

Annual Report 2015



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)



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(Formerly: Colony Sugar Mills Limited)



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Imperial Sugar Limited
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Corporate Information

Board of Directors	Mr. Naveed M. Sheikh Mr. Waqar Ibn Zahoor Bandey Mian Muhammad Ali Mr. Muhammad Asghar Mr. Ahmed Haji Mussa Mr. Asad Ali Mr. Abdul Sammee	- Chairman - Director/CEO - Director - Director - Director - Director - Director
Audit Committee	Mr. Muhammad Asghar Mian Muhammad Ali Mr. Asad Ali	- Chairman - Member - Member
HR & Remuneration Committee	Mr. Muhammad Asghar Mr. Asad Ali Mr. Abdul Sammee	- Chairman - Member - Member
Company Secretary	Mr. Mubashar Asif	
Financial Institutions	National Bank of Pakistan Habib Metropolitan Bank Limited BankIslami Pakistan Limited (Formerly KASB Bank Limited) The Bank of Punjab Al Baraka Bank(Pakistan) Limited Pak Oman Investment Company Limited NIB Bank Limited	
Auditors	Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants	
Legal Advisor	Ms. Aniqua Sheikh Advocate	
Registered Office	Ground Floor, Ismail Aiwan-e-Science Building, 205 Ferozepur Road Lahore-54600 Ph # + 92 (042) 3575-8970 + 92 (042) 3575-1308 Fax # + 92 (042) 3576-3247	
Shares Registrar	Hameed Majeed Associates (Pvt) Limited H.M. House, 7-Bank Square, Lahore. Ph # + 92 (042) 3723-5081-2 Fax # + 92 (042) 3735-8817	
Production Facilities	Phalia Project Karmanwala, Tehsil Phalia Distt. Mandi Bahauddin Ph # + 92 (546) 541-151/54 Fax # + 92 (546) 541-162	Mian Chanu Project Chak # 84/15L, 15 KM Vehari Road Kacha Khoo Tehsil Mian Chanu Distt. Khanewal. Ph # + 92 (0652) 553-182 Fax # + 92 (0652) 660 452



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

Vision Statement

To exploit our company's potential by diversifying into the entire range of industrial and consumer products that can be derived from Sugar Cane

Mission Statement

To exceed our customers' expectations in quality and delivery on one hand and maximize profit for the stakeholders of our company on the other hand by continuous cost reduction through identifying and deploying latest technologies in process and monitoring control systems



Imperial Sugar Limited
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Notice of Annual General Meeting

NOTICE is hereby given that the 9th Annual General Meeting of the shareholders of Imperial Sugar Limited (Formerly: Colony Sugar Mills Limited) will be held on Saturday the January 30, 2016, at 10:00 a.m. at the Registered Office at Ismail Aiwan-e-Science Building, 205 Ferozepur Road, Lahore to transact the following business:

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2015 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors for the year 2015-16 and to fix their remuneration.
3. Any other business with permission of the Chair.

By Order of the Board

Company Secretary

Lahore

January 08, 2016

Notes:-

- i. The Share Transfer Books of the Company will remain closed from January 22, 2016 to January 29, 2016 (both days inclusive).
- ii. A Shareholder entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, must be received at the registered office of the Company duly signed not later than 48 hours before the meeting.
- iii. The CDC Account holders/sub-account holders are requested to bring with them their National ID Cards along with the Participant(s) ID Number and their folio/account details at the time of attending the Annual General Meeting for identification purpose.
- iv. In case of Corporate Entity, 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. The nominee shall produce his/her original CNIC at the time of attending the meeting for identification purpose.
- v. Shareholders intended to receive the Annual Accounts through email or desirous to receive the dividend (if any), through direct credit to their bank accounts, are requested to send their signed requests to company. The requests are attached with Annual Report and also available at company website.
- vi. Shareholders are requested to provide their valid CNIC's and notify the change of address immediately, if any.
- vii. Change of Website Address
Pursuance to the change of company name, website address has been changed to www.imperialsugars.com. In future new website may please be browsed for information purpose.



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

DIRECTORS' REPORT TO THE MEMBERS

On behalf of Directors of the company, I welcome you at the forthcoming 9th Annual General Meeting and hereby present the Annual Report for the year ended September 30, 2015 along with the Financial Statements and Auditors' Report thereon.

Turnover for the year under review reduced to Rupees 1,071.053 Million (2014: Rupees 5,298.805 Million) while the cost of sales stood at Rupees 1,160.485 Million (2014: Rupees 5,048.675 Million). The year under review witnessed gross loss of Rupees 89.432 Million (2014: Gross Profit Rupees 250.130 Million). Loss after taxation for the year is Rupees 499.699 Million against after tax loss of Rupees 126.615 Million during last year. Loss per share is Rupees 5.05 per share (2014: Loss per share Rupees 1.28).

Dismissal performance of the Company is attributable to various factors. These include low sugar sale price as compared to cost of producing sugar due to high price of raw material (sugarcane), unprecedented disparity in sugarcane price to the disadvantage of the Province of Punjab and KPK and non-operational status of the Phalia facility of the Company, which was major contributor to the operational and financial performance of the Company. Intermittent crushing pattern at the Company's plant at Mian Chanu and temporary suspension of operations of its Phalia unit (sugar and ethanol producing facilities) was due to shortage of working capital. Decision to temporarily suspend Phalia plant was taken to save costs and losses due to significant mismatch between cost of production and sale price.

Worldwide surplus stocks of sugar and excessive production of sugar in the Country were main reasons to keep the prices of sugar, as well as ethanol, at its bottom worldwide and in the country as well. However, currently the Government has permitted and incentivized export of limited quantity of sugar to support local sugar industry. It is expected that it would revive ailing sugar industry of Pakistan, especially of the Province of Punjab and KPK.

The Company management is exploring all possible avenues to revive the Company. The Company held an extraordinary general meeting of its members on November 14, 2015, to abreast them on various options being considered by the management. The management is hopeful of putting the Company back on track of profitability and prosperity. The Company is in contact with banks to restructure its loans and arranging funds. The sponsors have also injected fresh funds into the Company and are endeavouring to arrange further funds. In view of the aforesaid facts, the management is confident to continue Company on going concern basis.

Management's view on auditors' observation on Company's ability to continue as going concern is explained above.

The company changed its name during the year from Colony Sugar Mills Limited to Imperial Sugar Limited, as approved by shareholders in the Extraordinary General Meeting held on May 12, 2015, by passing special resolution. In the event of change of name, company has also developed new website www.imperialsugars.com vide approval of Securities & Exchange Commission of Pakistan.

Considering the financial results of the company for the year ended September 30, 2015 the management has not recommended any dividend during the year.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Honesty, integrity and strong commitment to high standards of ethical, moral and lawful conducts are among the most important traditions of the Company. This dedication is critical to meet our commitment to our shareholders, customers, suppliers and employees.

CORPORATE SOCIAL RESPONSIBILITY

We actively seek opportunities to contribute to the communities in which we do business, and to improve the environment that sustains us all. Our main CSR focuses are education, health care and community building.



AUDIT COMMITTEE

The Board of Directors, in compliance with the Code of Corporate Governance, has established an Audit Committee. This step has ensured the strict compliance of internal controls so as to safeguard the interests of the company. The committee reviews the final and interim financial statements.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required under the Code of Corporate Governance, Directors are pleased to report that:

- 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.
- The company has maintained proper books of accounts as per statutory requirements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 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.
- The International Accounting/Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern for the reasons explained in the note 1.3 to the financial statements.
- There has been no departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for past five years is annexed.
- Directors have not recommended dividend in view of current year's results.
- Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- The company operates a gratuity fund scheme for all employees. The net value of investment in their respective accounts is given in related note(s) to the accounts.
- All material information, as described in clause (xx) of the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.
- The company has complied with requirements as stipulated in clause 35 (x) relating to related party transactions.
- The Directors are aware of their fiduciary responsibilities and in-house orientation courses were arranged for management.
- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no trading in the company's share during the year. The number of shares, if any, held by them is annexed.

BOARD AND ITS COMMITTEES' MEETINGS

During the year under review five (05) meetings of the Board of Directors were held. Participation of Directors is as follows: -

<u>Names of Directors</u>	<u>Attendance</u>
Mr. Naveed M. Sheikh	0
Mr. Waqar Ibn Zahoor Bandey	5
Mr. Ahmed Haji Mussa	5
Mr. Muhammad Asghar	5
Mr. Asad Ali	5
Mian Muhammad Ali	5
Mr. Abdul Sammee	5

The Board granted leave of absence to the director who could not attend the Meeting.

During the year four (04) meetings of the Audit Committee were held. All members of the Audit Committee attended all meetings.



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Two meetings of Human Resource & Remuneration Committee were held during the year and all three members attended the conducted meetings.

