SHAHMURAD
SUGAR MILLS LIMITED

# SHAHMURAD SUGAR MILLS LTD.

## ANNUAL REPORT 2016

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SUGAR MILLS LIMITED

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# COMPANY INFORMATION

**BOARD OF DIRECTORS**

| | |
|---|---|
| MR. ISMAIL H. ZAKARIA | Chairman |
| MR. YUSUF AYOOB | Managing Director |
| MR. SULEMAN AYOOB | |
| MR. A. AZIZ AYOOB | |
| MR. ZIA ZAKARIA | Resident Director |
| MR. GHULAM MOHIUDDIN ZAKARIA | |
| MR. ZOHAIR ZAKARIA | |
| MR. NAEEM AHMED SHAFI | Independent Director |
| MR. KHURRAM AFTAB | (N.I.T. Nominee) |

**BOARD AUDIT COMMITTEE**

| | |
|---|---|
| MR. NAEEM AHMED SHAFI | Chairman |
| MR. SULEMAN AYOOB | Member |
| MR. ZOHAIR ZAKARIA | Member |

**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

| | |
|---|---|
| MR. SULEMAN AYOOB | Chairman |
| MR. YUSUF AYOOB | Member |
| MR.GHULAM MOHIUDDIN ZAKARIA | Member |

**CHIEF FINANCIAL OFFICER**

MR. IQBAL UMER

**COMPANY SECRETARY**

MR. MOHAMMAD YASIN MUGHAL
FCMA

**AUDITORS**

M/s. KRESTON HYDER BHIMJI & CO.
Chartered Accountants

**LEGAL ADVISOR**

MR. ABDUL SATTAR PINGAR
Advocate

**REGISTERED OFFICE**

96-A, SINDHI MUSLIM HOUSING SOCIETY,
KARACHI-74400
Tel: 34550161-63 Fax: 34556675

**FACTORY**

JHOK SHARIF,
TALUKA MIRPUR BATHORO,
DISTRICT SUJAWAL (SINDH)

**REGISTRAR & SHARE REGISTRATION OFFICE**

C & K MANAGEMENT ASSOCIATES (PVT) LTD.
404-TRADE TOWER,
ABDULLAH HAROON ROAD,
NEAR METROPOLE HOTEL,
KARACHI - 75530

**WEBSITE**

www.shahmuradsugar.co

SHAHMURAD
SUGAR MILLS LIMITED

# Mission Statement

To gain strength through industry leadership in the manufacturing and marketing of sugar and allied products and to have a strong presence in these products markets while retaining the options to diversify in other profitable ventures.

To operate, ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio economic development of Pakistan especially in the rural areas through industrial expansion and development.

# Vision Statement

To be a model company producing sugar and allied products of international quality by maintaining high level of ethical and professional standards.

# CODE OF CONDUCT

Shahmurad Sugar Mills Limited is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

## THE COMPANY

- Fulfills all statutory requirements of the Regulatory Authority and follows all applicable laws of the country together with compliance of accepted accounting principles, rules and procedures required.
- Deals with all stakeholders in an objective and transparent manner so as to meet the expectations of those who rely on the Company.
- Meet the expectations of the spectrum of the society and the Regulatory Authority by implementing an effective and fair system of financial reporting and internal controls.
- Uses all means to protect the environment and ensures health and safety of the employees.
- Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather than their own.
- Ensures efficient and effective utilization of its resources.

## AS DIRECTORS

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's goals.
- Support and adherence to compliance of legal and industry requirements.
- Safeguard the interest and assets of the company to meet and honor all obligations of the Company.
- Promote a culture that supports enterprise and innovation with appropriate short-term and long-term performance related rewards that are fair and achievable in motivating management and employees effectively and productively.

## AS EXECUTIVE AND MANAGERS

- Ensure cost effectiveness and profitability of operations.
- Provide directions and leadership for the organization and take viable and timely decisions.
- Develop and cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self-realization in employees through meaningful empowerment.
- Promote and develop culture of excellence, conservation and continuous improvement.
- Provide pleasant work atmosphere and ensure an equitable way of working and rewarding system.
- Institute commitment to environmental, health and safety performance.

## AS EMPLOYEES AND WORKERS

- Observe Company’s policies, regulations and codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

# NOTICE OF MEETING

Notice is hereby given that 38th Annual General Meeting of SHAHMURAD SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Tuesday, 31st January, 2017 at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS**

1. To confirm the minutes of the Extra Ordinary General Meeting held on 29th March, 2016.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2016 together with the Directors' and Auditors' Reports thereon.

3. To approve payment of Cash Dividend @ 24% i.e. Rs.2.40 per ordinary share of Rs.10/= each for the year ended 30th September 2016 as recommended by the Board of Directors.

4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2017. The present Auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for re-appointment.

**SPECIAL BUSINESS**

5. To obtain consent of the shareholders in terms of S.R.O 470(1)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan (SECP) for the transmission of the annual balance sheet and profit and loss account, auditors' and directors' reports etc. ("annual audited accounts") and other information contained therein of the Company through CD/DVD/USB. In this regard following resolution to be considered and, if thought fit, to be passed as a special resolution with or without modification:

   "Resolved that transmission of annual balance sheet, profit and loss account, auditors' and directors' reports etc. ("annual audited accounts") and other information contained therein to the members at their registered address through CD/ DVD/ USB, instead of transmitting the same in hard copies, be and is hereby approved,"

6. To consider. and if thought fit. to pass the following resolution, with or without modification(s), as Special Resolution to alter the Articles of Association of the Company by inserting new Articles Nos. 43-C, 66-A and 66-B to enable to the members for e-voting as required by Companies (E-Voting) Regulations. 2016 and video conferencing, issued by Securities and Exchange Commission of Pakistan vide SRO 43(1)/2016 dated January 22, 2016 and Circular No.10 of 2014 dated May 21, 2014

   "Resolved by way of special resolution the Articles of Association of the Company be amended by adding following new clauses as 43-C, 66-A and 66-B".

43-C "Resolved that the company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Ordinance, as well as the Chairman of the general meeting, shall be present at the place of the general meeting."

66-A "Resolved that A Member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016 (including any statutory modification thereof), as amended from time to time. In the case of e-voting, both Members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power."

66-B An instrument appointing a proxy relating to e-voting shall be in the following form:

I/We_____ of _____ being a member of Shahmurad Sugar Mills Limited holding _____Ordinary Share(s) as per Registered Folio No._____ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations. 2016 and hereby demand for poll for resolutions. My secured e-rnail address is _____ please send login details, password and electronic signature through e-rnail.

_____
Signature of Members
CNIC No._____
(Signature should agree with the specimen signature registered with the Company.)

Signed in the presence of:

_____
Signature of Witness
CNIC No._____

_____
Signature of Witness
CNIC No._____

"Further Resolved that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid special resolution."

OTHER BUSINESS

7. To transact any other business with permission of the Chair.

By Order of the Board

**M. YASIN MUGHAL**
COMPANY SECRETARY

Karachi: December 26, 2016

**NOTE:**

1. The Register of the Members of the Company will remain closed from 24th January, 2017 to 2nd February, 2017 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares.

2. A member of the Company entitled to attend and vote may appoint any member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

3. **Submission of copies of CNIC:**

   SECP has directed vide SRO No.831(1)2012 dated July 05, 2012 to issue dividend warrant only crossed as "A/c Payee only" and should bear the computerized National Identity Card (CNIC) number of the registered member. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN alongwith the Folio number(s) to the Company's Share Registrar. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC, failing which we will not be responsible, if we are unable to pay the dividends to the Shareholders who have not submitted their valid CNIC's.

4. **Deduction of Withholding Tax from Dividend U/S 150 of the Income Tax Ordinance, 2001:**

   (i) Pursuant to the provisions of the Finance Act, 2016 effective from July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follow:

   1. Rate of tax deduction for the filer(s) of income tax return 12.50%.
   2. Rate of tax deduction for the non-filer(s) of income tax return 20%.

   To enable the company to make tax deduction on the amount of cash dividend @ 12.50% instead of 20%, shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.50%.

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all share holders who hold such shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share registrar in writing as follow:

| Company Name | Folio/CDS Account # | Total Shares | Principal shareholder | | Joint Shareholders | | Signature |
|---|---|---|---|---|---|---|---|
| | | | Name and CNIC # | Proportion (No. of shares) | Name and CNIC # | Proportion (No. of shares) | |
| | | | | | | | |
| | | | | | | | |

**5 Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax:**

As per FBR Circulars C No. 1(29) WHT/2006 dated June 30, 2010 and C No.1(43) DG (WHT) 2008-Vol-II-66417-R dated May 12, 2015 the valid exemption certificate is mandatory to claim exemption amount of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholder who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide Valid Tax Exemption Certificate to our Share Registrar.

In case of those shareholders who are non-residents are requested to please provide their respective detail including residence status /country of residence with copy of their NICOP to our Share Registrars before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

**6 Payment of Cash Dividend Electronically (Optional):**

The Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank account instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant) CDC.

**7 Electronic Transmission of Annual Financial Statement and Notices of the Company:**

Pursuant to SRO.787(1)/2014 of September 08, 2014 the Securities and Exchange Commission of Pakistan (SECP) has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. www.shahmuradsugar.co Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered email address.

**8** Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.shahmuradsugar.co

**9** CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

**A. For Attending the Meeting:**

i. In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are uploaded as per the Regulations shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**B. For appointing proxies:**

i. In case of individuals the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the company.

**10 Change of Address:**

Shareholders are requested to inform the Company's Share Registrar , M/s. C & K Management Associates (Pvt.) Limited, 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotal, Karachi of any change in their addresses immediately.

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

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on Tuesday, January 31,2017.

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**Circulations of Annual Reports through CD/DVD/USB:**

To give effect to the notification S.R.O 470(1) 2016 dated May 31, 2016 of the Securities and Exchange Commission of Pakistan ('SECP"). shareholders' approval is being sought to allow the Company to circulate its Annual Report through CD/DVD/USB at their register address. If a members prefer to receive hard copies for all the future annual reports, then such preference of the member shall be communicated to the Company in writing in which case the Company shall be bound to provide hard copies of all the future annual reports.

**Alteration in the Articles of Association:**

To give effect to the Companies (E-Voting) Regulations 2016. shareholders' approval is being sought to amend the Articles of Association of the company to enable e-voting. The detail of amendments proposed in the Articles of Association is part of resolution mentioned in the Notice.

None of the Directors of the Company have any direct or indirect interest in above said Special Business.

# DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members

Assalam-o-Alaikum:

On behalf of the Board of Directors I feel great pleasure to place before you the audited financial statements of your company for the year ended September 30, 2016. Your company has earned profit before tax amounting to Rs. 170.136 million as against Rs.262.783 million earned during the previous year.

Salient comparative production and financial data are provided as under:

| **PRODUCTION DATA** | **2015-16** | **2014-15** |
|---|---|---|
| Crushing season commenced on | **04-12-2015** | 18-12-2014 |
| Crushing completed on | **29-02-2016** | 22-03-2015 |
| Duration of crushing (number of days) | **88** | 95 |
| Sugarcane crushed (metric tons) | **496,109** | 596,006 |
| Sugar produced (metric tons) | **52,578** | 65,791 |
| Sugar recovery rate - percentage | **10.60** | 11.02 |
| Molasses produced (metric tons) | **22,270** | 26,850 |
| Ethanol produced (metric tons) | **31,301** | 32,597 |
| Duration of Distillery Plant operation (days) | **324** | 328 |

**FINANCIAL DATA**

| | **(Rupees in thousands)** | |
|---|---|---|
| Sales revenue | **5,909,743** | 5,199,162 |
| Cost of sales | **(5,239,364)** | (4,393,971) |
| Gross profit | **670,379** | 805,191 |
| Administrative expenses | **(183,046)** | (166,494) |
| Distribution expenses | **(135,032)** | (128,373) |
| Other operating cost | **(19,182)** | (78,379) |
| Other income inclusive of profit in associates | **9,796** | 109,252 |
| Financial cost | **(172,779)** | (278,414) |
| Profit before taxation | **170,136** | 262,783 |
| Provision for taxation | **(44,988)** | (78,060) |
| Profit after taxation | **125,148** | 184,723 |
| Earnings per share | **Rs.5.93** | Rs.8.75 |

**PERFORMANCE REVIEW**

**SUGAR DIVISION:**

The Mills commenced the crushing operation on December 04, 2015 which continued up to February 29, 2016. During the period the Mills crushed 496,109 metric tons of sugarcane as against 596,006 metric tons crushed during the last year crushing season. The crushing volume is lower than last year due to scarcity of sugarcane during the current season. The production of sugar was 52,578 metric tons as against 65,791 metric tons produced last year. Recovery percentage also declined to 10.60 percent as against 11.02 percent achieved last year. The crushing volume and recovery percentage declined during the period under review due to non-availability of water as required by the cane crop specifically during early period of growing.

For the crushing season 2015-16 the Government of Sindh fixed price of sugarcane at Rs.172/= per 40 kg of the same but due to non- availability of the raw material the same was procured from far flung areas in order to run the mill at economical footings. Due to this the company had to pay transport charges which raised the cost of the raw material to Rs.206/= per 40 kg of the cane. Due to higher transport charges, the cost of raw material increased considerably than fixed by the Government which was 19.77 percent over the price notified by the Government. The increase in the material cost has affected the bottom line adversely.

Due to scarcity of water the production of sugar in the province of Sindh declined but on overall country basis the production of sugar was more than the requirements of the country including carry over stock. Government allowed export of sugar but this option was also not feasible for the producers as the production of sugar on worldwide basis was also more which depressed the price of the product in the international markets.

**ETHANOL DIVISION:**

During the year under review the distillery division operated well and produced 31,301 metric tons of ethanol as against 32,597 metric tons produced last year. The production was lower than the last year by 1,296 metric tons. The company exported 29,442 metric tons of ethanol as against 34,306 metric tons exported last year. Your company earned valuable foreign exchange much needed by the country. Pakistan's ethanol has gained good reputation in respect of standard and quality in the international markets.

The price of the ethanol is linked with the price of crude oil in the international market as the non-fuel grade ethanol exported is further processed to convert the same in fuel grade. Due to low price of crude oil the price of ethanol was also depressed during the year under consideration. There is a potential local of ethanol in local market to absorb ethanol which needs to be explored properly and supplemented by Government patronage. The potential uses of ethanol are in fuel blending, disinfectants, screen wash, polish and paint industry, ink industry and perfume. Fuel grade ethanol can also be effectively used where natural gas is not available and as a substitute of L P G for domestic use i.e. cooking through ethanol stoves as being done in India. The use of ethanol stoves in Pakistan needs to be developed on priority basis to save the forests which are being cut down in northern areas for cooking requirements. The use of ethanol for cooking purpose would save the forest cutting which would be a great achievement for Pakistan to save the environments. Another alternative use of fuel grade ethanol is as fuel in the small vehicles in order to save the time of the people who wait in long queue to get the CNG on the fuel station. There is shortage of natural gas in the country and specifically during winter season there is load shedding of gas and CNG stations remain closed on alternative days in Sindh and complete shutdown is observed in Punjab and Khyber Pakhtunkhwa. The Government of Pakistan is requested to look into the above issues and assist the ethanol industry in achieving the above mentioned goals.

**CAPITAL EXPENDITURE:**

Upgrading and balancing is a continuous process in the sugar industry in order to keep the plant and machinery up to date so as to meet the requirements of regulatory authorities. Your company incurred an expenditure of Rs.249.473 million on additions and BMR in order to maintain the efficiency of the plant.

**STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE:**

1. 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.

2. The Company has maintained proper books of accounts as required by the law.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as going concern.

7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the Listing Regulations of the Pakistan Stock Exchange.

8. There have been no outstanding statutory payments; except those under normal course of business and some disputed cases which are appearing in the relevant notes to the financial statements.

9. The pattern of shareholding in the Company as on September 30, 2016 is also included in the Annual Report.

10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the company except as otherwise indicated.

11. Value of investment and balance in deposit accounts of Provident Fund based on un-audited accounts as at June 30, 2016 amounted to Rs.47.772 million.

The key operating and financial data of the last ten years and pattern of shareholding have been included in the Annual Report. There has been no significant change in the holding of directors or their spouses except as otherwise indicated.

**CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:**

The tenure of the Directors was completed on March 29, 2016 and the members in the Extra Ordinary General Meeting held on the said date elected the following persons as Directors of your company for the next period of three years. Incidentally directors so elected are the same who were holding the said position previously as no other candidate came forward to contest for the directorship.

During the year five meetings of the Board were held and attendance of each director was as follow:

| | NAME OF DIRECTORS | ATTENDED | STATUS |
|---|---|---|---|
| 01. | Mr. Ismail H Zakaria | 5 | Non-Executive |
| 02. | Mr. Yusuf Ayoob | 4 | Executive |
| 03. | Mr. Suleman Ayoob | 5 | Non-Executive |
| 04. | Mr. A. Aziz Ayoob | 4 | Executive |
| 05. | Mr. Zia Zakaria | 5 | Executive |
| 06. | Mr. Ghulam Mohiuddin Zakaria | 5 | Non-Executive |
| 07. | Mr. Zohair Zakaria | 3 | Non-Executive |
| 08. | Mr. Naeem Ahmad Shafi | 4 | Independent Director |
| 09. | Mr. Khurram Aftab | 4 | N.I.T Nominee |

The details of the remuneration of executives and non-executive directors have also been provided in the relevant note to the financial statements as required under the listing regulations of Pakistan Stock Exchange.

**AUDIT COMMITTEE:**

The Board has also set up an Audit Committee comprising of the following directors. During the year under consideration four meetings of Audit Committee were held and attendance of each member was as under:

| | NAME OF DIRECTORS | ATTENDED | STATUS |
|---|---|---|---|
| 01. | Mr. Naeem Ahmad Shafi (Chairman) | 3 | Independent Director |
| 02. | Mr. Suleman Ayoob (member) | 4 | Non-Executive |
| 03. | Mr. Zohair Zakaria (member) | 2 | Non-Executive |

Term of Reference of the Audit Committee has also been determined by the Board in accordance with the guidelines provided in the Listing Regulations of the Pakistan Stock Exchange.

**HUMAN RESOURCE AND REMUNERATION COMMITTEE:**

The Board in accordance with the Code of Corporate Governance had constituted Human Resource and Remuneration Committee comprising of the following directors. During the year one meeting of the Committee was held and attendance was as follow:

| | NAME OF DIRECTORS | POSITION | STATUS | ATTENDED |
|---|---|---|---|---|
| 01. | Mr. Suleman Ayoob | Chairman | Non-executive | 1 |
| 02. | Mr. Yusuf Ayoob | Member | Executive | 1 |
| 03. | Mr. Ghulam Mohiuddin Zakaria | Member | Non-executive | 1 |

**FUTURE OUTLOOK:**

**SUGAR DIVISION:**

The Government of Sindh vide Notification No.8(142)/S.O(Ext)2016-17 dated October 31, 2016 has fixed the minimum price of sugarcane at Rs.182/= per 40 kg for the crushing season 2016-17 which is in progress as against Rs.172/= fixed for the preceding season. The increase in the raw material cost and decline in the recovery rate will enhance the cost of the sugar produced. Whilst the Government exercises control over the price of the sugarcane to protect the growers, which is highly appreciated, it is imperative for the Government to exercise similar control over the selling price of sugar. It is a well known fact that the price of sugar has been depressed in the domestic and international markets due to excessive production of the same and substantial carry over stock with the sugar mills. Meanwhile the crushing of sugarcane has commenced and the Mill has started crushing on November 28, 2016. The recovery rate trend is not yet clear and the same would be clear when substantial volume of sugarcane crushing is completed. The area under plantation has remained nearly the same, but the yield is expected to be good due to timely availability of water in the irrigation system. The rainfall during the year has improved the supply of water and it is expected that the production of sugar during 2016-17 would be similar to that of last year provided the recovery percentage of sugar is improved.

The countrywide sugar production in the year ahead once again seems to be a significant surplus. The prospects of export may enable an outlet for this excess sugar and help to ease the over-supply scenario. However, this will depend largely on the international market price of the product which also depressed due to internationally excessive production of the same. Export sales not only allow a better price realization, but the regular lifting of sugar also help to reduce the financial cost of your company.

