ANSARI SUGAR MILLS LIMITED

TWENTY SEVENTH ANNUAL REPORT 2016

COMPANY PROFILE

BOARD OF DIRECTORS	
Rashid Ahmed Khan	Chairman,Non-Executive Director(Independent)
Khawaja Anver Majid	Chief Executive & Executive Director
Khawaja Ali Kamal Majid	Executive Director
Khawaja Aleem Majid	Non- Executive Director
Nihal Anwar	Non Executive Director (Independent)
Dawoodi Morkas	Executive Director
Aurangzeb Khan	Executive Director
AUDIT COMMITTEE	
Nihal Anwar	Chairman, Non Executive Director (Independent)
Rashid Ahmed Khan	Chairman, Non-Executive Director(Independent)
Khawaja Aleem Majid	Member, Non Executive Director
HUMAN RESOURCE & RUMENERATION COMMITTEE	
Khawaja Aleem Majid	Chairman,Non Executive Director
Nihal Anwar	Member, Non Executive Director (Independent)
Khawaja Ali Kamal Majid	Member Executive Director
BANKERS	National Bank Of Pakistan
Sindh Bank Limited	
Summit Bank Limited	
UBL Bank Limited	
MCB Bank Limited	
AUDITORS	M/s. Moochhala Gangat & Co. Chartered Accountants
COST AUDITOR	Siddiqi and Company Cost and Management Accountants
LEGAL ADVISOR	Ahmed & Qazi Advocates & Legal Consultants
REGISTRAR	BMF Consultants Pakistan (Pvt) Ltd Room # 310,311, 3rd Floor Anum Estate Building 49 Darul Aman Society, Main Sharah-e-Faisal Karachi.
REGISTERED OFFICE	Deh Jagsiyani, Taluka Tando Ghulam Hayder, District Tando Mohammad Khan, Hyderabad, Sindh.
FACTORY	Deh Jagsiyani, Taluka Tando Ghulam Hayder District Tando Muhammad Khan,Sindh.

NOTICE OF ANNUAL GENERAL MEETING

This Notice of Annual General Meeting is hereby issued to notify that the 27THAnnual General Meeting of the shareholders of Ansari Sugar Mills Limited (the 'Company') will be held on Tuesday, January 31, 2017 at 12:00 pm at the registered office of the Company, situated at DehJagsiyani, Taluka Tando Ghulam Hayder, District Tando Mohammad Khan, Hyderabad, Sindh for transacting the following business.

Ordinary Business

- To confirm the minutes of the Annual General Meeting held on January 29, 2016.

Special Business

- To receive, consider and adopt the audited accounts of the Company for the year ended September 30, 2016, together with the directors report and the auditors' report thereon.

- To appoint auditors and fix their remuneration for the year ending September 30, 2017. The present auditors M/s Moochhala Gangat & Co - Chartered Accountant, have been retired and become eligible and therefore have offered themselves for reappointment.

- To consider and pass a resolution authorizing the board of directors of the Company to enter into any investment agreement with associated companies and approve amount(s) of investment to be invested in the associated companies.

- To approve and authorize Company to sell molasses to Pak ethanol (Pvt) Limited at a price agreed between both the companies.

- To enter into any other business(es) with the permission of the chair.

For **ANSARI SUGAR MILLS LIMTED**

Karachi
Dated: January 11, 2017 Co

NOTES:

1. The shares transfer book of the company will remain closed from January 25, 2017 to January 31, 2017 (both days inclusive).
2. Any member entitled to attend and vote at this 27th Annual General Meeting may appoint another member on his/her behalf. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the 27th Annual General Meeting.
3. The share holders of the Company are requested to notify any change in their address immediately.

Kindly quote your folio number in all correspondences with the company.

STATEMENT U/S 160(1) (b) OF THE COMPANIES ORDINANCE, 1984 ANNEXED TO THE NOTICE OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF ANSARI SUGAR MILLS LIMITED (HEREINAFTER THE "Company"), TO BE HELD ON JAN 31ST , 2017 AND SETS OUT MATERIAL FACTS CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED IN THE SAID MEETING.

1. The Board of Directors proposed to enter into Group Investment Agreement to invest in/lend to group/associated companies for the maximum amount of Pak Rupees One Billion only whenever the cash flow of the Company may permit initially for a period of one year which can be renew by the approval of the members. Below is the material information relating to investment in associated companies.

Justification	The company will have advantage to invest any surplus cash flow upto PKR 1,000,000,000/- (Pak Rupees One Billion Only) in associated undertaking at a rate of interest equal or higher to the rate of return that the Company is paying to its lenders, further Company will have opportunity to obtain any such funds upto PKR 1,000,000,000 (Pak Rupees One Billion Only) from associated companies to overcome any funds shortage on easy terms.
Associated Companies	Bawany Sugar Mills Limited Khoski Sugar Mills Pvt Limited Chambar Sugar Mills Pvt Limited Tando Allayar Sugar Mills Pvt Limited Naudero Sugar Mills Pvt Limited New Dadu Sugar Mills Pvt Limited Larr Sugar Mills Limited New Thatta Sugar Mills Pvt Limited
Criteria	Family relationship between directors
Maximum Investment/ Lending Amount	Pak Rupees One Billion Only
Purpose, Utilization & Benefits	The Company can make safe investment at a good interest rates to generate good returns of excess funds.
Rate	The Interest rate will not be less than the highest rate of return that the Company, in each case, is paying to its lenders.
Listing	The investment is not listed.
Nature	Loan and Advance
Existing Loan / Advance /	Nil
Average Borrowing Cost / KIBOR	Not less then Borrowing Cost paid by the Company in the preceding quarter.
Other Fee / Commission	Nil
Source of Funds	Available excess funds from operations
Security against Investment/lending	Not Applicable
Conversion Rights	Investment have no participation rights
Maximum Repayment Number	Four (04) (quarterly)
Maximum Repayment time	One Year
Participation	Investment have no participate rights.
Penalty in case of non payment on due date	One % addition in the applicable interest rate
Maximum Accumulation	Maximum upto one (1) year
Accrual	Maximum upto one (1) year

2. Company will sell molasses to Pak Ethanol (Pvt) Limited at an agreed price between both the parties.
3. The director(s) / chief executive(s) have an interest in their capacity as ordinary shareholder's of the Company.

VISION & MISSION STATEMENT

VISION

To make a product of International Standard acceptable as a brand in the world market. To explore business opportunities available under the World Trade Organization regime.

MISSION

- To sustain contribution to the National Economy by producing the cost effective product.
- To ensure professionalism and healthy working environment .
- To create a reliable product through adoption of latest technology/ advancement.
- To promote research & development and provide technical know how to growers for improvement of sugar cane yield/recovery.

DIRECTORS' REPORT

Directors' Report

Dear Shareholders; – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to present 27th Annual audited accounts financial statements of the Company for the year ended September 30, 2016 along with operational results, and Auditors' Report thereon.

OPERATING RESULTS

	(Rupees in thousands)
Profit before taxation	11,710
Taxation	9,823
Profit after taxation	21,533
Accumulated profit brought forward	46,758
Accumulated loss carried forward	(225,505)
Earning per share – Basic and diluted	0.88

Performance Review

By the Grace of Allah, the overall performance of the Company continued to be satisfactory during the year.

Your Company started the crushing operations 2015-16 commenced on 25 November 2015 and the plant operated up to 03 March 2016 for 100 days as against 109 days in the preceding season. Sugarcane crushed during the current season was 499,871 M. Tons with average sucrose recovery of 10.99% and sugar production of 54,995 M. Tons, as compared with crushing of 400,216 M. Tons with average sucrose recovery of 9.93 % and sugar production of 39,100 M. Tons during the preceding season.

		2014-15	2013-14
Crushing duration	Days	100	109
Sugarcane crushed	M.Tons	499,871	400,216
Sugar production	M.Tons	54,995	39,100
Sugar recovery	%	10.99	9.75
Molasses production	M.Tons	24,960	17,985
Molasses recovery	%%	4.99	4.49

Audited accounts show that company earned a gross profit of Rs.376.25 million during the year, as compared to gross profit 309.246 million preceding year.

The company's financial results were also subject to cost audit under the Companies (Audit and Cost Account) Rules 1998 as in previous years. The cost audit was conducted by Messrs. Siddiqi & Company, Cost & Management Accountants.

Future Prospects

The Company enjoyed continued financial support from banks for which directors appreciate recent renegotiated arrangement with the banks as given in the financial statement.

Dividend

Due to accumulated losses, the Directors of your company have considered it prudent not to pay dividend.

Value of Provident Fund Investment

The company operates a recognized provident fund scheme covering all its permanent employees. Equal monthly contributions to the fund are made both by the Company and its Employees in accordance with fund rules. The value of investment as on September 30, 2016 aggregating to Rs. 52,648,000 (2015: Rs. 56,865,442).

Corporate Social Responsibility

Since the sugarcane growers are considered to be the important stakeholders, your Company is committed to facilitate the local farmers of the area. In order to support the farmer of the area the company has given them substantial amount as grower's loan and advances particularly for fertilizer and seeds.

Auditors

The auditors Messrs. M/s Moochhala Gangat & Co, Chartered Accountants, retire and being eligible have offered themselves for re-appointment. The Audit Committee has recommended considering the re-appointment of Messrs. Moochhala Gangat & Co. Chartered Accountants, as auditors of the Company for the ensuing year.

Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Changes, if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departure there from if any, has been adequately disclosed.

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

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

7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

8. Key operating and financial data for last six years in summarized form is annexed.

9. Information about the taxes and levies is given in the notes to the financial statements.

10. The pattern of shareholding and additional information regarding pattern of shareholding is given.

11. During the year there were no trade in the shares of the company carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children except Mr. Dawoodi Morkas – Director, details of transaction are below.

Trading Date	Share Purchased	Rate
21-Jan-2016	3,500	11.39
21-Jan-2016	26,500	11.40
21-Jan-2016	12,000	11.61
25-Jan-2016	1,000	11.50
26-Jan-2016	5,000	11.50
Total	48,000	

Meeting of Board of Directors

During the year, eleven meeting of the Board of Directors were held. Attendance was as under.

S. No.	Name of Directors	Meeting attended
1	Rashid Ahmed Khan	11
2	Khawaja Anver Majid	8
3	Khawaja Ali Kamal Majid	10
4	Khawaja Aleem Majid	11
5	Nihal Anwar	11
6	Dawoodi Morkas	11
7	Aurangzeb Khan	11

Directors who could not attend board meeting due to their preoccupations were granted leave of absence.

