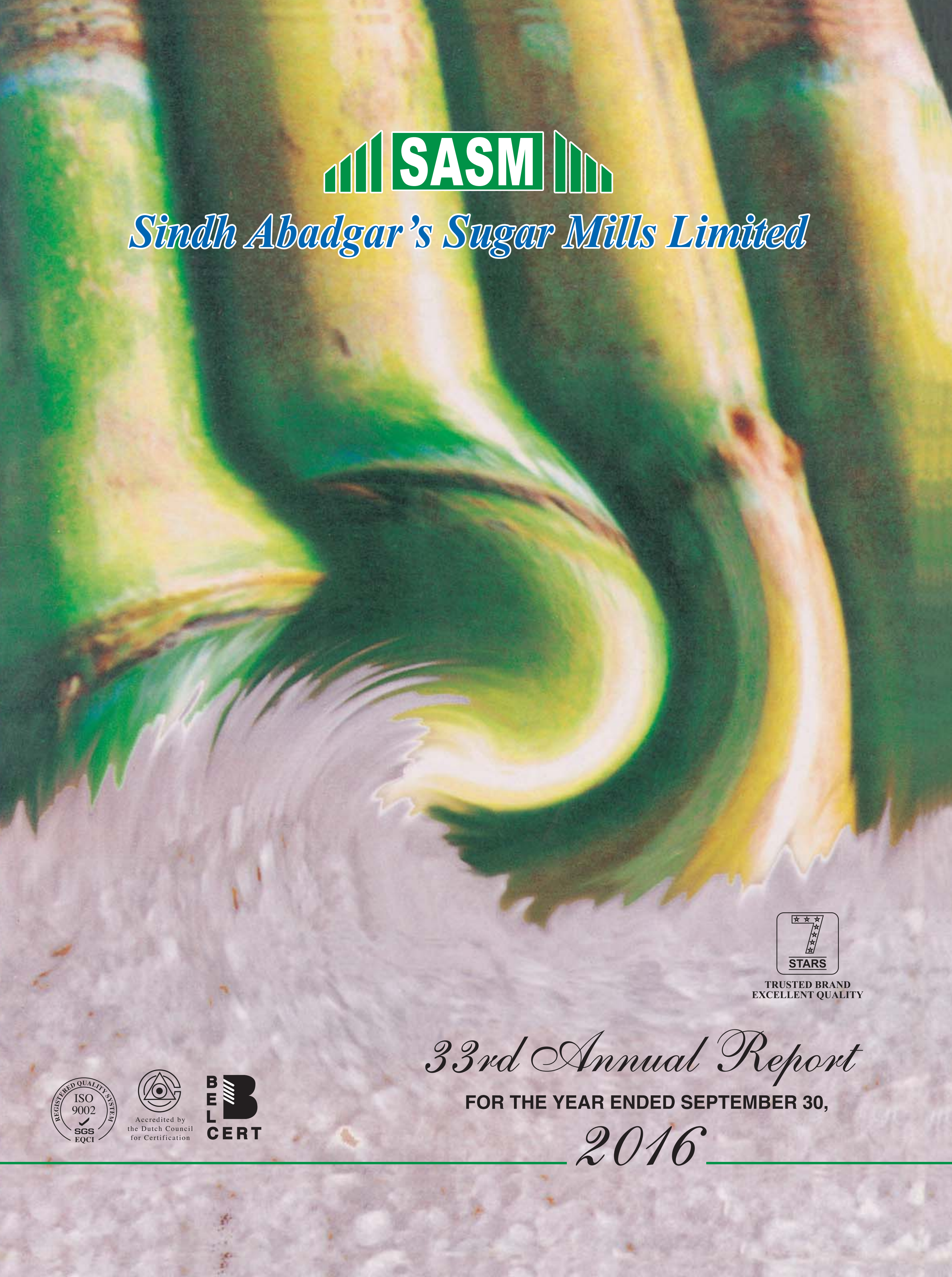

SASM

Sindh Abadgar's Sugar Mills Limited

7 STARS

TRUSTED BRAND
EXCELLENT QUALITY

33rd Annual Report

FOR THE YEAR ENDED SEPTEMBER 30,

2016

REGISTERED QUALITY SYSTEM ISO 9002 SGS EQCI

Accredited by the Dutch Council for Certification

BEL CERT

SASM

SINDH ABADGAR'S SUGAR MILLS LIMITED

33rd ANNUAL REPORT
2016

COMPANY PROFILE

DIRECTORS	Mr. Deoo Mal Essarani	Chairman
	Dr. Tara Chand Essarani	Chief Executive
	Mr. Dileep Kumar	Director
	Mr. Pehlaj Rai	Director
	Mr. Mohan Lal	Director
	Dr. Besham Kumar	Director
	Mr. Mahesh Kumar	Director
	Dr. Shafaqat Ali Shah	Director
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY	Mr. Nisar H. Virani	
BANKERS	Allied Bank Limited	
	Askari Bank Limited	
	Bank Al-Falah Limited	
	MCB Bank Limited	
	United Bank Limited	
	Meezan Bank Limited	
AUDIT COMMITTEE	Mr. Pehlaj Rai	Chairman
	Dr. Shafaqat Ali Shah	Member
	Mr. Dileep Kumar	Member
	Dr. Besham Kumar	Member
HR AND REMUNERATION COMMITTEE	Dr. Shafaqat Ali Shah	Chairman
	Mr. Mohan Lal	Member
	Mr. Dileep Kumar	Member
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
REGISTERED OFFICE	209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.	
MILLS	Deh: Deenpur, Taluka. Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.	
REGISTRAR	JWAFFS Registrar Services (Pvt) Ltd. 407- 408, Al Ameera Centre, Shahrah e Iraq, Saddar, Karachi.	
EMAIL ADDRESS	sasm@unitedgroup.org.pk	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 33rd Annual General Meeting of the Company will be held on Friday, the 27th January, 2017 at 4:00 pm at the Auditorium of The Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi to transact the following business:

1. To confirm the Minutes of the Annual General Meeting held on 29th January, 2016.
2. To receive and adopt the Audited Accounts of the Company for the year ended September 30, 2016 and the Reports of the Directors' and Auditors thereon.
3. To appoint Auditors of the Company for the year ending September 30, 2017 and to fix their remuneration as recommended by the Audit Committee and the Board of Directors.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Nisar H. Virani
Company Secretary

Karachi : 4th January, 2017

Notes :-

1. The register of members of the Company will be closed from **Tuesday, January 17, 2017, to Friday, January 27, 2017 (both days inclusive)** and no transfers will be registered during that time. Shares received at the office of the Share Registrar of the Company M/s. JWAFFS Registrar Services (Pvt.) Ltd, 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi at the close of Business on **16th January, 2017** will be treated in time.
2. A member of the company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies to be effective must be in writing and must be received by the Company 48 hours before the Meeting.
3. The Shareholders of the company whose shares are registered in their account / sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDC and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.

   A. For Attending the Meeting
   - In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has provided earlier) at the time of the Meeting.

   B. For Appointing Proxies:
   - The proxy form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form.
   - Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   - The proxy shall produce his original NIC or original passport at the meeting.
   - In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
4. The Shareholders of the company are requested to immediately notify any change in their addresses to our Share Registrar M/s. JWAFFS Registrar Services (Pvt.) Ltd, 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi

DIRECTORS' REPORT TO THE SHARE HOLDERS

Dear Members - Assalam-o-Alekum

On behalf of the Board of Directors and myself, I am pleased to welcome you all to the 33rd Annual General Meeting of the Company and presenting before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2016.