The price of refined sugar in the international market remained hard to predict due to climatic uncertainty worldwide and the general surplus trend will probably continue. The strong U S Dollar also had a negative impact on commodity prices, pushing them downwards as the Dollar continues strengthening in light of expected discount rate increases by the U S Federal reserve. However, in the South East Asia, the general eagerness of the growers to plant sugarcane is a good sign and strongly indicates production figures similar to that of the preceding year. The price of sugar will of course remain the key factor in determining the base of the division's bottom line.

**ETHANOL DIVISION:**

The price of ethanol is depressed in the international market due to substantial reduction in the price of crude oil in the world market. The volume of production of ethanol was 31,301 metric tons as against 32,597 metric tons produced last year. Ethanol exported was 29,442 metric tons as against 34,306 metric tons exported in the preceding year. During the year ended as on September 30, 2016, the average price of ethanol was US $ 657 per ton as against US $ 695/= per ton during the previous year indicating a price decrease of 5.58 percent. Molasses is the raw material for production of ethanol, which is available during the crushing season, the price of the same has not reduced in the same proportion as the sale price of ethanol. Most of the sugar mills in the country are also engaged in the production of ethanol as an alternative avenue to make good loss suffered due to depressed price of sugar. It appears the cushion provided by the ethanol division would decline during the next year in case the price of crude oil remains depressed.

The management of your company has decided to procure molasses during the crushing season of the current year for total requirement of the year specifically from those sugar mills which have not yet entered in the production of ethanol or they have molasses in excess of their requirements. For the procurement of molasses the company had to borrow funds from the banks for payment to the suppliers and had to absorb financial costs which again reduce the margin on this segment. It is suggested that the government of Pakistan should consider developing the alternative local use of ethanol which will not only assist the ethanol industry survival but also increase the savings of foreign exchange being incurred on import of LPG and LNG.

**CREDIT RATING OF THE COMPANY:**

JCR-VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of 'A-/A-2-' to the Company outlook on medium to long term rating is "stable".

**MECHANISM FOR EVALUATION OF THE BOARD:**

The Board continuously strives to improve their effectiveness and undertake annual reviews to access the Board's performance. The Board also reviews developments in the corporate governance to ensure that the company remains aligned with the best practices.

In order to ensure on-going effectiveness as high performing Board, a Board Performance Evaluation process has been initiated through introducing a questionnaire covering Board's scope, objectives, functions, company's performance and monitoring. The Board also reviews the performance of the CEO against pre-determined operational, tactical and strategic goals.

**CORPORATE & SOCIAL RESPONSIBILITY:**

The company always takes keen interest in social and corporate responsibilities towards its employees and general public living in its franchise area of your mill. Your company made arrangements with M/s Takaful Pakistan Limited for health insurance of employees on renewal basis and medical cards have been provided to them enabling them to visit the authorized hospitals in case of illness.

**DIVIDEND:**

The directors have recommended a final cash dividend at 24% i.e. Rs.2.40 per share of Rs.10/= each (2015: 35% i.e. Rs.3.50 per share) subject to approval by the members in the forthcoming annual meeting.

**APPOINTMENT OF AUDITORS:**

The present auditors, M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retired and being eligible offered themselves for re-appointment for the year 2016-17. Audit Committee of the Board has recommended their appointment for the year 2016-17 and Board of Directors of your company endorsed the recommendations of the Audit Committee for re-appointment of M/s Kreston Hyder Bhimji & Co. Chartered Accountants, till the conclusion of next Annual General Meeting of the members.

**STAFF RELATIONS:**

Finally the Directors of your company record their appreciations for the perseverance, commitment to meeting the objectives and targets and the team work put in by the management and employees, in the current demanding environments and are confident that they will continue to demonstrate the same zeal and vigor in future.

By order of the Board

**YUSUF AYOOB**
CHIEF EXECUTIVE OFFICER

Karachi: 26th December, 2016

**کارپوریٹ معاشرتی ذمہ داری:**

کمپنی ہمیشہ سے آپکی مل کے فرینچائز احاطے میں ملازمین اورعوام الناس کے حوالے سے ہمیشہ کارپوریٹ معاشرتی ذمہ داری کے امور میں گہری دلچسپی لیتی آئی ہے۔آپکی کمپنی نے ملازمین کی صحت سے متعلق انشورنس کے سلسلے میں تجدید کی بنیاد پر میسرز تکافل پاکستان لمیٹڈ سے معاملات طے کئے ہیں اورانہیں میڈیکل کارڈ کا اجراء بھی کیا گیا ہے تاکہ بیماری کی صورت میں وہ نامزد کردہ ہسپتالوں سے رابطہ کرسکیں۔

**تقسیم منافع:**

ڈائریکٹروں کی جانب سے 24 فیصد نقد منافع تقسیم کرنے کی سفارش کی گئی ہے جوکہ 10 روپے والے حصص پر 2.40 روپے فی حصص بنتا ہے (بمطابق 2015، 3.50 روپے فی حصص یعنی 35 فیصد) منافع کی اس تقسیم کیلئے ابھی اگلے اجلاس میں ممبران سے منظوری لی جانی ضروری ہے۔

**آڈیٹروں کی تعیناتی:**

موجودہ آڈیٹر میسرز کریسٹن حیدر بھیمجی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوچکے ہیں اوردوسری مرتبہ بھی اس کام کیلئے اہلیت ہونے کی وجہ سے انہوں نے اپنی خدمات مالی سال 2016-17 کیلئے ایک مرتبہ پھر پیش کی ہیں۔بورڈ کی آڈٹ کمیٹی نے انکی تعیناتی بارئے سال 2016-17 کی ایک مرتبہ پھر سفارش کی ہے اورآپکی کمپنی کے بورڈ آف دائریکٹرز نے اس تعیناتی کی منظوری بھی دے دی ہے کہ میسرز کریسٹن حیدر بھیمجی اینڈ کمپنی کوممبران کے اگلیسالانہ اجلاس کے انعقاد تک اس مقصد کیلئے دوبارہ تعینات کرلیا جائے۔

**ملازمین کے روابط:**

آخر میں آپکی کمپنی کے ڈائریکٹر انتہائی مسرت کے ساتھ اس بات کوسراہتے ہیں کہ کمپنی کے مقاصد کوآگے بڑھانے اوراہداف کے حصول کی غرض سے انتظامیہ اورملازمین جس اخلاص اورٹیم ورک کا مظاہرہ کیا ہے وہ قابل ستائش ہے اورچیلنجز سے بھرپور موجودہ دور میں اسکی بہت ضرورت بھی ہے اوراس بات کی قوی امید کرتے ہیں کہ آنے والے دنوں میں بھی انکی جانب سے اسی جوش وجذبے کا مظاہرہ دیکھنے کو ملے گا۔

بحکم بورڈ

**یوسف ایوب**

چیف ایگزیکٹیو آفیسر

بمقام کراچی: بتاریخ 26 دسمبر 2016

**ایتھانول ڈویژن :**

عالمی منڈیوں میں تیل کی نرخوں میں زبردست منفی رجحان کی وجہ سے ایتھانول کی قیمتوں میں بھی مندی کا رجحان پایا جاتا ہے۔اس سال ایتھانول کی پیداوار 31,301 میٹرک ٹن رہی رہی جو کہ گزشتہ سال اسی عرصے کے دوران 32,597 میٹرک ٹن تھی۔اس سال 29,442 میٹرک ٹن ایتھانول کو برآمد کیا گیا جبکہ گزشتہ سال 34,306 میٹرک ٹن ایتھانول برآمد کیا گیا تھا، دوران سال 30 ستمبر 2016 ایتھانول کے اوسط نرخ 657 امریکی ڈالر فی ٹن رہے جو کہ گزشتہ سال 695 امریکی ڈالر فی ٹن تھے۔ یعنی کے ایتھانول کے نرخوں میں 5.58 فی صد کی کمی واقع ہوئی ہے۔ایتھانول کی پیداوار میں فی صد راب ایک خام مال ہے جو کہ پسائی کے سیزن کے دوران دستیاب ہوتا ہے، راب کی قیمتوں میں اس تناسب سے کمی واقع نہیں ہوئی ہے جس تناسب سے ایتھانول کی قیمت فروخت میں کمی واقع ہوئی ہے۔ملک میں زیادہ تر شوگر ملز چینی کے گرتے نرخوں سے ہونے والے نقصان کو پورا کرنے کیلئے اپنی توجہ ایتھانول کی پیداوار پر بھی مرکوز کئے ہوئے ہیں، لیکن اندازہ ہوتا ہے کہ اگر عالمی منڈیوں میں اسی طرح خام تیل کی قیمتوں میں کمی کا رجحان رہا تو شوگر ملوز کو حاصل یہ سہولت بھی اپنا اثر کھونے لگے گی۔

آپکی کمپنی کی انتظامیہ نے اس بات کا فیصلہ کیا ہے کہ دوران سال رواں پورے سال کی ضروریات کیلئے ایتھانول کی دستیابی کو پسائی کے سیزن کے دوران ممکن بنایا جائے اور اس سلسلے میں بالخصوص ان ملوں سے ایتھانول کو حاصل کیا جائے جو کہ اب تک ایتھانول کی پیدوار نہیں کر رہی ہیں یا جن کے پاس ایتھانول کی پیدوار انکی ضرورت سے زائد ہوتی ہے۔ایتھانول کے اس حصول کو ممکن بنانے کی غرض سے آپکی کمپنی کو بینکوں سے قرض حاصل کرنا پڑتا ہے تاکہ سپلائروں کو ادیگی ممکن ہو سکے اور ان تمویلی اخراجات سے بھی نمٹا جا سکے جن کی وجہ سے اس شعبے میں منافع کی شرح پر منفی اثرات پڑتے ہیں۔ یہ مشورہ بھی زیر غور ہے کہ حکومت پاکستان ایتھانول کو متبادل انرجی کے ذرائع کے بطور متعارف کروائیں نہ صرف ایک جانب اس صنعت کو سہارا ملے گا بلکہ دوسری جانب ملک کی جانب سے ایل پی جی اور ایل این جی کی درآمدات پر خرچ کیا جانے والا قیمتی زرمبادلہ بھی بچایا جا سکے گا۔

**کمپنی کی کریڈٹ ریٹنگ:**

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے ہمیں ابتدائی متوسط سے طویل المیعاد ادارے کے بطور A-/A-2 کی ریٹنگ دی گئی ہے، کمپنی کی ریٹنگ اور تاثر متوسط سے طویل المیعاد عرصے کیلئے متوازن ہے۔

**بورڈ کی کارکردگی کو جانچنے کیلئے نظام:**

بورڈ کی جانب سے مسلسل اس سلسلے میں کوششیں کی جاتی رہتی ہیں کہ اس کی کارکردگی میں اضافہ ہو اور اس سلسلے میں سالانہ نظر ثانی بھی پیش کی جاتی ہے، بورڈ کی جانب سے کارپوریٹ گورننس کے ضمن میں بھی نظر ثانی کو منظر عام پر لایا جاتا ہے تاکہ اس بات کو ممکن بنایا جا سکے کہ کمپنی کارپوریٹ گورننس کے سنہرے اصولوں کی مکمل پاسداری کرے۔

بورڈ کی کارکردگی میں بطور جہد مسلسل بہتری پیدا کرنے کیلئے بورڈ پرفارمنس ایویلیوایشن پروسس کا آغاز کیا گیا ہے جس میں سوالناموں کے ذریعے جانچ کا عمل کیا جاتا ہے، یہ سوالنامے بورڈ کے وظائف کی وسعت، مقاصد، افعال کمپنی کی کارکردگی اور مانیٹرنگ جیسے امور کا احاطہ کرتے ہیں۔ بورڈ پہلے سے متعین کردہ کاروباری سرگرمیوں، انتظامی امور کی مہارتوں اور حکمت عملی کے مقاصد کو مدنظر رکھتے ہوئے CEO کی کارکردگی کا جائزہ بھی لیتا ہے۔

دوران سال اس کمیٹی کا ایک اجلاس منعقد کیا گیا جس میں ممبران کی حاضری درج ذیل رہی:

| نمبر شمار | ڈائریکٹروں کا نام | عہدہ | حاضری |
|---|---|---|---|
| 01 | جناب سلیمان ایوب (چیئرمین) | غیر انتظامی | 1 |
| 02 | جانب یوسف ایوب (ممبر) | انتظامی | 1 |
| 03 | جناب غلام محی الدین ذکریا (ممبر) | غیر انتظامی | 1 |

**مستقبل کا جائزہ :**

**شوگر ڈویژن :**

حکومت سندھ نے بحوالہ نوٹیفکیشن نمبر 8(142)/S.O(Ext)2016-17 مؤرخہ 31 اکتوبر 2016 گنے کی کم از کم قیمت برائے پسائی سال 17- 2016 =/182 روپے فی چالیس کلوگرام مقرر کی ہے اس کے مقابلے میں گذشتہ سال گنے کی قیمت =/172 روپے فی چالیس کلوگرام مقرر کی گئی تھی۔ خام مال کی قیمتوں میں اضافے اور ریکوری کی شرح میں کمی کی وجہ سے چینی کی پیداواری لاگت میں اضافے ہوگا۔ حکومت کی جانب سے گنے کے کم از کم نرخوں کو مقرر کئے جانے جیسے اقدامات کی اصل وجہ کاشتکاروں کا تحفظ ہے جو کہ ایک قابل تحسین اقدام ہے لیکن اسی کے ساتھ ساتھ حکومت کو چاہیئے کہ چینی کی قیمت فروخت کے سلسلے میں بھی اسی قسم کے اقدامات اٹھائے جائیں۔ یہ ایک مسلمہ حقیقت ہے کہ چینی کے نرخوں میں مقامی اور عالمی منڈیوں میں مندی کا رجحان رہا ہے جس کی اصل وجہ پیداوار کی زیادتی اور ملوں کے پاس سابقہ اسٹاک کا موجود ہونا تھا۔ دریں اثناء مل میں پسائی کا سیزن 28 نومبر 2016 سے شروع ہو چکا ہے۔ جبکہ ریکوری سے متعلق رجحان ابھی تک غیر واضح ہے اور اس کا صحیح طور پر اس وقت اندازہ ہو پائے گا جب پسائی کا عمل خاطر خواہ حد تک پایہ تکمیل تک پہنچ جائے گا۔ زیر کاشت رقبے میں کوئی خاطر خواہ تبدیلی دیکھنے میں نہیں آئی لیکن اس بات کی امید کی جاتی ہے کہ اس سیزن میں پیداوار اچھی خاصی ہوگی کیونکہ آبپاشی کے نظام میں فراہمی آب بروقت رہی ہے۔ دوران سال بارشوں کی وجہ سے بھی فراہمی آب میں بہتری پیدا ہوئی ہے، اس لئے امید کی جاتی ہے کہ اس سال یعنی 17 - 2016 میں چینی کی پیداوار گزشتہ سال کی طرح بہتر ہوگی بشرطیکہ ریکوری کی شرح میں بہتری پیدا ہو۔

اس بات کا اندازہ لگایا جاسکتا ہے کہ پورے ملک کی سطح پر آنے والے سال کے دوران ایک مرتبہ پھر پیداوار میں خاطر خواہ اضافہ دیکھنے کو ملے گا۔ برآمدات کے مواقع کی وجہ اضافی پیداوار کو کھپانے میں مدد مل سکتی ہے اور برآمدات کی وجہ سے طلب سے زائد پیداوار کی صورتحال کو معمول پر لانے میں بھی مدد مل سکتی ہے۔ تاہم اس بات کا دارومدار بنیادی طور پر عالمی منڈیوں میں چینی کے نرخ پر ہوگا کیونکہ عالمی منڈیوں میں چینی کے نرخ میں کمی کا رجحان اسی لئے واقع ہوا تھا کہ طلب سے زیادہ پیداوار کی گئی تھی، برآمدات سے نہ صرف یہ کہ پیداوار کے اچھے نرخ مل جاتے ہیں بلکہ معمول کے، مطابق پیداواری عمل جاری رہنے اور اسٹاک کلیئر ہونے کی وجہ سے آپکی کمپنی تمویلی لاگت میں بھی کمی آجاتی ہے۔

عالمی منڈیوں میں صاف شدہ چینی کے نرخوں کا اندازہ لگانا ایک مشکل امر رہا ہے جس کی وجہ عالمی سطح پر غیر یقینی موسمی صورتحال ہے اور اندازہ ہے کہ عالمی سطح پر طلب سے سے زیادہ پیداوار کا موجودہ رجحان جاری رہے گا، نیز ڈالر کی مستحکم پوزیشن کی وجہ سے بھی اشیاء صرف کی قیمتوں پر منفی اثرات مرتب ہوئے ہیں، امریکی فیڈرل ریزرو سروس کی جانب سے ممکنہ ڈسکاؤنٹ ریٹس کے مدنظر ڈالر کی بڑھتی قدر کی وجہ سے اشیاء صرف کی قیمتوں پر منفی اثرات مرتب ہوئے ہیں۔ تاہم جنوب مشرقی ایشیاء میں کاشکاروں میں گنے کی کاشت میں بڑھنے والا عام رجحان ایک اچھی علامت ہے جس سے یہ ظاہر ہوتا ہے کہ گزشتہ سال کی طرح اس سال بھی پیداواری صورتحال کے اعداد و شمار میں کوئی تبدیلی واقع نہیں ہوگی۔ تاہم تمام ڈویژنز کی اصل کارکردگی کا دارومدار چینی کی قیمت پر ہوگا۔

عرصے کیلئے آپکی کمپنی کے ڈائریکٹروں کی ذمہ داری سونپی ہے، حقیقت حال یہ ہے کہ ڈائریکٹروں کے عہدے جوں کے توں انہی افراد کے پاس ہیں جو پہلے سے یہ ذمہ داریاں نبھا رہے تھے کیونکہ ڈائریکٹروں کے عہدے کے انتخاب کیلئے کوئی بھی نیا امیدوار سامنے نہیں آیا۔

دوران سال بورڈ کے پانچ اجلاس منعقد کئے گئے جن کے دوران ڈائریکٹروں کی حاضری سے متعلق معلومات ذیل میں پیش خدمت ہے:

| نمبر شمار | ڈائریکٹروں کے نام | حاضری | عہدہ |
|---|---|---|---|
| 01 | جناب اسماعیل ایچ ذکریا | 5 | غیر انتظامی |
| 02 | جناب یوسف ایوب | 4 | انتظامی |
| 03 | جناب سلیمان ایوب | 5 | غیر انتظامی |
| 04 | جناب اے عزیز ایوب | 4 | انتظامی |
| 05 | جناب ضیاء ذکریا | 5 | انتظامی |
| 06 | جناب غلام محی الدین ذکریا | 5 | غیر انتظامی |
| 07 | جناب زوہیر ذکریا | 3 | غیر انتظامی |
| 08 | جناب نعیم احمد شفیع | 4 | آزاد ڈائریکٹر |
| 09 | جناب خرم آفتاب | 4 | این آئی ٹی سے نامزد کردہ |

انتظامی وغیر انتظامی ڈائریکٹروں کے مشاہرے سے متعلق تفصیلات کو بھی سالانہ مالیاتی رپورٹ میں پاکستان اسٹاک ایکسچینج کے لسٹنگ کے قواعد کی پاسداری کرتے ہوئے متعلقہ نوٹس کے اندر پیش کیا گیا ہے۔

**آڈٹ کمیٹی:**

بورڈ کی جانب سے ایک آڈٹ کمیٹی بھی تشکیل دی گئی ہے جس کے ممبران میں درج ذیل دائریکٹر شامل ہیں۔ دوران سال رواں آڈٹ کمیٹی کے چار اجلاس منعقد کئے گئے ہیں جن میں شرکت کرنے والے ممبران کی حاضری سے متعلق تفصیلات درج ذیل ہیں:

| نمبر شمار | ڈائریکٹروں کے نام | حاضری | عہدہ |
|---|---|---|---|
| 01 | جناب نعیم احمد شفیع (چیئرمین) | 3 | آزاد ڈائریکٹر |
| 02 | جناب سلیمان ایوب (ممبر) | 4 | غیر انتظامی |
| 03 | جناب زوہیر ذکریا (ممبر) | 2 | غیر انتظامی |

