



Habib Sugar Mills Limited

Annual Report 2016



Company Information

Board of Directors	Asghar D. Habib Ali Raza D. Habib Muhammad Nawaz Tishna Murtaza H. Habib Amin Ali Abdul Hamid Shams Mohammad Haji Imran A. Habib Raeesul Hasan	<i>Chairman</i> <i>Chief Executive</i>
Audit Committee	Amin Ali Abdul Hamid Ali Raza D. Habib Shams Mohammad Haji	Chairman Member Member
Human Resource & Remuneration Committee	Shams Mohammad Haji Amin Ali Abdul Hamid Raeesul Hasan	Chairman Member Member
Company Secretary	Amir Bashir Ahmed	
Registered Office	3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 35680036 - 5 Lines Fax : (+92-21) 35684086 www : habib.com/sugar E-mail : sugar@habib.com	
Mills	Nawabshah Phones : (+92-244) 360751 - 5 Lines Fax : (+92-244) 361314	
Bankers	Allied Bank Limited Bank AL Habib Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Statutory Auditors	EY Ford Rhodes Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 Phones : (+92-21) 111-000-322 Fax : (+92-21) 35655595 E-mail : secretariat@thk.com.pk info@thk.com.pk Website : www.thk.com.pk	



VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (CO₂) and household textiles, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.



Code of Conduct

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

Products

- To produce refined, high-grade sugar that is edible and hygienic and provides all the nutrition and food value at standards determined by the company, which would exceed industry norms and averages.
- To produce by-products and allied products including molasses, ethanol and liquidified carbon dioxide (CO₂).
- To diversify into other products such as home textiles thus consuming indigenous raw material and generating export earnings.

Systems & Processes

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

Management & Employees

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



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

Financial

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

Adherence to Law

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

Environment

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

Planning

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



Notice of Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting of Habib Sugar Mills Limited will be held on Monday, January 30, 2017 at 11:30 a.m. at Jinnah Auditorium, The Institute of Bankers Pakistan (IBP), M.T. Khan Road, Karachi to transact the following business:

Ordinary Business

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended September 30, 2016.
2. To approve payment of cash dividend @ 55 % i.e. Rs. 2.75 per share of Rs. 5 each for the year ended September 30, 2016 as recommended by the Board of Directors.
3. To appoint auditors of the company for the year ending September 30, 2017 and fix their remuneration.
4. To elect Directors of the Company in accordance with the provisions of the Companies Ordinance, 1984. The number of elected Directors of the company fixed by the Board of Directors in their meeting held on December 24, 2016 is seven (7). The retiring Directors are Messrs. Asghar D. Habib, Ali Raza D. Habib, Muhammad Nawaz Tishna, Murtaza H. Habib, Amin Ali Abdul Hamid, Shams Muhammad Haji and Imran A. Habib.

Special Business

5. To approve the remuneration of working Director of the Company.

A statement under Section 160(1)(b) of the Companies Ordinance 1984 in respect of the above special business is being sent to the members along with a copy of this notice.

By order of the Board

Amir Bashir Ahmed
Company Secretary

Karachi: December 24, 2016

Notes:

1. The Share Transfer Books of the Company will remain closed from Monday, January 16, 2017 to Monday, January 30, 2017 both days inclusive.
2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed at least 48 hours before the time of meeting.
3. For identification, Owners of the physical shares and CDC account holder should present Computerized National Identity Card (CNIC) along with participants ID number and CDC account number. In case of appointment of proxy by such account holders, the guidelines as contained in the SECP's circular No. 1 of January 26, 2000 are to be followed.
4. Members are requested to notify any change in their addresses and their contact numbers immediately to Company's Share Registrar, THK Associates (Pvt.) Limited, Karachi.
5. Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, shareholders holding physical share certificate are therefore requested to submit a copy of their valid CNIC, if not already provided to the Share Registrar of the Company. In case of non-receipt of the copy of valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 5, 2012 of SECP and would therefore be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrant of such shareholders.
6. The Government of Pakistan through Finance Act, 2016 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(i) For filers of income tax returns	12.5 %
(ii) For non-filers of income tax returns	20.0 %



To enable the company to make tax deduction on the amount of cash dividend @ 12.5 % instead of 20.0 %, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 20.0 % instead of 12.5 %.

For shareholder holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer / Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our share registrar, in writing as follows:

Company Name	Folio/CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

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

7. Consent for Electronic Transmission of Audited Financial Statements & Notices (Optional)

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are requested to send their consent and e-mail addresses for receiving Audited Financial Statements and Notices through e-mail. In order to avail this facility, a standard request form is available at the Company's website.

8. Dividend Mandate (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 18 of 2012 dated June 5, 2012, it is to inform you that under section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend amount directly to his/her/its bank account.

Further, transfer of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank account.

9. Payment of Cash Dividend Electronically (Optional)

The SECP has initiated e-dividend mechanism and in order to avail benefits of e-dividend (such as instant credit of dividends, no chance of dividend warrants getting lost in post, undelivered or delivered to the wrong address etc.), shareholder are hereby advised to provide detail of their bank mandate specifying: (i) title of account (ii) account number (iii) bank name (iv) branch name, code and address.

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

Company Address:

Habib Sugar Mills Limited

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

Share Registrar Address:

THK Associates (Pvt.) Limited

2nd, State Life Building-3
Dr. Ziauddin Ahmed Road, Karachi. 75530
UAN : (021) 111-000-322, Fax : (021) 35655595
e-mail : secretariat@thk.com.pk



Statement under Section 160(1)(b) of the Companies Ordinance, 1984

This Statement sets out the material facts concerning the Special Business to be transacted at the 55th Annual General Meeting of the Company to be held on January 30, 2017:

Item 5 of the Agenda - Approval of remuneration of Director: (Disclosure under Section 218)

The Board of Directors in their Meeting held on December 24, 2016 have recommended payment of the following remuneration to the working Director of the Company, for a period of three years commencing from January 30, 2017, subject to an increment not exceeding 20% per annum.

	Remuneration per month
Mr. Murtaza H. Habib	Rs. 650,000

In addition, he will be provided with two company maintained cars, reimbursement of utilities and entertainment at actuals and other benefits as per policy of the Company, which in aggregate is estimated to be approximately 40% of his remuneration as stated above.

The above Director has interest in the aforesaid business to the extent of their remuneration and perquisites as shown above.



Six years' review at a glance

		2016	2015	2014	2013	2012	2011
Sugar Division							
Sugarcane crushed	M. Tons	821,801	854,231	1,116,554	939,959	851,620	800,636
Average sucrose recovery	%	10.74	10.40	10.44	11.02	10.78	9.87
Sugar produced	M. Tons	88,271	88,807	116,513	103,582	91,832	79,056
Raw sugar refined	M. Tons	-	-	-	-	-	4,885
Average sucrose recovery	%	-	-	-	-	-	94.35
Sugar produced	M. Tons	-	-	-	-	-	4,609
Total sugar produced	M. Tons	88,271	88,807	116,513	103,582	91,832	83,665
Distillery Division							
Ethanol							
Molasses processed	M. Tons	175,538	163,846	176,226	173,497	163,560	167,969
Average ethanol yield	%	18.13	18.73	18.59	17.56	17.92	17.45
Ethanol produced	M. Tons	31,817	30,681	32,768	30,464	29,307	29,303
Liquidified Carbon dioxide (CO₂) produced	M. Tons	10,104	9,230	8,436	7,584	4,902	5,644
Textile Division							
Yarn / Semi finished goods consumed	Kgs.	650,892	890,831	983,143	1,100,321	780,469	491,138
Average yield	%	85.76	84.58	84.95	86.23	86.64	98.73
Finished product	Kgs.	558,194	753,449	835,210	948,812	676,185	484,885
Operating results – Consolidated							
(Restated)							
Sales / Rental income	Rs. '000	8,517,094	8,197,388	9,050,916	8,812,098	7,096,467	7,467,944
Cost of sales	Rs. '000	7,499,710	7,222,293	7,983,079	7,606,639	5,847,461	6,201,551
Gross profit	Rs. '000	1,017,384	975,095	1,067,837	1,205,459	1,249,006	1,266,393
Profit before taxation	Rs. '000	970,962	970,230	922,091	933,951	981,150	1,050,016
Profit after taxation	Rs. '000	824,962	815,230	797,091	778,951	781,150	755,016
Shareholders' Equity							
Paid-up capital	Rs. '000	750,000	750,000	750,000	750,000	750,000	750,000
Reserves	Rs. '000	5,781,437	5,110,222	4,699,252	3,882,767	3,304,851	2,768,090
Shareholders' equity	Rs. '000	6,531,437	5,860,222	5,449,252	4,632,767	4,054,851	3,518,090
Break-up value per share	Rupees	43.54	39.07	36.33	30.89	27.03	23.45
Adjusted earnings per share - Restated*	Rupees	5.50	5.43	5.31	5.19*	5.21	5.03
Return on equity	%	12.63	13.91	14.63	16.81	19.26	21.46
Financial position - Assets							
Fixed assets - Restated*	Rs. '000	2,161,885	1,542,980	1,353,601	959,820*	771,839	795,194
Long-term investments	Rs. '000	2,025,968	1,711,136	1,451,587	999,888	2,001,263	923,856
Long-term loans and deposits	Rs. '000	8,139	6,975	8,354	5,852	7,207	9,807
Current assets - Restated*	Rs. '000	4,428,079	4,609,485	4,167,349	3,918,926*	2,497,320	2,287,890
Total assets	Rs. '000	8,624,071	7,870,576	6,980,891	5,884,486	5,277,629	4,016,747
Financial position - Liabilities							
Non-current liabilities	Rs. '000	104,000	102,000	90,000	75,000	81,500	81,500
Current liabilities	Rs. '000	1,988,634	1,908,354	1,441,639	1,176,719	1,141,278	417,157
Total liabilities	Rs. '000	2,092,634	2,010,354	1,531,639	1,251,719	1,222,778	498,657
Ratios							
Current ratio		2.23	2.42	2.89	3.33	2.19	5.48
Dividends							
Cash	%	55	50	50	50	50	50



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors and myself, I am pleased to welcome you all to the 55th Annual General Meeting of the Company and present before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2016.

By the Grace of Allah, during the year under review, the operations of your Company resulted in pre-tax profit of Rs.970.96 million. The operating results and appropriations as recommended by the Board are given below:

	(Rupees in thousands)
Profit before taxation	970,962
Less: Taxation	146,000
Profit after taxation	824,962
Other Comprehensive Income	(142)
Unappropriated profit brought forward	2,933
	2,791
Profit available for appropriation	827,753
Proposed – Cash Dividend @ 55% i.e. Rs.2.75 per ordinary share of Rs.5/- each	412,500
– Transfer to general reserve	412,500
	825,000
Unappropriated profit carried forward	2,753
Earnings per share – Basic and diluted	Rs. 5.50

Performance Review

Alhamdulillah, the overall performance of the Company continued to be satisfactory during the year. Division-wise performance is as follows :

Sugar Division

The crushing season 2015-16 commenced on November 24, 2015 and the plant operated upto March 13, 2016 for 111 days as against 117 days in the preceding season. Sugarcane crushed during the current season was 821,801 M.Tons with average sucrose recovery of 10.74% and sugar production of 88,271 M.Tons, as compared with crushing of 854,231 M.Tons with average sucrose recovery of 10.40% and sugar production of 88,807 M.Tons during the preceding season. The quantum of sugarcane crushed and sugar production was lower as compared with the previous season due to reduced availability of sugarcane.

The Government of Sindh on January 4, 2016 issued notification fixing the minimum support price of sugarcane at Rs.172 per 40 kgs as compared with Rs.182 per 40 kgs for the crushing season 2014-15. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.



During the current crushing season, the reduced availability of sugarcane resulted in unhealthy price competition among the mills. In view of the above, the growers were demanding much higher prices over the minimum support price, this resulted in reduced quantum of sugarcane crushing and increased cost of production of sugar. On the other hand, the financial year started with depressed sugar prices both in domestic and international markets, however, during the later part of the financial year, the sugar prices in the international market showed upward trend which positively impacted the sugar prices in local market and helped in improving the profitability of the division.

The Economic Co-ordination Committee (ECC) of the cabinet had allowed export of 500,000 M. Tons of Sugar by March 31, 2016 and announced cash subsidy of Rs. 13/kg on the export of sugar which was to be shared equally by the Federal Government and Provincial Government. Despite the announcement of cash subsidy, the Company did not export sugar and preferred to sell in local market due to unfavorable prices in the international market.

The Government in the Federal Budget 2016-17 changed the indirect tax mode from FED to Sales tax and fixed the value of sugar at Rs. 56 per Kg. The Sales tax was payable at the rate of 8% for registered and 10% for unregistered buyers.

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

		2015-16	2014-15
Crushing duration	Days	111	117
Sugarcane crushed	M.Tons	821,801	854,231
Average sucrose recovery	%	10.74	10.40
Sugar production	M.Tons	88,271	88,807

During the year, the division earned operating profit of Rs.318.36 million as compared with profit of Rs. 305.48 million during the previous year. The increase in profit was due to increase in sales volume and better margin. The division's financial results were also subject to cost audit under the Companies (Audit of Cost Accounts) Rules, 1998 as in previous years. The cost audit was conducted by Messrs. Haroon Zakaria & Co., Chartered Accountants who were recommended for appointment by the Board and duly approved by the Securities & Exchange Commission of Pakistan. The cost audit has been completed and the Company has received the cost audit report. The report will also be submitted directly by the cost auditors to the Securities & Exchange Commission of Pakistan as required by the Companies (Audit of Cost Accounts) Rules, 1998.

Distillery Division

The distillery division continued its operations on satisfactory basis. The division earned operating profit of Rs.336.21 million as compared with profit of Rs. 300.27 million during the previous year. The increase in profit was due to increase in sales volume of liquidified carbon dioxide (CO₂) unit.

The liquidified carbon dioxide (CO₂) unit also operated satisfactorily and produced 10,104 M.Tons as compared with 9,230 M. Tons during the previous year.

Comparative statistics of the division's operations are given below :

		2015-16	2014-15
Ethanol			
Days of operation		347	326
Molasses processed	M.Tons	175,538	163,846
Ethanol production	"	31,817	30,681
Liquidified Carbon dioxide (CO ₂)			
Days of operation		267	232
Liquidified Carbon dioxide (CO ₂) production	"	10,104	9,230

Textile Division

The Textile division earned operating profit of Rs. 9.96 million as compared with profit of Rs. 16.83 million during the previous year. The decrease in profit of the division was mainly on account of decrease in sales volume and depressed prices in the international market.



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

		2015-16	2014-15
Days of operation		350	350
Yarn consumed	Kgs	650,892	890,831
Finished goods production	"	558,194	753,449

Trading Division

During the year under review, the division made operating profit of Rs. 53.24 million on account of trading of sugar as against operating profit of Rs.22.33 million during the previous year.

Future Prospects

Sugar Division

The crushing season 2016-17 commenced on November 17, 2016 and upto December 24, 2016 total crushing was 236,226 M.Tons with average sucrose recovery of 8.94 % and sugar production of 21,135 M.Tons including stock in process.

The Government of Sindh on October 31, 2016 issued a notification fixing the minimum sugarcane support price at Rs.182 per 40 kgs for the crushing season 2016-17. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter was still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium would remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.