Financial Results:	**2016 Rupees**	**2015 Rupees**
Profit/ (Loss) before taxation	**1,313,833**	(47,121,548)
Taxation- net	**(26,350,738)**	7,485,130
Loss after taxation	**(25,036,905)**	(39,636,418)
Transferred from surplus on Revaluation	**47,336,362**	37,464,506
	22,299,457	(2,171,912)
Unappropriated (Loss) brought forward	**(152,278,517)**	(150,106,605)
Accumulated (Loss) carried forward	**(129,979,060)**	(152,278,517)

The negative results are due to higher sugarcane prices paid and depressed sugar prices almost throughout the year. The Government of Sindh fixed the minimum sugarcane support price at Rs.172/- per 40 kgs for the crushing season 2015-16 as against Rs.182/- per 40 kgs for the crushing season 2014-2015 which was about 6% lesser as compared to the previous crushing season. Average Sugarcane procurement price remained very high thus raising the cost of manufacturing while the market price of sugar remained depressed throughout the year except a brief pause. Because of the depressed sugar sale prices in the local market as well as internationally, we did not export this year. Here it is worth mentioning that the subsidy for the years 2012-13 and 2013-14 amounting to Rs.73.920 (M) has not yet been paid by the TDAP.

Operational Results

By the Grace of Allah, the growth during the current financial year in terms of expansion of capacity and modernization etc has been more than satisfactory which would not have been possible without the guidance and support of the Board of Directors and the efforts put in by the management and members of the staff at all levels. I also wish to extend my appreciation for the cooperation extended by the sugarcane growers at large, customers, bankers and all others associated with the Company.

Summarized key operating results for last six years are as follows:

COMPARATIVE STATISTICS

		2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Season Commenced		**29-11-2015**	08-12-2014	01-11-2013	16-12-2012	22-12-2011	05-12-2010
Season Closed		**26-02-2016**	22-03-2015	18-03-2014	20-03-2013	19-03-2012	10-04-2011
Days Worked		**90**	105	138/ 124	95	89	127
Sugarcane Crushed	Tons	**490,605**	474,511	505,185	384,319	331,064	387,579
Sugarcane Crushed	Mds	**12,265,129**	11,862,775	12,629,632	9,607,975	8,276,600	9,689,475
Daily Average Crushing	Tons	**5,451**	4,519	3,661	4,045	3,720	3,051
(on Net days)	Tons	**5,703**	5102	4,074	-	-	-
Capacity Utilization	%	**92**	76	61	67	89	73
Sugar Recovery	%	**9.92**	10.00	9.85	9.865	9.30	9.16
Sugar Production	Tons	**48,671**	47,460	49,866	37,855	30,790	35,503
Molasses Production	Tons	**24,195**	24,885	26,000	19,844	18,600	21,980

Performance Review

Alhamdulillah, the overall operational performance of the Company continued to be satisfactory during the year.

Crushing operations commenced on 29-11-2015 and continued up to 26-02-2016 for 90 days as against 105 days in the preceding season. Sugarcane crushed during the current season was 490.605 M.Tons with average sucrose recovery of 9.92% and sugar production of 48,671 M.Tons, as compared to crushing of 474.511 M.Tons with average sucrose recovery of 10.00% and sugar production of 47,460 M.Tons during the preceding season.

I am pleased to inform the shareholders that the process of BMRE has been almost completed smoothly and its results are also encouraging.

Future Prospects

The Government of Sindh has issued Notification regarding the minimum sugarcane prices for the ensuing season 2016-2017 at Rs.182/- per 40 kg. Any upward revision will be disastrous for the Sugar industry in general and in lower part of Sindh in particular where the crop and recovery both are comparatively lesser and have wide difference as compared to upper Sindh. Operation of sugar mills will be in loss as has been noted and done for the last 4 years. There is a strong need on the part of the government to bail out the sugar industry from the crisis particularly sugarcane price once for all in view of higher crop and increase in number of Mills and capacity. Government had allowed sugar industry to export 500,000 Metric Tons of sugar for the current season 2015-16 but almost half of the quantity could not be exported.

Financial Results

The financial results were subject to cost audit under the Companies (Audit and Cost Account) Rules 1998. As in previous years, the cost audit was conducted by Messrs. Azeem Hussain & Co. Chartered Accountants. However, for the current year M/s Aslam Malik & Co. Chartered Accountants, have been recommended for appointment by the Board and duly approved by Security & Exchange Commission of Pakistan. The cost audit is also in progress and its report will also be submitted directly by the Cost Auditors to the Security & Exchange Commission of Pakistan as required by the Companies (Audit of Cost Accounts) Rules, 1998.

Code of Corporate Governance

The Company has adopted the Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan. We have implemented almost all the mandatory provisions and welcome the Government's step to get more fully disclosed and monitored the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

Statement on Corporate and Financial Reporting Framework

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

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

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

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

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

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

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

8. Key operating and financial data for last six years, in summarized form, is given on page 8.

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

10. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 45 and 46.

11. During the year 2015-2016 four (4) meetings of the Board of Directors were held.

    Attendance of each Director was as under:

Name of Directors	No. of Meetings attended
Mr. Deoo Mal Essarani	4
Dr. Tara Chand Essarani	4
Mr. Dileep Kumar	3
Mr. Pehlaj Rai	3
Mr. Mohan Lal	2
Dr. Besham Kumar	2
Mr. Mahesh Kumar	4
Mr. Shafaqat Ali Shah	3

The Board of Directors' has considered and approved separation of the office of Chairman and Chief Executive as per statutory requirements. Accordingly Mr. Deoo Mal Essarani is the Chairman of the Board while Dr. Tara Chand is the Chief Executive of the Company.

No shares were traded by Directors, C.E.O., C.F.O., Company Secretary and/or their spouses and minor children.

Code of Conduct & Ethics

It is the Company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship. This policy applies to all directors and employees of the Company regardless of function, grade or standing.

1. The Company's activities and operations are carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees ensure that the company deals in all fairness with its customers, suppliers and competitors.

2. In its relations with governmental agencies, customers and suppliers, the Company does not, directly or indirectly, engage in any corrupt business practices.

3. The directors and employees do not take advantage of the Company's information or property or their position with the Company to develop inappropriate gains or opportunities.

Health, Safety and Security

The Company is fully committed to meet all standards in respect of health, safety, security and environment. The Company also contributes on a regular basis towards the medical needs and assistance of the people by giving donations to hospital and welfare institutions for medical equipments, apparatus and facilities.

Audit Committees

The audit committee of the Company comprises of the following members:

Mr. Pehlaj Rai	...	Chairman
Dr. Besham Kumar	...	Member
Mr. Dileep Kumar	...	Member
Dr. Shafaqat Ali Shah	...	Member

HR and Remuneration Committee

The HR and Remuneration Committee of the Company comprises of the following members:

Dr. Shafaqat Ali Shah	...	Chairman
Mr. Mohan Lal	...	Member
Mr. Dileep Kumar	...	Member

Statutory Auditors

The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board's Audit Committee has recommended appointment of M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as auditors for the ensuing year, also.

