Annual Report 2016

Imperial Sugar Limited

بسم الله الرحمن الرحيم

Contents

Corporate Information

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

Vision Statement

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

Mission Statement

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

Notice of Annual General Meeting

NOTICE is hereby given that the 10th Annual General Meeting of the shareholders of Imperial Sugar Limited will be held on Tuesday the January 31, 2017, at 10:00 a.m. at the Registered Office at Ismail Aiwan-e-Science Building, 205 Ferozepur Road, Lahore to transact the following business:

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2016 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors for the year 2016-17 and to fix their remuneration.
3. Special Business

   To consider and approve the sale of freehold land, buildings on freehold land, plant and machinery and other assets of the Company located at Karmanwala, Tehsil Phalia, District Mandi Bahauddin and Chank # 84/15L, 15-K.M. Vehari Road, Kacha Khoo, Tehsil Mian Chanu, district Khanewal by passing following resolution(s) as ordinary resolution(s) with or without any modification, addition or deletion in terms of Section 196 (3)(a) of the Companies Ordinance, 1984:

   RESOLVED THAT the consent of shareholders be and is hereby accorded to the disposal and sale of Company's assets located at Karmanwala, Tehsil Phalia, District Mandi Bahauddin and Chank # 84/15L, 15-K.M. Vehari Road, Kacha Khoo, Tehsil Mian Chanu, District Khanewal comprised of freehold land, buildings on freehold land, plant and machinery, furniture, fixture and equipment and other assets.

   RESOLVED FURTHER that, as part and parcel of the foregoing consent, Board of Directors be and are hereby authorized and empowered for asset sale. The Board may delegate its powers to Chief Executive Officer (CEO) or any other person on such term and conditions they deem fit, to act on behalf of the Company in doing and performing all acts, matters, things and deeds to implement and / or give effect to the asset sale and the transaction contemplated by it, which shall include, but not limited to:-

   a) Conducting negotiations, obtaining quotations etc; with interested parties in such manner and on such terms and conditions as are in the best interests of the Company and its shareholders and which secure the best available market price for the assets;

   b) Selling the assets to any individual, firm / partnership, bank or private / public limited company or organization or to any other person and, for that purpose, negotiating with financial institution for vacating lien/charges against assets if any, entering into an agreement to sell, sale deed or any other agreement with the buyer(s) or any other person, receiving the sale consideration, executing, preparing and signing any sale deed, conveyance deed and / or transfer documents in favor of the buyer(s) or another person to effect the asset sale in favor of the buyer(s) or any other person by representing the same before all parties & authorities concerned and admitting execution thereof;

   c) Representing before the Sub-Registrar or any other competent authority and getting any sale deed or other documents registered and collecting consideration amount in respect of the assets sale, and

   d) Generally performing and executing in respect of the assets all lawful deeds, agreements, acts and things as they may think fit and proper in order to implement and complete the assets sale.

   FURTHER RESOLVED that the Company be and is hereby authorized to take all actions incidental or ancillary thereto with regard to asset sale.

   FURTHER RESOLVED that the Board be and is hereby empowered to agree upon modification in these resolutions that may be directed / required by the SECP without the need for any other further approval of the shareholders.

   FURTHER RESOLVED that certified copies of this resolution as present form or modified by CEO/Company Secretary be communicated to the concerned authorities and shall remain in force until notice in writing to the contrary be given.

4. Any other business with permission of the Chair.

By Order of the Board

Company Secretary

Lahore :- January 09, 2017

Notes:-

1. The Share Transfer Books of the Company will remain closed from January 24, 2017 to January 31, 2017 (both days inclusive).
2. Members may participate in the meeting either personally, or through video link or by proxy. A member or members holding 10% or more shareholding of total paid up capital of the company and residing in a city may demand to provide the facility of video link for attending the meeting. The demand of video link shall be made at least seven days before the date of meeting.
3. A member entitled to attend and vote in the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, must be received at the registered office of the Company duly signed and stamped not later than 48 hours before the meeting.
4. The members are requested to bring their Folio / Account details (participant ID and sub-account) and original CNIC for identification purpose at the time of meeting. In case of corporate entity, the Board of Director's Resolution or power of attorney with specimen signatures of the nominee should be produced.
5. Members are requested:
   a) to notify the change of address immediately, if any.
   b) to provide the copies of their valid CNIC's if not provided earlier.
6. The Audited Financial Statements have been sent to shareholders through Compact Diskette and also available at the website of the company at www.imperialsugars.com.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on January 31, 2017.

The Board of Directors has approved the disposal of freehold land, buildings on freehold land, plant and machinery, furniture, fixture and equipment and other assets subject to approval of the Company's shareholders in Annual General Meeting. The information required under SRO 1227/2005 dated December 12, 2005 is as follows:

Description of Asset(s)	Cost as at 30-09-2016	Book Value as at 30-09-2016 (without surplus on revaluation)	Revalued Amount / Fair Value / Current Market Value
	Rupees in thousands		
Land			
I. 138 Acres 02 Kanals and 16 Marlas Situated at Karmanwala, Tehsil Phalia District Mandi Bahauddin	173,577	173,577	1,292,938
II 112 Acres 05 Kanals and 02 Marlas situated at Katcha Khu, Vehari Road, Chak # 84-15L, Mian Chanu, District Khanewal	163,649	163,649	1,236,262
Building	1,472,461	937,665	5,112,498
Plant & Machinery	2,605,888	1,922,724	7,580,846
Furniture, fixture and equipment	37,948	17,887	-
Vehicles	37,137	9,469	-
Stores, spares & loose tools	263,761	263,761	-

The proposed manner of disposal

The assets will be disposed of in an open bidding through tender in Newspaper.

Reason for the disposal of assets

There are multiple factors which have led to the decision by the Directors of the company to dispose of the assets, as aforesaid.

Shortage of working capital resulted in the closure of Company's operations during the current year ended September 30, 2016, whereas, Phalia plant of the Company also did not operate during the last year ended September 30, 2015. Capacity of sugar sector in Pakistan has increased unchecked, hence comparatively lower local demand of sugar impacts the price of sugar. The increased production mandates export of sugar. Hence, stability of price of sugar is dependent upon allowance of export of sugar on yearly basis. Further, there is a global decrease in price of ethanol due to decrease in oil prices. Moreover, sugar recovery in areas of the Company is lower as compared to other competitors.

The banks are reluctant to further finance the Company and payables to banks stand at 1,606,721,000 as at September 30, 2016. Further, Sponsors' loans as at September 30, 2016 are of Rupees 332,330,000.

The management after trying all alternatives has now decided to get NOCs from financial institutions for sale of assets and clear the borrowings of the Company. The Board of Directors has approved the disposal plan as mentioned above.

Benefits expected to accrue to the shareholders

The proceeds from the disposal of the assets will be utilized for repayment of borrowings of the Company hence avoiding litigations. Consequently, the borrowing cost will reduce. This will result in better performance of the Company as a whole and will enhance the shareholders value.

Future Business Plan

Our future business plan is to get into the business of setting up a 225 MW Liquefied Natural Gas (LNG) Independent Power Producer (IPP) Project subject to regulatory approvals. The total cost of this project is expected to approximate USD 221.263 million. 30% of the Project cost shall be funded trough equity investment and 70% of the Project Cost shall be financed though mix of commercial and sponsor loans. IRR on equity investment shall be 17% per annum (tax free) in dollar terms. Expected time of completion of the Project will be 2 -3 years depending upon the financial close of the transaction and other regulatory approval related thereto.

None of the Directors have any direct or indirect interest in the sale/disposal of the said assets except as shareholders of the Company.

Availability of Relevant Documents:

The documents pertaining to above resolutions are available for inspection at the registered office of the company on any working day upto January 30, 2017 during business hours and also at the time of meeting.

DIRECTORS' REPORT TO THE MEMBERS

I take this opportunity to present the Annual Report for the year ended September 30, 2016 along with Financial Statements and Auditors' Report thereon and welcome you at the forthcoming 10th Annual General Meeting.

Turnover for the year under review reduced to Rupees 344.713 Million (2015: Rupees 1,071.053 Million) while the cost of sales stood at Rupees 326.964 Million (2015: Rupees 1,017.444 Million). The year under review witnessed gross profit of Rupees 17.749 Million (2015: Rupees 53.609 Million). Loss after tax for the year is Rupees 302.269 Million against after tax loss of Rupees 499.699 Million during last year. Loss per share is Rupees 3.05 per share (2015: Rupees 5.05).

