Contents

Company Information

Board of Directors	Asghar D. Habib	*Chairman*
	Ali Raza D. Habib	
	Muhammad Nawaz Tishna	
	Murtaza H. Habib	
	Amin Ali Abdul Hamid	
	Shams Mohammad Haji	
	Imran A. Habib	
	Raeesul Hasan	*Chief Executive*
Audit Committee	Amin Ali Abdul Hamid	Chairman
	Ali Raza D. Habib	Member
	Shams Mohammad Haji	Member
Human Resource & Remuneration Committee	Shams Mohammad Haji	Chairman
	Amin Ali Abdul Hamid	Member
	Raeesul Hasan	Member

Company Secretary
Amir Bashir Ahmed

Registered Office
4th Floor, Imperial Court,
Dr. Ziauddin Ahmed Road,
Karachi-75530
Phones : (+92-21) 35680036 - 5 Lines
Fax : (+92-21) 35684086
www : habib.com/sugar
E-mail : sugar@habib.com

Mills
Nawabshah
Phones : (+92-244) 360751 - 5 Lines
Fax : (+92-244) 361314

Bankers
Allied Bank of Pakistan Limited
Bank AL Habib Limited
Barclays Bank PLC, Pakistan
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Statutory Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Cost Auditors
Haroon Zakaria & Co.
Chartered Accountants

Share Registrar
THK Associates (Pvt.) Limited
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road,
Karachi-75530
Phones : (+92-21) 111-000-322
Fax : (+92-21) 35655595
E-mail : secretariat@thk.com.pk
info@thk.com.pk
Website : www.thk.com.pk

VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO_2) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (CO_2) and household textiles, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.

Code of Conduct

The founders of Habib Sugar Mills Limited were visionaries who established the company on very sound principles and envisioned its development and growth on the basis of making no compromises in any aspects of business practices. The company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society based on the following guidelines :

Products

- To produce refined, high-grade sugar that is edible and hygienic and provides all the nutrition and food value at standards determined by the company, which would exceed industry norms and averages.
- To produce by-products and allied products including molasses, ethanol and liquidified carbon dioxide (CO_2).
- To diversify into other products such as home textiles thus consuming indigenous raw material and generating export earnings.

Systems & Processes

- To regularly update and upgrade manufacturing systems and processes so as to keep abreast with technological advancements, achieve economies of production and transfer knowledge and skill to workers.
- To develop and maintain the technical and professional standards, standard operating procedures and stringent quality control measures with on-line quality assurance at every stage of manufacture.
- To continuously conduct product research and develop new products, while improving upon the existing products, using ideal additives and packaging material.
- To regularly maintain, replace and upgrade all machinery and equipment for smooth working, optimum output and ensure safe working in all production units.
- To maintain a smooth work-flow in all departments with an effective communication system contained within the framework of principles yet allowing the required degree of autonomy for efficient functioning.

Management & Employees

- To employ only the appropriately suited human resource through the selection and recruitment process based on the commensurate qualifications and experience criteria without any non-professional considerations, without any bias or prejudice of race, cast, colour, creed or religious beliefs.
- To ensure that all management personnel are adequately qualified to perform management functions as assigned.
- To guide, direct and motivate employees to perform functions and to recognize and reward employees based on their performance outputs.
- To measure employee's performance by a pre-determined criteria so as to be fair and equitable towards every single employee.
- To ensure that all employees work towards achievement of corporate objectives, individually and collectively as a team and conduct themselves at work and in society as respectable employees and responsible citizens.

- To regularly train all employees at all levels to improve their knowledge and skill and provide employees with a career path whereby they can seek a planned betterment in their professional and personal life.
- To ensure that all employees and management personnel strictly adhere to the company rules and regulations and observe the best codes of conduct and abide by all laws of Pakistan.
- To make timely payment of salaries, wages and all allowances and benefits to all employees in line with their terms.
- To ensure all directors and employees of the company shall undertake such activities, whether personal or professional, that in no way conflicts with the interests of the company but contributes towards the betterment, development and growth of the organization in particular and the industry in general.

Financial

- To implement an effective, transparent and secure financial reporting and internal control system so as to ensure compliance with regulatory factors as well as meet all obligations of payable and receivables and keep investors, shareholders and management fully aware.
- To ensure effective utilization of all company resources and plan and operate resource utilization in order to produce better results and generate better yields and facilitate timely decisions.
- To place a strict Internal Audit system to study, analyze, review and report all company earning and spending and enhance reliability of all financial information and build shareholders confidence.
- To regularly prepare, as per pre-determined schedules, all financial reports and present accounts to the Board for review and analysis and show trends based on company income, revenues and expenses and industry trends.
- To ensure cost effectiveness and purchase goods and services based on developed criteria, vendor assessment and market competitiveness and evaluate options on prices, terms, products/services, substitute available, prior to purchase.
- To ensure timely and proper payments as per negotiated terms to all suppliers and deduct applicable taxes so as to enhance corporate credibility and image.
- To maintain an excellent relationship with bankers and utilize banking facilities in a manner to benefit company whilst making proper use of funding and facilities available and ensuring no defaults.

Adherence to Law

- The company shall at all times strictly adhere to all laws of the country and fulfill all statutory requirements and ensure timely, proper and full payment of all applicable taxes, rates, duties and/or any other levies as may be imposed from time to time.

Environment

- The company shall use all means to ensure a clean, safe, healthy and pollution free environment not only for its workers and employees but for the well being of all people who live in and around any of the production and manufacturing units and employ such technology as may be beneficial in maintaining a healthy and hygienic working and living environment.

Planning

- The company shall prepare an annual plan with clearly defined objectives, goals and strategies and implement those plans with a close watch on achievements and monitor and control measures shall be built in to ensure achievement of objectives and enhancement of corporate image.

Notice of Annual General Meeting

Notice is hereby given that the 53rd Annual General Meeting of Habib Sugar Mills Limited will be held on Wednesday, January 28, 2015 at 11:00 a.m. at Khorshed Mahal, Avari Towers, Fatima Jinnah Road, Karachi to transact the following business:

Ordinary Business

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended September 30, 2014.

2. To approve payment of cash dividend @ 50% i.e. Rs. 2.50 per share of Rs. 5 each for the year ended September 30, 2014 as recommended by the Board of Directors.

3. To appoint auditors of the Company for the year ending September 30, 2015 and fix their remuneration.

By order of the Board

Amir Bashir Ahmed
Company Secretary

Karachi: December 24, 2014

Notes:

1. The Share Transfer Books of the Company will remain closed from Saturday, January 17, 2015 to Wednesday, January 28, 2015, both days inclusive.

2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed at least 48 hours before the time of meeting.

3. For identification, shareholders are requested to present Computereized National Identity Card (CNIC) and CDC account holders should present the participant's ID number and CDC account number.

4. Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar, THK Associates (Pvt.) Limited, Karachi.

5. Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, shareholders holding physical share certificate are therefore requested to submit a copy of your valid CNIC, if not already provided to THK Associates (Pvt.) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi (the Share Registrar). In case of non-receipt of the copy of valid CNIC, Habib Sugar Mills Limited would be unable to comply with SRO 831(1)2012 dated 5 July 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrant of such shareholders.

6. The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For filers of income tax returns	10%
(b)	For non-filers of income tax returns	15%

To enable the company to make tax deduction on the amount of cash dividend @ 10% instead of 15%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend, otherwise tax on their cash dividend will be deducted @ 15% instead of 10%.

The Corporate shareholders having CDC account are required to have their National Tax number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the company or Company's Share Registrar M/s THK, Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

In case of joint holder, the status of filer / non-filer will be determined in respect of the first name of the beneficial owner.

For any query / clarification / information, the shareholder may contact the company, and / or the Share Registrar at the following addresses:

Company Address:
Habib Sugar Mills Limited
3rd Floor, Imperial Court
Dr. Ziauddin Ahmed Road, Karachi-75530
Phones : (+92-21) 35680036-5 Lines
Fax : (+92-21) 35684086
e-mail : companysecretary@habibsugar.com

Share Registrar Address:
THK Associates (Pvt.) Limited
Second Floor, State Life Building-3
Dr. Ziauddin Ahmed Road, Karachi. 75530
UAN : (021) 111-000-322, Fax : (021) 35655595
e-mail : secretariat@thk.com.pk

Six years' review at a glance

		2014	2013	2012	2011	2010	2009
Sugar Division							
Sugarcane crushed	M. Tons	1,116,554	939,959	851,620	800,636	681,623	780,578
Average sucrose recovery	%	10.44	11.02	10.78	9.87	10.24	9.87
Sugar produced	M. Tons	116,513	103,582	91,832	79,056	69,784	77,051
Raw sugar refined	M. Tons	–	–	–	4,885	–	–
Average sucrose recovery	%	–	–	–	94.35	–	–
Sugar produced	M. Tons	–	–	–	4,609	–	–
Total sugar produced	M. Tons	116,513	103,582	91,832	83,665	69,784	77,051
Distillery Division							
Ethanol							
Molasses processed	M. Tons	176,226	173,497	163,560	167,969	145,652	113,321
Average ethanol yield	%	18.59	17.56	17.92	17.45	18.00	19.18
Ethanol produced	M. Tons	32,768	30,464	29,307	29,303	26,210	21,739
Liquidified Carbon dioxide (CO_2) produced	M. Tons	8,436	7,584	4,902	5,644	3,648	2,643
Textile Division							
Yarn / Semi finished goods consumed	Kgs.	983,143	1,100,321	780,469	491,138	356,648	543,218
Average yield	%	84.95	86.23	86.64	98.73	98.83	98.40
Finished product	Kgs.	835,210	948,812	676,185	484,885	352,490	534,526
			(Restated)				
Operating results – Consolidated							
Sales / Rental income	Rs. '000	9,050,916	8,812,098	7,096,467	7,467,944	5,919,338	4,584,186
Cost of sales	Rs. '000	7,983,079	7,606,639	5,847,461	6,201,551	4,960,283	3,720,221
Gross profit	Rs. '000	1,067,837	1,205,459	1,249,006	1,266,393	959,055	863,965
Profit before taxation	Rs. '000	922,091	933,951	981,150	1,050,016	759,535	654,816
Profit after taxation	Rs. '000	797,091	778,951	781,150	755,016	534,535	489,816
Shareholders' Equity							
Paid-up capital	Rs. '000	750,000	750,000	750,000	750,000	600,000	480,000
Reserves	Rs. '000	4,699,252	3,882,767	3,304,851	2,768,090	2,251,222	1,973,660
Shareholders' equity	Rs. '000	5,449,252	4,632,767	4,054,851	3,518,090	2,851,222	2,453,660
Break-up value per share	Rupees	36.33	30.89	27.03	23.45	23.76	25.56
Adjusted earnings per share - Restated*	Rupees	5.31	5.19*	5.21	5.03	3.56	3.27
Return on equity	%	14.63	16.81	19.26	21.46	18.75	19.96
Financial position - Assets							
Fixed assets - Restated*	Rs. '000	1,353,601	959,820*	771,839	795,194	817,860	834,424
Long–term investments	Rs. '000	1,451,587	999,888	2,001,263	923,856	695,432	555,710
Long–term loans and deposits	Rs. '000	8,354	5,852	7,207	9,807	6,808	6,955
Current assets - Restated*	Rs. '000	4,167,349	3,918,926*	2,497,320	2,287,890	1,915,962	2,409,420
Total assets	Rs. '000	6,980,891	5,884,486	5,277,629	4,016,747	3,436,062	3,806,509
Financial position - Liabilities							
Non-current liabilities	Rs. '000	90,000	75,000	81,500	81,500	86,500	87,500
Current liabilities	Rs '000	1,441,639	1,176,719	1,141,278	417,157	498,340	1,265,349
Total liabilities	Rs. '000	1,531,639	1,251,719	1,222,778	498,657	584,840	1,352,849
Ratios							
Current ratio		2.89	3.33	2.19	5.48	3.84	1.90
Dividends							
Cash	%	50	50	50	50	25	35
Bonus shares	%	–	–	–	–	25	25

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors and myself, I am pleased to welcome you all to the 53rd Annual General Meeting of the Company and present before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2014.

By the Grace of Allah, during the year under review, the operations of your Company resulted in pre-tax profit of Rs. 922.09 million. The operating results and appropriations as recommended by the Board are given below:

	(Rupees in thousands)
Profit before taxation	922,091
Less: Taxation	125,000
Profit after taxation	797,091
Other Comprehensive Income	(1,560)
Un-appropriated profit brought forward	6,965
	5,405
Profit available for appropriation	802,496
Proposed – Cash dividend @ 50% i.e. Rs. 2.50 per ordinary share of Rs. 5 each	375,000
– Transfer to general reserve	425,000
	800,000
Un-appropriated profit carried forward	2,496
Earnings per share – Basic and diluted	Rs. 5.31

Performance Review

Alhamdolillah, the overall performance of the Company continued to be satisfactory during the year. The division-wise performance is as follows :

Sugar Division

The crushing operations for the season 2013-14 commenced on November 1, 2013 and plant operated upto April 14, 2014 for 149 days as against 123 days in the preceding season. Sugarcane crushed during the current season was 1,116,554 M.Tons with average sucrose recovery of 10.44% and sugar production of 116,513 M.Tons, as compared with crushing of 939,959 M.Tons with average sucrose recovery of 11.02% and sugar production of 103,582 M. Tons during the preceding season. During the current crushing season, sucrose recovery across the country remained low due to unfavourable climatic conditions.