Audit Committee

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. The committee regularly meets as per requirement of the code. The committee assists the Board in reviewing internal audit manual and internal audit system. During the year, four audit committee meetings were held and all meetings were attended by all members.

Human Resource and Remuneration Committee

The Board has constituted a Human Resource and Remuneration Committee consisting of three members including Chairman of the Committee in compliance with Code of Corporate Governance. During the year, four HR & R committee meetings was held and attended by all members.

General

The directors place on record their appreciation of the devoted services and hard work put in by the officers, staff and workers of the Company.

On behalf of the Board of Directors

RASHID AHMED KHAN
CHAIRMAN

Karachi: January 10, 2017

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OFCODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19. of rule book of the Pakistan Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the CCG in the following manner:

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

CATEGORY	NAME
Non-Executive Independent Directors	Mr. Rashid Ahmed Khan
	Mr. Nihal Anwar
Non-Executive Directors	Mr. Khawaja AleemMajid
Executive Directors	Mr. Khawaja AnverMajid
	Mr. Khawaja Ali Kamal Majid
	Mr. Dawoodi Morkas
	Mr. Aurangzeb Khan

The Independent Directors meets the criteria of independence under clause I (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 member of stock exchange, has been declared as a defaulter by that stock exchange.

4. No causal vacancies occurring on the board during the year.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/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 meet at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One director had already completed director training program, remaining directors will complete director training ensuing year.

10. 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.

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

12. 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.

13. The company has complied with all the corporate and financial reporting requirements of the CCG.

14. The Board has formed an Audit Committee. It comprises of three members and all of them are non-executives directors including the chairman of the committee.

15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. The Board has formed an HR and Remuneration Committee. It comprises three members of whom two are non-executive directors including the chairman of the committee.

17. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

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

19. 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.

20. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company’s securities, was determined and intimated to directors, employees and stock exchange(s).

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

22. We confirm that all other material principles enshrined in the CCG have been complied.

For and on behalf of the **BoD of Ansari Sugar Mills Limited**

Rashid Ahmed Khan
Chairman

FORM 34

THE COMPANIES ORDINANCE, 1984
(SECTION 236(1) AND 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number: 0019909

2. Name of the Company: ANSARI SUGAR MILLS LIMITED

3. Pattern of holding of the shares held by the Shareholders as at: 3 0 0 9 2 0 1 6

4.

Number of Shareholders	Shareholdings				Total Shares held
1,143	1	-	100	Shares	43,455
590	101	-	500	Shares	196,696
258	501	-	1,000	Shares	199,285
366	1,001	-	5,000	Shares	824,482
58	5,001	-	10,000	Shares	423,725
26	10,001	-	15,000	Shares	316,784
8	15,001	-	20,000	Shares	140,369
11	20,001	-	25,000	Shares	250,917
4	25,001	-	30,000	Shares	108,327
1	30,001	-	35,000	Shares	30,550
2	35,001	-	40,000	Shares	74,126
4	40,001	-	45,000	Shares	166,100
3	45,001	-	50,000	Shares	140,500
2	50,001	-	60,000	Shares	113,400
4	60,001	-	70,000	Shares	273,352
1	70,001	-	100,000	Shares	79,065
1	100,001	-	110,000	Shares	102,937
1	110,001	-	150,000	Shares	150,000
1	150,001	-	500,000	Shares	414,580
1	500,001	-	1,000,000	Shares	720,220
1	1,000,001	-	1,700,000	Shares	1,659,500
1	1,700,001	-	2,000,000	Shares	1,917,000
1	2,000,001	-	16,100,000	Shares	16,061,828
2,488	TOTAL				24,407,198

FORM 34

THE COMPANIES ORDINANCE, 1984
(SECTION 236(1) AND 464)
PATTERN OF SHAREHOLDING

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	16,832,148	68.96%
5.2	Associated Companies, undertakings and related parties	-	0.00%
5.3	NIT and ICP	110,790	0.45%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	52,374	0.21%
5.5	Insurance Companies	11,265	0.05%
5.6	Modarabas and Mutual Funds	800	0.00%
5.7	Shareholders holding 5%	19,638,328	80.46%
5.8	<u>General Public</u>		
	a. Local	5,230,624	21.43%
	b. Foreign	1,910	0.01%
5.9	Others (Joint Stock Companies, Charitable	2,167,287	8.88%
		44,045,526	

PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE AS AT SEPTEMBER 30, 2016

	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	-	-	0.00%
2.	NIT and ICP	2	110,790	0.45%
3.	Directors, CEO, their Spouses & Minor Children	8	16,832,148	68.96%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	10	2,167,287	8.88%
6.	Banks, Development Finance lnstitutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	11	64,439	0.26%
7.	Individuals	2,457	5,232,534	21.44%
	TOTAL	2,488	24,407,198	100.00%

DETAILS OF CATAGORIES OF SHAREHOLDERS

	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies			
	-	-	-	-
2.	NIT and ICP			
2.1	INVESTMENT CORPORATION OF PAKISTAN	1	69,990	0.29%
2.3	NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT	1	40,800	0.17%
		2	110,790	0.45%
3.	Directors, CEO, their Spouses & Minor Children			
	Directors and CEO			
3.1	KHAWAJA ANVER MAJID	1	16,061,828	65.81%
3.2	KHAWAJA ALI KAMAL MAJID	1	720,220	2.95%
3.3	KHAWAJA ALEEM MAJID	1	1,000	0.00%
3.4	NIHAL ANVER	1	500	0.00%
3.5	RASHID AHMED KHAN	1	500	0.00%
3.6	AURANGZEB KHAN	1	50	0.00%
3.7	DAWOOD MORKAS	2	48,050	0.20%
		8	16,832,148	68.96%
	Spouses of Directors and CEO	-	-	-
	Minor Children of Directors and CEO	-	-	-
		8	16,832,148	68.96%

PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE AS AT SEPTEMBER 30, 2016

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	KHAWAJA ANVER MAJID	1	16,061,828	65.81%
2	UNICOR PROPERTY DEVELOPMENT LIMITED	1	1,917,000	7.85%
3	SAYED ABDUL BAQAR NAQVI	1	1,659,500	6.80%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN

STATEMENT OF ETHICS & BUSINESS PRACTICE

Ansari Sugar Mills Limited was established with an aim of producing high quality sugar for its customer and meeting the expectation of its stakeholders. We ensure transparency and professionalism at every step of our dealings, and look after the interests of our stakeholders.

This statement of the company is based on the following principles:

Quality of Product

- We strive to produce the high quality of sugar for our customers.
- We believe in technology and innovation and strive to implement innovative ideas in the Company.
- We maintain all relevant technical and professional standards to be compatible with the requirements of the trade.

Dealing with Employees

- We recognize and reward employees for their performance.
- We measure the performance of our employees by their ability to meet their objectives, their conduct at work, dealing with others both within and outside the organization, their contribution towards training people and succession planning, and innovation at their work place.
- We provide a congenial work atmosphere where all employees are treated with respect and dignity and work as a team for a common goal.
- Unless specifically mentioned, all rules and regulation prevailing in the company apply to all levels of employees of the company.

Responsibility to Society / Interested Parties

- We have an important role towards our society, shareholders, creditors, the Government and public at large. We are objective and transparent in our dealings with all our stakeholders so as to meet the expectations of the people who rely on us.
- We meet all our obligations and ensure timely compliance.

Financial Reporting and Internal Control

- To meet the expectations of the wide spectrum of society and Government agencies, we have implemented an effective, transparent and fair system of financial reporting and internal control.
- To ensure efficient and effective utilization of Company's resources, we have placed financial planning and reporting at the heart of management practice at this not only serves to facilitate viable and timely decisions, but also makes Company dealings more transparent and objective oriented.
- We have a sound and efficient Internal Audit department to enhance the reliability of the financial information and data generated by the Company. It also helps building the confidence of our external stakeholders.

Purchase of Goods and Timely Payment

- To ensure cost effectiveness, we only purchase goods and services that meet our specifications and are priced appropriately. To gauge the market conditions and availability of substitute or services, we obtain quotations from various sources before finalizing our decision.

- We ensure timely payments, which over the year, has built trust and reliability amongst our suppliers.

Conflict of Interest

- Activities and involvements of the directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are made in the interest of the Company.

Observance to laws of the Country

- The Company fulfills all statutory requirements of the Government and follows all applicable laws of the country.

Environmental Protection

- The Company uses all means to protect the environment and to ensure health and safety of the work force. We have, and will continue to attain, necessary technology to ensure protection of the environment and well being of the people living in adjoining areas of our plant.

Objectives of the Company

- We at Ansari Sugar Mils Limited, recognize the need of working at the highest standards to meet the expectations of all our stakeholders.
- We conduct the business of the Company with integrity and supply only quality and credible information.
- We produce and supply goods and information with great care and competence, to ensure that customers and creditors receive the best quality and care.
- We respect the confidentiality of the information acquired during the course of our work with our business associates, and refrain from acting in any manner which could discredit the Company.
- Our organization is free of all vested interests that could affect its integrity, objectivity and independence.