پاکستان اسٹاک ایکسچینج کے لسٹنگ کے ضوابط کو مدنظر رکھتے ہوئے بورڈ نے آڈٹ کمیٹی کے کام کی شرائط کا تعین بھی کر رکھا ہے۔

**انسانی وسائل اور ادیگیوں سے متعلق کمیٹی:**

بورڈ کی جانب سے کوڈ آف کارپوریٹ گورننس کے ضوابط کے مطابق انسانی وسائل اور ادیگیوں یا ایک کمیٹی بھی تشکیل دی گئی ہے جس کے درج ذیل ڈائریکٹروں پر مشتمل ہے۔

جاسکتا ہے اور اس طرح پاکستان ماحولیات کی حفاظت کی غرض سے ایک سنگ میل طے کرسکتا ہے۔اس کے علاوہ فیول گریڈ کے ایتھانول کو چھوٹی گاڑیوں میں بطور ایندھن بھی استعمال کیا جاسکتا ہے جس سے سی این جی پمپوں پر لمبی لمبی قطاریں لگانے والے عوام کا قیمتی وقت بھی بچایا جاسکتا ہے، وطن عزیزم میں قدرتی گیس کی بھی شدید قلت ہے جس کی وجہ سے سردیوں کے موسم میں ملک بھر میں گیس کی لوڈ شیڈنگ کرنا پڑتی ہے، اس کی وجہ سے سندھ میں متبادل ایام میں سی این جی اسٹیشنوں کو بند کرنا پڑتا ہے جبکہ پنجاب اور خیبر پختون خواہ میں تو مکمل بندش بھی ہو جاتی ہے۔ لہٰذا حکومت پاکستان سے درخواست ہے کہ مذکورہ بالا مسائل پر اولین فرست میں توجہ دیں اور ایسے اقدامات اٹھائیں کہ ایتھانول کی صنعت کے بیان کردہ اہداف کو بھی حاصل کیا جاسکے۔

**سرمایہ کاری:**

چیزوں کی تجدید کرن اور انہیں متوازن رکھنا شوگر کی صنعت میں ایک مسلسل عمل ہے تاکہ پلانٹ اور مشینری میں ریگولیٹری اتھارٹی کے قواعد مطابق جدت پیدا کی جاتی رہے، آپکی کمپنی نے پلانٹ کی کارکردگی کو بحال رکھنے کی غرض سے مشین میں اضافوں اور بی ایم آر کی مد میں 249.473 ملین روپوں کے اخراجات کئے ہیں۔

**کوڈ آف کارپوریٹ گورننس کی پاسداری :**

1۔ مینجمنٹ کی جانب سے تیار شدہ مالیاتی دستاویزات کمپنی کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں ردوبدل سے متعلق معاملات کی صحیح صحیح ترجمانی کرتی ہیں۔

2۔ کمپنی کی جانب سے متعلقہ ریکارڈ کو باقاعدہ قواعد کے مطابق کھاتوں میں درج کیا گیا ہے۔

3۔ تمام تر مالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام تر مالیاتی تخمینے معقول اور قرین قیاس ہیں۔

4۔ مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔ اگر اس ضمن میں کسی قسم کی روگردانی کی گئی ہے تو اس کی باقاعدہ وضاحت کی گئی ہے۔

5۔ اندرونی طور پر کنٹرول کا نظام انتہائی منظم اور جامع ہے اور اسے مؤثر انداز سے نافذ کیا گیا ہے اور اس پر مکمل نظر رکھی جاتی ہے۔

6۔ ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر کمپنی کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو کہ کمپنی اپنا وجود برقرار نہ رکھ پائے۔

7۔ اسٹاک ایکسچینجز کے لسٹنگ قواعد میں مزکور کارپوریٹ گورننس کی بہترین پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔

8۔ قانوناً کمپنی کو کوئی قابل ذکر ادئیگیاں نہیں کرنا پڑیں ماسوائے ان ادئیگیوں کے جو کہ کاروبار میں معمول کا حصہ ہیں اور ماسوائے ان چند تنازعات کے جن کا ذکر مالیاتی دستاویزات کے اندر متعلقہ نوٹس میں کیا جاچکا ہے۔

9۔ کمپنی کی بابت ترتیب حصص داری کی جدول برائے 30 ستمبر 2016 کو بھی سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

10۔ کمپنی کے ڈائریکٹروں، چیف ایگزیکیٹو، چیف فنانشل آفیسر، کمپنی کے سیکرٹری اور ان کے ازواج اور نابالغ بچوں کی جانب سے کمپنی کے حصص میں ماسوائے اس لین دین کے کہ جس کا ذکر کیا جاچکا ہے کسی قسم کی کوئی اور لین دین نہیں کی گئی۔

11۔ پراویڈنٹ فنڈ کے ڈپازٹ اکاؤنٹس میں موجود غیر آڈٹ شدہ انویسٹمنٹ اور بیلنس کی قدر بمطابق 30 جون 2016، 47.772 ملین روپے بنتی ہے۔

گزشتہ دس سال سے متعلق اہم مالیاتی معلومات اور ترتیب حصص داری کی جدول کو بھی اس سالانہ رپورٹ کا حصہ بنایا گیا ہے، ڈائریکٹروں اور انکے ازواج کی ہولڈنگ میں پہلے سے مزکورہ ہولڈنگ سے ہٹ کر کوئی خاطر خواہ تبدیلی نہیں کی گئی۔

**بورڈ آف ڈائریکٹرز کی ساخت میں تبدیلی:**

ڈائریکٹروں کی مدت 29 مارچ 2016 کو ختم ہو چکی تھی اور ممبران نے تاریخ مزکورہ پر ایک غیر معمولی عام اجلاس میں شرکت کر کے درج ذیل افراد کو اگلے تین سال کے

## کارکردگی کا جائزہ:

### شوگر ڈویژن:

ملوں میں پسائی کا کام 04 دسمبر 2015 کو شروع کیا گیا جو 29 فروری 2016 تک جاری رہا، اس عرصے کے دوران ملوں میں 496,109 میٹرک ٹن گنا پیسا گیا جبکہ یہ مقدار گزشتہ سال پسائی کے سیزن میں 596,006 میٹرک ٹن تھی۔ گنے کی پسائی کی مقدار کی کمی کی اصل وجہ اس سال گنے کی فصل کی پیداوار بہت کم تھی۔ چینی کی پیداوار اس سال 52,578 میٹرک ٹن رہی جبکہ گزشتہ سال اسی عرصے کے دوران 65,791 میٹرک چینی پیدا کی گئی تھی، دوسری جانب ریکوری شرح بھی گزشتہ سال کے مقابلے میں کم رہی، اس سال ریکوری کی شرح 10.60 فیصد تھی جب کہ ریکوری کی شرح گزشتہ سال اسی عرصے کے دوران 11.02 فیصد تھی، رواں سال کے دوران پسائی اور ریکوری کی مقدار میں کمی کی اصل وجہ گنے کی فصل کیلئے پانی کی فراہمی میں کمی تھی بالخصوص گنے کی فصل کی بوائی کے سیزن میں پانی کی فراہمی قدرے کم رہی۔

دوران سال رواں 16-2015 کے سیزن کیلئے حکومت سندھ کی جانب سے فی چالیس کلوگرام گنے کی قیمت =/172 روپے مقرر کی گئی تھی لیکن خام مال کی فراہمی نہ ہونے کی وجہ سے خام مال کو دور دراز علاقوں سے خریدا گیا تا کہ مل اپنے کم از کم اخراجات نکالنے کیلئے چلتی رہے۔ اس اقدام کی وجہ سے مل کو ٹرانسپورٹ کی مد میں چارجز بھی دینا پڑی جسکی وجہ سے خام کی قیمت فی چالیس کلوگرام میں =/206 روپے ہوگئی، ٹرانسپورٹ کی مد میں ادا کی گئی چارجز کی وجہ سے گنے کی قیمت میں حکومت سندھ کی جانب سے متعین کی گئی قیمت کے مقابلے میں خاطر خواہ اضافہ ہوا جو کہ سرکاری نرخوں کے مقابلے میں 19.77 فیصد زائد تھی، خام مال کی قیمت میں اس اضافے کی وجہ سے کمپنی کے منافع پر کافی منفی اثرات مرتب ہوئے۔

فراہمی آب کی کمی کی وجہ سے اس سال صوبہ سندھ میں گنے کی پیداوار میں کمی واقع ہوئی، لیکن پورے ملک کی سطح پر چینی کی پیداوار مانگ سے زیادہ رہی جس میں گزشتہ اسٹاک بھی شامل ہے۔ حکومت پاکستان نے چینی پیدا کرنے والی کمپنیوں کو اس بات کی اجازت دے رکھی تھی کہ اگر وہ چاہیں تو چینی کو بیرون ملک برآمد بھی کر سکتے ہیں لیکن یہ اختیار بھی نا قابل عمل ہی رہا کیونکہ اس اسال پوری دنیا میں چینی کی پیداوار طلب کے مقابلے میں زیادہ رہی اس لئے عالمی سطح پر بھی منڈیوں میں چینی کی قیمتوں میں مندی کا رجحان پایا گیا۔

### ایتھانول ڈویژن:

دوران سال رواں ڈسٹلری ڈویژن کی کارکردگی کافی بہتر رہی، اور اس ڈویژن میں 31,301 میٹرک ٹن ایتھانول پیدا کیا گیا جو کہ گزشتہ سال اسی عرصے کے دوران 32,579 میٹرک ٹن تھا۔ اس طرح یہ پیداوار گزشتہ سال کے مقابلے میں 1,296 میٹرک ٹن کمی کا شکار رہی۔ اس سال کمپنی نے 29,442 میٹرک ٹن ایتھانول برآمد کیا جبکہ گزشتہ سال 34,306 میٹرک ٹن ایتھانول برآمد کیا گیا تھا۔ آپکی کمپنی نے قیمتی زرِمبادلہ بھی کمایا جس کی اس وقت وطن عزیز کو بہت ضرورت ہے۔ پاکستان کے ایتھانول کو عالمی منڈی میں معیار کے اعتبار سے بہت اچھی شہرت حاصل ہے۔

ایتھانول کی قیمت عالمی منڈی میں خام تیل کی قیمت کے ساتھ منسلک ہے، غیر ایندھن گریڈ کے ایتھانول کو مزید نتھارنے سے ایتھانول تیل ہی کے گریڈ میں تبدیل ہو جاتا ہے، تاہم دوران سال رواں عالمی منڈیوں میں تیل کی قیمتوں میں مندی کے رجحان کی وجہ سے ایتھانول کی قیمتیں بھی مندی کا شکار رہیں، ایتھانول کی مقامی منڈی میں اس ایتھانول کو کھپانے کی کافی گنجائش موجود اور اس سلسلے میں مواقع تلاش کرنے کی ضرورت ہے جس میں حکومت خاطر خواہ کردار ادا کر سکتی ہے۔ ایتھانول کو جن طریق ہائے کار میں استعمال کرنے کی گنجائش موجود ہے ان میں بلینڈنگ، ڈس انفیکٹنٹ، اسکرین واش، پالش اور پینٹ انڈسٹری، روشنائی کی انڈسٹری، اور پرفیوم کی انڈسٹری وغیرہ موجود ہیں۔ فیول گریڈ ایتھانول کو بھی ان علاقوں میں زیر استعمال لایا جا سکتا ہے جہاں گیس کی فراہمی ممکن نہیں ہے یعنی یہاں اُسے ایل پی جی کے متبادل کے طور پر استعمال کیا جا سکتا ہے جس سے مقامی ضروریات کو پورا کیا جا سکتا ہے جیسا کہ ایتھانول چولہوں کے ذریعے کھانا پکانا وغیرہ، یہ طریقہ اس وقت بھارت میں مستعمل ہے۔ دوسری جانب اس بات کی بھی ہنگامی بنیادوں پر اشد ضرورت ہے کہ پاکستان میں ایتھانول والے چولہوں کو جلد از جلد متعارف کروایا جائے تا کہ شمالی علاقوں میں کاٹے جانے والے جنگلات کو بھی محفوظ کیا جا سکے جنھیں مقامی لوگ کھانا پکانے جیسے استعمالات میں کام میں لا رہے ہیں۔ کھانا پکانے کی غرض سے ایتھانول کے استعمال کی وجہ سے جنگلات کو بڑے پیمانے پر کٹائی سے بچایا

# ڈائریکٹرز رپورٹ برائے ممبران

بسم اللہ الرحمن الرحیم

معزز ممبران گرامی:

السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے انتہائی مسرت کے ساتھ میں آپکی خدمت میں کمپنی آڈٹ شدہ مالیاتی دستاویزات برائے سال 30 ستمبر 2016 پیش کی جارہی ہیں۔ آپکی کمپنی نے قبل از ادائیگی ٹیکس 170.136 ملین روپے کا منافع حاصل کیا جو کہ گزشتہ برس اسی عرصے کے دوران 262.783 ملین روپے تھا۔

چیدہ چیدہ پیداواری اور مالیاتی معلومات کا تقابلی جائزہ ذیل میں پیش کیا جارہا ہے:

| پیداواری معلومات | 2015-16 | 2014-15 |
|---|---|---|
| تاریخ آغاز پسائی | 04-12-2015 | 18-12-2014 |
| پسائی کی تکمیل کی تاریخ | 29-02-2016 | 22-03-2015 |
| پسائی کا کل عرصہ (دنوں میں) | 88 | 95 |
| گنے کی پسائی (میٹرک ٹن میں) | 496,109 | 596,006 |
| چینی کی پیداوار (میٹرک ٹن میں) | 52,578 | 65,791 |
| چینی کی ریکوری کی شرح - شرح فیصد میں | 10.60 | 11.02 |
| راب کی پیداوار (میٹرک ٹن میں) | 22,270 | 26,850 |
| ایتھانول کی پیداوار (میٹرک ٹن میں) | 31,301 | 32,597 |
| ڈسٹلری پلانٹ کے آپریشنز کا دورانیہ (دنوں میں) | 324 | 328 |

| مالیاتی معلومات | (روپے ہزاروں میں) | (روپے ہزاروں میں) |
|---|---|---|
| فروختگی | 5,909,743 | 5,199,162 |
| لاگت برائے فروختگی | (5,239,364) | (4,393,971) |
| خام منافع | 670,379 | 805,191 |
| انتظامی اخراجات | (183,046) | (166,494) |
| ڈسٹری بیوشن کے اخراجات | (135,032) | (128,373) |
| دیگر آپریٹنگ لاگت | (19,182) | (78,379) |
| دیگر آمدن بشمول ایسوسی ایٹس | 9,796 | 109,252 |
| لاگت برائے تمویل | (172,779) | (278,414) |
| منافع قبل از ادائیگی ٹیکس | 170,136 | 262,783 |
| پروویژن برائے ٹیکس | (44,988) | (78,060) |
| منافع بعد از ادائیگی ٹیکس | 125,148 | 184,723 |
| آمدن فی حصص | Rs.5.93 | Rs.8.75 |

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

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

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

| Category | Names |
|---|---|
| Independent Director | i) Mr. Naeem Ahmed Shafi |
| Executive Directors | ii) Mr. Yusuf Ayoob<br>iii) Mr. Zia Zakaria<br>iv) Mr. A. Aziz Ayoob |
| Non-Executive Directors | v) Mr. Ismail H Zakaria<br>vi) Mr. Suleman Ayoob<br>vii) Mr. Ghulam Mohiuddin Zakaria<br>viii) Mr. Zohair Zakaria<br>ix) Mr. Khurram Aftab |

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

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

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

4. No casual vacancy occurred in the Board during the year. Election of Director was held on March 29, 2016 and the member in their Extra Ordinary General Meeting elected the directors as indicated against serial No. 1.

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

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

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

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

9. Since all the directors possess 14 years of education and more than 15 years of experience, they are exempt from the directors' training program under clause 5.19.7 of the listing regulation or Pakistan Stock Exchange. However one of the directors has acquired the required certification from the Pakistan Institute of Corporate Governance.

10. No new appointment of CFO, Company Secretary or the Head of Internal Audit has been made during the year. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit and any changes thereto has been approved by the Board.

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members. All members are non-executive directors and Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive including Chairman and one executive director.

18. The Board has set up an effective internal audit function in the Company managed by qualified and experience professional who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on a full time basis. The head of internal audit department functionally reports to the Board's Audit Committee.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.

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

23. The Company has complied with the requirement relating to maintenance of register of person having access to inside information by designated senior management officer in a timely manner and maintain proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles contained in the CCG have been complied with except those indicated in the notes to the accounts.

**YUSUF AYOOB**
CHIEF EXECUTIVE OFFICER

Karachi: 26th December, 2016

# KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE SHEET:** | | | | | | | | | | |
| Share Capital | 211,187 | 211,187 | 211,187 | 211,187 | 211,187 | 211,187 | 211,187 | 211,187 | 211,187 | 211,187 |
| Reserves | 937,213 | 858,025 | 736,114 | 521,769 | 442,188 | 296,930 | 208,586 | 184,529 | 76,405 | (99,177) |
| Surplus on revaluation of fixed assets | 568,724 | 587,964 | 611,888 | 416,220 | 431,487 | 451,986 | 473,701 | 496,561 | 314,874 | 331,257 |
| Long Term Liabilities | 756,942 | 774,675 | 761,669 | 726,251 | 817,157 | 914,113 | 741,021 | 973,916 | 1,164,938 | 1,131,560 |
| Deferred Taxation | 53,862 | 56,458 | 28,842 | 24,831 | 70,877 | 128,364 | 173,525 | 182,822 | 169,547 | 197,178 |
| Current Liabilities | 1,428,785 | 2,642,076 | 2,318,096 | 1,901,805 | 2,336,772 | 2,878,103 | 1,502,702 | 1,011,608 | 1,298,067 | 1,089,329 |
| Operating Assets | 2,541,075 | 2,424,275 | 2,425,608 | 2,141,973 | 2,149,828 | 2,044,741 | 1,957,988 | 1,918,684 | 1,693,408 | 1,681,232 |
| Long Term Deposits | 2,428 | 2,395 | 2,390 | 2,390 | 2,532 | 2,708 | 2,570 | 2,462 | 5,133 | 25,968 |
| Long Term Investment | 3,097 | 3,759 | 5,101 | 4,346 | 4,130 | 2,909 | 4,601 | 4,362 | 4,265 | 4,215 |
| Current Assets | 1,407,923 | 2,696,867 | 2,229,376 | 1,646,273 | 2,150,986 | 2,828,149 | 1,344,912 | 1,135,115 | 1,532,212 | 1,149,919 |
| **TRADING** | | | | | | | | | | |
| Turnover | 5,909,743 | 5,199,162 | 5,353,972 | 5,642,437 | 5,362,004 | 4,392,083 | 4,440,856 | 2,887,436 | 2,345,768 | 1,523,852 |
| Gross Profit/(Loss) | 670,379 | 805,191 | 884,146 | 606,322 | 695,891 | 754,349 | 582,289 | 603,637 | 585,326 | 288,071 |
| Operating Profit/(Loss) | 343,522 | 541,563 | 616,908 | 395,721 | 462,591 | 550,887 | 409,360 | 444,042 | 395,895 | 200,048 |
| Profit/(Loss) before Tax | 170,136 | 262,783 | 243,411 | 84,281 | 111,079 | 88,526 | 67,308 | 115,012 | 158,225 | (8,968) |
| Profit/(Loss) after Tax | 125,148 | 184,723 | 226,741 | 91,611 | 145,344 | 89,717 | 32,248 | 102,794 | 169,708 | (7,285) |
| Earning Per Share | 5.93 | 8.75 | 10.74 | 4.34 | 6.88 | 4.25 | 1.53 | 4.87 | 8.04 | (0.34) |
| Cash Dividend | 24% | 35% | 43% | 15% | 15% | 10% | 10% | 15% | 10% | NIL |
| Bonus Shares | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| **SUGAR PRODUCTION** | | | | | | | | | | |
| a) From Cane | 52,578 | 65,791 | 71,473 | 59,343 | 57,077 | 60,775 | 49,565 | 47,690 | 69,286 | 52,510 |
| b) From Raw Sugar | - | - | - | - | - | - | - | - | - | - |
| Cane Crushed (M.Tons) | 496,109 | 596,006 | 666,887 | 561,083 | 566,077 | 654,892 | 521,062 | 482,166 | 762,418 | 552,767 |
| Sugar Produced (M.Tons) | 52,578 | 65,791 | 71,473 | 59,343 | 57,077 | 60,775 | 49,565 | 47,690 | 69,286 | 52,510 |
| Recovery (%) | 10.60% | 11.02% | 10.72% | 10.58% | 10.09% | 9.27% | 9.51% | 9.85% | 9.08% | 9.50% |