For the crushing season 2013-14, the minimum support price of sugarcane remained unchanged at Rs. 172 per 40 kgs as announced by the Sindh government. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.

The sugar prices both in domestic and international markets continued to remain depressed due to carry over stock of previous year and increased sugar production during the current crushing season.

In order to manage the surplus sugar production, the government allowed export of 500,000 M.Tons of sugar in September 2013 and also allowed incentives in FED and inland freight subsidy to the millers on the export of sugar. In March 2014, a further quantity of 250,000 M.Tons of sugar for export was allowed by the government withdrawing the incentives associated with the earlier exports. The withdrawal of incentives by the government and appreciation of the Pak rupee made sugar exports unviable for the millers. In view of the above, Company exported only 5,100 M.Tons of sugar as against 18,907 M.Tons during the corresponding period of the previous year.

The Company also participated in tenders floated by Trading Corporation of Pakistan (TCP) and sold 5,348 M.Tons of sugar. However, the Economic Co-ordination Committee of the Federal Cabinet has now decided to stop buying sugar through TCP and instructed Utility Stores Corporation of Pakistan to buy sugar directly from the millers.

The comparative statistics of the division's operations are given below :

		2013-14	2012-13
Crushing duration	Days	149	123
Sugarcane crushed	M.Tons	1,116,554	939,959
Average sucrose recovery	%	10.44	11.02
Sugar production	M.Tons	116,513	103,582

During the year, the division earned operating profit of Rs.205.39 million as compared with profit of Rs.268.98 million during the previous year. The decrease in profit was due to lower recovery during the current season.

The division's financial results were also subject to cost audit under the Companies (Audit of Cost Accounts) Rules, 1998 as in previous years. The cost audit was conducted by Messrs. Haroon Zakaria & Co., Chartered Accountants who were recommended for appointment by the Board and duly approved by the Securities & Exchange Commission of Pakistan. The cost audit has been completed and the Company has received the cost audit report. The report will also be submitted directly by the cost auditors to the Securities & Exchange Commission of Pakistan as required by the Companies (Audit of Cost Accounts) Rules, 1998.

Distillery Division

The distillery division continued its operations on satisfactory basis and earned operating profit of Rs.496.56 million as compared with profit of Rs.531.53 million during the previous year. The decrease in profit was due to increase in cost of raw material.

The liquidified carbon dioxide (CO_2) unit also operated satisfactorily and produced 8,436 M.Tons as compared with 7,584 M.Tons during the previous year.

The comparative statistics of the division's operations are given below:

		2013-14	2012-13
Ethanol			
Days of operation		340	334
Molasses processed	M.Tons	176,226	173,497
Ethanol production	"	32,768	30,464
Liquidified Carbon dioxide (CO_2)			
Days of operation		211	267
Liquidified Carbon dioxide (CO_2) production	"	8,436	7,584

Textile Division

The textile division earned operating profit of Rs.25.67 million as compared with profit of Rs.21.04 million during the previous year. The increase in profit of the division was on account of better margins.

The comparative statistics of the division's operations are given below :

		2013-14	2012-13
Days of operation		350	351
Yarn consumed	Kgs	983,143	1,100,321
Finished goods production	"	835,210	948,812

Trading Division

During the year under review, the division made operating profit of Rs.5.68 million on account of trading of sugar as against operating profit of Rs. 40.51 million during the previous year.

Future Prospects

Sugar Division

The crushing season 2014-15 commenced on December 8, 2014 and upto December 23, 2014 total crushing was 118,548 M.Tons with average sucrose recovery of 9.15% and sugar production of 10,931 M.Tons including stock in process.

The crushing season 2014-2015 has been so far extremely difficult and uncertain. The Government of Sindh on November 7, 2014 issued notification fixing the minimum support price of sugarcane at Rs. 182 per 40 kgs as compared with Rs. 172 per 40 kgs for the crushing season 2013-14. The Government of Sindh also specified November 14, 2014 as the commencement date for the crushing season 2014-15.

The minimum support price of sugarcane notified by the Government of Sindh in relation to prevailing sugar prices both in domestic and international markets was totally unjustified and unreasonable for the sugar industry. Keeping this in mind, your company alongwith other members of the sugar industry filed a Constitutional Petition before the Hon'ble High Court of Sindh praying that the price of sugar be fixed in relation to the minimum sugarcane price failing which the sugar mills would be forced to shut down the operations. The Hon'ble High Court of Sindh directed the Federal / Provincial government to fix the sugar price accordingly. However, till the present date, neither the Federal nor the Provincial Government have been able to fix the sugar price in accordance with the directive issued by the Hon'ble High Court of Sindh.

Representations were also made to Government of Sindh through Pakistan Sugar Mills Association to reconsider the minimum support price of sugarcane and make it commensurate with the prevailing sugar prices in domestic and international markets. Realizing the difficulties faced by the sugar industry, the Sindh Government was pleased to revise the interim price of sugarcane downward to a level of Rs. 155 per 40 kgs till such time the matter be decided finally on the outcome of the Court decision and subsidies decided by the government. In pursuance of above relief, your company alongwith other members of the sugar industry commenced the crushing from December 8, 2014. The Government of Sindh subsequently issued another notification on December 9, 2014 withdrawing the rate of Rs. 155 and re-instated the earlier rate of Rs. 182 per 40 kgs. This notification was again challenged by the mills and the matter is pending final adjudication.

In the light of the foregoing and in view of the continued slump in sugar prices both in domestic and international markets, it appears extremely difficult as well as uncertain for the sugar industry. We hope that the authorities will consider the situation in a favourable manner and decide the issue in the larger interest of all the stakeholders.

Distillery Division

Due to late availability of molasses, distillery division commenced its operation on December 8, 2014 and upto December 23, 2014 the division produced 3,189 M.Tons of ethanol and 1,227 M.Tons of liquidified carbon dioxide.

The ethanol prices continue to remain depressed in the international market and this may likely affect the profitability of the division.

Textile Division

The division continues to operate satisfactorily. Installation of the new high tech looms and ongoing efforts of the Company to explore additional markets will, Inshallah, have a positive impact on the sale volume and profitability of the division.

Board and Management Committees

Audit Committee

The Company has established Audit Committee as required in the Code of Corporate Governance. The Audit Committee comprises of three members, two of whom are non-executive directors including the Chairman of the Committee and one is independent non-executive director. The Audit Committee met four times during the year. Attendance of meetings is as follows:

		No. of meetings attended
Mr. Amin Ali Abdul Hamid	Chairman	4
" Ali Raza D. Habib	Member	2
" Shams Mohammad Haji	Member	3
" Imran A. Habib*	Member	1

*retired on Jan 30, 2014

HR and Remuneration Committee

The Company has established HR and Remuneration Committee as required in the Code of Corporate Governance. The HR and Remuneration Committee comprises of three members, two of whom are non-executive directors. The CEO is also member of the Committee. The Chairman of the Committee is independent non-executive director. The HR and Remuneration Committee met once during the year. Attendance of meeting is as follows:

		No. of meeting attended
Mr. Shams Mohammad Haji	Chairman	1
" Amin Ali Abdul Hamid	Member	1
" Raeesul Hasan	Member	1

Performance evaluation of the Board of Directors

The Board has set up criteria for evaluation of its performance being trustee of the Shareholders.

Corporate Social Responsibility

Habib Sugar Mills Corporate Social Responsibility (CSR) programme dates back since its inception in 1962. Responding to the needs of local communities, government bodies and civil society organizations, the Company's CSR portfolio has widened over the years to include social welfare, education, healthcare, infrastructural development and livelihood generation.

Community Investment and Welfare Scheme

As a responsible corporate citizen, the Company has, on regular basis, undertaken number of welfare activities viz., running of school upto secondary level, holding of eye camps, financial assistance to villagers in the surrounding area of the mills, installation of water coolers at judicial complex and supply of free ration and clothing to the needy. During the year, a medical camp was also arranged by the Company for the relief of people of Chachro village, District Thar during the drought conditions in the district.

In addition, the company has entered into an agreement with Family Educations Services Foundation, a non profitable organization, to setup a deaf school at Nawabshah. Your company has decided to sponsor the total running cost of the school and so far 100 students have been enrolled. The campus is the first ever educational facility of its kind for the deaf in Nawabshah and will enable deaf students to receive an education in an environment that maximizes their potentials and enhances their quality of life.

The contribution of the Company in the social and economic uplift of the district has been acknowledged at all levels.

Environment

Company attaches utmost importance to provide healthy atmosphere to its employees and residents of Nawabshah and accordingly has taken appropriate steps to ensure pollution free environment involving substantial capital outlay.

The fly ash removal systems installed in the boilers of the mills continue to operate satisfactorily and the spread of black soot particles has been completely eliminated. Similarly, the installation of bio-gas plant and carbon dioxide recovery plant are the manifestation of our social responsibility which has helped us to reduce the greenhouse gases emission from our distillery operations. By the grace of Allah, the successful operations of these projects have ensured a pollution free environment for the people of Nawabshah.

The Company has installed a sugar factory waste water treatment plant to remove oil, grease, total suspended solids, from the waste water. The project has since been completed yielding satisfactory results. Similarly, complete brick lining of the lagoons and replacement of open drain channels with RCC piping have been done to avoid seepage thereby not affecting the water table of the surrounding areas.

The Company also installed industrial waste water treatment plant based upon Upflow Anaerobic Sludge Bed (UASB) system with energy recovery in the form of biogas.

Health, Safety and Security

Being a responsible corporate entity, the Company is fully committed to meet all the standards with respect to health, safety and security. The Company also contributes on regular basis towards the medical needs and assistance of the people in the surrounding areas, by giving donations to hospitals and welfare institutions for medical equipment, apparatus and other facilities.

Employment of Special Persons

The Company has provided employment to physically handicapped persons in compliance with the Disabled Persons (Employment & Rehabilitation) Ordinance, 1981.

Industrial Relations

Harmonious working environment and cordial industrial relations atmosphere prevailed within the Company.

Contribution to the National Exchequer

Your Company contributed an amount of Rs.682.32 million to the Government treasury in the shape of taxes, levies, sales-tax and excise duty in addition to precious foreign exchange earned, equivalent to Pak Rupees 2,822.17 million (US$ 27.86 million) during the year under review from exports of sugar, ethanol and household textiles.

Auditors

The auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

The Audit Committee has recommended to consider the re-appointment of Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, as auditors of the Company for the ensuing year.

Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Changes, if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgement.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and deviation there from if any, has been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored regularly.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for last six years in summarized form is given on page 8.
9. Information about the taxes and levies is given in the notes to the financial statements.
10. Value of investments including profit accrued thereon and balances in deposit / current accounts of Provident Fund and Gratuity Fund as at September 30, 2014 were as follows :

	Rs.'000
Provident Fund	284,059
Gratuity Fund	83,638

11. During the year four meetings were held and the attendance by each Director was as follows:

Name of Director	Number of meetings attended
Mr. Asghar D. Habib	3
" Ali Raza D. Habib	3
" Muhammad Nawaz Tishna	4
" Murtaza H. Habib	3
" Amin Ali Abdul Hamid	4
" Shams Mohammad Haji	3
" Imran A. Habib	4
" Raeesul Hasan	4

12. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 62 and 63.
13. The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any trade in the shares of the Company.

Sale of Electricity

The Company has obtained generation license from National Electric Power Regulatory Authority for sale of Electricity to National Grid from its Bagasse based facility located at Nawabshah. The necessary formalities with Hyderabad Electric Supply Company (HESCO) are being completed and we hope that the supply of electricity will Inshallah commence during the current year.

Election of directors

Election of directors was held on January 30, 2014 and Messrs Asghar D. Habib, Ali Raza D. Habib, Muhammad Nawaz Tishna, Amin Ali Abdul Hamid, Shams Mohammad Haji, Murtaza H. Habib and Imran A. Habib were elected as directors of the Company for a period of three years.

General

The directors place on record their appreciation of the devoted services and hard work put in by the officers, staff and workers of the Company.

On behalf of the Board of Directors

Asghar D. Habib
Chairman

Karachi: December 24, 2014

Statement of Compliance with the best practices of the Code of Corporate Governance

Year ended September 30, 2014

This statement is being presented to comply with the requirements of the Code of Corporate Governance (CCG) contained in the listing regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

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

Category	Names
Independent Director	Mr. Shams Mohammad Haji
Executive Directors	Mr. Murtaza H. Habib Mr. Imran A. Habib Mr. Raeesul Hasan
Non-Executive Directors	Mr. Asghar D. Habib Mr. Ali Raza D. Habib Mr. Muhammad Nawaz Tishna Mr. Amin Ali Abdul Hamid

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the current year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Company. Particulars of significant policies have been maintained and amended / updated from time to time.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Directors are well conversant with the listing regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. At present, four directors have acquired formal directors training certificate and two directors of the Company are exempted from the directors training programme on the basis of their education and length of experience as prescribed in the Code.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit and terms and conditions of their employment.