EXTERNAL AUDITOR

The retiring auditors M/s Naveed Zafar Ashfaq Jaffery & Co Chartered Accountants, being eligible, offer themselves for re-appointment. The audit committee has recommended M/s Naveed Zafar Ashfaq Jaffery & Co, as auditors of the company for the ensuing financial year subject to fulfilment of CCG requirements.

The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). They have further confirmed that their firm is in compliance with International Federation of Accountants' (IFAC) guidelines on the Code of Ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

PATTERN OF SHAREHOLDING

The pattern of shareholding under section 236 (d) and information under clause XVI (J) of the Code of Corporate Governance as on September 30, 2015 are annexed.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the dedication and hard work of its all work force, as well as for the support of its all stakeholders.

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Director / CEO

Lahore
January 08, 2016



Imperial Sugar Limited
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Statement of Compliance with the Code of Corporate Governance

For The Year Ended September 30, 2015

The statement is being presented to comply with the Code of Corporate Governance contained in the Rule Book of Karachi 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 Code 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:

Non-Executive Director

Mr. Naveed M. Sheikh
Mian Muhammad Ali
Mr. Ahmed Haji Mussa
Mr. Asad Ali

Independent Director

Mr. Muhammad Ashgar

Executive Director

Mr. Waqar Ibn Zahoor Bandey
Mr. Abdul Sammee

The independent director meet the Criteria of Independence under Clause i (b) of the 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 tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI, or an NBFI or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. No Casual vacancy was occurred during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement. Overall corporate strategy and significant policies of the company have been developed and maintaining a complete record of particulars of significant policies.
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 the employment of the CEO and other 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 circulated.
9. In house orientation courses were arranged for the directors and key personnel during the year to equip and familiarize them with the changes in law to discharge their duties efficiently. The company is arranging Directors Training Program for its directors to get certified all the board members before deadline of Code.
10. No new appointment of CFO, Company Secretary and Internal Auditor has been made during the year.



11. The directors' report for the year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives don't hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with the corporate and financial reporting requirements of the code.
15. The Board has formed an audit committee. It comprises of three members, two of them are non-executive Directors and the Chairman of the Committee is an independent Director.
16. The meetings of the audit committee were held, prior to the approval of interim and final results of the company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR & Remuneration Committee, It comprises of three members i.e. one Non-Executive Director, one Executive Director, and one Independent Director and the Chairman of the Committee is an independent Director.
18. The Board has set up an internal audit function and taking appropriate measures to make it effective.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of The Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by The Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to directors, employees and the stock exchange.
22. Material/Price sensitive information has been disseminated among all market participants at once through Stock Exchange.
23. The company has complied with requirements as stipulated in Code relating to related party transactions.
24. We confirm that all other material principles enshrined in the code have been complied with.

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Chief Executive Officer

Lahore
January 08, 2016



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

A member firm of



PrimeGlobal

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **IMPERIAL SUGAR LIMITED** (Formerly *Colony Sugar Mills Limited*) ("the Company") for the year ended September 30, 2015 to comply with the Listing Regulations of Karachi Stock Exchange Limited where the Company is listed.

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

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

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

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

Lahore
January 08 2016

-Sd.-
Engagement Partner: Naveed Saeed

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Naveed Zafar Ashfaq Jaffery & Co.
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AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account and statement of comprehensive income 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 and statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2015 and of the 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, (XVIII of 1980).

Without qualifying our opinion we draw attention to note 1.3 of the financial statements which shows that the Company incurred a net loss of Rs. 499.699 million (2014: Rs. 126.615 million) for the year, and its current liabilities exceeded current assets by Rs. 1,285.545 million (2014: Rs. 1,140.207 million). Sponsors are taking keen interest to restart manufacturing and ensure sustainable operation. Due to the above, there is significant doubt whether the going concern assumption adopted in these financial statements is appropriate.

Lahore
January 08, 2016

-Sd.-
Engagement Partner: Naveed Saeed

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Imperial Sugar Limited
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Balance Sheet

As at September 30, 2015

	Note	2015	2014
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital 100,000,000 (2014: 100,000,000) ordinary shares of Rupees 10/- each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up capital	3	990,200	990,200
Unappropriated profit		<u>319,687</u>	<u>819,386</u>
Total equity		<u>1,309,887</u>	<u>1,809,586</u>
NON-CURRENT LIABILITIES			
Long term finances	4	536,469	285,400
Long term deposits	5	80,000	80,000
Liabilities against assets subject to Diminishing Musharaka finance	6	1,371	1,870
Deferred liabilities	7	<u>73,571</u>	<u>57,242</u>
		<u>691,411</u>	<u>424,512</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,120,952	1,255,467
Accrued finance cost	9	128,519	49,646
Short term borrowings - secured	10	1,058,808	885,963
Current portion of long term liabilities	4	156,875	201,875
Current portion of liabilities against assets subject to Diminishing Musharaka finance	6	499	499
		<u>2,465,653</u>	<u>2,393,450</u>
Contingencies and Commitments	11	-	-
		<u>4,466,951</u>	<u>4,627,548</u>

Chief Executive Officer



Balance Sheet

As at September 30, 2015

	Note	2015	2014
(Rupees in thousand)			
PROPERTY AND ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,286,843	3,374,305
CURRENT ASSETS			
Stores, spares and loose tools	13	264,791	269,997
Stocks in trade	14	328,748	179,045
Trade debts	15	17,832	126,596
Advances, deposits, prepayments and other receivables	16	408,994	471,079
Cash and bank balances	17	7,919	54,702
		1,028,284	1,101,419
Non-current assets - held for sale	18	151,824	151,824
		1,180,108	1,253,243
TOTAL ASSETS		4,466,951	4,627,548

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

Director



Profit and Loss Account and Statement of Comprehensive Income

For the year ended September 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales - net	19	1,071,053	5,298,805
Cost of sales	20	(1,160,485)	(5,048,675)
Gross (loss)/profit		(89,432)	250,130
Administrative expenses	21	(54,647)	(146,134)
Inoperative plant expenses	22	(195,538)	-
Distribution and marketing expenses	23	(7,641)	(49,554)
		(257,826)	(195,688)
Other operating income	24	12,146	2,641
Operating (loss)/profit		(335,112)	57,083
Finance cost	25	(118,687)	(183,618)
Loss before taxation		(453,799)	(126,535)
Provision for taxation	26	(45,900)	(80)
Loss after taxation		(499,699)	(126,615)
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss-net of tax		-	(5,375)
Total comprehensive loss for the year		(499,699)	(131,990)
		Rupees	Rupees
Loss per share - basic & diluted	27	(5.05)	(1.28)

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

Chief Executive Officer

Director



Cash Flow Statement

For the year ended September 30, 2015

Note	2015 (Rupees in thousand)	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(453,799)	(126,535)
Adjustments for non-cash and other items:		
Finance cost	118,687	183,618
Depreciation of Property, plant and equipment	134,140	142,754
Provision for staff retirement benefits - gratuity	24,366	19,043
Foreign exchange (gain)/loss	(192)	1,608
Gain on sale of operating fixed assets	(3,789)	(2,584)
	273,212	344,439
Cash (used in)/generated from operating activities before working capital changes	(180,587)	217,904
Adjustments for working capital changes:		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	5,206	(68,360)
Stocks-in-trade	(149,703)	393,683
Trade debts	108,764	(126,598)
Advances, deposits, prepayments and other receivables	16,544	(5,642)
Increase/ (decrease) in current liabilities:		
Trade and other payables	(134,323)	354,222
Net working capital changes	(153,512)	547,305
Finance cost paid	(39,814)	(184,163)
Staff retirement benefits - gratuity paid	(8,037)	(5,291)
Workers' profit participation fund paid	-	(11,596)
Income tax paid-net	(359)	(23,956)
	(48,210)	(225,006)
Net cash (used in)/generated from operating activities	(382,309)	540,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(16)	(8,366)
Capital work in progress	(48,554)	(410,946)
Sale proceeds from sale of property, plant and equipment	5,681	16,550
Net cash used in investing activities	(42,889)	(402,762)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances-net	206,069	(217,213)
Long term deposits	-	80,000
Liabilities against assets subject to Diminishing Musharaka finance	(499)	2,369
Short term borrowings	172,845	43,805
Net cash generated from/(used in) financing activities	378,415	(91,039)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(46,783)	46,402
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,702	8,300
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7,919	54,702

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

Chief Executive Officer

Director



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

Statement of Changes in Equity

For the year ended September 30, 2015

PARTICULARS	SHARE CAPITAL	UNAPPROPRIATED PROFIT	TOTAL EQUITY
	(Rupees in thousand)		
Balance as on September 30, 2013	990,200	951,376	1,941,576
Total comprehensive loss for the year	-	(131,990)	(131,990)
Balance as on September 30, 2014	990,200	819,386	1,809,586
Total comprehensive loss for the year	-	(499,699)	(499,699)
Balance as on September 30, 2015	990,200	319,687	1,309,887

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

Chief Executive Officer

Director



Notes to the Financial Statements

For the year ended September 30, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Imperial Sugar Limited (Formerly Colony Sugar Mills Limited) ("the Company") was incorporated in Pakistan on May 09, 2007 under the Companies Ordinance, 1984. The Company changed its name during the year from Colony Sugar Mills Limited to Imperial Sugar Limited. The shares of the Company are quoted on Karachi Stock Exchange Limited. The Company's registered office is situated in Lahore and its manufacturing facilities are located at Tehsil Phalia, District Mandi Bahauddin and Tehsil Mian Channu, District Khanewal. The Company is engaged in manufacturing and sale of white refined sugar and ethanol and by products. During the year, the Company did not operate its production facilities located at Tehsil Phalia, District Mandi Bahauddin. These facilities comprise of sugar and ethanol manufacturing plants.

