note 19.2.4	-	-	(26,579)	-	-	-	-	-	(26,579)
Share of other comprehensive income of associates	-	-	445	-	-	-	-	-	445
	-	-	(26,134)	(186,661)	-	-	-	(120,723)	(333,518)
Surplus transferred to accumulated losses on account of:									
- disposal of plant and machinery	-	-	-	-	-	-	-	154	154
- incremental depreciation on property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	276,421	276,421
	-	-	-	-	-	-	-	276,575	276,575
Total comprehensive loss for the year									
Balance as on 30 September 2015	695,238	243,282	(2,331)	155,930	410,606	22,700	83,000	(2,303,988)	(711,810)

(Rupees in thousand)

Balance as at 01 October 2013

Total comprehensive income for the year ended 30 September 2014

Loss for the year

Other comprehensive income for the year:

Fair value gain on 'Available for sale' investments

Remeasurement loss on employee retirement benefits

Gain realised on disposal of 'Available for sale' investments transferred to profit and loss

Share of other comprehensive loss of associates

Surplus transferred to accumulated losses on account of:

- disposal of land

- incremental depreciation on property, plant and equipment - net of deferred tax

Total comprehensive loss for the year

Balance as on 30 September 2014

Total comprehensive income for the year

ended 30 September 2015

Loss for the year

Other comprehensive income for the year:

Fair value gain on 'Available for sale' investments

Remeasurement gain on employee retirement benefits

Gain realised on disposal of 'Available for sale' investments transferred to profit and loss account

Other comprehensive income of associate reclassified to profit and loss on loss of significant influence - note 19.2.4

Share of other comprehensive income of associates

Surplus transferred to accumulated losses on account of:

- disposal of plant and machinery

- incremental depreciation on property, plant and equipment - net of deferred tax

Total comprehensive loss for the year

Balance as on 30 September 2015

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


Chief Executive


Chairman

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The name of the Company has been changed from 'Shakarganj Mills Limited' to 'Shakarganj Limited' on 29 January 2015. It is principally engaged in manufacture, purchase and sale of sugar, bio fuel, building materials, yarn (textile) and engaged in generation and sale of electricity (bio power). The Company has its principal manufacturing facilities at Jhang and satellite manufacturing facilities at Bhone. The registered office of the Company is situated at 10th floor, BOP tower, 10-B, Block E-2, Main Boulevard, Gulberg-III, Lahore.

1.2 Going concern assumption

The Company has been facing liquidity crunch for the last few years. During the current year, the liquidity position further deteriorated resulting in low level of cane procurement and consequent low level of crushing. The Company has incurred a net loss of Rs. 142.76 million during the current year and as at the reporting date the current liabilities of the Company have exceeded its current assets by Rs. 5,206 million (2014: Rs. 5,167 million), the equity has eroded and stands at negative Rs. 711.81 million.

During the year the Company has crushed 0.62 million tonnes (2014: 1.26 million tonnes) of sugarcane and produced sugar of 59,905 tonnes (2014: 112,271 tonnes) at average recovery of 9.73% (2014: 8.92%). Further 46.13 million litre (2014: 76.38 million litre) of bio fuel was produced during the year. The lower level of operations is primarily due to liquidity constraints as the Company was not able to procure sufficient quantity of sugarcane during the crushing season. Further as referred to in note 12.3 to the financial statements, the Company has obtained short term finance of Rs. 1,500 million from Bank Islami Pakistan Limited (the Bank) which is secured by 100% cash security in the shape of lien over corporate saving account of the Company maintained with the Bank and consequently cannot be utilized by Company. Furthermore, subsequent to the year end, this short term loan was fully repaid.

Long term loans, redeemable term finance certificates and redeemable preference shares overdue as of 30 September 2015 amounts to Rs. 461 million, Rs. 63.2 million and Rs. 345.76 million respectively alongwith overdue accrued markup of Rs. 600.83 million.

The above conditions raise significant doubts on the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management is confident of the Company's ability to continue as a going concern based on its concerted effort to re-profile borrowings and utilisation of improved liquidity in cost efficient operational levels of cane crushing and Bio Fuel manufacturing.

The steps taken by management up till now and planned in future are as follows:

To-date out of total overdue finances of Rs. 7,122 million, the Company has repaid the bridge finance and other overdue borrowings amounting to Rs. 6,433 million through utilisation of liquidity resulting from operational results and sale of certain assets of the Company, namely, Sugar Unit at Dargai Shah, power division at Dargai Shah, disposal of certain investments (Safeway Fund Limited, Safeway Mutual Fund Limited, Asian Stocks Fund Limited, Crescent Jute Products Limited and Altern Energy Limited) and partial disposal of agricultural land.

The Company has also entered into agreement for sale of carbon dioxide (CO₂), produced as a by-product of Bio fuel manufacturing process, that will help generate additional liquidity at improved margins.

The Company is considering various options to improve liquidity by issuance of right shares and/or disposal of agricultural land and plant and machinery. However these plans have not been finalized as of 30 September 2015.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



The Company, in its efforts to re-profile its borrowings, continued the process of negotiations with its lenders seeking short term financing facilities for operational liquidity and relaxation in payments of its existing loans.

Long term financing - secured

The Company requested its lenders for restructuring of over-due balances including mark-up to term borrowings under reduced and/or non-mark-up arrangements. As a result, the Company has in current and prior years successfully restructured / rescheduled various loans amounting to Rs. 1,435 million with respective lenders (including term finance certificate holders), out of which Rs. 1,347 million has been repaid as of 30 September 2015. The Company expects relaxation in payment terms and support by the lenders for the remaining overdue loans.

Subsequent to the year end, the Company has received a proposal from National Bank of Pakistan for the restructuring of its over-due finances (including short term borrowings and accrued markup). Also the sponsors will inject liquidity in the form of loan as part of the restructuring proposal. The finalization of this proposal is in process.

Short term financing- secured

The Company has negotiated with its lenders for following short term secured financing for operational liquidity.

- Working capital line against pledge of sugar at 10%-15% margin for 120 days with an incentive for lender to adjust 10% of the new disbursement against settlement of existing over-due loans (principal only); and
- An FE 25 loan/export refinance with a maturity of 120 days after settlement of working capital against pledge of sugar. Such loan is being offered to be securitised against pledge of molasses / Bio Fuel with an incentive for lender to adjust 10% of the new disbursement against settlement of existing overdue loans (principal only).

Newly disbursed facilities shall be settled upon sale of respective commodities (Sugar / Bio Fuel).

As a result of above negotiations, the Company obtained working capital lines of Rs 1,100 million from a number of banks of which Rs 500 million has been utilized as of 30 September 2015. These facilities have been obtained against pledge of Sugar / Molasses / Bio Fuel at margin ranging from 10% to 15% and have resulted in significantly improved operational liquidity in current year.

Subsequent to the year ended 30 September 2015, the Company has again requested its lenders for working capital lines for financing of its operations in next year against pledge of stocks of sugar, molasses and bio-fuel. The Company, as an additional incentive to the lenders, has offered upfront deductions ranging from 5% to 10% on the requested limits for the settlement of overdue / due installments and markup.

The Company is confident that based on its above mentioned plan it will continue to be supported by the lenders for operational liquidity and also be able to reschedule remaining of its existing over-due borrowings.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

The financial statements have been prepared on a going concern basis based on management's expectation that:

- the Company will continue to get support of its lenders and will be able to obtain relaxation in payment terms of its over-due borrowings;
- the Company will be able to generate liquidity through issuance of right shares and/or disposal of agricultural land/ assets; and
- the Company will be able to generate adequate liquidity through new short term borrowings and will be successful in utilising such funds to increase its operations.

The financial statements consequently, do not include any adjustments relating to the realisation of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 16 at revalued amounts, measurement of biological assets and certain financial instruments at fair value and recognition of certain employee retirement benefits as referred to in note 9 at present value.

3.2 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime are also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.3 Property, plant and equipment

Property, plant and equipment except freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less any identified impairment loss. Buildings and plant and machinery are stated at revalued amount carried out by independent valuers by reference to its current market price less accumulated depreciation and identified impairment loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings and plant and machinery, and the net amount is restated to the revalued amount of the buildings and plant and machinery. Property, plant and equipment acquired under finance lease are capitalized at the lease's commencement at the lower of the present value of minimum lease payments under the lease arrangements and the fair value of the leased asset. Costs in relation to certain property, plant and equipment includes borrowing costs referred to in note 3.20.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Depreciation on all property, plant and equipment, except land is charged to profit on the reducing balance method so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 16.1 after taking into account the impact of their residual values, if considered significant.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at 30 September 2015 has not required any adjustment as its impact is considered insignificant.

As of 01 October 2014, the Company has revised its estimate of the remaining useful life of building on freehold land and plant and machinery. As a result, the remaining useful life of these revalued assets have been revised to their original life. This change in estimate of useful life of revalued assets has been applied prospectively as required under IAS-8 'Accounting policies, changes in accounting estimates and errors. Had the useful life estimate not been revised, the depreciation charge for the current year and for financial years 2016 to 2019 would have been higher by Rs. 1,369.31 million, Rs. 1,125.83 million Rs. 899.04 million, Rs. 762.46 million and Rs. 628.44 million respectively.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

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

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

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

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

3.4 Intangible assets

Intangible assets represent the cost of computer software acquired and are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at annual rates as specified in note 17.

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

3.5 Biological assets

Biological assets comprise of standing crops and livestock. These are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognized in the profit and loss account. The fair value of standing crops is based on the support price fixed by the Government and other factors such as estimated crop yield and area under cultivation. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



3.6 Leases

The Company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

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

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease term.

3.7 Investments

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Available for sale

Investments, including investments in associated undertakings where the Company does not have significant influence, that are intended to be held for an indefinite period or may be sold in response to a need for liquidity, are classified as available for sale. Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from changes in the fair value are included in comprehensive income in the period in which they arise. Investment in un-quoted subsidiaries are carried at cost.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value. Realized and unrealized gains and losses arising from changes in fair value are included in net profit or loss for the period in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Stock Exchange at the balance sheet date. The investments for which a quoted market price is not available, are measured at cost as it is not practical to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Transaction costs are charged to profit and loss.

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Investments in associates

Associates are the entities over which the Company has significant influence but not control, generally represented by a shareholding of between 20% and 50% of the voting right. Investments in associates are accounted for using the equity method of accounting. Under the equity 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 associate after the date of acquisition. The company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of its associates post acquisition profits or losses is recognized in the profit and loss account and its share in post acquisition movements in the other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in associates equals or exceeds its interest in the associate including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates. Gain on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associate.

Associates, which the Company intends to dispose off within twelve months of the balance sheet date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying and fair value.

Dilution gains and losses arising in investments in associates are recognized in the profit and loss account.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



At each balance sheet date, the Company reviews the carrying amounts of its investments in associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated using the discounted cashflow methodology, in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense.

3.8 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management's estimate.

3.9 Stock-in-trade

Stock of raw materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads. Cost of own produced molasses, a by product, is determined on the basis of monthly average cost of molasses purchased from third parties. Cost of stillage, a by product of the Effluent Treatment Plant used in the generation of electricity by the Power division is valued at Nil as it does not have any market value.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

3.10 Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets include available for sale investments, trade debts, loans, advances, deposits and other receivables and cash and bank balances.

Financial liabilities include long term finances, short term borrowings, accrued finance cost and trade and other payables.

3.11 Offsetting of financial assets and liabilities

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

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

3.12 Trade debts

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is an objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered as indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

3.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.14 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying value is to be recovered principally through a sale transaction within one year of the date of balance sheet rather than through continuing use.

3.15 Borrowings

Loans and borrowings are recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Preference shares, which are redeemable on a specific date at the option of the holder, are classified as liabilities. The dividend on these preference shares is recognized in the profit and loss account as finance cost. Preference shares are classified as equity to the extent there is conclusive evidence that these will not result in an outflow of another financial asset or exchange of financial assets or liabilities under conditions that are potentially unfavorable to the company.

Finance costs are accounted for on an accrual basis and are included in accrued finance cost to the extent of the amount remaining unpaid.

3.16 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if amount is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable, will result in an outflow of resources embodying economic benefits, to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



3.17 Deferred income

Deferred income represents excess of sale proceeds in relation to the carrying amount of the asset acquired under sale and lease back arrangement. Deferred income is amortized on a straight line basis over the period of lease term.

3.18 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account within 'other operating income/expenses'.

Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the profit and loss account within 'finance costs'. The gain or loss relating to the ineffective portion is recognized in the profit and loss account within 'other operating income/expenses'.

3.19 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Figures are rounded to nearest thousand.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

3.20 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit and loss account.

3.21 Revenue recognition

- Revenue from sales is recognized on dispatch of goods to customers.
- Revenue from sale of electricity is recognized on transmission of electricity.
- Dividend on equity investments is recognized as income when the right of receipt is established.
- Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

3.22 Segment reporting

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

3.23 Dividends and appropriations to general reserve

Dividends and appropriations to general reserves are recognized in the financial statements in the period in which these are approved.

3.24 Employees' retirement benefits

3.24.1 Defined benefit plans

The main feature of the schemes operated by the Company for its employees of sugar and allied divisions are as follows:

All permanent employees who are in the management cadre of the company participate in an approved funded defined benefit pension plan. In addition, there is an approved funded defined benefit gratuity scheme for all permanent employees, who are in the management cadre of the company subject to a minimum qualifying period of service according to the terms of employment. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 20% per annum of basic salary for pension and 8.33% per annum of basic salary for gratuity. Actuarial valuation for the schemes was carried out as at 30 September 2015.