SIX YEARS REVIEW AT A GLANCE

FINANCIAL RESULTS		2016	2015	2014	2013	2012	2011
Sales		1,730,162	1,865,650	1,481,835	2,731,253	1,628,242	1,927,676
Gross profit/(loss)		376,246	309,629	248,489	186,126	(63,839)	174,515
Operating profit/(loss)		295,787	227,553	161,570	77,925	(133,228)	109,650
Profit/(loss) before taxation		11,710	311,775	46,691	(195,605)	(441,444)	(181,583)
Profit/(loss) after taxation		21,533	293,182	232,062	(87,374)	(441,985)	(159,128)
Accumulated (loss)/profit		(225,504)	46,758	(250,571)	(497,163)	(455,984)	(31,170)

OPERATING RESULTS		2016	2015	2014	2013	2012	2011
Season Started		25-11-2015	09-12-2014	01-11-2013	29-11-2012	21-12-2011	09-12-2012
Season Closed		3/3/2016	27-03-2015	14-03-2014	22-03-2013	16-03-2012	11-04-2011
Days Worked		100	109	134	114	87	124
Sugarcane crushed	(tonnes)	499,872	400,216	382,090	400,574	428,693	604,273
Sugar Recovery	(%)	10.99%	9.75%	10.56%	10.55%	8.35	8.31
Sugar produced	(tonnes)	54,995	39,100	41,643	42,300	35,810	50,312
Molasis Recovery	(%)	4.99%	4.49%	4.47%	4.30%	4.51	4.63
Molasis produced	(tonnes)	24,960	17,985	17,090	17,255	19,350	28,240

ASSETS EMPLOYED	2016	2015	2014	2013	2012	2011
Fixed capital expenditure	92,087	3,339,049	3,302,064	3,238,354	2,097,820	1,998,006
Long term loans and deposits	2,319	1,396	2,726	1,982	1,643	747
Current Assets	3,582,885	2,278,513	2,365,424	2,012,999	2,058,550	1,915,465
Total Assets employed	3,677,291	5,618,959	5,670,214	5,253,335	4,158,013	3,914,218

FINANCED BY	2016	2015	2014	2013	2012	2011
					Rupees	
Shareholder's equity	825,567	317,830	20,501	(226,091)	(184,912)	239,901
Long term liabilities	2,434,235	1,062,762	1,244,670	1,504,742	1,150,021	777,587
Deferred Liabilities	611,234	360,583	430,520	423,083	269,598	271,214
Current Liabilities	2,101,771	2,602,597	2,882,434	1,980,062	2,373,526	1,991,306
Total funds invested	5,972,807	4,343,772	4,578,125	3,681,797	3,608,234	3,280,008
Break-up value per share	112.65	57.06	44.16	50.41	1703	0.98
(Loss)/Earnings per share	0.88	11.41	(9.51)	(3.58)	(18.11)	(6.52)

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 Ansari Sugar Mills Limited (the “Company”) for the year ended June 30, 2016 to comply with the requirements of Listing Regulations No. 5.19 of the Pakistan Stock Exchange 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 requirements of the Code. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Code.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement 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 June 30, 2016.

Moochhala Gangat & Co.
Chartered Accountants

Name of the engagement partner:
Mr. Hussaini Fakhruddin

Karachi
Date: ___________

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ANSARI 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 purposes of our audit.

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

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

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

(b) in our opinion,

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in notes 3.3 and 4.22 to the financial statements with which we concur;

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

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

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

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

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
Date: _______________

BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Note	2016	2015 Restated	2014 Restated
			---------------(Rupees)----------------	
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	5	4,503,125,449	3,339,049,465	3,302,064,223
Intangible asset	6	1,604,531	1,247,072	339,578
Long term investmer	7	170,963,129	152,430,614	135,907,037
Long term loan	8	1,044,801	1,450,287	2,227,679
Long term deposit		1,274,300	505,600	498,500
		4,678,012,210	3,494,683,038	3,441,037,017
CURRENT ASSETS				
Biological assets	9	-	141,085,000	176,017,778
Stores, spares and loose too	10	284,472,769	248,027,455	284,423,455
Stock-in-trad	11	1,861,481,568	1,051,848,812	968,721,425
Trade debts	12	559,799,327	380,850,637	308,436,728
Loans and advance	13	750,539,210	328,579,781	355,266,958
Short term deposits, prepayments and other receivable	14	106,832,287	109,052,582	101,219,914
Tax refunds due from the governme	15	6,970,197	6,970,197	6,970,197
Cash and bank balance	16	12,789,959	11,538,691	164,367,559
		3,582,885,316	2,277,953,155	2,365,424,014
		8,260,897,526	5,772,636,193	5,806,461,031
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital				
30,000,000 (2015 : 30,000,000) Ordinary share of Rs.10 eacl		300,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up capi	17	244,071,980	244,071,980	244,071,980
General reserve		27,000,000	27,000,000	27,000,000
Equity reserve		780,000,000	-	-
Accumulated losse		(225,504,656)	46,757,979	(250,570,575)
		825,567,324	317,829,959	20,501,405
Surplus on revaluation of fixed ass	18	1,923,982,826	1,074,993,570	1,057,455,393
NON CURRENT LIABILITIES				
Long term finances	19	2,534,234,707	971,928,800	1,151,442,201
Deferred liabilitie	20	611,233,968	360,582,744	430,520,045
Provision for quality premiu	21	264,108,125	264,108,125	264,108,125
Subordinated loar	22	-	168,361,047	-
		3,409,576,800	1,764,980,716	1,846,070,371
CURRENT LIABILITIES				
Current portion of long term finances	19	144,515,311	284,555,966	387,300,013
Short term borrowing	23	1,472,191,500	1,946,473,883	2,234,003,612
Trade and other payable	24	293,506,704	230,270,397	104,454,728
Accrued mark-u		128,198,140	97,256,962	131,181,633
Taxation - ne		63,358,921	56,274,740	25,493,876
		2,101,770,576	2,614,831,948	2,882,433,862
CONTINGENCIES AND COMMITMENTS	25	-	-	-
		8,260,897,526	5,772,636,193	5,806,461,031

The annexed notes from 1 to 42 form an integral part of these financial statements.

Director　　　　　　　　　　Director

Due to non-availability of Chief Executive in Pakistan as per the requirement of section 241 of the Companies Ordinance, 1984 other two directors of the company, be authorized to sign the audited financial statements of the company for the year ended September 30, 2016.

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

	Note	2016	2015 Restated
		-------(Rupees)-------	
Sales - net	26	1,730,162,045	1,865,650,369
Cost of sales	27	(1,353,915,800)	(1,556,020,974)
Gross profit		376,246,245	309,629,395
Operating expenses			
Selling and distribution expenses	28	(2,018,498)	(1,717,273)
Administrative expenses	29	(78,440,381)	(80,358,790)
		(80,458,879)	(82,076,063)
Operating profit		295,787,366	227,553,332
Finance cost	30	(324,873,624)	(401,611,137)
Other income	31	41,776,847	497,743,819
Other charges	32	(980,678)	(26,539,983)
		(284,077,455)	69,592,699
Profit before taxation		11,709,911	297,146,030
Taxation	33	9,823,544	(18,592,686)
Profit after taxation		21,533,455	278,553,344
Earning per share - Basic & Diluted	34	0.88	11.41

The annexed notes from 1 to 42 form an integral part of these financial statements.

Director

Director

Due to non-availability of Chief Executive in Pakistan as per the requirement of section 241 of the Companies Ordinance, 1984 other two directors of the company, be authorized to sign the audited financial statements of the company for the year ended September 30, 2016.

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

	2016	2015 Restated
	----------*Rupees*--------	
Profit after taxation	21,533,455	278,553,344
Items not to be reclassified to profit or loss in subsequent period:		
Loss on remeasurement of post employment benefit obligations	(386,082)	(720,629)
Incremental depreciation arising from revaluat of property, plant and equipme	26,041,349	28,866,453
Deferred tax relating to component comprehensive incom	(7,812,405)	(9,370,614)
Total items that will not be reclassified to net inco	17,842,862	18,775,210
Total comprehensive income for the yea	39,376,317	297,328,554

The annexed notes from 1 to 42 form an integral part of these financial statem

Director

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Due to non-availability of Chief Executive in Pakistan as per the requirement of section 241 of the Companies Ordinance, 1984 other two directors of the company, be authorized to sign the audited financial statements of the company for the year ended September 30, 2016.

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Note	2016	2015
		-------(Rupees)-------	
Net cash generated from / (used in) operations	3	(868,155,939)	479,929,396
Taxes paid		(10,217,437)	(22,200,061)
Long term staff loans (sanctioned) / receiv		405,486	777,393
Gratuity pai		(603,022)	(381,345)
Finance cost pai		(274,490,643)	(419,286,856)
Net cash generated /used in operating activities		(1,153,061,556)	38,838,527
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(8,982,491)	(2,747,917)
Capital work in progres		(84,044,537)	(99,125,200)
Long term deposits		(768,700)	(7,100)
Proceeds from disposal of property, plant and equipm		125,682	-
Net cash used in investing activities		(93,670,046)	(101,880,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings obtained during the year net of repayments		1,422,265,252	(282,257,448)
Subordinated loar		300,000,000	480,000,000
Short term Finances to Financial Instituti		(474,282,383)	(287,529,729)
Net cash flow from financing activities		1,247,982,869	(89,787,177)
Net decrease in cash and cash equivalents		1,251,268	(152,828,868)
Cash and cash equivalents at the beginning of the y		11,538,691	164,367,559
Cash and cash equivalents at the end of the y		12,789,959	11,538,691

The annexed notes from 1 to 42 form an integral part of these financial statem

Director　　　　　　　　　　Director

Due to non-availability of Chief Executive in Pakistan as per the requirement of section 241 of the Companies Ordinance, 1984 other two directors of the company, be authorized to sign the audited financial statements of the company for the year ended September 30, 2016.

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

		Capital reserve			
	Issued, subscribed and paid-up capital	Equity reserve	General reserve	Accumulated loss	Total
	---------------------------	(Rupees)	------------------------------		
Balance as at October 01, 2014	244,071,980	-	27,000,000	(343,798,111)	(72,726,131)
Effect of correction of err	-	-	-	93,227,536	93,227,536
Balance as at October 01, 2014 - restated	244,071,980	-	27,000,000	(250,570,575)	20,501,405
Profit after taxatio	-		-	278,553,344	278,553,344
Other Comprehensive Income					
Remeasurement of defined benefit liability	-	-	-	(720,629)	(720,629)
Incremental depreciation on revalue fixed assets - net of ta	-	-	-	19,495,839	19,495,839
Balance as at September 30, 2015	244,071,980	-	27,000,000	46,757,979	317,829,959
Balance as at October 01, 2015	244,071,980	-	27,000,000	46,757,979	317,829,959
Transaction with owners recognized directly in equity - interest free loan from directors					
Transfer from liability to equity	-	468,361,048	-	-	468,361,048
Transferfrom unappropriatedprofitto equity reserve	-	311,638,952	-	(311,638,952)	-
Profit after taxatio	-	-	-	21,533,455	21,533,455
Other Comprehensive Income					
Remeasurement of defined benefit liability	-	-	-	(386,082)	(386,082)
Incremental depreciation on revalue fixed assets - net of ta	-	-	-	18,228,944	18,228,944
Balance as at September 30, 2016	244,071,980	780,000,000	27,000,000	(225,504,656)	825,567,324

The annexed notes from 1 to 42 form an integral part of these financial statements.

Director

Director

Due to non-availability of Chief Executive in Pakistan as per the requirement of section 241 of the Companies Ordinance, 1984 other two directors of the company, be authorized to sign the audited financial statements of the company for the year ended September 30, 2016.