1.2 Seasonality of operation

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November and ends in April. Therefore, majority of expenses are incurred and production activities are undertaken in first half of the company's financial year.

1.3 The Company has incurred net loss for the year amounting to Rs. 499.699 million (2014: Rs. 126.615 million). Current liabilities exceeded current assets by Rs. 1,285.545 million (2014: Rs. 1,140.207 million) and repayments of long term finances and payment of markup are overdue by Rs. 156.875 million and Rs. 123.718 million respectively. The major factor contributing to gross loss and net loss have been the high price of raw sugar cane in comparison with the selling price of sugar.

The sponsors and lending institutions are taking a keen interest in restart of manufacturing and ensuring sustainable operations. Various options are under considerations and sponsors and management are confident that the operating plant is feasible and the going concern basis is appropriate in the preparation of these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE

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

b) Accounting convention

These financial statements have been prepared under the "historical cost convention" using, except for cash flow statement, accrual basis of accounting.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards/ International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the



circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, taxation, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

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

The following 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. However, the amendments are not expected to have a material impact on the Company's financial statements.

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. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments', IFRS 13 'Fair Value Measurement' and IAS 16 'Property, Plant and Equipment', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 October 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 October 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.



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. However, the interpretation is not expected to have a material impact on the Company's financial statements.

Standards, interpretation and amendments to published approved standards that are effective in current year but not relevant to the Company

There are other standards, new interpretation and 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, interpretation and amendments to published standards that are not yet effective but relevant to the Company

Following standards, interpretation 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 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.

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.

h) Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.2 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all employees with qualifying service period of one years. Provisions are made annually to cover the obligations under the scheme on the basis of an actuarial valuation. The most recent valuation was carried out as at 30th September 2014 using the "Projected unit credit method".

The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30th September, 2015 as adjusted for unrecognized actuarial gains and losses.

2.3 Taxation

Current

Provision for taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply the profit for the year if enacted. The charge for the current tax also includes tax credits and tax rebates available, if any.



Deferred

Deferred tax liability is accounted for using the balance sheet liability method in respect of all taxable temporary differences at the balance sheet date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax losses and tax credits to that extent it is probable that taxable profit will be available in future 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 balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in other comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost.

Depreciation is charged by applying the reducing balance method over its estimated useful life at the rates specified in note 12.

Depreciation is charged on additions during the year from the month in which assets become available for use while no depreciation is charged from the month of deletion/disposal.

The assets residual value and useful lives are reviewed to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from the assets. Appropriate adjustments are made if the impact of depreciation is significant.

Normal repairs are charged to income as and when incurred. Major overhauling, renovations, rehabilitation, renewals and improvements are capitalized and assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are taken to profit and loss account.

2.5 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

2.6 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the balance sheet date. Provision is made against obsolete items and slow moving stores and spares based on management's estimate.



2.7 Stocks-in-trade

Stock of raw materials, work-in-process and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads. Cost of own produced molasses, a by product, is determined on the basis of monthly average cost of molasses purchased from third parties or at NRV if molasses is not purchased from third parties.

Stock of raw material and finished goods purchased for sale/process are valued at weighted average cost.

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

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

2.8 Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments and are remeasured at fair value. Any gain/loss on de-recognition and on remeasurement of such financial instruments other than investments available for sale, is included in the profit/loss for the period in which it arises.

a) Trade debts and other receivables

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

b) Cash and cash equivalents

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

c) Borrowings

Loans and borrowings are recorded at the proceeds received. Financial cost is accounted for on the accrual basis and is reported under accrued finance cost to the extent of unpaid. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period in which these are incurred.

d) Trade and other payables

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



e) Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

2.9 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidences 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.

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

b) Non-Financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in profit and loss account.

2.10 Off Setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

2.11 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership have been transferred to the customer such as dispatch/delivery of goods at fair consideration received or receivable.

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



2.12 Related party transactions

Transactions between the Company and a related party are measured at arm's length rates determined in accordance with the Comparable Uncontrolled Price Method.

2.13 Foreign currency translations

Transactions in foreign currency are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to income.

2.14 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Sugar (white refine sugar), ethanol and its by products.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total figures.

2.15 Contingencies

The Company has disclosed contingent liabilities for the pending litigation and claims against the company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

2.16 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments. The jointly incurred expenses of sugar and allied segments are allocated on the basis of segment revenues.

2.17 Dividends and other appropriations

Dividend distribution to the Company's shareholders is recognized in the company's financial statements in the 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 CAPITAL

64,020,000 (2014: 64,020,000) Ordinary shares of Rupees 10 each fully paid in cash	640,200	640,200
35,000,000 (2014: 35,000,000) Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	350,000	350,000
	990,200	990,200

4 LONG TERM FINANCES

Long term finance from commercial banks - secured

The Bank of Punjab	4.1	143,750	143,750
BankIslami Pakistan Ltd. (Formerly KASB Bank Limited) - DF II	4.2	13,125	39,375
Pak Oman Investment Company Limited	4.3	-	18,750
Habib Metropolitan Bank Ltd.-Term Finance	4.4	210,000	-
		366,875	201,875

Loan from related parties

Sponsors' loan-Unsecured	4.5	326,469	285,400
		693,344	487,275

Less: Current and overdue portion shown under liabilities

Overdue portion

The Bank of Punjab	(143,750)	-
BankIslami Pakistan Ltd. (Formerly KASB Bank Ltd.) - DF II	(13,125)	-
	(156,875)	-

Current portion	-	(201,875)
	(156,875)	(201,875)
	536,469	285,400

- 4.1** This represents term finance facility obtained from the Bank of Punjab. It carries mark up at the rate of average 3 month KIBOR plus 195 bps (2014: average 3 month KIBOR plus 195 bps) per annum. It is secured by way of 1st exclusive charge over present and future current and fixed assets of the Company (Phalia project) with 25% margin and personal guarantee of a sponsor director.
- 4.2** This represents demand finance facility (DF-II) of Rupees 210 million obtained from BankIslami Pakistan Ltd. (Formerly KASB Bank Ltd.). It carries mark up at the rate of 6 month KIBOR plus 2.5% (2014: 6 month Kibor plus 2.5%) per annum. It is secured by way of ranking charge over fixed assets of the Company with other senior creditors and personal guarantee of a sponsor director.
- 4.3** This represents term finance facility of Rupees 100 Million obtained from PAK Oman Investment Company Limited. As of September 30, 2015 the loan has been fully repaid. It was carrying mark up at the rate of 3 month KIBOR plus 3.25% (2014: 3 month KIBOR plus 3.25%) per annum. It was secured by way of personal guarantee and property located at Mouza Theter, Lahore of a sponsor director.
- 4.4** This represents the term loan of Rupees 210 million extended by Habib Metropolitan Bank Limited which will be repaid in lump sum at the end of 3rd year i.e uptill 15-04-2018. It carries mark up at the rate of 3 month KIBOR plus 1.5% (2014: Nil) per annum that will be reviewed and serviced on quarterly basis. It is secured against financial guarantee in favor of Habib Metropolitan Bank Limited and the counter guarantee of the Company.



- 4.5 During the year the Company repaid sponsor's interest bearing loan of Rs. 175 million. The said loan was carrying mark up at the rate of 3 month KIBOR plus 1.5% per annum. Current outstanding balance of the loan of Rs. 326.469 million (2014: Rs. 110.4 million) is interest free and its payment is not due in foreseeable future.

	Note	2015	2014
		(Rupees in thousand)	
5 LONG TERM DEPOSITS		80,000	80,000

This represents dealership advance and is to be adjusted at the time of cancellation/surrendering of dealership.