Actual returns on plan assets during the year were Rs. 59.91 million and Rs. 8.06 million for pension and gratuity funds respectively. The actual returns on plan assets represent the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the company as reduced by benefits paid during the year.

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The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method using the following significant assumptions, is used for valuation of these schemes:

Discount rate:	10.25%	per annum
Expected increase in eligible pay:	9.25%	per annum
Expected rate of return on plan assets:	10.25%	per annum
Expected mortality rate:	EFU 61-66 mortality table adjusted for company's experience	
Expected withdrawal and early retirement rate:	Based on experience	

Plan assets include term finance certificates of financial institutions; preference shares and ordinary shares of listed and unlisted companies and term deposits with banks. Return on Government bonds and debt, if any, is at fixed rates.

3.24.2 Defined contribution plan

There is an approved defined contribution provident fund for all employees. Equal monthly contributions are made by the employer and the employee to the fund in accordance with the fund rules. Interest is payable to the fund on the balances utilized @ 7-8% per annum, which is charged to profit and loss account.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

3.25 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

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

- Amendments to IAS-38 'Intangible Assets' and IAS-16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based 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 1 January 2015) replaces the part of IAS-27 'Consolidated and Separate Financial Statements'. IFRS-10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS-10 has made consequential changes to IAS-27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS-10, IFRS-12 and IAS-28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

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For the year ended 30 September 2015

Effective 01 October 2015, the above amendment relating to the determination of control through single control model approach would change the classification and treatment of the Company's investment in its associate 'Shakarganj Food Products Limited' to subsidiary for the reason of effective control through common chief executive officer. However, the management is currently evaluating the financial impact of this amendment.

- IFRS-11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS-31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS-31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS-31 and are now called joint operations. Secondly, the remainder of IAS-31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS-11 has also made consequential changes in IAS-28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.
- IFRS-12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.
- IFRS-13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS-13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
- Amendments to IAS-27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS-27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendments to IAS-16 and IAS-41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS-16 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS-41 'Agriculture'. A bearer plant is a plant that is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS-10 and IAS-28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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For the year ended 30 September 2015



Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS-5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS-7 'Financial Instruments- Disclosures'. IFRS-7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS-7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS-19 'Employee Benefits'. IAS-19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS-34 'Interim Financial Reporting'. IAS-34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.
- These amendments are not likely to have any material impact on these financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

	Note
Residual values and useful lives of depreciable assets	3.3
Write down of stock in trade to their net realizable value	3.9
Provision for doubtful debts	3.12
Employees' retirement benefits	3.24
Provision for taxation	3.2
Provision for deferred taxation	3.2

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

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5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015 (Number of shares)	2014	Ordinary share capital	2015 (Rupees in thousand)	2014
23,544,798	23,544,798	Ordinary shares of Rs. 10 each fully paid in cash	235,448	235,448
33,131,816	33,131,816	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	331,318	331,318
12,847,184	12,847,184	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	128,472	128,472
<u>69,523,798</u>	<u>69,523,798</u>		<u>695,238</u>	<u>695,238</u>

Ordinary shares of the Company held by associated undertakings as at year end are as follows:

	2015 (Number of shares)	2014
Crescent Steel and Allied Products Limited	15,244,665	15,244,665
Crescent Cotton Mills Limited	2,865,830	2,865,830
The Crescent Textile Mills Limited	5,427,488	5,427,488
CS Capital (Private) Limited	4,227,104	4,227,104
	<u>27,765,087</u>	<u>27,765,087</u>

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6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015 (Rupees in thousand)	2014
Revaluation surplus as at 01 October	6,555,805	2,322,758
Surplus arising during the year		
- Freehold land	-	67,947
- Buildings on freehold land	-	122,342
- Plant and machinery	-	4,113,510
	-	4,303,799
Surplus transferred to accumulated losses on account of:		
- disposal of property, plant and equipment - net of deferred tax	(154)	(21,218)
- incremental depreciation charged during the year		
- net of deferred tax	(276,421)	(36,790)
Related deferred tax liability		
- disposal of property, plant and equipment	(48)	-
- incremental depreciation charged during the year	(87,103)	(12,744)
	(363,726)	(70,752)
Revaluation surplus as at 30 September	6,192,079	6,555,805
Less: deferred tax liability on revaluation surplus as at 01 October	1,257,925	180,844
Surplus during the year		
- Buildings on freehold land	-	31,477
- Plant and machinery	-	1,058,348
	-	1,089,825
Reduction in deferred tax liability due to:		
- disposal of property, plant and equipment	(48)	-
- incremental depreciation charged during the year	(87,103)	(12,744)
- reduction in tax rate	(181,758)	-
	(268,909)	(12,744)
Deferred tax liability on revaluation surplus as at 30 September	989,016	1,257,925
Revaluation surplus as at 30 September - net	5,203,063	5,297,880

6.1 The latest valuation of land, buildings and plant and machinery was carried out by an independent valuer, Danish Enterprises and Saleem Engineers (Pvt) Limited on 30 September 2014. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively.

Previously on 30 September 2012, valuation of land and buildings was carried out by M/s Empire Enterprises (Pvt) Limited that resulted in increase in revaluation surplus of land by Rs. 345.40 million and increase in revaluation of buildings by Rs. 714 million.

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- 6.2** Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of fixed assets shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Company, or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation of fixed assets may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the Company.

	Note	2015 (Rupees in thousand)	2014
7. LONG TERM FINANCES			
Long term loans - secured	7.1	569,400	826,557
Redeemable capital			
- Preference shares (non-voting) - unsecured	7.3	345,756	345,756
- Term finance certificates (non-voting) - secured	7.4	119,200	182,350
		464,956	528,106
		1,034,356	1,354,663
Less:			
- Long term loans - secured		(569,400)	(826,557)
- Redeemable capital - preference shares (non-voting) - unsecured		(345,756)	(345,756)
- Redeemable capital - term finance certificates (non-voting) - secured		(119,200)	(182,350)
	7.2	(1,034,356)	(1,354,663)
		-	-

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7.1 Long term loans - secured

Loan	Lender	Note	2015	2014	Rate of mark-up per annum	Number of installments outstanding	Mark-up payable
(Rupees in thousand)							
1	MCB Bank Limited		-	45,938	* Base rate + 2% subject to floor of 8%	Repaid during the year	Semi-annual
2	MCB Bank Limited		88,400	236,500	* Base rate + 2%	One semi annual installment of Rs. 47.30 million and one partial installment of Rs. 41.10 million each ending September 2016.	Semi-annual
			88,400	282,438			
3	National Bank of Pakistan Limited		190,326	190,326	* Base rate + 2.5%	Six semi annual overdue installments of Rs. 27.2 million each and one partial overdue installment of Rs. 27.13 million ending June 2014.	Semi-annual
4	National Bank of Pakistan Limited		119,674	119,674	** Base rate + 3%	Eleven quarterly installments (including nine over-due) of Rs. 10 million each and one partial installment of Rs. 9.67 million ending January 2016.	Quarterly
5	National Bank of Pakistan Limited		171,000	171,000	** Base rate + 2%	Twenty quarterly over-due installments of Rs. 8.55 million each ending June 2015.	Quarterly
			481,000	481,000			
6	Allied Bank Limited		-	63,119	*** Nil	Repaid during the year	N/A
			569,400	826,557			

* Base rate: Average ask rate of six-month Karachi Inter Bank Offer Rate ("KIBOR") reset for each mark-up period

** Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

*** Outstanding accrued markup restructured and rescheduled and carries no markup.

Security

Loan 1

This was secured against specific charges on plant and machinery financed through respective loans.

Loan 2

The loan is secured by way of mortgage and hypothecation over mortgaged properties and hypothecated assets and personal guarantees of the directors of the Company.

Loan 3

The loan is secured against first pari passu charge over present and future fixed assets of the Company.

Loan 4 to 5

These are secured by way of first pari passu charge on fixed assets of the Company and specific charge over plant and machinery of satellite facility.

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For the year ended 30 September 2015

Loan 6

The loan was secured by way of first pari passu hypothecation charge over all present and future fixed assets and first pari passu mortgage over immovable fixed assets and personal guarantees of the directors of the Company.

- 7.2** The aggregate current portion of Rs. 1,034 million (2014: Rs. 1,355 million) includes over-due principal installments aggregating to Rs. 870 million (2014: Rs. 888 million) and Rs 164 million (2014: Rs. 278 million) representing principal installments which under the term of original loan agreements are due for repayment in period subsequent to 30 September 2015. However, as the Company could not repay on a timely basis the installments due up till the year ended 30 September 2015 and is not compliant with certain debt covenants, which represents a breach of the respective agreements, therefore these loans have been disclosed as a current liability under the guidance contained in "IAS 1 Presentation of financial statements".

Further, the lenders as part of financing / restructuring agreements have restricted dividend distribution by the Company until full satisfaction of the entire over-due amount and other amounts due during the tenor of the facilities.

7.3 Redeemable preference shares (non-voting) - unsecured

Redeemable Preference shares (non-voting) were issued in 2005 to the shareholders of the Company in the ratio of 85 preference shares for every 100 ordinary shares held as on 22 October 2004 and to certain institutional investors in equal proportion. These shares are listed on Lahore and Karachi Stock Exchanges. The conversion option is not binding either on the Company or the preference shareholders except in case of the conversion upon maturity, where the preference shareholders opt for conversion, subsequent to the Company's failure to pay preferred dividend during the entire tenure of five years.

Terms of redemption

Preference shareholders may convert preference shares into ordinary shares of the Company at the end of every financial year or the Company may convert these preference shares into ordinary shares in whole or in part through a tender offer. The conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at a face value of Rs 10 each.

The preference shares were to be redeemed in the year ended on 30 September 2010.

If the Company fails to pay dividends to preference shareholders during the tenure of five years, the preference shares and the unpaid cumulative dividend may at the discretion of the investors be converted into ordinary shares on the basis of the aforementioned conversion ratio.

In case the investor does not opt for the conversion option and the Company is unable to redeem the Preference Shares along with the cumulative dividend then the outstanding preference shares along with cumulative dividend will be redeemed in subsequent three years as under:

- Outstanding amount of preference shares and cumulative dividend to be redeemed 33% in sixth year;

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- Outstanding amount of preference shares and cumulative dividend to be redeemed 33% in seventh year; and

Outstanding amount of preference shares and cumulative dividend to be redeemed 33% in eighth year.

The investors will have a put option at the end of the eighth year to put the outstanding preference shares at Par value along with the cumulative dividend to the Company. An event of default will be triggered if the Company fails on the put option. However as of 30 September 2015 put option has not been exercised by investors.

Preference dividend

The preference shareholders have a preferred right of dividend @ 8.5% per annum on a cumulative basis during the tenure of five years which ended in December 2009. The Company had till 30 September 2012 accrued preferred dividend for periods after the maturity of such shares in December 2009 as it intended to pay the dividends for periods post maturity till the preference shares are redeemed. However, in the year 2012, the Company re-evaluated its obligation to pay dividend on preference shares and decided to restrict its obligation in respect of preferred dividend to the tenure of such shares. As per the terms and conditions to issuance of preference shares, the Company has no obligation to accrue or pay dividends after aforementioned tenure of five years. Consequently, preferred dividend in respect of periods subsequent to December 2009 aggregating to Rs. 52.82 million was reversed in the year ended 30 September 2012.

7.3.1 Preference shares of the company held by related / associated undertakings as at year end are as follows:

	2015	2014
	(Number of shares)	
Crescent Steel and Allied Products Limited	2,999,396	2,999,396
The Crescent Textile Mills Limited	2,746,050	2,746,050
Premier Insurance Limited	53,125	53,125
Shakarganj Mills Limited Gratuity Fund	52,500	52,500
Shakarganj Mills Limited Pension Fund	350,000	350,000
Shakarganj Mills Limited Provident Fund	1,700,500	1,700,500
	7,901,571	7,901,571

7.4 Redeemable term finance certificates (non-voting) - secured

The term finance certificates (TFCs) were issued to finance the acquisition and establishment of the sugar plant at Dargai Shah (disposed off as a part of restructuring process) as well as the Company's existing business operations and for other purposes permitted by the Memorandum and Articles of Association.

Terms of redemption

As per the original terms of the agreement the principal balance was payable in ten equal semi-annual installments after a grace period of 1 year. The first installment was due at the end of March 2010. Mark up is charged at average 6 months KIBOR plus 2.25% and is payable semi-annually in arrears. However, in May 2010, the Company signed a second supplementary trust deed with the trustee for relaxation in payment terms. The term finance certificates (TFC's) are now redeemable in 10 equal semi-annual installments starting in March 2012 and ending in September 2016.

