Ansari Sugar Mills Limited

28th Annual Report 2017

ANSARI SUGAR MILLS LIMITED

TWENTY EIGHT ANNUAL REPORT 2017

COMPANY PROFILE

COMPANY PROFILE	
BOARD OF DIRECTORS	
Rashid Ahmed Khan	Chairman Non-Executive Director (Independent)
Khawaja Anver Majid	Chief Executive & Executive Director
Waheed Ahmed	Executive Director
Khawaja Aleem Majid	Non-Executive Director
Nihal Anwar	Non-Executive Director (Independent)
Dawoodi Morkas	Non-Executive Director
Aurangzeb Khan	Non-Executive Director
AUDIT COMMITTEE	
Nihal Anwar	Chairman, Non-Executive Director (Independent)
Rashid Ahmed Khan	Member, 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)
Waheed Ahmed	Member Executive Director
CHIEF FINANCIAL OFFICER	Murtaza Hamza Ali
COMPANY SECRETARY	Zafar Ali
BANKERS	National Bank of Pakistan Sindh Bank Limited Summit Bank Limited UBL Bank Limited MCB Bank Limited
AUDITOR	M/s. Moochhala Gangat & Co. Chartered 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 Shahrah-e-Faisal Karachi.
REGISTERED OFFICE	Deh Jagsiyani, Taluka Tando Ghulam Hayder, Tando Muhammad Khan, District Hyderabad, Sindh.
FACTORY	Deh Jagsiyani, Taluka Tando Ghulam Hayder, Tando Muhammad Khan, District Hyderabad, Sindh.

NOTICE OF ANNUAL GENERAL MEETING

This Notice of Annual General Meeting is hereby issued to notify that the 28THAnnual General Meeting of the shareholders of Ansari Sugar Mills Limited (the 'Company') will be held on Wednesday, January 24, 2018 at 12:00 PM at the registered office of the Company, situated at DehJagsiyani, TalukaTandoGhulamHayder, District Tando Mohammad Khan, Hyderabad, Sindh for transacting the following business.

Ordinary Business

- To confirm the minutes of the 27th Annual General Meeting held on January 31, 2017.
- To receive, consider and adopt the Audited Accounts of the Company for the year ended September 30, 2017, together with the Directors' and Auditors' report thereon.
- To appoint auditors and fix their remuneration for the year ending September 30, 2018. The retiring auditors M/s MoochhalaGangat& Co - Chartered Accountant, being eligible, have offered themselves for re-appointment.
- To consider and approve payment of Final Cash Dividend for the year ended September 30, 2017 as recommended by the Board of Directors of the Company.

Special Business

- To apprise and review the status of investment in Associated Companies, for which statement as required by S.R.O 27(1)/2012 dated January 16, 2012 in annexed.
- To consider and approve the extension/renewal of the Investment agreement with associated companies for the next twelve months on the existing terms and condition as approved last year.
- To enter into any other business(es) with the permission of the chair

For **ANSARI SUGAR MILLS LIMTED**

Karachi
Dated: January 02, 2018

Company Secretary

NOTES:

1. The shares transfer book of the company will remain closed from January 18, 2018 to January 24, 2018 (both days inclusive) and no request for transfer of shares will be accepted for registration. Transferred received by the close of business on January 17, 2018 will be considered in time for the purpose of payment of final dividend to the transferees.
2. Any member entitled to attend and vote at this 28th 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 28th Annual General Meeting. The proxy form should be witnessed by the person whose name, address and CNIC number shall be mentioned on the form. Attested copy of the CNIC of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The shareholdersof the Company are requested to notify any change in their address immediately.
4. Prevailing rates prescribed for deduction of withholding tax on the amount of dividend paid by the companies are as under:

a. For Fillers of Income Tax returns 12.50%
b. For Non-filler of income Tax returns 15.00%

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

"Annexure"

Statement as required by S.R.O 27 (I)/2012 dated January 16, 2012

Associated Companies	Total Investment Approved	Amount of Investment made to date	Reason for not having made complete investment so far	Material change in financial statements of associated company since resolution
Bawany Sugar Mills Limited	Rs. 1,000,000,000 (One Billion)	No Investment made / obtain	As the surplus funds were not available among the associated companies no investment has made / obtain.	No material change
Khoski Sugar Mills Pvt Limited		No Investment made / obtain		No material change
Chambar Sugar Mills Pvt Limited		No Investment made / obtain		No material change
Tando Allayar Sugar Mills Pvt Limited		No Investment made / obtain		No material change
Naudero Sugar Mills Pvt Limited		No Investment made / obtain		No material change
New Dadu Sugar Mills Pvt Limited		No Investment made / obtain		No material change
Larr Sugar Mills Limited		No Investment made / obtain		No material change
New Thatta Sugar Mills Pvt Limited		No Investment made / obtain		No material change

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

We are pleased to present the Annual report of **Ansari Sugar Mills Ltd** (The Company) along with the audited accounts and auditor's report for the year ended September 30, 2017.

The summarized results are set out below:

Pakistani Rupees (PKR)

	2017	2016
Profitbefore taxation	12,871,190	11,709,911
Taxation	14,419,946	9,823,544
Profit after taxation	27,291,136	21,533,455
Earnings per share	1.12	0.88

Performance Review

The crushing season 2016-17 started as per usual practice on 15th November 2016. The notified price was Rs.182 per 40 Kgs while in Punjab it was Rs.180 per 40 Kgs. Crushing commenced smoothly at the prescribed rates, however, as the season matured prices increased considerably resultantly a decline in crushing was witnessed during the season under review. Unfortunately, the increase in cane price was not reflected in a corresponding increase in sugar price. Summary of the operational performance is set out as below:

		2016-17	2015-16
Crushing duration	Days	138	100
Sugarcane crushed	M.Tons	425,803	499,871
Sugar production	M.Tons	41,304	54,995
Sugar recovery	%	9.691	10.998
Molasses production	M.Tons	19,468	24,960
Molasses recovery	%	4.57	4.99

Audited accounts show that company earned a gross profit of Rs.472.811 million during the yearas compared to grossprofit 376.246 millionin the preceding year.

Dividend

The Board of Directors of the Company in its meeting held on January 02, 2018 has decided to recommend to pay cash dividend at Paisa fifty only (Rs. 0.50) per share that is 5% for the year ended September 30th 2017.

Value of Provident Fund Investment

The company operates a recognized provident fund scheme covering all eligible 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, 2017 aggregating to Rs. 49,679,124 (2016: Rs. 52,648,000).

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 Moochhala Gangat,stand retired and are eligible for re-appointment for the financial year ending 2017-18. The Audit Committee has recommended there-appointment of retiring auditors.

Statement on Corporate and Financial Reporting Framework

- The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- 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.
- International Accounting Standards, asapplicable in Pakistan, have been followed in preparation of the financial statements and departure there from if any, has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored regularly.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized form is annexed.
- Information about the taxes and levies is given in the notes to the financial statements.
- The pattern of shareholding and additional information regarding pattern of shareholding is given.

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.

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Trading Date	Share Sales	Rate
17-May-2017	48000	30.40
Total	48,000	

Meeting of Board of Directors

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

S No.	Name of Director	Meeting attende
1	Rashid Ahmed Khan	09
2	Khawaja Anver Majid	10
3	Khawaja Ali Kamal Majid	10
4	Khawaja Aleem Majid	10
5	Nihal Anwar	09
6	Dawoodi Morkas	10
7	Aurangzeb Khan	10

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 &M committee meetings was held and attended by all members.

Future prospect

The start of crushing campaign 2017-18 has been relatively uneven. The provincial government announced a support price of Rs. 182 per 40 Kgs. It is not feasible for the millers to crush cane at this support price since the prevailing rate of sugar in the local market is far less than the breakeven price of sugar needed to cover the variable and other fixed costs. Accordingly, PASMA has decided to shut down operations till the resolution of the matter with the growers.

The economic coordination committee of the cabinet (ECC) has decided to allow export of additional 1.5 million metric tons of sugar and cash support of PKR 10.70 / KG to the sugar millers. Furthermore, GOS in order to provide level playing field to the sugar millers of the province of Sindh has approved an additional subsidy of PKR 9.3 / KG on export of surplus sugar. The aggregate subsidy amount on export of sugar is PKR 20 / KG.