6 LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE

Balance as at October 01,	2,369	-
Obtained during the year	-	2,494
Repayment during the year	(499)	(125)
	1,870	2,369
Payable within one year shown under current liabilities	(499)	(499)
	1,371	1,870

Reconciliation of minimum payments under diminishing musharaka and their present value is given below

	2015			2014		
	Present value of minimum Diminishing Musharaka Finance payments	Diminishing Musharaka Finance Charges allocated to future periods	Minimum Diminishing Musharaka Finance payments	Present value of minimum Diminishing Musharaka Finance payments	Diminishing Musharaka Finance Charges allocated to future periods	Minimum Diminishing Musharaka Finance payments
	----- (Rupees in thousand) -----					
Not later than one year	499	88	587	499	156	655
Later than one year but not later than five years	1,371	21	1,392	1,870	109	1,979
	1,870	109	1,979	2,369	265	2,634

This represents Diminishing Musharaka Finance agreement with First Habib Modaraba for a term of three years. As at September 30, 2015 twenty one monthly installments remained outstanding. Mark up is charged at 6 month Kibor plus 3.5 percent per annum with 12% floor and 22% ceiling. This is secured against Diminishing Musharaka Finance assets and personal guarantee of a director. The Company has option to purchase the asset after expiry of Diminishing Musharaka Finance period.

	Note	2015	2014
		(Rupees in thousand)	
7 DEFERRED LIABILITIES			
Deferred income tax	7.1	-	-
Staff retirement benefits-Gratuity	7.2	73,571	57,242
		73,571	57,242



7.1 DEFERRED INCOME TAX

Deferred income tax comprises of the following temporary differences:

Deferred tax liability on taxable temporary difference in respect of:

Accelerated tax depreciation	395,778	299,954
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Deferred tax on deductible temporary difference in respect of:

Available tax losses	(754,482)	(1,200,993)
Provision for staff retirement benefits - gratuity	(7,797)	(13,670)
	<u>(762,279)</u>	<u>(1,214,663)</u>
	<u>(366,501)</u>	<u>(914,709)</u>
Less:		
Deferred tax asset not recognized	<u>(366,501)</u>	<u>914,709</u>
	<u>-</u>	<u>-</u>

Deferred tax asset has not been recognized as a matter of prudence as its recoverability is not expected in near future with reasonable certainty.

7.2 STAFF RETIREMENT BENEFITS - Gratuity

Staff gratuity payable	7.2.1	<u>73,571</u>	<u>57,242</u>
		<u>73,571</u>	<u>57,242</u>

7.2.1 Reconciliation of payable to defined benefit plan:

The amounts recognized in the balance sheet are as follows:

Present value of defined benefit obligation (PVDBO)	7.2.2	<u>73,571</u>	<u>57,242</u>
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7.2.2 Movement in Present value of defined benefit obligation:

Opening balance of PVDBO as at October 01,	57,242	38,115
Add:		
Service cost recognized during the year	16,638	14,660
Interest cost for the year	7,728	4,383
Experience adjustments	-	5,375
	<u>81,608</u>	<u>62,533</u>
Less:		
Benefits paid during the year	<u>(8,037)</u>	<u>(5,291)</u>
Closing balance of PVDBO as at September 30,	<u>73,571</u>	<u>57,242</u>

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12 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	12.1	2,816,544	2,952,560
Capital work in progress	12.2	470,299	421,745
		3,286,843	3,374,305

12.1 Operating fixed assets

Particulars	Freehold land	Building on freehold land	Plant and machinery	Furniture, fixture and equipment	Vehicles		Total operating assets
					Owned	Musharaka	
----- (Rupees in thousand) -----							
At October 01, 2013							
Cost	337,226	1,468,466	2,074,008	34,589	57,663	-	3,971,952
Accumulated depreciation	-	381,094	450,122	13,587	26,235	-	871,038
Net book value	337,226	1,087,372	1,623,886	21,002	31,428	-	3,100,914
Year ended September 30, 2014							
Opening net book value	337,226	1,087,372	1,623,886	21,002	31,428	-	3,100,914
Additions	-	93	568	3,262	1,796	2,647	8,366
Disposals/adjustment:							
Cost	-	-	-	-	18,303	-	18,303
Accumulated depreciation	-	-	-	-	(4,337)	-	(4,337)
	-	-	-	-	13,966	-	13,966
Depreciation charge	-	54,369	81,206	2,198	4,893	88	142,754
Closing net book value	337,226	1,033,096	1,543,248	22,066	14,365	2,559	2,952,560
At September 30, 2014							
Cost	337,226	1,468,559	2,074,576	37,851	41,156	2,647	3,962,015
Accumulated depreciation	-	435,463	531,328	15,785	26,791	88	1,009,455
Net book value	337,226	1,033,096	1,543,248	22,066	14,365	2,559	2,952,560
Year ended September 30, 2015							
Opening net book value	337,226	1,033,096	1,543,248	22,066	14,365	2,559	2,952,560
Additions	-	-	10	6	-	-	16
Disposals/adjustment:							
Cost	-	-	-	-	5,768	-	5,768
Accumulated depreciation	-	-	-	-	(3,876)	-	(3,876)
	-	-	-	-	1,892	-	1,892
Depreciation charge	-	51,654	77,163	2,207	2,604	512	134,140
Closing net book value	337,226	981,442	1,466,095	19,865	9,869	2,047	2,816,544
At September 30, 2015							
Cost	337,226	1,468,559	2,074,586	37,857	35,388	2,647	3,956,263
Accumulated depreciation	-	487,117	608,491	17,992	25,519	600	1,139,719
Net book value	337,226	981,442	1,466,095	19,865	9,869	2,047	2,816,544
Annual rate of depreciation (%)	-	5	5	10	20	20	



Note 2015 2014
(Rupees in thousand)

12.1.1 The depreciation charge for the year has been allocated as follows:

Cost of sales	30,265	135,575
Administration expenses	1,882	7,179
Inoperative plant expenses	101,993	-
	134,140	142,754

12.2 Capital work in progress

	2015			2014		
	Civil Work	Plant and machinery	Total	Civil Work	Plant and machinery	Total
	(Rupees in thousand)					
Opening as at October 01,	3,902	417,843	421,745	-	10,799	10,799
Additions during the year	-	48,554	48,554	3,902	407,044	410,946
Transferred to operating assets	-	-	-	-	-	-
Closing balance	3,902	466,397	470,299	3,902	417,843	421,745

12.3 Detail of disposal of properties, plant and equipment

Particulars	Cost	Accumulated depreciation	Written Down Value	Sale proceeds	Mode of disposal	Purchaser
	(Rupees in thousands)					
Prime Mover (TLQ-396)	2,995	2,022	973	3,563	Negotiation	The Hafiz Goods Transport Company (Plot # 3, Street # 2, Quaid-e-Azam Truck Stand, Hawksbay Road, Mauripur, Karachi.)
Prime Mover (JP-8693)	2,773	1,854	919	2,118		
2015	5,768	3,876	1,892	5,681		
Land cruiser (YW-414)	16,147	3,552	12,595	14,800	Negotiation	Ch.Muhammad Saleem (Canal Bank Road, Faisalabad)
Honda Civic (LEA-12-4114)	2,156	785	1,371	1,750	Negotiation	Honda City Sales (Kalima Chowk, Lahore)
2014	18,303	4,337	13,966	16,550		

Note 2015 2014
(Rupees in thousand)

13 STORE, SPARES AND LOOSE TOOLS

Stores	148,006	158,513
Spares	103,717	98,684
Loose tools	13,068	12,800
	264,791	269,997

13.1 The Company does not hold any stores for specific capitalization.

13.2 There are no stores, spares and loose tools in transit as at September 30, 2015 (2014: Nil).

Note 2015 2014
(Rupees in thousand)

14 STOCKS IN TRADE

Work in process		
-Sugar	958	2,184
-Molasses	28	152
	986	2,336
Finished goods		
-Sugar	323,708	112,397
-Ethanol	2,829	28,405
	326,537	140,802
By-product	1,225	35,907
	328,748	179,045



14.1 Stocks amounting to Rupees 328.748 million (2014: Rupees 179.045 million) are pledged with lenders as security against short term borrowings as referred to in note 10.

	Note	2015	2014
		(Rupees in thousand)	
15 TRADE DEBTS comprise of the followings:			
Unsecured			
Local- Considered good		17,832	13,108
Secured			
Foreign-letter of credits		-	113,488
		<u>17,832</u>	<u>126,596</u>

16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good	16.1	162,737	171,669
Advance income tax	16.2	102,101	102,877
Security deposits		5,791	25,611
Guarantee/LC margin deposits		109,511	95,335
Other receivables	16.3	28,854	75,587
		<u>408,994</u>	<u>471,079</u>

16.1 It includes advances given to sugarcane growers of Rupees 6.622 million (2014: Rupees 29.677 million) which are recoverable from growers against supplies to be made in the subsequent period and to suppliers and contractors of Rupees 43.630 million (2014: Rupees 34.056 million). It also includes Rupees 100 million paid for purchase of property after obtaining courts' consent decree which is presently under execution with the same court. The property is intended to be disposed off after it is taken over.

