COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Muhammad Mubeen Jumani - Chief Executive Officer Mr. Faraz Mubeen Jumani - Managing Director Mr. Fahad Mubeen Jumani Mrs. Qamar Mubeen Jumani - Chairperson Miss. Arisha Mubeen Jumani Mr. Ahmed Ali Jumani Lt. Gen (Retd). Anis Ahmed Abbasi
COMPANY SECRETARY	Mr. Abdul Wahid Naviwala
BANKERS	National Bank of Pakistan United Bank Limited Allied Bank Limited MCB Bank Limited Askari Bank Limited Sindh Bank Limited Bank Al Falah Limited Habib Bank Limited
STATUTORY AUDITORS	M/S. Haroon Zakaria & Company Chartered Accountants Room 211, 2nd Floor, Progressive Plaza, Plot No. 5 CL - 10, Civil Lines Quarter, Beaumont Road, Near Dawood Centre, Karachi - 75530 PAKISTAN.
COST AUDITORS	M/S. Siddiqi & Company Cost & Management Accountants Suite # 147, First Floor, Haroom Shopping Emporium, Sector 15-A-1, North Karachi, Karachi-75850

AUDIT COMMITTEE	Lt. Gen (Retd.) Anis Ahmed Abbasi	Chairman
	Mr. Ahmed Ali Jumani	Member
	Mrs. Qamar Mubeen Jumani	Member
HR AND REMUNERATION COMMITTEE	Mr. Arisha Mubeen Jumani	Chairman
	Lt. Gen (Retd.) Anis Ahmed Abbasi	Member
	Mr. Muhammad Mubeen Jumani	Member

LEGAL ADVISOR	Syed Zafar Ali Shah (Advocate) Bukhari Law Associates, B-8, 3rd Floor, Jumani Arcade, University Road, Gulshan-e-Iqbal, Karachi.
SHARES REGISTERAR	M/S. C & K Management Associates (Pvt.) Limited 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi.
REGISTERED OFFICE	3rd Floor, 15-C, 9th Commercial Lane, Zamzama, Defence Housing Authority, Phase V, Karachi.
FACTORY	Naroo Dhoro, Taluka Kot Diji, Khairpur.

Vision Statement

We aim to be a leading manufacturer of quality sugar, and other allied products and its supplier 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 of sugar, and other allied products, 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of KHAIRPUR SUGAR MILLS LIMITED will be held at 3rd Floor, 15-C, 9th Commercial Lane, Zamzama, Defence Housing Authority, Phase V, Karachi on Saturday, January 30, 2016 at 02:30 p.m. to transact the following business:

1. To confirm the minutes of the 25th Annual General Meeting held on January 30, 2015.

2. To receive, consider the audited financial statement together with directors' and auditors' report thereon for the year ended September 30, 2015.

3. To appoint auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. The present auditors M/S Haroon Zakaria & Co. Chartered Accountants retire and being eligible have offered themselves for reappointment.

4. To transact any other business with permission of the chair.

Karachi, Dated:
December 31, 2015

BY ORDER OF THE BOARD

ABDUL WAHID NAVIWALA
Company Secretary

NOTES

1. The share transfer books of the company will remain closed from January 29, 2016 to February 05, 2016 (both days inclusive)

2. A member entitled to attend and vote at the Annual general Meeting may appoint another member as his/her proxy to attend the meeting and vote on his/her behalf. Proxy in order to be effective must be received at the registered office of the company at least 48 hours before the meeting.

3. Shareholders are requested to immediately notify the company of any change in their address and contact numbers immediately to our shares registrar.

4. Any individul beneficial owner of CDC, entitled to vote at the Annual General Meeting, must bring his/her CNIC with his/her to prove his/her identity, and in case of proxy, attested copy of share holder's CNIC must be attached with the proxy form. The representative of corporate members should bring the usual documents required for such purpose.

5. Any Members who have not yet submitted their valid copy of CNIC to the company, so, please submit before our shares registerar in order fulfill requirements of SECP.

KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS:

(Rs. 000)

	2015	2014 Restated	2013	2012	2011	2010
Turn Over	3,492,708	4,247,771	2,316,597	1,714,832	1,534.346	1,264,672
Gross Profit/(Loss)	467,315	315,687	(259,603)	(74,383)	141.075	111,191
Profit/(Loss) before Taxation	153,585	21,802	(381.278)	(171,534)	46.378	37.700
Taxation	(62,649)	(44,211)	(5,362)	(4,105)	28.023	9.379
Share Capital Fund	160,175	160,175	160.175	160,175	160,175	160,175
Shareholders Fund	(168,671)	(275,585)	(561.380)	(243,469)	(89.897)	(122.838)
Gross Profit/(Loss) %	13.400	0.074	(11.206)	(4.34)	9.19	8.79
Net Profit/(Loss) %	2.600	0.005	(16.227)	(9.764)	1.196	2.239
Earning/ (Loss) per Share	5.68	(1.40)	(23.47)	(10.45)	1.15	1.77
Dividend %		-	-	-	-	-
Bonus %		-	-	-	-	-

DIRECTORS' REPORT TO MEMBERS

On behalf of the board of Directors of your company, I feel pleasure to present the 26th Annual Report of your company with the audited financial statements for the year ended September 30, 2015.

FINANCIAL RESULTS

	2015	2014
	(Rupees in thousand)	
Profit before taxation	**153,585**	21,802
Taxation	**(62,649)**	(44,211)
Profit/(Loss) after taxation	**90,936**	(22,409)
Earning / (Loss) per share	**5.68**	(1.40)

**Figures restated*

PERFORMANCE REVIEW:

The operating results for the crushing season is mentioned here under:

	SEASON 2014-2015	SEASON 2013-2014
Season Started	**05-12-2014**	01-11-2013
Season Ended	**03-04-2015**	04-04-2014
Number of days worked	**120**	155
Sugarcane Crushing (MT)	**649,134**	819,719
Recovery (%) Sugar	**10.60**	10.30
Recovery (%) Molasses	**3.99**	4.32
Production – Sugar (MT)	**68,798**	84,430
Production – Molasses (MT)	**25,915**	36,332

Above results shows a lower crushing as compared to the previous year which is due to less availability of sugar cane. Government of Sindh fixed minimum price of Sugar Cane at Rs. 182/= per 40 kg for crushing season 2014-15 on 07-11-2014 later on a fresh notification dated 03-12-2014 was issued fixing the minimum price at Rs. 155/= per 40 kg for the crushing season 2014-15. A third notification was issued dated 09-12-2014, withdrawing immediately its aforesaid notification dated 03-12-2014 by reviving the notification dated 07-11-2014 whereby the price of sugar cane was fixed at Rs. 182/= per 40 kg. Under a Constitutional petition, filed by Sindh Chamber of Agriculture, Government of Sindh agreed to pay Rs. 12/= per 40 kg to the growers through sugar mills, therefore minimum cane price for 40 kg was reduced to Rs. 170/ (Rs. 182 – 12). Presently, the matter of minimum price of sugar cane for crushing season 2014-15 is pending before the Hon. Supreme Court of Pakistan.

During the Year (15-11-2014), our steam turbine was damaged and therefore the company incurred sufficient loss on repair of such turbine to startup crushing season in time, company has also lodged insurance claim which is not yet finalized by insurance company.

During the year under review, sugar prices in the domestic and international market remained depressed due to carry over stock of previous year during the first three quarters. During the last quarter prices improved and your mill earned the benefit from sale of unsold stock which eventually translated in profitability of the company.

Incidence of High profitability during the year under review is appropriately disclosed in Note-1 of audited financial statement.

DIVIDEND

Due to accumulated losses, the Directors of your company have considered it prudent not to pay dividend.