The management of the mill is excited to benefit from the scenario as given above. Accordingly, all resources have been mobilized to generate huge volume of export orders on priority basis and much to the content of the management sufficient confirm export orders are already in hand. ECC on conclusion of the season 2017-18 will sit again in April 2018 to identify the surplus stock of sugar and allow a onetime additional export policy, there after export subsidy willbecome a provincial matter.

In the backdrop of preceding paras your management anticipate a turnaround of the sugar industry and accordingly have mobilized all the resources at its disposal to generate huge volumes during the ongoing and upcoming seasons over the next 5 years.

Acknowledgement

We express our sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners and shareholders for the support and confidence. The board also take this opportunity to express its gratitude to all the employees of Ansari Sugar Mill Limited for their untiring efforts.

On behalf of the Board of Directors

Khawaja Anver Majid
Chief Executive

Karachi: January 02, 2018

ڈائریکٹرز کی رپورٹ

ہمیں انصاری شوگر ملز لمیٹیڈ (کمپنی) کی رپورٹ پیش کرتے ہوئے خوشی ہے بشمول آڈٹ اکاؤنٹ اور آڈیٹر رپورٹ برائے اختتام سال 30 ستمبر 2017۔

مختصر نتائج درج ذیل ہیں۔

پاکستانی روپے(PKR)	2016	2017
قبل از ٹیکس منافع	11,709,911	12,871,190
منافع بعد ادائیگی ٹیکس	9,823,544	14,419,94
بعد از ٹیکس منافع	21,533,455	27,291,136
آمدنی فی شیئر	0.88	1.12

جائزہ برائے کارکردگی

کرشنگ سیزن 17-2016 کا آغاز معمول کی مشق کے مطابق 15 نومبر 2016 کو ہوا۔ اعلان کردہ قیمت Rs.182 فی 40 کلوگرام تھی جبکہ پنجاب میں یہ Rs.180 فی 40 کلوگرام تھی۔ کرشنگ کا عمل باآسانی مقررہ ریٹ پر شروع ہوا۔ جیسے سیزن کی طے شدہ قیمت بڑھی اور زیر بحث سیزن کے دوران نتیجتاً قابل ذکر حد تک کرشنگ میں کمی ہوئی۔ بدقسمتی سے، کین کی قیمت چینی کی قیمت کے بڑھنے سے متاثر نہیں ہوئی۔ اس عملی کارکردگی کا خلاصہ درج ذیل ہے۔

		2015-16	2016-17
کرشنگ کا دورانیہ	ایام	100	138
گنا کرش کیا گیا	میٹرک ٹن	499,871	425,803
چینی کی پیداوار	میٹرک ٹن	54,995	41,304
شوگر برآمدگی	%	10.998	9.691
گڑ کی پیداوار	میٹرک ٹن	24,960	19,468
گڑ برآمدگی	%	4.99	4.57

آڈٹ اکاؤنٹ سے ظاہر ہے کہ دوران سال کمپنی نے مجموعی منافع Rs.472.811 ملین کمایا گزشتہ سال کے مجموعی 376.246 ملین کے مقابلے میں۔

ڈیوڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ جنوری 2، 2018 میں مجوزہ کیش ڈیوڈنڈ پچاس پیسہ(Rs.0.50) فی شیئر کے حساب سے ادائیگی کا فیصلہ کیا جو برائے اختتام سال 30 ستمبر 2017 کا 5% ہے۔

تخمیہ برائے پروویڈنٹ فنڈ

یہ کمپنی ایک منظور شدہ پروویڈنٹ فنڈ اسکیم چلاتی ہے جو اس کے تمام مستقل ملازمین کا احاطہ کرتی ہے۔ فنڈ کی ماہانہ مساوی تقسیم کمپنی اور اس کے ملازمین کے مابین فنڈ رول کے تحت کی جاتی ہے۔ سرمائے کا تخمینہ 30 ستمبر 2017 تک مجموعی طور پر Rs.49,679,124 تک ہے (2016: Rs.52,648,000)

مروجہ سماجی ذمہ داری

کیونکہ گنے کے کاشتکار بحیثیت اہم اسٹیک ہولڈرز سمجھے جاتے ہیں، اس لئے آپ کی کمپنی علاقے کے مقامی کسانوں کو سہولیات دینے کی پابند ہے۔ علاقے کے کسانوں کی مدد کیلئے کاشتکاروں کو قرضہ اور ایڈوانس کی مد میں کمپنی ایک خطیر رقم ادا کر چکی ہے خصوصاً کھاد اور بیجوں کی مد میں۔

آڈیٹرز

موچالا گنگٹ، ریٹائرڈ ہیں اور مالی سال اختتام 2017-18 کیلئے دوبارہ تقرری کے اہل ہیں۔ آڈٹ کمیٹی نے ان کے ریٹائر ہونے والے آڈیٹرز کیلئے دوبارہ تقرری تجویز کی ہے۔

بیان بابت کمپنی قواعد اور خاکہ مالی رپورٹ

- کمپنی کی جانب سے تیار کردہ فنانشل اسٹیٹمنٹ شفاف طریقے سے اپنے معاملات، اس کے انتظامی نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔
- باقاعدہ بک آف اکاؤنٹ مرتب کی جاتی ہے۔
- مالی تفصیلات کی تیاری کیلئے مستقل طور پر مناسب حسابی حکمت عملی اپنائی جاتی ہے۔
- اگر کوئی تبدیلی ہو تو اسے مناسب طور پر ظاہر کیا جاتا ہے اور حسابی تخمینہ مناسب اور محتاط فیصلے کی بنیاد پر ہوتا ہے۔

- بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ جیسا کہ پاکستان میں نافذ ہے جس کا اطلاق فنانشل اسٹیٹمنٹ کی تیاری میں کیا گیا اور کسی ڈپارچر کی صورت میں اسے حتی الامکان ظاہر کیا گیا۔
- اندرونی کنٹرول کا نظام تعین کے مطابق ہے جس پر موثر طریقے سے عملدرآمد کیا گیا ہے جس کی باقاعدہ نگرانی کی جاتی ہے۔
- رواں معاملات جاری رکھنے میں کمپنی کی اہلیت پر کوئی شبہات نہیں ہیں۔
- انتظامی امور پر بہتر عملدرآمد کے حوالے سے کوئی میٹریل ڈپارچر نہیں رہے۔جیسا کہ قوائد وضوابط کی فہرست میں بیان کیا گیا ہے۔
- گزشتہ چھ سال کے کلیدی کام اور مالی اعداد وشمار مختصر شکل میں منسلک ہیں۔
- ٹیکسوں اور لیویز سے متعلق دی گئی معلومات فنانشل اسٹیٹمنٹ کے نوٹس میں دی گئی ہیں۔
- شیئر ہولڈنگ نمونے سے متعلق شیئر ہولڈنگ اور اضافی معلومات مہیا کی جاتی ہے۔
- دوران سال کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے رشتہ دار یا چھوٹے بچوں کی جانب سے شیئر میں کوئی تجارت نہیں ہوئی سوائے مسٹر داؤدی مورکاس کے۔ڈائریکٹر کے، لین دین کی تفصیل درج ذیل ہے۔

تاریخ تجارت	شیئرز کی فروخت	قیمت
17 مئی 2017	48,000	30.40
کل	48,000	

بورڈ آف ڈائریکٹرز کی میٹنگ

اس سال کے دوران، بورڈ آف ڈائریکٹرز کی دس میٹنگ منعقد ہوئیں۔ حاضری درج ذیل ہے۔

نمبر شمار	نام ڈائریکٹر	میٹنگ کے شرکاء
۱	راشد احمد خان	09
۲	خواجہ انور مجید	10
۳	خواجہ علی کمال مجید	10
۴	خواجہ علیم مجید	10
۵	نہال انور	09
۶	داؤدی مورکاس	10
۷	اورنگزیب خان	10

آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو بشمول کمیٹی چیئر مین تین ممبران پر مشتمل ہے۔ یہ کمیٹی باقاعدگی سے بمطابق ضروریات کوڈ میٹنگ کرتی ہے۔ یہ کمیٹی اندرون آڈٹ کتابچہ اور اندرونی آڈٹ سسٹم کا جائزہ لینے میں بورڈ کی مدد کرتی ہے۔ سال کے دوران چار آڈٹ کمیٹی میٹنگ منعقد کی گئی اور ہر میٹنگ میں تمام ممبران نے شرکت کی۔

ہیومن ریسورس اور ری میونیریشن کمیٹی

بورڈ نے کارپوریٹ گورنینس کوڈ کی تعمیل کرتے ہوئے ایک ہیومن ریسورس اور ری میونیریشن کمیٹی تشکیل دی ہے جو تین ممبران بشمول کمیٹی چیئر مین پر مشتمل ہے۔ سال کے دوران چار HR & M کمیٹی میٹنگ منعقد کی گئی جس میں تمام ممبران نے شرکت کی۔

مستقبل کا لائحہ عمل

کرشنگ مہم 18-2017 کا آغاز نسبتاً غیر معمولی رہا۔ صوبائی حکومت نے ایک سپورٹ پرائس Rs.182 فی 40 کلوگرام کا اعلان کیا۔ اس سپورٹ پرائس پر مل مالکان کیلئے گنے کو کرش کرنا ممکن نہیں ہے کیونکہ چینی کی مقامی مارکیٹ میں مروجہ قیمت متفرق اور طے شدہ لاگت کو پورا کرنے کیلئے بریک ایون قیمت سے بہت کم ہیں۔ متفقہ طور پر، PASMA نے کسانوں کے ساتھ تصفیہ حل ہونے تک اس آپریشن کو بند کرنے کا فیصلہ کیا۔

کیبنٹ کی اکنامک کوآرڈینیشن کمیٹی(ECC) نے شوگر کی مزید 1.5 ملین میٹرک ٹن برآمد اور مل مالکان کو کیش سپورٹ PKR 10.70 فی کلو کیلئے اجازت دی۔ مزید، GOS نے لیول پلینگ فیلڈ صوبہ سندھ کے شوگر مل مالکان کو مہیا کرنے کیلئے صوبہ سندھ نے اضافی سبسڈی 9.3 فی کلو شوگر کی اضافی برآمدگی پر منظوری دی گئی۔ مجموعی سبسڈی رقم چینی کی برآمدات پر -/20 PKR فی کلو ہے۔

مل کی انتظامیہ درج بالا منظرنامے سے پرجوش ہے۔ اسی طرح، بہت بڑے برآمدی حجم کو پورا کرنے کے لئے ترجیحی بنیاد پر وسائل استعمال کئے گئے اور انتظامیہ کے پاس مزید کافی برآمدی آرڈرز موجود ہیں۔ ECC سیزن 18-2017 کے اختتام پر دوبارہ اپریل 2018 میں شوگر کے سرپلس کی شناخت کرنے بیٹھے گی اور یکبارگی اضافی برآمد پالیسی کی اجازت دے گی جس کے بعد برآمدگی سبسڈی ایک صوبائی مسئلہ بن جائے گا۔

مندرجہ بالا پیراگراف کی روشنی میں شوگر انڈسٹری کے ٹرن ارآونڈ کے حوالے سے مینیجمنٹ پرامید ہے جس کے پیش نظر تمام زرائع حرکت میں لائے جا چکے ہیں تاکہ نتیجتاً وسیع مقدار کا حصول ممکن ہو سکے نہ صرف آئندہ سیزن میں بلکہ آنے والے 5 سالوں پر اثرات مبذول ہوں۔

اعتراف

ہم اپنے ملازمین کی جانب سے لگن اور انتھک محنت کیلئے اور اپنے کلائینٹ، بزنس پارٹنرز اور شیئر ہولڈرز کی حمایت اور اعتماد کیلئے اپنی مخلصانہ حوصلہ افزائی کا اظہار کرتے ہیں۔ بورڈ اس موقع پر انصاری شوگر مل لمیٹڈ کے اپنے تمام ملازمین کی انتھک کوششوں پر شکر گزاری کا اظہار کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر

کراچی: جنوری 2، 2018

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. ofrule book of the Pakistan Stock Exchangesfor 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 independentnon-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 Aleem Majid Mr. Dawoodi Morkas Mr. Aurangzeb Khan
Executive Directors	Mr. Khawaja Anver Majid Mr. Waheed Ahmed

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 sevenlisted 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. A causal vacancy accrued and filled 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 everycuarter. 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 membersofwhom two are non-executive directors including the chairman of the committee.

17. The Board hasset-up an effective internal audit function which is consideredsuitably 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 toprovide 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
Karachi: January 02, 2018

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 7

4.

Number of Shareholders	Shareholdings				Total Shares held
1189	1	-	100	Shares	43,005
603	101	-	500	Shares	207,095
307	501	-	1,000	Shares	247,848
419	1,001	-	5,000	Shares	1,003,157
76	5,001	-	10,000	Shares	561,358
30	10,001	-	15,000	Shares	369,064
12	15,001	-	20,000	Shares	210,369
10	20,001	-	25,000	Shares	221,617
9	25,001	-	30,000	Shares	248,827
1	30,001	-	35,000	Shares	30,550
5	35,001	-	40,000	Shares	189,563
3	40,001	-	45,000	Shares	124,062
3	45,001	-	50,000	Shares	146,000
1	50,001	-	60,000	Shares	51,500
1	60,001	-	70,000	Shares	55,165
2	70,001	-	100,000	Shares	137,990
2	100,001	-	110,000	Shares	183,100
1	110,001	-	150,000	Shares	115,880
1	150,001	-	500,000	Shares	337,000
1	500,001	-	1,000,000	Shares	720,220
1	1,000,001	-	1,700,000	Shares	1,225,000
1	1,700,001	-	2,000,000	Shares	1,917,000
1	2,000,001	-	16,100,000	Shares	16,061,828
2,679	**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	16,784,198	68.77%
5.2	Associated Companies, undertakings and related parties	-	0.00%
5.3	NIT and ICP	109,790	0.45%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	127,850	0.52%
5.5	Insurance Companies	11,265	0.05%
5.6	Modarabas and Mutual Funds	800	0.00%
5.7	Shareholders holding 5%	19,203,828	78.68%
5.8	General Public		
	a. Local	5,206,264	21.33%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Charitable	2,167,031	8.88%

PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE AS AT SEPTEMBER 30, 2017

	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	-	-	0.00%
2.	NIT and ICP	2	109,790	0.45%
3.	Directors, CEO, their Spouses & Minor Children	8	16,784,198	68.77%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	19	2,167,031	8.88%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	9	139,915	0.57%
7.	Individuals	2,641	5,206,264	21.33%
	TOTAL	2,679	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	68,990	0.28%
2.3	NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT	1	40,800	0.17%
		2	109,790	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 ALEEM MAJID	1	1,000	0.00%
3.3	NIHAL ANVER	1	500	0.00%
3.4	RASHID AHMED KHAN	1	500	0.00%
3.5	AURANGZEB KHAN	1	50	0.00%
3.6	DAWOOD MORKAS	1	50	0.00%
3.7	WAHEED AHMED	1	50	0.00%
		7	16,063,978	65.82%
	Spouses of Directors and CEO	-	-	-
	Minor Children of Directors and CEO			
	KHAWAJA ALI KAMAL MAJID	1	720,220	2.95%
		8	16,784,198	68.77%

PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE AS AT SEPTEMBER 30, 2017

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	1,225,000	5.02%

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		2017	2016	2015	2014	2013	2012
		Rupees					
Sales		2,146,349	1,730,162	1,865,650	1,481,835	2,731,253	1,628,242
Gross profit / (loss)		472,811	376,246	309,629	248,489	186,126	(63,839)
Operating profits / (loss)		373,263	295,787	227,553	161,570	77,925	(133,228)
Profit / (loss) before taxation		12,871	11,710	311,775	46,691	(195,605)	(441,444)
Profit / (loss) after taxation		27,291	21,533	293,182	232,062	(87,374)	(441,985)
Accumulated (loss) / profit		(142,941)	(225,504)	46,758	(250,571)	(497,163)	(455,984)