	Note	2015	2014
		(Rupees in thousand)	
16.2 Advance Income Tax is made up as follows:			
Opening balance		102,877	79,001
Less: Tax refund during the year		(5,584)	-
		<u>97,293</u>	<u>79,001</u>
Add: Tax deducted during the year		5,943	23,956
Add: Prior year adjustment-excess provision reversed		-	14,561
		<u>103,236</u>	<u>117,518</u>
Less: Transferred to profit and loss account		(1,135)	(14,641)
		<u>102,101</u>	<u>102,877</u>

16.3 These include income tax rebate receivable of Rs. 22.785 million (2014: Rs. 67.550 million) available under the Income Tax Ordinance, 2001 for companies acquiring new plant and machinery.

17 CASH AND BANK BALANCES

Cash with banks:			
- current accounts		6,120	46,315
- saving accounts		1,799	8,387
		<u>7,919</u>	<u>54,702</u>

17.1 It includes foreign currency accounts with balances of US Dollars 866.75 equivalent to Pak Rupees 90,861.40 (2014: US Dollars 866.75 equivalent to Pak Rupees 88,971.89)

18 NON-CURRENT ASSETS - HELD FOR SALE

Assets at written down value		<u>151,824</u>	<u>151,824</u>
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This represents assets held for sale/disposal. These assets are being replaced by more advanced energy efficient technology. The assets are carried at lower of their carrying amount and fair value less cost to sell. Realizable value of held for sale assets is higher than their carrying value.



19 SALES-net

Note	For the year ended September 30, 2015			For the year ended September 30, 2014		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Gross Sales						
Local	1,123,971	27,095	1,151,066	4,054,754	100,375	4,155,129
Export	-	-	-	-	1,464,107	1,464,107
Inter-segment	-	-	-	424,154	-	-
	1,123,971	27,095	1,151,066	4,478,908	1,564,482	5,619,236
Less: Sales tax and special excise duty	75,488	3,826	79,314	300,559	14,643	315,202
Commission to selling agents	699	-	699	5,229	-	5,229
	76,187	3,826	80,013	305,788	14,643	320,431
Net Sales	1,047,784	23,269	1,071,053	4,173,120	1,549,839	5,298,805

19.1 Intersegment sales have been eliminated from the total figures.

20 COST OF SALES

Note	For the year ended September 30, 2015			For the year ended September 30, 2014		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Raw Material consumed	1,167,147	-	1,167,147	3,456,801	507,320	3,964,121
Inter-segment transfers	-	-	-	-	424,154	-
	1,167,147	-	1,167,147	3,456,801	931,474	3,964,121
Salaries, wages and other benefits	54,611	-	54,611	139,825	33,397	173,222
Fuel and power	7,029	-	7,029	25,921	91,068	116,989
Chemicals consumed	10,008	-	10,008	23,117	29,625	52,742
Packing material consumed	11,963	-	11,963	37,572	-	37,572
Oil and lubricants	6,658	-	6,658	11,329	14,930	26,259
Stores and spares consumed	19,957	-	19,957	87,269	57,191	144,460
Repair and maintenance	859	-	859	9,053	5,255	14,308
Insurance	153	-	153	14,286	3,604	17,890
Vehicle, running and maintenance	1,461	-	1,461	5,816	1,117	6,933
Other manufacturing expenses	77	-	77	628	-	628
Depreciation	30,265	-	30,265	81,345	54,230	135,575
	1,310,188	-	1,310,188	3,892,962	1,221,891	4,690,699
Work In Process						
Opening Stock	2,336	-	2,336	1,803	16,700	18,503
Closing Stock	(986)	-	(986)	(2,336)	-	(2,336)
	1,350	-	1,350	(533)	16,700	16,167
Cost of goods produced	1,311,538	-	1,311,538	3,892,429	1,238,591	4,706,866
Finished Goods						
Opening Stock	148,304	28,405	176,709	339,568	178,950	518,518
Closing stock	(324,933)	(2,829)	(327,762)	(148,304)	(28,405)	(176,709)
	(176,629)	25,576	(151,053)	191,264	150,545	341,809
	1,134,909	25,576	1,160,485	4,083,693	1,389,136	5,048,675



20.1 Raw material consumed

	For the year ended September 30, 2015			For the year ended September 30, 2014		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Opening stock	-	-	-	-	35,707	35,707
Purchases (Including procurement and other costs)	1,167,147	-	1,167,147	3,456,801	471,613	3,928,414
Less: Closing stock	-	-	-	-	-	-
	1,167,147	-	1,167,147	3,456,801	507,320	3,964,121

20.1.1 Inter-segment purchases have been eliminated from the total figures.

20.2 These include Rupees 6.448 million (2014: Rupees 13.330 million) in respect of staff retirement benefits - gratuity.

	Note	2015 (Rupees in thousand)	2014
21 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	21.1	41,132	97,498
Fee and subscription		111	2,293
Vehicle running		3,726	11,063
Legal and professional		1,562	4,704
Rent, rates and taxes		85	2,367
Travelling and conveyance		1,029	4,478
Postage, telephone and telegrams		1,394	3,552
Utilities expenses		1,614	2,624
Entertainment		530	3,832
Insurance		275	1,542
Repair and maintenance		483	3,147
Printing and stationery		76	391
Charity and donations		50	34
Auditors' remuneration	21.2	500	500
Other expenses		198	930
Depreciation	12.1.1	1,882	7,179
		54,647	146,134

21.1 These include Rupees 2.764 million (2014: Rupees 5.713 million) in respect of staff retirement

21.2 Auditors' remuneration

Statutory audit	350	350
Half yearly review	125	125
Out of pocket expenses	25	25
	500	500



	Note	2015	2014
		(Rupees in thousand)	
22 INOPERATIVE PLANT EXPENSES			
Salaries, wages and other benefits	22.1	66,713	-
Fuel and power		5,617	-
Chemicals consumed		2,994	-
Oil and lubricants		2,049	-
Stores and spares consumed		5,470	-
Fee and subscription		526	-
Vehicle running		3,182	-
Legal and professional		1,595	-
Rent, rates and taxes		499	-
Travelling and conveyance		982	-
Postage, telephone and telegrams		874	-
Utilities expenses		1,756	-
Entertainment		544	-
Printing and stationery		242	-
Newspapers and periodicals		11	-
Advertisement and publicity		82	-
Other expenses		409	-
Depreciation		101,993	-
		195,538	-
These represent expenses relating to the Phalia plant which remained shut down during the year.			
22.1	These include Rupees 15.154 million in respect of staff retirement benefits - gratuity.		
23 DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and other benefits		4,185	4,873
Stock handling charges		2,975	41,646
Insurance		-	1,682
Other expenses		481	1,353
		7,641	49,554
24 OTHER OPERATING INCOME			
Gain on sale of operating fixed assets		3,789	2,584
Foreign exchange gain/(loss)		192	(1,608)
Freight income		-	723
Profit on bank deposit		7,970	751
Miscellaneous income		195	191
		12,146	2,641
25 FINANCE COST			
Financial charges on:			
- Long term finances		36,284	54,457
- Diminishing Musharaka finance		156	50
- Short term borrowings		81,837	126,378
Bank charges, commission and excise duty		410	2,733
		118,687	183,618
26 PROVISION FOR TAXATION			
Provision for taxation comprises of:			
Current tax:			
- Current year	26.1	(1,135)	(14,641)
- Prior year-excess provision reversed	16.2	-	14,561
- Prior year-rebate claimed reversed	26.3	(44,765)	-
		(45,900)	(80)
Deferred tax:			
- Current year	7.1	-	-
		(45,900)	(80)



- 26.1** Current year's provision of income tax has been made under section 154 of the Income Tax ordinance, 2001 on export sales.
- 26.2** No numeric tax rate reconciliation is given in these financial statements as provisions made during the current and preceding years represent final tax on export sales under section 154 of the Income Tax Ordinance, 2001.
- 26.3** The company claimed Tax credit of Rs. 67.550 million under Section 65B of the Companies Ordinance, 2001 in financial year ended September 30, 2013 for which assessment had been completed and according to this assessment company had tax credit of Rs. 53.021 million out of which it could adjust Rs. 22.785 million against final tax payable on exports and the company also had a tax credit of Rs. 0.328 million that was adjustable against minimum tax and final tax for the tax year 2015 which could not be adjusted as company has no minimum tax and final tax in the tax year 2015. Thus the company has lapsed tax credit of Rs. 29.908 million as it has been time barred.

27 LOSS PER SHARE

27.1 Basic loss per share

Loss after taxation	Rupees	(499,699)	(126,615)
Weighted average number of ordinary shares	Numbers	99,020	99,020
Loss per share - Basic	Rupees	(5.05)	(1.28)

27.2 Diluted loss per share

There is no dilution effect on the basic loss per share as the Company has no such commitments.

