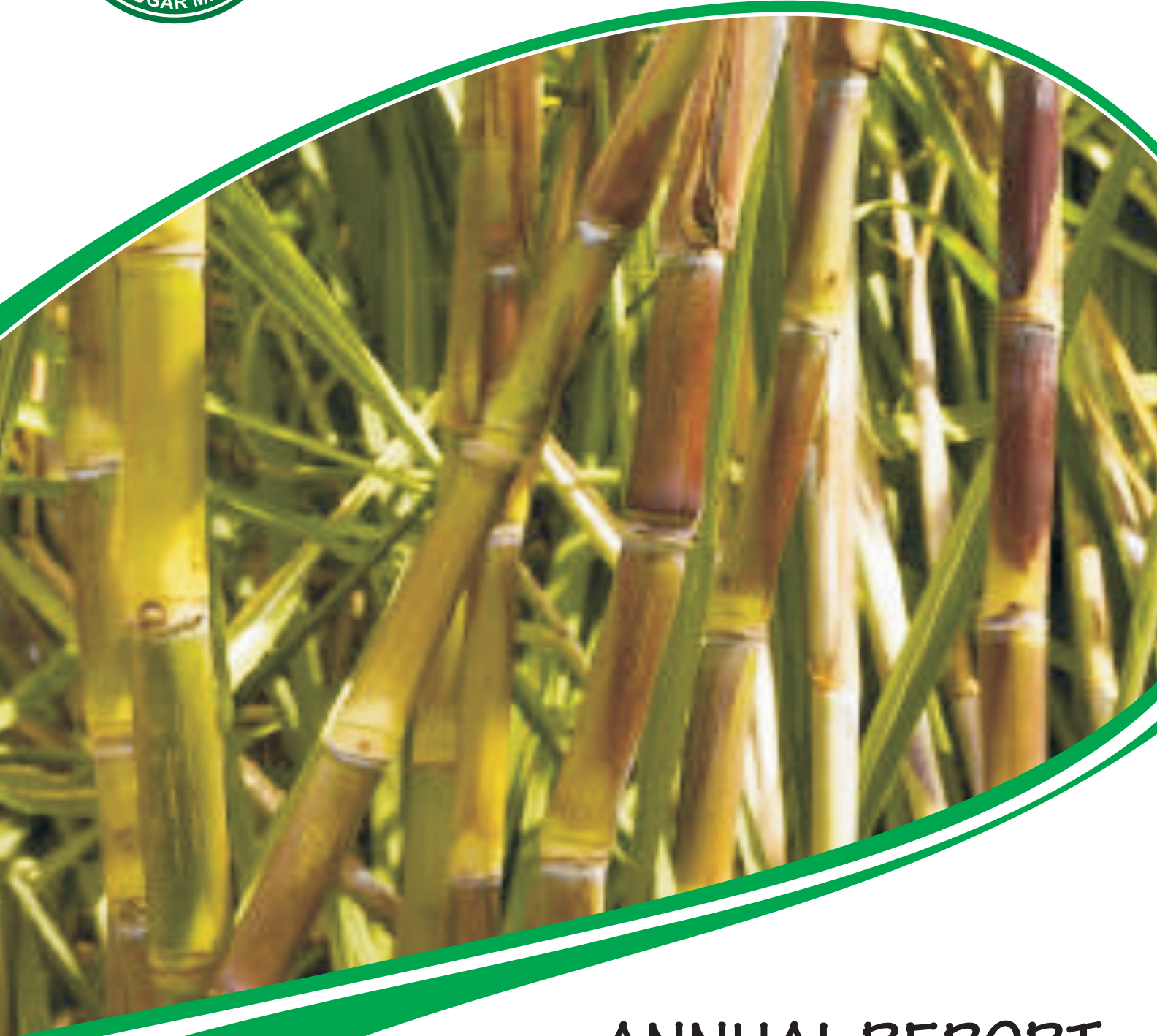




Husein Sugar Mills Ltd.



**ANNUAL REPORT
2015**



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Vision Statement

- ◆ A leading producer of sugar and its by-products by providing the highest quality of products and service to its customers.
- ◆ Lowest cost supplier with assured access to long-term supplies
- ◆ Sustained growth in earning in real terms.
- ◆ Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the company.
- ◆ To develop an extremely motivated and professional trained work force which would drive growth through innovation and renovation?
- ◆ To strive for excellence through commitment, integrity, honesty and team work.

Mission Statement

Our mission is to be a dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, promote agriculture sector, a secured and friendly environment place of work to its employees and present the company as a reliable partner to all sugarcane growers and other business associates.



COMPANY INFORMATION

BOARD OF DIRECTORS

Mst. Nusrat Shamim	Executive Director	CEO
Mr. Ahmed Ali Tariq	Non Executive Director	Chairman
Mr. Mustafa Ali Tariq	Executive Director	
Mr. Muhammad Shams Amin	Non Executive Director	
Mr. Asad Ahmad Sheikh	Independent Director	
Mr. Taufeeq Ahmed Khan	Independent Director	
Mr. Ali Ashfaq	Non Executive Director	

AUDIT COMMITTEE

Mr. Taufiq Ahmad Khan	Independent Director	Chairman
Mr. Ahmed Ali Tariq	Non Executive Director	Member
Mr. Ali Ashfaq	Non Executive Director	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ahmed Ali Tariq	Non Executive Director	Chairman
Mr. Taufiq Ahmad Khan	Independent Director	Member
Mr. Mustafa Ali Tariq	Executive Director	Member

CHIEF OPERATING OFFICER

Mr. Wasim Saleem

CHIEF FINANCIAL OFFICER

Mr. Masood Ahmad
FCA

COMPANY SECRETARY

Mr. Khalid Mahmood
ACIS

LEGAL ADVISOR

Masud & Mirza Associates

BANKERS

MCB Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
Allied Bank Limited
Faysal Bank Limited
Meezan Bank Limited
United Bank Limited
The Bank of Punjab
Albarkah Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Summit Bank Limited
NIB Bank Limited

SHARE REGISTRAR

M/s Corptec Associates (Pvt) Limited
503-E, Johar Town, Lahore.
Ph:042- 35170336-7 Fax: 042- 35170338
E-mail: info@corptec.com.pk

AUDITORS

Riaz Ahmad & Company
Chartered Accountants

MILLS

Lahore Raod, Jaranwala

REGISTERED HEAD OFFICE

30-A E/1, Old FCC Gulberg III, Lahore
Ph: 35762089 - 35762090 Fax: 042-35712680
E-mail: info@huseinsugarmills.com
Website: www.huseinsugarmills.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 49th Annual General Meeting of the Shareholders of **HUSEIN SUGAR MILLS LIMITED** will be held on Thursday the 28th January, 2016 at 9:00 A.M at its Registered Office – 30-A E/1, Old F.C.C., Gulberg III, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on January 30, 2015.
2. To receive, consider and adopt, the Annual Audited Financial Statements for the year ended September 30, 2015 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the year 2015-16 ending September 30, 2016 and to fix their remuneration. The audit committee of the Board has recommended the retiring auditors M/s. Riaz Ahmad & Company, Chartered Accountants, being eligible have offered them-selves for re-appointment.

SPECIAL BUSINESS

1. Issue of shares otherwise than right

To consider and pass following special resolution to authorize the Board of Directors of the Company under the provisions of section 86(1) of the Companies Ordinance, 1984 for the issuance of 33,000,000 fully paid up ordinary shares of Rs. 10/- each total amounting to Rs. 330,000,000 by way of otherwise than right i.e. by conversion of Directors' Loan of Rs. 330,000,000 out of Directors' Loan Rs. 403,441,833 as per audited accounts for the year ended September 30, 2015 subject to the approval of Securities and Exchange Commission of Pakistan as required under the law.

Resolved unanimously that Board of Directors be and is hereby authorized to issue 33,000,000 ordinary shares of Rs. 10/- each by way of otherwise than rights to the following Directors of the Company, for an amount of loan of Rs. 330,000,000 out of their total Director's Loan of Rs. 403,441,833 as per audited accounts for the year ended September 30, 2015 subject to the approval of Securities and Exchange Commission of Pakistan as required under the law.

1. Mr. Ahmed Ali Tariq
2. Mr. Mustafa Ali Tariq

Further Resolved that the Chief Executive/Company Secretary be and are hereby authorized and empowered to complete all such legal formalities to give affect of the aforesaid Resolutions(s) on behalf of the Company. In case any error, omission or mistake is pointed by the Securities and Exchange Commission of Pakistan (the SECP) and any other Competent Authority in, the aforesaid resolution(s), the Company Secretary be and is hereby authorized to make necessary modification/corrections as and if pointed by the SECP and any other Competent Authority.

By Order Of the Board

Lahore: 6th January, 2016

Khalid Mahmood
Company Secretary

NOTES:

1. The members' register will remain closed from 22nd January 2016 to 28th January 2016 (both days inclusive). Transfers received at the Registrar office of the company by the close of business on 21st January 2016 will be entertained.



2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. As per decision of Board of Directors Share Registrar of the Company has been changed from Hameed Majeed Associates (Pvt) Limited to Corptec Associates (Pvt) Limited. Shareholders are requested to immediately notify the change in address, if any to our Share Registrar M/s Corptec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore.
4. CDC account holders will further have to follow the guidelines as laid down by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular 1 of January 26, 2000 as:
 - a. **FOR ATTENDING THE MEETING**
 - i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - ii). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
 - b. **FOR APPOINTING PROXIES**
 - i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
 - ii). Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv). Proxy shall produce his original CNIC or original passport at the time of the meeting.
 - v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.
5. Those shareholders who have not yet submitted their valid CNICs are once again advised to provide attested copies of their valid CNICs to the Company's Share Registrar As directed by the SECP through its Circular No. EMD/D-II/Misc./2009-1342 of April 4, 2013.
6. In order to enable a more efficient method of cash dividend, through its Circular No. 8(4) SM/CDC 2008 of April 5, 2013, the SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to electronically credit their dividend to their accounts. Accordingly, all non CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with CDC or Participants/ Stock Brokers, are advised to provide the mandate to CDC or their Participants/ Stock Brokers.
7. The Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under.
 - (a) For filers of income tax returns. 12.5%
 - (b) For non-filers of income tax returns. 17.5 %



To enable the company to make tax deduction on the amount of cash dividend @12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Tax- payer's List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @17.5% instead @12.5%.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Share Registrar M/s M/s Corptec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio number.

8. Securities and Exchange Commission of Pakistan (SECP) through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through e-mail. Therefore, all members of the Company who want to receive soft copy of Annual Report are requested to send their e-mail addresses on complete consent form to Company's Share Registrar, Corptec Associates (Pvt) Limited.. The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request. The standard consent form for electronic transmission is available at the Company's website. i.e. www.huseinsugarmills.com

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

The Board of directors (The "Board") of Husein Sugar Mills Limited (the "Company") at their meeting held on December 29, 2015 has decided to increase of paid up capital of the Company amounting to Rs. 500,000,000 by issuance of further ordinary shares of Rs. 330,000,000 by conversion of Directors' Loan of Rs. 330,000,000 out of Rs.403, 441,833 as appearing in the audited accounts for the year ended September 30, 2015.

The Company is facing liquidity crisis which is not only hampering day to day operations but also affecting the repayment capacity towards its creditors. Thus, the Company is in need of breathing period to focus on production. The management is keen to keep the Company running by making its all out efforts since the management is confident that in the presence of negative equity as per latest financial statements, neither the existing members will opt for further issue of right shares nor the management has further funds at their disposal to inject in the Company except two members who are also Director/Chairman and have already invested in the Company directors' interest free loan. They have given their consent to convert their loan into equity. Further in case of issuance of right shares no Company/Financial Institutions would agree to underwrite the unsubscribed shares of this loss making sugar unit in the current circumstances.

Under the circumstances there is no way out for the management to increase the paid up capital. To fulfill the banks requirement, it is possible only by conversion of Directors loan into equity and only then the equity will be converted from negative to positive which will enable the bank to provide loan to the Company for the improvement of the project by providing of working Capital Finance.

The management believes that if this arrangement is approved by the Securities & Exchange Commission of Pakistan (SECP), the Company will positively further improves the profitability and is expecting better future prospects for the Company.



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the Annual Report of Husein Sugar Mills Limited for the year ended September 30, 2015.