OPERATING RESULTS		2017	2016	2015	2014	2013	2012
Season started		15-11-2016	25-11-2015	09-12-2014	01-11-2013	29-11-2012	21-12-2011
Season closed		01-04-2017	03-03-2016	27-03-2015	14-03-2014	22-03-2013	16-03-2012
Days Worked		138	100	109	134	114	87
Sugar crushed	(tonnes)	425,803	499,872	400,216	382,090	400,574	428,693
Sugar Recovery	(%)	9.69%	10.99%	9.75%	10.56%	10.55%	8.35%
Sugar Produced	(tonnes)	41,304	54,995	39,100	41,643	42,300	35,810
Molasses Recovery	(%)	4.57%	4.99%	4.49%	4.47%	4.30%	4.51%
Molasses produced	(tonnes)	19,468	24,960	17,985	17,090	17,255	19,350

ASSETS EMPLOYED	2017	2016	2015	2014	2013	2012
	Rupees					
Fixed capital expenditure	157	92,087	3,339,049	3,302,064	3,238,354	2,097,820
Long term loans and deposits	1,601	2,319	1,396	2,726	1,982	1,643
Current Assets	4,989,625	3,582,885	2,278,513	2,365,424	2,012,999	2,058,550
Total Assets employed	**4,991,383**	**3,677,291**	**5,618,959**	**5,670,214**	**5,253,335**	**4,158,013**

FINANCED BY	2017	2016	2015	2014	2013	2012
	Rupees					
Shareholder's equity	908,132	825,567	317,830	20,501	(226,091)	(184,912)
Long term liabilities	2,820,275	2,534,235	1,062,762	1,244,670	1,504,742	1,150,021
Deferred liabilities	576,474	611,234	360,583	430,520	423,083	269,598
Current Liabilities	3,081,217	2,101,771	2,602,597	2,882,434	1,980,062	2,373,526
Total funds Invested	**7,386,098**	**6,072,807**	**4,343,772**	**4,578,125**	**3,681,797**	**3,608,234**
Break-up value per share	**113.81**	**113.42**	**57.06**	**44.16**	**50.41**	**0.98**
Earning / (loss) per share	**1.12**	**0.88**	**11.41**	**(9.51)**	**(3.58)**	**(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 September 30, 2017 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 September 30, 2017.

Moochhala Gangat & Co.

Moochhala Gangat & Co.
Chartered Accountants

Name of the engagement partner:
Mr. Hussaini Fakhruddin

Karachi
Date: January 02, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ANSARI SUGAR MILLS LIMITED** ("the Company") as at September 30, 2017 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 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, 2017 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.

Moochhala Gangat & Co.
Chartered Accountants

Engagement partner:
Hussaini Fakhruddin
Karachi
Date: January 02, 2018

BALANCE SHEET AS AT SEPTEMBER 30, 2017

	Note	2017	2016
ASSETS		----------(Rupees)----------	
NON CURRENT ASSETS			
Property, plant and equipment	5	4,425,769,273	4,503,125,449
Intangible assets	6	1,075,036	1,604,531
Long term investment	7	191,748,826	170,963,129
Long term loans	8	364,450	1,044,801
Long term deposits		1,236,600	1,274,300
		4,620,194,185	4,678,012,210
CURRENT ASSETS			
Stores, spares and loose tools	9	282,107,264	284,472,769
Stock-in-trade	10	2,166,360,456	1,861,481,568
Trade debts	11	760,299,718	559,799,327
Advances, deposits, prepayments and other receivables	12	1,768,376,816	857,371,497
Tax refunds due from the government	13	6,970,197	6,970,197
Cash and bank balances	14	5,510,659	12,789,959
		4,989,625,110	3,582,885,316
		9,609,819,296	8,260,897,526
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 (2016 : 30,000,000) Ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	15	244,072,480	244,071,980
General reserves		27,000,000	27,000,000
Equity reserves		780,000,000	780,000,000
Accumulated losses		(142,940,704)	(225,504,656)
		908,131,776	825,567,324
Surplus on revaluation of fixed assets	16	1,869,613,831	1,923,982,826
NON CURRENT LIABILITIES			
Long term finances	17	2,820,275,003	2,534,234,707
Deferred liabilities	18	576,473,925	611,233,969
Provision for quality premium	19	264,108,125	264,108,125
Subordinated loan	20	90,000,000	-
		3,750,857,053	3,409,576,801
Current portion of long term finances	17	132,368,600	144,515,311
Short term borrowings	21	2,173,269,123	1,472,191,500
Trade and other payables	22	632,783,142	293,506,704
Accrued mark-up		91,806,889	128,198,140
Taxation - net		50,988,882	63,358,921
		3,081,216,636	2,101,770,576
CONTINGENCIES AND COMMITMENTS	23	-	-
		9,609,819,296	8,260,897,526

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Finance Officer	Director

Kh. Anreb Majid
Kh. A. M

Murtaza Hamza Ali
M. H. A

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Note	2017	2016
		-------(Rupees)-------	
Sales - net	24	**2,146,348,702**	1,730,162,045
Cost of sales	25	**(1,673,537,331)**	(1,353,915,800)
Gross profit		**472,811,371**	376,246,245
Operating expenses			
Selling and distribution expenses	26	**(3,999,253)**	(2,018,498)
Administrative expenses	27	**(95,548,919)**	(78,440,381)
		(99,548,172)	(80,458,879)
Operating profit		**373,263,199**	295,787,366
Finance cost	28	**(382,054,030)**	(324,873,624)
Other income	29	**22,576,822**	41,776,847
Other charges	30	**(914,801)**	(980,678)
		(360,392,009)	(284,077,455)
Profit before taxation		**12,871,190**	11,709,911
Taxation	31	**14,419,946**	9,823,544
Profit after taxation		**27,291,136**	21,533,455
Earning per share - Basic & Diluted	32	**1.12**	0.88

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive

Chief Finance Officer

Director

M.H.A

Kh. A.M

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	2017	2016
	----------Rupees--------	
Profit after taxation	**27,291,136**	21,533,455
Items not to be reclassified to profit or loss in subsequent period:		
Loss on remeasurement of post employment benefit obligations	**903,821**	(386,082)
Incremental depreciation arising from revaluation of property, plant and equipment	**47,365,948**	26,041,349
Deferred tax relating to component of comprehensive income	**7,003,046**	(7,812,405)
Total items that will not be reclassified to net income	**55,272,816**	17,842,862
Total comprehensive income for the year	**82,563,952**	39,376,317

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Finance Officer	Director
Kh. A.M	M.H.A	

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Note	2017	2016
		-------(Rupees)-------	
Net cash used in operations	36	**(622,239,442)**	(868,155,939)
Taxes paid		**(33,833,526)**	(10,217,437)
Long term staff loans received		**680,350**	405,486
Gratuity paid		**(1,038,569)**	(603,022)
Finance cost paid		**(417,004,202)**	(274,490,643)
Net cash used in operating activities		**(1,073,435,388)**	(1,153,061,556)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		**(157,650)**	(8,982,491)
Capital work in progress		**-**	(84,044,537)
Long term deposits		**37,700**	(768,700)
Proceeds from disposal of property, plant and equipment		**1,304,830**	125,682
Net cash generated/(used) in investing activities		**1,184,880**	(93,670,046)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings obtained during the year net of repayments		**273,893,585**	1,422,265,252
Subordinated loan		**90,000,000**	300,000,000
Short term finances from / (to) financial Institutions		**701,077,623**	(474,282,383)
Net cash flow from financing activities		**1,064,971,208**	1,247,982,869
Net decrease in cash and cash equivalents		**(7,279,300)**	1,251,268
Cash and cash equivalents at the beginning of the year		**12,789,959**	11,538,691
Cash and cash equivalents at the end of the year		**5,510,659**	12,789,959

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive

Kh. A.M

Chief Finance Officer

M. H.A

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Issued, subscribed and paid-up capital	Capital reserve	General reserve	Accumulated loss	Total
		Equity reserve			
		----------------------------(Rupees)----------------------------			
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
Transfer from unappropriated profit to equity reserve	-	311,638,952	-	(311,638,952)	-
Profit after taxation	-	-	-	21,533,455	21,533,455
Other Comprehensive Income					
Remeasurement of defined benefit liability	-	-	-	(386,082)	(386,082)
Incremental depreciation on revalued fixed assets - net of tax	-	-	-	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**
Balance as at October 01, 2016	244,071,980	780,000,000	27,000,000	(225,504,656)	825,567,324
Transaction with owners recognized directly in equity - interest free loan from directors					
Transfer from liability to equity	-	-	-	-	-
Transfer from unappropriated profit to equity reserve	-	-	-	-	-
Profit after taxation	-	-	-	27,291,136	27,291,136
Other Comprehensive Income					
Remeasurement of defined benefit liability	-	-	-	903,821	903,821
Incremental depreciation on revalued fixed assets - net of tax	-	-	-	54,368,995	54,368,995
Balance as at September 30, 2017	**244,071,980**	**780,000,000**	**27,000,000**	**(142,940,704)**	**908,131,276**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Finance Officer	Director
Kh. A. M	M. H. A	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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: 10)

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.