During the crushing season 2016-17, the supply of sugarcane has been erratic, resulting in lower average per day sugarcane crushing as compared with the previous year. Due to global warming the temperatures are high resulting in low sucrose recovery as compared with the previous year. The profitability of the division is likely to be lower due to low recovery and increased cost of production.

Distillery Division

Distillery division commenced its operation on December 8, 2016 and upto December 24, 2016 the division produced 4,558 M.Tons of ethanol and 1,356 M.Tons of liquidified carbon dioxide.

The molasses prices have registered substantial increase during the period under review which will result in increase in cost of production of ethanol. The ethanol prices in international market recently have shown an increase which may help to maintain the division's profitability.

Textile Division

The slump in the international market continues resulting in reduction in sale volume. However, efforts are being made to explore additional export markets to achieve better sale volume and profitability.

Increase in Cane Crushing Capacity

The Board of Directors in their meeting held on May 28, 2016, approved a capital expenditure of Rs.1,100 million for increase in the cane crushing capacity of the sugar unit to 10,500 tons crushing per day (TCD) and the same is expected to be completed shortly.

Investment in Wind Power Project

The shareholders of the Company approved investment upto Rs.450 million in UniEnergy Limited, an associated unlisted public company incorporated to undertake business activities related to generation and transmission of electric power generation by using wind.

During the year, the Company made initial equity investment of Rs.12.50 million. Government of Sindh has granted Letter of Intent (LOI) and allotted land for setting up the project at Jhimpir, District Thatta.

Investment in Food Business

In line with the Company's vision of diversification, the directors of the Company have accorded their approval of investment in Uni-Food Industries Limited, a public unlisted company to the extent of Rs.120 million. The core business of the Company is to manufacture and brand confectionery items and other allied products.



Board and Management Committees

Audit Committee

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

		No. of meetings attended
Mr. Amin Ali Abdul Hamid	Chairman	4
“ Ali Raza D. Habib	Member	2
“ Shams Mohammad Haji	Member	4

HR and Remuneration Committee

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

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

Corporate Social Responsibility

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

Community Investment and Welfare Scheme

As a responsible corporate citizen, the Company has, on regular basis, undertaken number of welfare activities viz., running of school upto secondary level, holding of eye camp, financial assistance to villagers in the surrounding area of the mills and supply of free ration and medical assistance to the needy persons. The contribution of the Company in the social and economic uplift of the district has been acknowledged at all levels.

During the year, the Company continued its support to Family Education Services Foundation (FESF), a non profitable organization, to run a deaf school at Nawabshah. Your Company has donated Rs. 8.40 million during the year. At present, over 246 students are enrolled in the school. The campus is the first ever educational facility of its kind for the deaf in Nawabshah and will enable deaf students to receive education in an environment that maximizes their potentials and enhances their quality of life.

During the year, the Company also donated Rs. 0.60 million to Markaz-e-Umeed, an educational social institution that aims to train and enable children with special needs and establish positive social trends in society through providing the most appropriate comprehensive service.

Environment

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



The fly ash removal systems installed in the boilers of the mills continue to operate satisfactorily and the spread of black soot particles has been completely eliminated. The Company has installed a sugar factory waste water treatment plant to remove oil, grease, total suspended solids from the waste water. The project has since been completed yielding satisfactory results. Similarly, brick lining of the lagoons and replacement of open drain channels with RCC piping have been done to avoid seepage thereby not affecting the water table of the surrounding areas.

The installation of bio-gas plant and carbon dioxide recovery plants are the manifestation of our social responsibility which has helped us to reduce the greenhouse gases emission from our distillery operations. The Company also installed industrial waste water treatment plant based upon Upflow Anaerobic Sludge Bed (UASB) system with energy recovery in the form of bio-gas.

By the grace of Allah, the successful operations of these projects have ensured a pollution free environment for the people of Nawabshah.

Health, Safety and Security

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

Employment of Special Persons

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

Industrial Relations

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

Contribution to the National Exchequer

Your Company contributed an amount of Rs. 696.66 million to the Government treasury in the shape of taxes, levies, sales-tax and excise duty in addition to precious foreign exchange earned, equivalent to Pak Rupees 2,367.40 million (US\$ 22.61 million) during the year under review from exports of ethanol and household textiles.

Auditors

The auditors Messrs. EY Ford Rhodes, Chartered Accountants, retire and being eligible has offered themselves for re-appointment.

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

Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgement.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and deviation there from if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored regularly.



6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for last six years in summarized form is given on page 9.
9. Information about the taxes and levies is given in the notes to the financial statements.
10. Value of investments including profit accrued thereon and balances in deposit / current accounts of Provident Fund and Gratuity Fund as at September 30, 2016 were as follows:

	Rs.'000
Provident Fund	304,172
Gratuity Fund	101,599

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

Name of Director	Number of meetings attended
Mr. Asghar D. Habib	5
" Ali Raza D. Habib	3
" Muhammad Nawaz Tishna	4
" Murtaza H. Habib	5
" Amin Ali Abdul Hamid	5
" Shams Mohammad Haji	5
" Imran A. Habib	3
" Raeesul Hasan	5

12. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 61 and 62.
13. Change in shareholding of the Directors, CEO, CFO, Company Secretary and their spouses and minor children is given in Pattern of Shareholding on Page 62.

Election of Directors

The tenure of existing directors expire on January 30, 2017, as such election of directors for a term of three years will be held at the 55th Annual General Meeting of the Company on January 30, 2017. As required under section 178(1) of the Companies Ordinance, 1984, the number of directors of the Company fixed by the Board of Directors is seven (7). The retiring directors are Messrs. Asghar D. Habib, Ali Raza D. Habib, Muhammad Nawaz Tishna, Murtaza H. Habib, Amin Ali Abdul Hamid, Shams Mohammad Haji and Imran A. Habib and are eligible for re-election.

General

The directors place on record their appreciation of the devoted services and hard work put in by the officers, staff and workers of the Company and to thank all the financial institutions having business relationship with us and our satisfied customers for their continued support and cooperation.

On behalf of the Board of Directors

Asghar D. Habib
Chairman

Karachi: December 24, 2016



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

Year ended September 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

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

<u>Category</u>	<u>Names</u>
Independent Director	Mr. Shams Mohammad Haji
Executive Directors	Mr. Murtaza H. Habib Mr. Imran A. Habib (ceased to be an executive director w.e.f. July 1, 2016) Mr. Raeesul Hasan
Non-Executive Directors	Mr. Asghar D. Habib Mr. Ali Raza D. Habib Mr. Muhammad Nawaz Tishna Mr. Amin Ali Abdul Hamid Mr. Imran A. Habib (w.e.f. July 1, 2016)

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the current year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed vision / mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive / non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Directors are well conversant with the listing regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. At present, four directors have acquired formal directors training certificate and three directors of the Company are exempted from the directors training programme on the basis of their education and length of experience as prescribed in the Code.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members of whom two are non executive directors including the Chairman of the Committee and one is independent director.
16. The meetings of the audit committee were held atleast once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors. The CEO is also member of the Committee. The Chairman of the Committee is an independent director. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.



19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors of the company or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. All related party transactions have been placed before the audit committee and the Board of Directors on a quarterly basis and have been approved by the Board of Directors to comply with the requirements of listing regulations of the Pakistan Stock Exchange Limited.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi: December 24, 2016

Asghar D. Habib
Chairman



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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Habib Sugar Mills Limited (the Company) for the year ended 30 September 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 September 2016.

Karachi: December 24, 2016


EY Ford Rhodes
Chartered Accountants



Auditors' Report to the Members

We have audited the annexed balance sheet of Habib Sugar Mills Limited as at 30 September 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 2.4 to the financial statements, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

EY Ford Rhodes
Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Karachi: December 24, 2016



Balance Sheet as at September 30, 2016

	Note	2016 (Rupees in thousands)	2015
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	2,161,885	1,542,980
Long-term investments	4	2,025,968	1,711,136
Long-term loans	5	4,211	3,997
Long-term deposits		3,928	2,978
		<u>4,195,992</u>	<u>3,261,091</u>
Current Assets			
Stores and spare parts	6	108,843	113,583
Stock-in-trade	7	401,847	719,141
Trade debts	8	64,168	391,479
Loans and advances	9	246,286	246,303
Trade deposits and short-term prepayments	10	8,781	7,615
Profit accrued on bank deposits		1,083	327
Other receivables	11	21,795	24,488
Short-term investments	12	—	2,809,686
Cash and bank balances	13	3,575,276	296,863
		<u>4,428,079</u>	<u>4,609,485</u>
Total Assets		<u>8,624,071</u>	<u>7,870,576</u>
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2015: 150,000,000) Ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital	14	750,000	750,000
Reserves	15	<u>5,781,437</u>	<u>5,110,222</u>
		6,531,437	5,860,222
Non-Current Liabilities			
Deferred taxation	16	104,000	102,000
Current Liabilities			
Trade and other payables	17	1,641,396	1,651,555
Advance from customers		306,027	247,057
Provision for income tax - net		41,211	9,742
		<u>1,988,634</u>	<u>1,908,354</u>
Contingencies and Commitments	18		
Total Equity and Liabilities		<u>8,624,071</u>	<u>7,870,576</u>

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


Raeesul Hasan
 Chief Executive


Murtaza H. Habib
 Director



Profit and Loss Account for the year ended September 30, 2016

	Note	2016 (Rupees in thousands)	2015
Net sales and services	19	8,517,094	8,197,388
Cost of sales	20	7,499,710	7,222,293
Gross Profit		1,017,384	975,095
Selling and distribution expenses	21	(153,447)	(191,582)
Administrative expenses	22	(146,174)	(138,593)
Other operating expenses	23	(54,350)	(67,585)
Other income	24	253,120	360,694
		(100,851)	(37,066)
Operating Profit		916,533	938,029
Finance income - net	25	54,429	32,201
Profit before taxation		970,962	970,230
Taxation	26	(146,000)	(155,000)
Profit after taxation		824,962	815,230
Earnings per share - Basic and diluted (Rupees)	27	5.50	5.43

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


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Statement of Comprehensive Income for the year ended September 30, 2016

	2016	2015
	(Rupees in thousands)	
Profit for the year	824,962	815,230
Other comprehensive income :		
Items not to be reclassified to profit or loss in subsequent period:		
Actuarial (loss) / gain on defined benefit plan - net	(142)	207
	824,820	815,437
Items that will be reclassified subsequently to profit and loss:		
Net gain on investments - available for sale		
Unrealised gain on revaluation of investments during the year - net of tax	318,010	9,149
Reclassification adjustments included in the profit and loss account for:		
Gain on sale of investments - net of tax	(96,615)	(38,616)
	221,395	(29,467)
Total comprehensive income for the year	<u>1,046,215</u>	<u>785,970</u>

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

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director



Statement of Changes in Equity for the year ended September 30, 2016

	Issued subsc- ribed and paid-up Capital	Capital Reserve	Revenue Reserves		Unrealised gain on investments available for sale	Total Reserves	Total Equity
			General Reserve	Unappro- priated profit			
	(Rupees in thousands)						
Balance as on October 1, 2014	750,000	34,000	2,601,000	802,496	1,261,756	4,699,252	5,449,252
Cash dividend for the year ended September 30, 2014 @ 50%	–	–	–	(375,000)	–	(375,000)	(375,000)
Transfer to general reserve	–	–	425,000	(425,000)	–	–	–
Profit for the year	–	–	–	815,230	–	815,230	815,230
Other comprehensive income for the year	–	–	–	207	(29,467)	(29,260)	(29,260)
Total comprehensive income for the year ended September 30, 2015	–	–	–	815,437	(29,467)	785,970	785,970
Balance as on September 30, 2015	750,000	34,000	3,026,000	817,933	1,232,289	5,110,222	5,860,222
Cash dividend for the year ended September 30, 2015 @ 50%	–	–	–	(375,000)	–	(375,000)	(375,000)
Transfer to general reserve	–	–	440,000	(440,000)	–	–	–
Profit for the year	–	–	–	824,962	–	824,962	824,962
Other comprehensive income for the year	–	–	–	(142)	221,395	221,253	221,253
Total comprehensive income for the year ended September 30, 2016	–	–	–	824,820	221,395	1,046,215	1,046,215
Balance as on September 30, 2016	750,000	34,000	3,466,000	827,753	1,453,684	5,781,437	6,531,437

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


Raeesul Hasan
Chief Executive

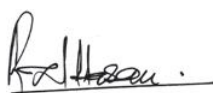

Murtaza H. Habib
Director



Cash Flow Statement for the year ended September 30, 2016

	Note	2016 (Rupees in thousands)	2015
Cash flows from operating activities			
Cash generated from operations	28	1,520,208	1,611,666
Finance income received - net		53,673	42,973
Income tax paid		(97,531)	(149,609)
Long-term loans		(214)	1,394
Long-term deposits		(950)	(15)
Net cash generated from operating activities		1,475,186	1,506,409
Cash flows from investing activities			
Fixed capital expenditure		(770,655)	(308,770)
Redemption / sale proceeds of investments		4,111,615	4,284,767
Dividend received		125,599	91,690
Purchase of investments		(1,298,751)	(7,109,219)
Sale proceeds of fixed assets		2,527	1,771
Net cash generated from / (used in) investing activities		2,170,335	(3,039,761)
Cash flows from financing activities			
Dividend paid		(367,108)	(368,344)
Net cash used in financing activities		(367,108)	(368,344)
Net increase / (decrease) in cash and cash equivalents		3,278,413	(1,901,696)
Cash and cash equivalents at the beginning of the year		296,863	2,198,559
Cash and cash equivalents at the end of the year	13	3,575,276	296,863

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


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Notes to the Financial Statements for the year ended September 30, 2016

1. The Company and its operations

Habib Sugar Mills Limited is a public limited Company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited (Formerly Karachi and Lahore Stock Exchanges, effective from January 11, 2016, all the stock exchanges in Pakistan have been integrated to form Pakistan Stock Exchange). The Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO₂), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

2.2 Basis of preparation

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

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

2.3 Significant accounting judgements and estimates

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

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

- a) Determining the residual values and useful lives of property, plant and equipment (Note 2.7.1);
- b) Classification and valuation of investments (Note 2.8);
- c) Impairment / adjustment of inventories to their net realizable value (Note 2.9 & 2.10);
- d) Provision against trade debts and other receivables (Note 2.11);
- e) Accounting for staff retirement benefits (Note 2.13);
- f) Recognition of taxation and deferred tax (Note 2.16);
- g) Impairment of assets (Note 2.17); and
- h) Contingencies and Commitments (Note 18).



2.4 Amended / revised standards that became effective

Following are the amended / revised standards became effective as of October 1, 2015

IFRS 10 – Consolidated Financial Statements (Amendments)

IFRS 11 – Joint Arrangements (Amendments)

IFRS 12 – Disclosure of Interests in Other Entities (Amendments)

IFRS 13 – Fair Value Measurement – (Amendments)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements.