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For the year ended 30 September 2015

The breakup of the outstanding term finance certificates is as follows:

	Note	2015 (Rupees in thousand)	2014
Askari Bank Limited	7.4.1	-	7,500
UBL Fund Manager	7.4.2	-	16,650
Bank Islami Pakistan Limited (previously KASB Bank Limited)	7.4.3	45,000	60,000
Faysal Bank Limited	7.4.4	58,200	58,200
MCB Bank Limited	7.4.5	16,000	40,000
		119,200	182,350

- 7.4.1** In the year 2014, Askari Bank Limited (TFC Holder) executed a settlement arrangement for their outstanding exposure of Rs. 40 million as part of the TFC's. As per the arrangement, the Company paid an initial one time payment of Rs. 10 million. The remaining outstanding principal of Rs. 30 million was to be paid in 12 monthly installments of Rs. 2.5 million each starting from January 2014 till December 2014. Further the payment of accrued mark-up of Rs. 28.88 million along with the future accrual mark-up at the terms of original trust deed was suspended till the satisfactory repayment of principal amount provided the Company remains compliant with the terms of the arrangement. Compliance also entitled the Company to pay mark-up with effect from September 2009 to December 2014 at the rate of 2% per annum otherwise the arrangement will stand void and past/future mark-ups as per original trust deed would have been applicable. The Company complied with the terms of the above arrangement and loan alongwith markup was paid off during the year.
- 7.4.2** In the year 2013, UBL Fund Managers (TFC holder) executed a settlement arrangement for their outstanding exposure of Rs. 80 million as part of the TFC's. As per the arrangement the Company was required to pay monthly installments of Rs. 3.33 million each for 23 months starting from January 2013 till November 2014 and a final installment of Rs. 3.41 million on 31 December 2014. The outstanding markup of Rs. 49.52 million as at settlement arrangement date was waived off and no further markup (up-to 30 September 2013 Rs. 5.99 million) was payable till the maturity of outstanding amount provided the Company makes timely payments and remains compliant with the terms of arrangement otherwise this arrangement will stand void and past/ future markups as per the original trust deed will be applicable. The Company complied with the terms of the above arrangements and loan was paid off during the year.
- 7.4.3** As per the revised terms (second supplementary trust deed), principal is repayable in one partial overdue installment of Rs. 5 million and four semi annual installments (including two overdue installments) of Rs. 10 million ending September 2016.
- 7.4.4** As per the revised terms (second supplementary trust deed), principal is repayable in one partial overdue installment of Rs. 8.2 million and five semi annual installments (including three overdue installment) of Rs. 10 million each ending September 2016.

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7.4.5 As per the revised terms (second supplementary trust deed), principal is repayable in two semi annual installments of Rs. 8 million each ending September 2016.

Security

The TFC's are secured by a first pari passu charge by way of hypothecation over all present and future movable fixed assets of the Company and first pari passu mortgage by deposit of title deeds over land and building of the Company to the extent of outstanding face value of the TFC's plus 25% margin.

	2015 (Rupees in thousand)	2014
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	-	9,931
Less: Current portion shown under current liabilities	-	(9,931)
	-	-

The minimum lease payments have been discounted at an implicit interest rate of nil (2014: ranging from 12.56% to 13.60%) to arrive at their present value. Rentals were paid in quarterly installments and in case of default in any payment, an additional charge at the rate of 3% to 20% shall be paid. The lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are to be borne by the Company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum Lease payments	Future finance cost	Present value of lease liability	
			2015	2014
(Rupees in thousand)				
Not later than one year	-	-	-	9,931
Later than one year and not later than five years	-	-	-	-
	-	-	-	9,931

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	Note	2015 (Rupees in thousand)	2014
9. EMPLOYEES' RETIREMENT BENEFITS			
Pension fund	9.1	(7,108)	8,586
Gratuity fund	9.2	(5,018)	701
		(12,126)	9,287
<i>Profit and Loss account charge for:</i>			
Pension Benefits	9.1	12,869	13,311
Gratuity Benefits	9.2	3,690	4,680
		16,559	17,991
9.1 Pension fund			
The amounts recognized in the balance sheet are determined as follows:			
Present value of defined benefit obligations		354,879	320,228
Fair value of plan assets		(361,987)	(311,642)
(Asset) / liability as at 30 September		(7,108)	8,586
The movement in the defined benefit obligation over the year is as follows:			
Present value of defined benefit obligations as at 01 October		320,228	273,937
Current service cost		12,454	14,137
Interest cost		41,074	27,394
Benefits paid during the year		(20,470)	(16,829)
Remeasurement losses		1,593	21,589
Present value of defined benefit obligations as at 30 September		354,879	320,228
The movement in the fair value of plan assets for the year is as follows:			
Fair value as at 01 October		311,642	284,825
Expected return on plan assets		40,659	28,220
Contributions during the year		10,901	11,571
Benefits paid during the year		(20,470)	(16,829)
Remeasurement gains		19,255	3,855
Fair value as at 30 September		361,987	311,642

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	2015 (Rupees in thousand)	2014
The amounts recognized in the profit and loss account are as follows:		
Current service cost	12,454	14,137
Interest cost	41,074	27,394
Expected return on plan assets	(40,659)	(28,220)
Total, included in salaries and wages	12,869	13,311
The amounts recognized were included in the profit and loss account as follows:		
Cost of sales	3,640	3,850
Administrative expenses	7,802	9,171
Selling expenses	140	125
Other expenses	1,287	165
Total, included in salaries and wages	12,869	13,311

The actual return on plan assets was Rs. 59.91 million (2014: Rs. 32.08 million)

	2015	2014
The principal actuarial assumptions used were as follows:		
Discount rate	10.25%	13.25%
Expected return on plan assets	10.25%	13.25%
Future salary increases	9.25%	12.25%
Average expected remaining working life time of employees	10 years	9 years

	2015 (Rupees in thousand)	2014
Plan assets are comprised as follows:		
Equity Instruments	37,658	37,730
Debt Instruments	341,486	292,077
Others - net	(17,157)	(18,165)
Total	361,987	311,642

Fair value of plan assets include ordinary shares and preference shares of the Company whose fair values as at 30 September 2015 are Rs. 7.01 million (2014: Rs. 6.02 million) and Rs. 1.55 million (2014: Rs. 2.47 million) respectively.

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The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	2014-15	2013-14	2012-13	2011-12	2010-11
	(Rupees in thousand)				
As at 30 September					
Present value of defined benefit obligations	354,879	320,228	273,937	237,192	197,782
Fair value of plan assets	(361,987)	(311,642)	(284,825)	(248,836)	(216,228)
Surplus/(deficit)	(7,108)	8,586	(10,888)	(11,644)	(18,446)
Experience adjustment due to:					
Losses on plan liabilities	1,593	21,589	4,014	17,398	13,648
Gains on plan assets	19,255	3,855	1,704	7,728	11,181

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Present value of defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1%	322,884	393,201
Salary increase	1%	366,416	344,744

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

9.2 Gratuity fund

The amounts recognized in the balance sheet are determined as follows:

	2015 (Rupees in thousand)	2014
Present value of defined benefit obligations	47,496	48,924
Fair value of plan assets	(52,514)	(48,223)
(Asset) / liability as at 30 September	(5,018)	701

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	2015 (Rupees in thousand)	2014
The movement in the defined benefit obligation over the year is as follows:		
Present value of defined benefit obligations as at 01 October	48,924	48,450
Current service cost	3,931	5,170
Interest cost	5,899	4,204
Benefits paid during the year	(8,805)	(12,813)
Remeasurement (gains)/losses	(2,453)	3,913
Present value of defined benefit obligations as at 30 September	47,496	48,924
The movement in the fair value of plan assets for the year is as follows:		
Fair value as at 01 October	48,223	50,653
Expected return on plan assets	6,140	4,694
Contributions during the year	5,038	5,376
Benefits paid during the year	(8,805)	(12,813)
Remeasurement gains	1,918	313
Fair value as at 30 September	52,514	48,223
The amounts recognized in the profit and loss account are as follows:		
Current service cost	3,931	5,170
Interest cost	5,899	4,204
Expected return on plan assets	(6,140)	(4,694)
Total, included in salaries and wages	3,690	4,680
The amounts recognized were included in the profit and loss account as follows:		
Cost of sales	2,122	2,253
Administrative expenses	1,258	2,353
Other expenses	310	74
Total, included in salaries and wages	3,690	4,680

The actual return on plan assets was Rs. 8.06 million (2014: Rs. 5.01 million)

	2015	2014
The principal actuarial assumptions used were as follows:		
Discount rate	10.25%	13.25%
Expected return on plan assets	10.25%	13.25%
Future salary increases	9.25%	12.25%
Average expected remaining working life time of employees	9 years	9 years

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	2015	2014
	(Rupees in thousand)	
Plan assets are comprised as follows:		
Equity instruments	7,955	4,063
Debt instruments	51,075	44,469
Others - net	(6,516)	(309)
	52,514	48,223

Fair value of plan assets include ordinary shares and preference shares of the Company whose fair values as at 30 September 2015 are Rs. 1.06 million (2014: Rs 0.95 million) and Rs. 0.23 million (2014: Rs. 0.37 million) respectively.

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2014-15	2013-14	2012-13	2011-12	2010-11
	(Rupees in thousand)				
As at 30 September					
Present value of defined benefit obligations	47,496	48,924	48,450	36,504	29,651
Fair value of plan assets	(52,514)	(48,223)	(50,653)	(42,835)	(36,023)
(Surplus)/deficit	(5,018)	701	(2,203)	(6,331)	(6,372)
Experience adjustment due to:					
(Gain)/ losses on plan liabilities	(2,453)	3,913	8,347	3,356	(1,715)
Gain on plan assets	1,918	313	2,063	378	279

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Present value of defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1%	44,173	51,334
Salary increase	1%	51,334	44,116

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.



10. DEFERRED TAXATION

The deferred tax liability/asset comprises temporary differences relating to:

Accelerated tax depreciation
 Revaluation surplus on property, plant and equipment
 Unused tax losses
 Undistributed reserves of associates

2015
 (Rupees in thousand)

2014

	2015 (Rupees in thousand)	2014
Accelerated tax depreciation	(387,102)	(488,281)
Revaluation surplus on property, plant and equipment	(989,016)	(1,247,005)
Unused tax losses	511,765	618,558
Undistributed reserves of associates	-	26,903
	(864,353)	(1,089,825)

10.1 Deferred tax asset on tax losses available for carry forward are recognized to the extent that the realization of related tax benefits through future taxable profits is probable. The company has not recognized deferred tax assets of Rs. 1,679.63 million (2014: Rs. 1,841.78 million) in respect of tax losses, as sufficient tax profits may not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 aggregating to Rs. 264.70 million would not be available for carry forward against future tax liabilities subsequent to years 2016 through 2019. Tax losses amounting to Rs. 472.62 million, Rs. 441.27 million, Rs. 390.49 million, Rs. 781.29 million, Rs. 51.77 million and Rs. 545.42 million would expire in tax year 2017, 2018, 2019, 2020, 2021 and 2022 respectively.

10.2 Movement in deferred tax balance is as follows:

Note

2015
 (Rupees in thousand)

2014

	2015 (Rupees in thousand)	2014
Balance as at 01 Oct	(1,089,825)	-
Recognised in profit and loss account		
- incremental depreciation - related tax	(87,151)	(12,744)
- reduction in tax rate	32,870	-
- accelerated tax depreciation	101,179	72,890
- undistributed reserves of associates	(26,903)	(4,560)
- Revaluation Surplus on property, plant and equipment	32,517	12,744
- unused tax losses	(96,226)	(68,330)
	(43,714)	-
Recognised against surplus on revaluation of fixed assets	181,758	(1,089,825)
Balance as at 30 Sep	(864,353)	(1,089,825)

11. CURRENT PORTION OF LONG TERM LIABILITIES

Long term finances
 Liabilities against assets subject to finance lease

7
 8

	2015	2014
Long term finances	1,034,356	1,354,663
Liabilities against assets subject to finance lease	-	9,931
	1,034,356	1,364,594

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014
12. SHORT TERM BORROWINGS			
<i>Secured:</i>			
- Running finances	12.1	-	190,976
- Export refinance	12.2	659,578	1,266,024
- Short term loan	12.3	1,500,000	-
<i>Unsecured:</i>			
- Short term interest free financing	12.4	425,159	404,493
		<u>2,584,737</u>	<u>1,861,493</u>

12.1 Running finances

These finances were available at a mark-up ranging from 8.68% to 12.22% (2014: 9.69% to 13.64%) on the outstanding balance or part thereof.

The aggregate running finances are secured against pledge of stock-in-trade and marketable securities and registered hypothecation charge on property, plant and equipment and current assets of the Company.

12.2 Export refinance

These finances were available at a mark-up ranging from 8.68% to 13.16% (2014: 11.84% to 13.17%) on the outstanding balance or part thereof. Foreign currency borrowings were available at mark-up rates based on LIBOR ranging from 3.38% to 4.68% (2014: 3.38% to 4.68%).

The aggregate export and import finances are secured against lien on export contracts and first charge on current assets of the Company.

12.3 Short term loan

This loan was available at a mark-up of base rate (corporate saving account rate) plus 1.5% and was secured by 100% cash security in shape of lien over corporate saving account of the Company maintained with the bank as referred to in note 26.1 and exclusive charge over diminishing musharika (DM) assets, where Company's share is minimum 10% of DM assets. Subsequent to the year end, this loan has been fully repaid.

12.4 Short term interest free financing

It represents unsecured short term interest free financing provided by a sugar agent for financing the operations of the Company.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	Note	2015 (Rupees in thousand)	2014
13. TRADE AND OTHER PAYABLES			
Trade creditors	13.1	1,673,208	1,403,129
Advances for sale of property, plant and equipment		12,000	12,000
Advances from customers		1,786,551	1,144,660
Security deposits	13.2	2,353	2,797
Associated undertakings	13.3	3,083	138
Accrued liabilities		113,188	124,309
Payable to government			
- Sales tax and excise duty		47,582	51,568
- Withholding tax payable		43,432	29,823
Unclaimed dividend		1,537	1,537
Workers' profit participation fund	13.4	498	3,422
Payable to pension and gratuity fund		16,518	18,881
Others	13.5	37,197	44,229
		3,737,147	2,836,493

13.1 Trade creditors include interest free amounts due to associated companies amounting to Rs. 51.77 million (2014: Rs. 0.14 million) in the normal course of business.