EARNING PER SHARE

The earning / (loss) per share for the year comparative to previous year is given hereunder:

	2014-2015	2013-2014
Basic and diluted	**5.68**	(1.40)

FUTURE OUTLOOK

Management is hopeful for a bright future and main focus is on minimizing house losses and further improvement in Sugar recovery. This year, by the Grace of Almighty Allah, your mill has obtained a generation license from National Electric Power Regulatory Authority, Islamic Republic of Pakistan for export of excess power to the national grid. After receipt of necessary permissions, initial work will commence in the second quarter of 2016 . The sugar cane crushing season 2015-16 started from November 20, 2015 and by the date of this report we have produced 21,145 M.T. Sugar with average recovery of 9.66%.

- **Statement on Corporate and Financial Reporting Framework**

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

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

  - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. Change in accounting policy during the year was successfully implemented in light of (IFRS) and appropriately disclosed in Note 3.8(b) of audited financial statement.

  - International Accounting Standards as applicable in Pakistan have been followed in preparation of these financial statement and any departure therefrom has been adequately disclosed and explained.

  - The system of internal control is sound in design and has been effectively implemented and monitored, and

- Summary of key operational and financial data for the last six years is annexed.

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

- Information about taxes and levies is given in the notes to and forming part of the financial statements.

- **BOARD MEETINGS**

  During the year under review seven (7) meetings of the Board of Directors were held; attendance of each director was as follows: -

Name of Directors	No. of meeting attended
Mr. Muhammad Mubeen Jumani	7
Mr. Faraz Mubeen Jumani	7
Mr. Fahad Mubeen Jumani	7
Mrs. Qamar Mubeen Jumani	7
Miss. Arisha Mubeen Jumani	7
Mr. Muhammad Bux Jumani (Retired on 24-04-2015)	4
Mr. Ahmed Ali Jumani	7
Lt. Gen (Retd.) Anis Ahmed Abbasi	3

- **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 and one is non-executive independent director. The Audit Committee met four (4) meetings during the year; attendance of meeting is as follows:

Name of Directors	No. of meeting attended
Lt. Gen (Retd.) Anis Ahmed Abbasi	2
Mrs. Qamar Mubeen Jumani	4
Mr. Ahmed Ali Jumani	4
Mr. Muhammad Bux Jumani (Retired on 24-04-15)	2

- **MEETING OF HR & REMUNERATION COMMITTEE**

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

Name of Directors	No. of meeting attended
Miss. Arisha Mubeen Jumani	1
Lt. Gen (Retd.) Anis Ahmed Abbasi	1
Mr. Muhamamd Mubeen Jumani	1

AUDITORS

The Auditors Haroon Zakaria & Company, Chartered Accountants, retire and offer themselves for re-appointment.

The Audit Committee has recommended to consider the re-appointment of M/S. Haroon Zakaria & Company, Chartered Accountants as auditors of the company for next year ending 30-09-2016.

ELECTION OF DIRECTORS

Election of Directors was held on 24-04-2015 and M/S. Muhammad Mubeen Jumani, Faraz Mubeen Jumani, Fahad Mubeen Jumani, Qamar Mubeen Jumani (Mrs), Arisha Mubeen Jumani (Miss), Ahmed Ali Jumani and Lt. Gen (Retd.) Anis Ahmed Abbasi were elected as directors of the company for a period of three years.

PATTERN OF SHAREHOLDING

The pattern of shareholding on the prescribed format is annexed.

ACKNOWLEDGEMENT

We take pleasure by thanking members of the management, other employees and staff for their continued commitment to the success of the Company. We also value the support and cooperation of our customers, suppliers, bankers and all stakeholders and wish to record our thanks and gratitude.

For and on behalf of Board of Directors,

Qamar Mubeen Jumani (Mrs)
Chairperson

Place: Karachi
Dated: December 31, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of company: KHAIRPUR SUGAR MILLS LIMITED
Year ending : 30-09-2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations o Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Lt. Gen (Retd.) Anees Ahmed Abbasi
Executive Directors	Mr. Muhammad Mubeen Jumani Mr. Faraz Mubeen Jumani
Non-Executive Directors	Mr. Fahad Mubeen Jumani Mrs.Qamar Mubeen Jumani Miss. Arisha Mubeen Jumani Mr. Ahmed Ali Jumani

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

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the period none of Director has resigned from the board.

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

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

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

9. In accordance with the criteria specified on clause (xi) of CCG, one director of the company is exempt from the requirement of directors’ training programme. No other director attended any “Directors Training Program” during the year, however Board will make appropriate arrangement to carry out orientation course within the specified time.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. During the year no changes has occurred.

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

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

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

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

15. The board has formed an Audit Committee. It comprises of three members, all three members are appointed among from non-executive directors. The chairman of the Committee is also an independent Director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the 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 3 members and each 3 from Executive, non-executive and independent director.

18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

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

23. We confirm that all other material principles enshrined in the CCG have been complied except for the matter specified in para 9, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Muhammd Mubeen Jumani	**FARAZ MUBEEN JUMANI**
Chief Executive Officer	Managing Director

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Khairpur Sugar Mills Limited (the Company), for the year ended September 30, 2015 to comply with the requirements of the Listing Regulation No. 35 (Chapter XI) of the Karachi 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 (the Board). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management'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 for their review and approval 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 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended September 30, 2015.

Further we highlight below instance of non-compliance with the requirements of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph 09

No directors have attended any Director's Training Program as required by the Code and the Board will make appropriate arrangements to carry out orientation course for the directors within the specified time.

HAROON ZAKARIA & COMPANY
Chartered Accountant

Engagement Partner
Muhammad Yameen

Dated: 31-12-2015
Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Khairpur Sugar Mills Limited** as at September 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied except for change as stated in notes 3.8 (b)(i) 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;

d) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

We draw attention to the Note 1 to the financial statements which states the steps and measures taken by management to improve the financial and operational condition of the company. Our opinion is not qualified in respect of this matter.

HAROON ZAKARIA & COMPANY
Chartered Accountants

Place: Karachi,
Dated: 31-12-2015

Engagement Partner:
Muhammad Yameen

BALANCE SHEET
AS AT SEPTEMBER 30, 2015

	Note	2015	2014	2013
		---------- Rupees in thousand ----------		
			Restated	Restated
ASSETS				
Non-Current Assets				
Property, plant and equipment	6	**1,514,110**	1,495,398	1,520,745
Long term loans		**-**	-	695
Long term deposits		**262**	262	219
		1,514,372	1,495,660	1,521,659
Current Assets				
Stores, spares and loose tools	5	**108,828**	96,369	83,754
Stock in trade	6	**389,016**	269,294	300,047
Loans and advances	7	**250,660**	247,925	156,531
Trade deposits and short term prepayments	8	**8,205**	7,748	6,821
Tax refunds due from government		**-**	5,566	29,569
Cash and bank balances	9	**59,978**	21,205	119,438
		816,687	648,107	696,160
Total Assets		**2,331,059**	2,143,767	2,217,819
EQUITY AND LIABILITIES				
Authorized Capital				
20,000,000 Ordinary shares of Rs. 10 each		**200,000**	200,000	200,000
Share capital and reserves				
Issued, subscribed and paid up capital	10	**160,175**	160,175	160,175
Accumulated loss		**(328,846)**	(435,760)	(780,203)
Shareholders' equity		**(168,671)**	(275,585)	(620,028)
Surplus on revaluation of fixed assets - net	11	**309,458**	325,184	341,737
Non-Current Liabilities				
Long term financing	12	**904,895**	842,548	988,672
Deferred liabilities	13	**201,020**	106,454	97,162
		1,105,915	949,002	1,085,834
Current Liabilities				
Short term borrowings	14	**210,339**	328,147	426,804
Trade and other payables	15	**857,543**	800,542	972,899
Provision for taxation		**5,791**	-	-
Accrued markup		**10,684**	16,477	10,573
		1,084,357	1,145,166	1,410,276
Contingencies and commitments	16			
Total Equities & Liabilities		**2,331,059**	2,143,767	2,217,819

The annexed notes 1 to 37 form an integral part of these financial statements.