2.5 Amended / revised standards that are not yet effective

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

		Effective date (accounting periods beginning on or after)
IFRS 2	– Share-based Payments (Amendments)	January 1, 2018
IFRS 10	– Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11	– Joint Arrangements (Amendments)	January 1, 2016
IFRS 12	– Disclosure of Interests in Others Entities (Amendments)	January 1, 2016
IAS 1	– Presentation of Financial Statements - Disclosure Initiative (Amendments)	January 1, 2016
IAS 7	– Statement of Cash Flows-Disclosure Initiative (Amendments)	January 1, 2017
IAS 12	– Income Taxes (Amendments)	January 1, 2017
IAS 16	– Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 27	– Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	– Investment in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 38	– Intangible Assets (Amendments)	January 1, 2016
IAS 41	– Agriculture : Bearer Plants (Amendments)	January 1, 2016

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

2.6 Standards issued by (IASB) but not yet notified by SECP

Following standards have been issued by International Accounting Standards Board (IASB) which are not yet notified by the SECP for the purpose of applicability in Pakistan:

		IASB Effective date (accounting periods beginning on or after)
IFRS 9	– Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14	– Regulatory Deferral Accounts	January 1, 2016
IFRS 15	– Revenue from Contracts with Customers	January 1, 2018
IFRS 16	– Leases	January 1, 2019



2.7 Fixed assets

2.7.1 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization / impairment (if any), except for freehold land.

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

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit are expected from it use or disposal. Gain or loss on disposal of assets is included in profit and loss account in the year the assets is derecognized.

2.7.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Items are transferred to the respective assets when available for intended use.

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

2.7.3 Major stores and spare parts

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

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

2.8 Investments - Available for sale

2.8.1 Quoted

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

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

2.8.2 Un-Quoted

These investment are recorded at cost less accumulated impairment, if any.

2.9 Stores and spare parts

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



2.10 Stock-in-trade

These are valued as follows :

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

2.11 Trade debts and other receivables

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

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

2.12 Cash and cash equivalents

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

2.13 Staff retirement benefits

2.13.1 Staff gratuity

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

The latest actuarial valuation of the gratuity scheme was carried out as at September 30, 2016. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	7.25% per annum
Expected rate of increase in salaries	7.00% per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2016, the fair value of gratuity scheme assets and present value of liabilities were Rs.101.60 million and Rs.101.75 million respectively. The Company recognises the total actuarial gains and losses in the year in which they arise. The amounts recognised in balance sheet are as follows:

	2016	2015
	(Rupees in thousands)	
Net Employee Defined Benefit Asset		
Present value of defined benefit obligation	101,745	92,164
Fair value of plan assets	(101,599)	(92,336)
Liability / (asset) recognised in the balance sheet	146	(172)
Charge for the year		
Salaries, wages and amenities include the following in respect of employees' gratuity fund:		
Current service cost	3,419	3,202
Interest cost	8,485	11,149
Expected return on plan assets	(8,500)	(11,116)
	3,404	3,235



	2016 (Rupees in thousands)	2015
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at the beginning of the year	92,164	83,898
Current service cost	3,419	3,202
Interest cost	8,485	11,149
Benefits paid	(2,055)	(2,556)
Actuarial gain	(268)	(3,529)
Present value of defined benefit obligation at the end of the year	<u>101,745</u>	<u>92,164</u>

The movement in fair value of plan assets is as follows:

Fair value of plan assets at the beginning of the year	92,336	83,638
Expected return on assets	8,500	11,116
Contributions	3,228	3,460
Benefits paid	(2,055)	(2,556)
Actuarial loss	(410)	(3,322)
Fair value of plan assets at the end of the year	<u>101,599</u>	<u>92,336</u>
Actual return on plan assets	<u>8,090</u>	<u>7,793</u>

Plan assets comprise:

Defence saving certificates and Special saving certificates	30,683	72,727
Term Finance Certificates	280	290
Balance with Banks	56,680	1,498
Accrued interest	13,956	17,821
	<u>101,599</u>	<u>92,336</u>

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

As at September 30,	2016	2015	2014	2013	2012
			(Rupees in thousands)		
Present value of defined benefit					
Obligation	101,745	92,164	83,898	84,120	76,033
Fair value of plan assets	(101,599)	(92,336)	(83,638)	(84,229)	(76,073)
(Surplus) / Deficit	<u>146</u>	<u>(172)</u>	<u>260</u>	<u>(109)</u>	<u>(40)</u>
Experience adjustment on obligation	(4,292)	3,257	5,629	(764)	(525)
Experience adjustment on plan assets	(410)	(3,322)	(852)	(629)	424

Sensitivity analysis

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



(Rupees in thousand)

Discount rate +1%	97,092
Discount rate -1%	106,996
Long term salary increases +1%	106,486
Long term salary increases -1%	97,471

2.13.2 Provident fund

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

2.13.3 Compensated absences

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

2.14 Borrowings and their cost

Borrowings are recorded at the proceeds received.

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

2.15 Trade and other payables

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

2.16 Taxation

2.16.1 Current

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

2.16.2 Deferred

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

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

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

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

2.17 Impairment

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



2.18 Provisions

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

2.19 Foreign currencies

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

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

2.20 Revenue recognition

Sales are recorded on despatch of goods to customers.

Income on investments is recorded when the right to receive is established.

Income / profit on bank treasury call and deposit accounts is recorded on accrual basis.

Storage income is recorded on accrual basis.

2.21 Segment reporting

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

2.22 Financial instruments

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

2.23 Offsetting

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

2.24 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

2.25 Functional and presentation currency

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

3. Fixed Assets

Property, plant and equipment:

	Note	2016 (Rupees in thousands)	2015
Operating fixed assets	3.1	1,520,365	1,340,550
Capital work-in-progress	3.4	592,155	198,988
Major stores and spare parts	3.5	49,365	3,442
		<u>2,161,885</u>	<u>1,542,980</u>



3.1 Operating fixed assets for 2016:

	Cost as at Oct. 1, 2015	Additions / (deletions)	Cost as at Sept. 30, 2016	Accum- ulated deprec- iation / amortization as at Oct. 1, 2015	Depre- ciation / amortization charge for the year & accum- ulated deprec- iation on deletions	Accum- ulated deprec- iation / amortization as at Sept. 30, 2016	Written down value as at Sept. 30, 2016	Annual rate of deprec- iation / amortiz- ation %
(Rupees in thousands)								
Land								
Freehold - Sugar / Distillery division	106,549	–	106,549	–	–	–	106,549	–
Leasehold - Textile division	489	–	489	231	5	236	253	1.01
Buildings on freehold land								
Sugar division	84,543	–	84,543	61,423	2,312	63,735	20,808	10
Distillery division	21,243	–	21,243	16,796	445	17,241	4,002	10
Non-factory buildings	30,228	–	30,228	22,651	379	23,030	7,198	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	16,244	309	16,553	2,782	10
Plant and machinery								
Sugar division	1,221,680	294,889	1,516,569	777,124	65,690	842,814	673,755	10
Distillery division - Note 3.1.1	1,107,443	28,816	1,136,259	456,586	67,292	523,878	612,381	10
Textile division	129,739	964	130,703	67,794	6,282	74,076	56,627	10
Railway siding - Sugar division	468	–	468	463	1	464	4	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,207	60	8,267	541	10
Textile division	3,601	–	3,601	2,798	80	2,878	723	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	60,771	6,475 (23)	67,223	49,343	3,737 (20)	53,060	14,163	25
Textile division	9,604	64	9,668	8,967	167	9,134	534	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,689	15	2,704	61	20
Motor cars / vehicles								
Sugar / Distillery division	31,197	357 (70)	31,484	6,701	4,928 (46)	11,583	19,901	20
Textile division	764	–	764	660	21	681	83	20
Total	2,839,227	331,565 (93)	3,170,699	1,498,677	151,723 (66)	1,650,334	1,520,365	

3.1.1 Plant and machinery of distillery division include storage tanks of the CO₂ unit having written down value of Rs. 18.94 (2015: Rs. 21.04) million installed at customers' premises for storage of Liquidified Carbon dioxide.



3.1.2 Reconciliation of carrying values for 2016

	Written down value as at Oct. 1, 2015	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2016
		(Rupees in thousands)		
Land	106,807	–	5	106,802
Buildings on freehold land	35,144	–	3,136	32,008
Buildings on leasehold land	3,091	–	309	2,782
Plant and machinery	1,157,358	324,669	139,264	1,342,763
Railway siding	5	–	1	4
Electric, gas and water installations	1,404	–	140	1,264
Furniture, fittings, electrical and office equipment	12,065	6,539 (23)	3,904 (20)	14,697
Tractors / trolleys and agriculture implements	76	–	15	61
Motor cars / vehicles	24,600	357 (70)	4,949 (46)	19,984
	<u>1,340,550</u>	<u>331,565</u> (93)	<u>151,723</u> (66)	<u>1,520,365</u>



3.1.3 Operating fixed assets for 2015:

	Cost as at Oct. 1, 2014	Additions / (deletions)	Cost as at Sept. 30, 2015	Accum- ulated deprec- iation / amortization as at Oct. 1, 2014	Depre- ciation / amortization charge for the year & accum- ulated deprec- iation on deletions	Accum- ulated deprec- iation / amortization as at Sept. 30, 2015	Written down value as at Sept. 30, 2015	Annual rate of deprec- iation / amortiz- ation %
(Rupees in thousands)								
Land								
Freehold - Sugar / Distillery division	106,549	–	106,549	–	–	–	106,549	–
Leasehold - Textile division	489	–	489	226	5	231	258	1.01
Buildings on freehold land								
Sugar division	84,543	–	84,543	58,854	2,569	61,423	23,120	10
Distillery division	21,243	–	21,243	16,302	494	16,796	4,447	10
Non-factory buildings	30,228	–	30,228	22,252	399	22,651	7,577	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	15,901	343	16,244	3,091	10
Plant and machinery								
Sugar division	1,200,514	21,166	1,221,680	729,247	47,877	777,124	444,556	10
Distillery division - Note 3.1.1	865,543	241,900	1,107,443	402,452	54,134	456,586	650,857	10
Textile division	129,739	–	129,739	60,911	6,883	67,794	61,945	10
Railway siding - Sugar division	468	–	468	462	1	463	5	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,140	67	8,207	601	10
Textile division	3,601	–	3,601	2,709	89	2,798	803	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	55,991	4,837 (57)	60,771	46,605	2,794 (56)	49,343	11,428	25
Textile division	9,484	120	9,604	8,790	177	8,967	637	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,670	19	2,689	76	20
Motor cars / vehicles								
Sugar / Distillery division	19,617	11,711 (131)	31,197	3,319	3,459 (77)	6,701	24,496	20
Textile division	764	–	764	634	26	660	104	20
Total	2,559,681	279,734 (188)	2,839,227	1,379,474	119,336 (133)	1,498,677	1,340,550	



3.1.4 Reconciliation of carrying values for 2015

	Written down value as at Oct. 1, 2014	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2015
		(Rupees in thousands)		
Land	106,812	—	5	106,807
Buildings on freehold land	38,606	—	3,462	35,144
Buildings on leasehold land	3,434	—	343	3,091
Plant and machinery	1,003,186	263,066	108,894	1,157,358
Railway siding	6	—	1	5
Electric, gas and water installations	1,560	—	156	1,404
Furniture, fittings, electrical and office equipment	10,080	4,957 (57)	2,971 (56)	12,065
Tractors / trolleys and agriculture implements	95	—	19	76
Motor cars / vehicles	16,428	11,711 (131)	3,485 (77)	24,600
	<u>1,180,207</u>	<u>279,734</u> <u>(188)</u>	<u>119,336</u> <u>(133)</u>	<u>1,340,550</u>

Note 2016 2015
(Rupees in thousands)

3.2 Allocation of depreciation / amortization charge for the year:

Cost of Sales			
Sugar division	20	70,238	52,327
Distillery division	20	72,785	57,900
Textile division	20	6,675	7,320
		149,698	117,547
Administrative expenses			
Sugar division	22	1,554	1,304
Distillery division	22	133	112
Textile division	22	188	203
Terminal	19.1	150	170
		2,025	1,789
		<u>151,723</u>	<u>119,336</u>



3.3 Details of fixed assets disposed off:

	Cost	Accumulated depreciation	written down value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of purchasers
			(Rupees in thousands)				
Furniture, fittings, electrical and office equipment							
Sugar division / Distillery division	23	20	3	5	2	Negotiation	Samar Refrigeration, Shop # 8-C-11, Block-R North Nazimabad, Karachi.
Motor cars / vehicles							
Items having carry value of less than Rs. 50,000 each	70	46	24	2,522	2,498	Various	Various
2016	93	66	27	2,527	2,500		
2015	188	133	55	1,771	1,716		

3.4 Capital work-in-progress

	Note	2016 (Rupees in thousands)	2015 (Rupees in thousands)
Plant and machinery		366,338	198,967
Machinery in transit		17,034	21
Advance to suppliers		208,783	—
	3.4.1	592,155	198,988

3.4.1 Movement in capital work-in-progress

Balance at the beginning of the year	198,988	148,630
Cost incurred during the year	400,098	127,767
Transfer from Major stores and spare parts	317,738	197,223
	916,824	473,620
Transfer to operating fixed assets	(324,669)	(274,632)
Balance at the end of the year,	592,155	198,988

3.5 Major stores and spare parts

Stores	48,881	1,253
Spare parts	484	2,189
	49,365	3,442

3.5.1 Movement in major stores and spare parts

Balance at the beginning of the year	3,442	24,764
Additions during the year	363,661	175,901
	367,103	200,665
Transfer to capital work-in-progress	(317,738)	(197,223)
Balance at the end of the year	49,365	3,442



4. Long-term investments - available for sale

2016 2015
(Rupees in thousands)