Cost Auditors

M/s Azeem Hussain & Co., Chartered Accountants were appointed Auditors to perform Cost Audit of the Company for previous year as required under Company Ordinance Rules, 1998. M/s Azeem Hussain & Co., Chartered Accountants have not been appointed again by the Board of Directors as Cost auditors for the current year in view of QCR requirements from ICAP. Instead M/s Aslam Malik & Co. have been appointed.

Conclusion

At the end, let us pray to Almighty Allah to guide us in all our pursuits for national development and for the betterment of your organization - Ameen.

On behalf of the Board of Directors

Dr. Tara Chand Essarani
Chief Executive

Dated: 30th December, 2016

SASM

SIX YEARS AT A GLANCE

	2016 (Rupees)	(Restated) 2015 (Rupees)	2014 (Rupees)	2013 (Rupees)	2012 (Rupees)	2011 (Rupees)
Profit & Loss Account:						
Turnover	3,160,906,955	2,100,602,765	2,212,511,073	2,326,655,780	1,501,814,968	1,469,470,810
Gross profit	145,381,784	82,722,749	92,575,629	44,278,106	19,089,260	163,363,124
Operating profit / (loss)	53,682,380	(13,795,936)	(53,145,599)	(87,266,264)	(55,318,180)	100,902,564
Profit / (loss) before tax	1,313,833	(47,121,548)	(96,350,377)	(106,235,956)	(31,041,153)	80,536,337
Profit / (loss) after tax	(25,036,905)	(39,636,418)	(85,547,632)	(135,555,820)	(40,805,523)	63,162,247
Balance Sheet:						
Fixed assets at WDV	2,012,259,205	1,353,513,590	1,458,875,323	1,497,147,427	995,778,378	811,740,091
Long term loans, advances and deposits etc.	1,106,473	1,201,703	930,794	1,691,091	1,215,169	1,070,029
Current assets	594,957,278	868,488,337	580,449,809	352,203,521	897,918,536	782,708,137
	2,608,322,956	2,223,203,630	2,040,255,926	1,851,042,039	1,894,912,083	1,595,518,257
Shareholders' equity	(25,729,060)	(48,028,517)	(7,220,680)	13,344,992	111,073,281	108,868,975
Surplus on revaluation of fixed assets	915,249,691	403,466,946	430,504,817	472,743,091	274,590,252	302,546,640
Long term liabilities & current maturity thereof	889,000,000	719,000,000	635,000,000	583,000,000	495,000,000	285,000,000
Deferred liabilities / Deferred Income	566,434,415	369,811,130	355,818,980	378,565,811	283,013,994	298,067,434
Current liabilities excluding current maturity of long term liabilities	263,367,910	778,954,071	626,152,809	403,388,145	731,234,556	601,035,208
	2,608,322,956	2,223,203,630	2,040,255,926	1,851,042,039	1,894,912,083	1,595,518,257
Statistics and Ratios						
Gross profit to Sales	4.60	3.94	4.18	1.90	1.27	11.12
Profit / (Loss) before tax to Sales	0.04	(2.24)	(4.35)	(4.57)	(2.07)	5.48
Profit / (Loss) after tax to Sales	(0.79)	(1.89)	(3.87)	(5.83)	(2.72)	4.30
Fixed Assets/Turnover (Times)	0.64	0.64	0.66	0.64	0.66	0.55
Inventory/Turnover (Times)	0.01	0.22	0.11	0.04	0.32	0.39
Current Ratio	1:35.1	1:0.98	1:0.77	1:0.70	1:1.05	1:1.19
Debt-Equity Ratio	48:52	48:52	40:60	48:52	63:37	56:44
Earning / (Loss) per Share (Rs.)	(2.40)	(3.80)	(8.21)	(13.00)	(3.91)	6.06
Gross Dividend (%)	-	-	-	-	-	-
Dividend per Share (Rs.)	-	-	-	-	-	-

Vision

- To be a sustainable, growth and customer oriented company with professionalism to remain competitive and contributing to society in the barrier free economy.

Mission

- To build the company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilizing blend of state of the art technologies.

- To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the company.

- To fulfill obligations towards the society being a good corporate citizen.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19 of listing Regulation of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance

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

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

Category	Names
Independent Director	Mr. Shafaqat Ali Shah
Executive Directors	Dr. Tara Chand Mr. Mahesh Kumar
Non-Executive Directors	Mr. Deoo Mal Essarani Mr. Phelaj Rai Mr. Mohan Lal Dr. Besham Kumar Mr. Dileep Kumar

   The Independent director meets the criteria of independence under claue 5.19.1(b) of the CCG.

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

3. All the resident directors of the Company are registered as 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 a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred 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.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors have been provided with copies of Listing Regulations of the Pakistan Stock Exchange Limited, Memorandum and Articles of Association and they are well conversant with their duties and responsibilities. No training program was arranged for the directors during the year. The Company intends to facilitate training for the directors as required under the Code of Corporate Governance.

10. There was no new appointment of CFO, Company Secretary or Head of Internal Audit during the year under reviewed.

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

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

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

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

15. The board has formed an Audit Committee. It comprises of four (4) members, all of whom are non-executive directors.

16. 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.

17. The Board has formed an HR and Remuneration Committee. It comprises three (3) members, all of whom are non-executive directors.

18. The board has set up an effective internal audit function comprising of suitably qualified and experienced personnel for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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.

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

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

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

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the requirements pertaining to change in composition of Board of Directors or some of its committees which will be made in line with requirements of CCG at the time of next election of directors in accordance with the "Implementation deadlines of Code of Corporate Governance 2012".

On behalf of Board of Directors

Director Director

Dated: 30th December, 2016

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Sindh Abadgar's Sugar Mills Limited** ("the Company") for the year ended **September 30, 2016** to comply with the Code contained in regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited.

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

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 of Corporate Governance as applicable to the Company for the year ended **September 30, 2016.**

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi.
Dated: 30th December, 2016

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Plot No. 180, Block-A,
S.M.C.H.S.
Karachi.

AUDITORS' REPORT TO THE MEMBERS

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied,

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

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

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

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

Without qualifying our opinion, we draw attention to note 18.1 to the financial statements whereby the company has recorded income by an amount of Rs 59.22 million for the reason described in detail in the said note based on claim filed with the tax department. The matter is still under process with the department and the ultimate outcome of the same could not be presently ascertained by us.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi.
Dated: 30th December, 2016