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

Particulars	For the year ended September 30, 2015				For the year ended September 30, 2014			
	Chief Executive Officer	Executive Director	Executives	Total	Chief Executive Officer	Executive Director	Executives	Total
----- (Rupees in thousand) -----								
Managerial remuneration	1,600	1,400	12,940	15,940	2,182	955	13,717	16,854
Rent and utilities	560	490	5,455	6,505	-	334	5,936	6,270
Medical	240	210	1,643	2,093	218	143	1,525	1,886
	2,400	2,100	20,038	24,538	2,400	1,432	21,178	25,010
Number of Persons	1	1	17	19	1	1	18	20

- 28.1** In addition to the above, certain executives are also provided with Company maintained cars in accordance with their entitlements. No fee was paid to any director for attending meetings of the board and its committees.



29 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with related parties which comprise of directors and key management personnel. Remuneration of Chief executive officer, Director and key management personnel is disclosed in Note. No. 28. Other significant transactions with related parties are as follows:

PARTICULARS	NATURE OF TRANSACTION	2015	2014
		(Rupees in thousand)	
Loan from Sponsor's	Loan repaid	207,064	35,600
	Loan received	248,133	68,000
	Outstanding balance	326,469	285,400

30 BUSINESS SEGMENT INFORMATION

		For the year ended September 30, 2015			For the year ended September 30, 2014		
	Note	Sugar	Ethanol	Total	Sugar	Ethanol	Total
		(Rupees in thousand)			(Rupees in thousand)		
Revenue							
Local and export	19	1,047,784	23,269	1,071,053	3,748,966	1,549,839	5,298,805
Inter-segment	19	-	-	-	424,154	-	-
		1,047,784	23,269	1,071,053	4,173,120	1,549,839	5,298,805
Segment expenses							
Cost of sales - Intersegment	20	-	-	-	-	(424,154)	-
- External	20	(1,134,909)	(25,576)	(1,160,485)	(4,083,693)	(964,982)	(5,048,675)
		(1,134,909)	(25,576)	(1,160,485)	(4,083,693)	(1,389,136)	(5,048,675)
Gross (loss) / profit		(87,125)	(2,307)	(89,432)	89,427	160,703	250,130
Administrative expenses	21	(49,182)	(5,465)	(54,647)	(131,521)	(14,613)	(146,134)
Inoperative plant expenses	22	(175,984)	(19,554)	(195,538)	-	-	-
Distribution and marketing expenses	23	(6,877)	(764)	(7,641)	(44,599)	(4,955)	(49,554)
Other operating income / (loss)	24	8,357	3,789	12,146	3,526	(885)	2,641
		(223,686)	(21,994)	(245,680)	(172,594)	(20,453)	(193,047)
Operating (loss) / profit		(310,811)	(24,301)	(335,112)	(83,167)	140,250	57,083

30.1 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

30.2 Reconciliation of reportable segment assets and liabilities

	September 30, 2015			September 30, 2014		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment assets	3,126,866	1,340,085	4,466,951	3,239,233	1,388,243	4,627,476
Segment liabilities	2,209,945	947,119	3,157,064	1,972,523	845,367	2,817,890
Capital expenditures	16	-	16	8,366	-	8,366
Capital work in progress	451,417	18,882	470,299	402,863	18,882	421,745
Depreciation on property, plant and equipment	80,484	53,656	134,140	86,292	56,463	142,755



31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 Financial risk factors

The Company's activities 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, 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 the 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.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). The Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to foreign entities. However, there is no exposure to currency risk at the year end.

(ii) Other price risk

Other price risk represents the risk that the fair value of 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 instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk.

(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 significant long-term interest bearing assets. The Company's interest rate risk arises from long term finances and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. The Company has no fixed interest rate borrowings.

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

	2015	2014
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances-saving accounts	1,799	8,387
Fair value sensitivity analysis for fixed rate instruments		
The Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Financial assets represent saving accounts as detailed above. A change in interest rate at the balance sheet date would not materially affect profit or loss of the Company.		
Floating rate instruments		
Financial liabilities		
Long term finances	695,214	489,644
Short term borrowings	1,058,808	885,963



(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:

Trade debts	17,832	126,596
Advances, deposits, prepayments and other receivables	246,257	299,410
Bank balances	7,919	54,702

Sensitivity analysis

The trade debtors of the Company comprises of local debtors of white refine sugar and allied products and foreign debtors of ethanol. The majority of the sales to customers are made on advance receipt mechanism i.e. value of goods is received in advance. Credit sales are only made to trusted parties/dealers and credit risk for each customer is established based on past experience with the customer. Exports sales (if any) are secured through letter of credits.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company has at its disposal unavailed credit facilities of Nil (2014: Rs. 939.037 million) and cash and cash equivalents of Rs. 7.919 million (2014: Rs. 54.702 million) to further reduce its liquidity risk.

Contractual maturities of financial liabilities as at 30th September, 2015

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
	----- (Rupees in thousand) -----				
Non derivate financial liabilities					
Long term finances	695,214	759,838	187,957	571,881	-
Long term deposits	80,000	80,000	-	80,000	-
Short term borrowings-secured	1,058,808	1,142,348	1,142,348	-	-
Trade and other payables	1,120,952	1,120,952	1,120,952	-	-
Accrued finance cost	128,519	128,519	128,519	-	-
	3,083,493	3,231,657	2,579,776	651,881	-



Contractual maturities of financial liabilities as at 30th September, 2014

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
	----- (Rupees in thousand) -----				
Non derivate financial liabilities					
Long term finances	489,644	535,332	227,388	307,944	-
Long term deposits	80,000	80,000	-	80,000	-
Short term borrowings-secured	885,963	998,693	998,693	-	-
Trade and other payables	938,009	938,009	938,009	-	-
Accrued finance cost	49,646	49,646	49,646	-	-
	2,443,262	2,601,680	2,213,736	387,944	-

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 30th September. The rates of interest /markup have been disclosed in Note-4, 6 and Note-10 to these financial statements.

31.2 Fair values of financial assets and liabilities

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

31.3 Financial instruments by categories

As at September 30,

Assets as per balance sheet

Trade debts	17,832	126,596
Advances, deposits, prepayments and other receivables	246,257	299,410
Cash and bank balances	7,919	54,702

Loans and Advances
2015 2014
(Rupees in thousand)

Liabilities as per balance sheet

Long term finances	693,344	487,275
Long term deposits	80,000	80,000
Liabilities against assets subject to Diminishing Musharaka finance	1,870	2,369
Deferred liabilities	73,571	57,242
Short term borrowings - secured	1,058,808	885,963
Trade and other payables	949,359	938,009
Accrued finance cost	128,519	49,646

Financial liabilities at amortized cost

31.4 Capital risk management

- The Company is not subject to any externally imposed capital requirements.
- 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 in optimal capital structure to reduce the cost of capital.
- Consistently with others in industry and the requirements of the lenders, the Company monitors the capital structure on the basis of debt to adjusted capital ratio. The ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital and reserves) plus net debt.



The debt to adjusted capital ratio as at year ended 30th September 2015 and 30th September 2014 is as follows:

Borrowings	1,754,022	1,375,607
Less: Cash and cash equivalents	7,919	54,702
Net debt	1,746,103	1,320,905
Total equity	1,309,887	1,809,586
Adjusted capital	3,055,990	3,130,491
Debt-to-adjusted capital ratio	57%	42%

32 CAPACITY AND PRODUCTION

		2015	2014
Sugar			
Plant capacity on the basis of operating days	M. Tons	621,000	1,297,500
(Phalia Nil (2014: 735,000 M.Tons) and Mian Chanu 621,000 M.Tons (2014: 562,500 M.Tons))			
Actual Crushing	M. Tons	288,754	836,931
Actual Production	M. Tons	24,402	78,273

Ethanol

Rated capacity on the basis of operating working days (E.N.A. & B-Grade)	Liters	-	31,000,000
Actual production (E.N.A., E.N.A. Anhydrous & Grade) B-Grade	Liters	-	21,260,418

Phalia plant did not operate during the year. Reasons for low production at Mian Chanu plant were limited availability of raw material to the plant, shortage of funds and routine plant maintenance.

33 NUMBER OF EMPLOYEES

Number of employees at year end	475	983
Average number of employees during the year	729	902

34 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on January 08, 2016 by the Board of Directors of the Company.

35 GENERAL

Figures have been rounded off to the nearest thousand unless otherwise stated.

36 CORRESPONDING FIGURES

Previous year's figures have been rearranged, wherever necessary for the purpose of comparison. Liabilities amounting to Rs. 143.750 Million (2014: 143.750 Million) directly associated with non-current assets have been clubbed with current portion of long term liabilities (Note # 04), news paper & periodical expense and advertisement & publicity expenses of Rs. 144,000 in year ended September 30, 2014 have been clubbed with other expenses (Note # 21), L/C margin deposited with banks against letter of credit for import of machinery and spare parts of Rupees 97.632 million (2014: Rupees 82.245 million) that were included in advances considered good in year ended September 30, 2014 have been clubbed with Guarantee/LC margin deposits (Note # 16) and no other significant re-arrangement has been made in these financial statements.