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the code") prepared by the Board of Directors of **Shahmurad Sugar Mills Limited** ("the Company") for the year ended September 30, 2016 to comply with the requirement of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

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

Kreston Hyder Bhimji & Co

**KRESTON HYDER BHIMJI & CO**
Chartered Accountants
Engagement Partner: Fahad Ali Shaikh

Karachi, December 26, 2016

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CHARTERED ACCOUNTANTS

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHAHMURAD SUGAR MILLS LIMITED ("the Company")** as at **September 30, 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion:

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

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

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

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

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Kreston Hyder Bhimji & Co

**KRESTON HYDER BHIMJI & CO**
Chartered Accountants
Engagement Partner: Fahad Ali Shaikh

Karachi, December 26, 2016

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# BALANCE SHEET
## AS AT SEPTEMBER 30, 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | | |
| Property, plant and equipment | 4 | **2,541,075** | 2,424,275 |
| Intangible asset | 5 | **-** | 508 |
| Long term investment | 6 | **3,097** | 3,759 |
| Long term loans | 7 | **2,190** | 2,581 |
| Long term deposits | 8 | **2,428** | 2,395 |
| | | **2,548,790** | 2,433,518 |
| **CURRENT ASSETS** | | | |
| Stores, spare parts and loose tools | 9 | **189,625** | 181,745 |
| Stock-in-trade | 10 | **991,768** | 1,838,959 |
| Trade debts | 11 | **31,455** | 84,959 |
| Loans and advances | 12 | **119,958** | 167,980 |
| Short term prepayments | | **213** | 226 |
| Other receivables | 13 | **-** | 78,000 |
| Income tax refund due from Government-Net | | **17,541** | 28,331 |
| Income tax refundable - net of provision | | **-** | 10,082 |
| Cash and bank balances | 14 | **57,363** | 306,585 |
| | | **1,407,923** | 2,696,867 |
| | | **3,956,713** | 5,130,385 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorised capital | | | |
| 25,000,000 ordinary shares of Rs. 10 each | | **250,000** | 250,000 |
| Issued, subscribed and paid-up capital | 15 | **211,187** | 211,187 |
| General reserve | 16 | **80,000** | 80,000 |
| Share of associate's unrealised loss on remeasurement of its investment | | **(1,813)** | (1,773) |
| Unappropriated profit | | **859,026** | 779,798 |
| | | **1,148,400** | 1,069,212 |
| Surplus on Revaluation of Property, Plant & Equipment | 17 | **568,724** | 587,964 |
| **NON CURRENT LIABILITIES** | | | |
| Long term financing | 18 | **756,942** | 673,839 |
| Loan from related parties | 19 | **-** | 100,836 |
| Deferred taxation | 20 | **53,862** | 56,458 |
| | | **810,804** | 831,133 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 21 | **685,879** | 781,699 |
| Accrued finance cost | 22 | **21,378** | 29,159 |
| Short term borrowings | 23 | **332,295** | 1,558,857 |
| Current portion of long term financing and loan from related parties | 24 | **389,233** | 272,361 |
| | | **1,428,785** | 2,642,076 |
| **CONTINGENCIES AND COMMITMENTS** | 25 | **-** | - |
| | | **3,956,713** | 5,130,385 |

The annexed notes 01 to 46 form an integral part of these financial statements.

**YUSUF AYOOB**
Managing Director

**ZIA I.ZAKARIA**
Director

# PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Sales | 26 | **5,909,743** | 5,199,162 |
| Cost of sales | 27 | **(5,239,364)** | (4,393,971) |
| Gross profit | | **670,379** | 805,191 |
| Less: | | | |
| Distribution cost | 28 | **(135,032)** | (128,373) |
| Administrative expenses | 29 | **(183,046)** | (166,494) |
| Other operating expenses | 30 | **(19,182)** | (78,379) |
| | | **(337,260)** | (373,246) |
| Other income | 31 | **10,403** | 109,618 |
| Operating profit | | **343,522** | 541,563 |
| Finance cost | 32 | **(172,779)** | (278,414) |
| | | **170,743** | 263,149 |
| Share of loss in associate | 6 | **(607)** | (366) |
| Profit before taxation | | **170,136** | 262,783 |
| Taxation | 33 | **(44,988)** | (78,060) |
| Profit after taxation | | **125,148** | 184,723 |
| Earning per share - Basic and diluted | 34 | **5.93** | 8.75 |

The annexed notes 01 to 46 form an integral part of these financial statements.

**YUSUF AYOOB**
Managing Director

**ZIA I.ZAKARIA**
Director

# STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Profit after taxation | | **125,148** | 184,723 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit and loss account | | | |
| Share of associate's unrealised loss on remeasurement of its investment - net of deferred tax | 6.2 | **(40)** | (993) |
| Total comprehensive income for the year | | **125,108** | 183,730 |

The annexed notes 01 to 46 form an integral part of these financial statements.

**YUSUF AYOOB**
Managing Director

**ZIA I.ZAKARIA**
Director

# CASH FLOW STATEMENT
## FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **170,136** | 262,783 |
| Adjustment for: | | | |
| Depreciation | 4.1.1 | **130,572** | 127,250 |
| Amortization | 5 | **508** | 1,972 |
| Gain on disposal of property, plant and equipment | 4.1.3 | **(2,939)** | (938) |
| Provision for doubtful loan to growers | 12.1 | **-** | 1,150 |
| Provision for obsolescence and slow moving items | 9.1 | **5,091** | 8,728 |
| Provision against export freight subsidy | 13 | **-** | 47,005 |
| Finance cost | 32 | **172,779** | 278,414 |
| Share of loss in associate | 6 | **607** | 366 |
| | | **306,618** | 463,947 |
| **Cash generated before working capital changes** | | **476,754** | 726,730 |
| **(Increase) / decrease in current assets** | | | |
| Stores, spare parts and loose tools | | **(12,971)** | (4,294) |
| Stock in trade | | **847,191** | (82,999) |
| Trade debts | | **53,504** | (49,589) |
| Loans & advances | | **48,022** | (60,726) |
| Short term prepayments | | **13** | 1,350 |
| Other receivables | | **78,000** | (78,000) |
| | | **1,013,759** | (274,258) |
| **Increase / (decrease) in current liabilities** | | | |
| Trade and other payables | | **(85,453)** | 312,681 |
| Short term borrowings | | **(1,226,562)** | (103,898) |
| | | **(1,312,015)** | 208,783 |
| | | **178,498** | 661,255 |
| Income tax paid | | **(28,309)** | (33,503) |
| Income tax refund / adjustment | | **-** | 11,656 |
| Finance cost paid | | **(180,560)** | (294,992) |
| Decrease in long term loans | | **391** | 260 |
| Increase in long term deposits | | **(33)** | (5) |
| | | **(208,511)** | (316,584) |
| **Net cash inflow from operating activities** | | **(30,013)** | 344,671 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Additions to property, plant and equipment | | **(249,473)** | (126,339) |
| Sale proceeds from disposal of property, plant and equipment | | **5,040** | 1,360 |
| **Net cash (outflow) from investing activities** | | **(244,433)** | (124,979) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from long term financing | | **300,000** | 503,700 |
| Repayment of long term financing | | **(179,861)** | (403,219) |
| Repayment of loans from related parties | | **(21,000)** | - |
| Repayment of liabilities against assets subject to finance lease | | **-** | (4,703) |
| Dividend paid | | **(73,915)** | (41,807) |
| **Net cash inflows from financing activities** | | **25,224** | 53,971 |
| **Net (Decrease) / Increase in cash and cash equivalents (A+B+C)** | | **(249,222)** | 273,663 |
| Cash and cash equivalents at the beginning of the year | | **306,585** | 32,922 |
| **Cash and cash equivalents at the end of year** | | **57,363** | 306,585 |

The annexed notes 01 to 46 form an integral part of these financial statements.

**YUSUF AYOOB**
Managing Director

**ZIA I.ZAKARIA**
Director

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | Issued, Subscribed & paid up capital | General reserves | Share of associate's unrealized (loss)/ Gain on remeasurement of investment | Un-appropriated profit | Total |
|---|---|---|---|---|---|
| | ..... Rupees in thousand..... | | | | |
| **Balance as at October 01, 2014** | 211,187 | 80,000 | (780) | 656,894 | 947,301 |
| **During the year ended September 30, 2015** | | | | | |
| **Transaction with owners** | | | | | |
| Final Dividend for 30-September-2014 @ 2.00 per Share | - | - | - | (42,237) | (42,237) |
| Additional Dividend in order to comply with section 5A of the Income Tax Ordinance, 2001 | - | - | - | (48,573) | (48,573) |
| | - | - | - | (90,810) | (90,810) |
| **Total comprehensive income for the year** | - | - | (993) | 184,723 | 183,730 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax | - | - | - | 28,974 | 28,974 |
| Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment. | - | - | - | (7) | (7) |
| Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment. | - | - | - | 24 | 24 |
| | - | - | - | 28,991 | 28,991 |
| **Balance as at September 30, 2015** | **211,187** | **80,000** | **(1,773)** | **779,798** | **1,069,212** |
| **During the year ended September 30, 2016** | | | | | |
| **Transaction with owners** | | | | | |
| Final dividend for 30-September-2015 @ 3.50 per Share | - | - | - | (73,915) | (73,915) |
| **Total comprehensive income for the year** | - | - | (40) | 125,148 | 125,108 |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax | - | - | - | 27,559 | 27,559 |
| Transfer from revaluation surplus on account of disposal of property, plant and equipment net of deferred tax | - | - | - | 444 | 444 |
| Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment net of deferred tax | - | - | - | (23) | (23) |
| Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment net of deferred tax | - | - | - | 15 | 15 |
| | - | - | - | 27,995 | 27,995 |
| Balance as at September 30, 2016 | 211,187 | 80,000 | (1,813) | 859,026 | 1,148,400 |

The annexed notes 01 to 46 form an integral part of these financial statements.

**YUSUF AYOOB**
Managing Director

**ZIA I.ZAKARIA**
Director

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED SEPTEMBER 30, 2016

### 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on April 9, 1979. Its shares are quoted at the Pakistan Stock Exchange Limited. The Company owns and operate Sugar and Ethanol manufacturing units which are located at Jhok, District Thatta in the Province of Sindh. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

### 2 BASIS OF PREPARATION

### 2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except certain items of property, plant and equipments, stated at revalued amount, long term investment in associates accounted for under equity method and stock in trade when valued at net realizable value. The Company uses accrual basis of accounting except for cash flow statement.

### 2.2 STATEMENT OF COMPLIANCE

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

### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency.

### 2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

**a) Property, plant and equipment**

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation and impairment.

**b) Stock-in-trade**

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

**c) Taxation**

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and decision by appellate authorities on certain issues in past. Due weightage is given to past history while determining the ratio of future export sales for the purposes of calculating deferred taxation.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**d) Impairment**

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

**e) Stores, spare parts and loose tools with respect to provision for obsolescence and slow moving items**

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters i.e. age analysis, physical condition, obsolescence, etc. as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is given as and when it takes place.

**f) Trade debts, loans and receivables**

The Company reviews its doubtful trade debts, loans and receivables at each reporting date to assess whether an impairment allowance should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the irrecoverable amount and timing of future cash flow when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in making payments are considered as indicators that the dues are doubtful and the impairment allowance is recognized in the profit and loss account.

**g) Contingencies**

The assessment of contingencies inherently involves the exercise of signigicant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

## 2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

### 2.5.1 New and revised standards and interpretations that became effective

During the year, the following approved accounting standards, interpretations, amendments / revisions to the following approved accounting standards became effective for the accounting periods beginning from the dates specified below;

| | | Effective dates as determined by relevant IFRS |
|---|---|---|
| IFRS-10 | Consolidated Financial Statements - Amendment | 1-Jan-15 |
| IFRS-11 | Joint Agreements - Amendment | 1-Jan-15 |
| IFRS-12 | Disclosure of Interests in Other Entities - Amendment | 1-Jan-15 |
| IFRS-13 | Fair Value Measurement | 1-Jan-15 |
| IAS-27 | Separate Financial Statements (Revised-2011) | 1-Jan-15 |
| IAS-28 | Investments in associates and joint ventures (Revised-2011) | 1-Jan-15 |

These Standards, interpretations and amendments are not expected to have significant impact on company's financial statements except certain additional disclosures. In addition to above, certain new cycle of improvements are applicable in current year, which are either considered not to be relevant or are not to have significant impact to the company's financial statements and hence have not been specified.

**2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective in the current financial year**

The following standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each of them.

| | | Effective dates as determined by relevant IFRS |
|---|---|---|
| IAS-1 | Presentation of Financial Statements-Amendment | 1-Jan-16 |
| IAS-7 | Statement of Cashflows-Amendment | 1-Jan-17 |
| IAS-12 | Income Taxes-Amendment | 1-Jan-17 |
| IAS-16 | Property, Plant and Equipment - Amendment | 1-Jan-16 |
| IAS-27 | Separate Financial Statements - Amendment | 1-Jan-16 |
| IAS-28 | Investments in Associates and Joint Ventures | 1-Jan-16 |
| IAS-38 | Intangible Assets - Amendment | 1-Jan-16 |
| IAS-41 | Agriculture - Amendment | 1-Jan-16 |
| IFRS-2 | Share based Payments - Amendment | 1-Jan-18 |
| IFRS-9 | Financial Instruments: Classification and Measurement | |
| | Replacement of IAS-39 Amended 1-Jan-15 | 1-Jan-18 |
| IFRS-10 | Consolidated Financial Statements - Amendment | 1-Jan-16 |
| IFRS-11 | Joint Agreements - Amendment | 1-Jan-16 |
| IFRS-14 | Regulatory Deferral Accounts | 1-Jan-16 |
| IFRS-15 | Revenue from Contracts with Customers | 1-Jan-18 |
| IFRS-16 | Leases | 1-Jan-19 |

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the company's financial statements other than certain additional disclosures, if applicable.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after 01, October 2016, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The Principal accounting policies adopted are set out below

**3.1 Property Plant & Equipments**

**a) Operating assets**

**Owned**

**Recognitation/measurement**
Operating fixed assets except furniture, fixture & fittings and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture, fixture & fittings and vehicles are stated at cost less accumulated depreciation and impairment, if any.

**Depreciation**
Depreciation is charged to income applying the reducing balance method over the expected useful lives of the assets at the rates specified in assets note no. 4.1. Depreciation on addition including assets after revaluations is charged from the quarter in which the assets are put to use while no Depreciation is charged in the quarter in which the assets are disposed off.

**Subsequent cost**
The costs of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**Revaluation surplus**
In accordance with the Section 235 of the Companies Ordinance, 1984 an amount equal to the incremental depreciation charged on assets after revaluation is transferred from the surplus on revaluation of fixed assets to unappropriated profit in the current year through Statement of changes in equity. Consequently incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to unappropriated profit as the case may be during the current year as referred to in note no. 17 of these financial statements.

**Derecognition**
The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

**b) Capital work-in-progress**
Capital work-in-progress is stated at cost accumulated up to the balance sheet date less impairment if any and represents costs / expenditures incurred on property, plant and equipment during the course of construction, installation and implementation, etc. These are transferred to specific assets as and when assets are available for intended use.

**3.2 Intangible Asset**

Intangible assets acquired by the company are stated at cost less accumulated amortisation and impairment if any. Amortisation is charged to income over the period of three years on straight line basis.

**3.3 Investment in Associates**

The Investment in associates, where the company has significant influence, is accounted for under equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the profit and loss account. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held.

Investment is de-recognized when the Company has transferred substantially all risks and rewards of ownership and rights to receive cash flows from the investment has expired or has been transferred.

**3.4 Stores, Spare parts and Loose Tools**

Stores, spare parts and loose tools are valued at cost, using weighted average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon up to the balance sheet date. Adequate provision is made for obsolescence and slow moving items as and when required based on parameters set out by management and as stated in note 2.4 (e).

**3.5 Stock-in-Trade**

These are stated at lower of weighted average cost and net realizable value.

Cost in relation to finished goods and semi finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of semi finished goods is adjusted to an appropriate stage of completion of process.

Cost in relation to stock of molasses held by Distillery Division is valued at average cost.

**3.6 Trade Debts**

Trade debts are carried at original invoice amount that is fair value of the goods sold. An impairment allowance for doubtful debt is established when there is objective evidence that the Company will not be able to collect amount due according to the original terms of the debts. When a trade debt is uncollectable, it is written off.

**3.7 Employees post employment benefits**

**Defined Contribution Plan**
The Company operates an approved provident fund scheme for all its employees eligible to the benefit and equal monthly contributions thereto are made both by the Company and the employees in accordance with the terms of the scheme @ 10% of the basic salary plus applicable cost of living allowances.

**Defined Benefit Plan**
The Company was operating unfunded gratuity scheme covering all its permanent employees eligible to the benefit under the scheme. However, in accordance with the award of Labour Court No. 6, Hyderabad the scheme has been discontinued effective from October 1, 2004 and balance amount have been shown under "Trade and Other Payable".

**3.8 Compensated unavailed leaves**

The Company accounts for its liability towards unavailed leaves accumulated by employees on accrual basis.

**3.9 Taxation**

**a) Current Income Tax**
The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax and alternate corporate tax under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Company also falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of export sales.

**b) Deferred taxation**
Deferred tax is recognized using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

**c) Sales tax and Federal Excise Duty**
Revenues, expenses and assets are recognized net off amount of sales tax / federal excise duty (FED) except:

i) Where sales tax / FED incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

ii) Receivables or payables that are stated with the amount of sales tax included.

iii) The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**3.10 Trade and other payables**

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

**3.11 Borrowings and their costs**

Borrowings are recorded at the amount of proceeds received which is usually their fair value.

Borrowing costs incurred on finances obtained for the construction / installation of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account.

**3.12 Provisions and contingencies**

Provisions are recognized when the Company has present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

**3.13 Financial Instruments**

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortised cost, as the case may be as disclosed in the respective notes.

**3.14 Offsetting of Financial Assets and Liabilities**

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognised amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

**3.15 Impairment of assets**

**Financial assets**

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

The company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognised as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

**Non-Financial assets**

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of such assets is estimated. Recoverable amount is higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as expense in the profit and loss account for the amount by which asset's carrying amount exceeds its recoverable amount.

**3.16 Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria is adopted before revenue is recognized.

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

- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding at the rate applicable.

- Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.

- Dividend income is recognised when the Company's right to receive the payment is established.

**3.17 Foreign currency transactions and translation:**

Transactions in foreign currencies are recorded into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

**3.18 Cash and Cash Equivalents**

For the purpose of cash flow statement cash and cash equivalents comprises cash and cheques in hand, balances with banks on current, savings and deposit accounts.

**3.19 Segment Reporting**

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 transactions with any of the company's other components. Operating segments are reported in a manner consistent with the internal reporting structure based on the operating (business) segments of the company. An operating segment's operating results are regularly reviewed by the management and the chief executive officer for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

The Company has following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar

Distillery Division - Manufacturing and sale of Ethyl Ethanol.