Engagement Partner: Muhammad Rafiq Dosani

SASM

BALANCE SHEET
AS AT SEPTEMBER 30, 2016

	Notes	2016 Rupees	(Restated) 2015 Rupees	(Restated) 2014 Rupees
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital 65,000,000 (2015 : 65,000,000) Ordinary shares of Rs. 10/- each		650,000,000	650,000,000	650,000,000
Issued, subscribed and paid-up capital 10,425,000 ordinary shares of Rs. 10/- each fully paid in cash		104,250,000	104,250,000	104,250,000
Accumulated loss		(129,979,060)	(152,278,517)	(150,106,605)
		(25,729,060)	(48,028,517)	(45,856,605)
Surplus on revaluation of fixed assets - net	4	915,249,691	403,466,946	430,504,817
Subordinated loans	5	260,000,000	260,000,000	260,000,000
		1,149,520,631	615,438,429	644,648,212
Non current liabilities				
Long term finance - secured	6	451,000,000	356,000,000	247,000,000
Deferred liabilities	7	566,434,415	369,811,130	394,454,905
		1,017,434,415	725,811,130	641,454,905
Current liabilities				
Trade and other payables	8	250,809,381	767,263,420	547,063,734
Accrued mark-up	9	12,558,529	11,690,651	11,742,913
Short term finance		-	-	67,346,162
Current maturity of long term finance	6	178,000,000	103,000,000	128,000,000
		441,367,910	881,954,071	754,152,809
Contingencies and commitments	10	-	-	-
		2,608,322,956	2,223,203,630	2,040,255,926
ASSETS				
Non current assets				
Property, plant and equipment	11	2,012,259,205	1,353,513,590	1,458,875,323
Long term loans	12	313,946	444,176	175,267
Long term deposits		792,527	757,527	755,527
		2,013,365,678	1,354,715,293	1,459,806,117
Current assets				
Stores and spares	13	179,936,602	124,413,764	113,970,425
Stock in trade	14	32,963,273	466,771,184	236,998,928
Trade debts - unsecured	15	27,342,856	550,221	719,622
Short term loans and advances	16	95,647,433	52,780,869	88,190,556
Trade deposits and short term prepayments	17	135,493	458,702	667,962
Other receivables	18	135,252,588	76,048,061	76,028,636
Tax refunds due from government		40,484,215	66,105,280	55,226,147
Cash and bank balances	19	83,194,818	81,360,256	8,647,533
		594,957,278	868,488,337	580,449,809
		2,608,322,956	2,223,203,630	2,040,255,926

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

Chief Executive　　　　　　　　　　Director

SASM

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

	Notes	2016 Rupees	(Restated) 2015 Rupees
Net sales	20	3,160,906,955	2,100,602,765
Cost of sales	21	(3,015,525,171)	(2,017,880,016)
Gross profit		145,381,784	82,722,749
Administrative expenses	22	(86,603,838)	(88,937,516)
Selling and distribution costs	23	(5,095,566)	(7,581,169)
		(91,699,404)	(96,518,685)
Operating profit / (loss)		53,682,380	(13,795,936)
Finance costs	24	(92,966,085)	(72,271,920)
		(39,283,705)	(86,067,856)
Other income	25	40,694,911	38,946,308
Other expenses	26	(97,373)	-
Profit / (loss) before taxation		1,313,833	(47,121,548)
Taxation - net	27	(26,350,738)	7,485,130
Loss after taxation		(25,036,905)	(39,636,418)
Loss per share - basic and diluted	28	(2.40)	(3.80)

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

Chief Executive

Director

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

	Note	2016 Rupees	(Restated) 2015 Rupees
Loss after taxation		(25,036,905)	(39,636,418)
Other comprehensive income	4		
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase recognized during the year		763,705,366	-
Deferred tax on above		(215,240,360)	-
		548,465,006	-
Reversal of deferred tax liability on revaluation surplus due to change in tax rate		10,654,101	10,426,635
		559,119,107	10,426,635
Total comprehensive income for the year		534,082,202	(29,209,783)

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

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		1,313,833	(47,121,548)
Adjustments for:			
- Depreciation		149,774,507	139,308,801
- Provision for gratuity		3,300,809	-
- Finance costs		92,966,085	72,271,920
- Gain on disposal of property, plant and equipment		(1,256,719)	(4,927,278)
- Exchange gain		-	(1,318,602)
		244,784,682	205,334,841
Operating profit before working capital changes		246,098,515	158,213,293
Changes in working capital			
(Increase) / decrease in current assets			
- Stores and spares		(55,522,838)	(10,443,339)
- Stock in trade		433,807,911	(229,772,256)
- Trade debts - unsecured		(26,792,635)	169,401
- Short term loans and advances		(42,866,564)	35,409,687
- Trade deposits and short term prepayments		323,209	209,260
- Other receivables		(59,204,527)	(19,425)
		249,744,556	(204,446,672)
(Decrease) / increase in current liabilities			
- Trade and other payables		(516,454,039)	221,518,288
Cash (used in) / generated from operations		(20,610,968)	175,284,909
Taxes paid		(8,144,866)	(17,611,143)
Finance costs paid		(92,098,207)	(72,516,866)
Gratuity paid		(3,848,590)	-
		(104,091,663)	(90,128,009)
Net cash (used in) / generated from operating activities		(124,702,631)	85,156,900
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(44,924,037)	(34,882,106)
Proceeds from sale of property, plant and equipment		1,366,000	6,055,000
Long term loans - net		130,230	(268,909)
Long term deposits - net		(35,000)	(2,000)
Net cash used in investing activities		(43,462,807)	(29,098,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(118,000,000)	(128,000,000)
Long term finance obtained		288,000,000	212,000,000
Net cash generated from financing activities		170,000,000	84,000,000
Net increase in cash and cash equivalents		1,834,562	140,058,885
Cash and cash equivalents at the beginning of the year		81,360,256	(58,698,629)
Cash and cash equivalents at the end of the year	19	83,194,818	81,360,256

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

Chief Executive Director

SASM

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

	Issued, subscribed and paid up capital	(Restated) Accumulated loss	Total
	----------------------	Rupees	------------------
Balance as at October 01, 2014 as previously reported	**104,250,000**	**(111,470,680)**	**(7,220,680)**
Effect of correction of prior period errors (note 3.1)	-	(38,635,925)	(38,635,925)
Balance as at October 01, 2014 (restated)	**104,250,000**	**(150,106,605)**	**(45,856,605)**
Loss after taxation (restated)	-	(39,636,418)	(39,636,418)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax (restated)	-	37,464,506	37,464,506
	-	(2,171,912)	(2,171,912)
Balance as at September 30, 2015 (restated)	**104,250,000**	**(152,278,517)**	**(48,028,517)**
Loss after taxation	-	(25,036,905)	(25,036,905)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	47,336,362	47,336,362
	-	22,299,457	22,299,457
Balance as at September 30, 2016	**104,250,000**	**(129,979,060)**	**(25,729,060)**

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

Chief Executive

Director

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

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on January 28, 1984 as a Public limited company and its shares are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The mill is located at Deh Deenpur, District Tando Muhammad Khan in the Province of Sindh and registered office is situated at 209 Progressive Plaza, Beaumont Road, Karachi in the Province of Sindh. The Company is principally engaged in the manufacturing and sale of sugar.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the basis of historical cost convention except that land, building, plant and machinery are stated at revalued amounts.

2.3 Functional and presentation currency

Items include in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the future periods are as follows:

		Note
a)	Useful life and residual values of property, plant and equipment	3.8
b)	Taxation	3.7
c)	Employee defined benefit plans	3.4
d)	Estimation of impairment in respect of trade and other receivables	3.11
e)	Provision for obsolete stores and spares & stock in trade	3.9 & 3.10

2.5 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to standards or new interpretations became effective. However, the amendments or interpretation did not have any material effect on the financial statements of the Company.

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2016 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidate Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 'Agriculture'. A bearer plant is a plant that is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of the IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim unconsolidated financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Correction of prior period errors

International Accounting Standard (IAS) 12 'Income Taxes' requires current and deferred tax to be recognized as income or as an expense and included in profit or loss for the period except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity. In view of this requirement, subsequent reversal of deferred tax liability on surplus on revaluation of fixed assets associated with the incremental depreciation charge (recognized in profit or loss for the periods subsequent to revaluation of an item of property, plant and equipment) should also be recognized in profit or loss. However, such reversals were instead regularly credited to other comprehensive income till the year ended September 30, 2015 that, therefore, required necessary correction accordingly.