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

1. STATUS AND NATURE OF BUSINESS

Ansari Sugar Mills Limited ('the Company') was incorporated in Pakistan on July 09, 1989 as a Public Limited Company and its shares are quoted in Pakistan Stock Exchanges. The principal business of the Company is manufacture and sale of white sugar. The registered office of the Company is situated Taluka Tando Mohammad Khan, District Hyderabad, Sindh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the land, factory buildings and plant and machinery stated at revalued amounts less accumulated depreciation and impairment losses, if any, certain staff retirement benefits stated at present value and long term investments and certain long term finances stated at amortised cost.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency and figures are rounded off to nearest Rupee except stated otherwise.

2.4 Significant accounting estimates and judgments

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 judgment, estimates and assumptions in the process of applying accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

- Useful lives of property, plant and equipment (note: 5)

- Provision against doubtful debts (note: 12)

- Provision for taxation and deferred taxation (note: 32.1 and 20.2)

- Valuation of stock in trade (note: 11)

3 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR AN INTERPRETATION TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the company’s financial statements covering annual periods, beginning on or after the following dates:

3.1 Standards, amendments to approved accounting standards and interpretations effective in current year

The following standards, amendments and interpretations are effective for the year ended September 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 1, 2015
IFRS 11 – Joint Arrangements	January 1, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13 – Fair Value Measurement	January 1, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	January 1, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 1, 2015

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 1, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	Deferred indefinitely
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception.	January 1, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations.	January 1, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative.	January 1, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	January 1, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses.	January 1, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization.	January 1, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants.	January 1, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements.	January 1, 2016

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards.
- IFRS 9 – Financial Instruments.
- IFRS 14 – Regulatory Deferral Accounts.
- IFRS 15 – Revenue from Contracts with Customers.
- IFRS 16 – Leases.

2.1.3 Standards, amendments and interpretations that are not yet effective and have been early adopted by the Company.

TR - 32 "Accounting Director's loan" issued by ICAP on January 25, 2016 and applicable for financial statements for the period beginning on or after 1 January 2016 has been earlier adopted by the Company. Resultantly, the loan to an entity which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured.

The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Employees benefits

Defined benefit plan

The Company operates unfunded gratuity scheme for all its permanent employees. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out every second year under the Projected Unit Credit method. The latest valuation was carried out at September 30, 2016. The year in which actuarial valuation is not carried out, provision is made for expected charge calculated by the actuary in the year in which valuation is carried out. All actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. All the past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Company has recognized related restructuring or termination benefits.

Defined contribution plan

There is an approved funded contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund in accordance with the fund rules. Contributions are made by the employees at the rate of 10% of the basic salary. Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these rules.

4.2 PROVIDENT FUND RELATED DISCLOSURES

	2016 Un-audited	2015 Audited
	-------(Rupees)-------	
Size of the fund - Net assets	69,246,000	56,380,885
Cost of investments made	52,369,000	52,520,158
Percentage of investments made	76.03%	100.86%
Fair value of investments	52,648,000	56,865,442

4.2.1 Break-up of fair value of investment is:

	-------2016--------		-------2015--------	
	Rupees	--%--	Rupees	--%--
Units of open mutual fund - UBL Al-Ameen Islamic active allocation plan	5,279,000	10.03%	10,127,842	17.81%
Saving Accounts	47,369,000	90.0%	46,737,600	82.2%
	52,648,000	100%	56,865,442	82%

Investments out of the Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

4.2.2 UBL Al-Ameen Islamic fund maintains a credit rating of AM2++ with State Bank of Pakistan.

4.3 Taxation

Income tax expense comprises current and deferred tax.

Current

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

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the periods when the differences reverse based on tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in the equity.

4.4 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, factory building, non factory building and plant and machinery which are stated at revalued amount less accumulated depreciation.

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

The Company assesses at each balance sheet date that whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation is charged to income on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 5. Depreciation on additions is charged from the quarter in which the assets become available for use while on disposals depreciation is charged upto the quarter of deletion.

Increases in the carrying amount arising on revaluation of fixed assets are credited to surplus on revaluation of fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of fixed assets to unappropriated profit. All transfers to/from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Depreciation methods, residual values and useful lives of assets are reviewed at the end of each financial year, and adjusted if impact on depreciation is significant. During the year, the company has changed the method of depreciation on plant and machinery from reducing balance method to production unit method which has been applied prospectively as per the requirements of IAS 8.

Gains/ losses on disposal of property, plant and equipment are included in the income currently.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying capital asset under construction are capitalized and added to the project cost until such time the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognized as an expense in the income statement in the period in which they are incurred.

4.6 Stores, spares and loose tools

These are valued at lower of cost and net realizable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date, cost is calculated on First In First Out (FIFO) basis. Obsolete and used stores, spares and loose tools are recorded at nil value.

4.7 Stock-in-trade

The basis of valuation has been specified against each.

Finished goods	At lower of cost or net realizable value
Molasses	Net realizable value
Baggase	Net realizable value
Sugar in process	At average cost of raw material consumed
Molasses in process	Net realizable value
Cotton sticks	Net realizable value
Rice husk	Net realizable value

Provision for obsolete and slow moving stock are made as and when required. Net realizable value signifies the estimated selling price in the ordinary course of business and cost necessary to be included in order to make the sale.

4.8 Trade debts

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

4.9 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Financial income is recognized as it accrues, using the effective mark up rates.

4.10 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rate prevailing on the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the income currently.

4.11 Provisions

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

4.12 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

4.13 Related party transactions

All transactions between the Company and related party are recorded at arm's length. Prices are determined in accordance with comparable uncontrolled price method, except for the allocation of expenses such as electricity, gas, water, repair and maintenance that are shared with the associated companies based on actual.

4.14 Investments

Held to maturity investments

When the Company has the positive intent and ability to hold debt securities to maturity, then such investments are classified as held to maturity. Held to maturity investments are recognised initially at fair value plus any directly attributable direct cost. Subsequent to initial recognition held to maturity investments are measured at amortized cost using the effective interest rate method, less any impairment losses.

4.15 Financial Instruments

Financial assets

Significant financial assets include investments, advances, receivables and cash & bank balances. Loans and receivables from clients are stated at their nominal value as reduced by provision for doubtful loans and receivables, investments are stated at amortised cost while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short term and long term finances, interest accrued and trade and other payables. Certain long term finances are carried at amortised cost while other liabilities are stated at their nominal value.

Recognition and derecognition

All the financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income.

4.16 Off setting of financial assets and liabilities

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to off-set the recognized amounts and the Company intends to either settle on net basis or to realize the assets and settle the liability simultaneously.

4.17 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and bank balances.

4.18 Trade and other payables

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

4.19 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved.

4.20 Intangible asset and amotization

Intangible asset represents the cost of computer software acquired and is stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the quarter in which an asset is acquired or capitalized while no amortization is charged for the quarter in which the asset is disposed off. Amortization is being charged as specified in note 6.

4.21 Prior period error

4.21.1 Recording of interest free subordinated loan at amortized cost

Interest free subordinated loans were carried in prior years discounted using discount rate of 10% and carried at amortized cost as required under International Accounting Standard 39 (IAS-39) "Financial Instruments: Recognition and Measurement". During the year, Technical release 32 was issued by the Institute of Chartered Accountants of Pakistan (ICAP) according to which a loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity.

Correction of long term loan recorded at cost

As more fully explained in note 19.3, the company had obtained loan from National Bank of Pakistan which was to be repaid in 10 years and the markup is not been charged on the outstanding amount of the loan. As per IAS 39 "Financial Instruments: Recognition and Measurement", this loan should be measured on amortized cost. During the year, the loan has been measured on amortized cost using effective interest rate of 12.15% on the period of 10 years ending 2019. Due to this accounting error, financial statements have been restated. Accordingly, the management has presented three years balance sheet in accordance with requirements of IAS-1 "Presentation of Financial Statements". Details of effect of change in accounting policy are as follows:

	As per audited financial statements	Effect of prior period error	Restated amount
Effects of prior period error on financial statements for the year ended 30 September 2014			
Balance sheet			
Accumulated (losses) / profit	(343,798,11	93,227,53	(250,570,57
National Bank of Pakistan - Frozen Markup facility	213,551,00	(93,227,53	120,323,46
Profit and loss account			
Finance cost	446,780,85	13,043,14	459,823,99

	As per audited financial statements	Effect of Change in accounting policy of Directors' loan	Effect of prior period error	Restated amount
Effects of prior period error on financial statements for the year ended 30 September 2015				
Balance sheet				
Accumulated (losses) / profit	(31,840,62	(311,638,95	390,237,55	46,757,97
National Bank of Pakistan - Frozen Markup fa	213,551,00	-	(62,191,09	151,359,90
Profit and loss account				
Finance cost	386,982,21	-	14,628,92	401,611,13

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		---------(Rupees)---------	
Operating fixed assets	5.1	4,333,955,712	3,253,924,265
Capital work in progress	5.2	169,169,737	85,125,200
		4,503,125,449	3,339,049,465

5.1 OPERATING FIXED ASSETS

Description	OWNED												
	Freehold Land	Factory Building	Non-factory Building	Plant and machinery	Electrical Installations	Weighbridge	Office equipments and Others	Electrical appliances	Furniture and fixtures	Vehicles	Tent and tarpaulins	Tools and tackles	Total
COST													
Balance as at 01 October 2014	245,541,250	482,709,042	424,711,872	3,124,627,609	9,457,061	4,562,918	9,270,462	9,030,094	3,217,458	36,230,822	6,570,321	1,993,521	4,357,922,430
Additions	-	661,300	-	-	-	56,000	144,200	-	2,210	525,000	-	-	1,388,710
Disposa													-
Transfer from capital work in progre				228,630,156									228,630,156
Balance as at 30 September 2015	245,541,250	483,370,342	424,711,872	3,353,257,765	9,457,061	4,618,918	9,414,662	9,030,094	3,219,668	36,755,822	6,570,321	1,993,521	4,587,941,296
Balance as at 01 October 2015	245,541,250	483,370,342	424,711,872	3,353,257,765	9,457,061	4,618,918	9,414,662	9,030,094	3,219,668	36,755,822	6,570,321	1,993,521	4,587,941,296
Additions		283,000	-	4,847,332	-	-	1,326,616	-	42,630	1,542,811	-	-	8,042,389
Disposa										(1,337,000)			(1,337,000)
Revaluation surplu	136,483,750	287,794,494	155,797,749	563,996,987									1,144,072,980
Balance as at 30 September 2016	382,025,000	771,447,836	580,509,621	3,922,102,084	9,457,061	4,618,918	10,741,278	9,030,094	3,262,298	36,961,633	6,570,321	1,993,521	5,738,719,665
DEPRECIATION													
Balance as at 01 October 2014	-	169,441,583	66,728,683	979,755,824	7,243,113	1,608,529	5,614,255	4,840,527	2,360,642	25,154,141	5,760,191	1,980,875	1,270,488,362
Charge for the yea	-	15,671,639	17,899,159	26,052,614	221,395	296,839	369,226	418,957	85,737	2,241,586	267,343	4,173	63,528,669
Disposa													
Balance as at 30 September 2015	-	185,113,222	84,627,842	1,005,808,438	7,464,508	1,905,368	5,983,481	5,259,484	2,446,379	27,395,727	6,027,534	1,985,048	1,334,017,031
Balance as at 01 October 2015	-	185,113,222	84,627,842	1,005,808,438	7,464,508	1,905,368	5,983,481	5,259,484	2,446,379	27,395,727	6,027,534	1,985,048	1,334,017,031
Charge for the yea	-	26,448,450	17,004,202	24,446,314	199,255	271,355	475,780	377,061	81,592	2,180,581	179,120	1,271	71,664,981
Disposa										(918,059)			(918,059)
Balance as at 30 September 2016	-	211,561,672	101,632,044	1,030,254,752	7,663,763	2,176,723	6,459,261	5,636,545	2,527,971	28,658,249	6,206,654	1,986,319	1,404,763,952
CARRYING AMOUNT - 2016	382,025,000	559,886,164	478,877,577	2,891,847,332	1,793,298	2,442,195	4,282,017	3,393,549	734,327	8,303,384	363,667	7,202	4,333,955,712
CARRYING AMOUNT - 2015	245,541,250	298,257,120	340,084,030	2,347,449,327	1,992,553	2,713,550	3,431,181	3,770,610	773,289	9,360,095	542,787	8,473	3,253,924,265
RATE OF DEPRECIATION	-	5%	5%	*	10%	10%	10%	10%	10%	20%	33%	33%	