13.2 These are interest free and refundable on completion of contracts.

13.3 These are interest free and represent expenses incurred by associated companies on behalf of the Company:

	2015 (Rupees in thousand)	2014
Crescent Steel & Allied Products	1,473	-
Shakarganj Food Products Limited	1,610	138
	3,083	138

13.4 Workers' profit participation fund

Balance as at 01 October	3,422	17,692
Allocation for the year	-	-
Interest on funds utilized in the company's business	-	2,161
	3,422	19,853
Less: Amount paid to workers during the year on behalf of the Fund	2,924	16,431
Balance as at 30 September	498	3,422

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

- 13.5** Included in other liabilities are provisions aggregating to Rs. 3.12 million (2014: Rs 3.12 million) in respect of probable loss from pending litigation of the Company against Sales Tax Authorities and the Excise Department.

The above provisions have been made as per the management's best estimate against various demands raised by the Sales Tax Authorities and the Excise Department, which are being contested by the Company at various forums.

	Note	2015 (Rupees in thousand)	2014
14. ACCRUED FINANCE COST			
<i>Accrued mark-up on:</i>			
- Long term finances	14.1	563,465	550,288
- Liabilities against assets subject to finance leases		1,957	2,295
- Short term borrowings		51,323	54,138
	14.2	616,745	606,721

- 14.1** This includes accrued preference dividend amounting to Rs. 64.79 million (2014: Rs. 64.79 million).

- 14.2** This includes finance cost of Rs. 602.33 million (2014: Rs. 575.82 million) which is overdue for payment as at 30 September 2015.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- (i)** Bank guarantee of Rs. 9.55 million (2014: Rs. 9.55 million) in favour of Sui Northern Gas Pipelines Limited against performance of contracts.
- (ii)** The Company has issued a post dated cheque in favour of the Collector of Customs against custom duty clearance in respect of import of plant and machinery amounting to Rs. 14.02 million (2014: Rs. 14.02 million).
- (iii)** During the year 2010, the Company entered into a bridge finance agreement with a consortium of banks for Rs. 2,466 million to be repaid by 30 June 2011 from the sale of assets, identified in the agreement. The bridge facility could not become operative and expired on 30 June 2011. The Company has, in these financial statements, accrued mark-up based on the reduced rates contained in the bridge finance agreement on its respective borrowings to the tune of Rs. 2,466 million. Had the mark-up been accrued at the terms of original agreements, it would have been higher by Rs. 149.53 million (2014: Rs. 149.53 million) approximately. However, the Company is in process of negotiation with lenders for restructuring of overdue balances and is confident that the lenders will not demand markup as per original agreements.

Moreover, pending the finalisation of restructured terms of payments with all lenders, the Company has not recognised penalties of Rs. 494.62 million (2014: Rs. 494.62 million) approximately which may be leviable under the terms of borrowings agreements including the bridge finance facility. The Company is confident that it will be able to negotiate restructured terms for repayment of loans and no penalty shall be levied by the lenders.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



- (iv) The Sindh High Court (the Court) in the case of 'Kasim Textile' in its order of 07 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, a Company has assessed losses on which no tax is payable, the Company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax paid in the tax year 2011 to 2014 of Rs. 264.70 million as a result of assessed tax losses in these years and adjust it against normal tax liability. Also in the case of refunds claimed in any year, those would also be adjusted accordingly. However, the management is of the view that the verdict has been challenged in the Supreme Court and that they are waiting for the final outcome.
- (v) The Government of Punjab under the powers conferred through the Punjab Excise Act, 1914 through notification No. SO. Tax (E&T) 3-4/2012 dated 03 July 2012, levy a charge of Rs. 2 per litre on manufacturing of spirit (ethanol). The management through its legal council has challenged the imposition of said levy through a writ petition in the Honorable Lahore High Court. The Honorable Lahore High Court, through such petition, has granted an interim relief in favour of the Company and accordingly provision amounting to Rs.244.84 million (2014: Rs. 152.62 million) has not been incorporated in these financial statements.
- (vi) A case is pending against the Company is the Environmental Protection Agency, Punjab (EPA) as a result of wastes and emissions generated during operational conditions of the principle manufacturing facility in Jhang. The Company has filed an appeal before the EPA and is confident of a favourable outcome.

15.2 Commitments

The Company has the following commitments in respect of:

- (i) Contract for capital expenditure amounting to Rs. 76.18 million (2014: Rs 76.18 million).
- (ii) Contracts for acquisition of intangible (computer software) amounting to Rs. 20 million (2014: Rs. 20 million).
- (iii) Contracts for other than capital expenditures Rs. 2.45 million (2014: Rs. 7.81 million).
- (iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	2015 (Rupees in thousand)	2014
Not later than one year		-	438
Later than one year and not later than five years		-	180
		-	618

16. PROPERTY, PLANT AND EQUIPMENT

Operating assets	16.1	9,545,987	10,170,776
Capital work-in-progress	16.2	53,496	83,267
		9,599,483	10,254,043

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

16.1 Operating assets

	2015											(Rupees in thousand)		
	Cost/re-valued amount				Accumulated depreciation as at				Depreciation charge/		Elimination of accumulated depreciation	Accumulated depreciation as at 30	Book value as at 30	Rate of depreciation %
	01 October 2014	Transfers in/(Out)	Additions/(deletions)	Effect of revaluation	September 2015	01 October 2014	Transfers in/ (Out)	(deletions) for the year	against cost on revaluation	September 2015	September 2015			
Owned assets														
Freehold land	1,954,904	-	100	-	1,955,004	-	-	-	-	-	1,955,004	-		
Buildings and roads on freehold land	1,062,568	-	-	-	1,062,568	-	79,724	-	79,724	982,844	7.5			
Plant and machinery	6,981,260	92,822	12,501 (528)	-	7,086,055	-	38,960	526,181 (308)	-	564,833	6,521,222	7.5-30		
Tools and equipment	52,883	-	79 (130)	-	52,832	46,569	-	1,905 (123)	-	48,351	4,481	20-40		
Water, electric and weighbridge equipment	278,551	-	152 (1,682)	-	277,021	235,952	-	8,704 (1,518)	-	243,138	33,883	20-40		
Furniture and fixtures	48,318	-	147 (438)	-	48,027	39,484	-	1,757 (268)	-	40,973	7,054	20		
Office equipment	60,378	-	334 (144)	-	60,568	54,586	-	3,093 (110)	-	57,569	2,999	40		
Vehicles	169,815	-	- (10,629)	-	159,186	119,353	-	9,895 (6,948)	-	122,300	36,886	20		
Laboratory equipment	23,106	-	-	-	23,106	21,401	-	685	-	22,086	1,020	40		
Arms and ammunition	575	-	-	-	575	390	-	37	-	427	148	10		
Library books	10,976	-	7	-	10,983	10,423	-	114	-	10,537	446	30		
	10,643,334	92,822	13,320 (13,551)	-	10,735,925	528,158	38,960	632,095 (9,275)	-	1,189,938	9,545,987			
Leased assets														
Plant and machinery	92,822	(92,822)	-	-	-	37,222	(38,960)	1,738	-	-	-	7.5		
	92,822	(92,822)	-	-	-	37,222	(38,960)	1,738	-	-	-			
2015	10,736,156	-	13,320 (13,551)	-	10,735,925	565,380	-	633,833 (9,275)	-	1,189,938	9,545,987			

	2014											(Rupees in thousand)		
	Cost/re-valued amount				Accumulated depreciation as at				Depreciation charge/		Elimination of accumulated depreciation	Accumulated depreciation as at 30	Book value as at 30	Rate of depreciation %
	01 October 2013	Transfers in/(Out)	Additions/(deletions)	Effect of revaluation	September 2014	01 October 2013	Transfers in/ (Out)	(deletions) for the year	against cost on revaluation	September 2014	September 2014			
Owned assets														
Freehold land	1,920,133	-	2,181 (35,357)	67,947	1,954,904	-	-	-	-	-	1,954,904	-		
Buildings and roads on freehold land	1,090,985	-	5,618	(34,035)	1,062,568	80,474	-	75,903 (156,377)	-	1,062,568	7.5			
Plant and machinery	5,763,521	-	298,787 (19,998)	938,950	6,981,260	2,966,885	-	213,945 (6,270)	(3,174,560)	-	6,981,260	7.5-30		
Tools and equipment	51,169	-	2,072 (358)	-	52,883	44,700	-	2,225 (356)	-	46,569	6,314	20-40		
Water, electric and weighbridge equipment	276,572	-	2,494 (515)	-	278,551	225,831	-	10,548 (427)	-	235,952	42,599	20-40		
Furniture and fixtures	48,015	-	598 (295)	-	48,318	37,476	-	2,136 (128)	-	39,484	8,834	20		
Office equipment	59,473	-	3,360 (2,455)	-	60,378	52,869	-	4,145 (2,428)	-	54,586	5,792	40		
Vehicles	181,986	-	65 (12,236)	-	169,815	115,938	-	13,083 (9,668)	-	119,353	50,462	20		
Laboratory equipment	23,281	-	16 (191)	-	23,106	20,451	-	1,137 (187)	-	21,401	1,705	40		
Arms and ammunition	575	-	-	-	575	344	-	46	-	390	185	10		
Library books	10,956	-	22 (2)	-	10,976	10,284	-	141 (2)	-	10,423	553	30		
	9,426,666	-	315,213 (71,407)	972,862	10,643,334	3,555,252	-	323,309 (19,466)	(3,330,937)	528,158	10,115,176			
Leased assets														
Plant and machinery	92,822	-	-	-	92,822	32,714	-	4,508	-	37,222	55,600	7.5		
	92,822	-	-	-	92,822	32,714	-	4,508	-	37,222	55,600			
2014	9,519,488	-	315,213 (71,407)	972,862	10,736,156	3,587,966	-	327,817 (19,466)	(3,330,937)	565,380	10,170,776			

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



16.1.1 Disposal of property, plant and equipment

Particulars of assets	Sold to	(Rupees in thousand)				Mode of disposal
		Cost/ Carrying value	Accumulated depreciation	Book value	Sale proceeds	
Plant and machinery	Outside parties					
	Mr. Muhammad Afzal	528	308	220	302	Negotiation
Water, electric and weighbridge equipment	Outside party					
	Ahmed Khan	489	437	52	450	Negotiation
Vehicles	Employees					
	Mr. Amjad	544	315	229	544	As per company's policy
	Mr. Muhammad Asif Javed	408	309	99	147	-do-
	Mr. Muhammad Maqsood Bhatti	1,620	841	779	779	-do-
	Mr. Shahid	600	393	207	149	-do-
	Mr. Babar Shafique	1,239	865	374	493	-do-
	Miss Asia Naheed	612	319	293	331	-do-
	Miss Sadia Rizwana	612	319	293	331	-do-
	Mr. Imran Dilnawaz	1,005	719	286	330	-do-
	Mr. Umer Ali Bilal	934	519	415	519	-do-
Other assets having book value below Rs. 50,000		4,960	3,931	1,029	5,422	Negotiation
		13,551	9,275	4,276	9,797	

16.1.2 The Company bases its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert.

16.1.3 The carrying amount of freehold land, buildings and plant and machinery would have been Rs. 245.98 million (2014: Rs. 245.87 million), Rs. 304.59 million (2014: Rs. 329.28 million) and Rs. 2,716.42 million (2014: Rs. 2,867.75 million) respectively, had there been no revaluation.

16.1.4 The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with the corresponding effect on the depreciation charge and impairment.

	Note	2015 (Rupees in thousand)	2014
16.1.5 The depreciation charge has been allocated as follows:			
Cost of sales	28	607,128	298,972
Administrative expenses	29	26,705	28,845
		633,833	327,817
16.2 Capital work-in-progress			
Civil works		2,813	1,154
Plant and machinery		36,805	41,001
		39,618	42,155
Advances given for capital work in progress	16.2.1	13,878	41,112
		53,496	83,267

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014
16.2.1 Advances			
Considered good:			
- Plant and machinery	16.2.3	34,232	41,112
Considered doubtful:			
- Plant and machinery		1,310	1,310
- Intangibles		15,274	15,274
		16,584	16,584
		50,816	57,696
Less: Provision against doubtful advances		(16,584)	(16,584)
Less: Impairment charged during the year	31	(20,354)	-
		13,878	41,112

16.2.2 These advances include interest free amount due from an associated company amounting to Rs. 0.88 million (2014: Rs. 0.25 million) in the normal course of business.

16.2.3 Advances include an amount given to Mian Muhammad Sugar Mill limited in pursuance to a purchase arrangement whereby the Company will get a beneficial interest in the machinery installed at the premises. The movement to date is as follows:

	Note	2015 (Rupees in thousand)	2014
Advance to date		217,817	217,817
Machinery received		(169,315)	(169,315)
		48,502	48,502
Impairment charged	16.2.3.1	(48,502)	(28,148)
		-	20,354

16.2.3.1 This represents impairment charged to date on advance payment made by the Company for purchase of plant and machinery. During the year there has been no progress on the purchase arrangement with Mian Muhammad Sugar Mill limited and the management intends to discontinue this arrangement for which appropriate legal proceedings have been initiated by the Company. Accordingly, the remaining advance has been fully impaired.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



17. INTANGIBLE ASSETS

	2015							
	(Rupees in thousand)							
	Cost as at 01 October 2014	Additions/ (transfers/ deletions)	Cost as at 30 September 2015	Accumulated amortization 01 October 2014	Amortization charge for the year	Accumulated amortization 30 September 2015	Book value as at 30 September 2015	Rate of amortization %
Computer software - acquired	2,000	-	2,000	1,880	60	1,940	60	20
NEPRA license fee	1,007	-	1,007	262	30	292	715	3.7-5.0
	<u>3,007</u>	<u>-</u>	<u>3,007</u>	<u>2,142</u>	<u>90</u>	<u>2,232</u>	<u>775</u>	

	2014							
	(Rupees in thousand)							
	Cost as at 01 October 2013	Additions/ (transfers/ deletions)	Cost as at 30 September 2014	Accumulated amortization 01 October 2013	Amortization charge for the year	Accumulated amortization 30 September 2014	Book value as at 30 September 2014	Rate of amortization %
Computer software - acquired	2,000	-	2,000	1,820	60	1,880	120	20
NEPRA license fee	1,007	-	1,007	232	30	262	745	3.7-5.0
	<u>3,007</u>	<u>-</u>	<u>3,007</u>	<u>2,052</u>	<u>90</u>	<u>2,142</u>	<u>865</u>	

17.1 The amortization charge for the year has been allocated to cost of sales as referred to in note 28.

	Note	2015		2014	
		(Rupees in thousand)			
18. BIOLOGICAL ASSETS					
<i>Sugarcane</i>					
Mature			14,058		19,148
Immature			523		-
<i>Rice - mature</i>			14,581		19,148
Others - mature			4,055		7,920
Livestock - mature			2,555		2,409
			9,431		13,654
			<u>30,622</u>		<u>43,131</u>
Non - current					
- livestock			9,431		13,654
- sugarcane - immature			523		-
			<u>9,954</u>		<u>13,654</u>
Current - crops			20,668		29,477
	18.3		<u>30,622</u>		<u>43,131</u>

18.1 The value of sugarcane crops is based on estimated average yield of 533 (2014: 683) maunds per acre on cultivated area of 172 (2014: 189.5) acres. The value of rice crops is based on the estimated yield of 35 (2014: 37.5) maunds per acre on cultivated area of 90 (2014: 132) acres.