The sales were made out of the stocks available with the company from preceding years. Operations of both units of the company remain suspended during the year due to manifolds. The main factor amongst was the lack of working capital. Your company would have been in a profitable position attributable to good sugar prices in the country and demand in international market as lessor sugar production in India was witnessed in the preceding year. Coupled with the opportunity of subsidy of PKR 13/- per KG on exported quantity as the Government of Pakistan had allowed a quantum of 500,000 M.Tons for export. Efforts in multiple were made by the management during the year to resume production activities and were not exercised due to unfavourable circumstances.
Shortage of working capital resulted in the closure of Company's operations during the year, whereas, Phalia plant of the Company also did not operate during the last year. In view of continuous losses and the existing situation, the Company is seeking approval of shareholders in the forthcoming Annual General Meeting to dispose of the property, plant and equipment of the Company. Hence, the Company is not considered a going concern.
Keeping in view the above factors the management of the Company has prepared financial statements for the year ended September 30, 2016 on the basis of estimated realizable / settlement values of the assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in order of liquidity.

REVALUATION OF ASSETS

Company got its assets revalued during the year from a reputed valuator for the purpose of proposed plan of sale of its assets as disclosed in the Notice of Annual General Meeting where complete detail of proposed scheme is given. The company has intention to sell one or the both units according to the negotiations with prospective buyers.

ELECTION OF DIRECTORS

Election of the directors was held during the year and all the retiring directors were re-elected un-opposed as the number of candidates contesting the election was not more than the number of directors as fixed under the provisions of law. Accordingly the Committees of Board were also re-established.

DIVIDEND

On the basis of closure of operations and considering the financial results of the company for the year ended September 30, 2016 the management has not recommended any dividend during the year.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

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

CORPORATE SOCIAL RESPONSIBILITY

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

AUDIT COMMITTEE

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The company has maintained proper books of accounts as per statutory requirements.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The International Accounting/Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The Company has prepared financial statements for the year ended September 30, 2016 on the basis of estimated realizable / settlement values of the assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in order of liquidity with intention to dispose off the assets of the company, hence, the Company is not considered a going concern.
- There has been no departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for past six years is annexed.
- Directors have not recommended dividend during the current year.
- Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- The company operates a gratuity fund scheme for all employees. The net value of investment in their respective accounts is given in related note(s) to the accounts.
- All material information, as described in clause (xx) of the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.
- The company has complied with requirements as stipulated in clause 35 (x) relating to related party transactions.
- The Directors are aware of their fiduciary responsibilities and in-house orientation course was arranged for management.
- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no trading in the company's share during the year. The number of shares, if any, held by them is annexed.

BOARD AND ITS COMMITTEES' MEETINGS

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

Names of Directors	Attendance
Mr. Naveed M. Sheikh	3
Mr. Waqar Ibn Zahoor Bandey	5
Mr. Ahmed Haji Mussa	5
Mr. Muhammad Asghar	5
Mr. Asad Ali	5
Mian Muhammad Ali	5
Mr. Abdul Sammee	4

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

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

Two meetings of Human Resource & Remuneration Committee were held during the year and participation by the members in meeting was as under:

Names of Directors	Attendance
Mr. Muhammad Asghar	2
Mr. Asad Ali	2
Mr. Abdul Sammee	1

EXTERNAL AUDITOR

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

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

PATTERN OF SHAREHOLDING

The pattern of shareholding under section 236 (d) and information under clause XVI (J) of the Code of Corporate Governance as on September 30, 2016 are annexed.

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Director / CEO

Lahore
January 09, 2017

Statement of Compliance with the Code of Corporate Governance

For The Year Ended September 30, 2016

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

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

    Independent Director

    - Mr. Najam Faiz

    Non-Executive Director

    - Mr. Naveed M. Sheikh
    - Mian Muhammad Ali
    - Mr. Ahmed Haji Moosa
    - Mr. Asad Ali

    Executive Director

    - Mr. Waqar Ibn Zahoor Bandey
    - Malik Sohail Ahmed

    The independent director meet the Criteria of Independence under Clause i (b) of the CCG.
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI, or an NBFI or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. No Casual vacancy was occurred during the year ended September 30, 2016. However, in November 2016 two directors, Chief Financial Officer and Head of Internal Audit resigned from their posts and new appointments were made in place thereof within the stipulated time period.

    After the date of year under review, election of directors was held on December 31, 2016 where new board was elected and committees of board were also established.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement. Overall corporate strategy and significant policies of the company have been developed and maintaining a complete record of particulars of significant policies.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of the CEO and other directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The company is ensuring that the requirements of the code in respect of directors' training program will be fulfilled within the scheduled time as given in the Code. Internal orientation course was arranged for the directors and key personnel's during the year to equip and familiarize them with the changes in law to discharge their duties efficiently.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment at the time of their respective appointments. During the year no such appointment was made. However, after year end in November 2016 new CFO and Head of Internal Audit were appointed.

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

For and on behalf of the Board

Waqar Ibn Zahoor Bandey
Chief Executive Officer

Lahore
January 09, 2017

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Imperial Sugar Limited ("the Company") for the year ended September 30, 2016 to comply with the Listing Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

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

NAVEED ZAFAR ASHFAQ JAFFERY & CO.
Chartered Accountants
Engagement Partner: Shahid Mohsin Shaikh

Lahore
January 09, 2017

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AUDITORS' REPORT TO THE MEMBERS

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

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

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

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

(b) in our opinion:

   (i) the balance sheet and profit and loss account and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Without qualifying our opinion we draw attention to Note 1.2 to the financial statements, which states that theses financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention as the company is no longer a going concern for the reasons stated in the aforesaid note.

NAVEED ZAFAR ASHFAQ JAFFERY & CO.
Chartered Accountants
Engagement Partner: Shahid Mohsin Shaikh

Lahore
January 09, 2017

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Balance Sheet

As at September 30, 2016

	Note	2016		2015
		(Rupees in thousand)		
		Book value	Estimated settlement value	
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized Capital				
100,000,000 (2015: 100,000,000) ordinary shares of Rupees 10/- each		1,000,000	1,000,000	1,000,000
Issued, subscribed and paid up capital	3	990,200	990,200	990,200
Sponsors' loans	4	332,330	332,330	-
Unappropriated profit		17,418	17,418	319,687
Total equity		1,339,948	1,339,948	1,309,887
Net surplus on estimated realizable / settlement values	5	8,962,968	8,962,968	-
LIABILITIES				
Finances	6	1,421,681	1,421,681	1,752,152
Liabilities against assets subject to Diminishing Musharaka finance	7	1,413	1,413	1,870
Trade and other payables	8	4,259,264	4,259,264	1,274,523
Accrued finance cost	9	183,627	183,627	128,519
Contingencies and Commitments	10	-	-	-
		14,828,953	14,828,953	3,157,064
		16,168,901	16,168,901	4,466,951

Chief Executive Officer

Balance Sheet

As at September 30, 2016

	Note	2016		2015
		(Rupees in thousand)		
		Book value	Estimated realizable value	
ASSETS				
Cash and bank balances	11	2,959	2,959	7,919
Assets held for sale	12	-	-	151,824
Stores, spares and loose tools	13	263,761	263,761	264,791
Stocks in trade	14	1,363	1,363	328,748
Trade debts	15	12,795	12,795	17,832
Advances, deposits, prepayments and other receivables	16	638,123	638,123	408,994
Property, plant and equipment	17	15,249,900	15,249,900	3,286,843
TOTAL ASSETS		16,168,901	16,168,901	4,466,951

The annexed notes from 1 to 35 form an integral part of these financial statements.