11. The Directors' report has been prepared in compliance with the requirements of the CCG and it fully describes the salient matters required to be disclosed.

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members of whom two are non-executive directors including the Chairman of the Committee and one is independent director.

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

17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors. The CEO is also member of the Committee. The Chairman of the Committee is independent director. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has set-up an effective internal audit department which is considered suitably qualified and are fully 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 programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

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

22. Material / price sensitive information has been disseminated amongst all market participants at once through Stock Exchanges.

23. All related party transactions have been placed before the audit committee and the Board of Directors on a quarterly basis and have been approved by the Board of Directors to comply with the requirements of listing regulations of the Karachi and Lahore Stock Exchanges.

24. We confirm that all other material principles contained in the CCG have been complied with.

Karachi: December 24, 2014

Asghar D. Habib
Chairman

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 September 2014 prepared by the Board of Directors of Habib Sugar Mills Limited (the Company) to comply with the Listing Regulations No. 35 Chapter XI of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, 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 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 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 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 its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 September 2014.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Karachi: December 24, 2014

Auditors' Report to the Members

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

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

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

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

(b) in our opinion:

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 2.4 to the financial statements, with which we concur;
- (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 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Khurram Jameel

Karachi: December 24, 2014

Balance Sheet as at September 30, 2014

	Note	2014	2013
		(Rupees in thousands)	
Assets			(Restated)
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	1,353,601	959,820
Long-term investments	4	1,451,587	999,888
Long-term loans	5	5,391	2,889
Long-term deposits		2,963	2,963
		2,813,542	1,965,560
Current Assets			
Stores and spare parts	6	87,983	92,186
Stock-in-trade	7	956,881	698,845
Trade debts	8	619,832	284,227
Loans and advances	9	263,413	360,588
Trade deposits and prepayments	10	8,725	9,456
Profit accrued on bank deposits		11,099	–
Other receivables	11	20,857	14,743
Short-term investments	12	–	2,127,242
Cash and bank balances	13	2,198,559	331,639
		4,167,349	3,918,926
Total Assets		6,980,891	5,884,486
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2013: 150,000,000) Ordinary shares of Rs. 5 each		750,000	750,000
Issued, subscribed and paid-up capital	14	750,000	750,000
Reserves	15	4,699,252	3,882,767
		5,449,252	4,632,767
Non-Current Liabilities			
Deferred taxation	16	90,000	75,000
Current Liabilities			
Trade and other payables	17	1,203,746	911,734
Advance from customers		236,542	252,926
Provision for income tax - net		1,351	12,059
		1,441,639	1,176,719
Contingencies and Commitments	18		
Total Equity and Liabilities		6,980,891	5,884,486

The annexed notes 1 to 36 form an integral part of these financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Profit and Loss Account
for the year ended September 30, 2014

	Note	2014	2013
		(Rupees in thousands)	
			(Restated)
Net sales and services	19	9,050,916	8,812,098
Cost of sales	20	7,983,079	7,606,639
Gross Profit		1,067,837	1,205,459
Selling and distribution expenses	21	(204,977)	(218,357)
Administrative expenses	22	(129,552)	(125,046)
Other operating expenses	23	(84,122)	(87,193)
Other income	24	255,966	172,014
		(162,685)	(258,582)
Operating Profit		905,152	946,877
Finance income / (cost) - net	25	16,939	(12,926)
Profit before taxation		922,091	933,951
Taxation	26	(125,000)	(155,000)
Profit after taxation		797,091	778,951
Earnings per share - Basic and diluted (Rupees)	27	5.31	5.19

The annexed notes 1 to 36 form an integral part of these financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Statement of Comprehensive Income
for the year ended September 30, 2014

	2014	2013
	(Rupees in thousands)	
		(Restated)
Profit for the year	797,091	778,951
Other comprehensive income :		
Items not to be reclassified to profit or loss in subsequent period:		
Actuarial loss on defined benefit plan - gratuity	(1,560)	(1,393)
	795,531	777,558
Items that will be reclassified subsequently to profit and loss:		
Net gain on investments - available for sale		
Unrealised gain on revaluation of investments during the year	433,674	196,091
Reclassification adjustments included in the profit and loss account for: Gain on sale of investments	(37,720)	(20,733)
	395,954	175,358
Total comprehensive income for the year	1,191,485	952,916

The annexed notes 1 to 36 form an integral part of these financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Statement of Changes in Equity
for the year ended September 30, 2014

	Issued subsc-ribed and paid-up Capital	Capital Reserve	Revenve Reserves General Reserve	Revenve Reserves Unappro-priated profit	Revenve Reserves Unrealised gain on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2012	750,000	34,000	1,791,000	789,407	690,444	3,304,851	4,054,851
Cash dividend for 2012 @ 50%	–	–	–	(375,000)	–	(375,000)	(375,000)
Transfer to general reserve	–	–	410,000	(410,000)	–	–	–
Total comprehensive income for the year ended September 30, 2013	–	–	–	777,558	175,358	952,916	952,916
Balance as on September 30, 2013	750,000	34,000	2,201,000	781,965	865,802	3,882,767	4,632,767
Cash dividend for 2013 @ 50%	–	–	–	(375,000)	–	(375,000)	(375,000)
Transfer to general reserve	–	–	400,000	(400,000)	–	–	–
Total comprehensive income for the year ended September 30, 2014	–	–	–	795,531	395,954	1,191,485	1,191,485
Balance as on September 30, 2014	750,000	34,000	2,601,000	802,496	1,261,756	4,699,252	5,449,252

The annexed notes 1 to 36 form an integral part of these financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Cash Flow Statement
for the year ended September 30, 2014

	Note	2014	2013
		(Rupees in thousands)	
			(Restated)
Cash flows from operating activities			
Cash generated from operations	28	532,224	1,295,673
Finance income received / (cost paid) - net		5,840	(12,926)
Income tax paid		(120,708)	(152,789)
Long-term loans		(2,502)	1,370
Long-term deposits		–	(15)
Net cash generated from operating activities		414,854	1,131,313
Cash flows from investing activities			
Fixed capital expenditure		(498,853)	(269,898)
Redemption / sale proceeds of investments		3,804,498	2,383,185
Dividend received		61,928	74,230
Purchase of investments		(1,551,691)	(3,257,008)
Sale proceeds of fixed assets		4,354	2,238
Net cash generated from / (used) in investing activities		1,820,236	(1,067,253)
Cash flows from financing activities			
Dividend paid		(368,170)	(368,504)
Net cash used in financing activities		(368,170)	(368,504)
Net increase / (decrease) in cash and cash equivalents		1,866,920	(304,444)
Cash and cash equivalents at the beginning of the year		331,639	636,083
Cash and cash equivalents at the end of the year	13	2,198,559	331,639

The annexed notes 1 to 36 form an integral part of these financial statements.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Notes to the Financial Statements
for the year ended September 30, 2014

1. The Company and its operations

Habib Sugar Mills Limited is a public limited Company incorporated in Pakistan, with its shares quoted on the Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO_2), household textiles, providing bulk storage facilities and trading of commodities.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

2.2 Basis of preparation

These financial statements have been prepared under historical cost convention, except for:

- staff retirement benefit plan which is carried at present value of defined benefit obligation net of fair value of plan assets as prescribed in IAS 19 “Employees Benefits”; and
- investments which have been recognised at fair value in accordance with the requirements of IAS-39 “Financial Instruments: Recognition and Measurement”.

2.3 Significant accounting judgements and estimates

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

In the process of applying the accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

a) Determining the residual values and useful lives of property, plant and equipment (Note 2.7.1);
b) Classification and valuation of investments (Note 2.8);
c) Impairment / adjustment of inventories to their net realizable value (Note 2.10);
d) Accounting for staff retirement benefits (Note 2.13);
e) Recognition of taxation and deferred tax (Note 2.16); and
f) Impairment of assets (Note 2.17).

2.4 Amended / revised standards that became effective

Following are the amended / revised standards which are considered to be relevant and became effective as of October 1, 2013.

IFRS 7 Financial Instruments: Disclosures - Amendments

IAS 16 Property, plant and equipment - Amendments

IAS 19 Employee Benefits - Revision

The adoption of the above amendments / revision to accounting standards did not have any material effect on the financial statements except for IAS 16 “Property, Plant and Equipment” and IAS 19 “Employee Benefits (Revised)” which are effective from annual periods beginning on or after January 01, 2013. The change in accounting policies and related impacts are disclosed in note 2.7.3 and 2.13 to these financial statements, respectively.

2.5 New and amended standards and interpretation that are not yet effective

Following are the amended standards and interpretation that have been issued and are mandatory for the accounting periods effective from the dates mentioned below against the respective standards and interpretation

Standards / Interpretation		Effective date (accounting periods beginning on or after)
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2015
IFRS 11	Joint Arrangements (Amendments)	January 1, 2015
IFRS 12	Disclosure of interests in other entities (Amendments)	January 1, 2015
IFRS 13	Fair Value Measurements (Amendments)	January 1, 2015
IAS 16	Property, plant and equipment (Amendments)	January 1, 2016
IAS 19	Employee Contributions (Amendments)	July 1, 2014
IAS 32	Financial Instruments : Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 39	Financial instruments : Recognition and measurement (Amendments)	January 1, 2014
IAS 40	Investments Property (Amendments)	July 1, 2014
IAS 41	Agriculture: Bearer Plants	January 1, 2016
IFRIC 21	Levies	January 1, 2014

The Company expects that the adoption of the above new and amended standards and interpretation will not have any significant effect on the Company’s financial statements in the period of initial application.

2.6 Standards issued by IASB but not yet notified by SECP

Following standards have been issued by International Accounting Standards Board (IASB) which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards		Effective date (accounting periods beginning on or after)
IFRS-9	Financial Instruments: Classification and Measurement	January 1, 2018
IFRS-14	Regulatory Deferral Accounts	January 1, 2016
IFRS-15	Revenue from Contracts with Customers	January 1, 2017

2.7 Fixed assets

2.7.1 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization / impairment (if any), except for freehold land and capital work-in-progress which are stated at cost.

Significant borrowing costs related to acquisition, construction and commissioning of a qualifying asset is capitalized.

Depreciation is charged to profit and loss account applying the reducing balance method. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month the asset is in use. Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised. Gain or loss on disposal of assets is included in profit and loss account.

2.7.2 Capital work-in-progress

Plant and machinery, machinery in transit and advances to suppliers made in respect of fixed assets are stated at cost and are transferred to the respective assets when available for intended use. Significant borrowing costs related to acquisition, construction and commissioning of a qualifying asset are capitalized.

2.7.3 Classification of major stores and spare parts.

"IAS 16, 'Property, plant and equipment' as amended by 'Annual Improvements to IFRSs 2009-2011 Cycle' (issued May 2012) clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The previous wording of IAS 16 indicated that servicing equipment should be classified as inventory, even if it was used for more than one period. Following the amendment, the equipment used for more than one period is classified as property, plant and equipment.

The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and restated the balances of 'Property, plant and equipment' and 'Stores and spare parts' for the year ended September 30, 2013 in accordance with the requirements of IAS 1 - Presentation of Financial Statements (Revised). Since, there is no material impact on the financial information for the year ended September 30, 2012, balance sheet as of September 30, 2012 is not required to be restated and therefore the same has not been presented.

		2014	2013
		(Rupees in thousand)	
Reclassification from:	Reclassification to:		
Stores and spare parts	Property, plant and equipment-Note 3	24,764	7,690

Major stores and spare parts are valued on the basis mentioned in Note 2.9 of these Financial Statements.

2.8 Investments - Available for sale

Investments acquired with the intention to be held for over one year are classified as long-term investments. However, these can be sold earlier due to liquidity requirements. Short-term investments are those which are acquired for a short period. All investments are classified as available for sale and are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

Any gain or loss from a change in the fair value of investments available for sale is recognised directly in other comprehensive income as unrealised, unless sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously taken to other comprehensive income is recognised in the profit and loss account of the year.

2.9 Stores and spare parts

These are valued at the lower of moving average cost and net realisable value except for items in transit which are valued at actual cost. Provision is made for obsolescence and slow moving items.

2.10 Stock-in-trade

These are valued as follows :

Raw materials	At the lower of average cost and net realisable value
Work-in-process	At the lower of average cost and net realisable value
Finished goods	At the lower of average cost and net realisable value
Fertilizers	At the lower of cost on FIFO basis and net realisable value

2.11 Trade debts and other receivables

Trade debts are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Other receivables are carried at cost less estimates made for doubtful receivables.

An estimate for doubtful trade debts and other receivables is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, with banks on current, savings, treasury call and deposit accounts, net of short-term borrowings under mark-up arrangements, if any.

2.13 Staff retirement benefits

2.13.1 Staff gratuity

The Company operates an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company. The scheme is funded and contributions to the fund are made in accordance with the recommendations of the actuary.