**3.20 Dividends and other appropriations**

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

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **4 PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 4.1 | **2,483,345** | 2,344,078 |
| Capital work in progress | 4.2 | **57,730** | 80,197 |
| | | **2,541,075** | 2,424,275 |

### 4.1 OPERATING FIXED ASSETS

| PARTICULARS | 2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | NET CARRYING VALUE | | | | | | | GROSS CARRYING VALUE | | | DEPRECIATION RATE PER ANNUM |
| | AS ON OCTOBER 1, 2015 | DIRECT ADDITIONS | TRANSFER FROM CWIP | DISPOSAL | DEPRECIATION | TRANSFER FROM LEASED TO OWNED ASSETS | As ON SEPTEMBER 30, 2016 | COST | ACCUMULATED DEPRECIATION | NET CARRYING VALUE AT SEP 30, 2016 | |
| | ----------Rupees in thousand---------- | | | | | | | | | | |
| **FREEHOLD LAND** | | | | | | | | | | | |
| Cost | 31,575 | - | - | - | - | - | 31,575 | 31,575 | - | 31,575 | - |
| Revaluation | 81,024 | - | - | - | - | - | 81,024 | 81,024 | - | 81,024 | - |
| **FACTORY BUILDING** | | | | | | | | | | | |
| Cost | 69,560 | - | - | - | 6,956 | - | 62,604 | 145,072 | 82,468 | 62,604 | 10% |
| Revaluation | 33,459 | - | - | - | 3,346 | - | 30,113 | 37,177 | 7,064 | 30,113 | 10% |
| **NON FACTORY BUILDING** | | | | | | | | | | | |
| Cost | 55,796 | - | - | - | 2,790 | - | 53,006 | 103,426 | 50,420 | 53,006 | 5% |
| Revaluation | 80,606 | - | - | - | 4,030 | - | 76,576 | 88,990 | 12,414 | 76,576 | 5% |
| **RES QTR FOR LABOUR** | | | | | | | | | | | |
| Cost | 5,495 | - | - | - | 550 | - | 4,945 | 30,308 | 25,363 | 4,945 | 10% |
| Revaluation | 6,606 | - | - | - | 660 | - | 5,946 | 12,695 | 6,749 | 5,946 | 10% |
| **PLANT & MACHINERY** | | | | | | | | | | | |
| Cost | 1,402,423 | - | 254,438 | 672 | 78,201 | - | 1,577,988 | 2,723,025 | 1,145,037 | 1,577,988 | 5% |
| Revaluation | 538,287 | - | - | 644 | 26,899 | - | 510,744 | 639,976 | 129,232 | 510,744 | 5% |
| **FURNITURE, FIXTURE AND FITTINGS** | | | | | | | | | | | |
| Cost | 2,929 | 965 | - | - | 324 | - | 3,570 | 9,806 | 6,236 | 3,570 | 10% |
| **OFFICE EQUIPMENT** | | | | | | | | | | | |
| Cost | 21,035 | 3,737 | - | - | 2,269 | - | 22,503 | 46,045 | 23,542 | 22,503 | 10% |
| Revaluation | 1,335 | - | - | - | 133 | - | 1,202 | 4,786 | 3,584 | 1,202 | 10% |
| **VEHICLES** | | | | | | | | | | | |
| Cost | 13,948 | 12,800 | - | 785 | 4,414 | - | 21,549 | 52,166 | 30,617 | 21,549 | 20% |
| **TOTAL** | | | | | | | | | | | |
| **Cost** | **1,602,761** | **17,502** | **254,438** | **1,457** | **95,504** | **-** | **1,777,740** | **3,141,423** | **1,363,683** | **1,777,740** | |
| **Revaluation** | **741,317** | **-** | **-** | **644** | **35,068** | **-** | **705,605** | **864,648** | **159,043** | **705,605** | |
| | **2,344,078** | **17,502** | **254,438** | **2,101** | **130,572** | **-** | **2,483,345** | **4,006,071** | **1,522,726** | **2,483,345** | |

| PARTICULARS | 2015 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | NET CARRYING VALUE | | | | | | | GROSS CARRYING VALUE | | | DEPRECIATION RATE PER ANNUM |
| | AS ON OCTOBER 1, 2014 | DIRECT ADDITIONS | TRANSFER FROM CWIP | DISPOSAL | DEPRECIATION | TRANSFER FROM LEASED TO OWNED ASSETS | AS ON SEPTEMBER 30, 2015 | COST | ACCUMULATED DEPRECIATION | NET CARRYING VALUE AT SEP 30, 2015 | |
| | Rupees in thousand | | | | | | | | | | |
| OWNED | | | | | | | | | | | |
| **FREEHOLD LAND** | | | | | | | | | | | |
| Cost | 31,575 | - | - | - | - | - | 31,575 | 31,575 | - | 31,575 | - |
| Revaluation | 81,024 | - | - | - | - | - | 81,024 | 81,024 | - | 81,024 | - |
| **FACTORY BUILDING** | | | | | | | | | | | |
| Cost | 74,122 | - | 3,081 | - | 7,643 | - | 69,560 | 145,072 | 75,512 | 69,560 | 10% |
| Revaluation | 37,177 | - | - | - | 3,718 | - | 33,459 | 37,177 | 3,718 | 33,459 | 10% |
| **NON FACTORY BUILDING** | | | | | | | | | | | |
| Cost | 58,040 | - | 684 | - | 2,928 | - | 55,796 | 103,426 | 47,630 | 55,796 | 5% |
| Revaluation | 84,848 | - | - | - | 4,242 | - | 80,606 | 88,990 | 8,384 | 80,606 | 5% |
| **RES QTR FOR LABOUR** | | | | | | | | | | | |
| Cost | 6,106 | - | - | - | 611 | - | 5,495 | 30,308 | 24,813 | 5,495 | 10% |
| Revaluation | 7,340 | - | - | - | 734 | - | 6,606 | 12,695 | 6,089 | 6,606 | 10% |
| **PLANT & MACHINERY** | | | | | | | | | | | |
| Cost | 1,365,381 | - | 79,125 | - | 71,620 | 29,537 | 1,402,423 | 2,470,787 | 1,068,364 | 1,402,423 | 5% |
| Revaluation | 566,618 | - | - | - | 28,331 | - | 538,287 | 641,212 | 102,925 | 538,287 | 5% |
| **FURNITURE, FIXTURE AND FITTINGS** | | | | | | | | | | | |
| Cost | 3,254 | - | - | - | 325 | - | 2,929 | 8,841 | 5,912 | 2,929 | 10% |
| **OFFICE EQUIPMENT** | | | | | | | | | | | |
| Cost | 21,123 | 2,154 | - | - | 2,242 | - | 21,035 | 42,308 | 21,273 | 21,035 | 10% |
| Revaluation | 1,483 | - | - | - | 148 | - | 1,335 | 4,786 | 3,451 | 1,335 | 10% |
| **VEHICLES** | | | | | | | | | | | |
| Cost | 14,443 | 3,484 | - | 422 | 3,557 | - | 13,948 | 41,079 | 27,131 | 13,948 | 20% |
| **LEASED** | | | | | | | | | | | |
| **PLANT & MACHINERY** | | | | | | | | | | | |
| Cost | 30,688 | - | - | - | 1,151 | (29,537) | - | - | - | - | 5% |
| | 2,383,222 | 5,638 | 82,890 | 422 | 127,250 | - | 2,344,078 | 3,739,280 | 1,395,202 | 2,344,078 | |
| **TOTAL** | | | | | | | | | | | |
| **Cost** | **1,604,732** | **5,638** | **82,890** | **422** | **90,077** | **-** | **1,602,761** | **2,873,396** | **1,270,635** | **1,602,761** | |
| **Revaluation** | **778,490** | **-** | **-** | **-** | **37,173** | **-** | **741,317** | **865,884** | **124,567** | **741,317** | |
| | **2,383,222** | **5,638** | **82,890** | **422** | **127,250** | **-** | **2,344,078** | **3,739,280** | **1,395,202** | **2,344,078** | |

### 4.1.1 Allocation of Depreciation

Depreciation has been allocated as follows:

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | SUGAR | DISTILLERY | TOTAL | SUGAR | DISTILLERY | TOTAL |
| | ---------- (Rupees in thousand) ---------- | | | ---------- (Rupees in thousand) ---------- | | |
| **Manufacturing** | **60,678** | **54,724** | **115,402** | 55,597 | 56,865 | 112,462 |
| **Administration** | **11,716** | **3,454** | **15,170** | 11,090 | 3,698 | 14,788 |
| | **72,394** | **58,178** | **130,572** | 66,687 | 60,563 | 127,250 |

**4.1.2** The Company has revalued its property, plant and equipment, carried out by an independent valuer on the basis of information as of September 30, 2014.

### 4.1.3 DISPOSAL OF FIXED ASSETS

| Description | Sold to | Original Cost | Accumulated Depreciation | Net Carrying Value | Sale proceeds | Gain on Disposal | Mode of Disposal |
|---|---|---|---|---|---|---|---|
| | | ----------(Rupees in thousand)---------- | | | | | |
| **Plant & Machinery** | | | | | | | |
| Rota Filter | Thal Industries Corporation Ltd. 17-G, Gulberg III Lahore. | 2,200 | 1,528 | 672 | | | Negotiation |
| | | 1,236 | 592 | 644 | | | |
| | | 3,436 | 2,120 | 1,316 | 3,600 | 2,284 | |
| **Vehicles** | | | | | | | |
| Suzuki Pothohar Model 1991 | Javaid Akhter s/o Bashir Ahmed House No.: A 320, Gulshan-e-Hadeed District Malir, Karachi. | 100 | 99 | 1.00 | 50 | 49 | Negotiation |
| Daihatsu Jeep Model 1983 | Abdul Wahid s/o Abdul Majid House No.: 7, Kamal Azfar Road, Jacob Line, Karachi. | 100 | 99 | 1.00 | 80 | 79 | Negotiation |
| Suzuki Alto Model 2012 | Khurshid Anwar R-150, Sector A/4 North Karachi, Karachi. | 538 | 339 | 199 | 300 | 101 | Negotiation |
| Daihatsu Mira Model 2007 | Asad Arif New Ghousia Motors Shop No.: 5 Pardesi Palace, Fatima Jinnah Colony, Karachi | 615 | 31 | 584 | 595 | 11 | Negotiation |
| Bellarus Tractors | Adnan Tando Muhammad | 360 | 360 | - | 415 | 415 | Negotiation |
| | | 1,713 | 928 | 785 | 1,440 | 655 | |
| **2016** | | **5,149** | **3,048** | **2,101** | **5,040** | **2,939** | |
| 2015 | | 1,639 | 1,217 | 422 | 1,360 | 938 | |

## 4.2 CAPITAL WORK-IN-PROGRESS

| | Balance as at beginning of the year | During the year | | | Balance as at close of the year |
|---|---|---|---|---|---|
| | | Adjustment | Capital expenditure incurred | Transferred to operating fixed assets | |
| | ( Rupees in thousand) | | | | |
| **2016** | | | | | |
| Civil Works | **17,951** | **(4,409)** | **7,578** | **-** | **21,120** |
| Plant & Machinery | **62,246** | **4,409** | **224,393** | **254,438** | **36,610** |
| | **80,197** | **-** | **231,971** | **254,438** | **57,730** |
| **2015** | | | | | |
| Civil Works | 18,716 | (5,064) | 8,064 | 3,765 | 17,951 |
| Plant & Machinery | 23,670 | 5,064 | 112,637 | 79,125 | 62,246 |
| | 42,386 | - | 120,701 | 82,890 | 80,197 |

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **5 INTANGIBLE ASSET** | | | |
| **Software - SAP Application** | | | |
| **Net Carrying Value Basis** | | | |
| Opening Balance | | **508** | 2,480 |
| Amortization for the year | | **(508)** | (1,972) |
| | | **-** | 508 |
| **Gross Carrying Value Basis** | | | |
| Cost | | **5,917** | 5,917 |
| Accumulated Amortization | | **(5,917)** | (5,409) |
| | | **-** | 508 |

**5.1** The cost of software has been fully amortized during the year over the period of three years in accordance with the accounting policy of the Company. However, the software is still in use.

## 6 LONG TERM INVESTMENT

| | Note | 2016 | 2015 |
|---|---|---|---|
| Investment in associate - Al-Noor Modaraba Management (Pvt.) Ltd. | | | |
| Opening balance | | **3,759** | 5,101 |
| Share of (loss) for the year | | **(607)** | (366) |
| Share of associate's unrealized (loss) on remeasurement of associate's available for sale investment | 6.2 | **(46)** | (993) |
| Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment. | | **(26)** | (7) |
| Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment. | | **17** | 24 |
| | | **(662)** | (1,342) |
| | | **3,097** | 3,759 |

**6.1** The Company holds 500,000 (14.285%) fully paid ordinary shares of Al-Noor Modaraba Management (Pvt.) Ltd (ANMM) originally acquired at cost of Rs. 5.0 million. ANMM is a group company of Al-Noor Group and it is an associate by virtue of common directorship. The principal activity of ANMM is to float and manage MODARABA and its principal place of business is 96-A, S.M.C.H.S. Karachi. Chief Executive of ANMM is Mr.Jalaluddin Ahmed. Break-up value per share Rs. 6.20 (2015 : Rs. 7.52) and aggregate breakup value of the Company's investment is Rs.3,097 thousands (2015: Rs. 3,759 thousands).

This strategic investment is measured using equity method. In view of regulatory framework applicable in Pakistan the financial year end of ANMM is June 30 and since there are no significant changes in the associate's financial affairs up to September 30, therefore, the financial results of ANMM as of June 30, 2016 have been used for the purpose of application of equity method. The summarized financial information of ANNM based on its audited financial statements for the year ended June 30, 2016 is as under:

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Assets and Liabilities of ANMM** | | | |
| Assets | | | |
| Tangible & intangible fixed assets | | **1,400** | 1,775 |
| Long Term Investments | | **22,805** | 25,370 |
| Other non current assets | | **28** | 28 |
| Current assets | | **3,339** | 4,585 |
| | | **27,572** | 31,758 |
| Liabilities | | | |
| Non - current liabilities | | **(4,160)** | (3,700) |
| Current liabilities | | **(1,742)** | (1,755) |
| | | **(5,902)** | (5,455) |
| Net Assets | | **21,670** | 26,303 |
| Share of Shahmurad Sugar Mills Limited | | **3,097** | 3,759 |
| **Profit and loss of ANMM** | | | |
| Income | | **2,485** | 3,437 |
| Expenses | | **(6,762)** | (6,719) |
| | | **(4,277)** | (3,282) |
| Unrealised profit on remeasurement & impairment loss on investment at fair value through profit and loss. | | **(52)** | 189 |
| Other income | | **30** | 65 |
| Share of profit from associates | | **410** | 819 |
| Loss for the year before taxation | | **(3,889)** | (2,209) |
| Taxation | | **(359)** | (354) |
| Loss for the year after taxation | | **(4,248)** | (2,563) |
| Share of Shahmurad Sugar Mills Limited | | **(607)** | (366) |
| **Items transferred directly through equity** | | | |
| Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment. | | **184** | 49 |
| Share of Shahmurad Sugar Mills Limited | | **26** | 7 |
| Equity share of associate incremental depreciation on revaluation of investment | | **120** | 166 |
| Share of Shahmurad Sugar Mills Limited | | **17** | 24 |

**6.2 Share of Associate's unrealized loss on re-measurement of its investment**

| | | |
|---|---|---|
| Opening balance | **1,773** | 780 |
| Unrealized loss on re-measurement of investment for the year | **46** | 993 |
| Closing balance | **1,819** | 1,773 |

| | | Note | 2016 | 2015 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **7** | **LONG TERM LOANS** | | | |
| | **- Unsecured & Interest free** | | | |
| | Considered Good | | | |
| | - Due from executives | 7.2 & 7.3 | **3,434** | 3,411 |
| | - Due from non- executive employees | | **1,658** | 2,422 |
| | | | **5,092** | 5,833 |
| | Less: Current Portion of: | | | |
| | - Due from executives | | **(1,752)** | (1,274) |
| | - Due from non- executive employees | | **(1,150)** | (1,978) |
| | | | **(2,902)** | (3,252) |
| | | | **2,190** | 2,581 |

**7.1** Loans and advances have been given in accordance with the terms of employment and are recoverable, in monthly instalments, within three years following the balance sheet date. These interest free loans are carried at cost since the effect of amortization is immaterial.

| | | Note | 2016 | 2015 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **7.2** | **Movement of loans to executives** | | | |
| | Balance at the beginning of the year | | **3,411** | 4,064 |
| | Disbursed during the year | | **1,325** | 1,050 |
| | Recovered during the year | | **(1,302)** | (1,703) |
| | Balance at the end of the year | | **3,434** | 3,411 |

**7.3** The maximum aggregate amount due from executives at any month end during the year was Rs. 3.789 million (2015: 4.545 million).

| | | | | |
|---|---|---|---|---|
| **8** | **LONG TERM DEPOSITS** | | | |
| | **Unsecured & Interest free** | | | |
| | Utilities | | **1,038** | 1,006 |
| | Others | | **1,390** | 1,389 |
| | | | **2,428** | 2,395 |
| **9** | **STORES, SPARE PARTS AND LOOSE TOOLS** | | | |
| | Stores | | **60,046** | 56,040 |
| | Spare parts & loose tools | | **160,372** | 150,731 |
| | Stores and spare parts in transit | | **1,268** | 1,944 |
| | | | **221,686** | 208,715 |
| | Less: Provision for obsolescence and slow moving items | 9.1 | **(32,061)** | (26,970) |
| | | | **189,625** | 181,745 |
| **9.1** | **Provision for obsolescence and slow moving items** | | | |
| | Opening Balance | | **26,970** | 18,242 |
| | Provision for the year | | **5,091** | 8,728 |
| | Closing balance | | **32,061** | 26,970 |

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **10 STOCK-IN-TRADE** | | | |
| Raw Material - Molasses | | **131,354** | 257,804 |
| Sugar in process | | **5,060** | 3,894 |
| Stock of fertilizers | | **3,638** | - |
| Finished goods | | | |
| Sugar | 10.1 & 10.2 | **566,462** | 1,406,064 |
| Ethanol | | **285,254** | 171,197 |
| | | **851,716** | 1,577,261 |
| | | **991,768** | 1,838,959 |

**10.1** Stock of finished goods pledged against short term finances under mark-up arrangement as referred in note No. 23 amounted to Rs. Nil (2015: 225 million).

**10.2** Stock of finished goods costing Rs. 18.164 millions (2015: Rs. 74.60 million) has been written down by Rs. 1.22 million (2015: Rs. 18.64 millions) to its net realizable value of Rs. 16.941 millions (2015: Rs. 55.979 millions).

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **11 TRADE DEBTS** | | | |
| Export sales - secured against irrevocable letters of credit | | **9,493** | 84,959 |
| Local sales - Unsecured, considered good | | **21,962** | - |
| | | **31,455** | 84,959 |
| **12 LOANS AND ADVANCES UNSECURED CONSIDERED GOOD** | | | |
| Current portion of long term loans | 7 | **2,902** | 3,252 |
| Loans to Growers | 12.1 | **-** | - |
| Advances against purchases and services | | **110,628** | 157,783 |
| Advances against expenses | | **6,428** | 6,945 |
| | | **119,958** | 167,980 |
| **12.1 Loans to Growers** | | | |
| Considered doubtful | | **25,018** | 25,018 |
| Less Impairment allowance | | | |
| Opening balance | | **(25,018)** | (23,868) |
| Allowance for the year | | **-** | (1,150) |
| | | **(25,018)** | (25,018) |
| | | **-** | - |

12.1.1 These loans were given to farmers/growers for sugar cane cultivation and development carrying interest @ 10% subject to realization of principal. These are adjustable against purchase of sugarcane from respective growers. However; an impairment allowance has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful and hence as a matter of prudence no interest is accrued thereon.

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **13 OTHER RECEIVABLES** | | | |
| Export freight subsidy | 13.1 | **47,005** | 47,005 |
| Export subsidy | 13.2 | **-** | 77,500 |
| Receivable from related party against insurance claim | 13.3 | **-** | 500 |
| | | **47,005** | 125,005 |
| Less: Impairment allowance against export freight subsidy | 13.1 | **(47,005)** | (47,005) |
| | | **-** | 78,000 |

**13.1** This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan. However, due to uncertainties regarding the recoverability of the subsidy, provision has been made as a matter of prudence.

**13.2** This export subsidy receivable from State Bank of Pakistan vide EPD Circular Letter No. 05 dated March 11, 2015 has been received during the year.

**13.3** These claims are receivable from M/s Reliance Insurance Company Limited, a related party. The maximum aggregate amount due from related party at the end of any month during the year was Rs. 1 million (2015: Rs. 0.500 million).

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **14 CASH AND BANK BALANCES** | | | |
| **Local Currency** | | | |
| Cash in hand | | **1,409** | 1,004 |
| Cash at banks | | | |
| In current accounts | | | |
| Local currency | | **55,732** | 305,429 |
| Foreign currency | | **27** | 27 |
| | | **55,759** | 305,456 |
| In saving accounts | 14.1 | **195** | 125 |
| | | **57,363** | 306,585 |

**14.1** This carry profit at the rate ranging between 4% to 4.5% (2015: 7 %) p.a.

**14.2** Bank balances include Rs. 3.153 million (2015: Rs. 41.645 million) with shariah compliant financial institutions.