Director

Profit and Loss Account and Statement of Comprehensive Income

For the year ended September 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales - net	18	344,713	1,071,053
Cost of sales	19	(326,964)	(1,017,444)
Gross profit		17,749	53,609
Administrative expenses	20	(90,822)	(64,609)
Inoperative plant expenses	21	(137,785)	(328,464)
Distribution and marketing expenses	22	(4,014)	(7,794)
		(232,621)	(400,867)
Other operating income	23	(15,296)	12,146
Operating (loss)		(230,168)	(335,112)
Finance cost	24	(72,846)	(118,687)
Loss before taxation		(303,014)	(453,799)
Provision for taxation	25	745	(45,900)
Loss after taxation		(302,269)	(499,699)
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss-net of tax		-	-
Total comprehensive loss for the year		(302,269)	(499,699)
		Rupees	Rupees
Loss per share - basic & diluted	26	(3.05)	(5.05)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Cash Flow Statement

For the year ended September 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(303,014)	(453,799)
Adjustments for non-cash and other items:			
Finance cost		72,846	118,687
Depreciation of Property, plant and equipment		126,723	134,140
Provision for staff retirement benefits - gratuity		(22,197)	24,366
Asset held for sale is being reversed		64,905	-
Foreign exchange (gain)/loss		-	(192)
Loss on sale of operating fixed assets		16,123	(3,789)
		258,400	273,212
Cash (used in)/generated from operating activities before working capital changes		(44,614)	(180,587)
Adjustments for working capital changes:			
(Increase)/decrease in current assets:			
Stores, spares and loose tools		1,030	5,206
Stocks-in-trade		327,385	(149,703)
Trade debts		5,037	108,764
Advances, deposits, prepayments and other receivables		(340,044)	16,544
Increase/ (decrease) in current liabilities:			
Trade and other payables		63,449	(134,323)
Net working capital changes		56,857	(153,512)
Finance cost paid		(17,738)	(39,814)
Staff retirement benefits - gratuity paid		(9,655)	(8,037)
Income tax paid		(1,158)	(359)
		(28,551)	(48,210)
Net cash (used in)/generated from operating activities		(16,308)	(382,309)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(64,996)	(16)
Capital work in progress		-	(48,554)
Sale proceeds from sale of property, plant and equipment		70,940	5,681
Net cash used in investing activities		5,944	(42,889)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finances		-	165,000
Sponsors' loans		5,861	41,069
Liabilities against assets subject to Diminishing Musharaka finance		(457)	(499)
Short term borrowings		-	172,845
Net cash generated from financing activities		5,404	378,415
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,960)	(46,783)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		7,919	54,702
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	2,959	7,919

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer　　　　　　　　　　Director

Statement of Changes in Equity

For the year ended September 30, 2016

PARTICULARS	SHARE CAPITAL	SPONSORS' LOANS	UNAPPROPRIATED PROFIT	TOTAL EQUITY
	(Rupees in thousand)			
Balance as on September 30, 2014	990,200	-	819,386	1,809,586
Total comprehensive loss for the year	-	-	(499,699)	(499,699)
Balance as on September 30, 2015	990,200		319,687	1,309,887
Sponsors' loans	-	332,330	-	332,330
Total comprehensive loss for the year	-	-	(302,269)	(302,269)
Balance as on September 30, 2016	990,200	332,330	17,418	1,339,948

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Notes to the Financial Statements

For the year ended September 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 Going concern assumption

Shortage of working capital resulted in the closure of Company's operations during the year, whereas, Phalia plant of the Company also did not operate during the previous year. In view of continuous losses and working capital shortage, the Company is seeking approval of shareholders in the forthcoming Annual General Meeting to dispose of the property, plant and equipment of the Company. Hence, the Company is not considered a going concern.

Keeping in view the above factors the management of the Company has prepared these financial statements on the basis of estimated realizable / settlement values of the assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in order of liquidity.

1.3 Seasonality of operation

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

1.4 The Company has incurred net loss for the year amounting to Rs. 302,269 million (2015: Rs. 499.699 million), repayments of long term finances and payment of mark up are overdue by Rs. 156.875 million and Rs. 183.627 million respectively. The major factor contributing to gross loss and net loss have been the high price of raw sugar cane in comparison with the selling price of sugar.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE

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

b) Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realizable / settlement values of assets and liabilities respectively. In realizable/settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realizable/settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

In addition to the accounting convention of realizable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention except for freehold land which is carried at revalued amount and certain financial instruments which are carried at fair value. Accounting policies of this accounting convention are disclosed, in detail, in Notes 2.2 to 2.15 to these financial statements.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards/International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

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

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

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash- generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. However, the amendments are not expected to have a material impact on the Company's financial statements.

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

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

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. However, the interpretation is not expected to have a material impact on the Company's financial statements.

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

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

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

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

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

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

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

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

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

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

h) Functional and presentation currency

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

2.2 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all employees with qualifying service period of one year. Provisions are made annually to cover the obligations under the scheme on the basis of an estimated settlement value.

2.3 Taxation

Current

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

2.4 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount less any identified impairment loss, building on freehold land and plant and machinery are stated at revalued amounts less accumulated depreciation and impairment losses, if any. Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to retained earnings. All transfers to / from surplus on revaluation of operating fixed assets are net of applicable deferred income tax.

Previously, freehold land was stated at cost less impairment loss, if any, and building on freehold land and plant and machinery were stated at cost less accumulated depreciation and impairment loss, if any. Now, freehold land is stated at revalued amount less any identified impairment loss, building on freehold land and plant and machinery are stated at revalued amounts less accumulated depreciation and impairment losses, if any. Had there been no change in this accounting policy, the figure of property, plant and equipment and surplus on revaluation of operating fixed assets would have been lower by Rupees 11,912.855 million.

Depreciation is charged by applying the reducing balance method over its estimated useful life at the rates specified in note 17. Depreciation is charged on additions during the year from the month in which assets become available for use while no depreciation is charged from the month of deletion/disposal.

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

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

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

2.5 Stores, spares and loose tools

The accounts of the entity are prepared on estimated realizable/settlement value of assets and liabilities basis, store, spares and loose tools are recorded on estimated realizable value.

2.6 Stocks-in-trade

The accounts of the entity are prepared on estimated realizable/settlement value of assets and liabilities basis, stock in trade is recorded on estimated realizable value.

2.7 Financial Instruments

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

a) Trade debts and other receivables

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

b) Cash and cash equivalents

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

c) Borrowings

The accounts of the entity are prepared on estimated realizable / settlement value of assets and liabilities basis, borrowing are recorded on estimated settlement value.

d) Trade and other payables

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

e) Provisions

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

2.8 Off Setting of financial assets and financial liabilities

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

2.9 Revenue recognition

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

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

2.10 Related party transactions

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

2.11 Foreign currency translations

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

2.12 Segment reporting

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

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

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

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

2.13 Contingencies

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

2.14 Allocation of segment expenses

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

2.15 Dividends and other appropriations

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

		Note	2016	2015
			(Rupees in thousand)	
3	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	64,020,000 (2015: 64,020,000) Ordinary shares of Rupees 10 each fully paid in cash		640,200	640,200
	35,000,000 (2015: 35,000,000) Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash		350,000	350,000
			990,200	990,200
4	Sponsors' loan		332,330	326,469

During the year the Company repaid sponsor's loan of Rs. 58.703 million.(2015:Rs. 175 million). The said carrying mark up at the rate of 3 month KIBOR plus 1.5% per anum.Current outstanding balance of the loan of Rs. 332.330 million (2015: Rs. 326.469 million) is interest free and payable at the discretion of the entity.

5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2016	2015
Surplus on revaluation	11,912,855	-
Taxation	(2,949,887)	-
	8,962,968	-

5.1 Property plant and equipment have been revalued as at september 30,2016. The valuation has been carried out by M/S Anderson Consulting (Pvt) Ltd.included in the list of approved valuers of Pakistan Banks Association.

6 FINANCES

	Note	2016	2015
The Bank of Punjab	6.1	143,750	143,750
BankIslami Pakistan Ltd. *(Formerly KASB Bank Ltd.)* - DF II	6.2	13,125	13,125
Habib Metropolitan Bank Ltd.-Term Finance	6.3	210,000	210,000
Other commercial banks	6.4	1,054,806	1,058,808
Sponsors' loan		-	326,469
		1,421,681	1,752,152

6.1 This represents term finance facility obtained from the Bank of Punjab. It carries mark up at the rate of average 3 month KIBOR plus 195 bps (2015:average 3 month KIBOR plus 195 bps) per annum. It is secured by way of 1st exclusive charge over present and future current and fixed assets of the Company (Phalia project) with personal guarantee of a sponsor director.

6.2 This represents demand finance facility (DF-II) of Rupees 210 million obtained from BankIslami Pakistan Ltd. (Formerly KASB Bank Ltd.). It carries mark up at the rate of 6 month KIBOR plus 2.5% (2015: 6 month Kibor plus 2.5%) per annum. It is secured by way of ranking charge over fixed assets of the Company with other senior creditors and personal guarantee of a sponsor director.

6.3 This represents the term loan of Rupees 210 million extended by Habib Metropolitan Bank Limited which will be repaid in lump sum at the end of 3rd year i.e uptill 15-04-2018. It carries mark up at the rate of 3 month KIBOR plus 1.5% (2015:3 month KIBOR plus 1.5%) per annum that is reviewed and serviced on quarterly basis. It is secured against financial guarantee in favor of Habib Metropolitan Bank Limited and the counter guarantee of the Company.