3.3 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	2017 Un-audited	2016 Un-audited
	-------(Rupees)-------	
Size of the fund - Net assets	**62,701,780**	69,246,000
Cost of investments made	**55,079,377**	52,369,000
Percentage of investments made	**89.10%**	76.03%
Fair value of investments	**55,869,821**	52,648,000

4.2.1 Break-up of fair value of investment is:

	-------2 0 1 7--------		-------2 0 1 6--------	
	Rupees	**--%--**	**Rupees**	**--%--**
Units of open mutual fund - UBL Al-Ameen Islamic active allocation plan	**19,940,444**	**35.69%**	5,279,000	10.03%
Saving Accounts	**35,929,377**	**64.31%**	47,369,000	89.97%
	55,869,821	**100%**	52,648,000	100%

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 amortization

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.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		---------(Rupees)---------	
Operating fixed assets	5.1	4,256,599,537	4,333,955,712
Capital work in progress	5.2	169,169,737	169,169,737
		4,425,769,273	4,503,125,449

5.1 OPERATING FIXED ASSETS

	OWNED												
Description	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 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
Disposal	-	-	-	-	-	-	-	-	-	(1,337,000)	-	-	(1,337,000)
Revaluation surplus	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**
Balance as at 01 October 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
Additions	-	-	-	-	-	-	157,650	-	-	-	-	-	157,650
Disposal	-	-	-	-	-	-	-	-	-	(2,008,000)	-	-	(2,008,000)
Balance as at 30 September 2017	**382,025,000**	**771,447,836**	**580,509,621**	**3,922,102,084**	**9,457,061**	**4,618,918**	**10,898,928**	**9,030,094**	**3,262,298**	**34,953,633**	**6,570,321**	**1,993,521**	**5,736,869,315**
DEPRECIATION													
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 year	-	26,448,450	17,004,202	24,443,314	199,255	271,355	475,780	377,061	81,592	2,180,581	179,120	1,271	71,664,981
Disposal	-	-	-	-	-	-	-	-	-	(918,059)	-	-	(916,059)
Balance as at 30 September 2016	**-**	**211,561,672**	**101,632,044**	**1,030,251,752**	**7,663,763**	**2,176,723**	**6,459,261**	**5,636,545**	**2,527,971**	**28,658,249**	**6,206,654**	**1,986,319**	**1,404,763,953**
Balance as at 01 October 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	1,404,763,953
Charge for the year	-	27,994,308	23,943,879	22,307,197	179,330	244,220	433,788	339,355	73,433	1,632,911	120,010	2,377	77,270,806
Disposal	-	-	-	-	-	-	-	-	-	(1,764,981)	-	-	(1,764,981)
Balance as at 30 September 2017	**-**	**239,555,980**	**125,575,923**	**1,052,561,949**	**7,843,093**	**2,420,943**	**6,893,049**	**5,975,900**	**2,601,404**	**28,526,179**	**6,326,664**	**1,988,696**	**1,480,269,778**
CARRYING AMOUNT - 2017	**382,025,000**	**531,891,856**	**454,933,698**	**2,869,540,135**	**1,613,968**	**2,197,976**	**4,005,879**	**3,054,194**	**660,894**	**6,427,454**	**243,657**	**4,825**	**4,256,599,537**
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**
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 30, 2017.

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 (2016: Rs.9.253 million), Rs. 164.678 million (2016: Rs. 173.345 million), Rs. 174.725 million (2016: Rs. 155.500 million) and Rs. 902.712 million (2016: Rs. 1,170.253 million) respectively, had there been no revaluation.

	Note	2017	2016
		-------(Rupees)-------	
5.1.3 Depreciation for the year has been allocated as under:			
Manufacturing expenses		**50,548,101**	51,167,390
Administrative expenses		**26,722,705**	20,497,591
		77,270,806	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	1,129,000	927,747	201,253	88,552	Company policy	Mr. Ishrat (an employee)
Vehicle	879,000	778,129	100,871	900,000	Destroyed	EFU Insurance
Sept 30, 2017	**2,008,000**	**1,705,876**	**302,124**	**988,552**		
Sept 30, 2016	1,337,000	918,059	418,941	125,682		

5.2 Capital work in progress

	2017	2016
Balance as at October 01	**169,169,737**	85,125,200
Capital expenditure incurred during the year	-	84,044,537
	169,169,737	169,169,737

6 INTANGIBLE ASSETS - SOFTWARE

	2017	2016
Cost:		
Opening balance	**3,768,724**	2,828,622
Addition during the year	-	940,102
Total cost	**3,768,724**	3,768,724
Amortization:		
Opening balance	**2,164,193**	1,581,550
Amortization during the year	**529,495**	582,643
Accumulated Amortization	**2,693,688**	2,164,193
Net book value	**1,075,036**	1,604,531
Amortization rate	**33%**	33%

7 LONG TERM INVESTMENT
Held to maturity

	Note	2017	2016
Defence Saving Certificates (DSCs)	7.1	**72,000,000**	72,000,000
Accrued profit	7.2	**119,748,826**	98,963,129
		191,748,826	170,963,129

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 (2016: 213.551 million)

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

		Note	2017	2016
			-------(Rupees)-------	
8	**LONG TERM LOANS - Secured, considered good**			
	Long term loan to executive	8.1 & 8.2	-	598,000
	Long term loan to employees	8.2	**567,350**	670,201
	Less: Current portion shown under current assets		**(202,900)**	(223,400)
			364,450	1,044,801
8.1	**Reconciliation of the carrying amount of loans to executives**			
	Balance at the beginning of the year		**598,000**	1,119,500
	Repayment		**(598,000)**	(521,500)
	Balance at the end of the year		-	598,000

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. These loans are secured against retirement benefits of the employees.

		Note	2017	2016
9	**STORES, SPARES AND LOOSE TOOLS**			
	Store and spare parts		**274,275,959**	283,898,478
	Packing material		**7,831,305**	574,291
			282,107,264	284,472,769
10	**STOCK-IN-TRADE**			
	In hand			
	Finished goods		**1,846,821,742**	1,570,856,122
	Molasses		**287,169,694**	260,921,888
	Baggase		**10,603,001**	9,248,033
	Sugar in process		**20,956,459**	19,490,714
	Molasses in process		**809,561**	964,811
			2,166,360,456	1,861,481,568

10.1 The above stocks in hand of the Company have been pledged with the banks against the short term borrowings, refer note 21 to these financial statements.