**15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

| 2016 | 2015 | | 2016 | 2015 |
|---|---|---|---|---|
| No. of Shares | | | (Rupees in thousand) | |
| **11,730,368** | 11,730,368 | Ordinary shares of Rs.10 each allotted for consideration paid in cash | **117,304** | 117,304 |
| **9,388,295** | 9,388,295 | Ordinary shares of Rs.10 each allotted as fully paid bonus shares | **93,883** | 93,883 |
| **21,118,663** | 21,118,663 | | **211,187** | 211,187 |

**15.1** Associated companies hold 4,062,401 (19.23%) shares of the Company (2015: 4,111,901 i.e. 19.47%).

## 16 GENERAL RESERVE

This represents amount appropriated out of profit in past years and retained in order to meet future exigencies.

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |

## 17 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

| | | |
|---|---|---|
| Opening balance - Gross | **741,317** | 778,490 |
| Transfer to equity on account of incremental depreciation | | |
| Incremental depreciation - net of deferred tax | **(27,559)** | (28,974) |
| Deferred Tax on Incremental Depreciation | **(7,509)** | (8,199) |
| | **(35,068)** | (37,173) |
| Transfer to equity on account of disposal | | |
| Revaluation surplus related to item disposed of net of deferred tax | **(444)** | - |
| Related deferred tax | **(200)** | - |
| | **(644)** | - |
| Closing balance - Gross | **705,605** | 741,317 |
| Related deferred tax liability | **(136,881)** | (153,353) |
| Revaluation surplus net of deferred tax | **568,724** | 587,964 |

**17.1** This represents surplus over book values resulting from the revaluation of operating fixed assets carried out by an independent valuator on September 30, 2014.

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |

## 18 LONG TERM FINANCING

| | | | |
|---|---|---|---|
| Financial institutions | | **179,167** | 295,139 |
| Banks | | **425,000** | 175,000 |
| Modaraba | | **152,775** | 203,700 |
| | 18.1 | **756,942** | 673,839 |

**18.1**

| | FINANCIAL INSTITUTION | | | | BANKS | | | Modaraba | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Pak Oman Investment Co. Ltd. | PAK Brunei Investment Co. Ltd. | PAK Brunei Investment Co. Ltd. | TOTAL | Al Baraka Bank (Pakistan) Ltd. | Samba Bank Limited | TOTAL | Standard Chartered Modaraba | 2016 | 2015 |
| | Rupees in thousand | | | | | | | | | |
| Opening balance | 225,000 | 87,500 | 100,000 | **412,500** | 200,000 | - | **200,000** | **203,700** | **816,200** | 715,719 |
| Addition | - | - | - | **-** | - | 300,000 | **300,000** | **-** | **300,000** | 503,700 |
| Repayment | (56,250) | (87,500) | (11,111) | **(154,861)** | (25,000) | - | **(25,000)** | **-** | **(179,861)** | (403,219) |
| Closing balance | 168,750 | - | 88,889 | **257,639** | 175,000 | 300,000 | **475,000** | **203,700** | **936,339** | 816,200 |
| Current Maturity Shown under current liabilities | (56,250) | - | (22,222) | **(78,472)** | (50,000) | - | **(50,000)** | **(50,925)** | **(179,397)** | (142,361) |
| | 112,500 | - | 66,667 | **179,167** | 125,000 | 300,000 | **425,000** | **152,775** | **756,942** | 673,839 |
| Description | Long Term Finance | Long Term Finance | Long Term Finance | | Diminishing Musharaka | Medium term loan | | Diminishing Musharaka | | |
| Sanctioned/Sale Price/ Disbursed Amount (Rs in million) | 225 | 200 | 100 | | 200 | 300 | | 203.70 | | |
| Effective rate of mark-up (per annum) | 6M KIBOR + 2% | 6M KIBOR + 2.50% | 6M KIBOR + 2.00% | | 6 M KIBOR + 1.75% | 3 M KIBOR + 1.50% | | 6 M KIBOR + 2% | | |
| Facility tenor | 5 years | 5 years | 5 years | | 5 years | 5 years | | 5 years | | |
| Number of instalments | 16 | 16 | 9 | | 8 | 16 | | 16 | | |
| Principal amount of each instalment (Rs in million) | 14.0625 | 12.50 | 11.111 | | 25.000 | 18.750 | | 12.731 | | |
| Instalments Payable | Quarterly | Quarterly | Half yearly | | Half yearly | Quarterly | | Quarterly | | |
| Date of Disbursement | 18-09-2014 | 27-04-2012 | 26-06-2015 | | 24-11-2014 | 22-06-2016 | | 05-08-2015 | | |
| Grace Period | 1 Year | 1 Year | 6 Months | | 1 Year | 1 Year | | 1 Year | | |
| Date of payment of 1st instalment | 18-12-2015 | 27-07-2013 | 26-06-2016 | | 24-05-2016 | 10-10-2017 | | 05-11-2016 | | |
| Date of payment of last instalment | 18-09-2019 | 27-04-2017 | 26-06-2020 | | 24-11-2019 | 01-07-2021 | | 05-08-2020 | | |

**SECURITIES**

| | |
|---|---|
| Pak Oman Investment Co. Ltd. - Rs. 225 M | First pari passu equitable mortgage & Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company. |
| Pak Brunei Investment Co. Ltd. - Rs. 200 M | First pari passu equitable mortgage & Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company. |
| Pak Brunei Investment Co. Ltd. - Rs. 100 M | First pari passu equitable mortgage & Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company. |
| Al Baraka Bank (Pakistan) Ltd. - Rs. 200 M | First pari passu hypothecated charge over current & future fixed assets (excluding Land & Building) of the Company. |
| Samba Bank Limited - Rs. 300 M | First pari passu hypothecated charge over entire present and future fixed assets including land, building, plant and machinery fo the Company. |
| Standard Chartered Modaraba - Rs. 203.70 M | First pari passu hypothecated charge over all fixed assets including Plant & Machinery of the company. |

**Shariah Compliant**

Long term financing under shariah compliant arrangements amounted to Rs. 277.775 million (2015: Rs. 848.839 million)

| | | Note | 2016 | 2015 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **19** | **LOAN FROM RELATED PARTIES** | | | |
| | **- Unsecured & Interest free** | | | |
| | Due to directors and related parties | | **209,836** | 230,836 |
| | Less: current portion | | **(209,836)** | (130,000) |
| | | | **-** | 100,836 |
| **20** | **DEFERRED TAXATION** | | | |
| | Opening Balance | | **56,458** | 28,842 |
| | Adjustment including effect of tax rate - credited to revaluation surplus | | **(8,763)** | (5,050) |
| | Charge for the year | | **6,174** | 32,666 |
| | Taken to other comprehensive income / changes in equity | | **(7)** | - |
| | Closing balance | | **53,862** | 56,458 |
| **20.1** | **Deferred tax liabilities / assets arising in respect of:** | | | |
| | **Taxable temporary differences** | | | |
| | Accelerated tax depreciation | | **152,494** | 143,645 |
| | Revaluation of property, plant & equipment | | **136,881** | 153,353 |
| | | | **289,375** | 296,998 |
| | **Deductible temporary differences** | | | |
| | Provisions / impairment allowances | | **(18,821)** | (15,007) |
| | Investment in associate | | **(238)** | - |
| | Unabsorbed business loss/ tax depreciation | | **(216,454)** | (225,533) |
| | | | **(235,513)** | (240,540) |
| | | | **53,862** | 56,458 |
| **21** | **TRADE AND OTHER PAYABLES** | | | |
| | Creditors | 25.11 | **232,637** | 210,994 |
| | Murabaha | 21.1 | **120,000** | 120,000 |
| | Accrued expenses | | **19,067** | 13,610 |
| | Advance against sales from customers | | **293,846** | 340,517 |
| | Gratuity payable | | **1,930** | 1,930 |
| | Payable to staff provident fund | | **679** | 97 |
| | Worker's profit participation fund | 21.2 | **9,170** | 14,195 |
| | Worker's Welfare Fund | | **3,485** | 10,367 |
| | Retention money | | **1,699** | 1,385 |
| | Unclaimed dividends | | **3,366** | 50,746 |
| | Sales Tax | | **-** | 17,620 |
| | Others | | **-** | 238 |
| | | | **685,879** | 781,699 |

**21.1** Murabaha has been obtained from shariah compliant banks. The aggregate limit of Murabaha/Istasna arrangements is up to Rs. 1,100 million (2015: Rs 500 million). The effective rates of profit are ranging between 6M Kibor+0.5% to 6M Kibor+0.1% and SBP rate + 1% (2015: 6M Kibor+1% and SBP rate + 1% ). The unavailed facility at the year end amounted to Rs. 980 million (2015: Rs. 380 million).

**Securities:**

Pledge of sugar, ranking charge over stocks and book debts and 1st pari passu hypothecation charge on Property Plant & Equipment & Pledge of Sugar (refer note 10.1).

| | | Note | 2016 | 2015 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **21.2** | **Worker's profit participation fund** | | | |
| | Opening balance | | **14,195** | 13,087 |
| | Interest on funds utilized | 21.2.1 | **905** | 1,170 |
| | Allocation for the year | | **9,170** | 14,195 |
| | | | **24,270** | 28,452 |
| | Payments made during the year | | **(15,100)** | (14,257) |
| | Closing balance | | **9,170** | 14,195 |

**21.2.1** This carries interest at the rate prescribed under Companies Profit (Workers Participation) Act, 1968 and effective rate of interest applied during the year was 9.10% (2015: 12.00%)

**22 ACCRUED FINANCE COST**

| | 2016 | 2015 |
|---|---|---|
| On long term financing | **16,113** | 13,796 |
| On short term borrowings | **5,265** | 15,363 |
| | **21,378** | 29,159 |

**22.1** Accrued finance cost includes Rs. 8.457 million (2015: Rs. 9.579 million) in respect of borrowings under shariah compliant arrangements.

| | | Note | 2016 | 2015 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **23** | **SHORT TERM BORROWINGS** | | | |
| | **From banking companies - Secured** | | | |
| | Cash / Running finance | 23.1 | **2,295** | 268,857 |
| | Export refinance | 23.2 | **330,000** | 1,290,000 |
| | | | **332,295** | 1,558,857 |

**23.1** The facilities available are up to Rs. 3,060 million (2015: Rs. 3,540 million) and are secured against Pledge of Sugar/Molasses/Ethanol and First pari passu charge on property, plant and equipment. The effective rate of mark-up ranges from 1M/3M/ 6M Kibor + 0.25% to 1.50% (2015: 1M/3M/ 6M Kibor + 0.80% to 1.5%). Unutilized facilities as on balance sheet date amounted to Rs. 3,058 million (2015: Rs. 3,271 million).

**23.2** The facilities are available under SBP Export Finance Scheme up to limit of Rs. 1,470 Million (2015 Rs. 1,590 Million) and are secured by first pari passu equitable mortgage charge and Hypothecation over current and future fixed assets of the company and pledge of Sugar / Molasses / Ethanol. The effective rate of Mark-up is 0.50% to 1% over SBP ERF Rate which was 2.50%, 3.0% and 4.50% (2015: 4.50%, 6% and 7.50%). Unutilized facilities as on balance sheet date amounted to Rs. 1,140 Million (2015: Rs 300 million).

**23.3** Short-term borrowings include Rs. NIL (2015: Rs. NIL) under shariah compliant arrangements.

| | | Note | 2016 | 2015 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **24** | **CURRENT PORTION OF LONG TERM FINANCING AND LOANS FROM RELATED PARTIES** | | | |
| | Long term financing | 18 | **179,397** | 142,361 |
| | Loan from related parties | 19 | **209,836** | 130,000 |
| | | | **389,233** | 272,361 |

These represent loans from certain Directors and other related parties carrying mark-up at the prevailing market financing rates and repayable on demand. The related parties, considering the financial position and liquidity requirements of the Company have waived off the markup for the current period hence no provision has been made in this respect.

**25 CONTINGENCIES AND COMMITMENTS**

**a) CONTINGENCIES**

**25.1** A demand of Rs.4.629 million in respect of sales tax on in house use of baggase as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company has disputed the liability and had filed an appeal before the Appellate Tribunal Karachi. The Appellate Tribunal has remanded back the case to the department of sales tax with a direction to compute the sales value and the sales tax payable thereon correctly after providing proper opportunity to the parties. The Sales Tax Tribunal has also directed the department to consider the fact that there was no deliberate or wilful attempt to defraud the revenue therefore; the additional tax liability may be uncalled. However, to avail relief from levy of additional tax, as provided through SRO 1349(1) 99 dated 17th December, 1999 the Company had paid a total amount of Rs. 8.818 million including additional tax of Rs.4.190 million in December, 1999.

The adjudicating authority has conducted the proceedings on remanded back case of the Tribunal and maintained its previous order. The Company had filed an appeal before Collector Appeals which was decided against the company against which the company has filed an appeal before the Appellate Tribunal. However the company has provided for the contingency for the amount of sales tax and additional tax already paid through the aforesaid notification.

**25.2** The Company filed petition before Honourable High Court of Sindh challenging the levy of further tax against taxable supplies made to persons other than registered person under section 3(1A) of the Sales Tax Act, 1990. The entire liability till November 30, 2000 was paid by the Company, in the month of December 2000. As per judgment awarded against the department by the Honourable High Court of Sindh, the Company has claimed refund of such further tax amounting to Rs. 45.190 million out of which an amount of Rs.7.144 million has been refunded by the department.

The Department of Sales Tax has thereafter filed an Appeal before the Honourable Supreme Court against the Order of the High Court of Sindh. The Honourable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law however; Ratio Decidendi ordered by the High Court of Sindh has not been reversed, over ruled or amended. Sales Tax department has however raised demands of further tax involving amount of Rs. 54 million, which has been contested by the company in the light of Sindh High Court Judgment on which the Sales Tax Tribunal has issued orders in favour of the company for which the sales tax department filed appeal before the Honourable High Court against the orders of the Tribunal which are pending. Considering the decision of Honourable Supreme Court and facts of the case the legal counsel of the company is of the view that the final outcome of the matter will be in favour of the Company.

**25.3** The Company has filed a petition before the Honourable High Court of Sindh against the imposition of special excise duty. The Honourable High Court has issued stay order for the recovery of 70% of the total amount of Rs 7.073 million against excise duty involved. The Company however as a matter of abundant prudence has provided for the amount of said duty in the financial statements. The case has been decided in favour of the company declaring Special Excise Duty as void ab-initio and of no legal effect. The Inland Revenue department has filed an appeal before Honourable Supreme Court of Pakistan against the decision of Honourable High Court. During the year 2015, the Company received show cause notice from the Department of Inland Revenue LTU Karachi, against refund claim of Special Excise Duty amounting to Rs. 48.457 million filed by the Company in compliance with the order of Honourable High Court of Sindh Karachi. The Company has filed appeal in the Honourable High court of Sindh Karachi against the show cause notice issued by the department of inland revenue LTU Karachi. The Honourable High Court has issued stay order against the proceedings on show cause notice. No provision is made in the financial statement as the outcome of case is expected to be in favour of the company as per legal counsel.

**25.4** The Company's appeal in the Honourable Supreme Court against the Order of the Sindh High Court for levy of Quality Premium has been accepted by the Honourable Supreme Court by assailing the Order of Sindh High Court. Accordingly, no provision has been made in the books of accounts amounting to Rs. 86.670.million, as the matter is pending in the Honourable Supreme Court. Furthermore as per decision of federal government steering committee held on 16-07-2007, the quality premium shall remain suspended till decision of Honourable Supreme Court or consensus on uniform formula to be developed by MINFAL.

**25.5** There are certain litigations pending in the sixth Sindh Labour Court pertaining to ex-employees. The sixth Sindh labour court awarded decision in favour of company and the ex-employees filed an appeal in Labour Appellate Tribunal at Hyderabad the outcome of which is pending. The financial liability may arise only if these cases are finally decided against the Company. The amount of liability is not ascertainable and hence, no provision has been made in this regard as in the management view the same is not likely to crystallize.

**25.6** Cases regarding possession of land of the Company are pending in the Honourable High Court of Sindh where the matter is pending for hearing. The financial impact of the same is not presently determinable with any accuracy. The Company is confident that the same is not likely to be decided against the Company.

**25.7** The Company has filed a petition in the Honourable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. There are no financial implications related to this at the moment.

**25.8** The Company has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 1.45 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notification has been issued without lawful authority and suspended the operation of the impugned notifications. The constitutional petition filed before the Honourable High Court of Sindh has been allowed in favour of the company. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honourable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority have filed an appeal before the Honourable Supreme Court of Pakistan against the decision of Honourable High Court of Sindh. No provision has been made in this respect.

**25.9** A show cause notice was issued by the Department of Inland Revenue LTU Karachi, regarding the reduced rate of Federal Excise Duty availed by the Company amounting to Rs. 99.801 million under SRO 77 (1) / 2013 dated February 7, 2013. The Company has filed another appeal in the Honourable High court of Sindh Karachi against the show cause notice and the Honourable High Court has issued stay order against the proceedings on show cause notice. Pending the outcome of the case, no provision has been made as the outcome of the case is expected to be in favour of the company as per legal counsel.

**25.10** Excise, taxation and Narcotics department, Government of Sindh had notified fee on storage of rectified spirit in a private bonded warehouse at Rs. 0.5 per litre. The Company has filed appeal before the Honourable High court of Sindh against the notification. The Honourable High Court has issued stay order against the recovery of the storage charges on rectified spirit. Amount of the storage fee upto September 30, 2015 works out to Rs. 70.044 million. No provision is made in the accounts as the outcome of case is expected to be in the favour of Company as per legal counsel.

**25.11** Against the sugarcane purchase price of Rs. 172 per 40 kgs as fixed for the season 2013-2014, the company had filed a case before the Honourable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honourable Supreme Court. In the due course of time, the Government of Sindh fixed the price of sugarcane at Rs. 182 per 40 kgs for the current season in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honourable High Court of Sindh. The Honourable Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10 per 40 kgs in the accounts aggregating to Rs. 149 millions.