	Number of shares		Face value Rs.	Company's Name		
	2016	2015			2016	2015
4.1 Investments in related parties						
4.1.1 Quoted						
	147,797	147,797	5	Balochistan Particle Board Limited	1,406	813
	24,136,691	24,136,691	10	Bank AL Habib Limited	1,085,668	1,004,086
	5,363,772	5,363,772	5	Habib Insurance Company Limited	89,843	101,912
					1,176,917	1,106,811
4.1.2 Un-Quoted						
	1,249,999	—	10	UniEnergy Limited	12,500	—
4.2 Investments in other companies						
	31,122	31,122	10	Adamjee Insurance Company Limited	1,700	1,621
	51,400	51,400	10	Allied Bank Limited	5,046	4,780
	185,000	185,000	10	Bank Alfalah Limited	5,315	4,612
	173,160	173,160	10	Cherat Cement Company Limited	22,278	14,930
	56,178	56,178	10	Dawood Lawrencepur Limited	11,685	7,022
	75,000	75,000	10	D.G. Khan Cement Company Limited	13,941	10,277
	132,000	132,000	10	Engro Corporation Limited	38,445	39,386
	12,500	12,500	10	Engro Food Limited	1,828	1,842
	123,200	123,200	10	Engro Fertilizer	7,597	11,063
	45,500	45,500	10	Faran Sugar Mills Limited	13,056	3,640
	50,000	50,000	10	Fauji Cement Company Limited	1,764	1,674
	218,885	218,885	10	Fauji Fertilizer Company Limited	22,760	27,021
	389,000	389,000	5	First Habib Modaraba	4,182	3,742
	12,100	12,100	10	GlaxoSmithKline Pakistan Limited	2,612	2,586
	412,337	412,337	10	Habib Metropolitan Bank Limited	12,473	11,929
	272,513	272,513	10	Habib Bank Limited	60,174	53,870
	206,000	206,000	10	International Industries Limited	27,765	13,186
	20,000	20,000	10	Kot Addu Power Company Limited	1,674	1,895
	11,650	11,650	10	Jubilee Life Insurance Co. Limited	6,175	6,058
	65,000	65,000	10	Lalpur Power Limited	1,441	1,896
	40,000	40,000	10	Lucky Cement Limited	27,090	21,068
	78,027	78,027	10	MCB Bank Limited	17,228	17,903
	150,116	150,116	10	Mehran Sugar Mills Limited	27,028	16,531
	11,950	11,950	10	Millat Tractors Limited	8,114	7,465
	4,500	4,500	10	Mirpurkhas Sugar Mills Limited	2,456	383
	40,000	40,000	10	Meezan Bank Limited	2,200	2,019
	161,500	161,500	10	Nishat Chunian Power Limited	9,004	9,044
	50,000	50,000	10	Nishat Power Limited	2,813	2,615
	29,300	29,300	10	Nishat Mills Limited	4,128	2,909
	20,000	20,000	10	Packages Limited	13,386	10,670
	19,650	19,650	10	Pak Suzuki Motor Company Limited	11,376	8,146
	46,500	46,500	10	Pakistan Oilfields Limited	18,660	13,668
	12,000	12,000	10	Pakistan Petroleum Limited	1,964	1,430
	67	67	10	Pakistan Tobacco Company Limited	75	68
	6,243,098	6,243,098	5	Shabbir Tiles and Ceramics Limited	63,555	50,257
	82,793	82,793	10	Sui Northern Gas Pipelines Limited	4,150	2,602
	711,503	711,503	5	Thal Limited	288,621	180,010
	204,000	204,000	10	The Hub Power Company Limited	42,782	20,041
	48,322	48,322	10	TPL Direct Insurance Limited	816	1,015
	43,246	43,246	10	TPL Trakker Limited	603	684
	800,000	—	10	TPL Properites	8,240	—
	11,000	11,000	10	The Searle Company Limited	9,021	4,404
	57,000	57,000	10	United Bank Limited	11,330	8,363
					836,551	604,325
					2,025,968	1,711,136



- 4.3** The aggregate cost of the above investments, net of impairment, is Rs.572.28 (2015: Rs.523.53) million.
- 4.4** Unrealised gain of Rs.266.08 (2015: Unrealised loss Rs.35.54) million on the above investments arising from a change in the fair value of these long-term investments during the current year has been recognised directly in other comprehensive income.

	Note	2016 (Rupees in thousands)	2015
5. Long-term loans			
Secured - considered good			
Executives	5.1 & 5.2	572	741
Employees		9,876	8,320
	5.3	10,448	9,061
Receivable within next twelve months shown under current asset			
Executives	9	(406)	(324)
Employees	9	(5,831)	(4,740)
		(6,237)	(5,064)
		4,211	3,997

- 5.1** The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.10 (2015: Rs.0.94) million. These are secured by way of lien marked on retirements benefits.

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

	2016 (Rupees in thousands)	2015
Balance at the beginning of the year	741	1,063
Disbursements	514	500
	1,255	1,563
Repayments	(683)	(822)
Balance at the end of the year	572	741

- 5.3** Long-term loans of Rs. 10.45 (2015: Rs.9.06) million, include loans of Rs.0.42 (2015: Rs.0.67) million and Rs.4.78 (2015: Rs.4.67) million to executives and workers respectively which carry no interest. The balance amount of loan carries interest @ 7% (2015: 7%) per annum.



	Note	2016 (Rupees in thousands)	2015
6. Stores and spare parts			
Stores		75,487	83,099
Provision for obsolescence and slow moving stores		(9,500)	(9,500)
		65,987	73,599
Spare parts		62,648	59,776
Provision for obsolescence and slow moving spare parts		(19,792)	(19,792)
		42,856	39,984
		<u>108,843</u>	<u>113,583</u>
7. Stock-in-trade			
Raw materials			
Distillery division		162,182	216,590
Textile division		3,337	13,783
		165,519	230,373
Work-in-process			
Sugar division		2,368	940
Textile division		27,949	41,240
		30,317	42,180
Finished goods			
Sugar division		67,427	324,611
Distillery division		128,690	115,450
Textile division		352	315
Trading division		3,924	3,924
		200,393	444,300
Fertilizers		5,618	2,288
		<u>401,847</u>	<u>719,141</u>
8. Trade debts			
Considered good			
Export – Secured against export documents		38,588	97,860
Local – Unsecured		25,580	293,619
	8.1	<u>64,168</u>	<u>391,479</u>



	Note	2016 (Rupees in thousands)	2015 (Rupees in thousands)
8.1 The aging of trade debts at September 30, is as follows :			
Neither past due nor impaired		64,168	391,095
Past due but not impaired:			
within 90 days		—	—
91 to 180 days		—	—
over 180 days		—	384
		<u>64,168</u>	<u>391,479</u>
9. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Executives	5	406	324
Employees	5	5,831	4,740
		6,237	5,064
Advances - unsecured			
Suppliers		240,049	241,239
		<u>246,286</u>	<u>246,303</u>
10. Trade deposits and short-term prepayments			
Trade deposits		1,418	1,381
Short-term prepayments		7,363	6,234
		<u>8,781</u>	<u>7,615</u>
11. Other receivables			
Considered good			
Duty drawback and research & development support claim		9,140	14,620
Dividend receivable		8,973	9,282
Others		3,682	586
		<u>21,795</u>	<u>24,488</u>
12. Short-term investments - Available for sale			
Investments in Units of Mutual Funds are as follows:			
	Mutual Fund Units	Face value	Fund's Name
	2016	2015	
		Rs.	
12.1 Investments in fund			
—	18,784,006	50	MCB Pakistan Sovereign Fund
—	74,272,509	10	ABL Government Securities Fund
—	9,277,024	100	UBL Government Securities Fund
			<u>—</u>
			<u>2,809,686</u>



12.2 The aggregate cost of the above investments is Rs.Nil (2015: Rs.2,750 million).

12.3 The above investments are stated at fair value. Unrealised gain of Rs.Nil (2015: Rs.59.69 million) arising from a change in the fair value of these short-term investments during the year has been recognised directly in other comprehensive income.

	Note	2016 (Rupees in thousands)	2015
13. Cash and bank balances			
Cash in hand		222	118
Balances with banks in:			
Current accounts		4,600	56,026
Treasury call accounts	13.1	125,454	150,719
Term Deposit Receipts	13.2	3,445,000	90,000
	13.3	3,575,054	296,745
		<u>3,575,276</u>	<u>296,863</u>

13.1 Profit rates on Treasury call accounts ranged between 4.00% to 5.50% (2015: 6.00% and 9.00%) per annum.

13.2 Profit rates on Term Deposit Receipt ranged between 5.98% to 7.20% (2015: 6.25% to 9.75%) per annum.

13.3 Includes Rs.2,648.03 (2015: Rs.262.27) million kept with Bank AL Habib Limited - a related party.

	2016 Number of shares	2015 Number of shares		2016 (Rupees in thousands)	2015
	10,136,700	10,136,700	Ordinary shares of Rs. 5 each fully paid in cash	50,684	50,684
	139,863,300	139,863,300	Ordinary shares of Rs. 5 each issued as bonus shares	699,316	699,316
	<u>150,000,000</u>	<u>150,000,000</u>		<u>750,000</u>	<u>750,000</u>

14.1 Issued, subscribed and paid-up capital of the Company includes 23,844,498 Ordinary shares of Rs. 5 each (2015: 23,832,998) held by related parties at the end of the year.

	Note	2016 (Rupees in thousands)	2015
15. Reserves			
Capital			
Share premium		34,000	34,000
Revenue			
General	15.1	3,466,000	3,026,000
Unappropriated profit		827,753	817,933
Unrealised gain on investments - available for sale		1,453,684	1,232,289
		<u>5,747,437</u>	<u>5,076,222</u>
		<u>5,781,437</u>	<u>5,110,222</u>
15.1 At the beginning of the year		3,026,000	2,601,000
Transferred from unappropriated profit		440,000	425,000
		<u>3,466,000</u>	<u>3,026,000</u>



	Note	2016 (Rupees in thousands)	2015 (Rupees in thousands)
16. Deferred taxation			
Deferred tax liability on taxable temporary differences:			
Accelerated tax depreciation on operating fixed assets		111,500	95,000
Unrealised gain on short-term investments		—	15,000
		<u>111,500</u>	<u>110,000</u>
Deferred tax assets on deductible temporary difference:			
Provision for obsolescence and slow moving stores and spare parts		(7,500)	(8,000)
		<u>104,000</u>	<u>102,000</u>
16.1. Movement of deferred taxation			
Opening balance		102,000	90,000
Through Profit & Loss Account			
– increase in deferred tax liability on account of accelerated tax depreciation allowance.		16,500	(3,000)
– reduction in deferred tax credit due to decrease in applicable tax rates by 1%		500	—
		17,000	(3,000)
Through Other Comprehensive Income			
– reversal of deferred tax provision on account of unrealized gain on short-term investments		(15,000)	15,000
		<u>104,000</u>	<u>102,000</u>
17. Trade and other payables			
Creditors		1,283,452	1,264,945
Accrued liabilities		180,255	208,633
Sales-tax / Federal excise duty		42,922	47,991
Workers' Profit Participation Fund (WPPF)	17.1	51,983	51,846
Workers' Welfare Fund		31,561	34,676
Income-tax deducted at source		230	363
Unclaimed dividends		50,993	43,101
		<u>1,641,396</u>	<u>1,651,555</u>
17.1 Workers' Profit Participation Fund (WPPF)			
Balance at the beginning of the year		51,846	49,575
Interest on funds utilized in the Company's business		1,132	1,150
		<u>52,978</u>	<u>50,725</u>
Amount paid to the WPPF		(52,978)	(50,725)
		<u>—</u>	<u>—</u>
Allocation for the year	23	51,983	51,846
Balance at the end of the year		<u>51,983</u>	<u>51,846</u>



18. Contingencies and commitments

- 18.1** On May 22, 2015 the Government of Pakistan promulgated Gas Infrastructure Development (GID) Cess Act, 2015 and levied GID Cess on gas bills at the rate of Rs.100/ MMBTU on all industrial consumers. The GID Cess Act, 2015 was made applicable with immediate effect superseding the GID Cess Act, 2011 and GID Cess Ordinance, 2014.

The Company challenged the vires of GID Cess Act, 2015 before the Honourable High Court of Sindh. On July 24, 2015 the Honourable High Court of Sindh passed an order restraining the SSGC from demanding and collecting GID Cess as levied by the GID Cess Act, 2015. Subsequent to year end, on October 26, 2016, the case was decided by the Honourable High Court of Sindh in favour of the Company. Against the above order Government have a right to file an appeal before the Honourable Supreme Court of Pakistan.

The Financial exposure of the Company upto September 30, 2016 is Rs. 22.75 (2015: 8.40) million, However, in view of the advice of legal counsel no provision has been made in these financial statements.

- 18.2** The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Kaemari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on March 20, 2015 and was not taken up for hearing. The financial exposure as at September 30, 2016 is Rs.31.77 million. In view of the advice of legal counsel, the company is confident of a favourable outcome of the case and accordingly no provision has been made in these financial statements.

- 18.3** Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed Rs. 56.56 million on account of reduced rate of FED.

Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 17, 2013, the date of SRO No: 77(1)/2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order was suspended by the Honourable Court vide its order dated April 23, 2014. The case was lastly fixed for hearing on December 4, 2014 and was adjourned as date in office. In view of the advice of legal counsel, the company is confident of a favourable outcome and accordingly no provision has been in these financial statements.

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



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

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

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

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

The petitions were last fixed for hearing on April 22, 2015, however, these were not taken up for hearing and adjourned to date in office. The CCP has not imposed any fine / penalty against the alleged violation of any provisions of the Competition Act 2010.

- 18.6** The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.250.00 (2015: Rs.250.00) million against agriculture finance facilities to growers and counter guarantees to other banks amounting to Rs.382.18 (2015: Rs.624.04) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

- 18.7** Commitments for capital expenditure amounting to Rs. 330.726 (2015: 53.593) million.

- 18.8** Rentals under operating lease agreements in respect of vehicles, payable over the following next four years, are as follows:

	2016	2015
	(Rupees in thousands)	
Year ending September 30		
2016	—	11,756
2017	11,895	7,118
2018	9,243	4,466
2019	5,840	1,730
2020	1,995	—
	<u>28,973</u>	<u>25,070</u>



19. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net sales and services											
Local sales		5,629,481	5,202,125	523,535	395,995	3,560	5,163	622,462	322,474	6,779,038	5,925,757
Less: Sales tax / Federal excise duty		409,748	375,262	73,242	54,571	233	304	46,108	23,887	529,331	454,024
		5,219,733	4,826,863	450,293	341,424	3,327	4,859	576,354	298,587	6,249,707	5,471,733
Export sales		-	22,946	2,011,986	2,223,863	296,141	412,189	-	133,924	2,308,127	2,792,922
Less: Export duty, freight and commission		-	-	25,679	21,607	15,484	23,438	-	23,330	41,163	68,375
		-	22,946	1,986,307	2,202,256	280,657	388,751	-	110,594	2,266,964	2,724,547
Net sales		5,219,733	4,849,809	2,436,600	2,543,680	283,984	393,610	576,354	409,181	8,516,671	8,196,280
Services											
Storage income - net	19.1	-	-	423	1,108	-	-	-	-	423	1,108
		5,219,733	4,849,809	2,437,023	2,544,788	283,984	393,610	576,354	409,181	8,517,094	8,197,388
Less: Cost of sales	20	4,736,414	4,391,551	1,983,220	2,094,733	257,926	350,231	522,150	385,778	7,499,710	7,222,293
Gross profit		483,319	458,258	453,803	450,055	26,058	43,379	54,204	23,403	1,017,384	975,095
Selling and distribution expenses	21	32,813	27,658	108,676	141,328	11,365	21,885	593	711	153,447	191,582
Administrative expenses	22	132,149	125,118	8,920	8,453	4,733	4,662	372	360	146,174	138,593
		164,962	152,776	117,596	149,781	16,098	26,547	965	1,071	299,621	330,175
Profit before other operating expenses and other income		318,357	305,482	336,207	300,274	9,960	16,832	53,239	22,332	717,763	644,920
Other operating expenses	23									(54,350)	(67,585)
Other income	24									253,120	360,694
Operating profit										916,533	938,029

- Sugar division is engaged in manufacturing of refined sugar and molasses.
- Distillery division is engaged in manufacturing of ethanol, liquidified carbon dioxide (CO₂) and providing bulk storage facilities.
- Textile division is engaged in manufacturing of household textiles.
- Trading division is engaged in trading of commodities viz sugar / molasses as and when opportunity occurs.



	(Rupees in thousands)									
	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
19.1 Services										
Terminal storage income - net	-	-	2,454	4,140	-	-	-	-	2,454	4,140
Less: Terminal expenses										
Salaries, wages and other benefits - note 19.2	-	-	893	1,098	-	-	-	-	893	1,098
Repairs and maintenance	-	-	266	740	-	-	-	-	266	740
Water, electricity and gas	-	-	130	163	-	-	-	-	130	163
Rent, rates and taxes	-	-	426	626	-	-	-	-	426	626
Depreciation - note 3.2	-	-	150	170	-	-	-	-	150	170
Travelling and vehicle running expenses	-	-	42	72	-	-	-	-	42	72
Insurance	-	-	37	46	-	-	-	-	37	46
Other expenses	-	-	87	117	-	-	-	-	87	117
	-	-	2,031	3,032	-	-	-	-	2,031	3,032
	-	-	423	1,108	-	-	-	-	423	1,108

19.2 Salaries, wages and other benefits include a sum of Rs. 0.06 (2015: Rs. 0.07) million in respect of staff retirement benefits.