		Note	2017	2016
11	**TRADE DEBTS - unsecured and considered good**			
	Against sales		**760,299,718**	559,799,327
			760,299,718	559,799,327
12	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Current portion of long term loans	8	**202,900**	223,400
	Considered good, unsecured			
	Advance to cane growers		**1,108,711,847**	615,459,668
	Advance to suppliers and contractors		**229,172,824**	120,507,351
	Advance to staff		**1,005,630**	2,561,198
	Advance against expenses		**363,672,728**	11,787,592
	Prepayments		**91,787**	795,491
	Deposits		-	12,365
	Other receivables - unsecured, considered good		-	40,505,331
	Refundable against freight subsidy		**65,519,100**	65,519,100
			1,768,376,816	857,371,497

	2017	2016
	-------(Rupees)-------	
13 TAX REFUNDS DUE FROM THE GOVERNMENT		
Sales tax	6,970,197	6,970,197
14 CASH AND BANK BALANCES		
Cash in hand	213,906	631,755
Cash with banks - current account	5,296,753	12,158,204
	5,510,659	12,789,959

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs.10 each

2017	2016		2017	2016
18,296,250	18,296,250	Issued for cash	182,962,500	182,962,500
6,110,948	6,110,948	Issued as bonus share	61,109,480	61,109,480
24,407,198	24,407,198		244,071,980	244,071,980

16 SURPLUS ON REVALUATION OF FIXED ASSETS

	2017	2016
Freehold land		
Balance as at October 01	372,772,270	236,288,520
Revaluation surplus arised during the year	-	136,483,750
Revaluation surplus arising from freehold land	372,772,270	372,772,270
Factory building		
Balance as at October 01	394,455,270	116,061,270
Surplus arises during the year	-	287,794,494
Less: Adjustment for incremental depreciation	(19,722,764)	(9,400,495)
	374,732,507	394,455,270
Related deferred tax		
Balance as at October 01	118,336,580	37,322,860
Surplus arises during the year	-	86,338,348
Effect of change in tax rate	3,747,325	(2,504,480)
Less: related to incremental depreciation	(6,114,057)	(2,820,148)
	115,969,848	118,336,580
Revaluation surplus arising from factory building	258,762,659	276,118,690
Non factory building		
Balance as at October 01	321,428,815	176,398,461
Surplus arises during the year	-	155,797,749
Less: Adjustment for incremental depreciation	(16,071,441)	(10,767,395)
	305,357,374	321,428,815
Related deferred tax		
Balance as at October 01	96,428,645	56,726,032
Surplus arises during the year	-	46,739,325
Effect of change in tax rate	3,053,574	(3,806,494)
Less: related to incremental depreciation	(4,982,147)	(3,230,218)
	94,500,072	96,428,645
Revaluation surplus arising from non-factory building	210,857,302	225,000,170
Plant and machinery		
Balance as at October 01	1,500,130,994	942,007,466
Surplus arises during the year	-	563,996,987
Less: Adjustment for incremental depreciation	(11,571,744)	(5,873,459)
	1,488,559,250	1,500,130,994
Related deferred tax		
Balance as at October 01	450,039,298	301,713,255
Surplus arises during the year	-	169,199,096
Effect of change in tax rate	14,885,592	(19,111,015)
Less: related to incremental depreciation	(3,587,241)	(1,762,038)
	461,337,650	450,039,298
Revaluation surplus arising from plant and machinery	1,027,221,600	1,050,091,696
	1,869,613,831	1,923,982,826

17 LONG TERM FINANCES

	Note	Installments Number	Installments Commencing from	Mark-up	2017	2016
					-------(Rupees)-------	
Term loans						
National Bank of Pakistan - Demand Finance Facility - I (Rescheduled)	17.1	22 quarterly	July 2016	3-months KIBOR + 2% per annum	**675,407,856**	703,550,000
National Bank of Pakistan - Frozen Mark-up Facility - I	17.2	1	January 2019	Frozen	**169,762,240**	151,359,903
National Bank of Pakistan - Demand Finance Facility - II	17.3	22 quarterly	July 2016	3-months KIBOR + 2% per annum	**366,745,142**	385,210,000
Summit Bank Limited - Term finance (Restructured to 18.11)	17.4	28 Quarterly	October 2017	3-months KIBOR + 3% per annum	-	250,000,000
Sindh Bank Limited - Term Finance - I	17.5	28 Quarterly	October 2017	3-months KIBOR + 3% per annum	**150,000,000**	150,000,000
Sindh Bank Limited - Term Finance - II	17.5	28 Quarterly	October 2017	3-months KIBOR + 3% per annum	**83,000,000**	83,000,000
Syndicated Term Finance Facility	17.6	8 semi-annual	July 2014	6 months KIBOR plus 2% per annum	**100,000,000**	115,000,000
Summit Bank Limited - Restructured from Running Finance	17.7	24 Quarterly	July 2016	3-months KIBOR + 2.5% per annum	-	199,930,115
Summit Bank Limited - Restructured from Running Finance	17.7	24 Quarterly	July 2016	3-months KIBOR + 2.5% per annum	-	300,000,000
Sindh Bank Limited - Restructured from Running Finance	17.8	24 Quarterly	October 2017	3-months KIBOR + 2.75% per annum	**338,298,250**	340,700,000
Sindh Bank Limited	17.9	24 Quarterly	October 2016	3-months KIBOR + 2.75% per annum	**92,000,000**	-
Summit Bank Limited	17.10	24 Quarterly	October 2017	6-months KIBOR + 2.75% per annum	**137,500,000**	-
Summit Bank Limited - Restructure	17.11	24 Quarterly	October 2017	6-months KIBOR + 2.75% per annum	**739,930,115**	-
Sindh bank Ltd	17.12	24 Quarterly	July 2016	3-months KIBOR + 2.75% per annum	**100,000,000**	-
					2,952,643,603	2,678,750,018
Less: Current portion shown under current liabilities					**(132,368,600)**	(144,515,311)
					2,820,275,003	2,534,234,707

17.1 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 4.25 years and 19 quarterly instalments to be paid on step-up basis as the 1st instalment was felt 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.

17.2 National Bank of Pakistan - Frozen Mark-up Facility - I

	2017	2016
	-------(Rupees)-------	
Opening balance	**151,359,903**	134,952,391
Add: amortization during the year	**18,402,337**	16,407,512
	169,762,240	151,359,903

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.

17.3 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 4.75 years and 19 quarterly instalments to be paid on step-up basis with the 1st instalment was felt 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.

17.4 Summit Bank Limited had restructured a Facility of Rs. 250 million as Long Term Finance Facility for which principle was repayable from October 2017 which was availed during last year i.e 2016. Since the date of restructuring the principal and markup thereon was repayable in seven years including one year grace period but the markup were being accrued. The facility was 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.

17.5 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. Since Principal repayment has to be commenced 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.

17.6 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. Since the date the facility was availed the loan was 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.

17.7 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. Since the date of restructuring was commenced the principal and markup thereon was repayable in seven years including one year grace period but the markup was being accrued. This 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.

17.8 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.

17.9 This represent Long Term Finance Facility of Rs. 92 million from Sindh Bank Limited with effect from October 2016 for payment of grower liabilities. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The principal and mark-up thereon is repayable in 24 quarterly instalments to be paid on step-up basis with the 1st instalment falling due on January 30, 2018. The facility is secured against pari passu charge overall present and future 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.

17.10 This represent Long term Finance Facility of Rs. 137.5 million from Summit Bank Limited for settlement of growers liability, suppliers repayment and adjustment of advances. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The first principal payment shall fall due within 15 months from the date of disbursement i.e. January 17, 2018. The facility is secured against joint pari-passu hypothecation charge / pari-passu charge (both acceptable) over all present and future movable fixed assets of the customer with 20% margin over facility amount, joint pari-passu equitable mortgage over Land, building any other immovable property with 20% margin over facility amount and over all rights and benefits of customer under any and all project insurances and cut through agreements for reinsurance.

17.11 Summit Bank had re-scheduled existing Running Finance - I, Running Finance - II, Syndicated term Finance and Long Term Finance facilities amounting to Rs. 199.93 million, Rs. 300 million, Rs. 15 million and Rs. 250 million respectively into Long Term Finance facility Rs. 764.93 million for balance sheet restructuring, change in debit mix and optimum utilization of resources to maximize can crushing. The principal and mark-up thereon is repayable in 24 quarterly instalments to be paid on step-up basis with the 1st instalment felt due on September 01, 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 joint pari-passu hypothecation charge over all present and future movable fixed assets of the company with 20% margin over facility amount, joint pari-passu equitable mortgage over Land, building any other immovable property with 20% margin over facility amount and over all rights and benefits of the company under any and all project insurances and cut through agreements for reinsurance.