**b) COMMITMENTS**

The Company's commitment as on September 30, are as follows:

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in thousand) | |
| Commitments for capital expenditure | **20,247** | 94,410 |
| Commitments for stores and spares | **2,411** | 29,544 |
| | **22,658** | 123,954 |
| Bank Guarantees | | |
| In favour of Excise and Taxation Department | **500** | 500 |

| | Note | SUGAR 2016 | SUGAR 2015 | DISTILLERY 2016 | DISTILLERY 2015 | TOTAL 2016 | TOTAL 2015 |
|---|---|---|---|---|---|---|---|
| | | (Rupees in thousand) | | | | | |
| **26 SALES** | | | | | | | |
| Local | | **4,213,586** | 2,483,056 | **-** | - | **4,213,586** | 2,483,056 |
| Export | | **-** | 485,712 | **2,018,267** | 2,423,602 | **2,018,267** | 2,909,314 |
| | | **4,213,586** | 2,968,768 | **2,018,267** | 2,423,602 | **6,231,853** | 5,392,370 |
| Less: | | | | | | | |
| Federal Excise Duty | | **(321,380)** | (188,551) | **-** | - | **(321,380)** | (188,551) |
| Commission | | **(730)** | (466) | **-** | (4,191) | **(730)** | (4,657) |
| | | **(322,110)** | (189,017) | **-** | (4,191) | **(322,110)** | (193,208) |
| Net sales | | **3,891,476** | 2,779,751 | **2,018,267** | 2,419,411 | **5,909,743** | 5,199,162 |
| **27 COST OF SALES** | | | | | | | |
| **Manufacturing cost:** | | | | | | | |
| Raw material consumed | 25.11 | **2,553,139** | 2,572,339 | **1,530,410** | 1,616,026 | **4,083,549** | 4,188,365 |
| Salaries, wages and benefits | 27.1 | **92,857** | 83,021 | **29,780** | 26,512 | **122,637** | 109,533 |
| Stores and spares consumed | | **84,414** | 68,516 | **32,184** | 30,641 | **116,598** | 99,157 |
| Packing materials | | **21,896** | 32,537 | **-** | - | **21,896** | 32,537 |
| Fuel and oil | | **16,854** | 17,181 | **43,555** | 57,606 | **60,409** | 74,787 |
| Power and water | | **15,556** | 19,167 | **3,587** | 5,540 | **19,143** | 24,707 |
| Chemicals and process materials | | **26,032** | 34,586 | **36,036** | 55,292 | **62,068** | 89,878 |
| Repair and maintenance | | **29,961** | 28,333 | **19,957** | 17,656 | **49,918** | 45,989 |
| Insurance | | **6,062** | 5,985 | **3,552** | 4,387 | **9,614** | 10,372 |
| Other manufacturing expenses | | **25,997** | 26,773 | **4,319** | 3,511 | **30,316** | 30,284 |
| Depreciation | | **60,678** | 55,597 | **54,724** | 56,865 | **115,402** | 112,462 |
| | | **2,933,446** | 2,944,035 | **1,758,104** | 1,874,036 | **4,691,550** | 4,818,071 |
| Opening stock of work in process | | **3,894** | 8,283 | **-** | - | **3,894** | 8,283 |
| Less: Closing stock of work in process | | **(5,060)** | (3,894) | **-** | - | **(5,060)** | (3,894) |
| | | **(1,166)** | 4,389 | **-** | - | **(1,166)** | 4,389 |
| | | **2,932,280** | 2,948,424 | **1,758,104** | 1,874,036 | **4,690,384** | 4,822,460 |
| Less: | | | | | | | |
| Molasses transfer to Ethanol Division | | **(176,565)** | (201,750) | **-** | - | **(176,565)** | (201,750) |
| | | **2,755,715** | 2,746,674 | **1,758,104** | 1,874,036 | **4,513,819** | 4,620,710 |
| Opening stock of finished goods | | **1,406,064** | 1,033,402 | **171,197** | 317,120 | **1,577,261** | 1,350,522 |
| Less: Closing stock of finished goods | | **(566,462)** | (1,406,064) | **(285,254)** | (171,197) | **(851,716)** | (1,577,261) |
| | | **839,602** | (372,662) | **(114,057)** | 145,923 | **725,545** | (226,739) |
| | | **3,595,317** | 2,374,012 | **1,644,047** | 2,019,959 | **5,239,364** | 4,393,971 |

**27.1** Includes Rs. 2.825 million (2015 : Rs. 2.320 million) in respect of contribution towards staff provident fund.

| | | | | | | |
|---|---|---|---|---|---|---|
| **28 DISTRIBUTION COST** | | | | | | |
| Sugar Handling and other charges | **15,151** | 10,844 | **38** | 421 | **15,189** | 11,265 |
| Storage Rent | **-** | - | **18,093** | 19,064 | **18,093** | 19,064 |
| Carriage Out Ward | **-** | - | **28,383** | 39,725 | **28,383** | 39,725 |
| Export freight and other expenses | **-** | 2,104 | **73,367** | 56,215 | **73,367** | 58,319 |
| | **15,151** | 12,948 | **119,881** | 115,425 | **135,032** | 128,373 |

| | Note | SUGAR 2016 | SUGAR 2015 | DISTILLERY 2016 | DISTILLERY 2015 | TOTAL 2016 | TOTAL 2015 |
|---|---|---|---|---|---|---|---|
| | | ---------- (Rupees in thousand) ---------- | | | | | |
| **29 ADMINISTRATIVE EXPENSES** | | | | | | | |
| Salaries, allowances and benefits | 29.1 | **45,113** | 40,221 | **15,032** | 13,998 | **60,145** | 54,219 |
| Chief Executives and Director's remuneration and perquisites | 37 | **15,299** | 13,310 | **9,881** | 6,935 | **25,180** | 20,245 |
| Staff welfare | | **8,512** | 8,467 | **6,920** | 6,239 | **15,432** | 14,706 |
| Repair and maintenance | | **8,949** | 6,359 | **7,070** | 6,355 | **16,019** | 12,714 |
| Legal and professional | | **2,649** | 3,538 | **584** | 39 | **3,233** | 3,577 |
| Auditors' remuneration | 29.2 | **720** | 650 | **372** | 328 | **1,092** | 978 |
| Vehicle running | | **10,625** | 9,710 | **4,163** | 4,113 | **14,788** | 13,823 |
| Insurance | | **186** | 187 | **-** | - | **186** | 187 |
| Communication | | **1,377** | 1,387 | **1,561** | 2,549 | **2,938** | 3,936 |
| Entertainment | | **2,076** | 2,009 | **1,615** | 1,451 | **3,691** | 3,460 |
| Printing and stationery | | **1,438** | 1,028 | **441** | 379 | **1,879** | 1,407 |
| Fees and subscription | | **2,104** | 1,764 | **2,225** | 3,190 | **4,329** | 4,954 |
| Advertisement | | **212** | 191 | **22** | - | **234** | 191 |
| Depreciation | | **11,716** | 11,090 | **3,454** | 3,698 | **15,170** | 14,788 |
| Amortization | | **294** | 1,140 | **214** | 832 | **508** | 1,972 |
| Others | | **12,933** | 12,253 | **5,289** | 3,084 | **18,222** | 15,337 |
| | | **124,203** | 113,304 | **58,843** | 53,190 | **183,046** | 166,494 |

**29.1** Includes Rs. 1.569 million (2015 : Rs. 1.411 million) in respect of contribution towards staff provident fund.

**29.2 Auditors' remuneration**

| | SUGAR 2016 | SUGAR 2015 | DISTILLERY 2016 | DISTILLERY 2015 | TOTAL 2016 | TOTAL 2015 |
|---|---|---|---|---|---|---|
| Kreston Hyder Bhimji & Co | | | | | | |
| Statutory audit | **519** | 458 | **331** | 292 | **850** | 750 |
| Half yearly review | **56** | 50 | **36** | 32 | **92** | 82 |
| Corporate Governance | **7** | 6 | **5** | 4 | **12** | 10 |
| | **582** | 514 | **372** | 328 | **954** | 842 |
| Haroon Zakaria & Co | | | | | | |
| Cost audit | **110** | 110 | **-** | - | **110** | 110 |
| A.D.Akhawala & Co. - Provident fund | **28** | 26 | **-** | - | **28** | 26 |
| | **720** | 650 | **372** | 328 | **1,092** | 978 |

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **30 OTHER OPERATING EXPENSES** | | | |
| Charity and donation | 30.1 | **1,286** | 1,632 |
| Provision against export freight subsidy | 13.1 | **-** | 47,005 |
| Penalties and surcharge | | **-** | 50 |
| Provision for doubtful loan to growers | | **-** | 1,150 |
| Provision for obsolescence and slow moving items | | **5,091** | 8,728 |
| Directors meeting fee | | **150** | 225 |
| Worker's profit participation fund | | **9,170** | 14,195 |
| Worker's welfare fund | | **3,485** | 5,394 |
| | | **19,182** | 78,379 |

**30.1** None of the directors or their spouses had any interest in the above donees.

| | | Note | 2016 | 2015 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **31** | **OTHER INCOME** | | | |
| | ***Income from financial Assets*** | | | |
| | Exchange gain on export proceeds | | **6,438** | 20,205 |
| | Income on saving bank accounts | | **26** | 62 |
| | | | **6,464** | 20,267 |
| | ***Income from non financial Assets*** | | | |
| | Gain on disposal of property, plant & equipment | 4.1.3 | **2,939** | 938 |
| | Insurance claim | | **1,000** | 500 |
| | | | **3,939** | 1,438 |
| | ***Others*** | | | |
| | Export subsidy | 13.2 | **-** | 87,500 |
| | Scrap sales | | **-** | 413 |
| | | | **-** | 87,913 |
| | | | **10,403** | 109,618 |
| **32** | **FINANCE COST** | | | |
| | Mark-up/Interest/Profit on: | | | |
| | Long term financing | | **70,099** | 89,920 |
| | Short-term borrowiings | | | |
| | Cash/running finance | | **46,016** | 105,090 |
| | Export refinance/IERF | 32.1 | **40,949** | 77,892 |
| | | | **86,965** | 182,982 |
| | Istisna / Murabaha | 32.1 | **12,071** | - |
| | Liabilities against assets subject to finance lease | | **-** | 305 |
| | Worker's profit participation fund | 21.2 | **905** | 1,170 |
| | Bank charges | | **631** | 672 |
| | Others | | **2,108** | 3,365 |
| | | | **172,779** | 278,414 |

**32.1** Finance cost includes Rs. 53.142 million (2015: Rs. 29.945 million) in respect of shariah compliant arrangements.

**33 TAXATION**

| | | |
|---|---|---|
| Current | **38,814** | 45,394 |
| Deferred | **6,174** | 32,666 |
| | **44,988** | 78,060 |

**33.1** In view of available tax losses/depreciation, the provision for current taxation represents minimum tax being the turnover tax under Section 113 of the Income Tax Ordinance, 2001, and final taxation in respect of export sales net of tax credits, hence tax reconciliation of tax expense with accounting profit is not presented.

**33.2** Subsequent to the balance sheet date, as disclosed in note no 45, the Board of Directors have recommended dividend of Rs. 2.4 per share aggregating to Rs 50.685 million which is in excess of lower of 40% of its taxable profit and 50% of paid up capital and is expected to be paid within six months of the end of the tax year. Accordingly no provision for tax on undistributed reserves under section 5A of the Income Tax Ordinance 2001 is made in these financial statements.

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |

## 34 EARNING PER SHARE - BASIC AND DILUTED

| | | |
|---|---|---|
| Profit after taxation (Rupees in thousand) | **125,148** | 184,723 |
| Weighted average number of ordinary shares | **21,118,663** | 21,118,663 |
| Earning per share - Rupees | **5.93** | 8.75 |

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

## 35 TRANSACTIONS WITH RELATED PARTIES

**35.1** The related parties comprise of associate companies, entities with common directorship, directors, executives being the key management personnel and post employment contribution plan. The company in the normal course of business carries out transactions with various related parties. Balances due from and to related parties are shown under respective notes, and remuneration of executives and directors and key management personnel, being executives, have been disclosed in note 37. Transactions with related parties are as follow:

| Relationship | Nature of Transactions | | |
|---|---|---|---|
| Associates | | | |
| Al Noor Sugar Mills Limited | - Purchase of Goods | **323,902** | 362,738 |
| Al Noor Modaraba Management (Pvt.) Ltd. | - Share of loss | **(607)** | (366) |
| | - Share of other comprehensive loss | **(55)** | (976) |
| Reliance Insurance Company Ltd | - Insurance premium | **14,099** | 17,152 |
| | - Insurance claim | **1,000** | 860 |
| Others | | | |
| Staff Provident Fund | - Contribution of the Company | **4,394** | 3,731 |

## 36 CAPACITY AND PRODUCTION IN METRIC TONS

| | | |
|---|---|---|
| **Sugar Division** | | |
| Capacity days | **120** | 120 |
| Cane crushing capacity per day (M.T.) | **7,000** | 7,000 |
| Total cane crushing capacity | **840,000** | 840,000 |
| No of days Mill operated | **88** | 95 |
| Actual crushing (M.T.) | **496,109** | 596,006 |
| Sugar Production (M.T.) | **52,578** | 65,791 |
| **Distillery Division** | | |
| Capacity in M.Tons | **33,000** | 33,000 |
| Days | **330** | 330 |
| Production in M.Tons | **31,301** | 32,597 |
| No of days Mill operated | **324** | 328 |

**Reasons for short fall in production**

The sugar production plant capacity is based on crushing of sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery. The short fall in actual crushing is mainly on account of lesser availability of sugar cane.

The actual Ethanol production is less than capacity due to non-availability and high cost of raw material, and also due to the maintenance work carried out during production process.

## 37 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts of the year for remuneration including all benefits to Chief Executive, Director and Executives of the Company were as follows:

| | 2016 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Chief Executive** | **Director** | **Executives** | **Total** | Chief Executive | Director | Executives | Total |
| | Rupees in thousand | | | | | | | |
| Managerial Remuneration | **5,006** | **9,158** | **25,881** | **40,045** | 4,380 | 8,013 | 21,353 | 33,746 |
| Provident fund | **-** | **-** | **1,701** | **1,701** | - | - | 1,240 | 1,240 |
| Perquisite (including house rent and bonus) | **2,503** | **4,578** | **33,389** | **40,470** | 2,190 | 4,007 | 27,557 | 33,754 |
| Reimbursable expenses including travelling expenses | **575** | **3,360** | **-** | **3,935** | 412 | 1,243 | - | 1,655 |
| Meeting fee (Note 30) | **25** | **125** | **-** | **150** | 25 | 200 | - | 225 |
| | **8,109** | **17,221** | **60,971** | **86,301** | 7,007 | 13,463 | 50,150 | 70,620 |
| Number of persons | **1** | **2** | **34** | **37** | 1 | 2 | 34 | 37 |

i. The Chief Executive, Directors and Executives are also provided with free use of company - maintained cars.

ii. Meeting fee paid to 5 Directors (2015 : 9 Directors).

## 38 SEGMENT INFORMATION

The operating results, assets and liabilities and other significant information of each segment is as follows:

| | Sugar Division | | Distillery Division | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | ---------- Rupees in thousand ---------- | | | | | |
| **REVENUE** | | | | | | |
| External Sales (Note 26) | **3,891,476** | 2,779,751 | **2,018,267** | 2,419,411 | **5,909,743** | 5,199,162 |
| Inter-segment transfers | **176,565** | 201,750 | **-** | - | **176,565** | 201,750 |
| | **4,068,041** | 2,981,501 | **2,018,267** | 2,419,411 | **6,086,308** | 5,400,912 |
| **RESULTS** | | | | | | |
| Profit from operations | **156,805** | 279,487 | **195,496** | 230,837 | **352,301** | 510,324 |
| Other Income | | | | | **10,403** | 109,618 |
| Other operating expenses | | | | | **(19,182)** | (78,379) |
| Finance cost | | | | | **(172,779)** | (278,414) |
| Share of loss from associate | | | | | **(607)** | (366) |
| Profit before tax | | | | | **170,136** | 262,783 |
| Taxation | | | | | **(44,988)** | (78,060) |
| Net profit for the year | | | | | **125,148** | 184,723 |
| **BALANCE SHEET** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | **2,242,097** | 3,282,687 | **1,581,379** | 1,692,927 | **3,823,476** | 4,975,614 |
| Unallocated Assets | | | | | **130,140** | 151,012 |
| Long term investment | | | | | **3,097** | 3,759 |
| Total assets | | | | | **3,956,713** | 5,130,385 |
| **Liabilities** | | | | | | |
| Segment liabilities | **1,705,835** | 2,686,854 | **531,604** | 761,793 | **2,237,439** | 3,448,647 |
| Unallocated liabilities | | | | | **2,150** | 24,562 |
| Total liabilities | | | | | **2,239,589** | 3,473,209 |
| **OTHER INFORMATION** | | | | | | |
| Additions to property, plant and equipment | **163,390** | 108,787 | **86,083** | 17,552 | **249,473** | 126,339 |
| Depreciation | **72,394** | 66,687 | **58,178** | 60,563 | **130,572** | 127,250 |
| Amortization | **294** | 1,140 | **214** | 832 | **508** | 1,972 |

**Revenue from major customers**

During the year external sales to major customers amounted to Rs. 1,331 million (2015: 1,909 million).

**Geographical Information**

All non-current assets of the Company are located in Pakistan. Company's local external sales represent sales to various customers in Pakistan as well as outside Pakistan as follows:

| | | |
|---|---|---|
| Pakistan | **3,891,476** | 2,289,848 |
| Asian countries other than Pakistan | **520,267** | 966,314 |
| Europe | **1,498,000** | 1,943,000 |
| | **5,909,743** | 5,199,162 |

## 39 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the company as at September 30 are as follows

| | 2016 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Mark-up / Interest Based | | | Non-Mark-up / Non-Interest Based | | | Total |
| | Maturity up to One Year | Maturity after One Year | Sub Total | Maturity up to One Year | Maturity after One Year | Sub Total | |
| | ----------(Rupees in thousand)---------- | | | | | | |
| **FINANCIAL ASSETS** | | | | | | | |
| Long term loans | - | - | - | 2,902 | 2,190 | 5,092 | **5,092** |
| Long term deposits | - | - | - | - | 2,428 | 2,428 | **2,428** |
| Trade debts | - | - | - | 31,455 | - | 31,455 | **31,455** |
| Cash and Bank balances | 195 | - | 195 | 57,168 | - | 57,168 | **57,363** |
| | 195 | - | 195 | 91,525 | 4,618 | 96,143 | **96,338** |
| **FINANCIAL LIABILITIES** | | | | | | | |
| Long term financing | 179,397 | 756,942 | 936,339 | - | - | - | **936,339** |
| Loan from related parties | - | - | - | 209,836 | - | 209,836 | **209,836** |
| Trade and other payables | 129,170 | - | 129,170 | 262,863 | - | 262,863 | **392,033** |
| Accrued finance cost | - | - | - | 21,378 | - | 21,378 | **21,378** |
| Short term borrowings | 332,295 | - | 332,295 | - | - | - | **332,295** |
| | 640,862 | 756,942 | 1,397,804 | 494,077 | - | 494,077 | **1,891,881** |

| | 2015 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Mark-up / Interest Based | | | Non-Mark-up / Non-Interest Based | | | Total |
| | Maturity up to One Year | Maturity after One Year | Sub Total | Maturity up to One Year | Maturity after One Year | Sub Total | |
| | ----------(Rupees in thousand)---------- | | | | | | |
| **FINANCIAL ASSETS** | | | | | | | |
| Long term loans | - | - | - | 3,252 | 2,581 | 5,833 | 5,833 |
| Long term deposits | - | - | - | - | 2,395 | 2,395 | 2,395 |
| Trade debts | - | - | - | 84,959 | - | 84,959 | 84,959 |
| Other receivables | - | - | - | 500 | - | 500 | 500 |
| Cash and Bank balances | 125 | - | 125 | 306,460 | - | 306,460 | 306,585 |
| | 125 | - | 125 | 395,171 | 4,976 | 400,147 | 400,272 |
| **FINANCIAL LIABILITIES** | | | | | | | |
| Long term financing | 142,361 | 673,839 | 816,200 | - | - | - | 816,200 |
| Loan from related parties | - | - | - | 130,000 | 100,836 | 230,836 | 230,836 |
| Trade and other payables | 134,195 | - | 134,195 | 306,987 | - | 306,987 | 441,182 |
| Accrued finance cost | - | - | - | 29,159 | - | 29,159 | 29,159 |
| Short term borrowings | 1,558,857 | - | 1,558,857 | - | - | - | 1,558,857 |
| | 1,835,413 | 673,839 | 2,509,252 | 466,146 | 100,836 | 566,982 | 3,076,234 |

## 40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 40.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest/ mark-up rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

This note presents information about the Company's Exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest/ mark-up rate risk , credit risk, financial instruments and investment of excess liquidity. The Board of Directors reviews and agrees policies for managing each of these risks as summarized below.

The information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital, is as follows;

### A Credit risk

Credit risk is 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 Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, deposits, trade debts, other receivables and bank balances. The maximum exposure to credit risk at the reporting date is as follows:

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in thousand) | |
| Loans and advances | **5,092** | 5,833 |
| Deposits | **2,428** | 2,395 |
| Trade Debts | **31,455** | 84,959 |
| Receivable from related party against insurance claim | **-** | 500 |
| Bank balances | **55,954** | 305,581 |
| | **94,929** | 399,268 |

**Loans and advances**

These represent balances due from growers and employees. The Company actively pursue for the recovery and based on past experience the Company does not expect that these will fail to meet their obligations hence no impairment allowance in necessary except for certain past due loans to growers against which appropriate impairment allowance has been made in the financial statements as disclosed in note no 12.1.

**Deposits**

These represent security deposits against utilities and others. These are not significant and further based on past experience and credit worthiness of the counterparties the Company does not expect that these counter parties will fail to meet their obligations hence the Company believes that it is not exposed any significant credit risk in respect of deposits.