The Company's performance for current and last year is detailed as under:

		2015	2014
OPERATIONS			
Operating days	(Nos)	139	114
Sugarcane crushed	(M. Tons)	447,091	429,611
Sugar produced	(M. Tons)	41,103	40,415
Sugar recovery	(% age)	9.20	9.41
FINANCIAL			
		Rupees in Thousand	
Sales		1,995,710	2,694,801
Gross Loss		207,920	54,950
Operating Loss		354,809	197,430
Finance cost		61,335	90,544
Loss after taxation		418,342	294,645
Loss per share (Rupees)		24.61	17.33

The Company could not perform well during the year under review primarily owing to reasons and facts described in the ensuing paragraphs:

- (a) The Company was constrained to sell substantial portion of sugar and other by products produced during season at depressed rates because of various reasons that include general glut in the commodity market, exorbitantly high and disadvantageous sugar cane procurement price, unhealthy rivalry and competition between mills in the surrounding area and availability of insufficient working capital facilities during peak crushing period. The Company also was not able to avail benefits of upside in sale rates during off season due to lean financial space for holding the stocks.
- (b) In the last crushing season, for mills operating in province of Sindh, the sugar cane price fixed by the government was Rs. 160/40 Kg to be paid by the mills and Rs. 12/40 kg to be paid by the government as subsidy. Moreover, levy of road cess was waived for the year. On the other hand the provincial Government in Punjab fixed sugar cane price at Rs. 180/40 Kgs. with no subsidy and upward revision in road cess rates. Throughout during the crushing season, the provincial Government in Punjab constantly assured the mills that similar subsidy, as is being given to mills located in Sindh, will be given to mills in Punjab. But soon after the season was over, due to reasons not shared with the mills, the government did not meet the promises made and left the mills of Punjab in quandary. Mills like Husein Sugar Mills Limited, which took into account the promised subsidy in their costing and sold sugar accordingly, were caught on the wrong foot due to indifferent attitude of the provincial government in Punjab. It is needless to say that this whole phenomenon inflicted heavy losses on the Company.
- (c) Due to paucity of resources available the Company is so far much behind in implementation of energy efficiency improvement scheme as compared with rest of the industry.
- (d) The Company made a critical decision of taking early start in crushing season 2014-15 which did not trigger the accrual of expected benefit because the actual average sucrose recovery (9.2%) did not touch the desired level (9.8%).

DIVIDEND

No dividend is recommended for the time being in view of the current financial situation.

FUTURE OUTLOOK

The management embarked upon a number of under mentioned decisions and steps to obviate any similar situation in future and to make this unit a profitable, efficient and growth oriented entity in order to achieve the past glory and position in the industry:



- Injection of fresh equity of Rs. 296.5 million which helped in recouping the equity erosion and maintaining it in the positive range despite incurring loss during the season. This is an abundant demonstration of the commitment with the prosperity of the project on the part of sponsors.
- The Company was able to repay all due installments and markup of long term and short term loans. The Company, in its history of past 47 years, has never requested or sought for any loan rescheduling, waivers or deferment of due date or liabilities.
- The Company at present has no long term loan and lease finance liability (Zero long term debt). It is availing only short term working capital facilities and enjoys the entire satisfaction of the lenders.
- The management has further plans of equity injection of Rs. 50 million by December end.
- The Company has installed Falling Film Evaporators and has also undertaken further measures to reduce percentage of steam consumption and bring it within the range of acceptable levels. These measures are hopefully expected to bring additional benefits for the Company, in the shape of bagasse savings, to the tune of Rs. 100 million approximately.
- With the shifting of another sugar mill from the vicinity of Husein Sugar Mills to southern Punjab, the availability of sugarcane will substantially improve which is free from unhealthy competition. It is now fairly hoped that the project will achieve full capacity utilization from the very beginning of crushing season. This improvement in substantial availability of sugarcane will also reduce conversion cost due to incidence of lower fixed cost per unit of sugar production.
- The company has hired professionals having proven experience of turning around sugar mills who have sound standings in the industry.
- This year due to timely rains during monsoon, the sugar industry is foreseeing a healthy crop with additional 15% yield approximately. Moreover in the forth coming crushing season with healthy sizeable crop and normal timing of start of season, the Company is expecting an all time high sucrose recovery in the history of sugar industry.
- The company is in the process of enhancing available cash finance facility in order to improve the sugar stocks holding capacity during off season. This will forestall any possibility of distress selling and eventually improve retention sale price yield.

CORPORATE SOCIAL RESPONSIBILITY

The Company provides a safe, healthy, learning and environment friendly atmosphere to its all employees, besides promoting culture of tolerance, respect, friendship, self-help and mutual trust and confidence.

Besides offering apprenticeship to fresh graduates and post graduates and professional and technical young persons, the Company employs appropriate persons purely on merit basis. The Company also provides employment to disables and special persons to make them a useful part of the society.

As a corporate citizen, the Company is committed for a sustainably equitable social setup. The Company has, for this purpose, promoted establishment of non-profit institutions for the welfare of the poor and needy, primarily in the field of education and health. The aforesaid institutions have provided free medical facilities and quality education facilities to the people of the area.

**COMMENTS ON AUDITORS OBSERVATIONS****STOCK IN TRADE**

On August 25, 2015, nine (9) sugar mills in Punjab which also included Husein Sugar Mills were sealed. All the factory premises of the Company including sugar godowns containing Stock in Trade were securely sealed and locked from outside. Throughout the period that the factory premises remained sealed, there was no in and out movement of the Stock in Trade and no delivery to any customer was possible. Consequent upon satisfactory fulfillment by the Company of all the conditions ordained by the Lahore High Court for de sealing of the mills, the factory premises including sugar godowns were de sealed and after that the Company was able to sell and execute delivery of goods sold including sugar. During the quarter ended December 31, 2015 the entire quantity of finished goods included in Stock in Trade was sold and incidental Excise Duty/Sales Tax deposited in Government Treasury on due dates.

CREDITORS

The amount of Rs. 264.704 million included in Creditors (Note-9) was disbursed to the Company on different dates during the year on behalf of various farmers of sugarcane for purchase of agricultural inputs by Bank Islami Pakistan Limited. The Company is contingently liable to repay the principal and accrued profit in case of default of any individual farmer of sugarcane to the extent of actual default on due date (Note 13.1.4)

GOING CONCERN ASSUMPTION

In response to auditors' observation regarding Company's ability to continue as a going concern the Directors submit as follows:

- (i) During the year under review the Sponsor Directors have further introduced a significant amount towards Share Deposit Money enhancing the balance from Rs. 107.000 Million as of September 30, 2014 to Rs. 403.000 Million as of September 30, 2015. The Sponsors also intend to bring the balance of Share Deposit Money to Rs. 500 Million by January 31, 2016 and, if necessitated by the future events then, yet further to Rs. 600 Million by March 31, 2016. This factor fairly constitutes a tangible evidence of the continued commitment of the Sponsors to support the operations of the Company for any foreseeable future. This commitment also satisfactorily addresses all consequences of equity erosion caused by accumulated losses incurred by the Company.
- (ii) The Company has been successfully able to negotiate with The National Bank of Pakistan and win the renewal of a comprehensive working capital facility for the next year 2015-16. It is also pertinent to mention that, consequent upon complying with all the required pre disbursement formalities by the Company, the National Bank of Pakistan has duly issued the Disbursement Authorization Certificate (DAC) to the Company during third week of December 2015. The Company has already started draw down of the working capital facility since that date.
- (iii) The Company is also in the process of similar negotiations with other banks and financial institutions for renewals/fresh working capital facilities. It is reasonably expected that in view of the precedence of continued confidence demonstrated by National Bank of Pakistan, these negotiations will also prove to be successful.
- (iv) The Company at present is not in default with any bank or financial institution and there is no adverse remark against the Company in the eCIB data being maintained by State Bank of Pakistan. Further, there are no fixed terms borrowings approaching maturity and the Company is not relying on short term borrowings to finance long term assets, as well as, there are no loan agreements which the Company is not able to comply with.
- (v) The Company started the Crushing Season 2015-16 w.e.f November 25, 2015 and is crushing an average quantity of cane ranging between 5,000 to 6,000 Metric Tons per day. It is fortunate that during the current year the nature has been very generous and the cane crop is very rich, healthy, and



abundant. It is reasonably expected that current season is going to be a breakthrough year for the sugar industry in the province and, the Company is also going to reap the related benefits. The Company is expected to operate for more than 130 days and produce an impressive quantity of sugar and other by products.

- (vi) An added operational advantage for the Company during the current season is that another sugar mill of 12,000 TCD capacity, which was so far sharing the cane crop of the area with the Company, has shifted to southern Punjab and thus the quantity of cane available to the Company is much more than in the preceding seasons and this additional opportunity is also going to help the Company to turn around.
- (vii) It is an admitted fact that, owing to the typical nature of the operations of sugar industry, the total cane crushing days are the entire period during which the Company executes the revenue generation activity for the whole financial year. It is also a fact that with the successful completion of the crushing season it is concluded that the Company has operated for the whole year.
- (viii) The professional standards dictate that, at the time of making any assessment of applicability of going concern assumption, the relevant period is next one year succeeding the time of assessment. When an entity is expected to operate and perform normal business activities during the period of immediately next one financial year, then the incidence of events or factors that are considered likely to affect the entity's ability to continue as a going concern, are adequately and sufficiently mitigated leaving no uncertainty regarding validity of going concern assumption applicable to that entity. The same standard is applicable to the Company and it is clearly evident by all relevant standards that the Company is going to operate and perform all normal business activities during the period of next financial year. It could have been much more appropriate if, while compiling the observation regarding going concern assumption, the auditors had kept in their view this factor of fundamental importance.
- (ix) The ample quantity of cane daily being crushed by the Company, during the current 2015-16 season is, in its own right, a clear and absolute indication of the continued comfort and support to the Company by the raw material suppliers (sugar cane growers).
- (x) Owing to generally stringent financial conditions being faced by the Sugar Mills in Punjab, the Lahore High Court ordered sealing of nine (9) sugar mills which also included Husein Sugar Mills. Consequent upon fulfilment by the Company of the condition regarding payment of outstanding dues to sugarcane growers ordained by the Lahore High Court, Lahore for de sealing of the mills, the Mill premises was de sealed and the Company is now accomplishing the crushing season 2015-16.
- (xi) The Government of Pakistan has initially allowed export of 500,000 Metric Tons of sugar. This policy decision of the government is understandably going to have very salutary effects for the sugar industry of the country. In line with this policy the Company is actively engaged in formalizing the contracts, for export of an initial quantity of 30,000 Metric Tons, mainly with customers in Afghanistan and Central Asian States.
- (xii) In order to avail the benefits of the economies of scale and, the availability of abundant quantity of cane due to shifting of a 12,000 TCD mill from the area, Company is planning, after obtaining necessary approvals, to increase its crushing capacity to 15,000 TCD in next three years phasing out as 9,000 TCD next year 12,000 TCD in next two years and 15,000 TCD in the next third year.
- (xiii) The cumulative effect of explanations contained in paragraphs (i) to (xii) is that it can be rightly concluded that there is no uncertainty regarding application of going concern assumption with respect to the Company.



COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance with Code of Corporate Governance is annexed.

CORPORATE GOVERNANCE

As required by the Code of Corporate Governance, following is the statement in compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity
- b. Proper books of account of the Company have been maintained in the manner as required by the Companies Ordinance, 1984
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern as it has adequate resources and improving its results to continue in operation for the foreseeable future as has been explained in this report and note 1.2.
- g. There has been no material departure from the best practices of Corporate Governance as listed in the listing regulations of stock exchanges where the Company is listed.
- h. Provident Fund is managed by a duly executed separate Trust and the Trust has invested Rupees 40.115 million, as at September 30, 2015 (2014: Rupees 53.716 million).
- i. Detail of transactions in the shares of the Company by Directors, Chief Executive, Company Secretary, Chief Financial Officer, their spouses and minor children is as under:

Shares Purchased/Transferred in:

Mr. Asad Ahmad Sheikh - Director 2,500

MEETINGS OF BOARD OF DIRECTORS AND ITS SUB-COMMITTEES

Board of Directors

The Board of the Company met four times during current year. During the year, one casual vacancy occurred on the Board of Directors which was appropriately filled in by the Board. Mr. Asad Ahmad Sheikh assumed the responsibilities of Independent Director in place of out-going Mr. Ejaz Ahmed who resigned during the year. Attendance of the directors at these meetings is as under:

Directors' Names	Total No. of Meetings Held	No. of Meetings Attended
Mst. Nusrat Shamim	4	4
Mr. Ahmed Ali Tariq	4	4
Mr. Ejaz Ahmad *	4	3
Mian Shahzad Aslam**	4	None
Mian Aamir Naseem ***	4	None
Mr. Mustafa Ali Tariq	4	4
Mian M. Shams Amin	4	4

**Notes:**

- * Resigned with effect from May 27, 2015 and was replaced by Mr.Asad Ahmed Sheikh.
- ** Subsequently resigned with effect from November 23, 2015 and replaced by Mr.Taufeeq Ahmed Khan.
- *** Subsequently resigned with effect from November 23, 2015 and replaced by Mr.Ali Ashfaq.