Karachi the dated:
31st December 2015

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Note	2015	2014
		---------- Rupees in thousand ----------	
			Restated
Sales - net	17	**3,492,708**	4,247,771
Cost of sales	18	**(3,025,393)**	(3,932,084)
Gross profit		**467,315**	315,687
Administrative expenses	19	**(136,450)**	(124,535)
Distribution expenses	20	**(11,102)**	(57,407)
Other income	21	**4,831**	3,099
Other operating charges	22	**(35,122)**	(12,195)
		(177,843)	(191,038)
Operating profit		**289,472**	124,649
Financial charges	23	**(135,887)**	(102,847)
Profit before taxation		**153,585**	21,802
Taxation	24	**(62,649)**	(44,211)
Profit / (loss) after taxation		**90,936**	(22,409)
Earning / (loss) per share - basic and diluted	25	**5.68**	(1.40)

The annexed notes 1 to 37 form an integral part of these financial statements.

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi the dated:
31st December 2015

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

	2015	2014
	---------- Rupees in thousand ----------	
		Restated
Profit for the year	**90,936**	(22,409)
Other comprehensive income for the year		
Items that will not be reclassified to profit and loss account in subsequent period		
Transfer from surplus on revaluation of property and plant on account of incremental depreciation - net of tax	**15,726**	16,553
Remeasurement of defined benefit liability	**252**	8,651
Total comprehensive income for the year	**106,914**	2,795

The annexed notes 1 to 37 form an integral part of these financial statements.

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi the dated:
31st December 2015

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Note	2015	2014
		-------- Rupees in thousand --------	
			Restated
A, CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	26	**345,587**	(30,018)
Finance cost paid		**(79,333)**	(50,701)
Workers participation fund paid		**-**	(2,184)
Taxes paid		**(6,103)**	(15,836)
Net cash generated / (used in) from operating activities		**260,151**	(98,739)
B, CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(101,560)**	(55,874)
Proceeds from disposal of property, plant and equipment		**-**	2,355
Long term loans		**-**	695
Net cash used in investing activities		**(101,560)**	(52,824)
C, CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans-net		**-**	(34,574)
Market Committee fee		**(2,010)**	-
Short term cash finance		**(117,808)**	87,904
Net cash (used in) / generated in financing activities		**(119,818)**	53,330
Net increase / (decrease) in cash and cash equivalents		**38,773**	(98,233)
Cash and cash equivalents at the beginning of the year		**21,205**	119,438
Cash and cash equivalents at the end of the year		**59,978**	21,205

The annexed notes 1 to 37 form an integral part of these financial statements.

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi the dated:
31st December 2015

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

	Issued, subscribed and paid up capital	Accumulated (loss)	Total
	Rupees		
Balance as at September 30, 2013 previously reported	**160,175**	**(764,354)**	**(604,179)**
Correction of prior period error (Note. 2.7 - a)	**-**	**(15,849)**	**(15,849)**
Balance as at September 30, 2013 - restated	**160,175**	**(780,203)**	**(620,028)**
Amortization of interest free loan (Note 2.7 - b)	-	341,648	341,648
Loss for the year	-	(22,409)	(22,409)
Other comprehensive income	-	25,204	25,204
Total comprehensive income	-	2,795	2,795
Balance as at September 30, 2014 - restated	**160,175**	**(435,760)**	**(275,585)**
Loss for the year	-	90,936	90,936
Other comprehensive income	-	15,978	15,978
Total comprehensive income	-	106,914	106,914
Balance as at September 30, 2015	**160,175**	**(328,846)**	**(168,671)**

The annexed notes 1 to 37 form an integral part of these financial statements.

Muhammad Mubeen Jumani
Chief Executive

Faraz Mubeen Jumani
Managing Director

Karachi the dated:
31st December 2015

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Khairpur Sugar Mills Limited (the Company) was incorporated in Pakistan on August 23, 1989 as a public limited company under the Companies Ordinance, 1984 (The Ordinance). The Company is listed on Karachi Stock Exchange. The registered office of the Company is situated at 3rd Floor, Plot No. 15-C, 9th Commercial Lane, Zamzama, D.H.A., Karachi.

The company is principally engaged in the manufacture and sale of sugar and by-products.

The Company has an accumulated losses of Rs. 328.846 (2014 : Rs.435,760) million and having negative equity of Rs. 168.671 (2014 : Rs.275.585) million. Accumulated losses of the Company have been continuously reduced since last two years on account of operating profit for the year ended September 30, 2015 amounting to Rs. 289.472 (2014 : Rs.124.649) million before taxation. The operating profits of previous two years resulted in due to procurement of improved qualitative sugarcane with improved sucrose recovery i.e. 10.60% (2014 : 10.30%).

Further, the current ratios of the Company and liquidity positions has been improved from previous two years. The external borrowings of the Company stands at Rs.210.300 million (2014 : Rs.326.000 million).

During the year, the Company has also obtained license from National Electric Power Regulatory Authority for power generation with the future plans to sell the excess power generation by the Company.

The Company is expecting the better financial results in subsequent season 2015-2016 for financial year September 30, 2016 as Economic Coordination Committee of Cabinet (ECC) has already accorded approval of exports of sugar which will results in better future profits due to proposed cash freight subsidy on sugar exports.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards

Board as are notified under the Companies Ordinance, 1984 (the Ordinance), provision of and directive issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed hereafter.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is the functional currency of the company. Figures are rounded off to the nearest thousand rupee.

2.4 Significant accounting estimated and judgments

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

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

a) Determining the residual values and useful lives of property, plant and equipments (Note 3.1)

b) Impairment/adjustments of inventories to their net realizable value (Note 3.4 & 3.5)

c) Accounting for staff retirement benefits (Note 3.9)

d) Recognition of taxation and deferred tax (Note 3.10): and

e) Impairment of assets (Note 3.17)

2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended September 30, 2015

The following standards, amendments and interpretations are effective for the year ended September 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	**'Effective from accounting period beginning on or after July 01, 2014**

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	**'Effective from accounting period beginning on or after January 01, 2014**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	**'Effective from accounting period beginning on or after January 01, 2014**

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	**'Effective from accounting period beginning on or after January 01, 2014**

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditioned are met.

IFRIC 21 - Levies	**'Effective from accounting period beginning on or after January 01, 2014**

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

2.6 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	**'Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	**'Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

IAS 27 (Revised 2011) – Separate Financial Statements	**'Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10**

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	**'Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

IFRS 10 – Consolidated Financial Statements	**'Effective from accounting period beginning on or after January 01, 2015 Earlier adoption is encouraged.**

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the ‘control’ assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the ‘control’ conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the ‘control’ conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements **'Effective from accounting period beginning on or after January 01, 2015**

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties’ rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 10 – Consolidated Financial Statements **'Effective from accounting period beginning on or after January 01, 2015**

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity’s interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement **'Effective from accounting period beginning on or after January 01, 2015**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

2.7 Correction of prior period errors

a) Employee benefits

During the year, the Company has carried out actuarial valuation of defined benefit obligation in accordance with "IAS 19 — Employee Benefits". Obligations related to post employment benefits are calculated at their present value using applicable discount rate for financial years September 30, 2013, 2014 and 2015. Previously liabilities related to financial year 2014 and 2013 were recognised at historical cost.