* Depreciation on plant and machinery is calculated on the basis of unit production method during the year ended September 3(

5.1.1 Revaluation of Freehold land, factory building, non-factory building and plant & machinery has been carried out in June 2016 by M/s. Tracom (Private) Limited, an approved professional valuers on the panel of Pakistan Banks' Association, related to the year which has been incorporated showing revaluation surplus of Rs. 1,144,072,980 which has been incorporated in the year of revaluation. Previously, free hold land, factory building and plant & machinery were revalued by the same valuers in December 2012.

5.1.2 The carrying amount of free hold land, factory building, non-factory building and plant & machinery would have been Rs.9.253 million (2015: Rs.9.253 million), Rs. 173.345 million (2015: Rs. 182.171 million), Rs. 155.5 million (2015: Rs. 163.685 million) and Rs. 1,170.253 million (2015: Rs. 1,177.67 million) respectively, had there been no revaluation.

	Note	2016	2015
		-------(Rupees)-------	
5.1.3 Depreciation for the year has been allocated as under:			
Manufacturing expenses		51,167,390	51,167,390
Administrative expenses		20,497,591	20,497,591
		71,664,981	71,664,981

5.1.4 Details of disposal of fixed assets

Description	Cost	Accumulated depreciation	Carrying Value	Sale Proceed	Mode of disposal	Particulars of buyer
Vehicle	1,337,00	918,05	418,94	125,68	Company poli	Mr. Shakoor (an employ
Sept 30, 2016	1,337,000	918,059	418,941	125,682		
Sept 30, 2015	-	-	-	-		

	Note	2016	2015
5.2 Capital work in progress			
Balance as at October 01		85,125,200	214,630,156
Capital expenditure incurred during the year		84,044,537	99,125,200
Transferred to plant and machinery		-	(228,630,156)
		169,169,737	85,125,200
6 INTANGIBLE ASSETS			
Software			
Cost:			
Opening balance		2,828,622	1,469,415
Addition during the y		940,102	1,359,207
Total cos		3,768,724	2,828,622
Amortization:			
Opening balance		1,581,550	1,129,837
Amortization during the y		582,643	451,713
Accumulated Amortizati		2,164,193	1,581,550
Net book value		1,604,53	1,247,072
Amortization ra		33%	33%
7 LONG TERM INVESTMENT			
Held to maturit			
Defence Saving Certificates (DSCs)	*7.1*	72,000,000	72,000,000
Accrued prof	*7.2*	98,963,129	80,430,614
		170,963,129	152,430,614

7.1 This represents the DSCs purchased by the Company on March 18, 2009 with a maturity of 10 years having effective interest rate of 12.16%. These have been pledged with National Bank of Pakistan as a security of repayment of term loan of Rs. 213.551 million (2015: 213.551 million)

7.2 The amount represents accrued profit on DSCs purchased by the Company calculated using the effective rate of interest.

	Note	2016	2015
8 LONG TERM LOANS - Secured, considered good			
Long term loan to executive	*8.1 & 8.2*	598,000	1,119,500
Long term loan to employee	*8.2*	670,201	661,573
Less: Current portion shown under current ass		(223,400)	(330,787)
		1,044,801	1,450,287

	2016	2015
	-------(Rupees)-------	

8.1 Reconciliation of the carrying amount of loans to executives

	2016	2015
Balance at the beginning of the year	1,119,500	1,267,500
Disbursement	-	300,000
Repayment	(521,500)	(448,000)
Balance at the end of the year	598,000	1,119,500

8.2 The above loan under the terms of employment have been given to employees and executives other than directors of the Company to facilitate purchase of house and vehicles .The loan is repayable in monthly installments over a period of two to four years. Theses loans are secured against retirement benefits of the employees.

9 BIOLOGICAL ASSETS

	2016	2015
Expenditure due to cultivation	141,085,000	176,017,778
Cultivation of crop	(141,085,000)	(176,017,778)
Expenditures due to cultivation	-	94,559,500
Gain arising from initial recognition of standing crop less cost to sell	-	46,525,500
	-	141,085,000

The cultivation of sugar cane crop have been discontinued from the current year, in comparative year the value of sugarcane crop was based on estimated average yield of 500 mounds per acre on cultivated area of 3,064 acres. The said land was acquired on operating lease.

		Note	2016	2015
			-------(Rupees)-------	
10	*STORES, SPARES AND LOOSE TOOLS*			
	Store and spare parts		283,898,478	231,909,697
	Packing material		574,291	16,117,758
			284,472,769	248,027,455
11	STOCK-IN-TRADE			
	In hand			
	Finished goods		1,570,856,122	801,971,500
	Molasses		260,921,888	222,300,000
	Baggase		9,248,033	4,640,000
	Sugar in process		19,490,714	18,309,357
	Molasses in process		964,811	4,627,955
			1,861,481,568	1,051,848,812

11.1 The above stocks in hand of the Company have been pledged with the banks against the short term borrowings, refer note 23 to these financial statements.

		Note	2016	2015
12	TRADE DEBTS - unsecured and considered good			
	Against sugar sales		219,387,283	62,462,499
	Against molasses sales	*12.1*	340,412,044	318,388,138
			559,799,327	380,850,637

12.1 This represents receivable from Pak Ethanol (Private) Limited (a related party)

		Note	2016	2015
13	LOANS AND ADVANCES			
	Current portion of long term loans	*8*	223,400	330,787
	Considered good, unsecured			
	Advance to cane growers		615,459,668	184,778,161
	Advance to suppliers and contractors		120,507,351	135,720,972
	Advance to staff		2,561,198	3,198,037
	Advance against expenses		11,787,592	4,551,825
			750,539,210	328,579,781

			2016	2015
			-------(Rupees)-------	
14	SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Prepayments		795,491	-
	Deposits		12,365	12,365
	Other receivables - unsecured, considered good		40,505,331	2,304,904
	Sales tax refundable		-	916,213
	Refundable against freight subsidy		65,519,100	105,819,100
			106,832,287	109,052,582
15	TAX REFUNDS DUE FROM THE GOVERNMENT			
	Sales tax		6,970,197	6,970,197
16	CASH AND BANK BALANCES			
	Cash in hand		631,755	738,147
	Cash with banks - current account		12,158,204	10,800,544
			12,789,959	11,538,691
17	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
	Ordinary shares of Rs.10 each			

2016	2015			
18,296,250	18,296,250	Issued for cas	182,962,500	182,962,500
6,110,948	6,110,948	Issued as bonus shar	61,109,480	61,109,480
24,407,198	24,407,198		244,071,980	244,071,980

		2016	2015
18	SURPLUS ON REVALUATION OF FIXED ASSETS		
	Freehold land		
	Balance as at October 01	236,288,520	236,288,520
	Revaluation surplus arised during the y	136,483,750	-
	Revaluation surplus arising from freehold l	372,772,270	236,288,520
	Factory building		
	Balance as at October 01	116,061,270	122,169,758
	Surplus arises during the ye	287,794,494	-
	Less: Adjustment for incremental depreciati	(9,400,495)	(6,108,488)
		394,455,270	116,061,270
	Related deferred tax		
	Balance as at October 01	37,322,860	42,759,414
	Surplus arises during the ye	86,338,348	-
	Effect of change in tax ra	(2,504,480)	(3,481,838)
	Less: related to incremental depreciati	(2,820,148)	(1,954,716)
		118,336,580	37,322,860
	Revaluation surplus arising from factory build	276,118,690	78,738,410
	Non factory building		
	Balance as at October 01	176,398,461	185,682,590
	Surplus arises during the ye	155,797,749	-
	Less: Adjustment for incremental depreciati	(10,767,395)	(9,284,129)
		321,428,815	176,398,461
	Related deferred tax		
	Balance as at October 01	56,726,032	64,988,907
	Surplus arises during the ye	46,739,325	-
	Effect of change in tax ra	(3,806,494)	(5,291,954)
	Less: related to incremental depreciati	(3,230,218)	(2,970,921)
		96,428,645	56,726,032
	Revaluation surplus arising from non-factory build	225,000,170	119,672,429
	Plant and machinery		
	Balance as at October 01	942,007,466	955,481,302
	Surplus arises during the ye	563,996,987	-
	Less: Adjustment for incremental depreciati	(5,873,459)	(13,473,836)
		1,500,130,994	942,007,466
	Related deferred tax		
	Balance as at October 01	301,713,255	334,418,456
	Surplus arises during the ye	169,199,096	-
	Effect of change in tax ra	(19,111,015)	(28,260,224)
	Less: related to incremental depreciati	(1,762,038)	(4,444,977)
		450,039,298	301,713,255
	Revaluation surplus arising from plant and machin	1,050,091,696	640,294,211
		1,923,982,826	1,074,993,570