Leaves of absences were granted to the directors who could not attend the Board meetings.

Change in the Audit Committee

During the year Mr. Ejaz Ahmed, the Chairman of Audit Committee was replaced by Mr. Asad Ahmed Sheikh. The Committee welcomes the new member and appreciates for the contributions made by the outgoing member. The statutory composition of the Committee remained intact with this change.

The Audit Committee held four meetings during the year, each before the Board of Directors meeting to review the financial statements, internal audit reports and compliance of corporate governance requirements. These meetings included meeting with external auditors before and after completion of external audit, meeting with external auditors in absence of CFO & head of internal auditor and meeting with internal auditors without CFO & external auditors being present in the meeting.

Meetings of Audit Committee

The audit committee is performing its duties in line with its terms of reference framed by the Company's Board of Directors. Four meetings of audit committee were held during the year, as under:

	Meetings Held *	Meetings Attended
Mr. Ejaz Ahmad	3	3
Mr.Ahmed Ali Tariq	4	4
Mian Aamir Naseem	4	None

**Held during the period when concerned Director was the member of the Committee.*

Leaves of absences were granted to the members who could not attend the committee meetings.

Change in Human Resources and Remuneration Committee

During the year Mr. Ejaz Ahmed, the member of HR& R Committee was replaced by Mr. Asad Ahmed Sheikh. The Committee welcomes the new member and appreciates for the contributions made by the outgoing member. The statutory composition of the Committee remained intact with this change. New composition of the Human Resources and Remuneration Committee is as under:

Mr.Ahmed Ali Tariq	Chairman
Mr. Asad Ahmad Sheikh	Member
Mr. Mustafa Ali Tariq	Member

DIRECTORS' TRAINING

As required under the Code of Corporate Governance, one directors of the Company has completed director's training course. Other directors, who are not exempted from the requirement of directors' training, would acquire it within prescribed time period.

PATTERN OF SHAREHOLDING

Pattern of shareholding as at September 30, 2015 is annexed.

POST BALANCE SHEET EVENTS

Subsequent to balance sheet date, no significant change has occurred or came to the knowledge of the Board that warrants reporting to shareholders.

**SHAREHOLDERS'S ROLE**

Company's shareholders are regularly informed about Company's state of affairs through quarterly accounts available on the Company's website. Active participation in the members' meetings is encouraged to ensure accountability and transparency.

EXTERNAL AUDITORS

The external auditors of the Company Riaz Ahmad and Company, Chartered Accountants shall retire on the conclusion of Annual General Meeting. Being eligible for re-appointment under the listing regulations, they have offered their services as auditors of the Company for the financial year 2015-16. The Audit Committee has recommended the appointment of Riaz Ahmad and Company, Chartered Accountants as Auditors of the Company for the year ended 30 September 2016 and the Board agrees to the recommendation of the Audit Committee.

The Auditors have also given their consent to work as Auditors for the next year and have conveyed that they have been given satisfactory rating under the Quality Control Review of Institute of Chartered Accountants of Pakistan and that the firm and all its partners are fully compliant with the code of ethics issued by International Federation of Accountants (IFAC). The Auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the Company.

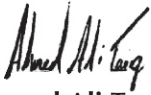
WEB PRESENCE

The website of the Company is compliant to requirements of Securities and Exchange Commission of Pakistan (SECP), and all the information relating to the Company including periodic financial statements / annual reports etc., is available on the website. Stakeholders and general public can visit Company's website www.huseinsugarmills.com to get their desired information.

APPRECIATION

The Board acknowledges with thanks the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for its devotion and hard work.

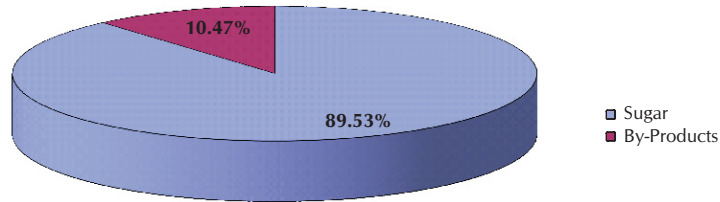
Lahore: December 29, 2015


Ahmad Ali Tariq
Chairman

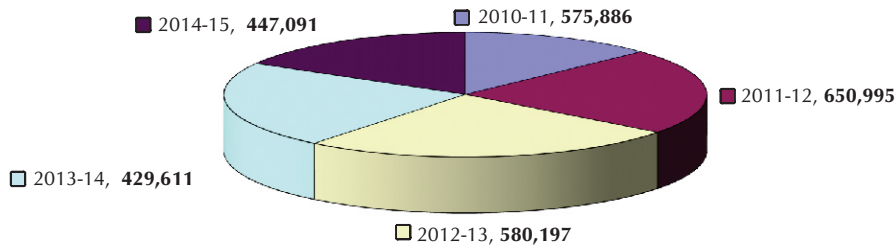


PERFORMANCE AT A GLANCE

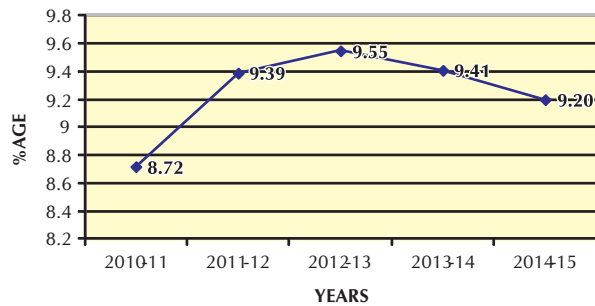
LOCAL SALES BREAK UP (CURRENT YEAR)



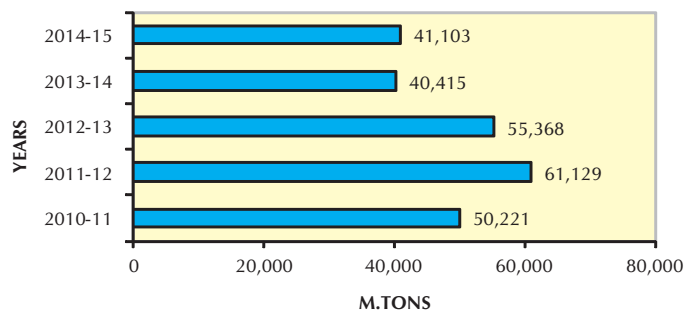
5 YEARS OMPARISON OF SUGARCANE CUSHING (M.TONS)



SUGAR RECOVERY (PERCENTAGE)



SUGAR PRODUCTION (M.TONS)





REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 ("the Board") of **HUSEIN SUGAR MILLS LIMITED** ("the Company") for the year ended 30 September 2015, to comply with the requirements of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges, where the Company is listed.

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

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

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

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


RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali

Lahore: December 29, 2015

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

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

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

Category	Names
Independent Directors	Mr. Asad Ahmad Sheikh
Executive Directors	Mst. Nusrat Shamim Mr. Mustafa Ali Tariq
Non-Executive Directors	Mr. Ahmed Ali Tariq Mian Shahzad Aslam Mian Aamir Naseem Mr. Muhammad Shams Amin

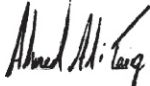
The independent director meets the criteria of independence under clause i (b) of CCG.

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, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
4. A casual vacancy occurring on the board on 27 May 2015 was filled up by the directors within 90 days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and timely circulated.
9. In accordance with the requirement of clause (xi) of the Code, one director has completed the director's training program during the year. However, he gave his resignation which was accepted by the Board of Directors w-e-f 27 May 2015. The directors other than those who are not exempted from the requirement of director's training program will acquire certification within specified time.
10. No new appointment of Company Secretary and Head of Internal Audit has been made by the Board during the year except CFO whose remuneration and terms and conditions of employment have been approved by the Board.



11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 2012 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 of whom two are Non-Executive Directors and the chairman of the committee is an Independent Director.
16. The meetings of the audit committee were held at least once every quarter, prior to the approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non executive director.
18. The Board has set up an effective internal audit function and the members of internal audit function 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 ICAP
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's Securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material requirements of the CCG have been complied with.

Lahore: December 29, 2015


Ahmad Ali Tariq
Chairman



KEY OPERATING AND FINANCIAL DATA

OPERATING DATA	2015	2014	2013	2012	2011	2010
Cane crushed (M.Tons)	447,091	429,617	580,197	650,995	575,886	333,572
Sugar produced from Sugar Cane (M.Tons)	41,103	40,415	55,368	61,129	50,221	28,764
Average Recovery from Sugarcane(%)	9.20	9.41	9.55	9.39	8.72	8.62
Number of days worked	139	114	113	121	122	106
.....(Rupees in ' 000).....						
FINANCIAL DATA						
Sales	1,995,710	2,694,801	2,234,951	3,010,669	3,477,699	1,824,195
Gross (Loss)/Profit	(207,920)	(54,950)	24,125	198,169	293,358	(149,607)
Operating (Loss)/Profit	(354,809)	(197,430)	(95,843)	109,205	185,749	(226,107)
Profit / (Loss) before taxation	(416,144)	(287,973)	(217,021)	24,492	119,245	(297,450)
Taxation	(2,198)	(6,672)	26,216	(17,571)	(49,353)	126,487
Profit / (Loss) after taxation	(418,342)	(294,645)	(190,805)	6,921	69,892	(170,963)
Earning /(Loss) per share (Rupees)	(24.61)	(17.28)	(11.22)	0.41	5.32	(13.87)
Total Assets	3,337,783	3,149,633	2,183,840	1,450,996	1,397,393	1,281,549
Current Liabilities	1,724,211	1,411,531	1,538,575	574,318	370,957	607,123
Capital Employed	1,613,572	1,738,103	645,265	876,678	1,026,436	674,426
Represented by:						
Share Capital	170,000	170,000	170,000	170,000	170,000	121,000
Reserves	208,855	203,987	207,471	192,171	192,920	191,231
Accumulated Loss	(952,607)	(594,721)	(300,076)	(109,271)	(116,192)	(186,085)
Shareholders' Equity	(573,752)	(220,734)	77,395	252,900	246,728	126,146
Non - current Liabilities						
Liabilities against assets subject to finance lease	-	7,576	17,574	25,718	5,816	9,956
Long term financing	-	-	49,967	99,933	279,341	45,000
Long term deposits	6,831	6,753	5,144	5,442	-	-
Deferred income tax liability	295,327	295,705	-	-	-	-
Deferred income on sale and lease back	-	-	-	-	289	639
	302,158	310,034	72,685	131,093	285,446	55,595



AUDITORS' REPORT TO THE MEMBERS

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

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

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


- a) As explained in note 1.2 to these financial statements, the mill premises of the company was sealed on the order of Honorable Lahore High Court, Lahore. Therefore, we did not observe the counting of physical quantities of stock-in-trade as at 30 September 2015 (Note 18) which is stated in these financial statements at Rupees 321.669 million. We were unable to satisfy ourselves by alternative means concerning the quantities of stock-in-trade.
- b) Creditors presented under trade and other payables (Note 9) to these financial statements include balances amounting to Rupees 264.704 million against which we were unable to obtain sufficient appropriate audit evidence.