The effects of the adoption of actuarial valuation have been accounted for retrospectively in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’, resulting in restatement of comparative amounts of the corresponding year presented and its opening balances of assets, liabilities and equity.

b) Financial liability

In previous year, inadvertently the loan from directors were carried at cost. In current year, the loan from directors are re-measured at amortised cost in accordance with "IAS-39, Financial Instruments: Recognition and Measurement". This error is corrected by restating the balance of loan from directors and related finance cost of the previous reporting year based on subordination of directors loan having effective period from January 01, 2014 till December 31, 2019.

The effect of the above corrections on the restatement of previous years financial statements are summarized below:

	September 30, 2013		
	As previously reported	Increase / (Decrease) in carrying value	As restated
	Rupees in thousand		
Effect on Balance Sheet			
Staff retirement gratuity	38,515	15,848	54,363
Effect on Statement of changes in equity			
Accumulated loss	(764,354)	(15,849)	(780,203)

	September 30, 2014		
	As previously reported	Increase / (Decrease)	As restated
	Rupees in thousand		
Effect on Balance Sheet			
Long term financing	1,140,657	(298,109)	842,548
Staff retirement gratuity	39,464	19,816	59,280
Deferred tax liability	52,340	(5,166)	47,174
Effect on Profit & Loss Account			
Finance cost	59,308	43,539	102,847
Salaries and wages	157,170	12,618	169,788

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land, building and plant and machinery. Land is stated at revalued amount less impairment losses, if any, and building and plant & machinery are stated at revalued amount less accumulated depreciation and impairment losses, if any. Depreciation on fixed assets is charged to income by applying reducing balance method at the rates specified in the relevant note.

Monthly depreciation is charged on the assets acquired during the month, whereas, no depreciation is charged from the month of disposal.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Gain/ loss on disposal of fixed assets are recognized in the profit and loss account.

3.2 Capital work in progress

Capital work-in-progress is stated at cost. Transfer are made to relevant property, plant and equipment category as and when assets are available for their intended use.

3.3 Stores and Spares

These are valued at lower of the moving average cost or net realizable value. Net realizable value comprise of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale. Provision is made for items considered obsolete and slow moving. Items in transit are valued at cost comprising invoice price and other charges paid thereon.

Major stores and spare parts qualify for recognition as property, plant and equipment when the Company expects to use these for more than one year. Transfer are made to relevant operating fixed assets category as and when such items are issued for use.

Major stores and spare parts are valued at cost less accumulated impairment, if any

3.4 Stock in trade

These are valued at lower of weighted average cost and net realizable value. Cost is determined as follows: -

Work in process	Prime cost plus proportionate allocation of manufacturing overheads based on stage of completion.
Finished goods	Prime cost plus an appropriate allocation of manufacturing overheads.
Stock of by product	Net realizable value.

Net realizable value comprises of estimated selling price in the ordinary course of the business less estimated cost necessary to make the sale.

3.5 Trade debts

Trade debts, if any, originated by the Company are carried at an amount, net of any allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when identified.

3.6 Loans, advances, deposits and prepayments

These are stated at their nominal values net of any allowance for uncollectable amounts (if any).

3.7 Trade and other payables

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

3.8 Employee benefits

a) Defined contribution plan

The Company operates a recognised provident fund for all its eligible employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of the basic salary. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

b) Defined benefit plan

i) Change in accounting policy

During the year, the Company has changed its accounting policy for recording liability in respect of defined benefit plan gratuity by adopting IAS 19 - Employee Benefits for the first time. The change is accounted for retrospectively in accordance with IAS - 8 as fully described in note 2.7 (a).

ii) Revised policy of define benefit plan

The company operates an gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2015, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are recognized in equity as capital reserves as these will not be reclassified to profit and loss in subsequent periods. Current and past service costs, gain or loss on settlement and net interest income or expense are accounted for in profit and loss account.

3.9 Taxation

Current

Provision for current taxation is determined in accordance with provision of Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of all 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 utilized.

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

3.10 Provisions

A provision is recognized when the Company has an obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.11 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is reduced for the allowances such as taxes, duties, commissions, sales returns and trade discounts. The following recognition criteria must be met before revenue is recognized:

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of the goods to the customers.

- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable while income from held to maturity investments is recorded using effective yield method.

- Miscellaneous income is recognized on occurrence of transactions.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, these include cash in hand and balance at bank.

3.13 Borrowing Cost

These are incurred on short term borrowings and are charged to profit and loss account in the year in which it is incurred.

3.14 Financial Instruments

3.14.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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

Loans and receivables

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

3.14.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

3.14.3 Offsetting of financial assets and financial liabilities

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

3.15 Translation of foreign currencies

Transaction in foreign currencies are recorded into rupees at the rates approximating those prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in rupees using the exchange rates approximating those prevailing on the balance sheet date. Exchange differences are included in income currently.

3.16 Impairment

Financial assets

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

Any impairment loss arising on financial assets is recognized in profit and loss account.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets, other than deferred tax asset, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

When impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

4. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	.... Rupees in thousand	
Operating fixed assets - tangible	**1,514,110**	**1,477,790**
Capital work in progress - civil works	**-**	**17,608**
	1,514,110	**1,495,398**

4.1 Operating fixed assets - tangible

	Freehold land	Building on freehold land	Plant and machinery	Furniture & fittings	Office equipment	Factory equipment	Vehicles	Total
	Rupees in thousand							
As at October 01, 2013								
Cost and revaluation	22,500	399,698	2,005,354	4,145	7,474	6,522	11,021	2,456,714
Accumulated depreciation	-	(217,390)	(697,580)	(3,396)	(4,993)	(4,893)	(7,717)	(935,969)
	22,500	182,308	1,307,774	749	2,481	1,629	3,304	1,520,745
For the year ended 30 September 2014								
Additions during the year	-	-	26,421	-	1,060	-	10,786	38,267
Disposals								
- Cost	-	-	-	-	-	-	(2,484)	(2,484)
- Accumulated depreciation	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(2,484)	(2,484)
Depreciation for the year	-	(9,115)	(66,710)	(75)	(354)	(163)	(2,321)	(78,738)
Net book values	22,500	173,193	1,267,485	674	3,187	1,466	9,285	1,477,790
As at October 01, 2014								
Cost and revaluation	22,500	399,698	2,031,775	4,145	8,534	6,522	19,323	2,492,497
Accumulated depreciation	-	(226,505)	(764,290)	(3,471)	(5,347)	(5,056)	(10,038)	(1,014,707)
Net book values	22,500	173,193	1,267,485	674	3,187	1,466	9,285	1,477,790
For the year ended 30 September 2015								
Additions during the year	-	26,078	84,011	-	107	-	8,973	119,169
Depreciation for the year	-	(9,912)	(67,536)	(67)	(330)	(147)	(4,857)	(82,849)
Net book values	22,500	189,359	1,283,960	607	2,964	1,319	13,401	1,514,110
As at September 30, 2015								
Cost and revaluation	22,500	425,776	2,115,786	4,145	8,641	6,522	28,296	2,611,666
Accumulated depreciation	-	(236,417)	(831,826)	(3,538)	(5,677)	(5,203)	(14,895)	(1,097,556)
Net book values	22,500	189,359	1,283,960	607	2,964	1,319	13,401	1,514,110
	0%	5%	5%	10%	10%	10%	20%	

		2015	2014
		.......Rupees in thousand.......	

4.1.1 Depreciation charge for the year has been allocated as follows:

		2015	2014
Cost of sales	18	**77,595**	75,988
Administration expense	19	**5,254**	2,750
		82,849	78,738

14.1.1.2 Change in accounting estimate

Effective October 1, 2014, the Company has changed its basis of charging depreciation. Previously, the Company had a practice of charging full year's depreciation on additions whereas no depreciation on assets disposed off during the year. From the current period, depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal.