	2016	2015
	(Rupees in thousands)	
19.3 Geographical Information of customers		
Revenues from customers (Country wise)		
Pakistan	6,208,967	5,413,353
Korea	24,548	6,713
UAE	623,949	781,189
United kingdom	319,241	383,585
Malaysia	58,875	33,803
Singapore	20,369	-
Japan	316,392	274,871
Saudi Arabia	164,547	129,089
Switzerland	608,891	843,629
Malta	3,976	4,677
South Africa	84,628	90,979
Newzeland	-	38,532
France	26,051	-
Afghanisatan	-	22,946
Holland	56,660	174,022
	<u>8,517,094</u>	<u>8,197,388</u>

The revenue information above is based on the location of customers

19.4 Of the Company's total revenue, one customer accounts for more than 10%.



(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
20. Cost of sales										
Opening stock of raw material	–	–	216,590	147,869	13,783	23,152	–	–	230,373	171,021
Purchases / Transfers	3,969,730	3,912,910	1,450,316	1,563,450	144,721	232,350	–	–	5,564,767	5,708,710
	3,969,730	3,912,910	1,666,906	1,711,319	158,504	255,502	–	–	5,795,140	5,879,731
Closing stock of raw material	–	–	(162,182)	(216,590)	(3,337)	(13,783)	–	–	(165,519)	(230,373)
Raw material consumed	3,969,730	3,912,910	1,504,724	1,494,729	155,167	241,719	–	–	5,629,621	5,649,358
Salaries, wages and other benefits - note 20.1	280,099	247,359	62,990	53,185	12,612	11,834	–	–	355,701	312,378
Research and development expenses	2,744	2,321	–	–	–	–	–	–	2,744	2,321
Process chemicals	43,261	53,030	45,740	32,958	–	–	–	–	89,001	85,988
Packing material	47,343	58,689	–	–	10,915	16,309	–	–	58,258	74,998
Dyeing, weaving and other charges	–	–	–	–	40,473	64,340	–	–	40,473	64,340
Stores and spare parts consumed	73,990	77,395	28,038	24,471	–	–	–	–	102,028	101,866
Rent, rates, taxes and lease rentals	12,953	14,568	6,839	6,334	780	662	–	–	20,572	21,564
Water, fuel and power	51,367	58,771	196,602	196,875	18,947	25,121	–	–	266,916	280,767
Repairs and maintenance	156,157	147,354	65,085	44,345	1,836	1,250	–	–	223,078	192,949
Legal and professional charges	2,146	4,448	–	–	–	–	–	–	2,146	4,448
Insurance	6,465	5,918	7,223	5,820	643	821	–	–	14,331	12,559
Postage, telephone and stationery	3,357	3,384	–	–	–	–	–	–	3,357	3,384
Depreciation / amortization - note 3.2	70,238	52,327	72,785	57,900	6,675	7,320	–	–	149,698	117,547
Other manufacturing expenses	27,708	23,266	6,434	6,534	215	210	–	–	34,357	30,010
Duty drawback / Rebate	–	(5,000)	–	–	(3,591)	(6,259)	–	–	(3,591)	(11,259)
Bagasse sale	–	(2,373)	–	–	–	–	–	–	–	(2,373)
Bagasse transferred to distillery division	(19,366)	(19,412)	–	–	–	–	–	–	(19,366)	(19,412)
Molasses transferred to distillery division	(247,534)	(287,678)	–	–	–	–	–	–	(247,534)	(287,678)
	510,928	434,367	491,736	428,422	89,505	121,608	–	–	1,092,169	984,397
Manufacturing cost	4,480,658	4,347,277	1,996,460	1,923,151	244,672	363,327	–	–	6,721,790	6,633,755
Opening stock of work-in-process	940	896	–	–	41,240	27,695	–	–	42,180	28,591
Closing stock of work-in-process	(2,368)	(940)	–	–	(27,949)	(41,240)	–	–	(30,317)	(42,180)
	(1,428)	(44)	–	–	13,291	(13,545)	–	–	11,863	(13,589)
Cost of goods manufactured	4,479,230	4,347,233	1,996,460	1,923,151	257,963	349,782	–	–	6,733,653	6,620,166
Opening stock of finished goods	324,611	368,929	115,450	287,032	315	764	3,924	100,237	444,300	756,962
Purchases	–	–	–	–	–	–	522,150	289,465	522,150	289,465
Closing stock of finished goods	(67,427)	(324,611)	(128,690)	(115,450)	(352)	(315)	(3,924)	(3,924)	(200,393)	(444,300)
	257,184	44,318	(13,240)	171,582	(37)	449	522,150	385,778	766,057	602,127
	4,736,414	4,391,551	1,983,220	2,094,733	257,926	350,231	522,150	385,778	7,499,710	7,222,293

20.1 Salaries, wages and other benefits include a sum of Rs. 8.9 (2015: Rs. 7.9) million in respect of staff retirement benefits.



(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
21. Selling and distribution expenses										
Salaries, wages and other benefits - note 21.1	7,096	6,621	3,132	2,803	4,897	4,775	–	–	15,125	14,199
Insurance	3,700	2,642	1,257	2,109	–	–	–	–	4,957	4,751
Rent, rates, taxes and lease rentals	1,129	1,749	959	1,358	–	–	–	–	2,088	3,107
Transport, freight, handling and forwarding expenses	20,888	16,646	100,787	132,013	4,884	6,767	593	711	127,152	156,137
Other expenses	–	–	2,541	3,045	1,584	10,343	–	–	4,125	13,388
	<u>32,813</u>	<u>27,658</u>	<u>108,676</u>	<u>141,328</u>	<u>11,365</u>	<u>21,885</u>	<u>593</u>	<u>711</u>	<u>153,447</u>	<u>191,582</u>
21.1 Salaries, wages and other benefits include a sum of Rs. 0.74 (2015: Rs. 0.70) million in respect of staff retirement benefits.										
22. Administrative expenses										
Salaries, wages and other benefits - note 22.1	74,059	69,977	3,043	2,437	3,646	3,450	200	205	80,948	76,069
Insurance	1,541	1,587	86	66	–	–	–	–	1,627	1,653
Repairs and maintenance	1,451	1,372	586	967	165	138	–	–	2,202	2,477
Postage, telephone and stationery	3,266	3,381	394	407	136	143	–	–	3,796	3,931
Travelling and vehicle running expenses	14,281	14,149	328	493	–	–	–	–	14,609	14,642
Rent, rates, taxes and lease rentals	7,592	6,998	1,250	1,152	–	–	–	–	8,842	8,150
Water, electricity and gas	2,976	3,145	285	217	44	46	–	–	3,305	3,408
Fees, subscription and periodicals	2,005	1,753	20	8	25	72	–	–	2,050	1,833
Legal and professional charges	1,903	1,998	2,000	1,735	–	24	–	–	3,903	3,757
Directors' meeting fee	505	290	–	–	–	–	–	–	505	290
Depreciation - note 3.2	1,554	1,304	133	112	188	203	–	–	1,875	1,619
Auditors' remuneration - note 22.2	1,595	1,685	635	745	70	120	153	131	2,453	2,681
Other expenses - note 22.3	19,421	17,479	160	114	459	466	19	24	20,059	18,083
	<u>132,149</u>	<u>125,118</u>	<u>8,920</u>	<u>8,453</u>	<u>4,733</u>	<u>4,662</u>	<u>372</u>	<u>360</u>	<u>146,174</u>	<u>138,593</u>
22.1 Salaries, wages and other benefits include a sum of Rs. 2.80 (2015: Rs. 2.69) million in respect of staff retirement benefits.										
22.2 Auditors' remuneration										
Annual audit fee	780	680	365	350	40	55	85	65	1,270	1,150
Half yearly review fee	195	140	90	75	10	10	23	17	318	242
Cost audit fee	225	225	–	–	–	–	–	–	225	225
Tax / other services	280	520	130	270	15	45	34	40	459	875
Out of pocket expenses	115	120	50	50	5	10	11	9	181	189
	<u>1,595</u>	<u>1,685</u>	<u>635</u>	<u>745</u>	<u>70</u>	<u>120</u>	<u>153</u>	<u>131</u>	<u>2,453</u>	<u>2,681</u>



22.3 Sugar division's other expenses include donation of Rs.13.0 (2015: Rs. 10.7) million as per details below:

	2016	2015
	(Rupees in thousands)	
Name of Institution		
Al-Sayyeda Benevolent Trust	910	910
Habib Education Trust	840	840
Rehmat Bai Widows & Orphange Trust	500	500
Habib Medical Trust	840	840
Habib Poor Fund	910	910
Family Education Services Foundation	8,400	6,650
Markaz-e-Ummeed	600	—
	<u>13,000</u>	<u>10,650</u>

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

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

	(Rupees in thousands)									
	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
22.4.1 Segment assets	1,520,520	1,429,010	995,795	1,124,762	278,915	270,272	193,467	177,396	2,988,697	3,001,440
Unallocated assets									5,635,374	4,869,136
									<u>8,624,071</u>	<u>7,870,576</u>
22.4.2 Segment liabilities	1,436,716	1,314,152	149,255	151,719	44,335	46,638	213,584	207,038	1,843,890	1,719,547
Unallocated liabilities									248,744	290,807
									<u>2,092,634</u>	<u>2,010,354</u>
22.4.3 Capital expenditure	735,096	164,511	34,531	144,259	1,028	—	—	—	770,655	308,770



	Note	2016 (Rupees in thousands)	2015
23. Other operating expenses			
Workers' Profit Participation Fund	17.1	51,983	51,846
Workers' Welfare Fund	23.1	2,367	14,846
Exchange loss - net		—	893
		<u>54,350</u>	<u>67,585</u>
23.1 Workers' Welfare Fund			
Current year		16,715	14,846
Reversal of prior year - Financial Year 2014		(14,348)	—
		<u>2,367</u>	<u>14,846</u>
24. Other income			
Income from financial assets			
Profit on redemption / sale of investments	24.1	111,615	259,250
Dividend income	24.2	125,290	96,356
		<u>236,905</u>	<u>355,606</u>
Income from non financial assets			
Gain on disposal of fixed assets		2,500	1,716
Agricultural income		5,747	670
Sale of Electricity		680	—
Scrap sale		5,254	2,702
Exchange gain - net		2,034	—
		<u>16,215</u>	<u>5,088</u>
		<u>253,120</u>	<u>360,694</u>
24.1 Profit on redemption of investments includes profit of Rs.3.65 (2015: Rs.36.78) million on redemption of units of First Habib Income Fund, managed by Habib Asset Management Limited, a related party.			
24.2 Dividend income includes dividend received from the following related parties:			
		2016 (Rupees in thousands)	2015
Bank AL Habib Limited		84,478	55,460
Habib Insurance Company Limited		9,387	10,728
		<u>93,865</u>	<u>66,188</u>
25. Finance income - net			
Profit on treasury call accounts	13.1	13,556	23,109
Profit on term deposits receipts	13.2	102,820	97,902
Interest on loan to employees		279	240
		<u>116,655</u>	<u>121,251</u>
Less: Mark-up / interest on:			
Short-term borrowings	25.1 & 25.2	(46,170)	(77,487)
Workers' Profit Participation Fund		(1,132)	(1,150)
Bank charges		(14,924)	(10,413)
		<u>(62,226)</u>	<u>(89,050)</u>
		<u>54,429</u>	<u>32,201</u>



- 25.1** The Financial facilities from various commercial banks amounted to Rs.5,313 (2015: Rs.3,030) million.
- 25.2** These facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up during the year was 4.3% to 6.85% (2015: 4.30% to 11.68%) per annum.

	Note	2016 (Rupees in thousands)	2015
26. Taxation			
Income tax - current		167,000	158,000
- prior years	26.1	(38,000)	—
		<u>129,000</u>	<u>158,000</u>
Deferred tax		17,000	(3,000)
	26.2	<u>146,000</u>	<u>155,000</u>
26.1 Income Tax - Prior Years			
Excess provision for the Tax Year 2013 (Financial Year 2012) written back due to finalization of Assessment		(55,000)	—
Provision for Super Tax for the Tax Year 2016 (Financial Year 2015) which was introduced through Finance Act, 2016.		17,000	—
		<u>(38,000)</u>	<u>—</u>
26.2 Reconciliation of tax charge for the year			
Accounting profit		970,962	970,230
Corporate tax rate		31%	32%
Tax on accounting profit at applicable rate		300,999	310,474
Tax effect of timing differences		(6,395)	(868)
Tax effect of lower tax rates on export and certain income		(64,721)	(121,488)
Tax effect of income exempt from tax		(1,782)	(214)
Tax effect of tax credit		(38,719)	(26,307)
Tax effect of expenses that are inadmissible in determining taxable income		(5,382)	(6,597)
Adjustment relating to prior years		(38,000)	—
		<u>(154,999)</u>	<u>(155,474)</u>
		<u>146,000</u>	<u>155,000</u>

- 26.3** The income tax return for the Tax year 2016 (financial year ended September 30, 2015) has been filed.



	2016 (Rupees in thousands)	2015
27. Earnings per share - Basic and diluted		
Profit after taxation	824,962	815,230
	Number of shares	
Number of ordinary shares of Rs. 5 each	150,000,000	150,000,000
Earnings per share - Basic and diluted (Rupees)	5.50	5.43
28. Cash generated from operations		
Profit before taxation	970,962	970,230
Adjustment for non-cash charges and other items		
Depreciation / amortization	151,723	119,336
Gain on disposal of fixed assets	(2,500)	(1,716)
Profit on redemption / sale of investments	(111,615)	(259,250)
Finance income - net	(54,429)	(32,201)
Dividend income	(125,290)	(96,356)
	(142,111)	(270,187)
Working capital changes - note 28.1	691,357	911,623
	1,520,208	1,611,666
28.1 Working capital changes		
Decrease / (Increase) in current assets		
Stores and spare parts	4,740	(25,600)
Stock-in-trade	317,294	237,740
Trade debts	327,311	228,353
Loans and advances	17	17,110
Trade deposits and short-term prepayments	(1,166)	1,110
Other receivables	2,384	1,035
	650,580	459,748
Increase / (decrease) in current liabilities		
Trade and other payables	(18,193)	441,360
Advance from customers	58,970	10,515
	40,777	451,875
Net changes in working capital	691,357	911,623



29. Remuneration of Chief Executive, Directors and Executives

	2016				2015			
	Chief Execu- tive	Direc- tors	Execu- tives	Total	Chief Execu- tive	Direc- tors	Execu- tives	Total
	(Rupees in thousands)							
Managerial remuneration	8,208	11,340	81,981	101,529	8,208	12,960	63,453	84,621
Perquisites								
Telephone	31	75	522	628	41	160	524	725
Bonus	—	—	13,704	13,704	—	—	9,227	9,227
Medical	18	302	3,286	3,606	18	1,478	2,744	4,240
Utilities	—	627	—	627	—	611	—	611
Entertainment	—	416	—	416	—	621	—	621
Retirement benefits	599	856	6,602	8,057	594	971	4,859	6,424
	<u>8,856</u>	<u>13,616</u>	<u>106,095</u>	<u>128,567</u>	<u>8,861</u>	<u>16,801</u>	<u>80,807</u>	<u>106,469</u>
Number of persons	<u>1</u>	<u>2</u>	<u>47</u>	<u>50</u>	<u>1</u>	<u>2</u>	<u>40</u>	<u>43</u>

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

29.2 Aggregate amount charged in these financial statements in respect of directors' meeting fee paid to five Non-Executive Directors of Rs.0.51 (2015: Rs. 0.29) million for five Directors.