19 LONG TERM FINANCES

	Note	Installments Number	Installments Commencing from	Mark-up	2016	2015
					-------(Rupees)-------	
Term loans						Restated
National Bank of Pakistan - Demand Finance Facility - I (Rescheduled)	19.1	22 quarterly	July 2016	3-months KIBOR + 2% per annum	703,550,000	800,250,003
National Bank of Pakistan - Frozen Mark-up Facility - I	19.2	1	January 2019	Frozen	151,359,903	134,952,391
National Bank of Pakistan - Long term grower finance	19.3	16 quarterly	March 2014	3-months KIBOR + 2.5% per annum	-	148,782,372
National Bank of Pakistan - Demand Finance Facility - II	19.4	22 quarterly	July 2016	3-months KIBOR + 2% per annum	385,210,000	-
Summit Bank Limited - Term finance	19.5	28 Quarterly	October 2017	3-months KIBOR + 3% per annum	250,000,000	-
Sindh Bank Limited - Term Finance - I	19.6	28 Quarterly	October 2017	3-months KIBOR + 3% per annum	150,000,000	-
Sindh Bank Limited - Term Finance - II	19.6	28 Quarterly	October 2017	3-months KIBOR + 3% per annum	83,000,000	-
Syndicated Term Finance Facility	19.7	8 semi-annual	July 2014	6 months KIBOR plus 2% per annum	115,000,000	172,500,000
Summit Bank Limited - Restructured from Running Finance	19.8	28 Quarterly	July 2016	3-months KIBOR + 2.5% per annum	199,930,115	-
Summit Bank Limited - Restructured from Running Finance	19.8	28 Quarterly	July 2016	3-months KIBOR + 2.5% per annum	300,000,000	-
Sindh Bank Limited - Restructured from Running Finance	19.9	24 Quarterly	October 2017	3-months KIBOR + 2.75% per annum	340,700,000	-
					2,678,750,018	1,256,484,766
Less: Current portion shown under current liabilities					(144,515,311)	(284,555,966)
					2,534,234,707	971,928,800

19.1 National Bank of Pakistan had amalgamated and re-scheduled four long term loans' outstanding amount up-to Rs. 703.55 million into a single facility. The principal and mark-up thereon is repayable in 5.5 years and 22 quarterly instalments to be paid on step-up basis with the 1st instalment falling due on January 01, 2017. The Facility is secured against 1st pari passu equitable mortgage charge over all present and future fixed assets of the Company including land, building, plant & machinery and 1st pari passu hypothecation charge over present and future plant and machinery of the Company situated at Deh Jagsiyani, Tappo Fateh Bagh, Taluka Tando Ghulam Hyder, district Tando Muhammad Khan, Sindh.

	2016	2015
	-------*(Rupees)*-------	
19.2 National Bank of Pakistan - Frozen Mark-up Facility - I		
Opening balance	134,952,391	120,323,464
Add: amortization during the year	16,407,512	14,628,927
Less: repaid during the year	-	-
	151,359,903	134,952,391

The Company had entered into an agreement dated February 23, 2009 with National Bank of Pakistan (NBP) in respect of settlement of long term loans amounting to Rs. 956.437 million against which Rs. 656.40 million was reflected in Company's books (NBP - I of Rs. 34.30 million, NBP - II of Rs. 116.45 million of General Term Finance, NBP LCY of Rs. 127.636 and frozen markup on these loans amounting to Rs. 377.20 million). The above settlement resulted in the extinguishment of debt by Rs. 484.9 million. According to the agreement, the Company has to pay an amount of Rs. 213.551 million after ten (10) years from the date of agreement i.e. by January 01, 2019. The amount is secured against the pledge of Defense Saving Certificates (DSCs) of Rs.72 million as explained in note 7.2 to these financial statements. The loan is measured on amortized cost, discounted on 12.16% over the period of 10 years.

The NBP will retain the 1st charge but release the sponsor's shares lying pledged in lieu of security in the shape of DSCs of Rs. 72 million to be kept under lien with NBP till recovery of entire settlement amount. However, NBP may consider request for NOC 1st pari passu charge with the approval of competent authority.

		2016	2015
		-------(Rupees)-------	
19.3	National Bank of Pakistan - Long Term Grower Finance Loan		
	Opening balance	148,782,372	200,168,544
	Add: markup amortised during the year	4,817,942	27,006,313
	Less: repaid during the year	(59,484,540)	(78,392,485)
	Less: Rescheduled Financing	(94,115,774)	
		-	148,782,372

National Bank of Pakistan had restructured a short term Running Finance Facility of Rs. 200 million as Long Term Grower Finance Loan to the extent of Rs. 189 million with effect from 1st January 2012. The principal and markup thereon is repayable in six years including two years grace period. The Facility is secured against 1st equitable mortgage charge over all present and future fixed assets of the Company including land, building, plant & machinery and 1st exclusive hypothecation charge over present and future plant and machinery of the Company situated at deh Jagsiyani, Tappo Fateh Bagh, Taluka Tando Ghulam Hyder, district Tando Muhammad Khan, Sindh.

19.4 National Bank of Pakistan had re-scheduled existing running finance facility into long term loan amount up-to Rs. 385.21 million. The principal and mark-up thereon is repayable in 5.5 years and 22 quarterly instalments to be paid on step-up basis with the 1st instalment falling due on January 01, 2017. The Facility is secured against 1st pari passu equitable mortgage charge over all present and future fixed assets of the Company including land, building, plant & machinery and 1st pari passu hypothecation charge over present and future plant and machinery of the Company situated at Deh Jagsiyani, Tappo Fateh Bagh, Taluka Tando Ghulam Hyder, district Tando Muhammad Khan, Sindh.

19.5 Summit Bank Limited had restructured a Facility of Rs. 250 million as Long Term Finance Facility for which principle is repayable from October 2017 which was availed during the year. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The facility is secured against 1st charge on Fixed Assets of the Company including land, building and plant & machinery installed, at Deh Jagsiyani, Taluka Tando Ghulam Hyder, District Tando Muhammad Khan, standing in the name of the Company, hypothecation of stocks of raw material and hypothecation of all book debts and receivables including all other current assets of the Company.

19.6 This represent Long term Finance Facility of Rs. 150 million and Rs. 83 million from Summit Bank Limited for the expenses incurred against maintenance, servicing and overhauling of property, plant and machinery of the mill. Principal repayment will commence only after the end of 1 year grace period but the markup is being accrued. The facility is secured against moveable and immoveable fixed asset of the company with 20% margin to be upgraded to pari-passu within 90 days from the date of disbursement.

19.7 This represent Syndicated Term Finance Facility (STFF) of Rs 230 million to settle cane growers and suppliers/contractors liabilities and to improve liquidity position. The parties of the syndicates are Sindh Bank Limited with the share of Rs. 200 million and Summit Bank Limited (agent) with the share of Rs. 30 million. The loan is repayable in five years including one year grace period. The facility is secured by first pari passu charge over all present and future fixed assets of the Company.

19.8 Summit Bank Limited had restructured a short term Running Finance Facility of Rs. 200 million and Rs. 300 million as Long Term Finance Facility with effect from 1st July 2016. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The facility is secured against 1st charge on Fixed Assets of the Company including land, building and plant & machinery installed, at Deh Jagsiyani, Taluka Tando Ghulam Hyder, District Tando Muhammad Khan, standing in the name of the Company, hypothecation of stocks of raw material and hypothecation of all book debts and receivables including all other current assets of the Company.

19.9 Sindh Bank Limited had restructured a short term Running Finance Facility of Rs. 325 million as Long Term Finance Facility with effect from October 2017. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The facility is secured against moveable and immoveable fixed asset of the company with 20% margin to be upgraded to pari-passu within 90 days from the date of disbursement.

	Note	2016	2015
		-------(Rupees)-------	
20 DEFERRED LIABILITIES			
Deferred taxation	20.1	603,189,631	353,460,016
Staff retirement benefits - Gratuity	20.2	8,044,337	7,122,728
		611,233,968	360,582,744

20.1 Deferred taxation

	2016	2015
Taxable temporary differences		
Accelerated tax deprecation	366,145,975	352,117,614
Surplus on revaluation of fixed ass	664,804,524	432,796,163
	1,030,950,499	784,913,777
Deductible temporary differences		
Provision for staff retirement and other benefits	(2,413,301)	(2,279,273)
Alternate corporate tax	(70,653,344)	(40,509,594)
Carried forward tax losses	(354,694,222)	(388,664,894)
	(427,760,867)	(431,453,761)
	603,189,631	353,460,016

20.2 Staff retirement benefits - Gratuity

Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at September 30, 2016 using the Projected Unit Credit Method.

Principal assumptions	Note	2016	2015
		-------(Rupees)-------	
Discount rate		7.25% per annum	9.25% per annum
Expected rate of eligible salary increase in future years		10% per annum	9.25% per annum
Liability for gratuity arose in the following manner:			
Opening net liability		7,122,729	5,612,037
Expense for the year	20.2.1	1,138,548	1,145,668
Other Comprehensive Income		386,082	746,369
Benefits paid		(603,022)	(381,345)
Closing net liability		8,044,337	7,122,729
Reconciliation of the liability			
Present value of defined benefit obligations		8,044,337	7,122,729
Fair value of plan assets		-	-
		8,044,337	7,122,729

20.2.1 Charge to profit and loss account

	2016	2015
Current service cost	507,585	413,784
Interest cos	630,963	731,884
Total amount chargeable to profit and loss account	1,138,548	1,145,668

20.2.2 Comparison for five years

	2016	2015	2014	2013	2012
	-----	-----	(Rupees)	-----	-----
Present value of defined benefit obligations	8,044,337	7,122,729	5,612,037	5,581,813	4,347,905

20.2.3 Expected charge for the year ending 30 September 2017 is Rs. 1,143,310.

21 PROVISION FOR QUALITY PREMIUM

This represents the amount of Quality Premium up to the years 2003-2004. The Federal Government in its steering meeting held on July 16, 2007 suspended the quality premium till decision of the Honorable Supreme Court of Pakistan/consensus on uniform formula is developed in the Ministry of Food and Agriculture.

The matter of quality premium has been declared unlawful by the Lahore High Court while appeal against the conflictingjudgment of the Sindh High Court is pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company has made the provisionof the qualitypremium up to the year 2004. However with respect to quality premium for the year ranging within 2004 to 2007 the Company has adjusted subsidies paid above minimum cane price level against quality premium to the growers. The Company has no liabilityfor the period 2007-08 due to recovery rate is less than the threshold of quality premium.