The above revision would result in a more accurate allocation of depreciation expense to the accounting year in which the depreciation assets are utilized by the Company. This change has been accounted for as a change in accounting estimate and is applied prospectively in accordance with IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had the estimate not been revised the depreciation charge for the year would have been higher and the carrying value of fixed assets would have been lower by Rs. 1.115 million.

September 30, 2014							
Particulars	**Sold to**	**Method of Disposal**	**Original Cost**	**Accumulated Depreciation**	**Book Value**	**Sale Proceeds**	**Loss on Disposal**
			Rupees in thousand				
Honda Civic	Mr. Kamran Pirani	Negotiation	2,484	-	2,484	2,355	129

14.1.2 Had the Free hold land, Factory building on free hold land and plant and machinery not been revalued, the total carrying values as at September 30, would have been as follows;

	2015	2014
	.......Rupees in thousand.......	
Free hold land	**11,831**	11,831
Factory building on free hold land	**110,658**	101,814
Plant and machinery	**881,408**	855,376
	1,003,897	969,021

5. STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	**112,617**	100,158
Provision for slow moving and obsolete items	**(3,789)**	(3,789)
	108,828	96,369

5.1 Most items of the stores and spares are interchangeable nature and can be used as machine spares or consumed as stores.

6. STOCK IN TRADE

Finished goods		
- Sugar	**388,144**	260,531
- Molasses	**-**	8,096
	388,144	268,627
Work in process	**872**	667
	389,016	269,294

Inventory with a carrying amount of Rs. 321.298 (2014 : Rs.155.553) million has been pledged against bank financing.

7. LOANS AND ADVANCES

Advances		
- Advances to growers	**158,389**	103,353
- Advances to suppliers	**71,169**	115,234
- Advances for expenses	**5,496**	10,003
- Advances against services	**8,144**	9,706
- Advances to staff	**7,462**	5,441
	250,660	243,737
Loan to employees - Considered good	**-**	4,188
	250,660	247,925

		Note	2015	2014
			.......Rupees in thousand.......	
7.1	**Advances to growers**			
	Considered good		**158,389**	103,353
	Considered bad		**1,428**	1,428
			159,817	104,781
	Provision for doubtful advances		**(1,428)**	(1,428)
			158,389	103,353
7.2	**Advances to suppliers**			
	Considered good		**71,169**	115,234
	Considered bad		**6,294**	6,294
			77,463	121,528
	Provision for doubtful advances		**(6,294)**	(6,294)
			71,169	115,234
7.3	**Advances to staff**			
	Considered good		**7,462**	5,441
	Considered bad		**367**	367
			7,829	5,808
	Provision for doubtful advances		**(367)**	(367)
			7,462	5,441

8. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2015	2014
Deposits	8.1	**5,836**	5,836
Prepayments		**2,369**	1,912
		8,205	7,748

8.1 During year ended September 30, 2008, the company has paid Rs.5.220 million as performance money in relation to its agreement with Trading Corporation of Pakistan (TCP) for the purchase of 5,000 M. Tons sugar the season 2007-2008 at a price of Rs. 20,880 per metric ton. Due to non-performance of obligation by Trading Corporation of Pakistan, the company has withdrawn from the agreement but performance money is not refunded by TCP. The case has been filed by the company in High court of Sindh for refund of performance money.

	Note	2015	2014
		.......Rupees in thousand.......	

9. CASH AND BANK BALANCES

Cash at banks - in current account		**59,805**	20,811
Cash in hand		**173**	394
		59,978	21,205

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2014				
Number of Shares					
16,017,500	16,017,500	Ordinary shares of Rs.10 each fully paid in cash	10.1	**160,175**	160,175

10.1 This include 11,417,372 (2014 : 11,417,372) ordinary shares of Rs. 10 each held by the directors and related parties.

	2015	2014
	.......Rupees in thousand.......	

11. SURPLUS ON REVALUATION OF FIXED ASSETS - NET

Revaluation surplus	**487,819**	518,119
Balance as at October 01	**(28,539)**	(30,300)
Less : Transferred to unappropriated profit in respect of incremental depreciation charged during the year	**459,280**	487,819
Related deferred tax :	**(162,635)**	(176,382)
Balance as at October 01	**12,813**	13,747
Deferred tax on incremental depreciation charged during the year	**(149,822)**	(162,635)
	309,458	325,184

11.1 The Company has carried out revaluation of freehold land, factory building and plant & machinery by independent valuer M/s. Consultancy Support & Services (Management Consultants) as at December 11, 2007 and

March 29, 2013 which resulted in revaluation surplus amounting to Rs.201.386 million and Rs.125.753 million respectively. The basis of valuation is assessed / evaluated at present value.

	Note	2015	2014
		.......Rupees in thousand.......	
			Restated
12. LONG TERM FINANCING			
From related parties			
- Directors			
Original value of loan		**1,140,657**	1,140,657
Less: present value adjustment		**(341,648)**	(341,648)
Add: Interest charged to profit and loss account		**105,886**	43,539
		904,895	842,548

These loans have been obtained from directors and related parties and is unsecured. In accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, these loans have been measured at amortized cost calculated at one year kibor rate based on subordination agreement with the banking Company.

	Note	2015	2014
		.......Rupees in thousand.......	
			Restated
13. DEFERRED LIABILITIES			
Staff retirement gratuity	13.1	**74,486**	59,280
Deferred tax liability	13.2	**92,365**	47,174
Market Committee Fee	13.3	**38,189**	-
Less: Current portion		**(4,020)**	
		34,169	-
		201,020	106,454

13.1 Staff retirement benefits
- Gratuity

	Note	2015	2014
		.......Rupees in thousand.......	
			Restated

a) **Movement in defined obligation**
Present value of defined benefit obligation

At beginning of the year	**59,280**	54,363
Charge for the year	**15,458**	13,942
Benefit paid during the year	**-**	(374)
Experience adjustment	**(252)**	(8,651)
At the end of year	**74,486**	59,280

b) **Charge for the year**

Current service cost	**7,455**	6,628
Interest cost	**8,003**	7,314
	15,458	13,942

The latest actuarial valuation for gratuity fund was carried out as at September 30, 2015, September 30, 2014 & September 30, 2013 using the Projected Unit Credit Method (PUCM). The principal actuarial assumptions used for the purpose of the valuation were as follows:

	2015	2014
Discount rate used for interest cost in P&L charge	**13.5%**	13.5%
Discount rate for year end obligation	**9.25%**	13.5%
Expected rate of increase in salary	**8.25%**	12.5%
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005
Retirement Assumption	**Age 60**	Age 60

	Note	2015	2014
		.......Rupees in thousand.......	
			Restated
13.2 Deferred tax liability			
Deductible temporary differences:			
Tax losses		**355,898**	437,443
Minimum tax credit		**65,993**	54,811
Provision for gratuity		**21,771**	15,454
Provision for stores, loans and advances		**3,472**	3,513
		447,134	511,221
Un-recognized deferred tax asset	13.2.2	**(235,396)**	(251,300)
		211,738	259,921
Taxable temporary differences:			
- Accelerated depreciation		**(154,282)**	(144,461)
- Surplus on revaluation		**(149,821)**	(162,634)
		(304,103)	(307,095)
		(92,365)	(47,174)

13.2.1 Correction of prior year error

Deductible temporary difference related to normal tax losses in previous reporting period was inadvertently bifurcated between normal tax regime and final tax regime. Further, the minimum tax was erroneously was not taken in computing the deductible temporary difference for the previous reporting period.

During the current year, the deductible temporary differences related to tax losses and minimum tax impact are corrected by restating the previous reporting period balances. However, there is no financial impact on previous year's financial statements as the effect of restatement were taken to unrecognised deferred tax assets. The effects of restatement of balances are summarized below:

	As restated	As previously	Increase
	................Rupees in thousand................		
Tax losses	437,443	345,580	91,863
Minimum tax credit	54,811	23,918	30,893
Un-recognized deferred tax asset	251,300	128,544	122,756

13.2.2 The deferred tax asset of Rs. 235.396 million (2014: Rs. 251.300 million) has not been recognised owing to uncertainty regarding future profitability against which deferred tax asset could be set off.