Except for the effects of the matters described in the paragraphs (a) and (b) above, we report that:

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

We draw attention to note 1.2 to the financial statements, which indicates that the mill premises of the company was sealed on the order of Honourable Lahore High Court, Lahore which was subsequently de-sealed subject to the payment of outstanding balances payable to sugarcane growers. Further, the company has incurred gross loss and loss after taxation amounting to Rupees 207.920 million and Rupees 418.342 million respectively during the year ended 30 September 2015. Equity of the company stands at a negative balance of Rupees 573.752 million due to accumulated losses of Rupees 743.752 million as on 30 September 2015. At the balance sheet date, the company's current liabilities exceeded its current assets by Rupees 1,022.041 million. These conditions, alongwith other matters as set forth in the aforesaid note, indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the realization of the company's assets and liquidation of any liabilities that may be necessary should the company be unable to continue as a going concern. Our opinion is not qualified in respect of this matter.

Name of engagement partner:
Syed Mustafa Ali
Date: December 29, 2015
LAHORE


RIAZ AHMAD & COMPANY
Chartered Accountants

**BALANCE SHEET**

	NOTE	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (2014: 50,000,000) ordinary shares of Rupees 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital	3	170,000,000	170,000,000
Reserves	4	(743,752,314)	(390,734,171)
Total equity		(573,752,314)	(220,734,171)
Share deposit money		403,441,833	107,000,000
Surplus on revaluation of operating fixed assets - net of deferred income tax	5	1,494,724,734	1,541,802,260
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance	6	-	-
Liabilities against assets subject to finance lease	7	-	7,576,147
Long term deposits		6,830,743	6,753,535
Deferred income tax liability	8	282,326,962	295,704,769
		289,157,705	310,034,451
CURRENT LIABILITIES			
Trade and other payables	9	1,273,462,838	1,015,893,600
Accrued mark-up	10	13,874,902	12,037,547
Short term borrowings	11	417,404,411	316,430,454
Current portion of non-current liabilities	12	19,468,541	60,318,011
Provision for taxation		-	6,850,985
		1,724,210,692	1,411,530,597
Total liabilities		2,013,368,397	1,721,565,048
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,337,782,650	3,149,633,137

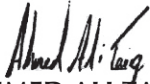
The annexed notes form an integral part of these financial statements.

MST. NUSRAT SHAMIM
Chief Executive



AS AT 30 SEPTEMBER 2015

	NOTE	2015 Rupees	2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	14	2,614,021,184	2,558,087,353
Long term investments	15	20,812,295	15,944,250
Long term deposits	16	779,440	9,904,929
		2,635,612,919	2,583,936,532
CURRENT ASSETS			
Stores, spare parts and loose tools	17	139,864,011	112,585,164
Stock-in-trade	18	321,669,362	106,541,620
Trade debts	19	41,531	15,529,595
Advances	20	22,088,824	32,580,568
Short term deposits and prepayments	21	11,127,476	20,716,782
Other receivables	22	104,672,028	151,077,178
Cash and bank balances	23	102,706,499	106,465,698
		702,169,731	545,496,605
Non-current asset held for sale	24	-	20,200,000
		702,169,731	565,696,605
TOTAL ASSETS		3,337,782,650	3,149,633,137


AHMED ALI TARIQ
Chairman / Director

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

	NOTE	2015 Rupees	2014 Rupees
SALES	25	1,995,710,327	2,694,800,903
COST OF SALES	26	(2,203,630,719)	(2,749,750,765)
GROSS LOSS		(207,920,392)	(54,949,862)
DISTRIBUTION COST	27	(17,625,456)	(9,198,868)
ADMINISTRATIVE EXPENSES	28	(147,608,656)	(133,000,020)
OTHER EXPENSES	29	(6,715,156)	(5,082,334)
		(171,949,268)	(147,281,222)
		(379,869,660)	(202,231,084)
OTHER INCOME	30	25,061,094	4,801,441
LOSS FROM OPERATIONS		(354,808,566)	(197,429,643)
FINANCE COST	31	(61,335,416)	(90,543,802)
LOSS BEFORE TAXATION		(416,143,982)	(287,973,445)
TAXATION	32	(2,197,539)	(6,672,040)
LOSS AFTER TAXATION		(418,341,521)	(294,645,485)
LOSS PER SHARE - BASIC AND DILUTED	33	(24.61)	(17.33)

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


MST. NUSRAT SHAMIM
Chief Executive

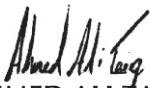

AHMED ALI TARIQ
Chairman / Director

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

	2015 Rupees	2014 Rupees
LOSS AFTER TAXATION	(418,341,521)	(294,645,485)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified to profit and loss account	-	-
Items that may be reclassified subsequently to profit and loss account:		
Surplus / (deficit) on remeasurement of available for sale investments	4,868,045	(3,484,005)
Other comprehensive income / (loss) for the year	4,868,045	(3,484,005)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(413,473,476)	(298,129,490)

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


MST. NUSRAT SHAMIM
Chief Executive


AHMED ALI TARIQ
Chairman / Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation

Adjustments for non-cash charges and other items:

Depreciation	125,377,248	32,153,196
Finance cost	61,335,416	90,543,802
Profit on bank deposits	(6,077,662)	(192,622)
Credit balances written back	91,403	-
Impairment loss on operating fixed asset	-	740,212
Loss on disposal of operating fixed assets	881,644	53,922
Provision for doubtful sales tax and federal excise duty	-	2,713,697
Provision for doubtful advances to sugarcane growers	-	1,519,503
Provision for doubtful trade debts	683,623	-
Provision for doubtful advances to suppliers	3,008,595	-
Provision for doubtful advances to contractors	12,000	-
Margin against letter of credit written off	1,700	-
Provision for doubtful miscellaneous receivables	1,719,605	-
Long term deposits written off	270,000	-
Margins against bank guarantees written off	117,989	-

CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(27,278,847)	38,887,394
Stock-in-trade	(215,127,742)	559,911,419
Trade debts	14,804,441	3,887,118
Advances	7,469,449	12,775,798
Short term deposits and prepayments	9,471,317	1,821,012
Other receivables	3,456,081	(32,415,135)

Increase in current liabilities:

Trade and other payables	305,501,532	485,837,709
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CASH (USED IN) / GENERATED FROM OPERATIONS

Finance cost paid	(59,498,061)	(105,384,761)
Income tax paid	(13,970,420)	(46,002,283)
Net decrease in long term deposits	4,361,489	2,224,500
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(199,533,182)	761,101,036

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of operating fixed assets	21,324,204	1,375,000
Property, plant and equipment - acquired	(183,316,927)	(122,829,831)
Profit on bank deposits received	4,205,325	213,059
NET CASH USED IN INVESTING ACTIVITIES	(157,787,398)	(121,241,772)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of liabilities against assets subject to finance lease	(5,456,616)	(12,039,380)
Share deposit money received	296,441,833	104,500,000
Repayment of long term finance	(38,475,001)	(49,966,668)
Long term deposits - net	77,208	1,609,401
Short term borrowings - net	100,973,957	(590,887,386)

NET CASH FROM / (USED IN) FINANCING ACTIVITIES

NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

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

MST. NUSRAT SHAMIM
Chief Executive

AHMED ALI TARIQ
Chairman / Director

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

	RESERVES						Total	TOTAL EQUITY	
	Capital			Revenue					
	Premium on issue of right shares	Fair value reserve	Sub total	General	Accumulated loss	Sub total			
Balance as on 30 September 2013	170,000,000	21,093,550	16,927,805	38,021,355	169,450,000	(300,076,036)	(130,626,036)	(92,604,681)	77,395,319
Loss for the year ended 30 September 2014	-	-	-	-	-	(294,645,485)	(294,645,485)	(294,645,485)	(294,645,485)
Other comprehensive loss for the year	-	-	(3,484,005)	(3,484,005)	-	-	-	(3,484,005)	(3,484,005)
Total comprehensive loss for the year	-	-	(3,484,005)	(3,484,005)	-	(294,645,485)	(294,645,485)	(298,129,490)	(298,129,490)
Balance as on 30 September 2014	170,000,000	21,093,550	13,443,800	34,537,350	169,450,000	(594,721,521)	(425,271,521)	(390,734,171)	(220,734,171)
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	-	60,455,333	60,455,333	60,455,333	60,455,333
Loss for the year ended 30 September 2015	-	-	-	-	-	(418,341,521)	(418,341,521)	(418,341,521)	(418,341,521)
Other comprehensive income for the year	-	-	4,868,045	4,868,045	-	-	-	4,868,045	4,868,045
Total comprehensive loss for the year	-	-	4,868,045	4,868,045	-	(418,341,521)	(418,341,521)	(413,473,476)	(413,473,476)
Balance as on 30 September 2015	170,000,000	21,093,550	18,311,845	39,405,395	169,450,000	(952,607,709)	(783,157,709)	(743,752,314)	(573,752,314)

----- Rupees -----

Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax

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


MST. NUSRAT SHAMIM
 Chief Executive


AHMED ALI TARIQ
 Chairman / Director





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

1. THE COMPANY AND ITS OPERATIONS

1.1 Husein Sugar Mills Limited (“the Company”) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Lahore and Karachi Stock Exchanges. Its registered office is situated at 30-A E/1, Old FCC, Gulberg-III, Lahore. The Company is principally engaged in the business of production and sale of sugar and by products.

1.2 GOING CONCERN ASSUMPTION

The Company incurred net loss after taxation of Rupees 294.645 million in the preceding financial year ended 30 September 2014 and further incurred gross loss and net loss after taxation of Rupees 207.920 million and Rupees 418.342 million respectively for the current financial year ended 30 September 2015. These continuing losses have resulted in erosion of the Company's equity and depletion of working capital base. During last few years, the Company is facing financial crunch. Long term loans from banks / financial institutions could not be obtained due to the Company's continuous loss history and adverse financial ratios.

During the year under review the sponsor directors have further introduced a significant amount towards share deposit money enhancing the balance from Rupees 107.000 million as of 30 September 2014 to Rupees 403.442 million as of 30 September 2015. The sponsors also intend to bring the balance of share deposit money to Rupees 500 million by 31 January 2016 and, if necessitated by the future events then, yet further to Rupees 600 million by 31 March 2016. This factor fairly constitutes a tangible evidence of the continued commitment of the sponsors to support the operations of the Company for foreseeable future. This commitment also satisfactorily addresses all consequences of equity erosion caused by accumulated losses incurred by the Company.

The Company has been successfully able to negotiate with the National Bank of Pakistan and win the renewal of a comprehensive working capital facility for the next year 2015-16. It is also pertinent to mention that, consequent upon complying with all the required pre disbursement formalities by the Company, the National Bank of Pakistan has duly issued the Disbursement Authorization Certificate (DAC) to the Company during third week of December 2015. The Company has already started draw down of the working capital facility since that date.

The Company is also in the process of similar negotiations with other banks and financial institutions for renewals / fresh working capital facilities. It is reasonably expected that in view of the precedence of continued confidence demonstrated by National Bank of Pakistan, these negotiations will also prove to be successful.

The Company at present is not in default with any bank or financial institution and there is no adverse remarks against the Company in the eCIB data being maintained by State Bank of Pakistan. Further, there are no fixed terms borrowings approaching maturity and the Company is not relying on short term borrowings to finance long term assets, as well as, there are no loan agreements which the Company is not able to comply with.

The Company started the Crushing Season 2015-16 w.e.f 25 November 2015 and is crushing an average quantity of sugarcane ranging between 5,000 to 6,000 Metric Tons per day. It is fortunate that during the current year the nature has been very generous and the sugarcane crop is very rich, healthy, and abundant. It is reasonably expected that current season is going to be a break through year for the sugar industry in the province and the Company is also going to reap the related benefits. The Company is expected to operate for more than 130 days and produce an impressive quantity of sugar and other by products



An added operational advantage for the Company during the current season is that a sugar mill of 12,000 TCD capacity, which was so far sharing the sugarcane crop of the area with the Company, has shifted to southern Punjab and thus the quantity of sugarcane available to the Company is much more than in the preceding seasons and this additional opportunity is also going to help the Company to turn around.

It is a fact that, owing to the typical nature of the operations of sugar industry, the total sugarcane crushing days are the entire period during which the Company executes the revenue generation activity for the whole financial year. It is also a fact that with the successful completion of the crushing season it is concluded that the Company has operated for the whole year.

The ample quantity of sugarcane daily being crushed by the Company, during the current 2015-16 season, is a clear and absolute indication of the continued comfort and support to the Company by the raw material suppliers (sugarcane growers).