Further, in the prior years, the deferred tax liability on taxable temporary difference pertaining to accelerated tax depreciation was disclosed in the notes to the financial statements but its recognition was deferred against certain unrecognized deferred tax assets. Moreover, the deferred tax assets disclosed in notes to the financial statements included certain items that either did not meet the recognition criteria or were based on information drawn from tax return that was found to be overstated. The deferred tax liability on taxable temporary difference pertaining to accelerated tax depreciation and the deferred tax assets that were eligible for recognition have now been recognized accordingly as also disclosed in note 7 to the financial statements.

Further, International Accounting Standard (IAS) 16 'Property, Plant and Equipment' requires that, if an amount equal to incremental depreciation on a revalued asset is transferred from revaluation surplus, such transfer is credited directly to retained earnings. However, contrary to this, the Company had been recognizing such transfers to equity through other comprehensive income instead of the same being credited directly to retained earnings. In addition, though the reversal of deferred tax liability on revaluation surplus due to change in tax rate had been credited to revaluation surplus, the same had not been presented as an item of other comprehensive income in the statement of comprehensive income. Therefore, in order to adopt the required presentation, the corresponding figures in the statement of comprehensive income have been re-presented that otherwise has no financial impact.

The correction of the above errors has been accounted for retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and corresponding figures have been restated. Due to these restatements, the balance sheet as at the beginning of the earliest period presented (i.e. as of October 01, 2014) has also been included.

The retrospective correction of errors has the effects on these financial statements as follows:

	Accumulated loss Rupees	Deferred tax liability - net Rupees
Effects on the balance sheet		
Balance as at October 01, 2014 (as previously reported)	111,470,680	201,065,452
Increase in net deferred tax liability recognized as of October 01, 2014 (effect of restatement)	38,635,925	38,635,925
Balance as at October 01, 2014 (restated)	150,106,605	239,701,377
Increase in net deferred tax liability recognized during the year ended September 30, 2015 (effect of restatement)	5,956,055	5,956,055
	156,062,660	245,657,432
Other reconciling items not related to restatement		
Total comprehensive income for the year ended September 30, 2015 (as previously reported)	(3,784,143)	-
Reversal of deferred tax liability on surplus on revaluation of fixed assets	-	(30,599,830)
	(3,784,143)	(30,599,830)
Balance as at September 30, 2015 (restated)	152,278,517	215,057,602

Effects on comprehensive income for the year ended September 30, 2015	Rupees
Effects on profit or loss account	
Reversal of deferred tax liability on revaluation surplus recognized	20,173,195
Increase in net deferred tax liability on other items recognized	(5,956,055)
Deferred tax income recognized	14,217,140
Decrease in loss per share - basic and diluted	1.37
Effect on other comprehensive income	
Transfer of incremental depreciation eliminated	(57,637,701)
Deferred tax effect of change in tax rate presented	10,426,635
Decrease in other comprehensive income	(47,211,066)
Decrease in total comprehensive income	(32,993,926)

3.2 Issued, subscribed and paid up capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.3 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.4 Staff retirement benefits - Provident fund

The Company operates a funded provident fund scheme covering its permanent employees who have completed prescribed period of service. Contribution is made monthly at the rate of 12% of basic salary to cover the liability under the scheme.

3.5 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.6 Provisions

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

3.7 Taxation

Current

Provision for current tax 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.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses or tax credits can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.8 Property, plant and equipment

These are stated at cost less accumulated depreciation, except for freehold land, building and plant & machinery which are stated at revalued amount less accumulated depreciation; and capital work-in-progress which are stated at cost.

Depreciation is charged to profit and loss account by applying reducing balance method in accordance with the rates specified in note 11 to these financial statements after taking into account residual value, if any. Depreciation on additions is charged from the day in which asset is available for use and on disposals up to the day immediately preceding that of deletion.

The Company accounts for impairment, where indication exist, by reducing its carrying value to the assessed recoverable amount.

Gain or loss on disposal or retirement of property, plant and equipment is included in profit and loss account.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Any surplus arising on revaluation of plant and machinery is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred to unappropriated profit.

3.9 Stores, spares and packing material

Store, spares and packing material are valued at lower of moving average cost or net realizable value except items in transit, which are valued at invoice value plus other charges incurred thereon. A general provision is made based on management's assessment for obsolete items and value of items is reviewed at each balance sheet date to record provision for any slow moving items. Obsolete and used items are recorded at nil value.

3.10 Stock-in-trade

All stock in trade except molasses are valued at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows:

- Raw material (sugarcane) and - Work in process	at weighted average cost comprises of raw material and other cost incurred in bringing the raw material to the present location and condition.
- Finished goods (white sugar)	at weighted average cost comprising direct cost of raw material, labor and appropriate portion of other manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to make the sale.

3.11 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful receivables is based on the management's assessment of a customer's outstanding balance and creditworthiness. Bad debts are written-off when identified.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Company.

3.13 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss account.

3.14 Revenue recognition

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

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually when transaction is made.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.
- Rebate income is recognized on accrual basis.

3.15 Dividends and appropriation to reserve

Dividends and appropriation to reserve are recognized in the financial statements in the period in which these are approved.

3.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

3.17 Impairment

The Company assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to determine whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to income currently except for impairment loss on revalued assets, which is recognized directly against any revaluation surplus for the related asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

3.18 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to income currently.

Financial assets include trade debts, loans, advances, deposits, other receivables and cash and bank balances.

Financial liabilities include long term financing, short term borrowing, accrued finance cost and trade and other payables.

3.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.20 Related party transactions

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

4 SURPLUS ON REVALUATION OF FIXED ASSETS - NET

		2016 Rupees	2015 Rupees
On freehold land			
Gross surplus			
Balance as at 01 October		41,227,500	41,227,500
Revaluation increase recognized during the year		46,237,500	-
		87,465,000	41,227,500
On building / plant and machinery			
Gross surplus			
Balance as at 01 October		532,705,068	590,342,769
Revaluation increase recognized during the year		717,467,866	-
Incremental depreciation transferred to retained earnings		(67,623,375)	(57,637,701)
		1,182,549,559	532,705,068
Related deferred tax charge			
Balance as at 01 October		(170,465,622)	(201,065,452)
Effect of change in tax rate		10,654,101	10,426,635
Revaluation increase recognized during the year		(215,240,360)	-
Incremental depreciation transferred to retain earning		20,287,013	20,173,195
		(354,764,868)	(170,465,622)
		827,784,691	362,239,446
	4.1	915,249,691	403,466,946

4.1 This represents surplus over book values resulting from the revaluation of property, plant and equipment carried out in the years 2004, 2008, 2009, 2013 and 2016 as reduced by the surplus realized on disposal, if any, of the revalued assets and incremental depreciation arising out of revaluation. The latest revaluation of land, building, plant and machinery of the Company was carried out by an independent valuer M/s. PEE DEE & Associates as on June 29, 2016.