6.4 These represent cash finance, running finance, export refinance, bi-salam obtained from various banking companies and are subject to mark up ranging from 3 % to 13.61% per annum (2015: 6 % to 13.70% per annum). These are secured against pledge/hypothecation of stock-in-trade, charge on current assets, demand promissory note, Company's performance guarantee and personal guarantee of a sponsor director.

The aggregated amount of unavailed credit limits as at September 30, 2016 is Nil (2015: Nil).

7 LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE

	Note	2016	2015
		(Rupees in thousand)	
Opening Balance		1,870	2,369
Obtained during the year		-	-
Repayment during the year		(457)	(499)
		1,413	1,870

This represents Diminishing Musharaka Finance agreement with First Habib Modaraba for a term of three years. As at September 30, 2016 ten monthly installments remained outstanding. Mark up is charged at 6 month Kibor plus 3.5 percent per annum with 12% floor and 22% ceiling. This is secured against Diminishing Musharaka Finance assets and personal guarantee of a director. The Company has option to purchase the asset after expiry of Diminishing Musharaka Finance period.

8 TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in thousand)	
Creditors		807,749	846,702
Advances from customers		308,737	251,593
Accrued liabilities	8.1	93,301	114,877
Income tax payable		2,975,536	21,060
Sales tax payable		26,472	5,519
Security deposits		15,710	16,368
Other payables		31,759	18,404
		4,259,264	1,274,523

8.1 This includes Staff retirement benefits-Gratuity amounting RS 42.764 million (2015: 73.571 milion). Current year amount is recorded on estimated settlement vale.

9 ACCRUED FINANCE COST

	2016	2015
Accrued finance cost on:		
- Finances	43,408	30,796
- Short term borrowings	140,219	97,723
	183,627	128,519

9.1 This includes overdue markup aggregating Rs. 183.627 million (2015: Rs 123.718 million).

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Guarantee given to Sui Northern Gas Pipelines Limited by bank on behalf of the Company was for Rupees 45.4 million (2015: Rupees 45.4 million) out of which Sui Northern Gas Pipelines Limited encashed guarantee of Rs. 29,316,350 for alleged demand of arrears against which company has filed case before OGRA. The amount of Rs.29.3 million has been charged as expense in profit and loss account. The Company is hopeful for favorable outcome.

Guarantee issued by the bank on behalf of the Company to Director Excise and Taxation, Karachi for Sindh Excise Duty on imports is Rupees 1.8 million (2015: Rupees 1.8 million).

11 CASH AND BANK BALANCES

	Note	2016	2015
Cash with banks:			
- current accounts	11.1	2,942	6,120
- saving accounts		17	1,799
		2,959	7,919

11.1 It includes foreign currency accounts with balances of US Dollars 866.75 equivalent to Pak Rupees 90,861.40 (2015:US Dollars 866.75 equivalent to Pak Rupees 88,971.89)

		Note	2016	2015
			(Rupees in thousand)	
12	NON-CURRENT ASSETS - HELD FOR SALE			
	Assets at written down value		-	151,824

During the year assets held for sale amounting to Rs. 86.919 million were disposed at a value of Rs. 70.00 million. Balance amount, of Rs 64.905 million has been included in assets as these have not yet been disposed off.

		2016	2015
13	STORE, SPARES AND LOOSE TOOLS		
	Stores	147,007	148,006
	Spares	103,702	103,717
	Loose tools	13,052	13,068
		263,761	264,791

13.1 There are no stores, spares and loose tools in transit as at September 30, 2016 (2015: Nil).

		2016	2015
14	STOCKS IN TRADE		
	Work in process		
	-Sugar	-	958
	-Molasses	-	28
		-	986
	Finished goods		
	-Sugar	138	323,708
	-Ethanol	-	2,829
		138	326,537
	By-product	1,225	1,225
		1,363	328,748

14.1 Stocks amounting to Rupees 1.363 million (2015: Rupees 328.748 million) are pledged with lenders as security against short term borrowings as referred to in note 6.

15 TRADE DEBTS comprise of the followings:

	2016	2015
Unsured-Local	21,704	17,832
Less: Provision for doubtful debts-net of tax	(8,909)	-
	12,795	17,832

		Note	2016	2015
16	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances - considered good	16.1	154,208	162,737
	Advance income tax	16.2	103,259	102,101
	Security deposits		3,873	5,791
	Guarantee/LC margin deposits		-	109,511
	Other receivables		376,783	28,854
			638,123	408,994

16.1 It includes advances given to sugarcane growers of Rupees 6.564 million (2015: Rupees 6.622 million) which are recoverable from growers against supplies to be made in the subsequent period and to suppliers and contractors of Rupees 25.830 million (2015: Rupees 35.227 million). It also includes Rupees 100 million paid for purchase of property after obtaining courts' consent decree which is presently under execution with the same court. Advances and other receivables are recorded on estimated realizable value.

	Note	2016	2015
		(Rupees in thousand)	
16.2 Advance Income Tax is made up as follows:			
Opening balance		102,101	102,877
Less: Tax refund during the year		-	(5,584)
		102,101	97,293
Add: Tax deducted during the year		1,158	5,943
Add: Transferred to profit and loss account		-	(1,135)
		103,259	102,101

17 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Building on freehold land	Plant and machinery	Furniture, fixture and equipment	Vehicles		Total operating assets
					Owned	Musharaka	
	----(Rupees in thousand)----						
At September 30, 2014							
Cost	337,226	1,468,559	2,074,576	37,851	41,156	2,647	3,962,015
Accumulated depreciation	-	435,463	531,328	15,785	26,791	88	1,009,455
Net book value	337,226	1,033,096	1,543,248	22,066	14,365	2,559	2,952,560
Year ended September 30, 2015							
Opening net book value	337,226	1,033,096	1,543,248	22,066	14,365	2,559	2,952,560
Additions	-	-	10	6	-	-	16
Disposals/adjustment:							
Cost	-	-	-	-	5,768	-	5,768
Accumulated depreciation	-	-	-	-	(3,876)	-	(3,876)
	-	-	-	-	1,892	-	1,892
Depreciation charge	-	51,654	77,163	2,207	2,604	512	134,140
Closing net book value	337,226	981,442	1,466,095	19,865	9,869	2,047	2,816,544
At September 30, 2015							
Cost	337,226	1,468,559	2,074,586	37,857	35,388	2,647	3,956,263
Accumulated depreciation	-	487,117	608,491	17,992	25,519	600	1,139,719
Net book value	337,226	981,442	1,466,095	19,865	9,869	2,047	2,816,544
Year ended September 30, 2016							
Opening net book value	337,226	981,442	1,466,095	19,865	9,869	2,047	2,816,544
Additions	-	3,902	466,397	91	-	-	470,390
Transferred from non-current asset held for sale	-	-	64,905	-	-	-	64,905
Disposals/adjustment:							
Cost	-	-	-	-	898	-	898
Accumulated depreciation	-	-	-	-	(754)	-	(754)
	-	-	-	-	144	-	144
Depreciation charge	-	47,679	74,673	2,068	1,894	409	126,723
Surplus on revaluation incorporated during the year	2,191,974	4,174,833	5,658,122				12,024,929
Closing net book value	2,529,200	5,112,498	7,580,846	17,887	7,831	1,638	15,249,900
At September 30, 2016							
Cost / revalued amount	2,529,200	5,647,294	8,264,010	37,948	34,490	2,647	16,515,589
Accumulated depreciation	-	534,796	683,164	20,060	26,659	1,009	1,265,689
Net book value	2,529,200	5,112,498	7,580,846	17,887	7,831	1,638	15,249,900
Annual rate of depreciation (%)	-	5	5	10	20	20	

	Note	2016	2015
		(Rupees in thousand)	
17.1 The depreciation charge for the year has been allocated as follows:			
Administration expenses		4,371	9,447
Inoperative plant expenses		122,352	124,693
		126,723	134,140

17.2 Detail of disposal of properties, plant and equipment

Particulars	Cost	Accumulated depreciation	Written Down Value	Sale proceeds	Mode of disposal	Purchaser
	(Rupees in thousands)					
Honda Civic (LRZ-5430)	498	419	79	710	Negotiation	Mr Syed Ashfaq Hussain (367-A-L, Gulberg III, Lahore.)
Suzuki Alto (LRH-1283)	400	335	65	230	Negotiation	Mr Tahir Fawad Masood (812,E Block, DHA Lahore Cantt.)
2016	898	754	144	940		
Prime Mover (TLQ-396)	2,995	2,022	973	3,563	Negotiation	The Hafiz Goods Transport Company (Plot # 3, Street # 2, Quaid-e-Azam Truck Stand, Hawksbay Road, Mauripur, Karachi.)
Prime Mover (JP-8693)	2,773	1,854	919	2,118		
2015	5,768	3,876	1,892	5,681		