Owing to generally stringent financial conditions being faced by the sugar mills in Punjab, the Honourable Lahore High Court, Lahore ordered sealing of nine (9) sugar mills which also included Husein Sugar Mills Limited. Consequent upon fulfilment by the Company of the condition regarding payment of outstanding dues to sugarcane growers ordained by the Honourable Lahore High Court, Lahore for de sealing of the mills, the mill premises was de sealed and the Company is now accomplishing the crushing season 2015-16.

The Government of Pakistan has initially allowed export of 500,000 Metric Tons of sugar. This policy decision of the Government is understandably going to have very salutary effects for the sugar industry of the country. In line with this policy the Company is actively engaged in formalizing the contracts, for export of 30,000 Metric Tons of sugar, mainly with customers in Afghanistan and Central Asian States.

In order to avail the benefits of the economies of scale and, the availability of abundant quantity of sugarcane due to shifting of a 12,000 TCD mill from the area, the Company is planning to increase its crushing capacity to 15,000 TCD in next three years phasing out as 9,000 TCD next year 12,000 TCD in next two years and 15,000 TCD in the next third year.

The management is confident that these steps will bring the Company out of the existing crises and the Company will continue as a going concern. These financial statements, therefore, do not include any adjustment relating to realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

**b) Accounting convention**

These financial statements have been prepared under the historical cost convention, except for freehold land, buildings on freehold land and plant and machinery which are carried at revalued amount and certain financial instruments which are carried at their fair value.

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- **Income taxes:** In making the estimates for income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in past. Where the final tax outcome is different from the amount that was initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined.
- **Useful lives, patterns of economic benefits and impairments:** Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.
- **Inventories:** Net realizable value of inventories is estimated with reference to the estimated selling price in the ordinary course of business less estimated costs necessary to make the sales.

d) Interpretation and amendments to published approved standards that are effective in current year and are relevant to the Company

The following interpretation and amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 October 2014:

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.



IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs included IAS 24 'Related Party Disclosures', which is considered relevant to the Company's financial statements. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of the above amendments and interpretation does not result in any material impact on profit or loss, other comprehensive income and total comprehensive income.

e) Amendments to published approved standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 October 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 October 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.



IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial Instruments: Disclosures', and IAS 34 'Interim Financial Reporting', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 October 2015. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards and amendments to published approved standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 October 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefits

The Company operates a funded provident fund scheme covering all permanent employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 10 percent of basic pay plus cost of living allowance.



2.3 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity respectively.

2.4 Foreign currencies

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rates of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

2.5 Fixed assets

Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land, buildings on freehold land, plant and machinery and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at revalued amount less accumulated impairment losses (if any). Buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any), while capital work-in-progress is stated at cost less accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of brining the asset to working condition.

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



Any revaluation surplus is credited to surplus on revaluation of operating fixed assets except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in surplus on revaluation of operating fixed assets.

Leased

Finance leases

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

Depreciation

Depreciation on all operating fixed assets is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 14.1. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the date on which the assets are available for use and on deletions upto the date on which the assets are deleted.

Derecognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.



2.6 Financial instruments

Financial Instruments carried on the balance sheet include investments, deposits, trade debts, advances, other receivables, cash and bank balances, short-term borrowings, accrued mark-up, trade and other payables, liabilities against assets subject to finance lease and long term finance. Financial assets and liabilities are recognized initially at fair value when the Company becomes a party to the contractual provisions of instrument.

The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and derecognition is charged to the profit and loss account currently.

Off setting

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

2.7 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.8 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest rate method.

2.9 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.10 Investments

The Company's management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit and loss account" which is initially measured at fair value.

Investment at fair value through profit and loss account

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term.

Gains or losses on investments held-for-trading are recognized in profit and loss account.

**Held-to-maturity**

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in profit and loss account.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.11 Inventories

Inventories, except for stock in transit, molasses, bagasse and press mud are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads.

Molasses, bagasse and press mud are valued at their net realizable value.

Net realizable value is determined on the basis of the estimated selling price of the product in the ordinary course of business less estimated costs of completion and estimated costs necessary to make a sale.

2.12 Borrowing cost

Interest, mark-up and other charges on long-term financing are capitalized up to the date of commissioning of the respective qualifying assets acquired out of the proceeds of such borrowings. All other interest, mark-up and other charges are charged to income.



2.13 Provisions

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

2.14 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.15 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers.

Dividend income is recognized when the right to receive the dividend is established.

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

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Share capital

Ordinary shares are classified as equity.

2.18 Dividend and transfer of reserve

Dividend distribution to the shareholders is recognized as a liability in the Company's financial statements in period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

**3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2015 (Number of shares)	2014 (Number of shares)		2015 Rupees	2014 Rupees
8,156,250	8,156,250	Ordinary shares of Rupees 10 each fully paid in cash	81,562,500	81,562,500
161,900	161,900	Ordinary shares of Rupees 10 each issued fully paid for consideration other than cash	1,619,000	1,619,000
8,681,850	8,681,850	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	86,818,500	86,818,500
17,000,000	17,000,000		170,000,000	170,000,000

4. RESERVES

Composition of reserves is as follows:

Capital

Premium on issue of right shares (Note 4.1)

Fair value reserve (Note 4.2)

Revenue

General

Accumulated loss

21,093,550	21,093,550
18,311,845	13,443,800
39,405,395	34,537,350
169,450,000	169,450,000
(952,607,709)	(594,721,521)
(783,157,709)	(425,271,521)
(743,752,314)	(390,734,171)

4.1 This reserve can be utilized by the Company only for the purposes specified in Section 83(2) of the Companies Ordinance, 1984.

4.2 This represents unrealized gain on remeasurement of available for sale investments and is not available for distribution. This will be transferred to profit and loss account on realization.

5. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX

Balance as at 01 October	1,983,269,877	492,684,029
Add: Surplus incorporated during the year (Note 14.1)	-	1,490,585,848
Less: Incremental depreciation	88,904,901	-
Balance as at 30 September	1,894,364,976	1,983,269,877
Less: Related deferred income tax liability	399,640,242	441,467,617
	1,494,724,734	1,541,802,260



6. LONG TERM FINANCE

From banking company - secured

MCB Bank Limited (Note 6.1)

Less: Current portion shown under current liabilities (Note 12)

	2015 Rupees	2014 Rupees
	11,491,663	49,966,664
	11,491,663	49,966,664
	-	-

6.1 This represents diminishing musharka credit facility of Rupees 149.900 million obtained from MCB Bank Limited - Islamic Banking to enhance the production efficiency of the Company. This facility is secured against ranking charge over present and future assets (both current and fixed) of the Company to the extent of Rupees 199.867 million with 25% margin and personal guarantees of two directors of the Company. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.50% (2014: 3 months KIBOR plus 2.50%) per annum. Effective rate of mark-up ranges from 10.47% to 12.68% (2014: 11.56% to 12.68%) per annum. This facility is repayable in four years in 12 quarterly instalments. As at balance sheet date, outstanding balance of this facility is overdue. However, it has been paid subsequent to the year end.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments

Less: Un-amortized finance charge

Present value of future minimum lease payments

Less: Current portion shown under current liabilities (Note 12)

	7,980,429	18,764,688
	3,551	837,194
	7,976,878	17,927,494
	7,976,878	10,351,347
	-	7,576,147

7.1 Minimum lease payments have been discounted using implicit interest rates ranging from 10% to 12.93% (2014: 12.94% to 14.93%) per annum. Balance rentals are payable in monthly instalments. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. These are secured against the leased assets, demand promissory notes, personal guarantees of directors and deposits of Rupees 7.315 million (2014: Rupees 11.809 million). As at balance sheet date, outstanding balance of liabilities against assets subject to finance lease is overdue. However, it has been paid subsequent to the year end.

7.2 Minimum lease payments and their present values are regrouped as under:

	2015		2014	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	----- Rupees -----			
Future minimum lease payments	7,980,429	-	11,137,214	7,627,474
Less: Un-amortized finance charge	3,551	-	785,867	51,327
Present value of future minimum lease payments	7,976,878	-	10,351,347	7,576,147



	2015 Rupees	2014 Rupees
8. DEFERRED INCOME TAX LIABILITY		
The (liability) / asset for deferred taxation comprises temporary differences arising due to:		
Taxable temporary differences		
Accelerated tax depreciation	(104,255,692)	(88,057,173)
Finance lease	(3,238,948)	(3,583,051)
Surplus on revaluation of operating fixed assets	(399,640,242)	(441,467,617)
	(507,134,882)	(533,107,841)
Deductible temporary differences		
Available tax losses	337,083,275	251,233,839
Turnover tax available for carry forward	-	31,784,666
	337,083,275	283,018,505
Net deferred income tax liability	(170,051,607)	(250,089,336)
Less: Deferred income tax asset not recognized	112,275,355	45,615,433
Net deferred income tax liability recognized	(282,326,962)	(295,704,769)
9. TRADE AND OTHER PAYABLES		
Creditors	830,128,876	206,754,951
Advances from customers	380,521,509	783,424,217
Advance against sale of land (Note 24)	-	10,000,000
Security deposits - interest free	494,000	494,000
Accrued liabilities	36,389,496	8,282,671
Income tax deducted at source	6,128,782	3,423,581
Sales tax payable	3,900,220	-
Payable to provident fund trust	11,387,868	1,079,743
Unclaimed dividend	1,208,842	1,208,842
Others	3,303,245	1,225,595
	1,273,462,838	1,015,893,600
10. ACCRUED MARK-UP		
Long term finance	214,993	1,492,812
Short term borrowings	13,514,049	10,475,599
Liabilities against assets subject to finance lease	145,860	69,136
	13,874,902	12,037,547
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Cash finances (Note 11.1)	-	64,000,000
Running finances (Note 11.2)	99,949,411	102,975,454
Agri finance (Note 11.3)	142,455,000	149,455,000
Istasna (Note 11.4)	175,000,000	-
	417,404,411	316,430,454



- 11.1** These facilities, forming part of total credit facilities of Rupees Nil (2014: Rupees 450.000 million) are secured against pledge of refined sugar with a margin of 25% and personal guarantees of two directors of the Company. Mark-up is payable at the rate of 1 month KIBOR plus 2% (2014: 1 month KIBOR to 6 month KIBOR plus 1.40% to 2.50%) per annum. Effective rate of mark-up ranges from 10.10% to 12.29% (2014: 10.84% to 12.66%) per annum.
- 11.2** These facilities, forming part of total credit facilities of Rupees 100 million (2014: Rupees 150.000 million) are secured against first pari passu charge over all present and future fixed and current assets of the Company to the extent of Rupees 134 million with a margin of 25% and personal guarantees of two directors of the Company. Mark-up is payable at the rate of 3 month KIBOR plus 2.50% (2014: 1 month KIBOR to 3 month KIBOR plus 2.00% to 2.50%) per annum. Effective rate of mark-up ranges from 9.51% to 12.68% (2014: 11.19% to 12.68%) per annum.
- 11.3** This represents growers finance facility, forming part of total credit facility of Rupees 150.000 million. This facility is secured against joint pari passu charge over fixed assets of the Company (including land, building and machinery) of Rupees 180.000 million and personal guarantees of two directors of the Company. Mark-up is payable quarterly at the rate of 6 months KIBOR plus 3.00% per annum. Effective rate of mark-up ranges from 10.05% to 13.21% (2014: 13.15% to 13.18%) per annum.
- 11.4** This facility is secured against pledge of refined sugar with a margin of 25% and ownership of istasna goods of the Company. Profit is payable at the rate of respective KIBOR plus 3% per annum. Effective rate of mark-up ranges from 9.99% to 10.69% per annum.

12. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term finance (Note 6)
Liabilities against assets subject to finance lease (Note 7)

	2015 Rupees	2014 Rupees
	11,491,663	49,966,664
	7,976,878	10,351,347
	19,468,541	60,318,011

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1** The tax department raised demand of Rupees 44.039 million in show cause notice issued to the Company on 10 November 2014, alleging that the Company charged federal excise duty (FED) at the rate of 0.5% instead of 8% on local supplies made during the period from January 2014 to June 2014 against quantity of white crystalline sugar exported to Afghanistan which was not in accordance with clause (d) of SRO 77(1)/2013 dated 07 February 2013. Consequently, the Company filed a writ petition against this notice in the Honorable Lahore High Court, Lahore on the basis that the FED at the rate of 0.5% has been charged as allowed by the order dated 08 November 2013 passed in W.P No. 4927/2013, which declared that clause (d) of SRO No. 77/2013 is unlawful. The writ petition filed by the Company is in the process of hearing. Based on the advice of the legal counsel, the management expects a favourable outcome of the matter. Hence, no provision has been made in these financial statements.