13.3 Market committee fee payable

During the year, the Company has settled the petition filed before the Honorable High Court of Sindh against Market Committee, Kotdegi for payment of Market Committee fee for pending years from 2003-2004 to 2014-2015. As per agreed terms, the Company will pay Rs. 40.199 million in 20 installments commencing from August 2015. The Company has previously accounted for liability of Rs. 12.340 million, however as a result of settlement the further charge of Rs. 27.859 million has been accounted for during the year. The market committee fee payable for the financial year ended September 30, 2015 have been charged in cost of raw material consumed.

	Note	2015	2014
		.......Rupees in thousand.......	
14. SHORT TERM BORROWINGS			
- From Banking Company			
Secured			
Cash finance	14.1	**210,300**	326,000
- From Related parties			
Unsecured			
from directors	14.2	**39**	2,147
		210,339	328,147

14.1 This represents roll over secured cash financing of Rs. 600 million (2014 : Rs. 600 millions) from National Bank of Pakistan and is repayable by December 2015. This carries markup at 3 Month KIBOR + 2.5% (2014 : 3 Month KIBOR + 2.5%) per annum. The facility is secured against pledge of sugar stock of the Company, first equitable mortgage over land and property of associated company and personal guarantees of all directors of the Company. The unavailed facility as at September 30, 2015 amounting to Rs. 389.700 (2014: 274.000) million.

14.2 This represents loan from director which is unsecured.

15. TRADE AND OTHER PAYABLES

	Note	2015	2014
		.......Rupees in thousand.......	
Creditors		**369,820**	154,350
Accrued liabilities		**20,523**	34,498
Market committee fee payable	13.3	**4,020**	12,340
Advance from customers		**318,336**	374,597
Unclaimed Gratuity		**14,341**	12,068
Federal excise duty		**35,021**	23,342
Workers' Profit Participation Fund	15.1	**39,526**	28,237
Workers' Welfare Fund		**6,497**	1,464
Payable to provident fund		**43**	-
Other payables - Related Party	15.2	**49,416**	159,646
		857,543	800,542

15.1 Workers' Profit Participation Fund

	2015	2014
Balance at 01 October	**28,238**	21,680
Interest on funds utilized in	**3,205**	2,704
the Company's business	**8,083**	3,854
Charge for the year	**39,526**	28,238

The Company retains the allocation to this fund for its business operations till the amounts are paid together with interest at prescribed rate under the Act.

15.2 Other payables - Related Party

This represents unsecured and interest free loan obtained from close friends and relatives of the directors.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 The case in respect of shareholding of 2,669,600 shares of the Company pending in High Court of Sindh in respect of rescheduled loan of Bankers Equity Limited. The Bankers Equity Limited has a claim on these shares and matter is pending in the court.

16.1.2 The Company has filed three petitions against the impugned contribution amount of totaling Rs.8.37 million against Social Security, Sukkur Directorate and Sindh Employees Social Security Institution, Karachi. If these cases are allowed against the company, then the company has to pay a sum of Rs.8.37 million.

The Company expects favorable outcome of these cases, hence no provision has been made in these financial statements.

16.1.3 A show cause notice has been served by the Collectorate of Customs, Sales Tax and Central Excise regarding non-payment / charging of further tax to unregistered persons on sales made in the month of December 2000, January 2001 and May 2001 amounting to Rs.2.318 million and order against the company has been obtained by the Collectorate. The company has challenged that Order dated December 25, 2008 in the High Court of Sindh. In current year, The Hon'ble High Court of Sindh has decided the case in favor of company, the department has filed the appeal in the Hon'ble Supreme Court of Pakistan.

16.1.4 During 2009-10, the Company received a show cause notice from Competition Commission of Pakistan (CCP) under the Competition Ordinance, 2009 (now promulgated as Competition Act, 2010) for alleged violation of certain provisions of the Ordinance. The Company along with other sugar mills filled Constitutional petition before the Honorable High Court of Sindh challenging the Ordinance. The Honorable 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 Honorable Supreme Court of Pakistan which was disposed off by the Honorable Supreme Court based on the grounds that the matter was pending before the Honorable High Court of Sindh and Lahore.

There are no financial implications related to this matter at the present date.

16.1.5 During the year 2009-10, the Company along with other sugar mills filed a Constitutional petition before the Honorable High Court of Sindh against Pakistan Standards and Quality Controls Authority - PSQCA challenging the notification 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 01, 2009.

The Honorable High Court of Sindh decided the case in favor of Company.

Against the above order, PSQCA filed an appeal before the Honorable Supreme Court of Pakistan .The Honorable Supreme Court of Pakistan passed the interim order against PSQCA restraining from demanding any marks or licensing fee from the sugar mills till further order.

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.

16.1.6 As per notification No. 4 (142) S.O (Ext) 95-XXIII dated December 11,2013, Government of Sindh has directed sugar factories in the province to pay quality premium to the cane growers in respect of crushing season 2013-14 @0.50 paisa per 40 Kg for each 0.1%(including fraction thereof to be calculated prorate) of excess sucrose recovery of above 8.7% determined on overall sucrose recovery basis on each mill. However, as the matter is pending in the Honourable Supreme Court of Pakistan and after the decisions of Federal Government, Steering Committee meeting held on 16-07-2007, the payment against quality premium shall remain suspended till the decision of Honourable Supreme Court or Consensus on uniform formula is developed by the Federal Government. In view of the given circumstances and as per the decision of the Honourable High Court of Punjab in a similar case in which it was declared that the demand of quality premium is un lawful, the management of the company is confident that case will be decided in favour of sugar mills, therefore no provision has been made in this financial statements for liability of quality premium in respect of crushing season 2013-14 Rs 154.17 million and 2014-15 amounting to Rs. 163.94 million

16.2 Commitments

There were no material commitments as at September 30, 2015 (2014: Nil).

	Note	2015	2014
		.......Rupees in thousand.......	

17. SALES - NET

Local			
Sale of sugar		**3,535,776**	3,174,188
Sale of by-products		**220,930**	350,990
		3,756,706	3,525,178
Sales tax and federal excise duty		**(263,998)**	(171,647)
		3,492,708	3,353,531
Export			
Sale of sugar		**-**	894,240
		3,492,708	4,247,771

18. COST OF SALES

	Note	2015	2014
Raw material consumed		**2,769,485**	3,550,266
Stores and spares consumed		**40,382**	33,644
Packing material consumed		**35,913**	46,231
Salaries and wages	18.1	**92,078**	100,745
Power and fuel		**33,464**	33,631
Freight and handling		**878**	3,530
Wastage removing and cane feeding		**8,108**	7,530
Repair and maintenance	18.2	**71,947**	35,711
Printing and stationery		**609**	768
Vehicle running expenses		**5,076**	6,369
Insurance		**7,940**	6,905
Other manufacturing expenses		**1,640**	13
Depreciation	4.1.1	**77,595**	75,988
Manufacturing expenses		**3,145,115**	3,901,331
Opening stock of work in process		**667**	726
Closing stock of work in process		**(872)**	(667)
		(205)	59
Cost of goods manufactured		**3,144,910**	3,901,390
Opening stock of finished goods		**268,627**	299,321
Closing stock of finished goods		**(388,144)**	(268,627)
		(119,517)	30,694
		3,025,393	3,932,084

18.1 These include an amount of Rs.7.546 (2014 : Rs. 8.083) million in respect of staff retirement benefits.

18.2 It includes repairs of the steam turbine during the trial run before start of crushing season. The Company has lodged claim of Rs. 15.00 million from insurance Comapny. The claim has not been accorded till the date of authorization of these financial statements, therefore as a matter of prudence no receivables has been recorded against this claim.

19. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		.......Rupees in thousand.......	
Directors' remuneration		**21,220**	22,872
Salaries and other benefit	19.1	**80,087**	69,043
Communication expenses		**2,933**	2,437
Repair and maintenance		**9,578**	8,586
Traveling and conveyance		**387**	755
Electricity and gas		**5,908**	6,422
Legal and professional charges		**1,454**	1,138
Fees and subscription		**1,238**	820
Rent, rates and taxes		**806**	1,492
Printing and stationery		**370**	487
Entertainment		**3,176**	4,800
Insurance		**1,551**	1,348
Auditors' remuneration	19.2	**894**	762
Security expenses		**453**	643
General expenses		**1,141**	180
Depreciation	4.1.1	**5,254**	2,750
		136,450	124,535

19.1 These include an amount of Rs. 8.302 (2014 : Rs. 7.375) million in respect of staff retirement benefits.

	2015	2014
	.......Rupees in thousand.......	

19.2 Auditors' remuneration

	2015	2014
Statutory audit	**472**	450
Half yearly review	**69**	70
Other services	**155**	75
Other certifications	**59**	50
Cost audit	**89**	75
Out of pocket expenses	**50**	42
	894	762

20. DISTRIBUTION EXPENSES

	2015	2014
Loading and unloading	**9,580**	52,364
Export expenses	**-**	3,133
Business promotion	**408**	336
Advertisement and publicity	**196**	271
Miscellaneous	**918**	1,303
	11,102	57,407

21. OTHER INCOME

	2015	2014
Income from non-financial assets		
Sale of scrap	**4,831**	3,099

22. OTHER OPERATING CHARGES

	Note	2015	2014
		.......Rupees in thousand.......	
Market Committee fee settlement	13.3	**21,368**	-
Workers' Profit Participation Fund		**8,084**	3,854
Workers' Welfare Fund		**5,033**	1,464
Exchange loss		**-**	4,867
Charity and donation	22.1	**637**	1,881
Loss on disposal of operating fixed assets		**-**	129
		35,122	12,195

22.1 No donation was paid to any person or institution in which director or his spouse is interested.

	2015	2014
	.......Rupees in thousand.......	

23. FINANCIAL CHARGES

	2015	2014
Amortization of long term loan from directors	**62,347**	43,539
Markup on cash finance	**69,837**	54,875
Interest on Workers' Profit Participation Fund	**3,205**	2,704
Bank charges	**498**	1,729
	135,887	102,847

24. TAXATION

	2015	2014
Current		
- for the year	**26,526**	39,836
- prior year	**(9,067)**	-
	17,459	39,836
Deferred	**45,190**	4,375
	62,649	44,211

24.1 The income tax assessments of the Company have been finalised up to and including the tax year 2015. Tax returns of subsequent tax years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit

24.2 Due to the brought forward tax losses, provision for current income tax is based on section 113 of the Income Tax Ordinance, 2001. Accordingly tax expense reconciliation with the accounting profit is not reported.

	Note	2015	2014
		.......Rupees in thousand.......	
			Restated

25. EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after tax		**90,936**	(22,409)
		-------- Numbers --------	
Weighted average number of ordinary shares		**16,018**	16,018
		-------- Rupees --------	
			Restated
Earnings per share - basic and diluted		**5.68**	(1.40)

26. CASH GENERATED FROM / (USED IN) OPERATIONS

Profit before taxation		**153,587**	21,802
Adjustment for non-cash charges and other items:			
Depreciation		**82,848**	78,738
Provision for Workers' Welfare Fund-net		**3,278**	2,366
Provision for Workers' Profit Participation fund		**8,084**	3,854
Loss on disposal of operating fixed assets		**-**	129
Gratuity - net		**15,458**	13,568
Finance cost		**135,887**	102,847
Increase in market committee fee		**27,859**	-
Working capital changes	26.1	**(81,414)**	(253,322)
		345,587	(30,018)

26.1 Working capital changes

(Increase) in Stores and spares	**(12,459)**	(12,615)
(Increase) / Decrease in Stock-in-trade	**(119,722)**	30,753
(Increase) in Loans and advances	**(2,734)**	(91,438)
(Increase) in Trade deposits and short term prepayments	**(457)**	(926)
Increase / (Decrease) in Trade and other payables	**53,958**	(179,096)
	(81,414)	(253,322)

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executive and executives of the company as follows:

	2015			
	Chief executive	Directors	Executive	Total
	------------- Rupees in Thousand Rupees -------------			
Managerial remuneration	**3,750**	**11,650**	**5,627**	**21,027**
Utilities	**-**	**2,986**	**-**	**2,986**
Perquisites and other benefits		**2,834**	**370**	**3,204**
	3,750	**17,470**	**5,997**	**27,217**
Number of Persons	**1**	**3**	**2**	**-**

	2014			
	Chief executive	Directors	Executive	Total
	------------- Rupees in Thousand Rupees -------------			
Managerial remuneration	3,870	6,427	11,292	21,589
Housing	1,740	2,757	-	4,497
Utilities	390	651	-	1,041
Perquisites and other benefits	7,036	-	-	7,036
	13,036	9,835	11,292	34,163
Number of Persons	1	5	7	-

27.1 The Chief executive and executive directors are also entitled for company maintained vehicles in accordance with Company's policy.

28. PROVIDENT FUND DISCLOSURES

The following information is based on un-audited financial statements of the Fund as at September 30, 2015.

a) **Disclosure with regards to Provident Fund Trust**

		2015	2014
		.......Rupees in thousand.......	
(i)	Size of the Fund	104	-
(ii)	Fair value of Investments	60	-
(iii)	Percentage of Investment made	58%	-

b) **Break-up of investments is as under**

	2015	2014
Banks balances		
- National Bank Limited	100%	-

28.1 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.

29. NUMBER OF EMPLOYEES

	2015	2014
	-------- Numbers --------	
Number of employees including contractual employees at the end of year	619	610
Average number of employees including contractual employees during the year	749	757

30. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party a exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel and staff/workers funds. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund and gratuity are in accordance with staff service rules. Details of transactions with related parties other than disclosed elsewhere in financial statements are as follows:

	2015	2014
	.......Rupees in thousand.......	
Short term loan from directors		
Receipt of loan	**211,090**	110,169
Repayment of loan	**213,199**	108,021
Other payables		
Repayments of loan	**110,230**	144,743

31. PRODUCTION CAPACITY

	2015		2014	
Crushing capacity	**7,000**	**M. Tons per day**	7,000	M. Tons per day
Duration of season	**120**	**days**	155	days
Crushing capacity based on actual days	**840,000**	**M. Tons**	1,085,000	M. Tons
Actual cane crushed	**649,134**	**M. Tons**	819,719	M. Tons
Sucrose recovery	**10.60%**		10.3%	
Production - sugar	**68,797.5**	**M. Tons**	84,430	M. Tons

31.1 Cane crushed is less than installed capacity due to the seasonal availability of sugarcane.

32. FINANCIAL INSTRUMENTS

32.1 Financial assets and liabilities

	Note	2015	2014
		.......Rupees in thousand.......	
Financial assets			
Loans and advances		**13,298**	9,629
Trade deposits		**6,098**	6,098
Cash and bank balances		**59,978**	21,205
		79,374	36,932
Financial liabilities			
Long term financing		**904,895**	842,548
Short term borrowings		**210,339**	328,147
Trade and other payables		**423,256**	326,336
Accrued markup		**10,684**	16,477
		1,549,174	1,513,508

32.2 Financial risk management objectives and policies

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

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

32.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Out of the total financial assets of Rs. 79.372 million (2014 : Rs. 36.931 million), the financial assets which are subject to credit risk amounted to Rs.179.200 million (2014 : Rs.36.537 million).