17.12 The company had converted the Syndicated Term Finance Facility into Long Term Finance amounting Rs. 100 million from Sindh Bank Limited to settle cane growers and suppliers/contractors liabilities and to improve liquidity position in the aftermath of devastating floods in Sindh in 2011 with effect from July 2016. Since the date of conversion the principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued, the first repayment falling due in fifteen months from the first drawdown date and subsequently every three months thereafter. The facility is secured against initial ranking charge over fixed asset of the company with 20% margin to be upgraded to pari-passu within 90 days from the date of disbursement.

		Note	2017	2016
			-------(Rupees)-------	
18	**DEFERRED LIABILITIES**			
	Deferred taxation	18.1	**567,306,198**	603,189,632
	Staff retirement benefits - Gratuity	18.2	**9,167,727**	8,044,337
			576,473,925	611,233,969
18.1	**Deferred taxation**			
	Taxable temporary differences			
	Accelerated tax deprecation		**388,061,789**	366,145,975
	Surplus on revaluation of fixed assets		**650,594,739**	664,804,524
			1,038,656,528	1,030,950,499
	Deductible temporary differences			
	Provision for staff retirement and other benefits		**(2,841,995)**	(2,413,301)
	Alternate corporate tax		**(45,531,885)**	(70,653,344)
	Carried forward tax losses		**(422,976,449)**	(354,694,222)
			(471,350,330)	(427,760,867)
			567,306,198	603,189,632

18.2 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, 2017 using the Projected Unit Credit Method.

		Note	2017	2016
	Principal assumptions			
	Discount rate		**8.00% per annum**	7.25% per annum
	Expected rate of eligible salary increase in future years		**8.00% per annum**	10% per annum
	Liability for gratuity arose in the following manner:			
	Opening net liability		**8,044,337**	7,122,729
	Expense for the year	18.2.1	**3,065,779**	1,138,548
	Other Comprehensive Income		**(903,821)**	386,082
	Benefits paid		**(1,038,568)**	(603,022)
	Closing net liability		**9,167,727**	8,044,337
	Reconciliation of the liability			
	Present value of defined benefit obligations	18.2.2	**9,167,727**	8,044,337
			9,167,727	8,044,337
18.2.1	**Charge to profit and loss account**			
	Current service cost		**2,536,239**	507,585
	Interest cost		**529,540**	630,963
	Total amount chargeable to profit and loss account		**3,065,779**	1,138,548

18.2.2 Comparison for five years

	2017	2016	2015	2014	2013
	(Rupees)				
Present value of defined benefit obligations	9,167,727	8,044,337	7,122,729	5,612,037	5,581,813

18.2.3 Expected charge for the year ending 30 September 2017 is Rs. 1,123,390.

19 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 conflicting judgment 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 provision of the quality premium 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 liability for the period 2007-08 due to recovery rate is less than the threshold of quality premium.

	Note	2017	2016
		-------(Rupees)-------	
20 SUBORDINATE LOAN			
Original loan amount		-	168,361,048
Loan acquired during the year	*20.1*	**90,000,000**	300,000,000
Present value adjustment		-	-
		90,000,000	468,361,048
Interest charged to profit and loss accounts			
Charges in previous years		-	-
Charge for the year		-	-
		-	-
		90,000,000	468,361,048
Less: Transferred to equity reserve		-	(468,361,048)
		90,000,000	-

20.1 This represents loan obtained from director which is interest free.

	Note	2017	2016
21 SHORT TERM BORROWINGS - secured			
Cash finances	*21.1*	**2,173,269,123**	1,472,191,500
		2,173,269,123	1,472,191,500

21.1 During the year the Company has availed cash finances amounting to Rs. 708 million (2016: Rs. 1,457 million). The rate of mark-up applicable during the year was 3 month KIBOR Plus 1.5% to 2.5% (2016 : 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).

	Note	2017	2016
22 TRADE AND OTHER PAYABLES			
Creditors		**73,488,454**	92,411,119
Sugar cane creditors		**454,235,200**	101,718,271
Accrued expenses		**9,075,690**	16,431,384
		536,799,343	210,560,774
Other liabilities			
Advances from customers	22.1	**34,254,697**	29,820,219
Workers' welfare fund		**16,400,230**	15,768,154
Sindh workers' welfare fund		-	280,194
Withholding tax payable		**650,968**	842,504
Workers' Profit Participation Fund	22.	**25,956,487**	23,858,930
Sales tax payable		**11,463,876**	11,754,097
Advance sales tax		**5,756,709**	-
Unclaimed dividend		**405,084**	405,084
Others liabilities		**1,095,748**	216,749
		95,983,799	82,945,930
		632,783,142	293,506,704

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

22.2 Workers' Profit Participation Fund

	2017	2016
Balance as at October 1	**23,858,930**	21,839,348
Allocation for the year	**656,477**	700,485
Interest accrued	**1,441,079**	1,319,097
Balance as at September 30	**25,956,487**	23,858,930

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 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.

23.1.2 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.

23.1.3 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.

23.1.4 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.

23.1.5 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.

23.1.6 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.

23.1.7 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	2017	2016
			-------(Rupees)-------	
24	**SALES - Net**			
	Sugar - Local		2,378,938,702	1,868,575,006
			2,378,938,702	1,868,575,006
	Sales tax / Federal Excise Duty		(232,590,000)	(138,412,961)
			2,146,348,702	1,730,162,045
25	**COST OF SALES**			
	Sugarcane consumed		1,905,852,467	2,104,410,178
	Manufacturing expenses	25.1	165,194,822	148,362,284
			2,071,047,289	2,252,772,462
	Opening stock			
	Sugar in process		19,490,714	18,309,357
	Finished goods		1,570,856,122	801,971,500
	Molasses		260,921,888	222,300,000
	Molasses in process		964,811	4,627,955
	Finished goods - in transit		-	4,640,000
	Baggase		9,248,033	-
			1,861,481,568	1,051,848,812
	Closing stock			
	Sugar in process		(20,956,459)	(19,490,714)
	Finished goods		(1,846,821,742)	(1,570,856,122)
	Molasses		(287,169,694)	(260,921,888)
	Molasses in process		(809,561)	(964,811)
	Baggase		(10,603,001)	(9,248,033)
			(2,166,360,456)	(1,861,481,568)
	Less : Sale of by product - Molasses		(92,631,070)	(89,223,906)
			1,673,537,331	1,353,915,800

		Note	2017	2016
25.1	**Manufacturing expenses**			
	Salaries, wages including bonus and staff amenities	25.1.1	44,464,991	27,794,699
	Packing material		17,366,476	29,376,096
	Stores consumed		28,465,355	19,578,213
	Fuel and power		11,301,437	7,457,997
	Repair and maintenance		1,903,718	2,586,960
	Insurance expense		4,758,871	5,072,541
	Vehicle maintenance		692,277	2,148,323
	Freight & Handling Charges		5,693,596	3,180,064
	Depreciation	5.1.3	50,548,101	51,167,390
			165,194,822	148,362,284

25.1.1 This includes Rs. 2,212,921 (2016: Rs. 1,274,326) in respect of contribution to provident fund and Rs. 1,839,467 (2016: Rs. 681,380) in respect of charge for staff gratuity.

		2017	2016
26	**SELLING AND DISTRIBUTION EXPENSEES**		
	Advertisement	1,111,580	128,880
	Marketing and Selling	434,800	180,900
	Loading and stacking	2,424,171	1,708,718
	Research and development	28,700	-
		3,999,251	2,018,498

27 ADMINISTRATIVE EXPENSES

	Note	2017	2016
		-------(Rupees)-------	
Salaries including bonus and staff amenities	27.1	**29,393,415**	27,041,085
Rent, rates and taxes		**5,603,303**	4,651,825
Insurance		**9,940,238**	3,224,698
Water, gas and electricity		**760,489**	353,048
Printing and stationery		**653,414**	822,987
Postage, telegram and telephone		**723,598**	594,785
Vehicle maintenance		**771,330**	453,104
Repairs and maintenance		**824,708**	1,574,393
Travelling and conveyance		**4,424,848**	3,982,956
Fees and subscription		**4,571,989**	2,887,776
Legal and professional		**1,664,015**	2,661,088
Entertainment		**1,624,179**	4,194,082
Computer expense		**1,234,034**	282,006
Depreciation	5.1.3	**26,722,705**	20,497,591
Amortization		**529,495**	582,643
Auditors' remuneration	27.2	**1,542,867**	1,502,215
Internet expense		**900,718**	734,678
Others		**3,663,574**	2,399,422
		95,548,919	78,440,381

27.1 This includes Rs. 1,475,281 (2016: Rs. 855,001) in respect of contribution to provident fund and Rs. 1,226,312 (2016: Rs. 457,168) in respect of charge for staff gratuity.