- 13.1.2** During the year, Deputy Commissioner Inland Revenue raised Sales tax demand of Rupees 15.402 million along with penalty / default surcharge amounting to Rupees 0.508 million on the basis of audit conducted by the tax department for the period from July 2012 to June 2013. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of Deputy Commissioner Inland Revenue. The Commissioner Inland Revenue (Appeals) deleted the demand of Rupees 14.209 million along with penalty / default surcharge amounting to Rupees 0.426 million. Against the remaining demand of Rupees 1.193 million along with penalty there on amounting to Rupees 0.082 million, the Company has filed an appeal before Appellate Tribunal Inland Revenue which is still pending for hearing. The management of the Company based on advice of legal counsel expects a favourable outcome of the appeal, hence, no provision has been made in these financial statements.
- 13.1.3** As a result of withholding tax audit for the tax year 2010, the Deputy Commissioner Inland Revenue raised a demand of Rupees 7.264 million under sections 161 and 205 of the Income Tax Ordinance, 2001. Currently, the Company is in appeal before Appellate Tribunal Inland Revenue against this demand. The Company expects a favourable outcome of the appeal based on advice of the tax counsel, hence, no provision has been made in these financial statements.
- 13.1.4** The Company has given corporate guarantee amounting to Rupees 354.000 million and ranking charge over its current assets against Murabah facility given by Bank Islamic Pakistan Limited to various farmers of sugar cane.
- 13.1.5** Guarantees of Rupees Nil (2014: Rupees 42.800 million), Rupees Nil (2014: Rupees 43.800 million) and Rupees Nil (2014: Rupees 12.989 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connection, Engro Fertilizers Limited against supply of fertilizers and Trading Corporation of Pakistan against sale of sugar respectively.

13.2 Commitments

	2015 Rupees	2014 Rupees
For capital expenditure	Nil	Nil
Letters of credit other than capital expenditure	Nil	7,061,123
14. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets		
- Owned (Note 14.1)	2,498,300,698	2,440,054,016
- Leased (Note 14.1)	18,098,591	28,785,225
	2,516,399,289	2,468,839,241
Capital work-in-progress (Note 14.2)	97,621,895	89,248,112
	2,614,021,184	2,558,087,353
Intangible asset (Note 14.1)	-	-
	2,614,021,184	2,558,087,353



14.1 Reconciliation of carrying amounts of operating fixed assets and intangible asset at the beginning and end of the year is as follows:

DESCRIPTION	OPERATING FIXED ASSETS											INTANGIBLE ASSET		
	OWNED										LEASED			
	Freehold land	Buildings on freehold land	Plant and machinery	Stand by equipment	Factory equipment	Gas and electric installations	Railway siding	Furniture and fixtures	Office equipment	Computer equipment	Vehicles		Total	Vehicles
	Rupees													
As at 30 September 2013	516,938,561	98,903,852	982,688,458	3,118,158	7,185,931	9,716,592	492,072	4,218,431	5,547,231	4,491,957	32,511,758	1,665,813,001	44,802,853	1,000,000
Cost/revalued amount	-	(16,523,985)	(612,833,652)	(335,529)	(5,635,719)	(8,224,908)	(492,072)	(3,179,921)	(4,514,888)	(3,989,122)	(25,843,321)	(701,573,117)	(9,846,733)	(1,000,000)
Accumulated depreciation / amortization	516,938,561	62,379,867	369,854,806	2,782,629	1,550,212	1,491,684	-	1,038,510	1,032,343	502,835	6,668,437	964,239,884	34,954,120	-
Net book value														
Year ended 30 September 2014	516,938,561	62,379,867	369,854,806	2,782,629	1,550,212	1,491,684	-	1,038,510	1,032,343	502,835	6,668,437	964,239,884	34,954,120	-
Opening net book value	285,892	-	24,143,564	-	108,609	2,958,208	-	35,400	1,469,369	127,660	4,453,017	33,581,719	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:	-	-	-	(492,475)	-	-	-	-	(39,000)	-	(416,000)	(947,475)	(1,523,165)	-
Cost	-	-	-	87,757	-	-	-	-	23,824	-	416,000	527,581	514,137	-
Accumulated depreciation	-	-	-	(404,718)	-	-	-	-	(15,176)	-	-	(419,894)	(1,009,028)	-
Transfer to non-current asset held for sale (Note 24)	(20,940,212)	-	-	-	-	-	-	-	-	-	-	(20,940,212)	-	-
Cost	740,212	-	-	-	-	-	-	-	-	-	-	740,212	-	-
Impairment loss	(20,200,000)	-	-	-	-	-	-	-	-	-	-	(20,200,000)	-	-
Depreciation charge	-	(6,237,987)	(18,275,659)	(256,907)	(156,880)	(377,264)	-	(105,131)	(407,396)	(172,390)	(1,003,715)	(26,993,329)	(5,159,867)	-
Impairment loss	(740,212)	-	-	-	-	-	-	-	-	-	-	(740,212)	-	-
Revaluation surplus (Note 5)	152,805,189	440,317,370	897,463,289	-	-	-	-	-	-	-	-	1,490,585,848	-	-
Closing net book value	649,089,430	496,459,250	1,273,186,000	2,121,004	1,501,941	4,072,628	-	968,779	2,079,140	458,105	10,117,739	2,440,054,016	28,785,225	-
As at 30 September 2014	649,089,430	539,221,222	1,904,295,311	2,625,683	7,294,540	12,674,800	492,072	4,253,831	6,977,600	4,619,617	36,548,775	3,166,092,881	43,279,688	1,000,000
Cost/revalued amount	-	(42,761,972)	(631,109,311)	(504,679)	(5,792,599)	(8,602,172)	(492,072)	(3,285,052)	(4,898,460)	(4,161,512)	(26,431,036)	(728,038,865)	(14,494,463)	(1,000,000)
Accumulated depreciation / amortization	649,089,430	496,459,250	1,273,186,000	2,121,004	1,501,941	4,072,628	-	968,779	2,079,140	458,105	10,117,739	2,440,054,016	28,785,225	-
Net book value														
Year ended 30 September 2015	649,089,430	496,459,250	1,273,186,000	2,121,004	1,501,941	4,072,628	-	968,779	2,079,140	458,105	10,117,739	2,440,054,016	28,785,225	-
Opening net book value	-	-	144,223,993	-	-	3,979,042	-	-	248,500	708,300	25,783,309	174,943,144	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	(6,494,720)	(6,494,720)	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	4,488,872	4,488,872	-	-
Transferred from leased assets:	-	-	-	-	-	-	-	-	-	-	(2,005,848)	(2,005,848)	-	-
Cost	-	-	-	-	-	-	-	-	-	-	13,082,260	13,082,260	(13,082,260)	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(5,709,231)	(5,709,231)	5,709,231	-
Depreciation charge	-	(49,645,925)	(66,152,386)	(212,100)	(150,194)	(710,931)	-	(96,878)	(448,878)	(258,548)	(4,387,803)	(122,063,643)	(7,373,029)	-
Closing net book value	649,089,430	446,813,325	1,351,257,607	1,908,904	1,351,747	7,340,739	-	871,901	1,878,762	907,857	36,880,426	2,498,300,698	18,098,591	-
As at 30 September 2015	649,089,430	539,221,222	2,048,519,304	2,625,683	7,294,540	16,653,842	492,072	4,253,831	7,226,100	5,327,917	68,919,624	3,349,623,565	30,197,428	1,000,000
Cost/revalued amount	-	(92,407,897)	(697,261,697)	(716,779)	(5,942,793)	(9,313,103)	(492,072)	(3,381,930)	(5,347,338)	(4,420,060)	(32,039,198)	(851,322,867)	(12,098,837)	(1,000,000)
Accumulated depreciation / amortization	649,089,430	446,813,325	1,351,257,607	1,908,904	1,351,747	7,340,739	-	871,901	1,878,762	907,857	36,880,426	2,498,300,698	18,098,591	-
Net book value														
Depreciation rate % per annum	10	10	5	10	10	10	5	10	20	30	20	20	20	33.33



	2015 Rupees	2014 Rupees
14.2 Capital work-in-progress		
Plant and machinery	13,454,991	-
Advances for plant and machinery	84,166,904	87,167,612
Advances for vehicles	-	2,080,500
	97,621,895	89,248,112
15. LONG TERM INVESTMENTS		
AVAILABLE FOR SALE		
Associated companies - Quoted		
Shadab Textile Mills Limited		
375,000 (2014: 375,000) fully paid ordinary shares of Rupees 10 each	2,500,000	2,500,000
Sargodha Spinning Mills Limited		
500 (2014: 500) fully paid ordinary shares of Rupees 10 each	5,000	5,000
	2,505,000	2,505,000
Add: Fair value adjustment (Note 4)	18,311,845	13,443,800
Less: Impairment loss	4,550	4,550
	20,812,295	15,944,250
16. LONG TERM DEPOSITS		
Margin against bank guarantees	-	4,397,989
Security deposits against leased assets	7,315,200	11,809,200
Security deposits - others	779,440	1,012,940
	8,094,640	17,220,129
Less: Current portion shown under current assets (Note 21)	7,315,200	7,315,200
	779,440	9,904,929
17. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	124,286,694	97,546,747
Spare parts	13,746,328	14,134,718
Loose tools	1,830,989	903,699
	139,864,011	112,585,164
18. STOCK-IN-TRADE		
Work-in-process	2,519,008	1,659,576
Finished goods	319,150,354	104,882,044
	321,669,362	106,541,620
18.1 Stock-in-trade includes inventory amounting to Rupees 32.798 million (2014: Rupees 45.631 million) carried at net realizable value.		
19. TRADE DEBTS		
Other than related parties - unsecured		
Considered good	41,531	15,529,595
Considered doubtful	683,623	-
Provision for doubtful trade debts (Note 29)	(683,623)	-
	-	-
	41,531	15,529,595



19.1As at 30 September 2015, trade debts of Rupees 0.042 million (2014: Rupees 15.530 million) were past due but not impaired. These relate to independent customers from whom there is no recent history of default. Age analysis of these trade debts is as follows:

	2015 Rupees	2014 Rupees
Upto 1 month	41,531	12,781,876
1 to 6 months	-	2,747,719
	41,531	15,529,595

20. ADVANCES

Considered good

Advances to:

Employees - interest free	2,410,812	1,498,492
Employees against expenses	493,024	277,798
Suppliers (Note 20.1)	12,954,392	19,155,050
Contractors (Note 20.2)	552,360	23,000
Sugarcane growers (Note 20.3)	5,678,236	11,589,488
Margin against letters of credit	-	36,740
	22,088,824	32,580,568

20.1 Advances to suppliers

Considered good	12,954,392	19,155,050
Considered doubtful	3,008,595	-
Provision for doubtful advances (Note 29)	(3,008,595)	-
	-	-
	12,954,392	19,155,050

20.2 Advances to contractors

Considered good	552,360	23,000
Considered doubtful	12,000	-
Provision for doubtful advances (Note 29)	(12,000)	-
	-	-
	552,360	23,000

20.3 Advances to sugarcane growers

Considered good	5,678,236	11,589,488
Considered doubtful	1,519,503	1,519,503
Provision for doubtful advances (Note 29)	(1,519,503)	(1,519,503)
	-	-
	5,678,236	11,589,488

**21. SHORT TERM DEPOSITS AND PREPAYMENTS****Deposits:**

Margins against bank guarantees

Security deposit

Current portion of long term deposits (Note 16)

Prepayments

	2015 Rupees	2014 Rupees
Margins against bank guarantees	-	9,144,351
Security deposit	-	1,000,000
Current portion of long term deposits (Note 16)	7,315,200	7,315,200
	7,315,200	17,459,551
Prepayments	3,812,276	3,257,231
	11,127,476	20,716,782

22. OTHER RECEIVABLES**Considered good**

Advance income tax

Sales tax and federal excise duty

Accrued mark-up

Freight subsidy receivable

Miscellaneous receivables (Note 22.1)

Advance income tax	60,624,064	103,725,865
Sales tax and federal excise duty	-	8,713,250
Accrued mark-up	1,888,374	16,037
Freight subsidy receivable	36,295,750	36,295,750
Miscellaneous receivables (Note 22.1)	5,863,840	2,326,276
	104,672,028	151,077,178

22.1 Miscellaneous receivables

Considered good

Considered doubtful

Provision for doubtful miscellaneous receivables (Note 29)

Considered good	5,863,840	2,326,276
Considered doubtful	1,719,605	-
Provision for doubtful miscellaneous receivables (Note 29)	(1,719,605)	-
	-	-
	5,863,840	2,326,276

23. CASH AND BANK BALANCES

Cash in hand

Cash with banks on :

Current accounts (Note 23.1)

Saving accounts (Note 23.2)

Cash in hand	1,585	1,360,738
Cash with banks on :		
Current accounts (Note 23.1)	99,026,991	84,494,614
Saving accounts (Note 23.2)	3,677,923	20,610,346
	102,704,914	105,104,960
	102,706,499	106,465,698

23.1 Cash with banks on current accounts include foreign currency balance of US\$ 597.6 (2014: US\$ 597.6).**23.2** Rate of profit on saving accounts ranges from 3.50% to 7.00% (2014: 4.60% to 7.00%) per annum.**24. NON-CURRENT ASSET HELD FOR SALE**

The Company entered on 05 June 2014 in agreement to sell its freehold land situated at Canal View Co-operative Housing Society Phase I, Lahore. In this regard an advance of Rupees 10.000 million was received during the year ended 30 September 2014. During the current year, balance amount of Rupees 10.200 million has been received and land has been transferred in the name of the buyer.