During the year, the Company has adopted Revised IAS 19 “Employee Benefits”. As per revised standard, amounts recorded in profit and loss account are limited to current and past service cost, gains or losses on settlements and net interest income (expense). Furthermore, all other changes in the net defined benefit asset (liability) including gains and losses are to be recognised in other comprehensive income with not subsequent recycling to profit and loss account. The distinction between short-term and other long-term employee’s entitlement to the benefits will be based on the expected timing of settlement rather than the employee’s entitlement to the benefits.

Adoption of the above amendments will result in change in the Company's accounting policy related to recognition of actuarial gain / (loss) to recognize it in total comprehensive income in the period in which they occur. However, this change will not have any material impact on the financial results of the Company as the Company had a policy of faster recognition of actuarial gain / (loss), as a result of which, there is no un-amortized actuarial gain / (loss) balance as at September 30, 2014.

The above change has been accounted for in accordance with the requirements of IAS 8" Accounting Policies, Changes in Accounting Estimates and Errors" and has been applied retrospectively.

Had there been no change in accounting policy, the following would have been the impacts for the years ended September 30, 2014 and September 30, 2013:

		2014	2013
		(Rupees in thousands)	
Net decrease in profit after tax		1,560	1,393
Net increase in other comprehensive income		1,560	1,393
EPS would have been lower by	Re.	0.01	0.01

The only impact of the above change is reclassification from the profit and loss account to other comprehensive income. Since, there is no impact on the financial position for the year ended September 30, 2013, as a result thereof balance sheet as of September 30, 2013 is not restated. However, profit and loss account has been restated to incorporate the above impacts.

The latest actuarial valuation of the gratuity scheme was carried out as at September 30, 2014. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	13.50% per annum
Expected rate of increase in salaries	12.50% per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2014, the fair value of gratuity scheme assets and liabilities were Rs.83.64 million and Rs.83.90 million respectively. The Company recognises the total actuarial gains and losses in the year in which they arise. The amounts recognised in balance sheet are as follows:

	2014	2013
	(Rupees in thousands)	
		(Restated)
Net Employee Defined Benefit Asset		
Fair value of plan assets	(83,638)	(84,229)
Present value of defined benefit obligation	83,898	84,120
Liability / (asset) recognised in the balance sheet	260	(109)
Charge for the year		
Salaries, wages and amenities include the following in respect of employees' gratuity fund:		
Current service cost	2,798	3,272
Interest cost	9,041	8,781
Expected return on plan assets	(9,480)	(8,785)
	2,359	3,268

	2014	2013
	(Rupees in thousands)	
		(Restated)
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at 01 October	84,120	76,033
Interest cost	9,041	8,781
Current service cost	2,798	3,272
Benefits paid	(12,769)	(4,730)
Actuarial loss	708	764
Present value of defined benefit obligation as at 30 September	83,898	84,120
The movement in fair value of plan assets is as follows:		
Fair value of plan assets as at 01 October	84,229	76,073
Expected return on assets	9,480	8,785
Contributions	3,550	4,730
Benefits paid	(12,769)	(4,730)
Actuarial loss	(852)	(629)
Fair value of plan assets as at 30 September	83,638	84,229
Actual return on plan assets	8,627	8,156
Plan assets comprise:		
Defence saving certificate and Special saving certificate	72,727	64,244
Term Finance Certificate	558	4,612
Balance with Banks	266	2,388
Accrued interest	10,087	12,985
	83,638	84,229

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

As at September 30,	2014	2013	2012	2011	2010
			(Rupees in thousands)		
Present value of defined benefit Obligation	83,898	84,120	76,033	68,734	59,586
Fair value of plan assets	(83,638)	(84,229)	(76,073)	(68,369)	(60,483)
(Surplus) / Deficit	260	(109)	(40)	365	(897)
Experience adjustment on obligation	5,629	(764)	(525)	(2,972)	(3,494)
Experience adjustment on plan assets	(852)	(629)	424	895	1,803

Sensitivity analysis

Significant assumption for the determination of the defined obligation are discount rate and expected salary increase. The possible changes in defined obligation due to change of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant are as follows.

	(Rupees in thousand)
Discount rate +1%	80,082
Discount rate -1%	89,818
Long term salary increases +1%	87,386
Long term salary increases -1%	81,020

2.13.2 Provident fund

The Company operates a recognised provident fund scheme for all its permanent employees. Equal contributions are made by the Company and the employees at the rate of 8.33% of basic salary plus applicable cost of living allowance.

2.13.3 Compensated absences

The Company provides for its estimated liability towards employees accumulated leaves on the basis of current salary.

2.14 Borrowings and their cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction and commissioning of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.16 Taxation

2.16.1 Current

Provision for current taxation is computed in accordance with the provisions of the applicable income tax laws.

2.16.2 Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with ATR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

2.17 Impairment

The carrying amounts of the Company's assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognised in the profit and loss account.

2.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimate.

2.19 Foreign currencies

Transactions in foreign currencies are translated into Pak Rupees which is the Company's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the balance sheet date.

Exchange gains and losses are included in profit and loss account.

2.20 Revenue recognition

Sales are recorded on despatch of goods to customers.
Income on investments is recorded when the right to receive is established.
Income / profit on bank treasury call and deposit accounts is recorded on accrual basis.
Storage income is recorded on accrual basis.

2.21 Segment reporting

Segment reporting is based on operating (business) segments of the company. These business segments are engaged in providing product or services which are subject to risks and rewards that are different from the risks and rewards of other segments.

2.22 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company looses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

2.23 Offsetting

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset or settle the liability simultaneously.

	Note	2014	2013
		(Rupees in thousands)	
			(Restated)
3. Fixed Assets			
Property, plant and equipment:			
Operating fixed assets	3.1	1,180,207	843,209
Capital work-in-progress	3.4	148,630	108,921
Major stores and spare parts	3.5	24,764	7,690
		1,353,601	959,820

3.1 Operating fixed assets for 2014:

	Cost as at Oct. 1, 2013	Additions / (deletions)	Cost as at Sept. 30, 2014	Accum-ulated deprec-iation / amortization as at Oct. 1, 2013	Depre-ciation / amortization charge for the year & accum-lated deprec-iation on deletions	Accum-ulated deprec-iation / amortization as at Sept. 30, 2014	Written down value as at Sept. 30, 2014	Annual rate of deprec-iation / amortiz-ation %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	20,142	86,407	106,549	–	–	–	106,549	–
Leasehold - Textile division	489	–	489	221	5	226	263	1.01
Buildings on freehold land								
Sugar division	84,543	–	84,543	56,000	2,854	58,854	25,689	10
Distillery division	21,243	–	21,243	15,754	548	16,302	4,941	10
Non-factory buildings	30,228	–	30,228	21,832	420	22,252	7,976	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	15,520	381	15,901	3,434	10
Plant and machinery								
Sugar division	969,099	237,369	1,200,514	692,235	42,306	729,247	471,267	10
		(5,954)			(5,294)			
Distillery division - Note 3.1.1	767,636	97,907	865,543	357,907	44,545	402,452	463,091	10
Textile division	129,739	–	129,739	53,263	7,648	60,911	68,828	10
Railway siding - Sugar division	468	–	468	461	1	462	6	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,066	74	8,140	668	10
Textile division	3,601	–	3,601	2,610	99	2,709	892	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	53,218	2,844	55,991	43,872	2,795	46,605	9,386	25
		(71)			(62)			
Textile division	9,252	232	9,484	8,610	180	8,790	694	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,646	24	2,670	95	20
Motor cars / vehicles								
Sugar / Distillery division	2,807	17,226	19,617	1,233	2,414	3,319	16,298	20
		(416)			(328)			
Textile division	679	85	764	613	21	634	130	20
Total	2,124,052	442,070	2,559,681	1,280,843	104,315	1,379,474	1,180,207	
		(6,441)			(5,684)			

3.1.1 Plant and machinery of Distillery division include storage tanks of the CO_2 unit having written down value of Rs. 23.38 (2013: Rs. 23.08) million installed at customers' premises for storage of Liquidified Carbon dioxide.

3.1.2 Reconciliation of carrying values for 2014

	Written down value as at Oct. 1, 2013	Additions / (deletions)	Depreciation / amortization charge for the year & accumlated depreciation on deletions	Written down value as at Sept. 30, 2014
	(Rupees in thousands)			
Land	20,410	86,407	5	106,812
Buildings on freehold land	42,428	–	3,822	38,606
Buildings on leasehold land	3,815	–	381	3,434
Plant and machinery	763,069	335,276	94,499	1,003,186
		(5,954)	(5,294)	
Railway siding	7	–	1	6
Electric, gas and water installations	1,733	–	173	1,560
Furniture, fittings, electrical and office equipment	9,988	3,076	2,975	10,080
		(71)	(62)	
Tractors / trolleys and agriculture implements	119	–	24	95
Motor cars / vehicles	1,640	17,311	2,435	16,428
		(416)	(328)	
	843,209	442,070	104,315	1,180,207
		(6,441)	(5,684)	

3.1.3 Operating fixed assets for 2013:

	Cost as at Oct. 1, 2012	Additions / (deletions)	Cost as at Sept. 30, 2013	Accum-ulated deprec-iation / amortization as at Oct. 1, 2012	Depre-ciation / amortization charge for the year & accumlated deprec-iation on deletions	Accum-ulated deprec-iation / amortization as at Sept. 30, 2013	Written down value as at Sept. 30, 2013	Annual rate of deprec-iation / amortiz-ation %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	10,984	9,158	20,142	–	–	–	20,142	–
Leasehold - Textile division	489	–	489	216	5	221	268	1.01
Buildings on freehold land								
Sugar division	77,214	7,329	84,543	53,167	2,833	56,000	28,543	10
Distillery division	21,243	–	21,243	15,144	610	15,754	5,489	10
Non-factory buildings	30,228	–	30,228	21,390	442	21,832	8,396	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	15,096	424	15,520	3,815	10
Plant and machinery								
Sugar division	969,099	–	969,099	661,472	30,763	692,235	276,864	10
Distillery division - Note 3.1.1	600,326	167,310	767,636	323,374	34,533	357,907	409,729	10
Textile division	114,069	15,670	129,739	44,766	8,497	53,263	76,476	10
Railway siding - Sugar division	468	–	468	460	1	461	7	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	7,984	82	8,066	742	10
Textile division	3,601	–	3,601	2,500	110	2,610	991	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	52,086	1,153	53,218	40,960	2,931	43,872	9,346	25
		(21)			(19)			
Textile division	9,252	–	9,252	8,396	214	8,610	642	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,616	30	2,646	119	20
Motor cars / vehicles								
Sugar / Distillery division	2,647	377	2,807	1,026	345	1,233	1,574	20
		(217)			(138)			
Textile division	679	–	679	597	16	613	66	20
Total	1,923,293	200,997	2,124,052	1,199,164	81,836	1,280,843	843,209	
		(238)			(157)			

3.1.4 Reconciliation of carrying values for 2013

	Written down value as at Oct. 1, 2012	Additions / (deletions)	Depreciation / amortization charge for the year & accumlated depreciation on deletions	Written down value as at Sept. 30, 2013
	(Rupees in thousands)			
Land	11,257	9,158	5	20,410
Buildings on freehold land	38,984	7,329	3,885	42,428
Buildings on leasehold land	4,239	–	424	3,815
Plant and machinery	653,882	182,980	73,793	763,069
Railway siding	8	–	1	7
Electric, gas and water installations	1,925	–	192	1,733
Furniture, fittings, electrical and office equipment	11,982	1,153	3,145	9,988
		(21)	(19)	
Tractors / trolleys and agriculture implements	149	–	30	119
Motor cars / vehicles	1,703	377	361	1,640
		(217)	(138)	
	724,129	200,997	81,836	843,209
		(238)	(157)	

	Note	2014	2013
		(Rupees in thousands)	
3.2 Allocation of depreciation / amortization charge for the year:			
Cost of Sales			
Sugar division	20	46,988	35,526
Distillery division	20	47,446	35,410
Textile division	20	8,133	9,036
		102,567	79,972
Administrative expenses			
Sugar division	22	1,262	1,330
Distillery division	22	108	114
Textile division	22	201	231
Terminal	19.1	177	189
		1,748	1,864
		104,315	81,836