Chief Executive Officer

Director



Financial Highlights

	2015	2014	2013	2012	2011	2010
	(Rupees in Thousand)					
Share capital	990,200	990,200	990,200	990,200	990,200	990,200
Unappropriated profit	319,687	819,386	951,376	694,490	534,743	469,032
Non current liabilities	691,411	424,512	425,698	752,148	1,115,471	1,225,243
Current liabilities	2,465,653	2,393,450	2,120,415	2,795,196	2,446,480	2,050,349
Non current assets	3,286,843	3,374,305	3,111,713	3,380,898	3,515,925	3,343,051
Current assets	1,180,108	1,253,243	1,375,976	1,851,136	1,570,969	1,391,773
Turnover	1,071,053	5,298,805	7,234,928	5,940,236	5,483,297	4,749,066
Gross (loss) / profit	(89,432)	250,130	617,789	638,638	661,232	653,905
Operating (loss) / profit	(335,112)	57,083	493,286	503,260	528,268	547,011
(Loss) / profit before taxation	(453,799)	(126,535)	231,917	126,848	120,312	132,172
(Loss) / profit after taxation	(499,699)	(126,615)	262,121	159,747	65,711	118,051
Production Data						
Cane crushed (M.Tons)	288,754	836,931	1,057,447	1,073,317	732,910	640,547
Sugar Produced (M.Tons)	24,402	78,273	101,063	101,147	63,873	55,269
Ethanol produced (Litres)	-	21,260,418	26,936,431	35,739,986	25,356,131	23,646,464



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

Pattern of Shareholding

As at September 30, 2015

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
397	1	100	15,217
561	101	500	151,664
270	501	1000	216,289
429	1001	5000	1,055,997
109	5001	10000	906,294
35	10001	15000	436,644
17	15001	20000	320,426
18	20001	25000	407,221
10	25001	30000	278,447
9	30001	35000	289,514
4	35001	40000	150,675
1	40001	45000	44,824
4	45001	50000	194,500
4	50001	55000	214,642
3	55001	60000	173,000
3	60001	65000	192,085
2	65001	70000	134,361
2	95001	100000	199,500
1	120001	125000	123,000
1	135001	140000	138,176
1	150001	155000	151,500
1	180001	185000	181,491
2	185001	190000	374,489
1	195001	200000	200,000
1	225001	230000	226,000
1	230001	235000	230,500
1	255001	260000	257,912
1	270001	275000	271,203
1	345001	350000	350,000
1	375001	380000	378,000
1	420001	425000	423,550
1	475001	480000	477,654
1	1435001	1440000	1,436,148
2	1850001	1855000	3,707,704
1	2370001	2375000	2,374,265
1	3010001	3015000	3,010,413
1	3805001	3810000	3,810,000
1	3810001	3815000	3,810,051
1	4830001	4835000	4,830,363
1	4895001	4900000	4,900,000
2	4900001	4905000	9,801,640
1	7910001	7915000	7,911,439
1	9215001	9220000	9,219,617
1	9710001	9715000	9,714,076
1	9890001	9895000	9,890,098
1	15435001	15440000	15,439,411
1,909			99,020,000



Categorical Pattern of Shareholding

As at September 30, 2015

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Individuals	1,851	80,192,197	80.99
Financial Institutions / Modarabas / Pension Funds etc	18	319,091	0.32
Joint Stock Companies	22	18,030,734	18.21
Insurance Companies	6	86,526	0.09
Investment Companies	1	196	0.00
Mutual Funds	1	378,000	0.38
Others	10	13,256	0.01
TOTAL	1,909	99,020,000	100.00



Pattern of Shareholding (Additional Information)

Under Code of Corporate Governance as at September 30, 2015

<u>Directors, CEO, and their spouses and minor children:</u>	<u>Shareholding</u>	<u>Percentage</u>
Mr. Naveed M. Sheikh	65,861	0.07
Mr. Waqar Ibn Zahoor Bandey	10,252	0.01
Mr. Abdul Sammee	1,000	0.00
Mian Muhammad Ali	1,000	0.00
Mr. Muhammad Asghar	1,000	0.00
Mr. Asad Ali	1,000	0.00
Mr. Ahmed Haji Mussa	1,000	0.00
Mrs. Aasiya Naveed Sheikh*	3,810,413	3.85
Mr. Ibrahim Naveed Sheikh	3,010,413	3.04
Executives	9,714,076	9.81
Associated Companies, Undertakings & related parties	-	-
Mutual Funds	378,000	0.38
Public Sector Companies & Corporation	-	-
Joint Stock Companies	18,030,734	18.21
Banks, Finance Institutions, Insurance Companies, Modarabas and Pension Funds etc.	405,813	0.41
Others	13,256	0.01
General Public	63,576,182	64.21
Total	99,020,000	100.00

Shareholding 5% and More

M/s Colony Textile Mills Limited*	15,862,961	16.02
Mr. Mashal Kamran Khan	9,219,617	9.31
Ms. Eesha Naveed Sheikh	9,714,076	9.81
Ms. Noreen M. Sheikh	9,890,098	9.99
Ms. Izza Naveed Sheikh	7,911,439	7.99

There has been no trading of shares by CEO, Directors, CFO and Company Secretary, their spouse or minor children.

*These reflect deferent folios.



ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز کی جانب سے، میں آئندہ ہونے والے سالانہ عمومی اجلاس میں آپ کو خوش آمدید کہتا ہوں اور سالانہ نتائج شدہ حسابات برائے سال ختمہ 30 ستمبر 2015ء بمعہ محاسب کی رپورٹ پیش کرتا ہوں۔

کمپنی نے اس سال 1,071.053 ملین روپوں کی چینی فروخت کی جبکہ پچھلے سال کی فروخت 5,298.805 ملین روپے تھی۔ اس سال کمپنی کا کل نقصان ٹیکس منہا کرنے کے بعد 499.699 ملین روپے ہے جبکہ پچھلے سال یہ نقصان 126.615 ملین روپے تھا۔ اس سال نقصان فی حصہ 5.05 روپے ہے۔ جبکہ پچھلے سال یہی نقصان 1.28 روپے فی حصہ تھا۔

یہ نقصان گنے کی مہنگے داموں خرید جبکہ چینی کی قیمت فروخت گنے کے دام سے مناسب نا ہونا ہے۔ اس کے علاوہ کمپنی نے اپنی ایک مل جو کہ پھالیہ (چینی اور استھنل کی پیداواری سہولیات) میں واقع ہے، کو نا مناسب حالات کی وجہ سے بند رکھا ہے۔ جبکہ دوسری مل جو میاں چنوں میں واقع ہے وہ بھی مناسب سرمائے کی عدم دستیابی کی وجہ سے تھوڑا عرصہ چلی ہے۔

عالمی منڈی میں چینی کا وافر ذخیرہ اور چینی کی اضافی ملکی پیداوار کی وجہ سے عالمی منڈی اور ہمارے ملک میں بھی چینی کی قیمتیں کم رہی ہیں۔ حال ہی میں پاکستان گورنمنٹ نے شوگر کی صنعت کو کچھ مراعات کے ساتھ چینی برآمد کرنے کی اجازت دی ہے۔ جس سے شوگر کی صنعت کو اچھے فوائد حاصل ہونگے اور اس سے خصوصاً صوبہ پنجاب اور صوبہ خیبر پختونخواہ فیضیاب ہونگے۔

کمپنی کی انتظامیہ اور اس کے بنیادی حصص داران کی طرف سے ہر ممکن کوشش کی جا رہی ہے کہ پیداواری سرگرمیوں کو جلد سے جلد شروع کیا جائے۔ کمپنی کے محاسبان کی طرف سے ان کی جاری کردہ رپورٹ میں نشاندہی کیا گیا معاملہ، انتظامیہ کی طرف سے کیے جانے والے اقدامات (جو اوپر بیان کئے گئے ہیں) کے نتیجے میں کمپنی جلد پیداواری سہولیات کا آغاز کر لے گی جس سے کمپنی کے مالی معاملات سدھار کی طرف جائینگے۔

کمپنی نے مالیاتی نتائج کو مد نظر رکھتے ہوئے حصص داران کے لیے کوئی عمومی منافع کا اعلان نہیں کیا۔ کمپنی نے کوڈ آف کارپوریٹ گورننس کی روشنی میں ڈائریکٹرز پر مشتمل محاسبتی کمیٹی بنی ہوئی ہے۔ جو کہ کمپنی کے اندرونی محاسبتی معاملات کو بغور دیکھ رہی ہے۔ محاسبتی کمیٹی کمپنی کے سالانہ اور سہ ماہی مالیاتی حسابات کا باقاعدگی سے جائزہ لے رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