25. SALES

Export - sugar

Local sales (Note 25.1)

Freight subsidy

Export - sugar	198,513,179	914,969,135
Local sales (Note 25.1)	1,753,738,341	1,759,636,018
Freight subsidy	43,458,807	20,195,750
	1,995,710,327	2,694,800,903



	2015 Rupees	2014 Rupees
25.1 Local sales		
Sugar	1,693,193,782	1,627,313,739
By Products:		
Molasses	197,098,899	205,535,359
Press mud	836,682	198,977
Bagasse	-	3,603,600
	197,935,581	209,337,936
	1,891,129,363	1,836,651,675
Less: Federal excise duty and sales tax	137,391,022	77,015,657
	1,753,738,341	1,759,636,018
26. COST OF SALES		
Raw material consumed:		
Sugarcane purchased	2,033,295,240	1,887,435,739
Sugarcane development cess	16,771,801	10,739,277
Market committee fee	2,236,240	2,151,267
	2,052,303,281	1,900,326,283
Salaries, wages and other benefits (Note 26.1)	121,995,573	111,805,320
Workers' welfare	1,636,269	2,908,913
Stores, spare parts and loose tools consumed	11,315,995	9,285,071
Chemicals consumed	26,248,458	28,857,981
Packing material consumed	22,246,280	21,660,929
Fuel and power	25,641,481	22,547,696
Repair and maintenance	35,532,262	57,261,175
Insurance	6,505,475	4,968,962
Other factory overheads	7,073,383	5,981,174
Depreciation (Note 14.1.3)	108,260,004	24,235,842
	2,418,758,461	2,189,839,346
Work-in-process		
Opening stock	1,659,576	1,272,242
Closing stock	(2,519,008)	(1,659,576)
	(859,432)	(387,334)
Cost of goods manufactured	2,417,899,029	2,189,452,012
Finished goods		
Opening stock	104,882,044	665,180,797
Closing stock	(319,150,354)	(104,882,044)
	(214,268,310)	560,298,753
	2,203,630,719	2,749,750,765
26.1 Salaries, wages and other benefits include Rupees 2.518 million (2014: Rupees 2.435 million) in respect of employees' provident fund contribution by the Company.		
27. DISTRIBUTION COST		
Salaries, wages and other benefits (Note 27.1)	4,291,130	3,627,592
Handling and distribution	2,969,396	3,451,616
Commission to selling agent	1,598,000	702,972
Repair and maintenance	126,145	335,043
Printing and stationery	29,252	12,791
Depreciation (Note 14.1.3)	8,611,533	1,068,854
	17,625,456	9,198,868



27.1 Salaries, wages and other benefits include Rupees 0.160 million (2014: Rupees 0.155 million) in respect of employees' provident fund contribution by the Company.

	2015 Rupees	2014 Rupees
28. ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 28.1)	102,725,010	92,182,931
Traveling and conveyance	2,100,675	1,663,149
Communication	1,658,640	1,679,345
Rent, rates and taxes	3,805,202	4,440,802
Printing and stationery	1,597,793	1,613,517
Repair and maintenance	1,001,466	1,450,758
Vehicle's running	8,345,757	10,315,244
Fee and subscription	1,137,361	1,651,573
Legal and professional	4,370,560	2,004,262
Auditors' remuneration (Note 28.2)	1,015,500	899,125
Entertainment	2,324,321	1,789,657
Advertisement	86,850	156,880
Insurance	2,096,718	2,043,513
Depreciation (Note 14.1.3)	8,505,711	6,848,500
Miscellaneous	6,837,092	4,260,764
	147,608,656	133,000,020

28.1 Salaries and other benefits include Rupees 2.066 million (2014: Rupees 1.974 million) in respect of employees' provident fund contribution by the Company.

28.2 Auditors' remuneration

Audit fee	715,000	650,375
Certification fee	50,000	50,000
Half yearly review	175,000	130,000
Reimbursable expenses	75,500	68,750
	1,015,500	899,125

29. OTHER EXPENSES

Donations (Note 29.1)	20,000	55,000
Loss on disposal of operating fixed assets	881,644	53,922
Provision for doubtful advances to sugarcane growers (Note 20.3)	-	1,519,503
Provision for doubtful sales tax and federal excise duty	-	2,713,697
Impairment loss on operating fixed asset (Note 14.1)	-	740,212
Provision for doubtful trade debts (Note 19)	683,623	-
Provision for doubtful advances to suppliers (Note 20.1)	3,008,595	-
Provision for doubtful advances to contractors (Note 20.2)	12,000	-
Margin against letter of credit written off	1,700	-
Provision for doubtful miscellaneous receivables (Note 22.1)	1,719,605	-
Long term deposits written off	270,000	-
Margins against bank guarantees written off	117,989	-
	6,715,156	5,082,334



29.1 There is no interest in the donees fund, of any director or their spouses.

30. OTHER INCOME

Income from financial assets

Profit on bank deposits

2015 Rupees	2014 Rupees
6,077,662	192,622
Income from investment in associated company	
Dividend income (Note 30.1)	
375,000	562,500
6,452,662	755,122
Income from non-financial assets	
Sale of scrap	
2,076,195	1,277,333
Credit balances written back	
91,403	-
Gain on sale of fertilizers and seeds to growers	
16,166,493	2,244,827
Miscellaneous	
274,341	524,159
25,061,094	4,801,441

Income from investment in associated company

Dividend income (Note 30.1)

Income from non-financial assets

Sale of scrap

Credit balances written back

Gain on sale of fertilizers and seeds to growers

Miscellaneous

30.1 It represents dividend received from Shadab Textile Mills Limited - associated company.

31. FINANCE COST

Mark up on :

- Long term finance

- Short term borrowings

Finance charges on lease liabilities

Interest on balance payable to provident fund trust

Bank charges and commission

32. TAXATION

Current tax:

For the year (Note 32.1)

Prior year

Deferred tax

32.1 Provision for current income tax is not charged in these financial statements as the provision for current tax calculated on export sales, rental income and dividend income under the Income Tax Ordinance, 2001 has been adjusted against tax credit under section 65B of the Income Tax Ordinance, 2001. Further, due to gross loss provision for minimum tax under section 113 is not required. Tax charge reconciliation for the year is not presented being impracticable. The Company has carry forwardable tax losses of Rupees 1,053.385 million (2014: Rupees 761.315 million).

33. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share.

Loss after taxation attributable to ordinary shareholders	Rupees	(418,341,521)	(294,645,485)
Weighted average number of ordinary shares	Numbers	17,000,000	17,000,000
Loss per share - Basic	Rupees	(24.61)	(17.33)

**34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

Aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive, directors and executives of the Company is as follows:

	2015		
	Chief Executive	Director	Executives
	----- Rupees -----		
Managerial remuneration	7,791,919	4,336,378	22,667,474
House rent	2,261,033	1,372,241	6,641,398
Contribution to provident fund	-	305,276	2,045,723
Utilities / medical allowance	548,809	681,805	2,060,701
Reimbursable expenses	371,304	1,620,649	260,246
	10,973,065	8,316,349	33,675,542
Number of persons	1	1	25

	2014		
	Chief Executive	Directors	Executives
	----- Rupees -----		
Managerial remuneration	5,764,392	4,466,344	19,333,696
House rent	1,728,000	1,483,204	5,838,544
Contribution to provident fund	-	330,935	1,468,188
Utilities / medical allowance	488,537	620,952	1,712,010
Reimbursable expenses	678,122	882,404	-
	8,659,051	7,783,839	28,352,438
Number of persons	1	3	20

34.1 In addition to above, the chief executive, directors and certain executives are provided with the free use of the Company's maintained cars. A vehicle having cost of Rupees 22.856 million purchased out of funds of the Company is registered in the name of a director of the Company. Fourteen (2014: Fourteen) executives are also provided with furnished accommodation including utilities.

34.2 No meeting fee was paid to directors during the year (2014: Rupees Nil).

34.3 No remuneration was paid to non-executive directors of the Company.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, other related companies, employees provident fund trust and key management personnel. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are specifically disclosed in these financial statements and there are no other related party transactions during the year.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

		2015	2014
Installed crushing capacity for 139 (2014: 114) working days	Metric tons	903,500	741,000
Actual crushing	Metric tons	447,091	429,611
Actual production	Metric tons	41,103	40,415
Sugar recovery	Percentage	9.20	9.41

**37. UNUTILIZED CREDIT FACILITIES**

The Company has total credit facilities amounting to Rupees 250.000 million (2014: Rupees 750.000 million) out of which Rupees 7.596 million (2014: Rupees 433.570 million) remained unutilized at the end of the year.

38. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund as on 30 September 2014 and 30 September 2015:

	2015 Rupees	2014 Rupees
Size of the fund	84,612,220	88,608,724
Cost of investments	40,115,142	53,716,312
Percentage of investments made	47.41%	60.62%
Fair value of investments	41,742,642	53,790,430

38.1 Break-up of cost of investments is as follows:

	2015 Percentage	2014 Percentage	2015 Rupees	2014 Rupees
Term deposit receipts	12.46%	27.92%	5,000,000	15,000,000
Saving bank accounts	3.03%	8.82%	1,215,142	4,735,105
National saving scheme	59.58%	44.49%	23,900,000	23,900,000
Mutual funds	24.93%	18.77%	10,000,000	10,081,207
	100%	100%	40,115,142	53,716,312

38.2 Investments, out of provident fund, have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose

	2015	2014
Number of employees as on September 30	678	625
Average number of employees during the year	993	969



40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to bank balances in United States Dollar (USD) as disclosed in note 23 to these financial statements which, in management's opinion, is considered to be insignificant.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's loss after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on loss after taxation		Impact on comprehensive (loss) / income (fair value reserve)	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
KSE 100 (5% increase)	-	-	Increase in fair value reserve 1,040,615	797,213
KSE 100 (5% decrease)	-	-	Decrease in fair value reserve (1,040,615)	(797,213)

Equity (fair value reserve) would increase / decrease as a result of unrealized gains / losses on equity investments classified as available for sale.