18.2 10 acres (2014: nil acres) relates to sugarcane cultivation which is valued at a cost of Rs 0.52 million (2014: nil).

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014
18.3 Movement during the year			
<u>Livestock</u>			
As at 01 October		13,654	13,975
Increase due to purchases/costs incurred		-	413
Gain arising from changes in fair value less estimated point of sale costs		988	2,066
Decrease due to sale / deceased livestock		(5,211)	(2,800)
As at 30 September		9,431	13,654
<u>Crops</u>			
As at 01 October		29,477	32,600
Increase due to purchases/costs incurred		38,768	39,364
Decrease due to harvest / sales		(30,683)	(28,058)
Fair value loss related to sales during the year		(8,086)	(11,306)
Transferred to finished goods		(556)	685
Fair value adjustment of agricultural assets	31	(7,729)	(3,808)
As at 30 September		21,191	29,477
		30,622	43,131
19. INVESTMENTS - RELATED PARTIES			
In equity instruments of associates	19.1	653,444	603,687
Available for sale	19.3	248,401	-
		901,845	603,687

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	Note	2015 (Rupees in thousand)	2014
19.1 In equity instruments of associates			
Cost		444,494	444,494
Brought forward amounts of post acquisition reserves, profits and negative goodwill recognized directly in profit and loss accounts		159,193	84,139
		603,687	528,633
Share of movement in reserves during the year		445	(3,062)
Share of profit for the year			
- before taxation		378,618	122,618
- provision for taxation	34	(53,510)	(37,430)
		325,108	85,188
		929,240	610,759
Dividends received during the year		(4,488)	(7,072)
Transferred to available for sale	19.2.4	(271,308)	-
		(275,796)	(7,072)
Balance as on 30 September	19.2	653,444	603,687
19.2 In equity instruments of associates			
Quoted			
<i>Crescent Steel and Allied Products Limited</i>			
2,992,068 (2014: 2,992,068) fully paid ordinary shares of Rs. 10 each	19.2.4	-	264,369
Equity held: 4.82% (2014: 4.82%)			
Unquoted			
<i>Shakarganj Food Products Limited</i>			
74,654,596 (2014: 74,654,596) fully paid ordinary shares of Rs. 10 each	19.2.3	653,444	339,318
Equity Held: 49.24% (2014: 49.24%)			
		653,444	603,687

19.2.1 Investments in associates include goodwill amounting to Rs. 71.26 million (2014: Rs. 82.89 million).

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

19.2.2 The Company's share of the results of its principal associates, all of which are incorporated in Pakistan, and their share of the assets (including goodwill) and liabilities are as follows:

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit/(loss)
		----- (Rupees in thousand) -----			
2015					
Shakarganj Food Products Limited	49.24%	1,723,853	(1,141,670)	4,148,983	315,471

Name	Percentage interest held	Assets	Liabilities	Revenues	Profit/(loss)
		----- (Rupees in thousand) -----			
2014					
Crescent Steel and Allied Products Limited	4.82%	297,021	(44,276)	194,161	26,659
Shakarganj Food Products Limited	49.24%	989,606	(721,550)	3,346,242	58,529
		<u>1,286,627</u>	<u>(765,826)</u>	<u>3,540,403</u>	<u>85,188</u>

The financial year end of Shakarganj Food products Limited and Crescent Steel and Allied Products Limited is 30 September and 30 June respective and above figures are based on audited financial statements as of the same period.

19.2.3 The Company has assessed the recoverable amount of investment in Shakarganj Food Products Limited based on value in use calculation. This calculation has been made on discounted cash flow methodology which assumes gross profit margin of 19.40% - 21.34%, EBITDA of 8.74% - 10.37%, terminal growth rate of 4% and discount rate of approximately 10.60%.

19.2.4 The Company's investment in Crescent steel and Allied Products Limited (CSAPL) was less than 20% but it was considered to be an associate as per the requirements of IAS - 28 'Investments in Associates' because the Company had significant influence over its financial and operating policies through chief executive officer of the Company. The chief executive officer of the Company resigned from his office with effect from 23 September 2015 (resignation date), which resulted in loss of significant influence the Company had over CSAPL. Consequently, in line with Company's accounting policy, this investment has now been designated as available for sale and measured at fair value from the date the Company ceased to have significant influence and the resultant gain has been charged to profit and loss account as per the requirements of IAS - 28.

	Note	2015 (Rupees in thousand)	2014
Fair value at the date significant influence is lost		264,648	-
Add: Other comprehensive income of associate reclassified to profit and loss on loss of significant influence		26,579	-
Less: Carrying value on the basis of equity method at the date significant influence is lost		(271,308)	-
Gain on reclassification of investment	32	<u>19,919</u>	-

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	Note	2015 (Rupees in thousand)	2014
19.3 Available for sale			
Associated/Related companies - at cost	19.3.1	267,648	3,000
Others - at cost	19.3.2	2,200	2,200
		269,848	5,200
Less: Cumulative fair value reserve	19.3.3	(16,247)	-
Less: Cumulative impairment losses recognized	19.3.4	(5,200)	(5,200)
Fair value loss		(21,447)	(5,200)
		248,401	-
19.3.1 Associated / related companies			
<u>Quoted - related party</u>			
Crescent Steel and Allied Products Limited: 2,992,068 fully paid ordinary shares of Rs 10 each Equity held: 4.82% Market value - Rs. 248.4 million	19.2.4	264,648	-
<u>Unquoted - associated company</u>			
Crescent Standard Telecommunications Limited: 300,000 (2014: 300,000) fully paid ordinary shares of Rs 10 each		3,000	3,000
		267,648	3,000
19.3.2 Others			
<u>Unquoted</u>			
Crescent Group Services (Private) Limited: 220,000 (2014: 220,000) fully paid ordinary shares of Rs 10 each		2,200	2,200
		2,200	2,200
19.3.3 Cumulative fair value reserve			
As at 01 October		-	122,204
Disposal of shares / units		-	(122,204)
Fair value adjustment during the year		(16,247)	-
As at 30 September		(16,247)	-

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	2015 (Rupees in thousand)	2014
19.3.4 Cumulative impairment losses recognized		
As at 01 October	5,200	93,257
Reversal during the year	-	(88,057)
As at 30 September	5,200	5,200

19.3.5 Investments with face value of Rs. 575.55 million (2014: Rs. 594.25 million) are pledged as security against long term running finances and short term borrowings as referred to in note 7 and 12 respectively.

	Note	2015 (Rupees in thousand)	2014
20 LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loan to Sui Northern Gas Pipelines Limited - considered good	20.1	828	1,242
Less: Current portion shown under short term advances	25	414	414
		414	828
Security deposits - considered good		36,531	36,531
Security deposits - considered doubtful		265	265
Advance to Creek Marina (Private) Limited - considered doubtful	20.2	38,557	38,557
		75,767	76,181
Less: Provision against doubtful receivables		(38,822)	(38,822)
		36,945	37,359

20.1 This represents an un-secured loan given to SNGPL for development of infrastructure for supply of gas to the principal facility. Mark-up is charged at the rate of 1.5% per annum. This amount is receivable in 10 equal annual installments ending May 2017.

20.2 This represents payment for two apartments in the Creek Marina Projects pursuant to a settlement agreement entered into by the Company and the former Crescent Standard Investment Bank Limited (CSIBL) in year 2006. The construction work at the site has been halted since year 2011 due to differences between Defence Housing Authority and the developer. The resumption of construction work is still uncertain in near future. Consequently, based on prudence principal the Company provided the above advance in full.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	2015 (Rupees in thousand)	2014
21. STORES, SPARES AND LOOSE TOOLS		
Stores	54,253	59,079
Spares	32,534	44,388
Loose tools	1,339	1,430
	88,126	104,897
Less: Provision for obsolete items	(4,610)	(4,610)
	83,516	100,287
22. STOCK-IN-TRADE		
Raw materials	296,213	43,171
Work-in-process	6,419	18,781
Finished goods	502,319	417,992
	804,951	479,944

22.1 Raw materials and finished goods amounting to Rs. 505 million (2014: Rs. 419.08 million) are pledged with lenders as security against short term borrowings as referred to in note 12 respectively.

22.2 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. 81.28 million (2014: Rs. 6.87 million).

	Note	2015 (Rupees in thousand)	2014
23. TRADE DEBTS			
Considered good:			
- Unsecured	23.2	30,564	38,888
Considered doubtful:			
- Unsecured		6,696	5,436
		37,260	44,324
Less: Provision for doubtful debts	23.1	(6,696)	(5,436)
		30,564	38,888
23.1 Provision for doubtful balances			
Balance as at 01 October		5,436	-
Provision for the year	29	1,260	5,436
		6,696	5,436

23.2 These include receivable from Shakarganj Food Products Limited (SFPL), an associated company amounting to Rs. 0.2 million (2014: Rs. 0.49 million) in the normal course of business and is over-due by more than 180 days.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014
24. INVESTMENTS			
Available for sale - at cost	24.1	-	125,307
Add: Cumulative fair value reserve	24.2	-	170,414
		-	295,721
24.1 Available for sale - at cost			
<i>Altern Energy Limited - Quoted</i>			
Nil (2014: 12,530,582) fully paid ordinary shares of Rs 10 each		-	125,307
Market value - Nil (2014: Rs. 295.72 million)			
<i>Innovative Investment Bank Limited - Unquoted</i>			
51,351 (2014: 51,351) fully paid ordinary shares of Rs 10 each		-	-
		-	125,307
24.2 Cumulative fair value reserve			
As at 01 October		170,414	123,300
Fair value gain during the year		-	47,114
Gain realised on disposal transferred to profit and loss account		(170,414)	-
As at 30 September		-	170,414
24.3			
Investments with nil face value (2014: Rs. 124.66 million) and nil market value (2014: Rs. 294.20 million) were pledged as security against short term borrowings.			

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	Note	2015 (Rupees in thousand)	2014
25 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- to employees		4,857	3,118
- to suppliers and contractors	25.1	43,214	150,726
- to sugarcane growers		19,874	56,829
		67,945	210,673
Advances - considered doubtful:			
- to employees		628	491
- to suppliers and contractors		7,652	7,625
- to sugarcane growers		237	237
		8,517	8,353
Due from related parties - unsecured and considered good	25.2	3,097	6,736
		3,097	6,736
Due from related parties -unsecured considered doubtful:		80	80
		80	80
Current portion of long term loan receivable from Sui Northern Gas Pipelines Limited	25.1	414	414
Receivable from Government			
- Income tax		171,758	196,419
- Export rebate		41,827	39,137
Prepayments		3,979	4,788
Receivable from provident fund		2,060	-
Margins against bank guarantees		4,200	4,200
Others:			
- considered good		4,028	142
- considered doubtful		4,551	4,551
		312,456	475,493
Less: Provision against doubtful receivables	25.3	(13,148)	(12,984)
		299,308	462,509

25.1 These relate to normal business of the Company and are interest free.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014
25.2 Due from related parties - unsecured and considered good			
Shakarganj Food Products Limited		1,639	205
Shakarganj Energy (Private) Limited		-	2,405
Crescent Steel & Allied Product Limited		4	4,126
Crescent Hadeed (Private) Limited		1,454	-
		3,097	6,736
25.2.1 These are interest free in the normal course of business and are due by not more than six months.			
25.3 Provision against doubtful receivables			
As at 01 October		12,984	9,290
Provision during the year		164	3,694
As at 30 September		13,148	12,984
26. CASH AND BANK BALANCES			
<i>At banks on:</i>			
- Saving accounts			
- Pak rupees	26.1	1,500,056	-
- Foreign currency	26.2	74	83
		1,500,130	83
- Current accounts		27,609	91,564
		1,527,739	91,647
In hand		217	345
In transit		500	3,000
		1,528,456	94,992

26.1 Profit on balances in saving accounts ranges from 0.10% to 6.00% (2014: 0.10% to 6.00%) per annum. This includes Rs. 1,500 million (2014: Rs. Nil) under lien with lender as referred to in note 12.3 and cannot be utilised by the Company.