3.3 Details of fixed assets disposed off:

	Cost	Accumu-lated depre-ciation	written down value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of purchasers
			(Rupees in thousands)				
Plant & Machinery							
Sugar division	5,256	4,777	479	700	221	Negotiation	Shaikhoo Sugar Mills Ltd. F-11 Commercail Area, Phase I, DHA, Lahore Cantt.
"	698	517	181	778	597	Negotiation	Azam & Company, Masjid Road, Nawabshah
	5,954	5,294	660	1,478	818		
Furniture, fittings, electrical and office equipment							
Sugar division / Distillery division							
Furniture & fittings	71	62	9	12	3	Negotiation	Employees at Nawabshah
	71	62	9	12	3		
Motor cars / vehicles							
Motor cars	9	5	4	775	771	Tender	Mrs. Bilqis Asad, H/9B, Link Avenue, Phase II, DHA, Karachi.
"	67	59	8	270	262	"	Mr. Amir Irshad, S/o. Irshad Ahmed Khan H # B-376/21, Block 10, Amin Banglows, Gulshan-e-Iqbal, Karachi.
"	117	93	24	650	626	"	Mr. Salahuddin S/o. Mohd. Ameer 3rd Floor, Zainab Manzil, Nishtar Road, Karachi.
"	14	8	6	910	904	"	Mr. Mohd. Iqbal Mossani S/o Rematullah Plot # 153-S, Surya Residency, Flat # 201 Block-2, P.E.C.H.S., Sir Syed Road, Karachi.
"	59	55	4	200	196	Claim	M/s. Habib Insurance Co. Ltd.
Motor cycles	38	23	15	16	1	Tender	Mr. Mohd. Sajjad, H-33, Gali # 18, Sector B, Mehmoodabad, Karachi.
"	37	29	8	15	7	"	Syed Farhat Abbas, H # 873/4, Shah Faisal Colony, Karachi.
"	36	29	7	13	6	"	Mr. Altaf Ali Shah, Almomin Square, 3rd Floor, Plot # ZC-26, Gulshan Zahoor Lines Area, Sector 1, Karachi.
"	39	27	12	15	3	"	Mr. Asif Mashi S/o. Hidayat Mashi H-J-7/38, Pak Jahmoria Colony PNS Shifa Karachi.
	416	328	88	2,864	2,776		
2014	6,441	5,684	757	4,354	3,597		
2013	238	157	81	2,238	2,157		

	Note	2014	2013
		(Rupees in thousands)	
3.4 Capital work-in-progress			
Plant and machinery		113,344	107,113
Machinery in transit		21,657	1,808
Advance to supplier		13,629	–
	3.4.1	148,630	108,921
3.4.1 Movement in capital work-in-progress			
Balance as on October 1,		108,921	47,710
Cost incurred during the year		472,690	251,519
		581,611	299,229
Transfer to operating fixed assets		(432,981)	(190,308)
Balance as on September 30,		148,630	108,921
			(Restated)
3.5 Major stores and spare parts			
Stores		23,749	5,635
Spare parts		1,015	2,055
	3.5.1	24,764	7,690
3.5.1 Movement in major stores and spare parts			
Balance at the beginning of the year		7,690	4,250
Additions during the year		242,373	35,271
		250,063	39,521
Transfer to operating fixed assets		(225,299)	(31,831)
Balance at the end of the year		24,764	7,690

4. Long-term investments - available for sale

Fully paid-up ordinary shares of listed companies are as follows:

Number of shares 2014	Number of shares 2013	Face value Rs.	Company's Name	2014	2013
4.1 Investments in related parties					
147,797	147,797	5	Balochistan Particle Board Limited	1,098	665
18,486,691	16,806,083	10	Bank AL Habib Limited	836,893	609,556
5,363,772	4,291,018	5	Habib Insurance Company Limited	96,280	63,250
				934,271	673,471

Number of shares 2014	Number of shares 2013	Face value Rs.	Company's Name	2014 (Rupees in thousands)	2013 (Rupees in thousands)
4.2 Investments in other companies					
31,122	21,000	10	Adamjee Insurance Company Limited	1,488	1,556
–	17,250	10	Attock Cement Pakistan Limited	–	2,271
21,400	–	10	Allied Bank Limited	2,420	–
185,000	–	10	Bank Al Falah Limited	5,250	–
49,500	45,000	10	Cherat Cement Company Limited	2,593	2,226
56,178	56,178	10	Dawood Lawrencepur Limited	6,552	4,159
70,000	70,000	10	D.G. Khan Cement Company Limited	5,579	4,821
262,000	312,000	10	Engro Corporation Limited	43,267	42,363
12,500	12,500	10	Engro Food Limited	1,262	1,271
29,200	–	10	Engro Fertilizer Limited	1,565	–
50,000	50,000	10	Fauji Cement Company Limited	975	543
268,885	268,885	10	Fauji Fertilizer Company Limited	30,502	27,257
389,000	514,000	5	First Habib Modaraba	3,392	4,503
12,100	11,000	10	Glaxosmithline Pakistan Limited	2,432	1,178
412,337	632,337	10	Habib Metropolitan Bank Limited	12,989	13,336
49,800	18,000	10	Habib Bank Limited	10,417	2,744
54,000	54,000	10	Honda Atlas Cars (Pakistan) Limited	7,590	2,214
206,000	206,000	10	International Industries Limited	13,514	8,705
20,000	25,000	10	Kot Addu Power Company Limited	1,286	1,595
5,750	–	10	Jubliee Life Insurance Co. Limited	1,731	–
235,000	350,000	10	Lalpir Power Limited	4,030	6,752
40,000	40,000	10	Lucky Cement Limited	16,064	9,252
–	40,000	10	Maple Leaf Cement Factory Limited	–	855
78,027	70,934	10	MCB Bank Limited	22,048	18,659
103,516	46,100	10	Mehran Sugar Mills Limited	10,513	3,226
11,950	30,250	10	Millat Tractors Limited	6,610	14,325
40,000	–	10	Meezan Bank Limited	1,640	–
22,000	20,000	10	Nishat (Chunian) Limited	894	1,126
102,000	20,000	10	Nishat Chunian Power Limited	4,416	719
40,000	40,000	10	Nishat Mills Limited	4,760	3,707
20,000	20,000	10	Packages Limited	12,290	5,102
19,650	19,650	10	Pak Suzuki Motor Company Limited	5,586	2,751
28,500	15,000	10	Pakistan Oilfields Limited	15,146	6,431
42,000	12,000	10	Pakistan Petroleum Limited	9,494	2,287
–	50,000	10	Pakistan Telecommunication Company Limited	–	1,308
11,667	14,507	10	Pakistan Tobacco Company Limited	10,819	4,461
3,951,328	3,763,170	5	Shabbir Tiles and Ceramics Limited	47,376	34,771
82,793	82,793	10	Sui Northern Gas Pipelines Limited	1,762	1,707
711,503	711,503	5	Thal Limited	171,472	85,586
134,000	30,000	10	The Hub Power Company Limited	8,573	1,912
48,322	48,322	10	TPL Direct Insurance Limited	1,160	435
43,246	43,246	10	TPL Trakker Limited	418	303
15,000	–	10	The Searle Company Limited	3,674	–
20,000	–	10	United Bank Limited	3,767	–
				517,316	326,417
				1,451,587	999,888

4.3 The aggregate cost of the above investments, net of impairment, is Rs.189.83 (2013: Rs.161.33) million.

4.4 The above investments are stated at fair value. Unrealised gain of Rs.395.95 (2013: Rs.148.12) million arising from a change in the fair value of these long-term investments during the current year has been recognised directly in other comprehensive income whereas impairment in the ordinary shares of Rs.Nil (2013: Rs. 1.90 million) has been charged to the profit and loss account.

	Note	2014	2013
		(Rupees in thousands)	
5. Long-term loans			
Secured - considered good			
Executives	5.1 & 5.2	1,063	641
Employees		10,317	7,917
	5.3	11,380	8,558
Receivable within next twelve months shown under current assets:			
Executives	9	(480)	(545)
Employees	9	(5,509)	(5,124)
		(5,989)	(5,669)
		5,391	2,889

5.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.1.26 (2013: Rs.0.82) million.

5.2 Movement of loans to executives during the year is as follows:

	2014	2013
	(Rupees in thousands)	
Balance as on October 1,	641	362
Disbursements	1,218	1,229
	1,859	1,591
Repayments	(796)	(950)
Balance as on September 30,	1,063	641

5.3 Long-term loans of Rs. 11.38 (2013: Rs.8.56) million, include loans of Rs.Nil (2013: Rs.Nil) and Rs.6.09 (2013: Rs.3.29) million to executives and workers respectively which carry no interest. The balance amount of loan carries interest ranging from 7.00% to 13.00% per annum.

	2014	2013
	(Rupees in thousands)	
		(Restated)
6. Stores and spare parts		
Stores	61,224	70,648
Provision for obsolescence and slow moving stores	(9,500)	(9,500)
	51,724	61,148
Spare parts	56,051	50,830
Provision for obsolescence and slow moving spare parts	(19,792)	(19,792)
	36,259	31,038
	87,983	92,186

	Note	2014	2013
		(Rupees in thousands)	
7. Stock-in-trade			
Raw materials			
Distillery division		147,869	149,969
Textile division		23,152	22,315
		171,021	172,284
Work-in-process			
Sugar division		896	874
Textile division		27,695	28,005
		28,591	28,879
Finished goods			
Sugar division		368,929	326,959
Distillery division		287,032	169,617
Textile division		764	488
Trading division		100,237	–
		756,962	497,064
Fertilizers		307	618
		956,881	698,845

	Note	2014	2013
8. Trade debts			
Considered good			
Export – Secured against export documents		282,339	43,600
Local – Unsecured		337,493	240,627
		619,832	284,227

8.1 The aging of trade debts at September 30, is as follows :

	Note	2014	2013
Neither past due nor impaired		619,456	176,451
Past due but not impaired:			
within 90 days		–	107,400
91 to 180 days		–	–
over 180 days		376	376
		619,832	284,227

	Note	2014	2013
9. Loans and advances			
Loans - secured considered good			
Current maturity of long-term loans			
Executives	5	480	545
Employees	5	5,509	5,124
		5,989	5,669
Advances - unsecured considered good			
Suppliers		257,424	354,919
		263,413	360,588

	Note	2014	2013
		(Rupees in thousands)	

10. Trade deposits and prepayments

	2014	2013
Trade deposits	1,531	1,110
Prepayments	7,194	8,346
	8,725	9,456

11. Other receivables

	2014	2013
Duty drawback and research & development support claim	15,078	12,211
Others	5,779	2,532
	20,857	14,743

12. Short-term investments - Available for sale

Investments in Units of Mutual Funds are as follows:

Mutual Fund Units 2014	Mutual Fund Units 2013	Face value Rs.	Fund's Name	2014	2013
12.1 Investments in related party					
–	14,168,941	100	First Habib Cash Fund	–	1,418,341
12.2 Investments in other fund					
–	7,029,158	100	HBL Money Market Fund	–	708,901
				–	2,127,242

12.3 The aggregate cost of the above investments is Rs. Nil (2013: Rs. 2,100 million).

12.4 The above investments are stated at fair value. Unrealised gain of Rs.Nil (2013: Rs. 27.24 million) arising from a change in the fair value of these short-term investments during the year has been recognised directly in equity.

13. Cash and bank balances

	Note	2014	2013
		(Rupees in thousands)	
Cash in hand		221	250
Balances with banks in:			
Current accounts		30,463	34,483
Term Deposit Receipts	13.1	1,910,000	–
Treasury call accounts	13.2	257,875	296,906
	13.3	2,198,338	331,389
		2,198,559	331,639

13.1 Profit rates on Term Deposit Receipts ranged between 8.50% to 10.00% (2013: 8.75% to 9.50%) per annum.

13.2 Profit rates on treasury call accounts ranged between 8.00% to 9.00% (2013: 7.50% to 9.00%) per annum.

13.3 Includes Rs. 2,143.44 (2013: Rs. 238.53) million kept with Bank AL Habib Limited - a related party.

			2014	2013
			(Rupees in thousands)	

14. Issued, subscribed and paid-up capital

2014	2013		2014	2013
Number of shares			(Rupees in thousands)	
10,136,700	10,136,700	Ordinary shares of Rs. 5 each fully paid in cash	50,684	50,684
139,863,300	139,863,300	Ordinary shares of Rs. 5 each issued as bonus shares	699,316	699,316
150,000,000	150,000,000		750,000	750,000

Issued, subscribed and paid-up capital of the Company includes 24,283,998 Ordinary shares of Rs. 5 each (2013: 24,283,998) held by related parties at the end of the year.

	Note	2014	2013
		(Rupees in thousands)	
15. Reserves			
Capital			
Share premium		34,000	34,000
Revenue			
General	15.1	2,601,000	2,201,000
Unappropriated profit		802,496	781,965
Unrealised gain on investments		1,261,756	865,802
		4,665,252	3,848,767
		4,699,252	3,882,767
15.1 At the beginning of the year		2,201,000	1,791,000
Transferred from unappropriated profit		400,000	410,000
		2,601,000	2,201,000
16. Deferred taxation			
Deferred tax liability on taxable temporary difference:			
Accelerated tax depreciation on operating fixed assets		98,000	83,000
Deferred tax assets on deductible temporary difference:			
Provision for obsolescence and slow moving stores and spare parts		(8,000)	(8,000)
		90,000	75,000
17. Trade and other payables			
Creditors		850,085	576,441
Accrued liabilities		223,960	163,494
Sales-tax / Federal excise duty		23,642	50,246
Workers' Profit Participation Fund	17.1	49,575	50,138
Workers' Welfare Fund		19,830	41,155
Income-tax deducted at source		209	645
Unclaimed dividends		36,445	29,615
		1,203,746	911,734

	2014	2013
	(Rupees in thousands)	

17.1 Workers' Profit Participation Fund

	2014	2013
Balance as at October 1,	50,138	52,750
Interest on funds utilized in the Company's business	1,097	1,660
	51,235	54,410
Amount paid to the Trustees	(51,235)	(54,410)
	–	–
Allocation for the year - note 23	49,575	50,138
Balance as on September 30,	49,575	50,138

18. Contingencies and Commitments

18.1 Contingencies

18.1.1 The Company has provided counter guarantees to banks, aggregating to Rs.252.75 (2013: Rs.244.14) million against agriculture finance facilities to growers and guarantees issued by banks in favour of third parties on behalf of the Company.