27.2 Auditors' remuneration

	2017	2016
Audit fee - Annual	**1,105,517**	1,005,015
Half yearly review	**288,750**	262,500
Cost audit fee	**-**	50,000
Certification - Code of Corporate Governance	**137,500**	125,000
Out of pocket expenses	**11,100**	59,700
	1,542,867	1,502,215

	Note	2017	2016
		-------(Rupees)------	

28 FINANCE COST

	Note	2017	2016
Mark-up on long term finances		217,968,015	123,129,466
Mark-up on short term borrowings		141,802,552	182,302,355
		359,770,567	305,431,821
Unwinding of discount on NBP loan		18,402,337	16,407,512
Mark-up on WPPF		1,441,079	1,319,097
Bank charges		2,440,047	1,715,194
		382,054,030	324,873,624

29 OTHER INCOME

	Note	2017	2016
Profit on investment		20,785,697	18,532,515
Other		1,088,770	-
Gain on rescheduling of bank liability		-	23,244,332
Gain on fixed asset		702,355	-
		22,576,822	41,776,847

30 OTHER CHARGES

	Note	2017	2016
Workers' welfare fund		258,324	280,194
Workers' profit participation fund		656,477	700,484
		914,801	980,678

31 TAXATION

	Note	2017	2016
For the year			
- current	31.1	21,463,487	17,301,620
- deferred	18.1	(35,883,433)	(27,125,164)
		(14,419,946)	(9,823,544)

31.1 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.

32 EARNING PER SHARE- Basic & Diluted

		2017	2016
Net profit for the year	**Rupees**	27,291,136	21,533,455
Number of ordinary shares	**Number**	24,407,198	24,407,198
Earning per share - Basic & diluted	**Rupees**	1.12	0.88

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017		2016	
	Directors	Executives	Directors	Executives
	----------Rupees----------			
Remuneration	882,580	15,419,758	978,120	14,615,885
Company's contribution to provident fund	88,258	1,351,384	97,086	1,344,661
Perquisites, benefits and utilities	485,419	1,351,384	526,680	1,344,661
	1,456,257	18,122,527	1,601,886	17,305,207

33.1 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.

34 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)
2016-2017	**138**	**8,000**	**1,104,000**	**425,803**
2015-2016	100	8,000	800,000	499,871

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

35 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.

35.1 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:

	2017	2016
	-----------(Rupees)----------	
Long term investment	**191,748,826**	170,963,129
Long term loans	**364,450**	1,044,801
Long term deposits	**1,236,600**	1,274,300
Trade debts	**760,299,718**	559,799,327
Loans and advances	**1,208,529**	2,784,598
Other receivables	**-**	40,505,331
Bank balances	**5,296,753**	12,158,204
	960,154,876	788,529,689

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:

35.1.1 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.

35.1.2 Trade debts

	2017	2016
	----------Rupees--------	
Customers with no default in past one year	**760,299,718**	559,799,327

35.1.3 Bank balances

A1+	**-**	4,229,465
A-1+	**5,228,834**	7,876,668
A-2	**-**	20,375
A-1	**67,919**	61,566
	5,296,753	12,188,074

35.2 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:

	2017			
Financial Liabilities	**Carrying Amount**	**Less than 12 months**	**1 to 2 years**	**2 years and above**
	---------------------------------(Rupees)----------------------------			
Long term finances	**2,820,275,003**	**132,368,600**	**132,368,600**	**2,555,537,803**
Short term borrowings	**2,173,269,123**	**2,173,269,123**	**-**	**-**
Trade & other payables	**536,799,343**	**536,799,343**	**-**	**-**
Accrued markup	**91,806,889**	**91,806,889**	**-**	**-**
	5,622,150,358	**2,934,243,955**	**132,368,600**	**2,555,537,803**

	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	2,555,537,803
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	2,555,537,803

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

35.3 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.

35.3.1 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.

35.3.2 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:

	2017	2016	2017	2016
	Effective Rate (%)		---------Rupees--------	
Financial liabilities				
Long-term finances	**3 MK to 6 MK plus 200 to 300 bps**	3 MK to 6 MK plus 200 to 300 bps	**2,820,275,003**	2,534,234,707
Short-term borrowings	**3 MK plus 200 to 300 bps**	3 MK plus 200 to 300 bps	**2,173,269,123**	1,472,191,500

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.

		2017	2016
Change in interest rates	±	**1%**	1%
Effect on Profit before tax (Rupees)	±	**49,935,441**	40,064,262

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.

35.4 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 arms 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.

35.5 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.

36 NET CASH GENERATED FROM / (USED IN) OPERATIONS

	2017	2016
	---------Rupees--------	
Profit before taxation	**12,871,190**	11,709,911
Adjustments for :		
Depreciation	**77,270,806**	71,664,981
Amortization	**529,495**	582,643
Finance cost	**378,172,904**	305,431,821
Provision for gratuity	**2,027,211**	1,138,548
Workers' welfare fund	**258,324**	280,194
Workers profit participation fund	**656,477**	700,484
(Gain) / Loss on disposal of assets	**(702,355)**	293,259
Unrealized profit on investment	**(20,785,697)**	(18,532,515)
	437,427,166	361,559,415
Operating profit before working capital changes	**450,298,356**	373,269,326
Changes in working capital :		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**2,365,505**	(36,445,314)
Stock-in-trade	**(304,878,888)**	(809,632,756)
Biological Asset	**-**	141,085,000
Trade debts	**(200,500,391)**	(178,948,690)
Loans and advances	**(911,005,320)**	(528,791,716)
	(1,414,019,094)	(1,412,733,476)
Increase in current liabilities:		
Trade and other payables	**341,481,296**	62,255,629
	(1,072,537,798)	(1,350,477,847)
	(622,239,442)	(977,208,521)

37 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:

	2017	2016
	----------Rupees--------	
Loan received from Directors	**-**	468,361,048
Ansari Sugar Mills Limited Employees' Provident Fund Trust		
Contributions to provident fund	**3,688,202**	2,129,327

38 **NUMBER OF EMPLOYEES**

Number of persons employed as at year end were 440 (2016: 285) and the average number of persons employed during the year were 575 (2016: 305).

39 **EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Company in its meeting held on January 2, 2018 has proposed the following:

Your Directors have decided to pay cash dividend @ Paisa 50 (Rs. 0.50) per share i.e. 5% for the year ended September 30, 2017.

40 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue on January 02, 2018 by the Board.

41 **GENERAL**

Figures have been rounded off to the nearest rupee.

Chief Executive	Chief Finance Officer	Director
Kh. A.M	M.H.A	

PROXY FORM

The Secretary
Ansari Sugar Mills Limited
Deh Jagsiyani, Taluka Tando Ghulam Hayder,
District Tando Mohammad Khan,
Sindh

I ________________________________ of ______________ being a member of **Ansari Sugar Mills Limited** and holder of ______________ Ordinary shares, as per Register Folio No. __________ hereby appoint ______________________ of **Karachi** who is also a Member of the Company of as my Proxy to vote for me and on my behalf at the _____ Annual General Meeting of the Company to be held on ________________ at ______ AM/PM at **Deh Jagsiyani, Taluka Tando Ghulam Hayder, District Tando Mohammad Khan, Sindh** and at any adjournment thereof.

Signed on ____________ day of __________ **20**__.

____

Name:

Witness:

1. Signature: ______________
   Name: ______________
   Address: ______________________________
   CNIC: ______________

2. Signature: ______________
   Name: ______________
   Address: ______________________________
   CNIC: ______________