18 SALES-net

	Note	For the year ended September 30, 2016 Sugar	Ethanol	Total	For the year ended September 30, 2015 Sugar	Ethanol	Total
		(Rupees in thousand)			(Rupees in thousand)		
Gross Sales							
Local		369,130	3,716	372,846	1,123,971	27,095	1,151,066
Export		-	-	-	-	-	-
Inter-segment		-	-	-	-	-	-
		369,130	3,716	372,846	1,123,971	27,095	1,151,066
Less: Sales tax and special excise duty		27,599	534	28,133	75,488	3,826	79,314
Commission to selling agents		-	-	-	699	-	699
		27,599	534	28,133	76,187	3,826	80,013
Net Sales		341,531	3,182	344,713	1,047,784	23,269	1,071,053

18.1 Intersegment sales have been eliminated from the total figures.

19 COST OF SALES

	Note	For the year ended September 30, 2016 Sugar	Ethanol	Total	For the year ended September 30, 2015 Sugar	Ethanol	Total
		(Rupees in thousand)			(Rupees in thousand)		
Raw Material consumed	20.1	566	-	566	1,167,147	-	1,167,147
Inter-segment transfers		-	-	-	-	-	-
		566	-	566	1,167,147	-	1,167,147
Work In Process							
		986	-	986	2,336	-	2,336
		(986)	-	(986)	(986)	-	(986)
		-	-	-	1,350	-	1,350
Cost of goods produced		566	-	566	1,168,497	-	1,168,497
Finished Goods							
		324,933	2,828	327,761	148,304	28,405	176,709
		(1,363)	-	(1,363)	(324,933)	(2,829)	(327,762)
		323,570	2,828	326,398	(176,629)	25,576	(151,053)
		324,136	2,828	326,964	991,868	25,576	1,017,444

19.1 Raw material consumed

	For the year ended September 30, 2016			For the year ended September 30, 2015		
	Sugar	Ethanol	Total	Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Opening stock	-	-	-	-	-	-
Purchases (Including procurement and other costs)	566	-	566	1,167,147	-	1,167,147
Less: Closing stock	-	-	-	-	-	-
	566	-	566	1,167,147	-	1,167,147

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

		Note	2016	2015
			(Rupees in thousand)	
20	ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits	20.1	18,800	41,132
	Fee and subscription		150	111
	Vehicle running		2,294	5,187
	Legal and professional		958	1,562
	Rent, rates and taxes		2	85
	Travelling and conveyance		404	1,029
	Postage, telephone and telegrams		428	1,394
	Utilities expenses		1,748	1,614
	Entertainment		734	530
	Insurance		16,151	275
	Repair and maintenance		834	1,342
	Printing and stationery		189	76
	Charity and donations		244	50
	Auditors' remuneration	20.2	657	500
	Advertisement and publicity		14	-
	Depreciation	17.1	4,371	9,447
	Other expenses		427	275
	Provision for doubtful debts		13,101	-
	Provision against guarantee amount to Sui Northern Gas		29,316	
			90,822	64,609

20.1 These exclude /(include) Rupees 22.197 million (2015: Rupees 2.764 million) which is the settlement value in respect of staff retirement benefits - gratuity.

20.2 Auditors' remuneration	2016	2015
	(Rupees in thousand)	
Statutory audit	500	350
Half yearly review	132	125
Out of pocket expenses	25	25
	657	500

	Note	2016	2015
		(Rupees in thousand)	

21 INOPERATIVE PLANT EXPENSES

	Note	2016	2015
Salaries, wages and other benefits	21.1	6,059	121,324
Fuel and power		4,294	12,646
Chemicals consumed		714	13,002
Oil and lubricants		91	8,707
Stores and spares consumed		1,223	37,390
Fee and subscription		89	526
Vehicle running		365	3,182
Legal and professional		515	1,595
Rent, rates and taxes		-	499
Travelling and conveyance		126	982
Postage, telephone and telegrams		185	874
Utilities expenses		1,413	1,756
Entertainment		14	544
Printing and stationery		83	242
Newspapers and periodicals		37	11
Advertisement and publicity		12	82
Other expenses		213	409
Depreciation	17.1	122,352	124,693
		137,785	328,464

21.1 These represent expenses relating to the both plant which remained shut down during the year.

22 DISTRIBUTION AND MARKETING EXPENSES

	2016	2015
Salaries, wages and other benefits	2,907	4,185
Stock handling charges	150	2,975
Insurance	213	153
Other expenses	744	481
	4,014	7,794

23 OTHER OPERATING INCOME

	2016	2015
Gain (loss)on sale of operating fixed assets	(16,123)	3,789
Foreign exchange gain/(loss)	-	192
Freight income	-	-
Profit on bank deposit	453	7,970
Miscellaneous income	374	195
	(15,296)	12,146

24 FINANCE COST

	Note	2016	2015
		(Rupees in thousand)	
Financial charges on:			
- Finances		29,701	36,284
- Diminishing Musharaka finance		72	156
- Other commercial banks		42,934	81,837
Bank charges, commission and excise duty		139	410
		72,846	118,687

	2016	2015
	(Rupees in thousand)	

25 PROVISION FOR TAXATION

	2016	2015
Provision for taxation comprises of:		
Current tax:		
- Current year	745	(1,135)
- Prior year-excess provision reversed	-	-
- Prior year-rebate claimed reversed	-	(44,765)
	745	(45,900)

26 LOSS PER SHARE

26.1 Basic loss per share

		2016	2015
Loss after taxation	Rupees	(302,269)	(499,699)
Weighted average number of ordinary shares	Numbers	99,020	99,020
Loss per share - Basic	Rupees	(3.05)	(5.05)

26.2 Diluted loss per share

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

27 REMUNERATION OF CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

	For the year ended September 30, 2016				For the year ended September 30, 2015			
Particulars	Chief Executive Officer	Executive Director	Executives	Total	Chief Executive Officer	Executive Director	Executives	Total
				-----------------(Rupees in thousand)-------------				
Managerial remuneration	1,600	547	5,353	7,500	1,600	1,400	12,940	15,940
Rent and utilities	560	191	2,019	2,770	560	490	5,455	6,505
Medical	240	82	742	1,064	240	210	1,643	2,093
	2,400	820	8,114	11,334	2,400	2,100	20,038	24,538
Number of Persons	1	1	6	8	1	1	17	19

27.1 In addition to the above, certain executives are also provided with Company maintained cars in accordance with their entitlements. There was no remuneration paid to Non Executive Directors and no fee was paid to any director for attending meetings of the board and its committees.

28 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with related parties which comprise of directors and key management personnel. Remuneration of Chief executive officer, Director and key management personnel is disclosed in Note. No. 27. Other significant transactions with related parties are as follows:

		2016	2015
		(Rupees in thousand)	
PARTICULARS	NATURE OF TRANSACTION		
Loan from Sponsor's	Opening balance	326,469	207,064
	Loan received	5,861	248,133
	Outstanding balance	332,330	326,469

29 BUSINESS SEGMENT INFORMATION

	Note	For the year ended September 30, 2016 Sugar	Ethanol	Total	For the year ended September 30, 2015 Sugar	Ethanol	Total
		(Rupees in thousand)			(Rupees in thousand)		
Revenue							
Local and export	18	341,530	3,183	344,713	1,047,784	23,269	1,071,053
Inter-segment	18	-	-	-	-	-	-
		341,530	3,183	344,713	1,047,784	23,269	1,071,053
Segment expenses							
Cost of sales - Intersegment	19	-	-	-	-	-	-
- External	19	(324,136)	(2,828)	(326,964)	(991,868)	(25,576)	(1,017,444)
		(324,136)	(2,828)	(326,964)	(991,868)	(25,576)	(1,017,444)
Gross profit		17,394	355	17,749	55,916	(2,307)	53,609
Administrative expenses	20	(81,740)	(9,082)	(90,822)	(59,144)	(5,465)	(64,609)
Inoperative plant expenses	21	(124,006)	(13,779)	(137,785)	(308,911)	(19,554)	(328,465)
Distribution and marketing expenses	22	(3,613)	(401)	(4,014)	(7,030)	(764)	(7,794)
Other operating income/(expense)	23	(15,296)	-	(15,296)	8,357	3,789	12,146
		(224,655)	(23,262)	(247,917)	(223,686)	(21,994)	(388,722)
Operating (loss)		(207,261)	(22,907)	(230,168)	(310,811)	(24,301)	(335,112)

29.1 Inter-segment sales and purchases

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

29.2 Reconciliation of reportable segment assets and liabilities

	September 30, 2016 Sugar	Ethanol	Total	September 30, 2015 Sugar	Ethanol	Total
	(Rupees in thousand)			(Rupees in thousand)		
Segment assets	11,318,231	4,850,670	16,168,901	3,126,866	1,340,085	4,466,951
Segment liabilities	10,380,267	4,448,686	14,828,953	2,209,945	947,119	3,157,064
Depreciation on property, plant and equipment	88,181	38,542	126,723	80,484	53,656	134,140

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

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

(ii) Other price risk

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

(iii) Interest rate risk

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

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

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

	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances-saving accounts	17	1,799

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Financial assets represent saving accounts as detailed above. A change in interest rate at the balance sheet date would not materially affect profit or loss of the Company.