5 SUBORDINATED LOANS

	Note	2016 Rupees	2015 Rupees
Directors		183,000,000	183,000,000
Related parties		77,000,000	77,000,000
	5.1	260,000,000	260,000,000

5.1 These are unsecured and interest free. The Company's agreements with its bankers stipulates that the financing availed by the Company from such banks are adjusted/liquidated in full before any payment is made against the subordinated loans.

6 LONG TERM FINANCE - SECURED

Mark-up based financing from conventional banks

	Bank Alfalah Ltd. TF- II	Askari Bank Ltd. TF-I	Askari Bank Ltd. TF-II	MCB Bank Ltd. DF	Bank Alfalah Ltd. TF	Total 2016	Total 2015
	Rupees						
Opening balance	25,000,000	48,000,000	120,000,000	212,000,000	54,000,000	459,000,000	375,000,000
Obtained during the year	-	-	-	288,000,000	-	288,000,000	212,000,000
	25,000,000	48,000,000	120,000,000	500,000,000	54,000,000	747,000,000	587,000,000
Less: Payment made during the year	(25,000,000)	(24,000,000)	(45,000,000)	-	(24,000,000)	(118,000,000)	(128,000,000)
	-	24,000,000	75,000,000	500,000,000	30,000,000	629,000,000	459,000,000
Less: current portion	-	(24,000,000)	(30,000,000)	(100,000,000)	(24,000,000)	(178,000,000)	(103,000,000)
	-	-	45,000,000	400,000,000	6,000,000	451,000,000	356,000,000
Limit (Rs.)	200 million	120 million	150 million	500 million	120 million		
Total number of installments	16	10	10	10	20		
Installment payment mode	Quarterly	Semi-annualy	Semi-annualy	Semi-annualy	Quarterly		
Amount of installment (Rs.)	12,500,000	12,000,000	15,000,000	50,000,000	6,000,000		
Date of first installment	Jun 30, 2012	Feb 20, 2013	Oct 08, 2014	Dec 03, 2016	Feb 28, 2013		
Markup Rate	3 months KIBOR + 2%	6 months KIBOR + 1%	6 months KIBOR + 1%	6 months KIBOR + 1.5%	3 months KIBOR + 2%		
Date of maturity	Mar. 31, 2016	Aug 20, 2017	Oct 08, 2019	Dec 03, 2020	Nov 30, 2017		
Sub note number	**6.1**	**6.2**	**6.2**	**6.3**	**6.4**		

6.1 This facility is availed to meet capital expenditure requirements of the Company. The facility is secured against joint pari passu charge of Rs.150 million with 25% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan, personal guarantee of directors and cross-company guarantee of M/s. United Agro Chemicals.

6.2 These facilities are availed to meet capital expenditure requirements of the Company. The facilities are secured against joint pari passu charge of Rs.390 million with 30% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan and personal guarantee of directors.

6.3 These facilities are availed to meet capital expenditure requirements of the Company. The facilities are secured against joint pari passu charge of Rs. 589 million with 15% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan, personal guarantee of directors and cross-company guarantee of M/s. United Agro Chemicals. The loan amount of Rs.260 million from directors is subordinate to it and will be repaid after prior approval of bank.

6.4 This facility availed to meet capital expenditure requirements for BMRE project. The facility is secured against first pari passu charge over all assets Rs.250 million and personal guarantee of directors.

	Note	2016 Rupees	(Restated) 2015 Rupees
7 DEFERRED LIABILITIES			
Quality premium	7.1	153,849,686	153,849,686
Deferred taxation - net	7.2	412,228,668	215,057,602
Gratuity payable		356,061	903,842
		566,434,415	369,811,130

7.1 This represents the amount of quality premium for the years 2003 and 2004. The matter of quality premium has been declared unlawful by the Honorable Lahore High Court while appeal against the conflicting judgment of the Honorable 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 Federal Government, in its steering committee meeting held on July 16, 2007, suspended the quality premium till decision of the Honorable Supreme Court of Pakistan or consensus on uniform formula is developed by the Ministry of Food and Agriculture.

	2016 Rupees	(Restated) 2015 Rupees
7.2 Deferred taxation - net		
Deferred tax liability in respect of:		
- Surplus on revaluation of fixed assets	354,764,868	170,465,622
- Accelerated tax depreciation	87,063,206	101,230,809
	441,828,074	271,696,431
Deferred tax asset in respect of:		
- Provision for slow moving stores and spares	(5,250,000)	(5,600,000)
- Provision for gratuity	(106,818)	(289,229)
- Provision for doubtful trade debts	(170,654)	(182,031)
- Unused tax losses	(24,071,934)	(50,567,569)
	(29,599,406)	(56,638,829)
	412,228,668	215,057,602

		2016 Rupees	2015 Rupees
8	**TRADE AND OTHER PAYABLES**		
	Creditors		
	For sugarcane	125,029,179	135,045,567
	For other supplies	66,278,445	60,171,687
		191,307,624	195,217,254
	Other payables		
	Advances from customers	24,467,420	525,682,470
	Income tax payable	89,053	89,053
	Accrued expenses	8,310,432	7,320,560
	Sales tax payable	19,223,356	32,951,986
	Income tax deducted at source	246,423	143,369
	Worker's Welfare Fund	600,857	574,044
	Contractor's retention money	55,232	55,232
	Unclaimed dividend	3,316,162	3,316,162
	Others	3,122,262	1,913,290
	Workers Profit participation fund	70,560	-
		250,809,381	767,263,420

9 ACCRUED MARK-UP

	2016 Rupees	2015 Rupees
Mark-up accrued on:		
Long term financing	12,212,048	10,326,243
Short term running finance	346,481	1,364,408
	12,558,529	11,690,651

10 CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 In respect of suit filed against the Collector of Customs, Central Excise and Sales Tax for refund of central excise duty of Rs. 3.621 million paid under protest against clearance of sugar during 1992-93 season. The Company was entitled to clearance at rebated rate of duty based on increase in production of sugar over previous year but that was disallowed by the Department and also its appeals filed subsequently with Collectorate of Customs and Tribunal were dismissed. The amount was expensed in the year of payment in 1994. The suit was admitted in High Court of Sindh, Karachi, for regular hearing in 2003 and proceedings are continuing.

10.2 In respect of Reference Application u/s 47(1) of the Sales Tax Act, 1990 filed with High Court of Sindh, Karachi, by the Collector of Customs, Hyderabad, against order passed in favor of the Company by the Appellate Tribunal in the year 2006. The Collector had earlier on passed two orders in the year 2005 resulting in demand for Rs. 13.168 million relating to year ended 30 September 2001 and Rs. 18 million relating to year ended 30 September 2002. Both these orders were set aside by the Appellate Tribunal on the Company's appeal filed thereagainst. The Reference in the High Court subsequently filed by the Collectorate against the order of the Appellate Tribunal is pending since the year 2007. The Company has not made any provision against the impugned demand based on the opinion of its legal counsel that no demand is likely to arise based on the merit of the case.

The case pertains to levy of further tax @ 1.5% of the value of supplies by inserting section 3(1)(A) through Finance Act, 1998 on supplies made to certain categories of unregistered persons. The rate was increased to 3% with effect from July 1, 2001 but the charging section 3(1)(A) was omitted vide Finance Act, 2004. A writ petition was filed by a number of companies against the levy in the High Court of Sindh. The crux of the order passed by the High Court was that as per provision of Sales Tax Act, 1990, further tax if any charged is refundable and supplies made to a wholesaler who is liable to be registered under the law would not attract the levy of section 3(1)(A). The Department appealed to the Supreme Court against the said order passed by the High Court. The Supreme Court set aside the said order of the High Court and issued directions to the Department to proceed against the petitioner in accordance with the provision of law. The Collector initiated fresh proceedings as per details given in the above paragraph.