(iii) Interest rate risk

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

The Company has no long-term interest-bearing assets except for saving bank accounts. The Company's interest rate risk arises from long term finance, liabilities against assets subject to finance lease and short term borrowings. Borrowings and finance leases obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:



	2015 Rupees	2014 Rupees
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	3,677,923	20,610,346
Financial liabilities		
Long term finance	11,491,663	49,966,664
Liabilities against assets subject to finance lease	7,976,878	17,927,494
Short term borrowings	417,404,411	316,430,454

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been higher / lower by Rupees 4.332 million (2014: Rupees 3.637 million), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015 Rupees	2014 Rupees
Long term investments	20,812,295	15,944,250
Deposits	8,094,640	27,364,480
Trade debts	41,531	15,529,595
Advances	2,410,812	1,498,492
Other receivables	7,752,214	2,342,313
Bank balances	102,704,914	105,104,960
	141,816,406	167,784,090

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



	Rating			2015	2014
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Allied Bank Limited	A1+	AA+	PACRA	61,872,797	1,289,103
Bank Alfalah Limited	A1+	AA	PACRA	13,189,421	5,249,663
Bank Islami Pakistan Limited	A1	A	PACRA	3,697,405	5,567,722
Faysal Bank Limited	A1+	AA	PACRA	327,367	327,367
The Bank of Punjab	A1+	AA-	PACRA	153,651	1,912,289
Habib Bank Limited	A-1+	AAA	JCR-VIS	50,274	44,801,017
Meezan Bank Limited	A-1+	AA	JCR-VIS	1	59,186
MCB Bank Limited	A1+	AAA	PACRA	13,088,802	20,887,934
National Bank of Pakistan	A1+	AAA	PACRA	143,053	137,918
United Bank Limited	A-1+	AA+	JCR-VIS	130,151	1,337,413
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	-	16,445
Summit Bank Limited	A-1	A	JCR-VIS	44,051	8,903
NIB Bank Limited	A1+	AA-	PACRA	10,007,941	23,510,000
				102,704,914	105,104,960

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.1.

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

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 September 2015, the Company had Rupees 7.596 million (2014: Rupees 433.570 million) available credit limits from financial institutions and Rupees 102.706 million (2014: Rupees 106.466 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 September 2015



Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
Rupees					
Non - derivative financial liabilities					
Long term finance	11,491,663	11,491,663	11,491,663	-	-
Liabilities against assets subject to finance lease	7,976,878	7,980,429	7,980,429	-	-
Trade and other payables	871,524,459	871,524,459	871,524,459	-	-
Accrued mark-up	13,874,902	13,874,902	13,874,902	-	-
Short term borrowings	417,404,411	434,276,629	423,350,066	10,926,563	-
	1,322,272,313	1,339,148,082	1,328,221,519	10,926,563	-

Contractual maturities of financial liabilities as at 30 September 2014

Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
Rupees					
Non - derivative financial liabilities					
Long term finance	49,966,664	54,271,522	28,107,825	26,163,697	-
Liabilities against assets subject to finance lease	17,927,494	18,764,688	7,926,221	3,210,993	7,627,474
Trade and other payables	217,966,059	217,966,059	217,966,059	-	-
Accrued mark-up	12,037,547	12,037,547	12,037,547	-	-
Short term borrowings	316,430,454	325,673,958	325,673,958	-	-
	614,328,218	628,713,774	591,711,610	29,374,690	7,627,474

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 September. The rates of interest / mark-up have been disclosed in Note 6, 7 and 11 to these financial statements.

40.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
Rupees				
As at 30 September 2015				
Assets				
Available for sale financial assets	20,812,295	-	-	20,812,295
As at 30 September 2014				
Assets				
Available for sale financial assets	15,944,250	-	-	15,944,250

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.



The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

40.3 Financial instruments by categories

	Loans and receivables	Available for sale	Total
----- Rupees -----			
As at 30 September 2015			
Assets as per balance sheet			
Long term investments	-	20,812,295	20,812,295
Deposits	8,094,640	-	8,094,640
Trade debts	41,531	-	41,531
Advances	2,410,812	-	2,410,812
Other receivables	7,752,214	-	7,752,214
Cash and bank balances	102,706,499	-	102,706,499
	121,005,696	20,812,295	141,817,991

As at 30 September 2014
Assets as per balance sheet

Long term investments	-	15,944,250	15,944,250
Deposits	27,364,480	-	27,364,480
Trade debts	15,529,595	-	15,529,595
Advances	1,498,492	-	1,498,492
Other receivables	2,342,313	-	2,342,313
Cash and bank balances	106,465,698	-	106,465,698
	153,200,578	15,944,250	169,144,828

Liabilities as per balance sheet at amortized cost

	2015 Rupees	2014 Rupees
Long term finance	11,491,663	49,966,664
Liabilities against assets subject to finance lease	7,976,878	17,927,494
Trade and other payables	871,524,459	217,966,059
Accrued mark-up	13,874,902	12,037,547
Short term borrowings	417,404,411	316,430,454
	1,322,272,313	614,328,218

**40.4 Capital risk management**

The Company's objectives 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

41. SEGMENT INFORMATION

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

Sales of sugar represents 90.72% (2014: 92.52%) of the total sales of the Company.

87.88% of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 100 % of those sales are made to customers in Afghanistan.

72.74% (2014: 22.56%) of the total sales of the Company are made to a single customer in Pakistan.

42. DATE OF AUTHORIZATION

These financial statements have been approved and authorized by the Board of Directors of the Company for issue on December 29, 2015.

43. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant reclassification / rearrangement of comparative figures has been made in these financial statements.

44. GENERAL

Figures have been rounded off to nearest of Rupee.

MST. NUSRAT SHAMIM
Chief Executive

AHMED ALI TARIQ
Chairman / Director



INFORMATION UNDER COMPANIES ORDINANCE, 1984 {Section 236(1) and (464)}

PATTERN OF SHAREHOLDINGS HELD BY THE SHAREHOLDERS

(FORM 34)

1. Incorporation Number	0002210
2. Name of Company	Husein Sugar Mills Limited
3. Pattern of holding of the shares held by the shareholders as at	30-09-2015

4. Number of ShareHolders	Shareholding		Number of Share Held	% of Capital
	From	To		
288	1	100	5,676	0.03
99	101	500	29,634	0.17
56	501	1000	40,198	0.24
52	1001	5000	128,716	0.76
15	5001	10000	105,366	0.62
7	10001	15000	94,603	0.56
1	15001	20000	19,089	0.11
1	20001	25000	24,500	0.14
1	40001	45000	40,905	0.24
1	45001	50000	48,104	0.28
1	60001	65000	60,150	0.35
2	65001	70000	130,525	0.77
1	100001	105000	102,092	0.60
4	105001	110000	432,524	2.54
1	110001	115000	113,993	0.67
1	120001	125000	124,548	0.73
1	130001	135000	130,583	0.77
1	135001	140000	139,605	0.82
1	140001	145000	141,164	0.83
1	145001	150000	148,910	0.88
1	155001	160000	157,451	0.93
1	160001	165000	163,818	0.96
1	205001	210000	205,537	1.21
2	340001	345000	686,927	4.04
1	350001	355000	354,397	2.08
1	385001	390000	385,184	2.27
1	410001	415000	411,449	2.42
1	545001	550000	545,138	3.21
1	585001	590000	588,219	3.46
1	650001	655000	653,192	3.84
1	820001	825000	824,077	4.85
1	1610001	1615000	1,610,257	9.47
1	1700001	1705000	1,703,789	10.02
1	2045001	2050000	2,048,767	12.05
1	4600001	4605000	4,600,913	27.06
551	<----TOTAL---->		17,000,000	100.00



5.	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
5.1	NIT and ICP	1,219	0.01
5.2	Associated Companies, Undertakings and related parties	-	-
5.3	Directors/Chief Executive and their spouse and minor children	12,133,117	71.37
5.4	Banks, Development Finance Institutions, Non-Banking Financial Institutions	2,001	0.01
5.5	Insurance Companies	-	-
5.6	Modarbas and Mutual Funds	-	-
5.7	Shareholders 10% or more *	10,308,703	60.64
5.8	General Public		
	a Local	4,851,793	28.54
	b Foreign	-	-
5.9	Others (to be specified)		
	a Joint Stock Companies	56	0.00
	b Public Sector Companies & Corporations	9,295	0.05
	c Pension Funds	117	0.00
	d Others	2,402	0.02
TOTAL: -		17,000,000	100.00

* Shareholders having 10% or above shares exist in other categories therefore not included in total.



CATEGORIES OF SHAREHOLDERS REQUIRED UNDER C.C.G. AS ON SEPTEMBER 30, 2015

S. No.	Name	Shares Held	%age of Capital
A)	Associated Companies, Undertakings and Related Parties	-	-
B)	Mutual Funds	-	-
C)	Directors/Chief Executive and their spouse and minor children		
1.	Mst. Nusrat Shamim	6,211,170	36.54
2.	Mr. Ahmed Ali Tariq	2,048,767	12.05
3.	Mr. Mustafa Ali Tariq	2,048,766	12.05
4.	Mian Shahzad Aslam	793,756	4.67
5.	Mian Aamir Naseem	831,196	4.89
6.	Mr. Muhammad Shams Amin	12,264	0.07
7.	Mrs. Fatima Aamir	184,698	1.09
8.	Mr. Asad Ahmed Sheikh	2,500	0.01
		12,133,117	71.37
D)	Executives	-	-
E)	Public Sector Companies & Corporations		
1.	Investment Corporation of Pakistan,	1,219	0.01
2.	Mercantile Cooperative Finance Corp. Ltd.	9,295	0.05
		10,514	0.06
F)	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
1.	Habib Bank Limited	2,000	0.01
2.	National Bank of Pakistan	1	0.00
3.	Trustee National Bank of Pakistan Employees Pension Fund	117	0.00
		2,118	0.01
G)	*Shareholding 5% or more		
1.	Mst. Nusrat Shamim	6,211,170	36.54
2.	Mr. Ahmed Ali Tariq	2,048,767	12.05
3.	Mr. Mustafa Ali Tariq	2,048,766	12.05
		10,308,703	60.64
H)	Joint Stock Companies		
1.	Naeem Securities Ltd.	56	0.00
		56	0.00
I)	Investment Companies	-	-
J)	Others		
1.	Trustee National Bank of Pakistan Emp Benevolent Fund	4	0.00
2.	Pakistan Cloth Merchants Association	1,434	0.01
3.	The Okhai Memon Anjuman	953	0.01
4.	Fikree's (Smc-Pvt) Ltd.	11	0.00
		2,402	0.02
K)	General Public	4,851,793	28.54
	TOTAL	17,000,000	100.00

* Shareholders having 5% or above shares exist in other categories therefore not included in total.

DETAILS OF CATEGORIES UNDER CODE OF CORPORATE GOVERNANCE AS ON SEPTEMBER 30, 2015

All trade in the Company's shares, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year are as under:

	Sale	Purchase
1. Mr. Asad Ahmed Sheikh	-	2,500



PROXY FORM

I/We _____ of _____

being the member of **HUSEIN SUGAR MILLS LIMITED**

hereby appoint Mr. /Mrs./Miss. _____

who is a member of the company vide Registered Folio/CDC participant ID.No. _____

or failing whom Mr. /Mrs./Miss. _____

who is also a member of the company vide Registered Folio/CDC participant ID.No. _____

as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held at its Registered Office, 30-A E/I, Old FCC, Gulberg III, Lahore on Thursday, January 28, 2016 at 09:00 A.M. and any adjournment thereof.

Signed this _____ day of _____ 2016.

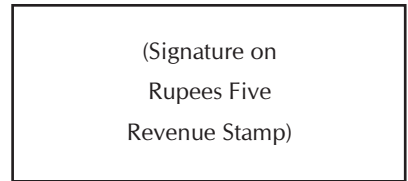
WITNESS

1. Signature _____

Name _____

Address _____

CNIC or Passport No. _____



Signature should agree with specimen signature with the company

2. Signature _____

Name _____

Address _____

CNIC or Passport No. _____

Notes:

1. A member entitled to attend and vote at the meeting may appoint any other member as his/her proxy to attend the meeting and vote.
2. If a member is unable to attend the meeting, they may complete and sign this form and send it to the company secretary, the Husein Sugar Mills Limited, Lahore so as to reach not less than 48 hours before the time appointed for holding the meeting.
3. For CDC Shareholders in addition to above the following requirements have to be met.
 - i) In case of individual, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee/attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.



مختار نامہ

میں / ہم _____ کا / کے _____
 بحیثیت رکن حسین شوگر ملز لمیٹڈ اور حامل عام حصص، بمطابق شیئرز رجسٹر فو لیو نمبر _____ اور ایسی ڈی سی
 پارٹیشنٹ (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
 محترم / محترمہ _____ کو اپنے / ہمارے ایماء پر _____ مورخہ 28 جنوری 2016 بروز جمعرات
 بمقام 30-اے / ای-1، اولڈ ایف-سی-سی، گلبرگ-3، لاہور میں صبح 9:00 بجے _____ منعقد ہونے والے کمپنی کے سالانہ اجلاس عام
 میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔
 آج بروز _____ بتاریخ _____ 2016ء کو دستخط کئے گئے۔

گواہان:

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

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

نوٹ:

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



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