Floating rate instruments		
Financial liabilities		
Finances	1,421,681	1,752,152

(b) Credit risk

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

Trade debts	12,795	17,832
Advances, deposits, prepayments and other receivables	638,123	408,994
Bank balances	2,959	7,919

Sensitivity analysis

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

(c) Liquidity risk

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

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

The Company has at its disposal unavailed credit facilities of Nil (2015: Nil) and cash and cash equivalents of Rs. 2,959 million (2015: Rs. 7,919 million) to further reduce its liquidity risk.

Contractual maturities of financial liabilities as at 30th September, 2016

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
	................Rupees in thousand................				
Non derivate financial liabilities					
Finances	1,423,094	759,838	1,423,094	-	-
Trade and other payables	4,259,264	1,120,952	4,259,264	-	-
Accrued finance cost	183,627	128,519	183,627	-	-
	5,865,985	2,009,309	5,865,985	-	-

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

	Carrying amount	Contractual Value	Less than one year	One to five year	More than five years
	................Rupees in thousand................				
Non Derivative Financial Liabities					
Long term finance	695,214	759,838	187,957	571,881	-
Short term borrowing-secured	1,058,808	1,142,348	1,142,348	-	-
Trade and other payable	1,120,952	1,120,952	1,120,952	-	-
Accrued finance cost	128,519	128,519	128,519	-	-
	3,003,493	3,151,657	2,579,776	571,881	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates/mark up rates effective as at 30th September. The rates of interest /markup have been disclosed in Note-4 to these financial statements.

30.2 Fair values of financial assets and liabilities

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

30.3 Financial instruments by categories

	Loans and Advances 2016	Loans and Advances 2015
	(Rupees in thousand)	
As at September 30,		
Assets as per balance sheet		
Trade debts	12,795	17,832
Advances, deposits, prepayments and other receivables	638,123	246,257
Cash and bank balances	2,959	7,919
Liabilities as per balance sheet	Financial liabilities at amortized	
Finances	1,421,681	1,752,152
Liabilities against assets subject to Diminishing Musharaka finance	1,413	1,870
Trade and other payables	4,259,264	1,274,523
Accrued finance cost	183,627	128,519

30.4 Capital risk management

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain in optimal capital structure to reduce the cost of capital.
- Consistently with others in industry and the requirements of the lenders, the Company monitors the capital structure on the basis of debt to adjusted capital ratio. The ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital compromises all components of equity (i.e. share capital and reserves) plus net debt.
- The debt to adjusted capital ratio as at year ended 30th September 2016 and 30th September 2015 is as follows:

	Loans and Advances 2016	2015
	(Rupees in thousand)	
Borrowing	1,421,681	1,752,152
Less: Cash and cash equivalents	2,959	7,919
Net debt	1,418,722	1,744,233
Total equity	1,339,948	1,309,887
Adjusted capital	2,758,670	3,054,120
Debt-to-adjusted capital ratio	51%	57%

31 CAPACITY AND PRODUCTION

		2016	2015
Sugar			
Plant capacity on the basis of operating days (Phalia Nil (2015: Nil) and Mian Chanu Nil M.Tons (2015: 621,000 M.Tons)	M. Tons	-	621,000
Actual Crushing	M. Tons	-	288,754
Actual Production	M. Tons	-	24,402
Ethanol			
Rated capacity on the basis of operating working days days (E.N.A. & B-Grade)	Liters	-	-
Actual production (E.N.A., E.N.A. Anhydrous & Grade) B-Grade	Liters	-	-

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

32 NUMBER OF EMPLOYEES

	2016	2015
Number of employees at year end	128	475
Average number of employees during the year	302	729

33 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on January 09, 2017 by the Board of Directors of the Company.

34 GENERAL

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

35 CORRESPONDING FIGURES

Previous year's figures have been rearranged, wherever necessary for the purpose of comparison.

Chief Executive Officer | Director

Financial Highlights

	2016	2015	2014	2013	2012	2011
			(Rupees in thousands)			
Share capital	990,200	990,200	990,200	990,200	990,200	990,200
Sponsors' loans	332,330	-	-	-	-	-
Unappropriated profit	17,418	319,687	819,386	956,611	694,490	534,743
Net surplus on estimated realizable /settlement values	8,962,968	-	-	-	-	-
Non current liabilites	-	-	424,512	420,463	752,148	1,115,471
Current liabilities	5,865,985	3,157,064	2,393,378	2,120,415	2,795,196	2,446,480
Non current assets	-	-	3,374,303	3,111,713	3,380,898	3,515,925
Current assets	16,168,901	4,466,951	1,253,173	1,375,976	1,851,136	1,570,969
Turnover	344,713	1,071,053	5,298,805	7,234,928	5,940,236	5,483,297
Gross profit	17,749	53,609	250,130	617,789	638,638	661,232
Operating (loss) / profit	(230,168)	(335,112)	57,083	493,286	503,260	528,268
(Loss) / profit before taxation	(303,014)	(453,799)	(126,535)	231,917	126,848	120,312
(Loss) / profit after taxation	(302,269)	(499,699)	(126,615)	262,121	159,747	65,711
Production Data						
Cane crushed (M.Tons)	-	288,754	836,931	1,057,447	1,073,317	732,910
Sugar produced (M.Tons)	-	24,402	78,273	101,063	101,147	63,873
Ethanol produced (Litres)	-	-	21,260,418	26,936,431	35,739,986	25,356,131

Pattern of Shareholding

As at September 30, 2016

Number of Shareholders	Shareholdings From	To	Total Shares Held
396	1	100	15,133
563	101	500	153,909
271	501	1000	216,618
422	1001	5000	1,017,988
107	5001	10000	864,137
34	10001	15000	419,575
22	15001	20000	420,360
19	20001	25000	434,221
7	25001	30000	202,758
8	30001	35000	262,014
5	35001	40000	189,675
3	40001	45000	128,824
4	45001	50000	197,000
4	50001	55000	215,642
1	55001	60000	56,500
3	60001	65000	192,085
6	65001	70000	404,361
1	75001	80000	76,500
1	95001	100000	100,000
1	135001	140000	138,176
1	165001	170000	169,500
1	180001	185000	181,491
2	185001	190000	375,989
2	200001	205000	408,000
1	225001	230000	226,000
1	255001	260000	257,912
1	270001	275000	271,203
1	345001	350000	350,000
1	375001	380000	378,000
1	415001	420000	417,654
1	420001	425000	423,550
1	1435001	1440000	1,436,148
1	1850001	1855000	1,853,957
1	2370001	2375000	2,374,265
1	3010001	3015000	3,010,413
1	4895001	4900000	4,900,000
1	5865001	5870000	5,866,010
1	6465001	6470000	6,467,445
1	9215001	9220000	9,219,617
1	9710001	9715000	9,714,076
1	9800001	9805000	9,801,640
1	9880001	9885000	9,882,145
1	9890001	9895000	9,890,098
1	15435001	15440000	15,439,411
1,904			99,020,000

Categorial Pattern of Shareholding

As at September 30, 2016

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Individuals	1,851	80,098,487	82.91
Financial Institutions / Modarabas / Pension Funds etc	16	257,091	0.26
Joint Stock Companies	18	16,184,295	16.34
Insurance Companies	6	86,526	0.09
Investment Companies	1	196	0.00
Mutual Funds	1	378,000	0.38
Others	11	15,405	0.02
TOTAL	1,904	99,020,000	100.00