10.3 The Company has filed a suit before Honorable High Court of Sindh, during last year, against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act, 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory value of total production for the period beginning January 1, 2009 to June 1, 2010. The Company is of the view that demand notifications so raised are without any lawful authority under PSQCA Act, 1996 and are in violation of the Constitution of Pakistan. The Honorable High Court of Sindh in its interim injunction suspended the operation of the impugned notifications in the year 2010 as the petitioner case is that the standard is not applicable to locally made sugar but to imports and exports. The Honorable High Court via its order dated October 31, 2012 dismissed the petition as not maintainable on the ground that as per Articles 137 and 142(c) of the constitution of Islamic Republic of Pakistan, 1973, neither the Federal Government nor any other entity has any executive or legislative authority to prescribe the standards or to regulate licensing, marking or levying of any fee in respect of the matter related to "agricultural produce" including the refined sugar as the agricultural goods falls under domain of provincial government. PSQCA has filed an appeal against the decision and the case is now pending in the Honorable Supreme Court of Pakistan. The Company has not made any provision as in view of legal counsel no liability is likely to arise in the matter.

10.4 The Company's petition, in Civil Court of Tando Muhammad Khan challenging the levy of trade license fee/annual tax by Taluka Municipality Bulri Shah Karim @ Rs.250,000 per annum w.e.f. the year 2004, was dismissed on November 22, 2008 on the ground that it was not competently filed and not in accordance with Company's Articles of Association. The Company has instructed its legal counsel to file appeal there against in Session Court in Hyderabad. The Company has therefore not made any provision against the above as its legal counsel has expressed the opinion that the matter would be decided in favor of the Company based on its merits.

10.5 The Company is contesting the case filed by the Tax department with Honorable Supreme Court of Pakistan in respect of tax demand of Rs. 53.8 million on account of quality premium liability remain unpaid related to the tax years 2008 and 2009. The Company has not made any provision of amount then since both the Appellate Tribunal Inland Revenue Karachi and the Honorable Sindh High Court have dismissed the contention of the Department and the counsel of the Company is of the opinion that the company has a good case on merit likely to be decided in its favor.

The Additional Commissioner Inland Revenue has amended assessment for the Tax Year 2012 u/s 122(5A) of the Income Tax Ordinance, 2001 on 29-10-2013 creating a demand of Rs.13,389,053/- The Company has subjudice the matter for adjudication before the Commissioner Inland Revenue (Appeals). The assessment has not attained finality. The Company is hopeful that the demand is likely to be reversed hence no provision has been made.

10.6 The DCIR in its order dated 19 December 2013 raised a demand of Rs. 14,661,827 along with default surcharge and penalty in respect of short payment of FED on local supplies. As per DCIR, the Company has wrongly availed the benefit of the SRO 77(I) / 2013 dated 7 February 2013 read with SRO 1072 (I) / 2013 dated 27th December 2013. The legal advisor of the Company is of the opinion that the view that the case set up in the petition is strong and they have every reason to expect a favorable order in the captioned petition.

The Company has subsequently challenged the question regarding benefit of reduced rate of local supply @ 0.5% against quantity of sugar export before the Honorable High Court of Sindh vide C.P. no. 719 dated 15-02-2014 where the High Court passed an interim stay and restrained the department from taking any coercive action.

10.7 The Company has filed a constitutional petition in the Honorable High Court of Sindh against the wrong interpretation of SRO 77 (I) / 2013 dated 07 02 2013 and the consequent demand of excise duty by FBR amounting to Rs. 14,661,827/- along with penalty. According to FBR, the Company has wrongly availed the benefit of the SRO 77 (I)/ 2013 and has short paid FED on local supplies. The Honorable High Court of Sindh has passed an interim stay and restrained the department from taking any coercive action. The Company has not made any provision as in view of the legal council the case setup in the petition is strong and they have reason to expect a favorable order in the captioned petition.

10.8 As per Notification issued by the Government of Sindh dated January 04, 2016, the Government has directed the sugar factories to pay quality premium to the cane growers at the end of crushing season 2015-16 at the rate of 50 paisa's per 40 Kg cane for each 0.1% of excess sucrose recovery above 8.7% (which is standard quality) in addition to price of sugarcane not below the minimum fixed price notified by the Government.

During the current season, the Company achieved sucrose recovery of 9.92% (1.22% above standard quality), and its crushing season of 2015-16 ended on February 26, 2016. The Company's quality premium as per the notification amounts to Rs. 74.817 million for the year ended September 30, 2016 (2015: Rs. 100.719 million).

However no provision is made in respect of quality premium, because the matter is pending in Supreme Court, and as per decision of Federal Government, Steering Committee meeting, the quality premium shall remain suspended till decision of Supreme Court of Pakistan / consensus on uniform formula is developed in Federal Government.

10.9 The Company has filed a constitutional petition in the High Court of Sindh and has challenged the introduction of Section 236G and 236H of the Income tax Ordinance, 2001, inserted vide Finance Act, 2013.

Under these sections it has been introduced that a manufacturer, distributor, dealer, wholesaler or commercial importer of sugar shall collect advance tax at the time of sales to retailers at the rate of 0.1% and 0.5% respectively from the persons to whom the sales is made.

The Deputy Commissioner has raised a demand of Rs. 2.861 million as the Company did not deduct advance with holding tax on its sales to dealers, distributors, wholesalers and retailers at the rate of 0.1% and 0.5% respectively under the above mentioned sections of Income tax Ordinance, 2001. The Company has not made any provision as in view of the legal council the case setup in the petition is strong and they have reason to expect a favorable order in the captioned petition.

Commitments

10.10 Advance received on or before September 30, 2016 in respect of the quantity of 398 Metric Tons 2015: 9,669 Metric Tons) representing un-lifted delivery orders (DOs) of sugar amounted to Rs. 24.267 million (2015: Rs.525.826 million). The sales is to be recognized when the said delivery orders are lifted.

11 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating assets	11.1	1,989,439,216	1,353,437,301
Capital work in progress	11.4	22,819,989	76,289
		2,012,259,205	1,353,513,590