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

	2015	2014
	.......Rupees in thousand.......	
Loans and advances	**13,298**	9,629
Trade deposits	**6,098**	6,098
Bank balances	**59,805**	20,811
	79,201	36,538

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

Bank Balances	**2015**	2014
	.......Rupees in thousand.......	
AAA	**43,707**	15,810
AA+	**13,823**	4,784
AA	**2,275**	189
AA-	**-**	27

32.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The company's exposure to liquidity risk along with expected maturities is as follows:

	2015				
	Carrying Amount	Contractual Cash flows	Six months or Less	Six months to twelve months	More than twelve months
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loan	**904,895**	**(1,140,657)**	**-**	**-**	**(1,140,657)**
Short term finance	**210,339**	**(210,339)**	**(210,339)**	**-**	**-**
Trade and other payables	**423,256**	**(423,256)**	**(423,256)**	**-**	**-**
Accrued mark up	**10,684**	**(10,684)**	**(10,684)**	**-**	**-**
	1,549,174	**(1,784,936)**	**(644,279)**	**-**	**(1,140,657)**

	2014				
	Carrying Amount	Contractual Cash flows	Six months or Less	Six months to twelve months	More than twelve months
	(Rupees in thousand)				
Non-derivative financial liabilities					
Long term loan	842,548	(1,140,657)	-	-	(1,140,657)
Short term finance	328,147	(328,147)	(328,147)	-	-
Trade and other payables	326,336	(326,336)	(326,336)	-	-
Accrued mark up	16,477	(16,477)	(16,477)	-	-
	1,513,508	(1,811,617)	(670,960)	-	(1,140,657)

32.2.3 Market risk

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

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At year end, the Company is not exposed to foreign exchange currency risk.

b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

	2015	2014
	Effective Interest Rate (In Percent)	
Variable Rate Instruments		
Financial liabilities		
- Short term borrowings	**16.99%**	13.26%

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) loss/profit and equity for the year by the amounts shown below. The analysis assumes that all other variables remain constant.

	2015	2014
	--------- Rupees ---------	
Cash flow Sensitivity - Variable Rate Instruments		
- Increase	**2,103**	3,281
- Decrease	**(2,103)**	(3,281)

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

c) Price risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments.

Sensitivity analysis

At reporting date, the company is not exposed to sensitivity analysis as the company has no investment and interest bearing financial instruments.

32.3 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company finances its operations through equity and by managing working capital.

Consistent with others in the industry, the company monitors capital on the basis of the its gearing ratio. This is calculated as net debt divided by total capital which is equal to net debt and share holders' equity. Net debt is calculated as total borrowings from financial institutions, if any, and directors less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus sponsors' loan, if any, subordinate to equity and net debt.

	2015	2014
	------------- Rupees	-------------
Long term borrowings	904,895	842,548
Short term finance	210,339	328,147
Total debt	1,115,234	1,170,695
Less: Cash and bank balances	59,978	21,205
Net Debt	1,055,256	1,149,490
Share capital	160,175	160,175
Net Debt and share capital	1,215,431	1,309,665
Gearing ratio (%)	86.82%	87.77%

33. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The estimated fair value of financial instruments is not significantly different from their book value as shown in these financial statements.

34. OPERATING SEGMENT

34.1 These financial statements have been prepared on the basis of a single reportable segment.

34.2 Revenue from sale of sugar represents 94% (2014 : 90%) of the gross sales of the Company.

34.3 100% (2014 : 75%) of the gross sales of the Company are made to customers located in Pakistan.

34.4 All non-current assets of the Company at September 30, 2015 are located in Pakistan.

35. CORRESPONDING FIGURE

For the purpose of better presentation, long term loan from director amounting to Rs. 2.147 million is classified as short term loan for the previous year.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31-12-2015 by the Board of Directors of the Company.

37. GENERAL

- Figures have been rounded off to the nearest thousand rupee.

- Figures, including comparatives, have been re-arranged and reclassified wherever necessary.

Muhammad Mubeen Jumani
Chief Executive Officer

FARAZ MUBEEN JUMANI
Managing Director

Karachi the Dated:
31st December 2015

PATTERN OF HOLDING
AS AT SEPTEMBER 30, 2015

No of Shareholders	Share Holding					Total Shares Held
13	FROM	1	TO	100	SHARES	811
85	FROM	101	TO	500	SHARES	40,790
10	FROM	501	TO	1,000	SHARES	9,900
9	FROM	1,001	TO	10,000	SHARES	47,499
NIL	FROM	10,001	TO	20,000	SHARES	NIL
NIL	FROM	20,001	TO	50,000	SHARES	NIL
2	FROM	50,001	TO	100,000	SHARES	118,500
1	FROM	100,001	TO	200,000	SHARES	170,283
NIL	FROM	200,001	TO	300,000	SHARES	NIL
3	FROM	300,001	TO	400,000	SHARES	961,047
2	FROM	400,001	TO	500,000	SHARES	900,000
3	FROM	500,001	TO	1,000,000	SHARES	2,242,443
1	FROM	1,000,001	TO	2,000,000	SHARES	1,040,500
1	FROM	2,000,001	TO	3,000,000	SHARES	2,669,600
1	FROM	3,000,001	TO	8,000,000	SHARES	7,816,127
131	**TOTAL**					**16,017,500**

COMBINED PATTERN OF SHAREHOLDING
AS AT SEPT. 30, 2015

S. No.	DESCRIPTION		Number of Shareholders	Shares Held	Percentage of T. Capital
1	**Associated Cos., Undertaking and Related Parties**		-	-	-
2	**Director, CEO and their spouses and Minor Children**				
	- Mr. Muhammad Mubeen Jumani	7,816,127			
	- Mr. Ahmed Ali Jumani	500			
	- Mr Fahad Mubeen Jumani	450,000			
	- Mrs. Yasmeen	640,698			
	- Mrs. Afroze	640,698			
	- Mrs. Qamar Mubeen Jumani	1,040,500			
	- Mr. Faraz Mubeen Jumani	450,000			
	- Miss. Arisha Mubeen Jumani	58,500			
	- Lt. Gen. (Retd.) Anis Ahmed Abbasi	500			
			9	11,097,523	69.28
3	**Banks, Development Financial Institutions, Non Banking Financial Institutions.**				
	- Bankers Equity Limited	2,669,600	1	2,669,600	16.67
4	**Joint Stock Companies**				
	- E.F.U. General Insurance		1	500	0.00
5	**Individuals**				
	- Individuals				
	- Auditors, CFO, Company Secretary and their Spouses, Child etc.		120	2,249,877	14.05
6	**Others**		NIL	NIL	NIL
	Total		131	16,017,500	100.00

SHARE HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

S. No.	SHAREHOLDERS	Description	No. of Shares Held	Percentage
1	Mr. Muhammad Mubeen Jumani		7,816,127	48.80
2	Bankers Equity Limited		2,669,600	16.67

FORM OF PROXY

The Company Secretary
Khairpur Sugar Mills Limited
3rd Floor, 15-C, 9th Commercial Lane,
Zamzama, Defence Housing Authority, Phase V,
Karachi.

I/We ………………………………………………………… of ……………………………………………..
a member(s) of KHAIRPUR SUGAR MILLS LIMITED and holding …………………………...….
Ordinary shares, as per Folio 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 26th Annual General Meeting of the Company to be held on Saturday, January 30, 2016 and at any adjournment thereof.

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

Five Rupees Revenue Stamp

____
SIGNATURE OF MEMBER(S)

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 entitled to attend and vote at this meeting must bring his / her National Identity Card, to prove his / her identity, and incase of proxy, must enclose attested copies of his / her National Identity Card, Account. 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.