Pattern of Shareholding (Additional Information)

Under Code of Corporate Governance as at September 30, 2016

Directors, CEO, and their spouses and minor children:	Shareholding	Percentage
Mr. Naveed M. Sheikh	65,861	0.07
Mr. Waqar Ibn Zahoor Bandey	10,252	0.01
Mr. Abdul Sammee	1,000	0.00
Mian Muhammad Ali	1,000	0.00
Mr. Muhammad Asghar	1,000	0.00
Mr. Asad Ali	1,000	0.00
Mr. Ahmed Haji Moosa	1,000	0.00
Mrs. Aasiya Naveed Sheikh	3,810,413	3.85
Mr. Ibrahim Naveed Sheikh	3,010,413	3.04
Executives	9,714,076	9.81
Associated Companies, Undertakings & related parties	-	-
Mutual Funds	378,000	0.38
Public Sector Companies & Corporation	-	-
Joint stock Companies	16,184,295	16.34
Banks, Finance Institutions, Insurance Companies, Modarabas and Pension Funds etc.	343,813	0.35
Others	15,405	0.02
General Public	65,482,472	66.13
Total	99,020,000	100.00

Shareholding 5% and More

M/s Colony Textile Mills Limited	15,862,961	16.02
Mr. Mashal Kamran Khan	9,219,617	9.31
Ms. Eesha Naveed Sheikh	9,714,076	9.81
Ms. Noreen M. Sheikh	9,890,098	9.99
Ms. Noveen Noorul Amin	6,467,445	6.53
Ms. Aniqua M. Sheikh	5,866,010	5.92
Ms. Naila Imtiaz Sheikh	9,801,640	9.90
Ms. Izza Naveed Sheikh	9,882,145	9.98

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

کمپنی کے کسی عہدہ دار کی طرف سے کمپنی کے حصص میں کوئی خرید وفروخت نہیں کی گئی۔ جبکہ متعلقہ ملکیت حصص کی تفصیل صفحہ نمبر 41 پر دی گئی ہے۔

ڈائریکٹران اور انکی ذیلی کمیٹیوں کے اجلاس

سال رواں میں ڈائریکٹران کے پانچ اجلاس ہوئے ہیں، جس میں ڈائریکٹران کی شمولیت اس طرح رہی:

ڈائریکٹر کا نام	اجلاس میں حاضری
جناب نوید ایم شیخ	3
جناب وقار ابن ظہور بانڈے	5
جناب احمد حاجی موسیٰ	5
جناب محمد اصغر	5
جناب اسد علی	5
میاں محمد علی	5
جناب عبدالسمیع	4

اجلاس میں عدم شرکت کرنے والوں کو رخصت کی اجازت دی گئی۔

محاسبتی کمیٹی کے سال میں چار اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی۔

انسانی وسائل اور مراعاتی کمیٹی کے سال میں دو اجلاس ہوئے۔ جس میں ممبران کی شمولیت اس طرح رہی:

جناب محمد اصغر	2
جناب اسد علی	2
جناب عبدالسمیع	1

بیرونی محاسب

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

ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال مختتمہ 30 ستمبر 2016ء ملف ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

وقار ابن ظہور بانڈے

ڈائریکٹر / چیف ایگزیکٹو آفیسر

لاہور 9 جنوری 2017

منافع منقسمہ

کمپنی نے منقطع پیداوار اور مالیاتی نتائج کو مدنظر رکھتے ہوئے حصص داران کے لیے کوئی عمومی منافع کا اعلان نہیں کیا۔

محاسبتی کمیٹی

کمپنی نے کوڈ آف کارپوریٹ گورننس کی روشنی میں ڈائریکٹرز پر مشتمل محاسبتی کمیٹی بنی ہوئی ہے۔ جو کہ کمپنی کے اندرونی محاسبتی معاملات کو بغور دیکھ رہی ہے۔ محاسبتی کمیٹی کمپنی کے سالانہ اور سہ ماہی مالیاتی حسابات کا باقاعدگی سے جائزہ لے رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

کمپنی نے کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹران مطلع کرتے ہیں کہ:

مالیاتی حسابات واضح اور درست طریقے سے بنائے گئے ہیں۔

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

حسابات کی پالیسیاں مناسب انداز میں لاگو کی گئی ہیں۔

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

بین الاقوامی قوانین مالیات جو کہ پاکستان میں لاگو ہیں پر عمل ہو رہا ہے۔

کمپنی کا اندرونی محاسبتی نظام مضبوط اور بہتر انداز میں کام کر رہا ہے۔

کمپنی انتظامیہ نے مالی حسابات برائے سال مختتمہ 30 ستمبر 2016 اثاثہ جات اور واجبات کی حقیقی مالیت کی بنیاد پر تیار کئے ہیں۔ اثاثہ جات کی مجوزہ فروخت کی وجہ سے ان حسابات میں اثاثہ جات اور واجبات تحلیلی اعتبار سے مرتب کئے گئے ہیں۔ لہذا کمپنی کاروباری معاملات جاری نہیں رکھ سکتی۔

کمپنی لسٹنگ قوانین میں موجود کارپوریٹ گورننس کے تحت بہتر انداز میں عمل پیرا ہے۔

کمپنی کے پچھلے چھ سالوں کے بنیادی حسابات کا خلاصہ لف ہے۔

کمپنی نے کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ اہداف بہتر انداز میں پورے کیے ہیں۔

ڈائریکٹران نے سال رواں کے لئے کسی عمومی منافع کا اعلان نہیں کیا۔

حکومتی واجب الادا ادائیگیوں کی تفصیل مالی حسابات کے متعلقہ نوٹ میں واضح کر دی گئی ہیں۔

کمپنی اپنے ملازمین کے لئے گریجویٹی فنڈ سکیم پر عمل پیرا ہے۔ جس کی تفصیل مالی حسابات کے متعلقہ نوٹ میں واضح کی گئی ہے۔

مادی و مالی معاملات کی تفصیلات سٹاک ایکسچینج اور ایس ای سی پی کو بروقت مہیا کی گئیں ہیں۔

کمپنی نے متعلقہ پارٹی سے جڑی ہوئی معاملت پر قوانین کے مطابق عمل کیا ہے۔

کمپنی کے ڈائریکٹران اپنے فرائض کی ادائیگی سے بخوبی واقف ہیں۔ انتظامیہ کے افراد کے لئے معلوماتی کورس کا اہتمام کیا گیا ہے۔

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز کی جانب سے، میں آئندہ ہونے والے سالانہ عمومی اجلاس میں آپ کو خوش آمدید کہتا ہوں اور سالانہ تنقیح شدہ حسابات برائے سال مختتمہ 30 ستمبر 2016ء بمعہ محاسب کی رپورٹ پیش کرتا ہوں۔

کمپنی نے اس سال 344.713 ملین روپوں کی چینی فروخت کی جبکہ پچھلے سال کی فروخت 1,071.053 ملین روپے تھی۔ اس سال کمپنی کا کل نقصان بعد از ٹیکس 302.269 ملین روپے ہے جبکہ پچھلے سال یہ نقصان 499.699 ملین روپے تھا۔ اس سال نقصان فی حصہ 3.05 روپے رہا جبکہ پچھلے سال یہی نقصان 5.05 روپے فی حصہ تھا۔

فروخت کی یہ رقم پچھلے سالوں سے دستیاب ذخیرہ کی ہوئی چینی کی مد میں ہے۔ مختلف وجوہات کی بناء پر کمپنی کی دونوں ملیں اس سال بند رہی ہیں۔ جس میں بنیادی وجہ کام کرنے کے لئے سرمائے کی کمی تھی۔ آپ کی کمپنی چالو ہونے کی صورت میں اس سال منافع میں ہوتی کیونکہ اس سال ملکی سطح پر چینی کی قیمتیں اچھی تھیں جبکہ بھارت میں کم پیداوار کی وجہ سے بین الاقوامی سطح پر چینی کی اضافی طلب موجود رہی تھی اس کے ساتھ ساتھ حکومت کی طرف سے بھی برآمد کی صورت میں 13 روپے فی کلوگرام کے حساب سے زرِ تعاون بھی دستیاب تھا جو کہ حکومت کی طرف سے مقرر کردہ 500,000 ٹن کوٹہ کے لئے تھا۔ انتظامیہ کی طرف سے ملوں کو چلانے کے لئے مختلف کوششیں کی جاتی رہیں مگر کچھ ناگزیر وجوہات کی بناء پر ان پر عملدرآمد نہ ہو سکا۔