18.1.2 During 2009-10, the Company received a show cause notice from Competition Commission of Pakistan (CCP) under the Competition Ordinance, 2009 for alleged violation of certain provisions of the Ordinance. The Company alongwith other sugar mills filed Constitutional Petition before the Honourable High Court of Sindh challenging the Ordinance. The Honourable High Court of Sindh, granted stay and restrained the Commission not to pass final order in respect of the show cause notice. The CCP filed an appeal before the Honourable Supreme Court of Pakistan which was disposed off by the Honourable Supreme Court based on the grounds that the matter was pending before the Honourable High Courts of Sindh and Lahore.

The Competition Ordinance of 2009 was repealed on March 25, 2010 and thereafter a new Ordinance, 2010 was promulgated which also stood repealed on August 15, 2010. The Parliament thereafter enacted the Competition Act, 2010 (ACT XIX of 2010). The Company filed amended application in view of the promulgation of the Competition Act, 2010 which was accepted by the Honourable High Court of Sindh, with the consent of both the parties.

The petitions were last fixed for hearing on November 20, 2014 however, the case was not taken up for hearing. The Competition Commission of Pakistan has not imposed any fine / penalty against the alleged violation of any provisions of the Competition Act 2010.

18.1.3 During the year 2009-10, the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009.

On December 4, 2012 the Honourable High Court of Sindh decided the case in favour of the Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any marks or licensing fee from the sugar mills till further order and the case was adjourned to date in office.

According to the advice of legal council, the Company is of the view that the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in this regard.

18.1.4 Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development (GID) Cess at the rate of Rs.13 / MMBTU on all Industrial consumers. In June 2012, the Federal Govt. revised the rate of GID Cess from Rs. 13 / MMBTU to Rs.100 / MMBTU which was challenged by the Company and an interim stay was granted by the Honourable High Court of Sindh. On September 7, 2012 the Federal Govt. revised downward the rate of GID Cess from Rs. 100 / MMBTU to Rs. 50 / MMBTU and accordingly the prayer clause of the suit was amended.

On June 13, 2013 in similar cases the Honourable High Court of Peshawar in its judgement held that GIDC is a fee and cannot be introduced through Money bill and accordingly declared the levy of Cess unconstitutional. Against the above order the Government filed appeal before the Honourable Supreme Court of Pakistan. The Apex Court vide its judgment dated August 22, 2014 held that the cess was unconstitutional and the appeals filed were accordingly dismissed. Against the said judgement, the Government filed a review petition which is pending for adjudication.

The Federal Govt. vide Finance Act, 2014 again revised the rate of GID Cess from Rs. 50 / MMBTU to Rs. 150 / MMBTU which was again challenged by the Company and an interim stay was granted by the Honourable High Court of Sindh.

Subsequently in September 2014, GIDC Ordinance 2014 was promulgated and the rate of Cess was fixed at Rs. 150 / MMBTU. This was again challenged and the Honourable High Court of Sindh vide its Order dated October 1, 2014 granted interim stay restraining the SSGC from raising any demand in pursuant to the said Ordinance. The case was lastly fixed for hearing on December 16, 2014 but did not proceed and was adjourned to date in office.

The financial exposure of the Company upto the financial year ended September 30, 2014 under the above case is Rs.46.38 (2013: Rs. 17.49) million. In view of the advice of legal council, the Company is confident of a favourable outcome and accordingly no provision has been made in these financial statements.

18.1.5 Appeals filed by the Tax authorities for the Tax years 1998, 2001 and 2002 against decisions of the Income Tax Appellate Tribunal (ITAT), in favour of the Company are pending before the Honourable High Court of Sindh. The tax exposure against these appeals in aggregate amounts to Rs. 14.6 million. During the year, appeals were fixed for hearing on various dates and were adjourned to date in office. In view of the advice of legal council, the Company is confident of a favourable outcome and accordingly no provision has been made in these financial statements.

18.1.6 The Company has filed a petition before the Honourable High Court of Sindh challenging the increase in market Committee fee from Rs. 5 / ton to Rs.10 / ton on sugarcane purchased by the Company. The Honourable High Court of Sindh has granted status quo and no hearing took place during the year. As a matter of prudence, full to date provision of Rs. 29.68 million has been made in these financial statements.

18.1.7 The tax authorities increased the rate of Special Excise Duty from 1% to 2.5% for the period from November 7, 2007 to June 30, 2011. The Company disputed the above increase as the levy was without jurisdiction illegal and unconstitutional. The Company along with other petitioners filed a petition before the Honourable High Court of Sindh challenging the vires of Section 3A of the Federal Excise Act 2005 & SRO 655(1)/2007 with respect to the imposition and increase in rate of Special Excise Duty.

On February 22, 2013 the Honourable High Court of Sindh decided the case in favour of the Company and suspended the above SRO directing the revenue authorities to refund the amount collected by direct repayment or adjustment against any tax or duty. Against the above order, the Government of Pakistan filed appeal which is pending before the Honourable Supreme Court of Pakistan for final adjudication.

18.1.8 The Government of Sindh vide notification dated July 8, 2014 levied fee of Re.0.50 / litre for storage of rectified spirit in private bonded warehouse situated at Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on August 13, 2014 and were not taken up for hearing. The financial exposure as at September 30, 2014 is Rs.4.11 million. In view of advice of legal council, the Company is confident of a favourable outcome of the case and accordingly no provision has been made in these financial statements.

18.1.9 In order to provide benefits to the sugar exporters, the Federal Board of Revenue vide its SRO No.77(I)/2013 dated February 7, 2013, reduced the rate of FED from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed reduced rate of FED on local sales equivalent to the quantity exported by the Company. However, against the aforementioned claim, the FBR passed an order and disallowed benefit of Rs. 7.0 million and also imposed default surcharge of Rs. 0.3 million. Against the above order, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order was suspended by the Honourable Court vide its order dated April 23, 2014. The case was lastly fixed for hearing on April 30, 2014 but was not taken up for hearing. In view of advice of legal council, the Company is confident of a favourable outcome of the case and accordingly no provision has been made in these financial statements.

	2014	2013
	(Rupees in thousands)	
18.2 Commitments		
18.2.1 Capital expenditure	71,317	51,145
18.2.2 Rentals under operating lease agreements with First Habib Modaraba in respect of vehicles, payable over the following next four years, are as follows:		
Year ending September 30		
2014	–	13,426
2015	11,696	10,099
2016	7,581	5,926
2017	3,372	1,913
2018	720	–
	23,369	31,364

19. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2014	Sugar Division 2013	Distillery Division 2014	Distillery Division 2013	Textile Division 2014	Textile Division 2013	Trading Division 2014	Trading Division 2013	Total 2014	Total 2013 (Restated)
Net sales and services											
Local sales		5,962,031	4,813,132	450,907	360,976	3,854	7,741	90,976	240,795	6,507,768	5,422,644
Less: Sales tax / Federal excise duty		425,962	288,682	62,460	49,614	218	604	6,743	17,837	495,383	356,737
		5,536,069	4,524,450	388,447	311,362	3,636	7,137	84,233	222,958	6,012,385	5,065,907
Export sales		236,945	923,419	2,349,784	2,193,644	481,931	496,159	–	202,244	3,068,660	3,815,466
Less: Export duty, freight and commission		–	3,488	6,557	3,102	24,467	34,374	–	29,613	31,024	70,577
		236,945	919,931	2,343,227	2,190,542	457,464	461,785	–	172,631	3,037,636	3,744,889
Net sales		5,773,014	5,444,381	2,731,674	2,501,904	461,100	468,922	84,233	395,589	9,050,021	8,810,796
Services											
Storage income - net	19.1	–	–	895	1,302	–	–	–	–	895	1,302
		5,773,014	5,444,381	2,732,569	2,503,206	461,100	468,922	84,233	395,589	9,050,916	8,812,098
Less: Cost of sales	20	5,403,983	4,986,113	2,093,674	1,841,660	407,219	425,398	78,203	353,468	7,983,079	7,606,639
Gross profit		369,031	458,268	638,895	661,546	53,881	43,524	6,030	42,121	1,067,837	1,205,459
Selling and distribution expenses	21	45,636	75,449	135,409	122,644	23,932	19,005	–	1,259	204,977	218,357
Administrative expenses	22	118,002	113,836	6,926	7,376	4,278	3,482	346	352	129,552	125,046
		163,638	189,285	142,335	130,020	28,210	22,487	346	1,611	334,529	343,403
Profit before other operating expenses and other income		205,393	268,983	496,560	531,526	25,671	21,037	5,684	40,510	733,308	862,056
Other operating expenses	23									(84,122)	(87,193)
Other income	24									255,966	172,014
Operating profit										905,152	946,877

- Sugar division is engaged in manufacturing of refined sugar and molasses.
- Distillery division is engaged in manufacturing of ethanol, liquidified carbon dioxide (CO_2) and providing bulk storage facilities.
- Textile division is engaged in manufacturing of household textiles.
- Trading division is engaged in trading of commodities viz sugar / molasses as and when opportunity occurs.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	(Restated)
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
19.1 Services										
Storage income - net										
Terminal rental income	–	–	4,500	6,375	–	–	–	–	4,500	6,375
Less: Terminal expenses										
Salaries, wages and other benefits - note 19.2	–	–	1,460	2,036	–	–	–	–	1,460	2,036
Repairs and maintenance	–	–	440	668	–	–	–	–	440	668
Water, electricity and gas	–	–	272	387	–	–	–	–	272	387
Rent, rates and taxes	–	–	823	1,199	–	–	–	–	823	1,199
Depreciation	–	–	177	189	–	–	–	–	177	189
Travelling and vehicle running expenses	–	–	158	212	–	–	–	–	158	212
Insurance	–	–	69	124	–	–	–	–	69	124
Other expenses	–	–	206	258	–	–	–	–	206	258
	–	–	3,605	5,073	–	–	–	–	3,605	5,073
	–	–	895	1,302	–	–	–	–	895	1,302

19.2 Salaries, wages and other benefits include a sum of Rs. 0.08 (2013: Rs. 0.13) million in respect of staff retirement benefits.

(Rupees in thousands)
(Restated)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
20. Cost of sales										
Opening stock of raw material	–	–	149,969	140,698	22,315	13,039	–	–	172,284	153,737
Purchases	5,177,040	4,388,887	1,786,578	1,551,612	279,075	301,822	–	–	7,242,693	6,242,321
	5,177,040	4,388,887	1,936,547	1,692,310	301,390	314,861	–	–	7,414,977	6,396,058
Closing stock of raw material	–	–	(147,869)	(149,969)	(23,152)	(22,315)	–	–	(171,021)	(172,284)
Raw material consumed	5,177,040	4,388,887	1,788,678	1,542,341	278,238	292,546	–	–	7,243,956	6,223,774
Salaries, wages and other benefits - note 20.1	238,178	187,257	53,673	45,082	10,855	10,453	–	–	302,706	242,792
Research and development expenses	2,674	2,413	–	–	–	–	–	–	2,674	2,413
Process chemicals	60,678	47,202	31,516	26,450	–	–	–	–	92,194	73,652
Packing material	79,191	58,119	–	–	19,891	19,540	–	–	99,082	77,659
Dyeing, weaving and other charges	–	–	–	–	67,121	70,268	–	–	67,121	70,268
Stores and spare parts consumed	78,701	63,329	23,350	16,875	–	–	–	–	102,051	80,204
Rent, rates, taxes and lease rentals	13,840	12,892	6,504	5,792	939	106	–	–	21,283	18,790
Water, fuel and power	52,781	54,687	197,195	186,665	24,572	22,291	–	–	274,548	263,643
Repairs and maintenance	131,104	118,044	48,404	33,199	3,936	3,496	–	–	183,444	154,739
Legal and professional charges	2,347	2,194	–	–	–	–	–	–	2,347	2,194
Insurance	5,858	6,319	5,712	5,585	746	895	–	–	12,316	12,799
Postage, telephone and stationery	3,363	2,972	–	–	–	–	–	–	3,363	2,972
Depreciation / amortization	46,988	35,526	47,446	35,410	8,133	9,036	–	–	102,567	79,972
Other manufacturing expenses	23,200	19,460	8,611	5,889	241	212	–	–	32,052	25,561
Duty drawback	–	–	–	–	(7,487)	(7,806)	–	–	(7,487)	(7,806)
Bagasse sale	(17,715)	(14,374)	–	–	–	–	–	–	(17,715)	(14,374)
Molasses transferred to distillery division	(452,253)	(273,144)	–	–	–	–	–	–	(452,253)	(273,144)
	268,935	322,896	422,411	360,947	128,947	128,491	–	–	820,293	812,334
Manufacturing cost	5,445,975	4,711,783	2,211,089	1,903,288	407,185	421,037	–	–	8,064,249	7,036,108
Opening stock of work-in-process	874	786	–	–	28,005	31,975	–	–	28,879	32,761
Closing stock of work-in-process	(896)	(874)	–	–	(27,695)	(28,005)	–	–	(28,591)	(28,879)
	(22)	(88)	–	–	310	3,970	–	–	288	3,882
Cost of goods manufactured	5,445,953	4,711,695	2,211,089	1,903,288	407,495	425,007	–	–	8,064,537	7,039,990
Opening stock of finished goods	326,959	601,377	169,617	107,989	488	879	–	–	497,064	710,245
Purchases	–	–	–	–	–	–	178,440	353,468	178,440	353,468
Closing stock of finished goods	(368,929)	(326,959)	(287,032)	(169,617)	(764)	(488)	(100,237)	–	(756,962)	(497,064)
	(41,970)	274,418	(117,415)	(61,628)	(276)	391	78,203	353,468	(81,458)	566,649
	5,403,983	4,986,113	2,093,674	1,841,660	407,219	425,398	78,203	353,468	7,983,079	7,606,639

20.1 Salaries, wages and other benefits include a sum of Rs. 7.3 (2013: Rs. 7.5) million in respect of staff retirement benefits.