		Note	2016	2015
			-------(Rupees)-------	
22	*SUBORDINATE LOAN - unsecured*			
	Original loan amount	*22.1*	168,361,048	480,000,000
	Loan acquired during the year		300,000,000	-
	Present value adjustment		-	(311,638,952)
			468,361,048	168,361,048
	Interest charged to profit and loss accounts			
	Charges in previous years		-	-
	Charge for the year		-	-
			-	-
			468,361,048	168,361,047
	Less:Transferred to equity reserve		(468,361,048)	-
			-	168,361,047

22.1 Effective from October 01, 2015 , the loan agreement was amended between company and directors, accordingly the loan is now payable at the discretion of the company and will remain interest free. Accordingly, the accounting treatment of the loan has been charged as per TR-32 "Accounting Director's Loan" and has been transferred to equity reserve directly through statement of changes in equity as an equity contribution. This loan will not be remeasured subsequently.

		Note	2016	2015
			-------(Rupees)-------	
23	SHORT TERM BORROWINGS - secured			
	Cash finances	*23.1*	1,472,191,500	1,236,061,500
	Running finances	*23.2*	-	710,412,383
			1,472,191,500	1,946,473,883

23.1 During the year the Company has availed cash finances amounting to Rs. 1,457 million (2015: Rs. 1,424.52 million). The rate of mark-up applicable during the year was 3 month KIBOR Plus 2% to 2.5% (2015 : 3 month KIBOR Plus 2% to 2.5%) on the outstanding balance or part thereof to be paid quarterly. These facilities are secured against pledge of stock-in-trade and against charge over all present and future current assets (including stocks and receivables).

23.2 During the year, the company has made agreement of restructuring all its running finance facilty into long term facility. The restructuring of running finace was made in repect of a loan which was obtained from Summit Bank Limited, Sindh Bank Limited and National Bank of Pakistan. The terms relating to rescheduled is stated in the notes 19.1, 19.4, 19.5 & 19.9.

		Note	2016	2015
			-------(Rupees)-------	
24	TRADE AND OTHER PAYABLES			
	Creditors	*24.1*	92,411,119	25,686,066
	Sugar cane creditors		101,718,271	95,681,311
	Accrued expenses		16,431,384	16,376,959
			210,560,774	137,744,336

	Note	2016	2015
		-------(Rupees)-------	
Other liabilities			
Advances from customers	24.2	29,820,219	53,657,451
Payables to employees		-	20,780
Workers' welfare fund		15,768,154	15,768,154
Sindh workers' welfare fund		280,194	
Withholding tax payable		842,504	807,469
Workers' Profit Participation Fund	24.3	23,858,930	21,839,348
Sales tax payable		11,754,097	-
Unclaimed dividend		405,084	405,084
Others liabilities		216,749	27,775
		82,945,930	92,526,061
		293,506,704	230,270,397

24.1 This includes Rs. 24,648,813 (2015: 7,194,885) payable to Omni Polymer Packages (Private) Limited, a related party, in respect of purchases of polypropylene bags.

24.2 This represents advances received against delivery of sugar for which delivery orders have been issued or sale contracts have been made.

24.3 Workers' Profit Participation Fund

	2016	2015
Balance as at October 1	21,839,348	2,887,956
Allocation for the yea	700,485	18,951,392
Interest accrue	1,319,097	-
Balance as at September 30	23,858,930	21,839,348

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Excise duty rebate on excess production during the crushing season 1992-93 over the previous three years average production amounting to Rs. 11.969 million refunded by the department had been claimed back by the Collector of Customs and Central Excise on the ground that the amount was erroneously refunded. The Company has filed appeal before the High Court against the decision of the Sales Tax Appellate Tribunal Karachi. No provision has been made in accounts as in view of legal advisor the Company expects a favorable outcome.

25.1.2 Excise duty rebate on excess production during the crushing season 1993-94 over the previous three years average production amounting to Rs. 22.40 million refunded by the department had been claimed back by the Collector of Customs and Central Excise on the ground that the amount was erroneously refunded. The Sales Tax Appellate Tribunal decided the case in favor of Company vide its order dated 20-10-2003. Against the said order the department has filed appeal before the High Court. The Company expects a favorable outcome of the case in view of legal advisor, hence no provision has been made in these financial statements.

25.1.3 The Company is contesting an order passed by the Deputy Commissioner Inland Revenue (DCIR) raising demand of Rs. 12.971 million on account of short payment of SED by the Company during the period from October 2007 to March 2011. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) against the order who passed a favorable order dated 10 January 2013. However, the department filed an appeal before the Appellate Tribunal Inland Revenue against the order. Meanwhile, the Honourable High Court of Sindh declared the Special Excise Duty as void-abinitio and of no legal effect. However, The Department has filed an appeal before Honourable Supreme Court of Pakistan against the decision of Honourable High Court of Sindh. The Company has made no provision as in view of its legal counsel the Company has a case on merit which is expected to be decided favourably.

25.1.4 The Company is contesting a case relating to additional sales tax amounting to Rs. 10.364 million on account of in house consumption of baggase as fuel for production during season 1996-97. The matter was under appeal at the Sales Tax Appellate Tribunal which passed an unfavorable order dated 22-05-2004. The other bench of the Tribunal had however remanded back similar case of other mills to the department to consider afresh the valuation aspect of baggase and exemption offered by the government for additional taxes and penalties on discharging only the principal sales tax liability in installments by the mills. The Company has preferred an appeal before the High Court against the order and has made no provision as in view of its legal council the Company has a case on merit which is expected to be decided favorably.

25.1.5 The Company is also contesting order passed by the Collector of sales tax raising demands of Rs.11.229 million by virtue of audit conducted by the sales tax auditors of the audit period 2003 to 2005. Against the above order, the Company preferred appeal before the Sales Tax Appellate Tribunal which resultantly set aside the order and remanded the instant case to Commissioner Inland Revenue with direction to hold fresh appellate proceeding against the set order. The matter was also being examined by Alternative Dispute Resolution Committee (ADRC). The Company made a payment of Rs. 0.771 million in this regard and recorded as asset. However, during the year the appeal has been disposed off in favour of the Company by the Commissioner Inland Revenue. The management has decided to charge the amount recorded as asset to profit and loss account as the management is of the view that the same will not be recoverable. No further provision has been made in this regard.

25.1.6 *The Company is defending the case of further tax amounting to Rs. 31.181 million under the Sales Tax Act, 1990 pending adjudication before the High Court of Sindh. Earlier, the High Court maintained the favourable order of the Sales Tax Appellate Tribunal, Karachi wherein it was decided that the taxpayer companies were not required to charge impugned further tax. Upon the appeal of Collector of sales tax, the Honourable Supreme Court of Pakistan has remanded the case back to the High Court. The Company has paid a sum of Rs. 6.97 million in the same case in respect of further tax of Rs. 6.45 million and additional tax of Rs. 0.517 million under protest and recorded it as an asset in the financial statements. The Company expects that the High Court will maintain its previous favourable order, hence it does not expect any liability to be materialised and no provision is made in these financial statements.*

25.1.7 *As discussed in note 20.1, the Company has adjusted the quality premium against the subsidies paid above minimum cane price level for the year ranging from 2004 to 2007 to the growers. The Company has no liability for the period 2007-08 to 2011-12 due to recovery rate is less than the threshold of quality premium. However, for the season 2012-13 and 2013-14, as a matter of prudence the Company has not made any provision for quality premium amounting to Rs. 20.76 million (2015: Rs. 20.76 million).*

		Note	2016	2015
			-------(Rupees)-------	
26	*SALES - Net*			
	Sugar - Local		1,868,575,006	1,472,360,950
	Sugar -Export		-	502,229,074
			1,868,575,006	1,974,590,024
	Sales tax / Federal Excise Duty		(138,412,961)	(108,939,655)
			1,730,162,045	1,865,650,369
27	COST OF SALES			
	Sugarcane consumed		2,104,410,178	1,624,863,360
	Manufacturing expenses	*27.1*	148,362,284	133,190,964
			2,252,772,462	1,758,054,324
	Opening stock			
	Sugar in process		18,309,357	4,302,438
	Finished goods		801,971,500	741,954,415
	Molasses		222,300,000	222,300,000
	Molasses in process		4,627,955	164,572
	Finished goods - in transit		4,640,000	-
			1,051,848,812	968,721,425
	Closing stock			
	Sugar in process		(19,490,714)	(18,309,357)
	Finished goods - in hand		(1,570,856,122)	(801,971,500)
	Molasses		(260,921,888)	(222,300,000)
	Molasses in process		(964,811)	(4,627,955)
	Baggase		(9,248,033)	(4,640,000)
			(1,861,481,568)	(1,051,848,812)
	Less : Sale of by product - Molasses		(89,223,906)	(118,905,963)
			1,353,915,800	1,556,020,974

		Note	2016	2015
			-------(Rupees)-------	
27.1	Manufacturing expenses			
	Salaries, wages including bonus and staff amenities	*27.1.1*	27,794,699	38,418,876
	Packing material		29,376,096	21,986,182
	Stores consumed		19,578,213	14,581,360
	Fuel and power		7,457,997	5,358,738
	Repair and maintenance		2,586,960	3,593,235
	Insurance expense		5,072,541	5,603,277
	Vehicle maintenance		2,148,323	1,624,030
	Freight & Handling Charges		3,180,064	-
	Depreciation	*5.1*	51,167,390	42,025,265
			148,362,284	133,190,964

27.1.1 This includes Rs. 1,274,326 (2015: Rs. 1,804,375) in respect of contribution to provident fund and Rs. 681,380 (2015: Rs. 724,357) in respect of charge for staff gratuity.

			2016	2015
28	SELLING AND DISTRIBUTION EXPENSEES			
	Advertisement		128,880	201,550
	Commission on sale		-	434,149
	Marketing and Selling		180,900	-
	Loading and stacking		1,708,718	1,081,574
			2,018,498	1,717,273
29	ADMINISTRATIVE EXPENSES			
	Salaries including bonus and staff amenities	*29.1*	27,041,085	26,857,290
	Rent, rates and taxes		4,651,825	898,027
	Insurance		3,224,698	8,860,717
	Water, gas and electricity		353,048	1,090,230
	Printing and stationery		822,987	671,842
	Postage, telegram and telephone		594,785	709,571
	Vehicle maintenance		453,104	574,439
	Repairs and maintenance		1,574,393	1,091,600
	Travelling and conveyance		3,982,956	3,386,071
	Fees and subscription		2,887,776	908,977
	Legal and professional		2,661,088	3,096,390
	Entertainment		4,194,082	4,121,105
	Advertisement		-	-
	Computer expense		282,006	166,110
	Depreciation	*5.1*	20,497,591	21,503,404
	Amortization		582,643	451,713
	Watch and Wards		-	4,608
	Auditors' remuneration	*29.2*	1,502,215	1,619,250
	Charity and donation	*29.3*	-	670,300
	Internet expense		734,678	1,372,545
	Others		2,399,422	2,304,601
			78,440,381	80,358,790

29.1 This includes Rs. 855,001 (2015: Rs. 259,566) in respect of contribution to provident fund and Rs. 457,168 (2015: Rs. 421,311) in respect of charge for staff gratuity.