سرمائے کی کمی کی وجہ سے دورانِ سال دونوں ملیں بند رہیں جبکہ چھالیہ میں موجود مل پچھلے سال بھی بند رہی تھی۔ مسلسل نقصانات اور موجودہ حالات کے تناظر میں کمپنی نے اپنے اثاثہ جات فروخت کرنے کی غرض سے آئندہ ہونے والے اجلاسِ عام میں حصص داران کی منظوری مانگی ہے۔ لہذا کمپنی کاروبار جاری نہیں رکھ سکتی۔

مندرجہ بالا امور کو مدِ نظر رکھتے ہوئے کمپنی انتظامیہ نے مالی حسابات برائے سال 2015-16 اثاثہ جات اور واجبات کی حقیقی مالیت کی بنیاد پر تیار کیے ہیں۔ ان حسابات میں اثاثہ جات اور واجبات تحلیلی اعتبار سے مرتب کیے گئے ہیں۔

اثاثہ جات کی قدر و قیمت کا تعین (موجودہ تخمینہ)

کمپنی کے اثاثہ جات کی مجوزہ فروخت جس کی تفصیل سالانہ اجلاسِ عام کے نوٹس میں دی گئی ہے کے سلسلے میں کمپنی نے دورانِ سال اپنے اثاثہ جات کی موجودہ قدر و قیمت کا تخمینہ ایک معروف کمپنی سے کروایا ہے۔ اچھے خریدار کی صورت میں کمپنی اپنے دونوں یونٹس یا کوئی ایک یونٹ فروخت کرنے کا ارادہ رکھتی ہے۔

ڈائریکٹران کا انتخاب

دورانِ سال کمپنی کے ڈائریکٹران کا انتخاب عمل میں آیا جس میں تمام ڈائریکٹران بلا مقابلہ منتخب ہوئے۔ اسی طرح ڈائریکٹران کی ذیلی کمیٹیوں کی از سرِ نو تشکیل دی گئی۔


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NOTES

FORM OF PROXY

I/We ____ of ____ being member of Imperial SUGAR LIMITED and holder of ______________________ Ordinary shares as per Registered Folio / CDC Participant I.D. No. ________________________ hereby appoint Mr. / Mrs. / Miss. ________________________________ of ____________________________ or failing him / her Mr. / Mrs. / Miss. ____________________ of ____________________ who is also a member of the IMPERIAL SUGAR LIMITED vide Registered Folio / CDC Participant I.D. No. ______________________ as my proxy to vote for me and on my behalf at the 10th Annual General Meeting of the Company to be held on Tuesday, January 31, 2017 at 10.00 a.m. and any adjournment thereof.

Signed this ____________ day of __________ 20___ .

Revenue Stamp(s) of Rupees five

Signature
(As registered with the company)

Witness: 1

Signature ______________________

Name ______________________

Address ______________________

____

CNIC or ______________________

Passport # ______________________

Witness: 2

Signature ______________________

Name ______________________

Address ______________________

____

CNIC or ______________________

Passport # ______________________

NOTES:-

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

امپیریل شوگر لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم ____

ساکن ________________________________ امپیریل شوگر لمیٹڈ

کا / کی / کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت ____________

____________ عمومی حصص کا / کی / کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے ____________

رہائشی ____________ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر ____________ کو یا اس کے نہ

آنے کی صورت میں ____________ رہائشی ____________ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی

ڈی سی کھاتہ نمبر ____________ کو جو کہ امپیریل شوگر لمیٹڈ کا / کی / کے حصہ دار ہے / ہیں۔ کو اپنی جگہ بروز منگل

بتاریخ 31 جنوری 2017 بوقت صبح 10 بجے بمقام اسماعیل ایوان سائنس بلڈنگ 205 فیروز پور لاہور میں منعقد ہونے والے سالانہ

اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے ہوں / ہیں۔

یہ فارم ________ جنوری 2017 کو دستخط کیا گیا۔

پانچ روپے کی رسیدی ٹکٹ
چسپاں کریں

کمپنی کے ریکارڈ کے مطابق دستخط

دستخط۔

گواہ نمبر:1

دستخط ____________________

نام ____________________

پتہ ____________________

____

شناختی کارڈ نمبر یا ____________________

پاسپورٹ نمبر ____________________

گواہ نمبر: 2

دستخط ____________________

نام ____________________

پتہ ____________________

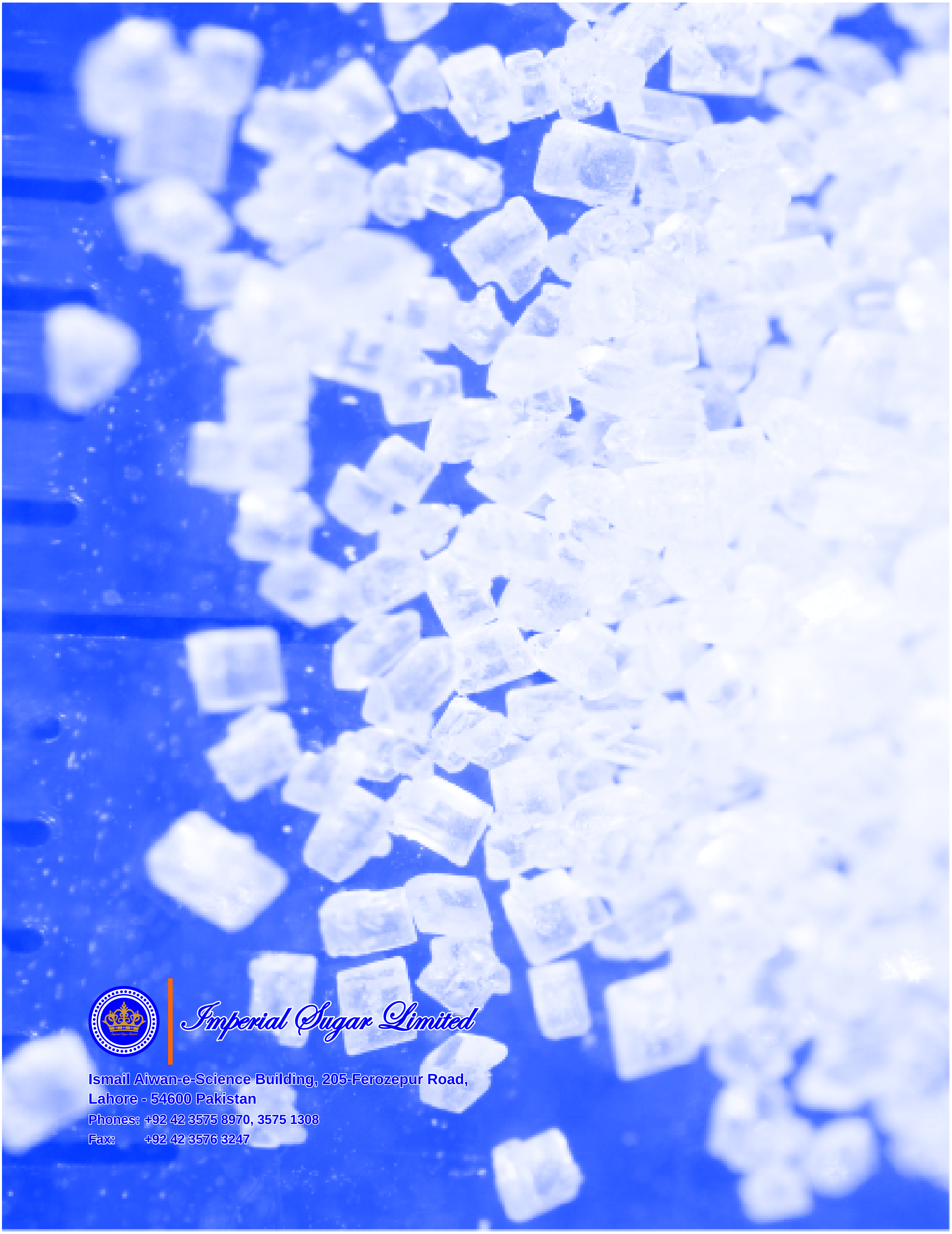
____

شناختی کارڈ نمبر یا ____________________

پاسپورٹ نمبر ____________________

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

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



Imperial Sugar Limited

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Lahore - 54600 Pakistan
Phones: +92 42 3575 8970, 3575 1308
Fax: +92 42 3576 3247