26.2 Foreign currency account includes Euros 635 (2014: Euros 635).

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



27. SALES

(Rupees in thousand)

	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Gross sales																
- Local	2,655,817	5,507,518	219,890	279,887	-	-	25,182	81,971	979,827	1,447,687	31,111	39,988	10,972	37,943	3,922,799	7,394,994
- Export	91,330	163,071	2,620,530	4,299,418	-	-	-	-	-	-	-	-	-	-	2,711,860	4,462,489
- By-products	241,018	-	-	-	-	-	-	-	15,353	19,482	-	-	-	-	256,371	19,482
- Inter-segment	591,354	1,160,538	137,613	195,595	121,588	159,018	-	-	-	-	14,689	13,446	-	-	-	-
	3,579,519	6,831,127	2,978,033	4,774,900	121,588	159,018	25,182	81,971	995,180	1,467,169	45,800	53,434	10,972	37,943	6,891,030	11,876,965
Less:																
Commission to selling agents	4,663	6,491	69	89	-	-	1,789	5,515	3,632	5,431	-	-	81	2,213	10,234	19,739
Sales tax and Special Excise Duty	245,080	417,354	32,653	42,080	-	-	3,938	12,504	20,139	28,948	-	-	-	-	301,810	500,886
	249,743	423,845	32,722	42,169	-	-	5,727	18,019	23,771	34,379	-	-	81	2,213	312,044	520,625
Net sales	3,329,776	6,407,282	2,945,311	4,732,731	121,588	159,018	19,455	63,952	971,409	1,432,790	45,800	53,434	10,891	35,730	6,578,986	11,356,340

27.1 Inter-segment sales have been eliminated from total figures.

28. COST OF SALES

(Rupees in thousand)

Note	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Inter-segment	100,435	149,308	596,457	1,137,960	58,287	73,046	122	37,904	105,672	127,329	4,230	2,244	41	806	-	-
Raw materials consumed	2,813,632	5,440,131	1,328,417	2,859,635	-	-	-	-	668,342	1,035,863	2,776	2,418	1,981	20,182	4,815,148	9,358,229
	2,914,067	5,589,439	1,924,874	3,997,595	58,287	73,046	122	37,904	774,014	1,163,192	7,006	4,662	2,022	20,988	4,815,148	9,358,229
Salaries, wages and other benefits	246,376	321,612	41,215	53,580	2,548	3,234	3,015	7,061	92,685	109,631	6,707	7,658	546	1,611	393,092	504,387
Stores and spares consumed	84,500	131,817	11,196	12,353	6,916	8,083	-	1,727	25,676	24,546	5,526	10,118	1	15	133,815	188,659
Dyes and chemicals	28,789	49,625	31,660	76,067	20	282	-	23,678	-	-	-	-	-	-	60,469	149,652
Packing material consumed	40,613	67,103	-	-	-	-	-	-	15,998	19,905	-	-	412	2,130	57,023	89,138
Fuel and power	342,844	370,366	41	93	11,892	8,106	-	-	85,987	100,112	4,694	4,986	-	-	445,458	483,663
Repairs and maintenance	14,605	22,086	6,432	37,858	6,956	9,054	17	709	583	673	822	1,873	-	9	29,415	72,262
Insurance	5,925	4,955	1,803	2,148	484	713	93	108	1,722	2,258	129	141	-	-	10,156	10,323
Vehicle running and maintenance	6,339	10,230	-	-	-	-	-	18	-	-	-	-	-	-	6,339	10,248
Travelling and conveyance	855	1,452	484	274	-	-	-	6	981	1,414	-	-	-	-	2,320	3,146
Printing and stationery	392	425	72	117	5	2	-	1	-	-	-	-	-	-	469	545
Rent, rates and taxes	1,304	823	-	-	-	-	-	-	296	223	1,537	4,371	-	-	3,137	5,417
Land preparation and irrigation expense	-	-	-	-	-	-	-	-	-	-	10,280	17,836	-	-	10,280	17,836
Sugarcane research and development	1,236	2,020	-	-	-	-	-	-	-	-	-	-	-	-	1,236	2,020
Staff training and development	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-	13
Depreciation on property, plant and equipment	392,393	181,427	160,064	67,277	22,391	26,658	4,504	2,043	26,267	20,020	1,509	1,547	-	-	607,128	298,972
Amortization on intangibles	60	-	-	-	30	30	-	-	-	-	-	-	-	-	90	90
Other expenses	23,927	37,766	8,825	7,609	906	1,094	65	1,982	1,349	2,227	333	819	44	74	35,449	51,571
	4,104,225	6,791,219	2,186,666	4,254,971	110,435	130,302	7,816	75,237	1,025,558	1,444,201	38,543	54,011	3,025	24,827	6,611,024	11,246,171
Opening work-in-process	2,401	1,654	-	-	-	-	6,334	768	10,047	9,349	-	-	-	-	18,782	11,771
Less: closing work-in-process	(2,182)	(2,401)	-	-	-	-	-	(6,334)	(4,238)	(10,047)	-	-	-	-	(6,420)	(18,782)
	219	(747)	-	-	-	-	6,334	(5,566)	5,809	(698)	-	-	-	-	12,362	(7,011)
Cost of goods produced	4,104,444	6,790,472	2,186,666	4,254,971	110,435	130,302	14,150	69,671	1,031,367	1,443,503	38,543	54,011	3,025	24,827	6,623,386	11,239,160
Opening stock of finished goods	176,682	396,694	212,926	58,610	-	-	14,690	11,862	14,293	26,240	-	-	4,394	942	422,985	494,348
Purchases	105,667	91,710	-	-	-	-	-	-	-	-	-	-	-	-	105,667	91,710
Less: closing stock of finished good	(464,903)	(176,682)	(6,920)	(212,926)	-	-	-	(14,690)	(31,629)	(14,293)	-	-	(976)	(4,394)	(504,428)	(422,985)
	(182,554)	311,722	206,006	(154,316)	-	-	14,690	(2,828)	(17,336)	11,947	-	-	3,418	(3,452)	24,224	163,073
	3,921,890	7,102,194	2,392,672	4,100,655	110,435	130,302	28,840	66,843	1,014,031	1,455,450	38,543	54,011	6,443	21,375	6,647,610	11,402,233

28.1 Inter-segment purchases have been eliminated from total figures.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

28.2 Salaries, wages and other benefits and sugarcane research and development include following in respect of retirement benefits:

	Note	2015 (Rupees in thousand)	2014
Pension fund		3,640	3,850
Gratuity fund		2,122	2,253
Provident fund		5,799	7,145
		11,561	13,248

29. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	29.1	168,794	208,745
Repairs and maintenance		4,811	6,906
Insurance		3,422	3,379
Vehicle running and maintenance		7,906	12,457
Travelling and conveyance		2,670	4,999
Printing and stationery		1,079	1,664
Electricity and gas		2,775	2,844
Telephone, postage and telegram		4,617	5,303
Legal and professional charges	29.2	10,826	9,829
IT Consultancy and advisory services		4,530	4,515
Rent, rates and taxes		4,062	3,674
Staff training and development		377	152
Entertainment		3,425	4,442
Subscriptions		7,645	11,427
Advertisements		604	326
Registered office expenses		762	762
Bad debts written off		390	83
Provision for doubtful:			
- Short term loans, advances, deposits and receivables	25.3	164	3,694
- Trade debtors	23.1	1,260	5,436
Depreciation on property, plant and equipment	16.1.5	26,705	28,845
Others		1,919	4,349
		258,743	323,831

29.1 Salaries, wages and other benefits include following in respect of retirement benefits:

Pension fund		7,802	9,171
Gratuity fund		1,258	2,353
Provident fund		2,795	3,028
		11,855	14,552

29.2 Professional services

The charges for professional services include the following in respect of auditors' services for:

- Statutory audit		1,350	1,350
- Half yearly review		550	550
- Certification charges		100	100
- Out of pocket expenses		275	275
		2,275	2,275

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	Note	2015 (Rupees in thousand)	2014
30. DISTRIBUTION AND SELLING COSTS			
Salaries, wages and other benefits	31.1	2,772	3,514
Freight and forwarding		163,605	293,552
Handling and distribution		1,709	2,881
Loading and unloading charges		4,049	9,936
Sales promotion expenses		468	863
Insurance		1,651	2,572
Others		4	23
		174,258	313,341
30.1 Salaries, wages and other benefits include following in respect of retirement benefits:			
Pension fund		140	125
Provident fund		97	107
		237	232
31. OTHER OPERATING EXPENSES			
Donations	31.2	-	1,500
Net exchange loss		-	20,522
Impairment of advance for capital work in progress	16.2.3	20,354	-
Social action programme expenses	31.1	3,776	7,118
Waste water drainage		8,947	10,418
Fair value adjustment of agricultural assets	18.3	7,729	3,808
Others		3,228	3,990
		44,034	47,356
31.1 Social action programme expenses include following in respect of retirement benefits:			
Pension fund		201	165
Gratuity fund		88	74
Provident fund		43	74
		332	313

31.2 None of the directors and their spouses had any interest in any of the donees.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	Note	2015 (Rupees in thousand)	2014
32. OTHER INCOME			
<u>Income from financial assets</u>			
Dividend income		2,094	25,061
Profit on sale of 'Available for Sale' investments		255,909	226,934
Gain on reclassification of investment	19.2.4	19,919	-
Return on bank deposits		310	515
		278,232	252,510
<u>Income from non-financial assets</u>			
Scrap sales		10,900	24,902
Profit on sale of:			
- Property, plant and equipment	16.1.1	5,521	20,781
- Store items		46	-
Liabilities written back		29,636	14,192
Net exchange gain		2,424	-
Rental income		9,233	5,561
Export rebate		18,890	-
Others		7,631	33,600
		84,281	99,036
		362,513	351,546
33. FINANCE COST			
Interest and mark-up on:			
- Long term finances	33.1	90,819	95,510
- Short term borrowings	33.1	93,079	185,894
- Workers' profit participation fund		-	2,161
- Due to gratuity and pension funds - related party		47,566	33,483
- Finance lease		647	1,763
Bank charges, commission and excise duty		4,571	7,909
Others		1,442	1,608
		238,124	328,328

33.1 This includes penalties aggregating to Rs 6.94 million (2014: Rs.1.31 million) levied by financial institutions due to delayed payments.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	2015 (Rupees in thousand)	2014
34. TAXATION		
For the year		
- Current	27,119	16,794
- Deferred	(43,714)	-
	(16,595)	16,794
Prior year		
- Current	63,189	-
	46,594	16,794
Associates	53,510	37,430
	100,104	54,224

34.1 The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

34.2 In view of gross loss during the year, the provision for current taxation represents tax on income under 'Final Tax Regime' and is not available for set off against normal tax liabilities.

For the purposes of current taxation, the tax losses available for carry forward as at 30 September 2015 are estimated approximately at Rs. 7,304.63 million (2014: Rs. 7,029.53 million).

	2015 %	2014 %
34.3 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	33.00	34.00
Tax effect for income under presumptive tax regime	(24.17)	3.55
Effect of tax credit	2.98	5.19
Tax effect of amounts that are not deductible for tax purposes	82.63	(47.39)
Impact of tax related to associates	167.49	0.73
Impact of prior year tax	(148.16)	-
Impact of change in tax rate	(77.07)	-
Impact of exempt income	198.01	13.20
	201.71	(24.72)
Average effective tax rate charged to profit and loss account	234.71	9.28

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

		2015	2014
35. LOSS PER SHARE			
35.1 Basic loss) per shar			
Loss for the year	<i>Rupees</i>	(142,756,000)	(638,809,000)
Weighted average number of ordinary shares in issue during the year	<i>Number</i>	69,523,798	69,523,798
Loss per share - basic	<i>Rupees</i>	(2.05)	(9.19)

35.2 Diluted loss per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has a commitment to convert 1,000 preference shares into 167 ordinary shares of Rs 10 each. For the purposes of computing the diluted EPS the convertible preference shares are assumed to have been converted into ordinary shares, and the loss is adjusted to eliminate the preference dividend.

		2015	2014
Loss for the year		(142,756,000)	(638,809,000)
Loss used to determine diluted earnings per share	<i>Rupees</i>	(142,756,000)	(638,809,000)
Weighted average number of ordinary shares in issue during the year	<i>Number</i>	69,523,798	69,523,798
Assumed conversion of convertible preference shares into ordinary shares	<i>Number</i>	5,774,108	5,774,108
Weighted average number of ordinary shares for diluted earnings per share	<i>Number</i>	75,297,906	75,297,906
Loss per share - diluted	<i>Rupees</i>	(1.90)	(8.48)

The effect of conversion of preference shares into ordinary shares is anti-dilutive, accordingly the diluted EPS is restricted to the basic EPS.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	2015 (Rupees in thousand)	2014
36. CASH GENERATED FROM OPERATING ACTIVITIES		
Loss before taxation	(42,652)	(584,585)
Adjustment for:		
Depreciation/amortization of:		
- property, plant and equipment	633,833	327,817
- intangible assets	90	90
Liabilities written back	(29,636)	(14,192)
Gain on sale of property, plant and equipment	(5,521)	(20,781)
Interest from bank deposits	(310)	(515)
Provision for doubtful:		
- Short term loans, advances, deposits and receivables	164	3,694
- Trade debtors	1,260	5,436
Impairment of advance for capital work in progress	20,354	-
Provision for employees' retirement benefits	16,559	17,991
Dividend income	(2,094)	(25,061)
Net income from livestock	4,223	321
Gain on reclassification of investment	(19,919)	-
Gain on sale of 'Available for sale' investments	(255,909)	(226,934)
Share of profit from associates	(378,618)	(122,618)
Finance cost	238,124	328,328
	222,600	273,576
Profit / (loss) before working capital changes	179,948	(311,009)
Effect on cash flow due to working capital changes:		
Decrease in stores and spares	16,771	14,799
(Increase) / decrease in stock in trade	(325,007)	42,063
Decrease in biological assets - net	8,286	3,123
Decrease in trade debts	7,064	27,295
Decrease / (increase) in loans, advances, prepayments and other receivables	138,376	(61,798)
Increase in trade and other payables	1,355,449	832,653
	1,200,939	858,135
Cash generated from operating activities	1,380,887	547,126

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

37.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the full time working directors and executives of the Company is as follows:

	Directors		Executives	
	2015 (Rupees in thousand)	2014	2015 (Rupees in thousand)	2014
Managerial remuneration	4,263	3,000	54,831	67,529
Contribution to provident fund, gratuity and pension funds	298	210	11,699	13,268
House rent	1,705	1,200	22,281	21,282
Utilities	426	300	5,120	4,768
Reimbursable expenses	14	2	18	322
Others	341	-	6,542	7,063
	<u>7,047</u>	<u>4,712</u>	<u>100,491</u>	<u>114,232</u>
Number of persons	1	1	36	46

37.2 These financial statements do not include any charge in respect of remuneration or benefits to Mr. Ahsan M. Saleem who resigned as Chief Executive (CEO) on 23 September 2015. The terms of the new CEO Mr. Anjum M. Saleem are being finalized and no amount has been paid to him as CEO. However, during the year Mr. Anjum M. Saleem (previously managing director) was paid Rs. 9.71 million on account of remuneration and benefits, which is included in remuneration to executives above.