30. Financial Risk Management Objectives and Policies

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

30.1 Credit risk

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

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

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



	2016 (Rupees in thousands)	2015 (Rupees in thousands)
Long-term loans	4,211	3,997
Long-term deposits	3,928	2,978
Trade debts	64,168	391,479
Loans and advances	246,286	246,303
Trade deposits	1,418	1,381
Profit accrued on bank deposits	1,083	327
Other receivables	21,795	24,488
Bank balances	3,575,054	296,745
	<u>3,917,943</u>	<u>967,698</u>

Quality of financial assets

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

	2016 (Rupees in thousands)	2015 (Rupees in thousands)
30.1.1 Trade debts		
Customers with no defaults in the past one year	64,168	391,102
Customers with some defaults in past one year which have been fully recovered	—	—
Customers with default in past one year which have not yet been recovered	—	377
	<u>64,168</u>	<u>391,479</u>
30.1.2 Bank Balances		
A1+	3,573,671	296,704
A2	1,383	41
	<u>3,575,054</u>	<u>296,745</u>

30.2 Interest rate risk

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

At balance sheet date, the bank balances of Rs.3,570.45 (2015: Rs.240.72) million are subject to interest rate risk. Applicable interest rates have been indicated in Note 13 to these financial statements. Company's profit after tax for the year would have been 24.360 (2015: 1.64) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.



30.3 Liquidity risk

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

Year ended September 30, 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
(Rupees in thousands)						
Trade and other payables	–	520,358	1,121,038	–	–	1,641,396
Advance from customers	–	306,027	–	–	–	306,027
	–	826,385	1,121,038	–	–	1,947,423
Year ended September 30, 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
(Rupees in thousands)						
Trade and other payables	–	422,838	1,228,717	–	–	1,651,555
Advance from customers	–	247,057	–	–	–	247,057
	–	669,895	1,228,717	–	–	1,898,612

30.4 Foreign currency risk

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

		2016 (Respective Currency)	2015
Trade debts	\$	292,404	905,757
“	£	34,442	20,830
Advance from customers	\$	361,191	108,496
“	£	8,619	4,545

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

Exchange rates	buying \$	104.61	104.20
	selling \$	104.81	104.40
	buying £	135.64	158.01
	selling £	135.90	158.31

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



Sensitivity analysis:

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

	Change in Foreign Currency rate (%)	Effect on profit (Rupees in thousands)	Effect on equity
September 30, 2016	+10	(377)	(412)
	-10	377	412
September 30, 2015	+10	8,562	7,433
	-10	(8,562)	(7,433)

30.5 Equity price risk

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

At the balance sheet date, the exposure to investments held as available for sale was Rs.2,025.97 (2015: Rs.4,520.82) million.

30.6 Capital risk management

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

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

The gearing ratio of the company is Nil (2015: Nil) and the company finances its investments portfolio through management of its working capital and equity with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

30.7 Fair value of financial instruments

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

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



The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets either directly or indirectly.

Level 3: inputs for the asset that are not based on observable market data.

	2016			
	Level 1	Level 2 (Rupees in thousands)	Level 3	Total
Listed shares	2,013,468	—	—	2,013,468
	2,013,468	—	—	2,013,468
	2015			
	Level 1	Level 2 (Rupees in thousands)	Level 3	Total
Listed shares	1,711,136	—	—	1,711,136
Mutual fund	—	2,809,686	—	2,809,686
	1,711,136	2,809,686	—	4,520,822

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

31. Capacity and production

	2016			2015		
	Quantity	Working days		Quantity	Working days	
31.1 Sugar division						
Crushing capacity	7,000	M. Tons Per Day		7,000	M. Tons Per Day	
Crushing based on actual working days	777,000	M. Tons	111	819,000	M. Tons	117
Actual crushing	821,801	M. Tons	111	854,231	M. Tons	117
Sucrose recovery	10.74	%		10.40	%	
Sugar production	88,271	M. Tons		88,807	M. Tons	
31.2 Distillery division						
a) Ethanol						
Capacity	34,000	M. Tons	300	34,000	M. Tons	300
Actual production	31,817	M. Tons	347	30,681	M. Tons	326
b) Liquidified carbon dioxide (CO₂)						
Capacity	18,000	M. Tons	300	18,000	M. Tons	300
Actual production	10,104	M. Tons	267	9,230	M. Tons	232
c) Distillery / CO ₂ plants operated below capacity due to lesser availability of molasses.						
31.3 Textile division						
Capacity	560,000	Kgs.	300	560,000	Kgs.	300
Actual production	558,194	Kgs.	350	753,449	Kgs.	350

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



32. Provident Fund related disclosure

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

	2016 (Rupees in thousands)	2015
Size of the fund - Total assets	326,051	301,162
Fair value of investments	304,172	274,967
Percentage of investments made	93.29	91.30

32.1 The cost of above investments amounted to Rs. 266.81 million (2015: Rs. 214.95 million).

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

	2016 Percentage	2015	2016 (Rupees in thousands)	2015
National savings scheme	92.41	95.08	281,088	261,429
Bank deposits	7.55	4.87	22,955	13,404
Debt securities	0.04	0.05	129	134
	<u>100.00</u>	<u>100.00</u>	<u>304,172</u>	<u>274,967</u>

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

33. Number of Employees

	2016	2015
Number of employees including contractual employees at September 30,	577	580
Average number of employees including contractual employees during the year	579	588



34. Transactions with related parties

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

	2016 (Rupees in thousands)	2015
Insurance premium paid	18,839	18,553
Insurance claims	5,319	13,301
Profit on treasury call accounts / term deposits	98,085	118,984
Profit accrued on bank deposit	393	197
Purchases of investments	762,500	1,499,847
Sale proceeds of investments	753,648	1,286,775
Dividend received	93,865	66,188
Dividend paid	59,582	60,710
Bank charges	83	297

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

35. Dividend

The Board of Directors of the Company in their meeting held on December 24, 2016 have proposed a final cash dividend of Rs. 2.75 per share (55%) for the year ended September 30, 2016. The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Company to be held on January 30, 2017.

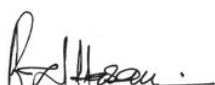
The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not be applied in case of a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months from the end of the year.

Based on the fact the Board of Directors of the Company has proposed 55% dividend for the year ended September 30, 2016 which exceeds the above prescribed minimum dividend requirement, the Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of September 30, 2016.

36. General

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

36.2 These financial statements were authorised for issue on December 24, 2016 by the Board of Directors of the Company.


Raeesul Hasan
Chief Executive


Murtaza H. Habib
Director



Pattern of Shareholding as at September 30, 2016

Number of Shareholders	Size of Shareholding	Total Number of Shares held
From	To	
2,027	1	40,549
852	101	243,056
485	501	372,003
1,301	1,001	3,000,918
255	5,001	1,842,364
113	10,001	1,402,091
80	15,001	1,420,892
56	20,001	1,300,949
30	25,001	808,307
25	30,001	814,969
19	35,001	715,756
12	40,001	509,716
11	45,001	531,531
13	50,001	685,247
8	55,001	456,261
6	60,001	379,315
4	65,001	270,282
5	70,001	359,966
5	75,001	392,167
4	80,001	345,658
4	85,001	366,769
2	90,001	197,813
1	95,001	100,500
1	100,001	110,000
1	105,001	110,000
2	110,001	227,875
1	115,001	117,000
1	120,001	122,000
1	125,001	255,757
3	130,001	395,814
1	135,001	138,002
3	140,001	425,385
1	145,001	150,000
4	150,001	613,519
2	155,001	314,750
1	160,001	333,471
1	165,001	174,988
1	170,001	176,251
2	175,001	372,279
2	180,001	381,329
1	185,001	200,000
3	190,001	606,230
1	195,001	205,156
1	200,001	226,846
1	205,001	237,000
1	210,001	246,593
1	215,001	254,500
2	220,001	567,330
1	225,001	289,337
1	230,001	304,940
2	235,001	615,646
1	240,001	320,446
1	245,001	657,539
1	250,001	340,740
1	255,001	359,970
1	260,001	385,720
2	265,001	783,658
1	270,001	397,377
1	275,001	409,546
1	280,001	421,146
1	285,001	463,815
1	290,001	499,737
2	295,001	1,021,336
1	300,001	521,263
1	305,001	530,000
1	310,001	530,057
1	315,001	572,918
1	320,001	597,032
1	325,001	658,571
1	330,001	757,721
2	335,001	1,568,767
1	340,001	843,223
1	345,001	847,000
1	350,001	880,825
1	355,001	970,127
2	360,001	994,293
1	365,001	1,998,887
1	370,001	1,122,697
1	375,001	1,183,324
1	380,001	1,220,763
1	385,001	1,418,565
1	390,001	1,425,064
1	395,001	1,440,330
1	400,001	1,688,251
1	405,001	1,827,819
1	410,001	1,866,906
1	415,001	2,029,070
1	420,001	2,168,697
1	425,001	2,448,000
1	430,001	3,071,845
1	435,001	3,235,000
1	440,001	3,559,751
1	445,001	4,121,950
1	450,001	4,528,756
1	455,001	5,825,357
1	460,001	6,554,075
1	465,001	8,868,497
1	470,001	9,415,312
1	475,001	11,515,753
1	480,001	26,513,125
5,416		150,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public (Local)	5,261	43,509,478	29.20
General Public (Foreign)	76	1,755,299	1.17
Insurance Companies	4	12,802,285	8.54
Joint Stock Companies	45	49,146,712	32.56
Financial Institutions	9	28,482,448	19.00
Modaraba Companies	2	1,010,400	0.67
Charitable Trusts	15	12,772,733	8.51
Societies	3	520,644	0.35
Corporate Law Authority	1	1	0.00
	5,416	150,000,000	100.00



Pattern of Shareholding as at September 30, 2016

Additional Information

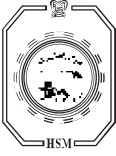
Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies, undertakings and related parties		
Habib Insurance Company Limited	1	4,528,758
Habib Mercantile Company (Pvt) Limited	1	510,668
Habib & Sons (Pvt) Limited	1	521,263
Bank AL Habib Limited	1	9,415,312
Hasni Textiles (Pvt) Ltd.	1	8,868,497
NIT and ICP		
National Investment (Unit) Trust (NIT)	1	11,515,753
Investment Corporation of Pakistan	1	2,823
Directors, CEO and their spouses and minor children		
Asghar D. Habib Chairman	1	2,168,697
Ali Raza D. Habib Director	1	23,218
Muhammad Nawaz Tishna (NIT Nominee)	—	—
Murtaza H. Habib	1	1,220,763
Shams Mohammad Haji	1	5,000
Amin Ali Abdul Hamid	1	23,971
Imran A. Habib	1	5,000
Raeesul Hasan Chief Executive	1	31
Mrs. Tahira Ali Asghar w/o Mr. Ashgar D. Habib	1	1,425,064
Executives	2	785,605
Public Sector Companies and Corporations	42	39,246,284
Banks, Development Finance Institutions, Non-Banking Finance Institutions,	5	3,019,802
Insurance Companies	4	12,802,285
Modarabas	2	1,010,400
General Public		
a) Local	5,251	37,852,129
b) Foreign	76	1,755,299
Others		
Charitable & Other Trusts	15	12,772,733
Societies	3	520,644
Government Institution	1	1
	5,416	150,000,000

Shareholders holding 5% or more voting rights

ICOM Industrie Und Handels, Schaan Principality of Liechtenstein	26,513,125
National Investment Trust (Unit) (NIT)	11,515,753
Bank AL Habib Ltd.	9,415,312
Hasni Textiles (Pvt) Ltd.	8,868,497

The detail of transactions (gift) by the Directors, Executives and their Spouses of the company during the year:

Name	Date	Gift Received No. of shares	Gift Given No. of Shares
Mr. Asghar D. Habib - Chairman/ Director	28.03.2016	1,124,345	
Mr. Munawar Ali Rashid - Executive	31.05.2016	26,665	
Mr. Imran A. Habib - Director	18.07.2016		1,039,343
Mrs. Tahira Ali Asghar - Spouse of Chairman	18.07.2016	1,039,343	
Mr. Murtaza H. Habib	25.07.2016	40,000	



ڈائریکٹرز کی رپورٹ

محترم ممبران۔ السلام علیکم

بورڈ آف ڈائریکٹرز اور اپنی جانب سے میں آپ لوگوں کو کمپنی کی 55 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتا ہوں اور 30 ستمبر 2016ء کو ختم ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی حسابات پیش کرتا ہوں۔

اللہ کے فضل و کرم سے زیر جائزہ سال کے دوران آپ کی کمپنی کی کارکردگی کی وجہ سے منافع قبل از ٹیکس کی رقم مبلغ 970.96 ملین روپے رہا۔ کمپنی کی کارکردگی کے نتائج اور بورڈ کی سفارش کے مطابق تصرفات درج ذیل ہیں:-

(روپے ہزاروں میں)

970,962

منافع قبل از ٹیکس

146,000

ٹیکسیشن

824,962

منافع بعد از ٹیکسیشن

(142)

دیگر کل آمدنی

2,933

غیر منقسمہ منافع براؤ فارورڈ

2,791

تصرف کیلئے دستیاب آمدنی

827,753

مجوزہ: - کیش ڈویڈنڈ 55% جو کہ مبلغ 2.75 روپے بحساب 5 روپے فی عام شیئر

- جنرل ریزرو کی منتقلی

412,500

412,500

825,000

غیر منقسمہ منافع کی ری فارورڈ

2,753

آمدنی فی شیئر - بنیادی اور معتدل

5.50 روپے

کارکردگی کا جائزہ:

الحمد للہ سال کے دوران کمپنی کی مجموعی کارکردگی تسلی بخش رہی۔ ڈویڈنڈ وائز کارکردگی درج ذیل ہے:

شکر ڈویژن:

گئے کی کرشنگ کا سیزن 2015-2016، 24 نومبر 2015 کو شروع ہوا اور 13 مارچ 2016 تک 111 دن پلانٹ کو چلایا گیا۔ اس کے مقابلہ میں گزشتہ سیزن 117 دن چلا تھا۔ موجودہ سیزن کے دوران گئے کی کرشنگ 821,801 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.74 فیصد رہا اور شکر کی پیداوار 88,271 میٹرک ٹن ہوئی۔ مقابلہ گزشتہ سیزن گئے کی کرشنگ 854,231 میٹرک ٹن رہی۔ جبکہ شکر کی اوسط ریکوری 10.40 فیصد تھی اور شکر کی پیداوار 88,807 میٹرک ٹن تھی۔ گئے کی کرشنگ کا حجم اور شکر کی پیداوار گزشتہ سیزن کے مقابلے میں گئے کی عدم دستیابی کی وجہ سے کم رہی۔