**Trade debts**

Trade debts of Rs. 9.493 million (2015: 84.959 million) are due from foreign customers whereas remaining amount of Rs. 21.962 millions (2015: NIL) is receivable from local parties. The Company manages credit risk in respect of trade debts interalia by obtaining advance against sales / or through letter of credits and by providing for doubtful debts. All the export debts are secured under irrevocable letter of credit, document acceptance and other acceptable banking instruments. Further the Company actively pursue for the recovery and the significant amounts have been recovered subsequent to the balance sheet date and also these are neither past due nor impaired, hence no impairment allowance is necessary in respect of trade debts. Aging of trade debts is as follows:

| | | |
|---|---|---|
| Upto 3 months | **31,455** | 84,959 |

**Other receivables**

This represented amount receivable from a related party which has been recovered during the year.

**Bank balances**

The Company limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with credit ratings are tabulated below:

| | Long Term Ratings | Short Term Ratings | 2016 | 2015 |
|---|---|---|---|---|
| | | | Rupees in thousand | |
| **In Local Currency** | | | | |
| United Bank Limited | AAA | A-1+ | **13,171** | 24,434 |
| Allied Bank Limited | AA+ | A1+ | **1,581** | 6,445 |
| MCB Bank Limited | AAA | A1+ | **21,253** | 2,054 |
| Standard Chartered Bank Limited | AAA | A1+ | **2,902** | 205,203 |
| National Bank of Pakistan | AAA | A1+ | **2,946** | 3,699 |
| Faysal Bank Limited | AA | A1+ | **4,344** | 2,091 |
| Bank Al-Falah Limited | AA | A1+ | **637** | 6,330 |
| Bank Islami Limited | A+ | A1 | **194** | 81 |
| JS Bank Limited | A+ | A1+ | **47** | 69 |
| Al-Baraka Bank (Pakistan) Limited | A | A1 | **1,927** | 40,940 |
| Soneri Bank Limited | AA- | A1+ | **4,964** | 5,589 |
| Sindh Bank Limited | AA | A-1+ | **12** | 12 |
| Meezan Bank Limited | AA | A-1+ | **939** | 624 |
| Habib Bank Limited | AAA | A-1+ | **527** | 337 |
| Habib Metropolitan Bank Limited | AA+ | A1+ | **71** | 7,646 |
| Dubai Islamic Bank | A+ | A-1 | **93** | - |
| Samba Bank Limited | AA | A-1+ | **319** | - |
| **In Foreign Currency** | | | | |
| Habib Bank Limited | AAA | A-1+ | **27** | 27 |
| | | | **55,954** | 305,581 |

**Financial assets that are either past due or impaired**

The credit quality of financial assets that are either past due or impaired is assessed by reference to past experience and external ratings or to historical information about counter party default rates.

As at the balance sheet date amounts of Rs. 25.018 million (2015: 25.018 million) receivable from growers were past due against which impairment allowance have been made. The aging of the past due loans to growers is as under:

| | | |
|---|---|---|
| More than one year | **25,018** | 25,018 |

**B Liquidity risk**

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with contractual maturities (undiscounted) of the financial liabilities is as follows:

| Year ended 30 September 2016 | On demand maturity | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| | (Rupees in thousand) | | | | | |
| Long term financing | - | 62,905 | 116,492 | 756,942 | - | **936,339** |
| Loan from related parties | - | - | 209,836 | - | - | **209,836** |
| Trade and other payables | - | 266,618 | 125,415 | - | - | **392,033** |
| Short-term borrowings | 332,295 | - | - | - | - | **332,295** |
| Accrued mark-up | - | 18,716 | 2,662 | - | - | **21,378** |
| | 332,295 | 348,239 | 454,405 | 756,942 | - | **1,891,881** |

| Year ended 30 September 2015 | On demand maturity | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| | (Rupees in thousand) | | | | | |
| Long term financing | - | 26,562 | 115,799 | 673,839 | - | **816,200** |
| Loan from related parties | - | - | 130,000 | 100,836 | - | **230,836** |
| Trade and other payables | - | 291,265 | 149,917 | - | - | **441,182** |
| Short-term borrowings | 1,558,857 | - | - | - | - | **1,558,857** |
| Accrued mark-up | - | 25,993 | 3,166 | - | - | **29,159** |
| | 1,558,857 | 343,820 | 398,882 | 774,675 | - | **3,076,234** |

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2016 the Company has Rs. 5,178 million (2015: Rs. 3,951 million) available unutilized short term financing limit from financial institutions and also has Rs. 57.363 million (2015: Rs. 306.585 million) being cash and bank balances.

**C Market Risk**

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest rate risk and other price risk.

**D Interest/ mark-up rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Company's major interest rate exposure arises from long term financings, short term borrowings and payables. The Company analyses its mark up/interest rate exposure on a regular basis by monitoring mark-up/interest rate trends and taking appropriate actions. As at the balance sheet date the interest / mark-up rate profile of the Company's mark up/interest bearing financial instruments is:

| | Effective interest rates | Carrying Values | |
|---|---|---|---|
| | 2016 | 2016 | 2015 |
| | | (Rupees in thousand) | |
| **Financial Liabilities** | | | |
| Variable Rate Instruments | | | |
| Long Term Financing | See Note 18 | **936,339** | 816,200 |
| Trade and other payables | See Note 21 | **129,170** | 134,195 |
| Short term Borrowings | See Note 23 | **332,295** | 1,558,857 |
| | | **1,397,804** | 2,509,252 |
| **Financial Assets** | | | |
| Fixed Rate Instruments | | | |
| Bank balances (PLS savings) | See Note 14 | **(195)** | (125) |
| Net exposure | | **1,397,609** | 2,509,127 |

**Fair value sensitivity analysis**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet would not effect profit or loss of the Company.

**Cash flow sensitivity analysis**

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased /increased profit for the year before tax by the amount of Rs. 13.98 million (2015: Rs. 25.09 million) assuming that all other variables remains constant.

## E Foreign exchange risk management

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

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivables / payable from / to the foreign entities and foreign currency bills payable. Management regularly analyses and monitors exchange rates and in appropriate cases, the Company takes out forward contracts to mitigate risk. The Company's exposure to foreign currency risk is as follows:

| | | **2016** | | 2015 | **2016** | 2015 |
|---|---|---|---|---|---|---|
| | | | | | **(Rupees in thousand)** | |
| **Balance Sheet Exposure** | | | | | | |
| Foreign debtors | **$** | **90,797** | $ | 815,341 | **9,493** | 84,959 |
| Bank balances | **$** | **258** | $ | 258 | **27** | 27 |
| | | | | | **9,520** | 84,986 |
| **Off Balance Sheet Exposure** | | | | | | |
| Commitments | | | | | | |
| US Dollars | **$** | **12,360** | **$** | **33,104** | **1,295** | 3,456 |
| EUROS | **€** | **5,507** | **€** | **11,205** | **647** | 1,317 |
| GBP | **GBP** | **3,452** | | **Nil** | **469** | - |
| | | | | | **2,411** | 4,773 |

The following were significant exchange rate has been applied:

| | **2016** | 2015 |
|---|---|---|
| Rupee per USD | | |
| Average rate | **104.65** | 102.81 |
| Reporting date rate - Selling | **104.75** | 104.40 |
| Reporting date rate - Buying | **104.55** | 104.20 |
| Rupee per Euro | | |
| Average rate | **117.38** | 118.17 |
| Reporting date rate | **117.49** | 117.55 |
| Rupee per GBP | | |
| Average rate | **135.72** | 158.16 |
| Reporting date rate | **135.85** | 158.31 |

### Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 Sept would have decreased / increased profit before tax by the amount of Rs. 0.95 million (2015: Rs. 8.5 million). The effect of off balance sheet items would have been Rs. 0.346 million (2015: Rs. 0.346 Million) .This analysis assumes that all other variables, in particular interest rates, remain constant.

## F Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

.

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During 2016 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2016 and 2015 were as follows:

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in thousand) | |
| Total borrowings | **1,478,470** | 2,605,893 |
| Less: Cash and bank | **(57,363)** | (306,585) |
| Net debt | **1,421,107** | 2,299,308 |
| Total equity | **1,148,400** | 1,069,212 |
| Total equity and debt | **2,569,507** | 3,368,520 |
| Gearing ratio (%) | **55.31%** | 68.26% |

## 41 FAIR VALUES / MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalent and short term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land and buildings and plant and machinery is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land, Building and Plant and Machinery and equipment) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

| | |
|---|---|
| Land and Building | The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this. |
| Plant and Machinery and office equipment | Factors taken into consideration in order to assess the presenet value of the machinery and equipments include Make, Model,Quality, Operational Capacity, Existing Condition, Demand and Resale Prospets, Depreciation and Obsolesence etc. |

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in thousand) | |
| **42 PROVIDENT FUND RELATED DISCLOSURES** | **Un-audited** | **Audited** |
| The following information based on latest financial statements of the fund: | | |
| Size of the fund - Total assets | **47,772** | 41,109 |
| Cost of investments made | **45,102** | 39,113 |
| Percentage of investments made | **94.41%** | 95.14% |
| Fair value of investments | **45,102** | 39,113 |

**42.1** The break-up of fair value of investment is:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Rs. 000s | .... % .... | Rs. 000s | .... % .... |
| | Un-audited | | Audited | |
| Meezan Amdani Certificate | **44,500** | **98.67%** | 38,400 | 98.18% |
| Saving accounts with banks | **602** | **1.33%** | 713 | 1.82% |
| | **45,102** | **100.00%** | 39,113 | 100.00% |

**42.2** The investment out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

**43 NUMBER OF PERSONS**

No of persons employed as on year end were 388 (2015: 367) and average number of employee during the year were 406 (2015: 429).

**44 DATE OF AUTHORIZATION**

These financial statements were authorized for issue in the Board of Directors meeting held on December 26, 2016.

**45 EVENTS AFTER BALANCE SHEET DATE**

Subsequent to the year ended September 30, 2016, the Board of Directors has proposed a final cash dividend of Rs. 50.685 million at 24% i.e. Rs. 2.40 per share of Rs. 10 each (2015: Rs. 73.915 million at 35% i.e. Rs. 3.5 per share of Rs. 10 each) in their meeting held on December 23, 2016 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 31, 2017.

**46 GENERAL**

**46.1** Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.

**YUSUF AYOOB**
Managing Director

**ZIA I.ZAKARIA**
Director

# PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON SEPTEMBER 30, 2016

| NOs OF SHARESHOLDERS | SHARE HOLDINGS | | | TOTAL SHARES HELD |
|---|---|---|---|---|
| 1368 | 1 | TO | 100 | 30180 |
| 537 | 101 | TO | 500 | 131703 |
| 111 | 501 | TO | 1000 | 89982 |
| 138 | 1001 | TO | 5000 | 343508 |
| 41 | 5001 | TO | 10000 | 311168 |
| 20 | 10001 | TO | 15000 | 247927 |
| 8 | 15001 | TO | 20000 | 141160 |
| 7 | 20001 | TO | 25000 | 162126 |
| 4 | 25001 | TO | 30000 | 118000 |
| 7 | 30001 | TO | 35000 | 230576 |
| 4 | 35001 | TO | 40000 | 155617 |
| 2 | 40001 | TO | 45000 | 84302 |
| 3 | 45001 | TO | 50000 | 143928 |
| 1 | 50001 | TO | 55000 | 54634 |
| 2 | 60001 | TO | 65000 | 125106 |
| 2 | 70001 | TO | 75000 | 144000 |
| 3 | 75001 | TO | 80000 | 229089 |
| 1 | 85001 | TO | 90000 | 87000 |
| 1 | 95001 | TO | 100000 | 98515 |
| 2 | 100001 | TO | 105000 | 203395 |
| 1 | 115001 | TO | 120000 | 118463 |
| 1 | 125001 | TO | 130000 | 126781 |
| 2 | 130001 | TO | 135000 | 266706 |
| 1 | 135001 | TO | 140000 | 139200 |
| 2 | 145001 | TO | 150000 | 294175 |
| 3 | 155001 | TO | 160000 | 473209 |
| 1 | 160001 | TO | 165000 | 162038 |
| 1 | 165001 | TO | 170000 | 166650 |
| 2 | 170001 | TO | 175000 | 342048 |
| 1 | 180001 | TO | 185000 | 184786 |
| 3 | 185001 | TO | 190000 | 563365 |
| 1 | 190001 | TO | 195000 | 193429 |
| 1 | 195001 | TO | 200000 | 197500 |
| 1 | 205001 | TO | 210000 | 205095 |
| 1 | 210001 | TO | 215000 | 213204 |
| 1 | 215001 | TO | 220000 | 218086 |
| 1 | 220001 | TO | 225000 | 221055 |
| 2 | 225001 | TO | 230000 | 455623 |
| 2 | 230001 | TO | 235000 | 467835 |
| 1 | 250001 | TO | 255000 | 252855 |
| 1 | 265001 | TO | 270000 | 267000 |
| 1 | 285001 | TO | 290000 | 288924 |
| 1 | 375001 | TO | 380000 | 377818 |
| 1 | 410001 | TO | 415000 | 410210 |
| 1 | 445001 | TO | 450000 | 448000 |
| 1 | 560001 | TO | 565000 | 561163 |
| 1 | 665001 | TO | 670000 | 666566 |
| 1 | 740001 | TO | 745000 | 740713 |
| 1 | 870001 | TO | 875000 | 871557 |
| 1 | 900001 | TO | 905000 | 900499 |
| 1 | 995001 | TO | 1000000 | 1000000 |
| 1 | 1150001 | TO | 1155000 | 1154500 |
| 1 | 1735001 | TO | 1740000 | 1737910 |
| 1 | 3295001 | TO | 3300000 | 3299784 |
| **2305** | | | | **21118663** |

# CATEGORIES OF SHAREHOLDING AS ON SEPTEMBER 30, 2016

| SR. NO. | CATEGORIES OF SHARE HOLDERS | NUMBER OF SHARE HOLDERS | SHARES HELD | PERCENTAGE % |
|---|---|---|---|---|
| 1 | INDIVIDUALS | 2276 | 12,990,933 | 62 |
| 2 | INSURANCE COMPANIES | 1 | 23,551 | 0 |
| 3 | JOINT STOCK COMPANIES | 15 | 4,902,482 | 23 |
| 4 | FINANCIAL INSTITUTIONS | 5 | 1,160,058 | 5 |
| 5 | MUTUAL FUND | 1 | 1,737,910 | 8 |
| 6 | MODARABAS | 1 | 15 | 0 |
| 7 | LEASING COMPANIES | 1 | 2,058 | 0 |
| 8 | MODARABA MANAGEMENT COMPANIES | 1 | 72,500 | 0 |
| 9 | OTHERS | 4 | 229,156 | 1 |
| | **TOTAL:-** | **2305** | **21,118,663** | **100** |

# CATEGORIES OF SHAREHOLDING
## AS AT SEPTEMBER 30, 2016

| Categories of Shareholders | No. of Share holders | Sheres Held | Percentage |
|---|---|---|---|
| **ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES** | | | |
| Al-Noor Sugar Mills Ltd. | 1 | 3,299,784 | 15.62% |
| Reliance Insurance Co. Ltd. | 1 | 23,551 | 0.11% |
| Al-Noor Modaraba Management (Pvt.) Ltd. | 1 | 72,500 | 0.34% |
| Noori Trading Corporation (Pvt.) Ltd. | 1 | 666,566 | 3.16% |
| **NBP, NIT & ICP** | | | |
| NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT | 1 | 100 | 0.00% |
| NATIONAL BANK OF PAKISTAN | 1 | 1,358 | 0.02% |
| TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST. | 1 | 7,757 | 0.04% |
| TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND | 1 | 221,055 | 1.05% |
| **MUTUAL FUND** | | | |
| CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND | 1 | 1,737,910 | 8.23% |
| **DIRECTORS, CEO & THEIR SPOUSES AND MINOR CHILDREN** | | | |
| MRS. MUNIRA ANJUM (W/O YUSUF AYOOB) | 1 | 218,086 | 1.03% |
| MR. MUHAMMAD YOUSUF AYOUB | 1 | 377,818 | 1.79% |
| MR.MOHAMMAD SULEMAN AYOOB | 1 | 184,786 | 0.87% |
| MR. ABDUL AZIZ AYOOB | 1 | 170,594 | 0.81% |
| MRS. ZARINA BAI ISMAIL (W/O ISMAIL H. ZAKARIA) | 1 | 158,075 | 0.75% |
| MR. ZIA ZAKARIA | 1 | 228,999 | 1.08% |
| MR. ZOHAIR ZAKARIA | 1 | 226,624 | 1.07% |
| MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB) | 1 | 132,927 | 0.63% |
| MR. ISMAIL H. ZAKARIA | 1 | 47,949 | 0.23% |
| MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB) | 1 | 43,613 | 0.21% |
| MRS. SANOBER ZIA (W/O ZIA ZAKARIA) | 1 | 10,641 | 0.05% |
| MR. GHULAM MOHIUDDIN | 1 | 871,557 | 4.13% |
| MRS. MANAL GHULAM MOHIUDDIN (W/O GHULAM MOHIUDDIN) | 1 | 60,290 | 0.29% |
| **PUBLIC SECTOR COMPANIES AND CORP.** | 1 | 1,154,500 | 5.47% |
| **BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND.** | 4 | 6,173 | 1.10% |
| **JOINT STOCK COMPANIES** | 13 | 936,132 | 4.43% |
| **OTHERS** | 2 | 344 | 0.00% |
| **INDIVIDUALS** | 2263 | 10,258,974 | 48.58% |
| **TOTAL:-** | 2305 | 21,118,663 | 100.00% |

**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY**

| | |
|---|---|
| **EMPLOYEES OLD AGE BENEFITS INSTITUTION** | **1,154,500** |
| **CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND** | **1,737,910** |
| **AL-NOOR SUGAR MILLS LIMITED** | **3,299,784** |

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# PROXY FORM

I/We .....

in the district of ..... being a Member of **SHAHMURAD SUGAR MILLS LIMITED**

and holder of ..... Ordinary Shares as per Share
(Number of Shares)

Register **Folio No.** ..... and/or **CDC Participant I.D. No.** ..... **and Sub Account No.** .....

hereby appoint ..... of .....

or failing him .....

of..... also a member; as my/our Proxy in my/our absence to attend and vote for me/us at the 38th Annual General Meeting of the Company to be held on the 31st day of January two thousand and seventeen at 11.00 a.m. at Company's Registered Office 96-A, Sindhi Muslim Housing Society, Karachi and at any adjournment thereof :

Signed this ..... day of ..... 2017

**WITNESSES:**

1. Signature .....
   Name: .....
   Address .....
   .....
   NIC or
   Passport No. .....

2. Signature .....
   Name: .....
   Address .....
   .....
   NIC or
   Passport No. .....

Rupees five
Revenue
Stamp

Signature of Member(s)

**NOTE:**

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need be a member of the Company.

CDC Shareholders and their Proxies are requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

# پراکسی فارم

میں / ہم ----------

ساکن ---------- شاہ مراد شوگر ملز لمیٹڈ

کے رکن وحامل ---------- عام حصص بمطابق شیئر رجسٹر ڈ فولیو نمبر ----------

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر ---------- اور ذیلی کھاتہ نمبر ----------

بذریعہ ہذا ---------- ساکن ---------- یا بصورت دیگر ----------

ساکن ---------- جو کہ خود بھی ایک ممبر ہے کو اپنی/ہماری غیر موجودگی میں کمپنی کے 38واں سالانہ اجلاس عام مؤرخہ 31 جنوری 2017 بوقت 11:00 بجے بمقام رجسٹرڈ آفس 96۔اے سندھی مسلم ہاؤسنگ سوسائٹی کراچی میں منعقد یا ملتوی ہونے والے میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط شدہ بتاریخ ---------- بروز ---------- 2017.

گواہان:

ا۔ دستخط ----------

نام ----------

پتہ ----------

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر ----------

برائے کرم پانچ روپے مالیت کے ریونیو ٹکٹ چسپاں کریں۔

۲۔ دستخط ----------

نام ----------

پتہ ----------

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر ----------

دستخط برائے ممبر / ممبران ----------

(دستخط کمپنی میں درج نمونہ کے دستخط کے مطابق ہونے چاہیئے)

نوٹ: پراکسیز کے مؤثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کا رکن ہونا ضروری ہے۔ CDC کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

SHAHMURAD
SUGAR MILLS LIMITED

# SHAHMURAD SUGAR MILLS LTD.

96-A, Sindhi Muslim Society, Karachi-74400.