		Note	2016	2015
			-------(Rupees)-------	
29.2	Auditors' remuneration			
	Audit fee - Annual		1,005,015	913,650
	Half yearly reviev		262,500	262,500
	Cost audit fe		50,000	52,400
	Certification - Code of Corporate Governan		125,000	125,000
	Other Certificatio		-	200,000
	Out of pocket expense		59,700	65,700
			1,502,215	1,619,250

29.3 None of the directors or their spouse had any interest in the donees.

		Note	2016	2015
30	FINANCE COST			
	Mark-up on long term finances		123,129,466	142,910,272
	Mark-up on short term borrowings		182,302,355	242,451,913
			305,431,821	385,362,185
	Unwinding of discount on NBP loan		16,407,512	14,628,927
	Mark-up on WPPF		1,319,097	-
	Bank charges		1,715,194	1,620,025
			324,873,624	401,611,137
31	OTHER INCOME			
	Profit on investment		18,532,515	16,523,577
	Gain on rescheduling of bank liabil		23,244,332	-
	Exchange los		-	(664,210)
	Income freight subsid	*31.1*	-	123,720,000
	Present value adjustme		-	311,638,952
	Fair value gain on revaluation of biological ass		-	46,525,500
			41,776,847	497,743,819

31.1 This represent freight subsidy announced by the Government of Pakistan on export of sugar @ 10 per kg. During the year, the Company has exported nil tons (2015: 12,372 tons) of sugar.

		Note	2016	2015
32	OTHER CHARGES			
	Workers' welfare fund		280,194	7,588,592
	Workers' profit participation fund		700,484	18,951,391
			980,678	26,539,983
33	TAXATION			
	For the year			
	- current	*33.1*	17,301,620	45,531,885
	- prio		-	7,474,779
	- deferred	*20.1*	(27,125,164)	(34,413,978)
			(9,823,544)	18,592,686

33.1 Current

Income tax assessments of the Company deemed to be finalized up to the accounting year 2014 corresponding to tax year 2013 u/s 120 of the Income Tax Ordinance 2001.

			2016	2015
34	EARNING PER SHARE- Basic & Diluted			
	Net profit for the year	Rupees	21,533,455	278,553,344
	Number of ordinary shares	Number	24,407,198	24,407,198
	Earning per share - Basic & diluted	Rupees	0.88	11.41

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016		2015	
	Directors	Executives	Directors	Executives
	-----------------------Rupees--------------------------			
Remuneration	978,120	14,615,885	889,200	13,287,168
Company's contribution to provident fund	97,086	1,344,661	88,260	1,222,419
Perquisites, benefits and utilities	526,680	1,344,661	478,800	1,222,419
	1,601,886	17,305,207	1,456,260	15,732,006
Number	1	14	1	14

35.1 In addition, no remuneration has been paid to chief executive and other directors of the Company. Further, certain executives are provided with Company maintained cars.

36 CAPACITY AND PRODUCTION

Years	Number of days mill operated	Installed crushing capacity (Metric tons) per day	Total crushing on the basis of number of days mill operated (Metric tons)	Total actual crushing on the basis of number of days mill operated (Metric tons)
2015-2016	100	8,000	800,000	499,871
2014-2015	109	8,000	872,000	400,215

The low crushing was due to shortage of sugarcane and funds.

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents the information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

37.1 Credit risk

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

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

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

	2016	2015
	-----------*(Rupees)*----------	
Long term investment	170,963,129	152,430,614
Long term loans	1,044,801	1,450,287
Long term deposits	1,274,300	505,600
Trade debts	559,799,327	380,850,637
Loans and advances	2,784,598	3,528,824
Other receivables	40,505,331	2,304,904
Bank balances	12,158,204	10,800,544
	788,529,689	551,871,409

Quality of financial assets

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

37.1.1 Long term investments

The Company has made investments in Defence Saving Certificates which are debt securities issued by Federal Government and are considered highly secure.

37.1.2 Trade debts

	2016	2015
	----------*Rupees*--------	
Customers with no default in past one year	559,799,327	380,850,637

37.1.3 Bank balances

	2016	2015
A1+	4,229,465	999,424
A-1+	7,876,668	9,801,119
A-2	20,375	-
A-1	61,566	
	12,188,074	10,800,543

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the board.

Following is the maturity analysis of financial liabilities:

	2016			
Financial Liabilities	Carrying Amount	Less than 12 months	1 to 2 years	2 years and above
	----------------------------------*(Rupees)*-----------------------------			
Long term finances	2,534,234,707	144,515,311	144,515,311	2,245,204,085
Short term borrowings	1,472,191,500	1,472,191,500	-	-
Trade & other payables	210,560,774	210,560,774	-	-
Accrued markup	128,198,140	128,198,140	-	-
	4,345,185,121	1,955,465,725	144,515,311	2,245,204,085

	2015			
Financial Liabilities	Carrying Amount	Less than 12 months	1 to 2 years	2 years and above
	-------------------------------------*(Rupees)*---------------------------------			
Long term finances	971,928,800	284,555,966	284,555,966	790,440,517
Short term borrowings	1,946,473,883	1,946,473,883	-	-
Trade & other payables	137,744,336	137,772,111	-	-
Subordinate loan	168,361,047	-	-	-
Accrued markup	97,256,962	97,256,962	-	-
	3,321,765,028	2,466,058,922	284,555,966	790,440,517

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

37.3 Market risk

Market risk is a risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

37.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to any foreign currency risk, as the Company does not have any outstanding foreign currency balances.

37.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long term and short term loan facilities.

At the reporting date, the interest rate profile of the company's interest bearing financial instruments was as follows:

	2016	2015	2016	2015
	Effective Rate (%)		---------*Rupees*--------	
Financial liabilities				
Long-term finances	3 MK to 6 MK plus 200 to 300	3 MK to 6 MK plus 200 to 300 bps	2,534,234,707	971,928,800
Short-term borrowings	3 MK plus 200 to 300 bps	3 MK plus 200 to 300 bps	1,472,191,500	1,946,473,883

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (1%) in interest rates at the reporting date would have changed the Company's profit before tax for the year by the amount shown below, with all other variable held constant.

		2016	2015
Change in interest rates	±	1%	1%
Effect on Profit before tax (Rupees)	±	40,064,262	29,184,027

The Company does not account for any fixed rate assets and liabilities at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not affect the carrying value of any of Company's assets or liabilities.

37.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

37.5 Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity and sponsors loan plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and bank balances. The Company's strategy was to maintain leveraged gearing.

The Company is not subject to externally imposed capital requirements.

38 NET CASH GENERATED FROM / (USED IN) OPERATIONS

	2016	2015
	---------*Rupees*--------	
Profit before taxation	11,709,911	297,146,030
Adjustments for :		
Depreciation	71,664,981	63,528,669
Amortization	582,643	451,713
Finance cost	305,431,821	385,362,185
Provision for gratuity	1,138,548	1,145,668
Workers' welfare fund	280,194	7,588,592
Workers profit participation fund	700,484	18,951,391
Loss on disposal of assets	293,259	-
Unrealized profit on investment	(18,532,515)	(16,523,577)
Present value adjustment of subordinated loan	-	(311,638,952)
Fair value on valuation of biological assets	-	(46,525,500)
	361,559,415	102,340,188
Operating (loss) / profit before working capital changes	373,269,326	399,486,219
Changes in working capital :		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(36,445,314)	36,396,000
Stock-in-trade	(809,632,756)	(83,127,387)
Biological Asset	141,085,000	81,458,278
Trade debts	(178,948,690)	(72,413,909)
Loans and advances	(421,959,429)	26,687,177
Short term deposits, prepayments and other receivables	2,220,295	(7,832,668)
	(1,303,680,894)	(18,832,509)
Increase in current liabilities:		
Trade and other payables	62,255,629	99,275,686
	(1,241,425,265)	80,443,177
	(868,155,939)	479,929,396

39 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, key management personnel, post employment benefit plan and other related companies. The Company in the normal course of business carries out transactions with related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in notes to the financial statements. During the year there is no significant transactions with related parties other material transactions with related parties are given below:

	2016	2015
	-----------*Rupees*---------	
Loan (repaid) / received from Directors	468,361,048	480,000,000
Pak Ethanol (Private) Limited		
Sales of Molasses	89,223,906	118,905,963
Omni Polymer Packages (Private) Limited		
Purchases of Polypropylene bags	24,468,813	30,892,823
Omni Aviation (Private) Limited		
Aviation services	3,600,000	3,600,000
Ansari Sugar Mills Limited Employees' Provident Fund Trust		
Contributions to provident fund	2,129,327	2,063,941

40 NUMBER OF EMPLOYEES

Number of persons employed as at year end were 285 (2015: 273) and the average number of persons employed during the year were 305 (2015: 298).

41 DATE OF AUTHORIZATION

These financial statements were authorized for issue on ______________________ by the Board.

42 GENERAL

Figures have been rounded off to the nearest rupee.

Director	Director

Due to non-availability of Chief Executive in Pakistan as per the requirement of section 241 of the Companies Ordinance, 1984 other two directors of the company, be authorized to sign the audited financial statements of the company for the year ended September 30, 2016.

FORM OF PROXY

The Director
ANSARI SUGAR MILLS LIMITED
Deh Jagsiyani, Taluka Tando Ghulam Hayder,
District Tando Muhammad Khan Sindh.

I We, ____

of ____

being a member of ANSARI SUGAR MILLS LIMITED and holder of ____________________

ordinary shares, as per Register Folio No. ______________________________

who is also a Member of the Company of as my / our Proxy to vote for me / us and on my /our behalf at the 27th Annual General Meeting of the Company to be held on ______________ and at any adjournment thereof.

Signed ____ day of 2017.

RUPEES FIVE
REVENUE STAMP

(Signature should agree with the specimen signature registered with the Company)

NOTES :

1. This form of proxy duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before the meeting.

2. This form should be signed by the Member or by his/her attorney duly authorized in writing, If the member is a corporation, its common seal should be affixed to instrument.

3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.