حکومت سندھ نے 4 جنوری 2016 کو گئے کی کم از کم سپورٹ پرائس برائے سیزن 2015-2016 کے نوٹیفیکیشن کا اجرا کیا جس میں گئے کی قیمت -/172 روپے فی 40 کلوگرام مقرر کی گئی اس کے مقابلے میں گزشتہ سیزن 2014-2015 میں -/182 روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کو الٹی پریمنیم شکر کی اوسط ریکوری کے بیچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کرے گی۔ حالانکہ نوٹیفیکیشن کے مطابق یہ معاملہ معزز سپریم کورٹ آف پاکستان میں زیرِ سماعت ہے اور وفاقی حکومت کی اسٹیزنگ کمیٹی کے فیصلے کے مطابق کو الٹی پریمنیم کا معاملہ معزز سپریم کورٹ کے فیصلے تک معطل رہے گا یا وفاقی حکومت کوئی متفقہ لائحہ عمل طے نہ کرے۔

موجودہ کرشنگ سیزن کے دوران گئے کی دستیابی میں کمی کی وجہ سے ملز کے درمیان گئے کی قیمت پر مسابقت کی فضا قائم رہی اور کاشت کار سپورٹ پرائس سے زیادہ کا تقاضہ کرتے رہے۔ لہذا کمپنی نے باؤ میں رہتے ہوئے زیادہ قیمتوں پر گئے کی خریداری کی جس کے نتیجے میں کرشنگ کا حجم کم رہا اور شکر کی پیداواری لاگت میں اضافہ ہوا۔ نئے مالی سال میں ملکی اور بین الاقوامی مارکیٹ میں گری ہوئی شکر کی کم قیمتوں کے ساتھ شروع ہوا۔ تاہم مالی سال کے بعد کے حصے کے دوران بین الاقوامی مارکیٹ میں شکر کی قیمتوں میں اضافہ دیکھنے میں آیا جس کی وجہ سے مقامی مارکیٹ میں شکر کی قیمتوں میں مثبت اثر پڑا اور ڈویژن کے منافع کو بہتر بنانے میں مدد ملی۔

کلیڈیٹ کی اکنا ملک کو آرڈینیشن کمیٹی (ECC) نے 500,000 میٹرک ٹن شکر کی 31 مارچ 2016 تک برآمد کرنے کی اجازت دی تھی اور شکر کی برآمد پر 13 روپے فی کلوگرام نقد سبسڈی کی منظوری دی گئی جو کہ وفاقی اور صوبائی حکومت کو برابر برابر ادا کرنا تھی۔ گورنمنٹ کے نقد سبسڈی کے اعلان کے باوجود کمپنی نے شکر برآمد نہیں کی اور شکر ملکی مارکیٹ میں فروخت کی کیونکہ بین الاقوامی مارکیٹ میں شکر کی قیمت کم تھی۔

وفاقی بجٹ 2016-17 میں گورنمنٹ نے FED سے سبزی ٹیکس میں بلا واسطہ طور پر ٹیکس موڈ کو تبدیل کر دیا اور شکر کی قیمت 56 روپے فی کلوگرام مقرر کر دی۔ سبزی ٹیکس اندراج شدہ خریداروں کیلئے 8% اور غیر اندراج شدہ خریداروں کیلئے 10% قابل ادائیگی تھا۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

2014-15	2015-16	
117	111	ایام
854,231	821,801	گئے کی کرشنگ
10.40	10.74	شکر کی اوسط ریکوری
88,807	88,271	شکر کی پیداوار

اس سال کے دوران شکر ڈویژن نے مبلغ 318.36 ملین روپے کا منافع حاصل کیا جس کا موازنہ پچھلے سال کے مقابلے کے منافع مبلغ 305.48 ملین روپے سے کیا جاسکتا ہے۔ منافع میں اضافہ کی وجہ فروخت کے حجم میں اضافہ اور بہتر مارجن ہے۔

ڈویژن کے مالیاتی نتائج بھی گزشتہ سالوں کی طرح کمپنیز (تخمینی اکاؤنٹس کا آڈٹ) رولز 1998ء کے تحت تخمینی لاگت کے تابع تھے۔ تخمینی لاگت کا آڈٹ میسرز ہارون ذکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کیا جو کہ سیکو ریٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے منظور شدہ ہے اور بورڈ اس کی دوبارہ تفری کیلئے سفارش کرتے ہیں۔ تخمینہ کا آڈٹ مکمل ہو گیا ہے اور کمپنی کے تخمینہ کی آڈٹ رپورٹ موصول ہو گئی ہے۔ یہ رپورٹ سیکو ریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو بھی تخمینی آڈیٹرز بطور کمپنیز (تخمینی اکاؤنٹس کا آڈٹ) رولز 1998ء کے تحت براہ راست پیش کر دی جائے گی۔



ڈسٹری ڈویژن:

ڈسٹری ڈویژن کے آپریشن اطمینان بخش ہیں اور اس ڈویژن نے مبلغ 336.21 ملین روپے کا منافع حاصل کیا جس کا موازنہ گزشتہ سال کے منافع کی رقم 300.27 ملین روپے سے کیا جاسکتا ہے۔ منافع میں اضافہ جو کہ لیکوئیٹڈ کاربن ڈائی آکسائیڈ (CO2) اینٹ کی فروخت میں اضافہ کی وجہ سے تھا۔

لیکوئیٹڈ فائڈ کاربن ڈائی آکسائیڈ (CO2) اینٹ کا آپریشن اطمینان بخش رہا اور 10,104 میٹرک ٹن کی پیداوار ہوئی ہے جس کا موازنہ گزشتہ سال کی پیداوار 9,230 میٹرک ٹن سے کیا جاسکتا ہے۔

ڈویژن کے آپریشنز کی تفصیلات کا موازنہ درج ذیل ہے:

2014-15	2015-16	استھانول
326	347	آپریشن کی مدت
163,846	175,538	شیرے کی مقدار
30,681	31,817	استھانول کی پیداوار
		لیکوئیٹڈ فائڈ کاربن ڈائی آکسائیڈ (CO2)
232	267	آپریشن کی مدت
9,230	10,104	لیکوئیٹڈ فائڈ کاربن ڈائی آکسائیڈ (CO2) کی پیداوار میٹرک ٹن

ٹیکسٹائل ڈویژن:

ٹیکسٹائل ڈویژن نے منافع 9.96 ملین روپے حاصل کیا جس کا موازنہ گزشتہ سال کے دوران کے منافع 16.83 ملین روپے سے کیا جاسکتا ہے۔ اس ڈویژن میں منافع میں کمی کی وجہ بین الاقوامی مارکیٹ میں قیمتوں اور حجم فروخت میں کمی کی وجہ ہے۔

ڈویژن کے آپریشنز کی تفصیلات کا موازنہ درج ذیل ہے:

2014-15	2015-16	آپریشن کی مدت
350	350	ایام
890,831	650,892	سوت کی مقدار
753,449	558,194	تیار مال کی پیداوار

ٹریڈنگ ڈویژن:

زیر نظر سال کے دوران اس ڈویژن کا منافع شکر کی تجارت سے مبلغ 53.24 ملین روپے حاصل کیا جس کا موازنہ گزشتہ سال کے دوران منافع کا تناسب 22.33 ملین روپے سے کیا جاسکتا ہے۔



مستقبل کا پروگرام:

شوگر ڈویژن:

گنے کی کرشنگ کا سیزن 2016-17، 17 نومبر 2016ء کو شروع ہوا ہے اور 24 دسمبر 2016 تک گنے کی کل کرشنگ 236,226 میٹرک ٹن تھی جبکہ اوسط ریکوری کا تناسب 8.94 فیصد اور شکر کی پیداوار 21,135 میٹرک ٹن بشمول شکران پراسس تھی۔

حکومت سندھ نے 31 اکتوبر 2016ء کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2016-17 کے نوٹیفکیشن کا اجرا کیا جس میں گنے کی قیمت -172/ روپے فی 40 کلوگرام مقرر کی گئی۔ علاوہ ازیں ملز کو الٹی پریٹیم شکر کی اوسط ریکوری کے بیچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کریگی۔ حالانکہ نوٹیفکیشن کے مطابق یہ معاملہ معزز سپریم کورٹ آف پاکستان میں زیر سماعت ہے اور وفاقی حکومت کی اسٹیئرنگ کمیٹی کے فیصلہ کے مطابق کو الٹی پریٹیم کا معاملہ معزز سپریم کورٹ کے فیصلے تک معطل رہے گا یا وفاقی حکومت کوئی متفقہ لائحہ عمل طے نہ کرے۔

کرشنگ سیزن 2016-17 کے دوران گنے کی سپلائی غیر متواتر رہی جس کے نتیجے میں گنے کی کرشنگ کا اوسط یومیہ تناسب گزشتہ سال کے مقابلے میں کم رہا۔ عالمی طور پر گرم درجہ حرارت کی وجہ سے شکر کی ریکوری گزشتہ سال کے مقابلے میں کم رہی۔ اس ڈویژن کا منافع کم ریکوری اور پیداوار کے اخراجات میں اضافہ کی وجہ سے کم ہو سکتا ہے۔

ڈسٹری ڈویژن:

ڈسٹری ڈویژن نے اپنا آپریشن 8 دسمبر 2016ء کو شروع کیا اور 24 دسمبر 2016ء تک اسٹھانول کی پیداوار 4,558 میٹرک ٹن ہوئی اور لیکوینیڈ فائڈ کاربن ڈائی آکسائیڈ کی پیداوار 1,356 میٹرک ٹن ہوئی۔

شیرے کی قیمتیں زیر جائزہ مدت کے دوران بڑھی ہوئی رجسٹرڈ کی گئیں جس کے نتیجے میں اسٹھانول کے پیداواری اخراجات میں اضافہ ہوگا۔ عالمی مارکیٹ میں اسٹھانول کی قیمتوں میں حالیہ مدت میں اضافہ ظاہر ہوا جو کہ ڈویژن کے منافع کو برقرار رکھنے میں مددگار ہوگا۔

ٹیکسٹائل ڈویژن:

فروخت میں کمی کی وجہ سے عالمی مارکیٹ میں مندی کا رجحان مسلسل ہے جسکی وجہ سے فروخت کے حجم میں کمی ہے لہذا کوشش کی جارہی ہے کہ اضافی برآمدات کی نئی منڈی کی تلاش کی جائے اور جسکی وجہ سے فروخت کا حجم اور منافع میں اضافہ ہو۔

گنے کی کرشنگ صلاحیت میں اضافہ:

بورڈ نے اپنی میٹنگ جو کہ 28 مئی 2016 کو ہوئی جس میں کیپٹل اخراجات کے لئے 1,100 ملین روپے کی منظوری گنے کی کرشنگ کی صلاحیت کو 10,500 میٹرک ٹن تک روزانہ کی بنیاد پر بڑھانے کے لئے دی اور امید کی جاتی ہے کہ یہ کام جلد ہی مکمل ہو جائے گا۔

وٹر پاور پروجیکٹ میں سرمایہ کاری:

کمپنی کے شیئر ہولڈرز نے یوٹی انرجی لمیٹڈ میں 450 ملین روپے تک کی سرمایہ کاری کی منظوری دی جو کہ ایک غیر درج شدہ پبلک کمپنی ہے۔ ایک غیر رجسٹرڈ شدہ پبلک کمپنی جو کہ وٹڈ کو استعمال کرتے ہوئے الیکٹرک پاور کی پیداوار کی تقسیم اور متعلقہ کاروباری سرگرمیوں کو انجام دیگی۔

سال کے دوران کمپنی نے ابتدائی طور پر مبلغ 12.50 ملین روپے کی سرمایہ کاری کی۔ حکومت سندھ نے لیٹر آف انٹینٹ (LOI) جاری کیا ہے اور چھپڑ ضلع ٹھٹھہ میں پروجیکٹ کی سیٹنگ کے لئے زمین الاٹ کی ہے۔



فوڈ بزنس میں سرمایہ کاری:

کمپنی کی بصارت کے حوالے سے کمپنی کے ڈائریکٹران نے یونی فوڈ انڈسٹری لمیٹڈ میں 120 ملین روپے سرمایہ کاری کی منظوری دی ہے جو کہ ایک غیر درج شدہ کمپنی ہے۔ کمپنی کا اہم کاروبار کنفیکشنری آئٹمز اور دیگر متعلقہ پروڈکٹس کی برانڈ اور اس کی مینوفیکچرنگ ہے۔

بورڈ اور انتظامی کمیٹی:

آڈٹ کمیٹی:

کمپنی نے نظم و ضبط کے تحت آڈٹ کمیٹی تشکیل دی ہے۔ یہ آڈٹ کمیٹی تین ممبران پر مشتمل ہے جن میں دو نان ایگزیکٹو ڈائریکٹرز بشمول کمیٹی کے چیئرمین اور ایک انفرادی نان ایگزیکٹو ڈائریکٹر ہیں۔ آڈٹ کمیٹی سال کے دوران چار اجلاس منعقد کرتی ہے۔ ان اجلاسوں میں شرکت کی تعداد درج ذیل ہے:

مینگلز میں شرکت کی تعداد

جناب امین علی عبدالحمید	چیئرمین	4
جناب علی رضا ڈی حبیب	ممبر	2
جناب شمس محمد حاجی	ممبر	4

HR اور معاوضہ کمیٹی:

کمپنی نے نظم و ضبط کے تحت HR اور معاوضہ کمیٹی قائم کی ہے۔ یہ کمیٹی تین ممبران پر مشتمل ہے جن میں دو نان ایگزیکٹو ڈائریکٹران ہیں اور CEO بھی کمیٹی کا ممبر ہے۔ کمیٹی کا چیئرمین جو کہ انفرادی نان ایگزیکٹو ڈائریکٹر ہے یہ کمیٹی سال کے دوران ایک مینگل کرتی ہے۔ اس مینگل میں شرکت کی تفصیل درج ذیل ہے:

اجلاس میں شرکت کی تعداد

جناب شمس محمد حاجی	چیئرمین	1
جناب امین علی عبدالحمید	ممبر	1
جناب رئیس الحسن	ممبر	1

کارپوریٹ معاشرتی ذمہ داری:

حبیب شوگر ملز کارپوریٹ معاشرتی ذمہ داری (CSR) جو کہ 1962ء میں قائم ہونے کے سال سے ہی پروگرام مرتب کرتی ہے۔ مقامی کمیونٹیز، گورنمنٹ باڈیز اور سول سوسائٹی آرگنائزیشن کی ضروریات پر توجہ دیتی ہے۔ کمپنی کا CSR پورٹ فولیو گزشتہ سالوں پر محیط ہے جس میں سوشل ویلفیئر، تعلیم، صحت کی حفاظت، انفراسٹرکچر کی ترقی اور دیگر امور شامل ہیں۔

کیوئی کی سرمایہ کاری اور ویلفیئر اسکیم:

ایک ذمہ دار شہری کی حیثیت سے کمپنی نے باقاعدہ بنیاد پر کئی ویلفیئر سرگرمیوں میں حصہ لیا اور اس حوالے سے سینڈری سطح تک اسکول چلانا، آنکھوں کے کیمپ کا قیام، ملز کے آس پاس کے ایریا میں رہنے والوں کو مالی تعاون اور مفت راشن اور میڈیکل کی معاونت ضرورت مند افراد کو کی جاتی ہے۔ معاشرتی اور اقتصادی امور میں کمپنی اپنا کردار ادا کرتی ہے اور ضلع میں تمام سطح پر سربا جاتا ہے۔



اس سال کے دوران کمپنی نے فیملی ایجوکیشن سروسز فاؤنڈیشن (FESF) جو کہ ایک غیر منافع بخش ادارہ ہے اس کی مستقل معاونت کر رہا ہے جو کہ نواب شاہ میں بہروں کا اسکول چلا رہے ہیں۔ آپ کی کمپنی نے اس سال کے دوران مبلغ 8.40 ملین پاکستانی روپے کا عطیہ دیا ہے۔ اس وقت اس اسکول میں 246 طالب علم داخل ہیں اور یہ واحد ادارہ ہے جو کہ نواب شاہ میں بہرے افراد کے لئے بہترین تعلیمی سہولت فراہم کرتا ہے تاکہ ان کی طرز زندگی میں بہتری آئے اور تعلیمی ماحول سے اپنی اہلیت کو بڑھائیں۔

اس سال کے دوران کمپنی نے مرکز اے-امید کو 0.60 ملین روپے کا عطیہ بھی دیا ہے جو کہ ایک معاشرتی تعلیمی ادارہ ہے جس کا مقصد بچوں کو تربیت دینا ہے تاکہ وہ سوسائٹی میں مثبت کردار ادا کر سکیں۔ اس حوالے سے مستقل سروسز فراہم کی جاتی ہیں۔

ماحولیات:

کمپنی اپنے ملازمین اور نواب شاہ کے رہائشی افراد کی صحت پر اہم توجہ دیتی ہے اور ضروری اقدامات اور خطیر رقم خرچ کی ہے تاکہ اس بات کو یقینی بنایا جائے کہ آلودگی سے پاک ماحول فراہم کیا جائے۔

ملز کے ہوائی ریز میں رکھ دھور کرنے کے لئے سسٹم نصب کیا گیا ہے جو کہ مستقل طور پر کامیابی سے چل رہا ہے اور کالے ذرے مکمل طور پر غائب ہو گئے ہیں۔ کمپنی نے شوگر فیکٹری میں ایک ضائع پانی کا ٹریٹمنٹ پلانٹ بھی لگایا ہے تاکہ آئل گریس اور دیگر سیال مادے اس پانی سے خارج کیا جاسکے۔ یہ پروجیکٹ مکمل ہونے کے بعد کامیابی سے اطمینان بخش نتائج حاصل کر رہا ہے اسی طرح RCC پائپنگ کے ساتھ کھلے ہوئے ڈرین چینلز کی تبدیلی بھی کی گئی ہے تاکہ سچچ کو دور کیا جاسکے اور آس پاس کے ایریاز کو متاثر نہ کیا جاسکے۔

بائیو گیس پلانٹ اور کاربن ڈائی آکسائیڈ ریکوری پلانٹس کی تنصیب ہماری معاشرتی ذمہ داری ہے جو کہ ہمارے نکاسی کے عمل سے گرین ہاؤس گیسز کو کم کرنے میں مددگار ہو سکتا ہے۔ کمپنی نے Upflow Anaerobic Sludge Bed (UASB) سسٹم کی بنیاد پر صنعتی ضائع شدہ پانی کے ٹریٹمنٹ کا پلانٹ بھی نصب کیا ہے جو کہ بائیو گیس کی شکل میں توانائی کے حصول سے متعلق ہے۔

اللہ تعالیٰ کے کرم سے ان پروجیکٹس کے کامیاب آپریشن کے تحت نواب شاہ کے لوگوں کے لئے آلودگی سے پاک ماحول فراہم کرنے کی یقین دہانی کی گئی ہے۔

صحت حفاظت اور سیکورٹی:

ایک اہم ذمہ دار ادارے کے طور پر کمپنی اس بات پر مکمل اتفاق کرتی ہے کہ صحت حفاظت اور سیکورٹی کا اعلیٰ معیار قائم کیا جائے۔ کمپنی باقاعدگی سے آس پاس رہنے والے لوگوں کی طبی ضروریات اور آمد اور فراہم کرتی ہے اور اس حوالے سے کلینکس اور ویلنٹیر اداروں کو طبی اور دیگر سہولیات فراہم کرنے کیلئے عطیات دیتی رہتی ہے۔

خصوصی افراد کے لئے روزگار:

کمپنی نے جسمانی طور پر معذور افراد کو ملازمت فراہم کی ہیں جو کہ معذور افراد (تقریری اور آباد کاری) آرڈیننس 1981 پر عمل کرتے ہوئے کیا ہے۔

صنعتی تعلقات:

کمپنی کے اندر اچھے ماحول اور مناسب صنعتی تعلقات کی بنیاد پر کام کیا جا رہا ہے۔

قومی خزانے میں حصہ داری:

آپ کی کمپنی نے ٹیکسز، محصولات، سٹیکس اور ایکسائز ڈیوٹی کی مد میں مبلغ 696.66 ملین روپے قومی خزانے میں جمع کرائے ہیں اس کے علاوہ قیمتی زرمبادلہ بھی حاصل کیا جو کہ مبلغ 2,367.40 ملین (US\$ 22.61 ملین) کے مساوی ہیں جو کہ زیر نظر سال کے دوران انتہائی نول اور گھریلو ٹیکسٹائل کی ایکسپورٹ سے حاصل کیا۔



آڈیٹرز:

ریٹائر ہونے والے موجودہ آڈیٹرز میسرز EY فورڈ روڈز، چارٹرڈ اکاؤنٹینٹس نے اہل ہونے کی بنیاد پر دوبارہ تقرری کیلئے پیش کی ہے۔

آڈٹ کمیٹی نے میسرز EY فورڈ روڈز، چارٹرڈ اکاؤنٹینٹس کو آئندہ سال کے لئے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کیلئے سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اسٹیٹمنٹ:

- ۱۔ مالیاتی حسابات جو کہ کمپنی نے مرتب کئے ہیں یہ شفاف انداز میں کمپنی کے ضروری امور اور آپریشنز کے نتائج فلو اور ایکوٹی میں تبدیلی کو ظاہر کرتے ہیں۔
- ۲۔ کمپنی کی کس آف اکاؤنٹ مناسب طریقے سے ترتیب دیئے جاتے ہیں۔
- ۳۔ مالیاتی حسابات کی تیاری کے سلسلے میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور کسی بھی تبدیلی اور تخمینہ کو مناسب اور واضح طور پر ظاہر کیا جاتا ہے۔
- ۴۔ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جو کہ پاکستان میں نافذ العمل ہے اس پر مالیاتی حسابات کی تیاری پر لاگو کیا جاتا ہے۔ جہاں نہیں کی گئی وہاں مناسب طور پر وضاحت کی گئی ہے۔
- ۵۔ داخلی کنٹرول کا نظام مستحکم ہے اور موثر طور پر اس پر عمل درآمد اور نگرانی کی جاتی ہے۔
- ۶۔ کمپنی کی صلاحیت بطور چلتے ہوئے کاروبار پر کسی قسم کا کوئی شک و شبہ نہیں ہے۔
- ۷۔ کارپوریٹ گورننس کے طریقہ کار جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے جسکی کوئی خلاف ورزی نہیں کی گئی ہے۔
- ۸۔ چھ سالہ مالیاتی سالوں میں یعنی 2011 سے 2016 تک جو کہ صفحہ نمبر 9 پر دیا گیا ہے۔
- ۹۔ ٹیکسز اور محصولات سے متعلق معلومات مالیاتی اسٹیٹمنٹ کے نوٹس میں دی گئی ہے۔
- ۱۰۔ سرمایہ کاری کی ویلیو بشمول حاصل کردہ منافع اور پروڈیٹ فنڈ اور گریجویٹ فنڈ کاڈ پاؤٹ / کرنٹ اکاؤنٹ میں بیلنس 30 ستمبر 2016ء درج ذیل ہے:

(روپے ہزاروں میں)

304,172

پروڈیٹ فنڈ

101,599

گریجویٹ فنڈ

۱۱۔ سال کے دوران بورڈ کے پانچ اجلاس منعقد کئے گئے اور ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام

5

جناب اصغر ذی حبیب

3

جناب علی رضا ذی حبیب

4

جناب محمد نواز تشنا

5

جناب مرتضیٰ ایچ حبیب

5

جناب امین علی عبدالحمید

5

جناب شمس محمد حاجی

3

جناب عمران اے حبیب

5

جناب رئیس الحسن

۱۲۔ شیئر ہولڈنگ کے طریقہ کار اس سے متعلق اضافی معلومات صفحہ نمبر 61 اور 62 پر دی گئی ہیں۔

۱۳۔ ڈائریکٹرز، CEO، CFO، کمپنی کیلبرٹری اور ان کی فیملیز کے شیئر ہولڈنگ میں تبدیلی جو کہ شیئر ہولڈنگ کی نوعیت صفحہ نمبر 62 پر دی گئی ہے۔



ڈائریکٹرز کے الیکشن:

موجودہ ڈائریکٹرز کی مدت 30 جنوری 2017ء کو ختم ہو رہی ہے لہذا تین سالوں کے لئے ڈائریکٹرز کے الیکشن کمپنی کی 55 ویں سالانہ جنرل میٹنگ میں 30 جنوری 2017ء کو منعقد کی جائے گی جیسا کہ کمپنی آرڈیننس 1984ء کے سیکشن (1) 178 کے تحت دیا گیا ہے۔ کمپنی کے ڈائریکٹرز کی تعداد جو کہ بورڈ آف ڈائریکٹرز نے 7 مقرر کی ہے۔ ریٹائر ہونے والے ڈائریکٹرز میں اصغر ڈی حبیب، علی رضا ڈی حبیب، محمد نواز شتا، مرتضیٰ ایچ حبیب، امین علی عبدالحمید، شمس محمد حاجی اور عمران اے حبیب شامل ہیں اور یہ لوگ دوبارہ الیکشن کے لئے اہل ہیں۔

جنرل:

ڈائریکٹران اپنے تمام عملے، سروسز اور محنت سے کام کرنے کا اعتراف کرتے ہیں جس میں کمپنی کے آفیسرز، اسٹاف اور ورکرز شامل ہیں اور ان مالیاتی اداروں کا شکریہ بھی ادا کیا ہے جن کے ساتھ ہمارے کاروباری تعلقات اور ہمارے کسٹمرز کا بھی ان کی سپورٹ اور تعاون پر شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

اصغر علی ڈی حبیب
چیئر مین

کراچی مورخہ: 24 دسمبر 2016ء



Dear Shareholder,

DIVIDEND MANDATE FORM

This is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his/her/its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular Number 18 of 2012 dated June 05, 2012, we request you, being the registered shareholder of the Company, do hereby authorize the Company to directly credit your cash dividends if any, declared by the Company in future directly in your bank account.

PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT, THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANT.

Do you wish the future cash dividend declared by the company, if any, is directly credited in your bank account instead of issue of dividend warrant? Please tick "✓" any of the following boxes:

YES

NO

In case of "yes", please provide the following information:

TRANSFEEE DETAIL	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Code, Name and Address	
Cell number of Transferee	
Landline number of Transferee, if any	
CNIC Number (enclose attested copy also)	
Passport Number (in case of foreign shareholder)	

It is stated that the above-mentioned information is correct and I shall immediately inform the change, if any, in the above-mentioned information to the company and / or the Share Registrar as soon as it occurs.

Signature of Shareholder _____

Name _____ S/O, D/O, W/O _____

Folio – CDC A/c No. _____

NOTE: Shareholders having physical shares are requested to please submit the Dividend Mandate Form to the Share Registrar / Company. In case of CDC account holder, please submit the Dividend Mandate Form to the concerned Participant / Broker.

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(based on live feed from KSE)
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Securities and Exchange
Commission of Pakistan

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YES

NO

In case of "yes", please provide the following information:

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Name _____ S/O, D/O, W/O _____

Folio – CDC A/c No. _____

NOTE: Shareholders having physical shares are requested to please submit the Dividend Mandate Form to the Share Registrar / Company. In case of CDC account holder, please submit the Dividend Mandate Form to the concerned Participant / Broker.



Form of Proxy

The Company Secretary
Habib Sugar Mills Limited
Imperial Court, 3rd Floor
Dr. Ziauddin Ahmed Road
KARACHI – 75530

I/Weof.....
a member(s) of HABIB SUGAR MILLS LIMITED and holding
ordinary shares, as per Folio No. and /or CDC Participant's
I.D. Numbers
and Account / Sub-Account No.
hereby appointof.....
or failing him.....of.....
another member of the Company to vote for me / us and on my / our behalf at the
55th Annual General Meeting of the Company to be held on Monday, January 30, 2017 and
at any adjournment thereof.

As witness my / our hand this.....day of.....2017

Rs. Five
Revenue
Stamp

.....
SIGNATURE OF MEMBER(S)

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

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

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

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

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

The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the registered office of the Company at least 48 hours before the time of the meeting.



پراکسی فارم

کمپنی سیکریٹری

حبیب شوگر ملز لمیٹڈ

امپیریل کورٹ، تیسری منزل،

ڈاکٹر ضیاء الدین روڈ، کراچی۔ ۷۵۵۳۰

میں / ہم

ساکن

میں بحیثیت ممبر حبیب شوگر ملز لمیٹڈ

عام شیئرز جن کے شیئرز رجسٹر فوئیو نمبر _____ اور / یا سی ڈی سی پارٹنیشنز آئی ڈی نمبر _____

اور ذیلی اکاؤنٹ نمبر _____ بذریعہ ہذا

ساکن

اور اگر ان کے لئے ممکن نہ ہو تو _____ ساکن

کو بطور اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں تاکہ وہ ۳۰ جنوری ۲۰۱۷ء کو منعقد کئے جانے والے کمپنی کے ۵۵ ویں سالانہ اجلاس عام میں میری / ہماری جگہ ووٹ دے سکیں۔

ممبر کے دستخط

دستخط _____ مورخہ _____

دستخط
مبلغ ۵ روپے
کے ڈاک ٹکٹ

گواہان:

دستخط _____

دستخط _____

نام _____

نام _____

پتہ _____

پتہ _____

شناختی کارڈ نمبر _____

شناختی کارڈ نمبر _____

پاسپورٹ نمبر _____

پاسپورٹ نمبر _____

نوٹ:

(۱) ہر وہ ممبر جسے اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا حق حاصل ہے اپنے بجائے شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا / کر سکتی ہے

(۲) سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسیز لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

(۳) موثر العمل ہونے کے لئے پراکسیز اجلاس کے وقت انعقاد سے کم از کم ۲۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کا رکن ہونا ضروری ہے۔

- Please attach attested photocopy of the valid CNIC / valid Passport.
- This Request Form is optional and not compulsory.
- The shareholders who hold shares in physical form are requested to submit the above information to the Share Registrar at the address as mentioned above.
- The shareholders who are maintaining shareholding under Central Depository System (CDS) i.e. in CDC are advised to submit the above information to their Participant/ CDC Investor Account Services.