(Rupees in thousands)

(Restated)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
21. Selling and distribution expenses										
Salaries, wages and other benefits - note 21.1	6,766	5,969	2,825	2,499	4,191	3,692	–	–	13,782	12,160
Insurance	4,715	4,968	1,770	2,462	–	–	–	–	6,485	7,430
Rent, rates, taxes and lease rentals	1,496	1,473	1,009	882	–	–	–	–	2,505	2,355
Transport, freight, handling and forwarding expenses	32,659	63,039	125,549	110,824	6,229	7,255	–	1,259	164,437	182,377
Other expenses	–	–	4,256	5,977	13,512	8,058	–	–	17,768	14,035
	45,636	75,449	135,409	122,644	23,932	19,005	–	1,259	204,977	218,357

21.1 Salaries, wages and other benefits include a sum of Rs. 0.49 (2013: Rs. 0.56) million in respect of staff retirement benefits.

	Sugar 2014	Sugar 2013	Distillery 2014	Distillery 2013	Textile 2014	Textile 2013	Trading 2014	Trading 2013	Total 2014	Total 2013
22. Administrative expenses										
Salaries, wages and other benefits - note 22.1	69,513	67,717	2,459	2,454	3,040	2,252	204	203	75,216	72,626
Insurance	1,597	1,414	75	99	–	–	–	–	1,672	1,513
Repairs and maintenance	479	1,848	440	502	222	228	–	–	1,141	2,578
Postage, telephone and stationery	3,150	4,129	387	502	197	179	–	–	3,734	4,810
Travelling and vehicle running expenses	15,045	14,937	592	523	–	–	–	–	15,637	15,460
Rent, rates, taxes and lease rentals	6,425	6,054	1,528	1,511	–	–	–	–	7,953	7,565
Water, electricity and gas	3,236	2,855	272	290	50	38	–	–	3,558	3,183
Fees, subscription and periodicals	1,606	1,565	16	369	62	63	–	–	1,684	1,997
Legal and professional charges	2,781	1,256	410	400	24	24	–	–	3,215	1,680
Directors' meeting fee	160	60	–	–	–	–	–	–	160	60
Depreciation	1,262	1,330	108	114	201	231	–	–	1,571	1,675
Auditors' remuneration - note 22.2	1,253	1,215	470	460	90	80	72	82	1,885	1,837
Other expenses - note 22.3	11,495	9,456	169	152	392	387	70	67	12,126	10,062
	118,002	113,836	6,926	7,376	4,278	3,482	346	352	129,552	125,046

22.1 Salaries, wages and other benefits include a sum of Rs. 2.40 (2013: Rs. 2.59) million in respect of staff retirement benefits.

	Sugar 2014	Sugar 2013	Distillery 2014	Distillery 2013	Textile 2014	Textile 2013	Trading 2014	Trading 2013	Total 2014	Total 2013
22.2 Auditors' remuneration										
Annual audit fee	640	620	290	280	60	50	50	50	1,040	1,000
Half yearly review fee	130	130	50	50	10	10	10	10	200	200
Cost audit fee	208	200	–	–	–	–	–	–	208	200
Tax / other services	140	140	70	70	10	10	6	15	226	235
Out of pocket expenses	135	125	60	60	10	10	6	7	211	202
	1,253	1,215	470	460	90	80	72	82	1,885	1,837

22.3 Sugar division's other expenses include donation of Rs.5.6 (2013: Rs. 4.3) million as per details below:

Name of Institution	2014 (Rupees in thousands)	2013 (Rupees in thousands)
Al-Sayyeda Benevolent Trust	910	910
Habib Education Trust	840	840
Rehmat Bai Widows & Orphange Trust	500	500
Habib Medical Trust	840	840
Habib Poor Fund	910	910
Family Education Services Foundation	1,550	300
	5,550	4,300

None of the Directors or their spouses had any interest in the above donee's fund, except for Habib Education Trust, where Mr. Imran A. Habib, Director of the Company is a Trustee.

22.4 Information on assets, liabilities and capital expenditure by segment is as follows:

(Rupees in thousands)
(Restated)

		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
22.4.1	**Segment assets**	1,410,330	960,407	1,442,223	1,063,337	274,053	248,434	100,237	63,000	3,226,843	2,335,178
	Unallocated assets									3,754,048	3,549,308
										6,980,891	5,884,486
22.4.2	**Segment liabilities**	1,129,783	907,228	164,825	157,549	66,769	58,061	424	4,135	1,361,801	1,126,973
	Unallocated liabilities									169,838	124,746
										1,531,639	1,251,719
22.4.3	**Capital expenditure**	264,800	100,941	233,736	168,892	317	65	–	–	498,853	269,898

	Note	2014	2013
		(Rupees in thousands)	

23. Other operating expenses

	Note	2014	2013
Workers' Profit Participation Fund	17.1	49,575	50,138
Workers' Welfare Fund		19,830	20,055
Impairment in the value of investments		–	1,898
Advance to supplier - written off		–	15,102
Exchange loss		14,717	–
		84,122	87,193

24. Other income

	Note	2014	2013
Income from financial assets			
Profit on redemption / sale of investments	24.1	181,310	78,584
Dividend income	24.2	64,655	74,431
Exchange gain		–	13,144
		245,965	166,159
Income from non financial assets			
Gain on disposal of fixed assets		3,597	2,157
Agricultural income		244	199
Scrap sale		6,160	3,499
		10,001	5,855
		255,966	172,014

24.1 Profit on redemption of investments includes profit of Rs.67.02 (2013: Rs.45.62) million on redemption of units of First Habib Cash Fund, managed by Habib Asset Management Limited, a related party.

24.2 Dividend income includes dividend received from the following related parties:

	2014	2013
	(Rupees in thousands)	
Bank AL Habib Limited	33,612	50,418
Habib Insurance Company Limited	5,364	7,509
	38,976	57,927

In addition to cash dividend, the Company received 1,680,608 (2013: Nil) ordinary shares of Rs.10/- each, 1,072,754 (2013: Nil) ordinary shares of Rs.5/- each as bonus shares and 465,876 (2013: 531,224) units of Rs. 100 each as bonus units from Bank AL Habib Limited, Habib Insurance Company Limited and First Habib Cash Fund, respectively.

25. Finance income / (cost) - net

	Note	2014	2013
		(Rupees in thousands)	
Profit on treasury call accounts		22,931	24,333
Interest on loan to employees		270	632
Profit on term deposits	25.1	53,527	13,132
		76,728	38,097
Less: Mark-up / interest on:			
Short-term borrowings	25.2 & 25.3	(49,370)	(37,540)
Workers' Profit Participation Fund		(1,097)	(1,660)
Bank charges		(9,322)	(11,823)
		(59,789)	(51,023)
		16,939	(12,926)

25.1 Profit rates on term deposits ranged between 8.50% to 10.00% (2013: 8.75% to 9.50%) per annum.

25.2 The facilities for short-term borrowings from various commercial banks amounted to Rs.1,680 (2013: Rs.1,780) million.

25.3 These facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up during the year was 9.20% to 11.94% (2013: 9.20% to 9.50%) per annum.

	Note	2014	2013
		(Rupees in thousands)	
26. Taxation			
Income tax - current		110,000	161,500
Deferred tax		15,000	(6,500)
	26.1	125,000	155,000

	2014	2013
26.1 Reconciliation of tax charge for the year		(Restated)
Accounting profit	922,091	933,951
Corporate tax rate	33%	34%
Tax on accounting profit at applicable rate	304,290	317,543
Tax effect of timing differences	(4,622)	(9,661)
Tax effect of lower tax rates on export and certain income	(156,811)	(149,117)
Tax effect of income exempt from tax	(80)	(67)
Tax effect of credit for investment in plant and machinery	(26,576)	(18,298)
Tax effect of expenses that are inadmissible in determining taxable income	8,799	14,600
	(179,290)	(162,543)
Provision for taxation	125,000	155,000

26.2 The income tax return for the Tax year 2014 (financial year ended September 30, 2013) has been filed.

	2014	2013
	(Rupees in thousands)	
		(Restated)
27. Earnings per share - Basic and diluted		
Profit after taxation	797,091	778,951
	Number of shares	
Number of ordinary shares of Rs. 5 each	150,000,000	150,000,000
		(Restated)
Earnings per share - Basic and diluted (Rupees)	5.31	5.19

	2014	2013
	(Rupees in thousands)	
		(Restated)

28. Cash generated from operations

Profit before taxation	922,091	933,951
Adjustment for non-cash charges and other items		
Depreciation	104,315	81,836
Gain on disposal of fixed assets	(3,597)	(2,157)
Profit on redemption / sale of investments	(181,310)	(78,584)
Impairment on investments	–	1,898
Finance (income) / cost - net	(16,939)	12,926
Dividend income	(64,655)	(74,431)
Working capital changes - note 28.1	(227,681)	420,234
	532,224	1,295,673

28.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spare parts	4,203	(2,625)
Stock-in-trade	(258,036)	198,698
Trade debts	(335,605)	112,888
Loans and advances	97,175	89,985
Trade deposits and prepayments	731	1,658
Other receivables	(3,387)	789
	(494,919)	401,393
Increase / (decrease) in current liabilities		
Trade and other payables	283,622	303,947
Advance from customers	(16,384)	(285,106)
	267,238	18,841
Net changes in working capital	(227,681)	420,234

29. Remuneration of Chief Executive, Directors and Executives

	2014				2013			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	7,752	15,240	70,540	93,532	6,840	19,800	52,267	78,907
Perquisites								
Telephone	37	156	520	713	46	222	377	645
Medical	194	871	3,495	4,560	18	651	2,280	2,949
Utilities	–	823	–	823	–	1,167	–	1,167
Entertainment	–	511	–	511	–	404	–	404
Retirement benefits	526	1,070	4,419	6,015	564	1,690	4,312	6,566
	8,509	18,671	78,974	106,154	7,468	23,934	59,236	90,638
Number of persons	1	3	40	44	1	3	28	32

29.1 Chief Executive, Directors and certain Executives are also provided with the Company maintained cars.

29.2 Aggregate amount charged in these financial statements in respect of directors' meeting fee paid to five Non-Executive Directors of Rs.160 (2013: Rs. 60) thousands for four Directors.

30 Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and equity price risk. The Board of Directors reviews and decides policies for managing each of these risks which are summarised below.

30.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on loans, advances, deposits, trade debts, other receivables and bank balances and profit accrued thereon. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is as follows:

	2014	2013
	(Rupees in thousands)	
Long-term loans	5,391	2,889
Long-term deposits	2,963	2,963
Trade debts	619,832	284,227
Loans and advances	263,413	360,588
Trade deposits	1,531	1,110
Other receivables	20,857	14,743
Profit accrued on bank deposits	11,099	–
Bank balances	2,198,338	331,389
	3,123,424	997,909

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

30.1.1 Trade debts

	2014	2013
	(Rupees in thousands)	
Customers with no defaults in the past one year	619,455	173,818
Customers with some defaults in past one year which have been fully recovered	–	110,032
Customers with default in past one year which have not yet been recovered	377	377
	619,832	284,227

30.1.2 Bank Balances

	2014	2013
A1+	2,196,703	331,082
A1	9	22
A2	1,626	285
	2,198,338	331,389

30.2 Interest rate risk

This represents the risk that the fair value or future cash flows of financial instrument will fiuctuate because of changes in market interest rates.

At balance sheet date, the bank balances of Rs. 2,167.876 (2013: 296.906) million are subject to interest rate risk. Applicable interest rates have been indicated in Note 13 to these financial statements. Company's profit after tax for the year would have been 14.524 (2013: 1.960) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.