کمپنی نے کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹران مطلع کرتے ہیں کہ مالیاتی حسابات واضح اور درست طریقے سے بنائے گئے ہیں

کمپنی نے مالیات کی کتابیں قانون کے مطابق بنائی ہوئی ہیں۔

حسابات کی پالیسیاں مناسب انداز میں لاگو کی گئی ہیں۔

کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر رہنما اصول بنائے ہوئے ہیں جن پر عمل درآمد ہو رہا ہے۔



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

بین الاقوامی قوانین مالیات جو کہ پاکستان میں لاگو ہیں پر عمل ہو رہا ہے۔
کمپنی کا اندرونی محاسبی نظام مضبوط اور بہتر انداز میں کام کر رہا ہے۔ کمپنی کے کاروباری معاملات جاری رہنے میں کوئی شکوک و شبہات
نہیں ہیں۔

کمپنی لسٹنگ قوانین میں موجود کارپوریٹ گورننس کے تحت بہتر انداز میں عمل پیرا ہے۔
کمپنی کے پچھلے پانچ سالوں کے بنیادی حسابات کا خلاصہ لف ہے۔
کمپنی نے کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ اہداف بہتر انداز میں پورے کئے ہیں۔
کمپنی کے ڈائریکٹران اپنے فرائض کی ادائیگی سے بخوبی واقف ہیں۔
کمپنی کے کسی عہدہ دار کی طرف سے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی گئی۔

ڈائریکٹران اور ان کی ذیلی کمیٹیوں کے اجلاس
سال رواں میں ڈائریکٹران کے پانچ اجلاس ہوئے ہیں، جس میں نوید ایم شیخ کے سوا سبھی ڈائریکٹران نے شمولیت کی، جبکہ نوید ایم شیخ کو
اجلاس میں عدم شرکت کی اجازت دی گئی۔

محاسبی کمیٹی کے سال میں چار اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی،
انسانی وسائل اور مراعاتی کمیٹی کے سال میں دو اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی،

بیرونی محاسب

کمپنی کے بیرونی محاسب نوید ظفر اشفاق جعفری اینڈ کمپنی نے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسبی کمیٹی نے بھی
نامزدگی کی تائید کی ہے۔ چنانچہ حصص داران سے ان کو دوبارہ تعینات کرنے کی منظوری کی درخواست کی جاتی ہے، بشرطیکہ وہ تعیناتی کی
قانون میں موجود اہلیت پر پورا اترتے ہوں۔

ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال ختمہ 30 ستمبر 2015ء لف ہے۔

ستائشی کلمات

کمپنی کے ڈائریکٹران اپنے ملازمین کی کام میں لگن، دفتری امور کی بہتر انجام دہی اور دیگر متعلقین کی تہ دل سے شکر گزار ہے۔
بورڈ آف ڈائریکٹرز کی جانب سے

وقار ابن ظہور بانڈے

ڈائریکٹر / چیف ایگزیکٹو آفیسر

لاہور جنوری/2016/8



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

FORM OF PROXY

I/We _____ of
_____ being member of **Imperial SUGAR LIMITED** and holder of _____ Ordinary shares as per Registered Folio / CDC Participant I.D. No. _____ hereby appoint Mr. / Mrs. / Miss. _____ of _____ or failing him / her Mr. / Mrs. / Miss. _____ of _____ who is also a member of the IMPERIAL SUGAR LIMITED vide Registered Folio / CDC Participant I.D. No. _____ as my proxy to vote for me and on my behalf at the 9th Annual General Meeting of the Company to be held on Saturday, January 30, 2016 at 10.00 a.m. and any adjournment thereof.

Signed this _____ day of _____ 20____.

Revenue
Stamp(s) of
Rupees five

Signature
(As registered with the company)

Witness: 1

Signature _____

Name _____

Address _____

CNIC or _____

Passport # _____

Witness: 2

Signature _____

Name _____

Address _____

CNIC or _____

Passport # _____

NOTES:-

- This proxy form, duly completed and signed, must be received at the Registered Office of the company not less than 48 hours before the time of holding the Meeting.
- No person shall act as Proxy unless he/she himself / herself is a Shareholder of the Company except that a company may appoint a person as its representative who is not a shareholder.



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

امپیریل شوگر لمیٹڈ (سابقہ کالونی شوگر ملز لمیٹڈ)

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم
ساکن _____ امپیریل شوگر لمیٹڈ (سابقہ کالونی شوگر ملز لمیٹڈ)
کا / کی کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____
_____ عمومی حصص کا / کی کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے _____
رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو یا اس کے نہ
آنے کی صورت میں _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی
ڈی سی کھاتہ نمبر _____ کو جو کہ امپیریل شوگر لمیٹڈ کا / کی کے حصص دار ہے / ہیں۔ کو اپنی جگہ بروز ہفتہ
بتاریخ 30 جنوری 2016 بوقت صبح 10 بجے بمقام اسماعیل ایوان سائنس بلڈنگ 205 فیروز پور لاہور میں منعقد ہونے والے سالانہ
اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے ہوں / ہیں۔

یہ فارم _____ جنوری 2016 کو دستخط کیا گیا۔

پانچ روپے کی رسیدی ٹکٹ

چسپاں کریں

دستخط۔

کمپنی کے ریکارڈ کے مطابق دستخط

گواہ نمبر: 2

گواہ نمبر: 1

_____ دستخط

_____ دستخط

_____ نام

_____ نام

_____ پتہ

_____ پتہ

_____ شناختی کارڈ نمبر یا

_____ شناختی کارڈ نمبر یا

_____ پاسپورٹ نمبر

_____ پاسپورٹ نمبر

نوٹ: 1- یہ مختار نامہ مکمل اور دستخط شدہ کمپنی کے رجسٹرڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہیئے۔

2- کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک وہ کمپنی کا حصص دار نہ ہو۔ علاوہ اس کے کہ کوئی ایک کمپنی کسی فرد کو نمائندہ مقرر

کرے جو کمپنی کا حصص دار نہ ہو۔

Dated. _____

OPTIONAL

M/S. Hameed Majeed Associates (Pvt.) Limited
Share Registrar – (Imperial Sugar Limited)
HM House, 7 Bank Square, LAHORE.
Phone: (042) 37235081-2, Fax: 042-37358817
Email: shares@hmaconsultants.com

Subject: **Consent to receive Audited Financial Statements, Notices, Entitlements and other Information through Electronic Mode**

Dear Sir,

This refers to the above cited subject and S.R.O. 787 (1)/2014 dated September 08, 2014 issued by Securities & Exchange Commission of Pakistan.

In the context of above referred S.R.O. I hereby request and authorize the company to send me:

- Audited Financial Statements
- Notices
- Entitlements
- Any other information including the above but not limited thereto.

through Electronic Mode - Email (particulars given below) instead of sending the same through Post as required under provisions of Companies Ordinance, 1984.

Name (shareholder)	_____
Registered Folio Number	
a) Physical Shareholder	_____
b) In case of CDC Account Holder	i. Participant ID _____ ii. Sub / Investor Account No. _____
Email Address (Compulsory)	_____

Further, I hereby undertake that I/we will inform the company / share registrar immediately upon any change in the above particulars, and the company stand absolves from any responsibility to send the Audited Financial Statements / Notices / Any Information through post.

Thanking You,

Signature of Shareholder (as per record)

Folio Number _____

CNIC Number _____

Dated. _____

OPTIONAL

M/S. Hameed Majeed Associates (Pvt.) Limited
Share Registrar – (Imperial Sugar Limited)
HM House, 7 Bank Square, LAHORE.
Phone: (042) 37235081-2, Fax: 042-37358817
Email: shares@hmaconsultants.com

Subject: **Dividend Mandate**

Dear Sir,

This refers to above cited subject for facility of direct credit of Dividend in to Bank Account.

I hereby authorize the company to transfer / credit the dividend amount directly to my Bank Account details of which are given hereunder:

Title of Bank Account	
Bank Account Number	
Bank Name	
Branch Name and Address	
Cell number of Shareholder	
Landline number of Shareholder, if any	

It is stated that the above mentioned information is correct and I/we will inform the company / share registrar immediately upon any change in the above particulars.

Thanking You,

Signature of Shareholder (as per record)

BANK VERIFICATION

Shareholder Name: _____

Banker Name: _____

Folio Number: _____

Designation: _____

CNIC Number: _____

Phone No. _____

Signature & Stamp: _____



Imperial Sugar Limited
(Formerly: Colony Sugar Mills Limited)

Ismail Aiwane-Science Building, 205-Ferozepur Road,
Lahore - 54600 Pakistan

Phones: +92 42 3575 8970, 3575 1308

Fax: +92 42 3576 3247