37.3 The Company also provides some of its executives with company maintained cars, travel facilities and club membership.

37.4 Aggregate amount charged in the financial statements for the year for fee to 7 directors (2014: 7 directors) was Rs. 300,000 (2014: Rs. 330,000).

38. PROVIDENT FUND RELATED DISCLOSURE

The company operates a provident fund for its employees as explained in note 3.24.2.

The following information is based on financial statements of the Fund;

	Un-audited 2015 (Rupees in thousand)	Audited 2014
Size of the fund	153,480	156,820
Cost of investment made	80,309	80,309
Fair value of investments	42,129	33,622
Percentage of investments made	27%	21%
The breakup of investments is as follows:		
Available for sale		
Ordinary shares - listed companies	33,610	25,692
Preference shares - listed companies	7,533	7,001
Mutual funds	986	929
	<u>42,129</u>	<u>33,622</u>

The fund has made investment in both the ordinary shares and preference shares of the Company which is not in line with the requirements of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



39. NUMBER OF EMPLOYEES

The Company has employed following number of persons:

	2015 (Number of persons)	2014
- As at 30 September	1,384	2,014
- Average number of employees	1,699	2,066

40. RELATED PARTY DISCLOSURES

The related parties comprise associated undertakings, post employment benefit plans, other related companies, and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables, capital work in progress, trade debts, contingencies and commitments are disclosed in note 14 and remuneration of the key management personnel is disclosed in note 37. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2015 (Rupees in thousand)	2014
i. Related parties			
Crescent Steel & Allied Products Limited (CSAPL)	Purchase of goods	38,250	3,572
	Sale of goods	93	1,770
	Salary expense and other common expenses	5,174	6,906
	Dividend income	6,583	7,072
Shakarganj Energy (Private) Limited - associated undertaking of CSAPL	Purchase of electricity & steam	248,734	-
	Sale of bagasse & water	241,018	-
	Advances received for baggasse	40,000	-
Crescent Hadeed (Private) Limited associated undertaking of CSAPL	Rendering of services	1,848	-
	Sale of electricity	1,132	-
	Sale of land	-	36,250
ii. Associated undertakings			
Shakarganj Food Products Limited	Sale of goods	13,105	8,890
	Salary expense and other common expenses	1,859	1,832
Premier Insurance Limited	Insurance expenses	5,620	4,736
iii. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	23,985	28,345
	Transactions with pension and gratuity fund account		
	- Funds received	1,189,986	1,694,361
	- Funds paid	1,189,986	1,694,361
	- Markup expense	47,566	33,483

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

		2015	2014
41. CAPACITY AND PRODUCTION			
<u>Sugar</u>			
Rated crushing capacity -			
On the basis of 129 days (2014: 140 days)	MT	1,890,000	2,126,000
Actual cane crushed	MT	615,394	1,259,272

The low crushing was due to liquidity crunch.

Ethanol

On the basis of 172 days (2014: 303 days) working	Litre	47,400,000	82,600,000
Actual production	Litre	46,110,350	76,377,765

The actual production is 97% of the worked capacity which is within normal working standards. Low plant operational days were due to liquidity crunch and low level of crushing.

Building Materials

On the basis of 5 years average (2014: 184 days) working	Cubic metre	6,163	5,888
Actual production	Cubic metre	-	6,096

The plant was not operated during the year due to decrease in crushing and unavailability of surplus bagasse.

Textile

Capacity (converted in 20s counts)	Kg	8,771,469	7,543,731
Actual production (converted in 20s counts)	Kg	6,503,368	7,531,592

The actual production was 74% of the capacity. The low production was due to unavailability of raw material.

Power

Rated capacity - 8 generators			
On the basis of 4 generators worked on 260 days (2014: 5 generators worked on 240 days)	KWh	19,968,000	23,040,000
Actual generation	KWh	10,702,300	12,857,000

The actual production was 54% of the capacity. The low production was due to shortage of raw material.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



42. BUSINESS SEGMENTS INFORMATION

(Rupees in thousand)

Note	Sugar		Bio Fuel		Bio Power		Building Materials		Textile		Farms		Others		Elimination		Total		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
Revenue																			
- External	27	2,738,422	5,246,744	2,807,698	4,537,136	-	-	19,455	63,952	971,409	1,432,790	31,111	39,988	10,891	35,730	-	-	6,578,986	11,356,340
- Intersegment	27	591,354	1,160,538	1,377,613	1,955,995	121,588	159,018	-	-	-	-	14,689	13,446	-	-	(865,244)	(1,528,597)	-	-
		3,329,776	6,407,282	2,945,311	4,732,731	121,588	159,018	19,455	63,952	971,409	1,432,790	45,800	53,434	10,891	35,730	(865,244)	(1,528,597)	6,578,986	11,356,340
Segment expenses																			
Cost of sales																			
- Intersegment	28	100,435	149,308	596,457	1,137,960	58,287	73,046	122	37,904	105,672	127,329	4,230	2,244	41	806	(865,244)	(1,528,597)	-	-
- External	28	3,821,455	6,952,886	1,796,215	2,962,695	52,148	57,256	28,718	28,939	908,359	1,328,121	34,313	51,767	6,402	20,569	-	-	6,647,610	11,402,233
		3,921,890	7,102,194	2,392,672	4,100,655	110,435	130,302	28,840	66,843	1,014,031	1,455,450	38,543	54,011	6,443	21,375	(865,244)	(1,528,597)	6,647,610	11,402,233
Gross (loss) / profit		(592,114)	(694,912)	552,639	632,076	11,153	28,716	(9,385)	(2,891)	(42,622)	(22,660)	7,257	(577)	4,448	14,355	-	-	(68,624)	(45,893)
- Administrative expenses	29	118,694	162,675	104,990	120,159	4,335	4,038	694	1,624	27,232	31,220	2,409	3,207	389	908	-	-	258,743	323,831
- Distribution and selling costs	30	9,788	17,203	162,934	294,478	-	-	25	40	1,511	1,620	-	-	-	-	-	-	174,258	313,341
		128,482	179,878	267,924	414,637	4,335	4,038	719	1,664	28,743	32,840	2,409	3,207	389	908	-	-	433,001	637,172
Segment results		(720,596)	(874,790)	284,715	217,439	6,818	24,678	(10,104)	(4,555)	(71,365)	(55,500)	4,848	(3,784)	4,059	13,447	-	-	(501,625)	(683,065)
Other operating expenses																		(44,034)	(47,356)
Operating loss																		(545,659)	(730,421)
Finance costs																		(238,124)	(328,328)
Other income																		362,513	351,546
Taxation																		(46,594)	(16,794)
Share of income from associates - net of tax																		325,108	85,188
Loss for the year																		(142,756)	(638,809)
42.1 Inter-segment sales and purchases																			
Inter-segment sales and purchases have been eliminated from total figures.																			
42.2 Basis of inter-segment pricing																			
All inter-segment transfers are made at cost.																			
42.3 Segment assets																			
Unallocated assets		7,417,190	5,590,260	2,826,749	2,225,763	277,934	451,837	55,548	80,136	397,019	430,900	700,700	720,427	22,212	6,367	-	-	11,697,352	9,505,690
																		1,631,239	2,905,736
All non-current assets of the Company as at the reporting date are located in Pakistan.																		13,328,591	12,411,426
42.4 Segment liabilities																			
Unallocated liabilities		5,917,096	4,466,701	2,259,940	1,586,602	32,661	6,141	22,239	2,139	158,434	114,782	77,323	16,854	8,971	-	-	-	8,476,664	6,193,219
																		360,674	1,575,194
																		8,837,338	7,768,413
42.5 Capital expenditure																			
Unallocated		10,950	294,296	56	2,665	-	2,906	-	-	1,638	77	68	4,202	-	-	-	-	12,712	304,146
																		608	11,065
																		13,320	315,211
42.6 Depreciation on property, plant and equipment																			
Unallocated		392,393	181,427	160,064	67,277	22,391	26,658	4,504	2,043	26,267	20,020	1,509	1,547	-	-	-	-	607,128	298,972
																		26,705	28,845
																		633,833	327,817
42.7 Amortization on intangible assets																			
		60	60	-	-	30	30	-	-	-	-	-	-	-	-	-	-	90	90
																		90	90
42.8 Secondary reporting format																			
Segment revenue from external customers by geographical areas is as follows:																			
Export sales - Europe		-	-	207,208	158,634	-	-	-	-	-	-	-	-	-	-	-	-	207,208	158,634
Export sales - Africa		-	-	-	81,580	-	-	-	-	-	-	-	-	-	-	-	-	-	81,580
Export sales - Asia		91,330	163,071	2,413,321	4,059,204	-	-	-	-	-	-	-	-	-	-	-	-	2,504,651	4,222,275
Local sales		2,647,092	5,083,673	187,169	237,718	-	-	19,455	63,952	971,409	1,432,790	31,111	39,988	10,891	35,730	-	-	3,867,127	6,893,851
		2,738,422	5,246,744	2,807,698	4,537,136	-	-	19,455	63,952	971,409	1,432,790	31,111	39,988	10,891	35,730	-	-	6,578,986	11,356,340

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

43.1(a) Market risk

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

(i) Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The company, where considered necessary, uses money market borrowing contracts against receivables exposed to foreign currency risks.

The Company is exposed to currency risk arising only with respect to the United States Dollar (USD). The Company has a minimal bank balance in Euro and thus is not exposed to currency risk in respect of Euros. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities and short term borrowings with banks. The Company's exposure to currency risk is as follows:

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



	Note	2015 (USD)	2014
<u>Financial assets</u>			
Trade debts	23.2	-	6,107
<u>Financial liabilities</u>			
Export refinance	12.2	1,526,100	6,726,900
Trade and other payables	13	31,543	45,075

The following significant exchange rates were applied during the year:

	2015 (USD)	2014
<u>Rupees per USD</u>		
Average rate	101.10	102.03
Reporting date rate	104.40	102.70

At 30 September 2015, if the Rupee had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year would have been higher / lower as under, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated short term borrowings, trade receivables and payables.

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's loss before tax and equity. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange rate %	Effect on loss before tax (Rupees in thousand)	Effect on equity
2015	10%	(16,262)	(16,262)
	-10%	16,262	16,262
2014	10%	(69,485)	(69,485)
	-10%	69,485	69,485

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the company and classified as available for sale. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company's investments in equity of other entities that are publicly traded are listed on the following three stock exchanges, Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

The summary below explains the impact of increase of the KSE-100 index on equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the KSE-100 index:

	Impact on other components of equity	
	2015	2014
	(Rupees in thousand)	
Karachi Stock Exchange	24,840	29,572

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

(iii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from both long-term and short term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

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

	2015	2014
	(Rupees in thousand)	
- Financial assets		
<u>Fixed rate instruments</u>		
Bank balances - deposit accounts	1,500,130	83
- Financial liabilities		
<u>Variable rate instruments</u>		
Long term financing	688,600	1,018,838
Short term financing	2,159,578	1,457,000
	<u>2,848,178</u>	<u>2,475,838</u>

Fair value sensitivity for fixed rate instruments

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

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For the year ended 30 September 2015



Cash flow sensitivity analysis for variable rate instruments

At 30 September 2015, if interest rates on both short term and long borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been Rs. 19.08 million (2014: Rs. 16.59 million) higher/lower, mainly as a result of higher interest expense on KIBOR based borrowings.