30.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Year ended September 30, 2014	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
			(Rupees in thousands)			
Trade and other payables	–	375,191	828,555	–	–	1,203,746
Advance from customers	–	236,542	–	–	–	236,542

Year ended September 30, 2013	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
			(Rupees in thousands)			
Trade and other payables	–	285,400	626,334	–	–	911,734
Advance from customers	–	252,926	–	–	–	252,926

30.4 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

		2014	2013
		(Respective Currency)	
Trade debts	$	2,658,864	235,761
"	£	58,815	68,523
"	Euro	–	48,558
Trade and other payables	$	109,555	120,099
"	£	–	5,574

The following significant exchange rates have been applied at the reporting dates:

		2014	2013
Exchange rates	buying $	102.50	105.80
	selling $	102.70	106.00
	buying £	166.71	171.03
	selling £	167.04	171.35
	buying Euro	–	142.87
	selling Euro	–	143.14

The foreign currency exposure is partly covered as the outstanding balance at the year end is determined in respective currency which is converted into rupees at the exchange rate prevailing at the balance sheet date.

Sensitivity analysis:

The following table demonstrates the sensitivity of the Company's profit before tax and the Company's equity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant.

	Change in Foreign Currency rate (%)	Effect on profit	Effect on equity
		(Rupees in thousands)	
September 30, 2014	+10	27,109	26,826
	-10	(27,109)	(26,826)
September 30, 2013	+10	2,991	2,948
	-10	(2,991)	(2,948)

30.5 Equity price risk

The Company's equity securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board Investment Committee reviews and approves policy decisions.

At the balance sheet date, the exposure to equity securities held as available for sale was Rs.1,457.59 (2013: Rs.3,127.13) million.

30.6 Capital risk management

The primary objective of the Company's capital management is to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The gearing ratio of the Company is Nil (2013: Nil) and the Company finances its investments portfolio through management of its working capital and equity with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

30.7 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

31. Capacity and production

		2014			2013		
		Quantity		Working days	Quantity		Working days
31.1	**Sugar division**						
	Crushing capacity	7,000	M.Tons Per Day		7,000	M. Tons Per Day	
	Crushing based on actual working days	1,043,000	M. Tons	149	861,000	M. Tons	123
	Actual crushing	1,116,554	M. Tons	149	939,959	M. Tons	123
	Sucrose recovery	10.44	%		11.02	%	
	Sugar production	116,513	M. Tons		103,582	M. Tons	
31.2	**Distillery division**						
	a) Ethanol						
	Capacity	34,000	M. Tons	300	34,000	M. Tons	300
	Actual production	32,768	M. Tons	340	30,464	M. Tons	334
	b) Liquidified carbon dioxide (CO_2)						
	Capacity	18,000	M. Tons	300	18,000	M. Tons	300
	Actual production	8,436	M. Tons	211	7,584	M. Tons	267

c) Distillery / CO_2 plants operated below capacity due to lesser availability of molasses.

31.3	**Textile division**						
	Capacity	560,000	Kgs.	300	560,000	Kgs.	300
	Actual production	835,210	Kgs.	350	948,812	Kgs.	351

The actual production of textile division was higher than the capacity due to weaving from outside source.

32. Provident Fund related disclosure

The following information is based on un-audited financial statements of the Fund as at September 30:

	2014	2013
	(Rupees in thousands)	
Size of the fund - Total assets	305,038	302,429
Fair value of investments	284,059	283,640
Percentage of investments made	93.12	93.79

32.1 The cost of above investments amounted to Rs. 243.23 million (2013: Rs. 228.86 million).

32.2 The break-up of fair value of investments is as follows:

	2014	2013	2014	2013
	Percentage		(Rupees in thousands)	
National savings scheme	85.26	79.53	242,194	225,575
Bank deposits	14.28	8.04	40,557	22,819
Debt securities	0.46	12.43	1,308	35,246
	100.00	100.00	284,059	283,640

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

33. Number of Employees

	2014	2013
Number of employees including contractual employees at September 30	589	601
Average number of employees including contractual employees during the year	590	589

34. Transactions with related parties

Related parties comprise of associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2014	2013
	(Rupees in thousands)	
Insurance premium	20,726	24,972
Insurance claims received	1,929	27
Profit on treasury call accounts / term deposits	72,078	34,645
Profit accrued on bank deposit	10,824	–
Purchases of investments	200,000	1,600,000
Sale proceeds of investments	1,667,012	1,045,615
Purchases / sales	125	345
Dividend received	38,976	57,928
Dividend paid	60,710	61,372
Bonus units / shares received at nominal value	68,790	53,122
Bank charges	623	1,568

Transactions with related parties are carried out under normal commercial terms and conditions.

35. Dividend

The Board of Directors of the Company in their meeting held on December 24, 2014 have proposed a final cash dividend of Rs. 2.50 per share (50%) for the year ended September 30, 2014 . The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Company to be held on January 28, 2015. The financial statements for the year ended September 30, 2014 do not include the effect of the proposed final cash dividend which will be accounted for in the financial statements for the year ending September 30, 2015.

36. General

– Figures have been rounded off to the nearest thousand rupees.

– These financial statements were authorised for issue on December 24, 2014 by the Board of Directors of the Company.

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Pattern of Shareholding as at September 30, 2014

Number of Shareholders	Size of Shareholding From		To	Total Number of Shares held
1,879	1	...	100	39,858
856	101	...	500	236,593
486	501	...	1,000	367,903
1,334	1,001	...	5,000	3,014,813
277	5,001	...	10,000	2,018,101
110	10,001	...	15,000	1,367,686
79	15,001	...	20,000	1,389,456
47	20,001	...	25,000	1,054,394
25	25,001	...	30,000	697,421
24	30,001	...	35,000	778,817
17	35,001	...	40,000	644,154
12	40,001	...	45,000	509,716
12	45,001	...	50,000	573,487
16	50,001	...	55,000	841,741
8	55,001	...	60,000	458,761
5	60,001	...	65,000	315,094
6	65,001	...	70,000	404,422
7	70,001	...	75,000	504,197
6	75,001	...	80,000	469,282
6	85,001	...	90,000	523,703
1	90,001	...	95,000	93,802
3	95,001	...	100,000	300,000
1	100,001	...	105,000	104,165
1	105,001	...	110,000	105,500
2	110,001	...	115,000	227,875
2	130,001	...	135,000	262,300
1	135,001	...	140,000	138,002
3	140,001	...	145,000	425,385
4	150,001	...	155,000	613,519
1	155,001	...	160,000	157,750
3	165,001	...	170,000	500,127
1	170,001	...	175,000	175,000
1	175,001	...	180,000	176,251
2	185,001	...	190,000	372,279
2	190,001	...	195,000	381,329
1	195,001	...	200,000	195,510
2	200,001	...	205,000	406,220
1	205,001	...	210,000	205,156
1	225,001	...	230,000	226,846
1	230,001	...	235,000	232,027
1	240,001	...	245,000	241,118
2	260,001	...	265,000	529,457
2	280,001	...	285,000	567,330
1	300,001	...	305,000	304,940
3	305,001	...	310,000	925,192
2	320,001	...	325,000	640,946
2	325,001	...	330,000	657,539
1	340,001	...	345,000	340,740
1	355,001	...	360,000	359,970
1	360,001	...	365,000	363,957
2	385,001	...	390,000	771,441
2	390,001	...	395,000	783,658
1	395,001	...	400,000	397,377
1	420,001	...	425,000	421,146
1	435,001	...	440,000	437,166
1	460,001	...	465,000	463,815
1	495,001	...	500,000	500,000
1	500,001	...	505,000	500,737
2	510,001	...	515,000	1,021,336
1	520,001	...	525,000	521,263
1	530,001	...	535,000	530,057
1	555,001	...	560,000	557,127
1	570,001	...	575,000	572,918
1	595,001	...	600,000	597,032
1	600,001	...	605,000	602,857
1	635,001	...	640,000	638,318
1	645,001	...	650,000	650,000
1	655,001	...	660,000	658,571
1	735,001	...	740,000	738,000
2	755,001	...	760,000	1,515,441
1	780,001	...	785,000	780,825
2	915,001	...	920,000	1,837,782
1	935,001	...	940,000	937,000
1	970,001	...	975,000	970,127
1	1,000,001	...	1,005,000	1,004,305
3	1,040,001	...	1,045,000	3,133,040
1	1,120,001	...	1,125,000	1,122,697
2	1,180,001	...	1,185,000	2,364,087
1	1,185,001	...	1,190,000	1,189,501
1	1,415,001	...	1,420,000	1,418,565
1	1,440,001	...	1,445,000	1,440,330
1	1,685,001	...	1,690,000	1,688,251
1	1,815,001	...	1,820,000	1,815,500
1	1,865,001	...	1,870,000	1,866,906
1	2,025,001	...	2,030,000	2,029,070
1	2,230,001	...	2,235,000	2,235,000
1	3,070,001	...	3,075,000	3,071,845
1	3,555,001	...	3,560,000	3,559,751
1	4,000,001	...	4,005,000	4,001,950
1	5,015,001	...	5,020,000	5,017,258
1	5,825,001	...	5,830,000	5,825,357
1	6,550,001	...	6,555,000	6,554,075
1	8,865,001	...	8,870,000	8,868,497
1	9,365,001	...	9,370,000	9,366,312
1	12,070,001	...	12,075,000	12,070,753
1	26,510,001	...	26,515,000	26,513,125
5,316				150,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
Individuals	5,228	47,425,652	31.61
Insurance Companies	4	11,580,785	7.72
Joint Stock Companies	49	46,873,169	31.25
Financial Institutions	10	29,396,209	19.60
Modaraba Companies	2	613,257	0.41
Charitable Trusts	19	13,590,283	9.06
Societies	3	520,644	0.35
Corporate Law Authority	1	1	0.00
	5,316	150,000,000	100.00

Pattern of Shareholding as at September 30, 2014

Additional Information

Shareholders' Category		Number of Shareholders	Number of Shares Held
Associated Companies, undertakings and related parties			
Habib Insurance Company Limited		1	5,017,258
Habib Mercantile Company (Pvt) Limited		1	510,668
Habib & Sons (Pvt) Limited		1	521,263
Bank AL Habib Limited		1	9,366,312
Hasni Textiles (Pvt) Ltd.		1	8,868,497
NIT and ICP			
National Investment (Unit) Trust (NIT)		1	12,070,753
Investment Corporation of Pakistan		1	4,311
Directors, CEO and their spouses and minor children			
Asghar D. Habib	Chairman	1	1,044,352
Ali Raza D. Habib	Director	1	23,218
Muhammad Nawaz Tishna (NIT Nominee)	“	–	–
Murtaza H. Habib	“	1	1,180,763
Shams Mohammad Haji	“	1	5,000
Amin Ali Abdul Hamid	“	1	23,971
Imran A. Habib	“	1	1,044,343
Raeesul Hasan	Chief Executive	1	31
Mrs. Tahira Ali Asghar w/o Mr. Ashgar D. Habib		1	385,721
Executives		2	758,940
Public Sector Companies and Corporations		46	36,972,741
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies and Modarabas		12	15,131,617
Individuals		5,218	42,750,813
Charitable & Other Trusts		19	13,798,783
Societies		3	520,644
Government Institution		1	1
		5,316	150,000,000

Shareholders holding 5% or more voting rights

ICOM Industrie Und Handels, Schaan Principality of Liechtenstein	26,513,125
National Investment Trust (Unit) (NIT)	12,070,753
Bank AL Habib Ltd.	9,366,312
Hasni Textiles (Pvt) Ltd.	8,868,497

Form of Proxy

The Company Secretary
Habib Sugar Mills Limited
Imperial Court, 4th Floor
Dr. Ziauddin Ahmed Road
KARACHI – 75530

I/We .... of...
a member(s) of HABIB SUGAR MILLS LIMITED and holding ....
ordinary shares, as per Folio No. .... and /or CDC Participant's
I.D. Numbers ....
and Account / Sub-Account No. ....
hereby appoint ....of......................................
or failing him...of...
another member of the Company to vote for me / us and on my / our behalf at the 53^{rd} Annual General Meeting of the Company to be held on Wednesday, January 28, 2015 and at any adjournment thereof.

As witness my / our hand this..day of...............................2015

Rs. Five Revenue Stamp

....
SIGNATURE OF MEMBER(S)

1. Witness Signature: ____________
   Name: ____________
   Address: ____________
   CNIC/Passport No: ____________

2. Witness Signature: ____________
   Name: ____________
   Address: ____________
   CNIC/Passport No: ____________

A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf.

Any individual beneficial owner of CDC, entitled to attend and vote at this meeting must bring his / her National Identity Card, Account and Participant's ID Numbers to prove his / her identity, and in case of proxy, must enclose attested copies of his / her National Identity Card, Account and Participant's ID Numbers. Representatives of corporate members should bring the usual documents as required for such purpose.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation its common seal (if any) should be affixed to the instrument.

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 of the Company at least 48 hours before the time of the meeting.