43.1(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and other customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to customers are settled in cash.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2015 (Rupees in thousand)	2014
Long term loan and deposits	36,945	37,359
Trade debts	30,564	38,888
Loans, advances and other receivables	23,915	19,732
Cash and bank balances	1,527,739	91,647
	<u>1,619,163</u>	<u>187,626</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties. The Company does not hold any collateral or any other credit enhancement instruments in relation to trade receivables. The aging of trade receivables is as follows:

	2015 (Rupees in thousand)	2014
Up to 30 days	6,611	15,171
30 to 60 days	63	14,874
60 to 180 days	12,283	1,210
180 to 365 days	9,351	5,560
More than 365 days	219	2,073
	<u>28,527</u>	<u>38,888</u>

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it will not received the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited to income statement.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating		Rating Agency	2015	2014
	Short term	Long term		(Rupees in thousand)	
Askari Bank Limited	A-1+	AA	PACRA	10,610	102
Allied Bank Limited	A1+	AA+	PACRA	125	9,564
Bank Alfalah Limited	A1+	AA	PACRA	239	1,140
Bank Islami Pakistan Limited	A1	A+	PACRA	1,506,846	72
The Bank of Punjab	A1+	AA -	PACRA	2,412	2,255
Habib Bank Limited	A-1+	AAA	JCR-VIS	138	3,738
MCB Bank Limited	A1+	AAA	PACRA	4,850	1,913
National Bank of Pakistan	A1+	AAA	PACRA	2,334	78
Standard Chartered	A1+	AAA	PACRA	130	72,647
United Bank Limited	A-1+	AA+	JCR-VIS	2	3
Dubai Islamic Bank	A-1	A+	JCR-VIS	53	135
				<u>1,527,739</u>	<u>91,647</u>

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

43.1(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the company's businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the company's undrawn borrowing facilities (note 12) and cash and cash equivalents (note 26) on the basis of expected cash flow. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans. As explained in note 1.2, the Company has been facing liquidity crunch for the last few years as a result of which it was unable to timely meet its financial obligations. However, the Company through continuous support from its lenders has been able to obtain working capital lines to manage its liquidity requirements.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	(Rupees in thousand)			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 September 2015				
Fixed rate long term debt	345,756	-	-	-
Floating rate long term debt	688,600	-	-	-
Finance lease liabilities - Gross	-	-	-	-
Variable rate short term borrowings	2,584,737	-	-	-
Trade and other payables	1,856,731	-	-	-
Accrued finance cost	616,745	-	-	-
	6,092,569	-	-	-

	(Rupees in thousand)			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 September 2014				
Fixed rate long term debt	345,756	-	-	-
Floating rate long term debt	1,008,034	-	-	-
Finance lease liabilities - Gross	10,804	-	-	-
Variable rate short term borrowings	1,861,493	-	-	-
Trade and other payables	2,836,493	-	-	-
Accrued finance cost	606,721	-	-	-
	6,669,301	-	-	-

43.2 Fair value of financial instruments

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at reporting date.

Financial instruments carried at fair value, by valuation method, are categorized as follows:

- Level 1: Quoted market prices
- Level 2: Valuation techniques (market observable)
- Level 3: Valuation techniques (non-market observable)

	2015			
	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Available for sale investments	248,401	-	-	248,401
Equity accounted investments	-	-	653,444	653,444
Biological assets	-	-	30,622	30,622
	248,401	-	684,066	932,467
	2014			
	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Available for sale investments	295,721	-	-	295,721
Equity accounted investments	-	-	603,687	603,687
Biological assets	-	-	43,131	43,131
	295,721	-	646,818	942,539

43.3 Financial instruments by categories

Long term deposits	
Trade debts	
Advances, deposits, prepayments and other receivables	
Cash and Bank balances	

Loans and receivables 2015 2014 (Rupees in thousand)

	36,945	37,359
	30,564	38,888
	23,915	19,732
	1,527,739	91,647

Available for sale

2015 2014 (Rupees in thousand)

Investments - available for sale

	248,401	295,721
--	---------	---------

Financial liabilities at amortized cost 2015 2014 (Rupees in thousand)

Long term finances	
Liabilities against assets subject to finance lease	
Short term borrowings - secured	
Trade and other payables	
Accrued finance cost	

	1,034,356	1,354,663
	-	9,931
	2,584,737	1,861,493
	1,856,731	2,836,493
	616,745	606,721

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015



43.4 Capital risk management

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

The Company's objectives when managing capital are:

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

The company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity. Total debt represents the total current and non-current borrowings of the Company.

	2015 (Rupees in thousand)	2014
The gearing ratios are as follows:		
Total debt	3,619,093	3,226,087
Total equity	(711,810)	(654,867)
Total debt and equity	2,907,283	2,571,220
Gearing ratio	124%	125%

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. As at the reporting date, the Company has accumulated losses of Rs. 2,303.99 million, the equity has eroded and stands at negative Rs. 711.81 million. Increase in gearing is mainly due to continuous losses that is eroding equity. These indicators and other matters as explained in note 1.2 to the financial statements may cause changes in the Company's approach to capital management.

For working capital requirements and capital expenditure, the Company primarily relies substantially on short term borrowings.

44. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 08 January 2016 by the board of directors of the Company.

> NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

45. EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after balance sheet date.

46. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework however, no significant re-arrangements have been made.


Chief Executive


Chairman

> PATTERN OF SHAREHOLDING



The Companies Ordinance 1984
(Section 236(1) and 464)

Form - 34

1. Incorporation Number **0002546**
2. Name of The Company **Shakarganj Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at : 30 September 2015

No. of Shareholders	From	Shareholding	To	Total shares held
386	1		100	11,921
275	101		500	85,624
210	501		1,000	165,127
371	1,001		5,000	944,998
103	5,001		10,000	801,172
36	10,001		15,000	445,606
25	15,001		20,000	446,074
17	20,001		25,000	402,018
11	25,001		30,000	306,762
6	30,001		35,000	198,043
6	35,001		40,000	224,152
7	40,001		45,000	297,485
9	45,001		50,000	446,867
4	50,001		55,000	208,018
9	55,001		60,000	526,680
3	60,001		65,000	190,000
6	65,001		70,000	405,598
5	70,001		75,000	367,791
2	75,001		80,000	151,705
1	80,001		85,000	83,262
1	85,001		90,000	88,500
2	90,001		95,000	182,404
5	95,001		100,000	499,544
3	100,001		105,000	303,745
2	105,001		110,000	218,366
2	110,001		115,000	225,724
1	115,001		120,000	117,197
3	120,001		125,000	370,052
1	125,001		130,000	129,500
1	130,001		135,000	133,500
5	135,001		140,000	681,224
3	140,001		145,000	425,949
2	145,001		150,000	297,127
1	150,001		155,000	152,090

No. of Shareholders	Shareholding		Total shares held
	From	To	
2	155,001	160,000	316,306
1	160,001	165,000	165,000
2	175,001	180,000	354,961
1	195,001	200,000	200,000
1	200,001	205,000	201,400
2	220,001	225,000	447,566
1	320,001	325,000	325,000
1	395,001	400,000	400,000
1	410,001	415,000	412,563
1	460,001	465,000	465,000
1	525,001	530,000	528,000
1	535,001	540,000	539,696
1	650,001	655,000	654,703
1	655,001	660,000	657,754
1	695,001	700,000	698,000
1	760,001	765,000	765,000
1	850,001	855,000	851,000
1	1,065,001	1,070,000	1,066,138
1	1,120,001	1,125,000	1,123,442
1	2,095,001	2,100,000	2,100,000
1	2,120,001	2,125,000	2,123,500
1	2,565,001	2,570,000	2,570,000
1	2,865,001	2,870,000	2,865,830
1	3,300,001	3,305,000	3,304,300
1	4,155,001	4,160,000	4,159,002
1	4,225,001	4,230,000	4,227,104
1	5,425,001	5,430,000	5,427,488
1	6,795,001	6,800,000	6,796,553
1	15,240,001	15,245,000	15,244,665
1,556			69,523,796



Categories of Shareholder	Physical	CDC	Total	%age
Directors, Chief Executive Officer, Their Spouses and Minor Children				
Chief Executive				
Mr. Anjum Muhammad Saleem	-	2,951,000	2,951,000	4.24
Directors				
Mr. Ali Altaf Saleem	-	165,000	165,000	0.24
Mr. Khalid Bashir	-	58,212	58,212	0.08
Mr. Muhammad Anwar	-	67,222	67,222	0.10
Mr. Muhammad Arshad	-	143,136	143,136	0.21
Mr. Shehryar Mazhar	598	-	598	0.00
Director's Spouses and Their Minor Children				
Mrs. Saira Anjum Saleem	-	91,000	91,000	0.13
	598	3,475,570	3,476,168	5.00
Executive		3,268,000	3,268,000	4.70
Associated Companies, Undertakings & Related Parties				
Crescent Steel And Allied Products Limited	-	15,244,665	15,244,665	21.93
Crescent Cotton Mills Limited	-	2,865,830	2,865,830	4.12
CS Capital (Pvt) Limited	-	4,227,104	4,227,104	6.08
The Crescent Textile Mills Limited	-	5,427,488	5,427,488	7.81
Trustees - SGML Gratuity Fund	-	60,000	60,000	0.09
Trustees - SGML Pension Fund	-	157,000	157,000	0.23
Trustees - SGML Provident Fund	-	765,000	765,000	1.10
	-	28,747,087	28,747,087	41.35
NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	6,796,553	6,796,553	9.78
National Bank of Pakistan-Trustee Wing	71	-	71	0.00
	71	6,796,553	6,796,624	9.78
Mutual Funds (Name Wise Detail)				
CDC - Trustee AKD Opportunity Fund	-	2,123,500	2,123,500	3.05
Golden Arrow Selected Stocks Fund Limited	-	4,159,002	4,159,002	5.98
	-	6,282,502	6,282,502	9.04
Banks, NBFCs, DFIs, Takaful, Pension Funds	102,741	1,042,493	1,145,234	1.65
Modarabas	453	-	453	0.00
Insurance Companies	8	-	8	0.00
Other Companies, Corporate Bodies, Trust etc.	544,354	4,035,177	4,579,531	6.59
General Public - Local	842,604	14,385,585	15,228,189	21.90
	1,490,829	68,032,967	69,523,796	100.00
Shareholders More Than 5.00%				
Crescent Steel And Allied Products Limited			15,244,665	21.93
CDC - Trustee National Investment (Unit) Trust			6,796,553	9.78
The Crescent Textile Mills Limited			5,427,488	7.81
CS Capital (Pvt) Limited			4,227,104	6.08
Golden Arrow Selected Stocks Fund Limited			4,159,002	5.98

> NOTICE OF 48TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 48th Annual General Meeting of the shareholders of SHAKARGANJ LIMITED (Formerly Shakarganj Mills Limited) (the "Company") will be held on Saturday, 30 January 2016 at 11:00 a.m. at Qasr-e-Noor, 9-E-2, Main Boulevard Gulberg-III, Lahore, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Directors' and Auditors' Reports and Audited Financial Statements of the Company for the year ended 30 September 2015.
2. To appoint Company's Auditors and to fix their remuneration.

By Order of the Board

Asif Ali

Company Secretary

Lahore: 08 January 2016

NOTES:

1. Right Shares and Book Closure:

The Board of Directors of the Company in their meeting held on 08 January 2016 has declared 58.2192% right shares at PAR i.e., Rs. 10 per share in proportion of 58.2192 right shares for every 100 existing ordinary shares to all the members whose names will appear on the Company's Register of Members at the close of business on 22 January 2016. The Share Transfer Books of the Company will remain closed from 23 January 2016 to 30 January 2016 (both days inclusive). Transfers received in order at the Share Registrar Office, M/s. CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore by the close of business on 22 January 2016 will be treated in time for the entitlement right shares and to attend the meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote for him/her behalf. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarized attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting, and must be signed, stamped and witnessed.
3. Members are requested to timely notify any change in their addresses.
4. Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport alongwith Participant ID number and the Account number at the time of attending the Meeting.
- b. In case of corporate entity, the Board's 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

- a.** In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b.** The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c.** Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d.** The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e.** In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:

In terms of the directive of the Securities and Exchange Commission of Pakistan ("SECP") the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders are required to be mentioned in the annual return filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNICs are advised to provide at earliest the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given herein above.

6. Placement of Financial Statements

The Company has placed the Audited Financial Statements for the year ended 30 September 2015 along with Auditors and Directors Reports thereon on its website: www.shakarganj.com.pk

> FORM OF PROXY



I/We _____ S/o, D/o, W/o _____ of

_____ (full address) a member(s)

of Shakarganj Limited and holder of _____ shares as per Registered

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

do hereby appoint _____ of _____ (full address)

or failing him/her _____ of _____

(full address) as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Shakarganj Limited scheduled to be held on 30 January 2016 at 11:00 a.m. at the Qasr-e-Noor, 9-E-2, Main Boulevard Gulberg-III, Lahore and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2016.

Member _____

Witness _____

Address _____

Dated _____

Please affix here
Revenue Stamp of
Rs. 5/-

Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered office, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26 January 2000 of the Securities & Exchange Commission of Pakistan 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 requirement.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
 - iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original NIC or original passport at the time of the meeting.
 - v. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

مختار نامہ

میں / ہم _____ کا کے _____
 بحیثیت رکن شکر گنج لمیٹڈ اور حامل عام حصص، بمطابق شیئرز رجسٹر فو لیو نمبر _____ اور / یا سی ڈی سی
 پارٹنیشن (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
 محترم / محترمہ _____ کو اپنے / ہمارے ایما پر _____ مورخہ 30 جنوری 2016ء بروز ہفتہ
 بمقام قصر نور، 2-E-9، مین بلیوار ڈگلیبرگ-3، لاہور میں صبح 11:00 بجے _____ منعقد ہونے والے کمپنی کے سالانہ اجلاس عام

میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز _____ بتاریخ _____ 2016ء کو دستخط کئے گئے۔

گواہان:

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

- 1- دستخط: _____
 نام: _____
 پتہ: _____
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____
- 2- دستخط: _____
 نام: _____
 پتہ: _____
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہوا، اپنی جگہ کسی کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری شکر گنج لمیٹڈ لاہور کے پتے پر ارسال کر دے۔
- 3- سی ڈی شیئرز ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
 - (الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ جس کی سکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔
 - (ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
 - (ج) تین مفیصل اونٹرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔
 - (د) اجلاس کے وقت نائب گواہان اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد / مع نامزد کردہ شخص / انٹارنی کے نمونہ دستخط یا ڈاؤ آف انٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرنا ہوگا۔



www.jamapunji.pk















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