11.1 Operating assets

	Free hold Land	Free hold land Factory Building	Non factory building on free hold land	Plant and Machinery	Office, tools fire fighting and laboratory equipments	Furniture & fixture	Computer & allied	Vehicles	Tents and Tarpaulins	Tools and Tackles	Total
	-----	-----	-----	-----	Rupees	-----	-----	-----	-----	-----	-----
As at October 01, 2014											
Cost / Revalued amount	61,762,500	135,831,053	98,170,361	1,624,530,552	15,949,377	6,524,673	10,289,568	44,820,713	6,983,739	7,681,772	2,012,544,308
Accumulated depreciation	-	(50,370,203)	(43,694,737)	(477,091,878)	(12,370,534)	(5,319,925)	(8,577,169)	(25,686,573)	(6,424,333)	(6,605,902)	(636,141,254)
Net book value	61,762,500	85,460,850	54,475,624	1,147,438,674	3,578,843	1,204,748	1,712,399	19,134,140	559,406	1,075,870	1,376,403,054
Year ended September 30, 2015											
Opening net book value	61,762,500	85,460,850	54,475,624	1,147,438,674	3,578,843	1,204,748	1,712,399	19,134,140	559,406	1,075,870	1,376,403,054
Additions during the year	-	72,786,157	4,312,651	26,745,850	1,069,844	99,093	526,311	11,163,839	340,648	426,409	117,470,802
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers											
Cost	-	-	-	-	-	-	-	7,027,817	-	-	7,027,817
Accumulated depreciation	-	-	-	-	-	-	-	(5,900,093)	-	-	(5,900,093)
Net book value	-	-	-	-	-	-	-	1,127,724	-	-	1,127,724
Depreciation for the year	-	10,367,701	5,555,379	116,381,245	413,103	124,939	642,051	5,095,957	285,212	443,214	139,308,801
Closing net book value	61,762,500	147,879,306	53,232,896	1,057,803,279	4,235,584	1,178,902	1,596,659	24,074,298	614,842	1,059,065	1,353,437,331
As at September 30, 2015											
Cost / Revalued amount	61,762,500	208,617,210	102,483,012	1,651,276,402	17,019,221	6,623,766	10,815,879	48,956,735	7,324,387	8,108,181	2,122,987,293
Accumulated depreciation	-	(60,737,904)	(49,250,116)	(593,473,123)	(12,783,637)	(5,444,865)	(9,219,220)	(24,882,437)	(6,709,546)	(7,049,144)	(769,549,992)
Net book value	61,762,500	147,879,306	53,232,896	1,057,803,279	4,235,584	1,178,901	1,596,659	24,074,298	614,841	1,059,037	1,353,437,301
Year ended September 30, 2016											
Opening net book value	61,762,500	147,879,306	53,232,896	1,057,803,279	4,235,584	1,178,901	1,596,659	24,074,298	614,841	1,059,037	1,353,437,301
Additions during the year	-	126,000	14,900	9,979,141	186,426	56,852	314,710	10,690,080	104,765	707,463	22,180,337
Revaluation surplus	46,237,500	49,684,679	17,509,373	650,273,814	-	-	-	-	-	-	763,705,366
Disposals / transfers											
Cost	-	-	-	-	-	-	11,800	1,972,050	-	-	1,983,850
Accumulated depreciation	-	-	-	-	-	-	(3,174)	(1,871,395)	-	-	(1,874,569)
Net book value	-	-	-	-	-	-	8,626	100,655	-	-	109,281
Depreciation for the year	-	15,772,857	5,664,641	120,295,331	433,391	121,696	513,781	6,252,349	238,616	481,845	149,774,507
Closing net book value	108,000,000	181,917,128	65,092,528	1,597,760,903	3,988,619	1,114,057	1,388,962	28,411,374	480,990	1,284,655	1,989,439,216
As at September 30, 2016											
Cost / Revalued amount	108,000,000	258,427,889	120,007,285	2,311,529,357	17,205,647	6,680,618	11,118,789	57,674,765	7,429,152	8,815,644	2,906,889,146
Accumulated depreciation	-	(76,510,761)	(54,914,757)	(713,768,454)	(13,217,028)	(5,566,561)	(9,729,827)	(29,263,391)	(6,948,162)	(7,530,989)	(917,449,930)
Net book value	108,000,000	181,917,128	65,092,528	1,597,760,903	3,988,619	1,114,057	1,388,962	28,411,374	480,990	1,284,655	1,989,439,216
Annual rates of depreciation	0%	10%	10%	10%	10%	10%	30%	20%	35%	35%	

11.2 Details of disposal of property, plant and equipment having book value during the year are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Buyer
	----------Rupees----------						
Vehicles:							
Toyota Corolla (CK-9923)	1,580,000	1,493,139	86,861	1,125,000	1,038,139	Negotiation	Mr. Javed
Suzuki Bolan (CK-9166)	392,050	378,256	13,794	240,000	226,206	Negotiation	Mr. Sarbuland
Computer & Allied	11,800	3,174	8,626	1,000	(7,626)	Negotiation	Al-Futtain electronics
Total Rupees	**1,983,850**	**1,874,569**	**109,281**	**1,366,000**	**1,256,719**		

	Note	2016 Rupees	2015 Rupees
11.3 Allocation of depreciation			
Cost of goods sold	21	134,797,056	125,377,921
Administrative expenses	22	14,977,451	13,930,880
		149,774,507	139,308,801
11.4 Capital work in progress			
As at 1st October		76,289	82,472,269
Addition during the year		21,230,360	1,878,876
Borrowing cost capitalized		1,605,015	192,715
Transferred to operating assets		(91,675)	(84,467,571)
As at 30 September		22,819,989	76,289

11.5 Had these revaluations not been carried out, the carrying amount of freehold land , factory and non-factory buildings and plant and machinery would have been as follows:

Particulars	September 30 2016			September 30 2015		
	Cost	Accumulated Depreciation	Written Down value	Cost	Accumulated Depreciation	Written Down value
- Freehold Land	20,535,000	-	20,535,000	20,535,000	-	20,535,000
- Factory Building	186,193,359	(96,133,397)	90,059,962	186,067,359	(86,131,376)	99,935,983
- Non - Factory Building	38,657,594	(33,703,818)	4,953,776	38,642,694	(33,154,052)	5,488,642
- Plant and Machinery	1,417,675,520	(836,502,497)	581,173,023	1,407,696,379	(772,944,830)	634,751,549
	1,663,061,473	(966,339,712)	696,721,761	1,652,941,432	(892,230,258)	760,711,175

	Note	2016 Rupees	2015 Rupees
12 LONG TERM LOANS			
Considered good- secured			
Due from employees	12.1	669,269	847,085
Less: Current maturity shown under current assets	16	(355,323)	(402,909)
		313,946	444,176

12.1 These represent interest free loans provided to the employees of the Company for the purchase of vehicles and adjusted through monthly deduction from salaries. The loan is recoverable over a period of five years.

	Note	2016 Rupees	2015 Rupees

13 STORES AND SPARES

	Note	2016 Rupees	2015 Rupees
Stores	13.1	79,540,174	34,941,296
Spares		117,896,428	106,972,468
		197,436,602	141,913,764
Provision for slow moving and obsolete items		(17,500,000)	(17,500,000)
		179,936,602	124,413,764

13.1 This includes stores in transit amounting to Rs. 43.87 million (2015: Rs. 1.86 million).

14 STOCK IN TRADE

	Note	2016 Rupees	2015 Rupees
Sugar in process		7,915,258	6,888,540
Finished goods - Sugar		25,048,015	459,882,644
		32,963,273	466,771,184

15 TRADE DEBTS - UNSECURED

		2016 Rupees	2015 Rupees
Considered good		27,342,856	550,221
Considered doubtful		568,846	568,846
		27,911,702	1,119,067
Provision against doubtful trade debts		(568,846)	(568,846)
		27,342,856	550,221

16 SHORT TERM LOANS AND ADVANCES

	Note	2016 Rupees	2015 Rupees
Loan to growers - unsecured	16.1	-	-
Advance against supplies and expenses	16.2	94,438,563	51,325,804
Due from employee-secured and interest free		853,547	1,052,156
Current portion of long term loan to employees	12	355,323	402,909
		95,647,433	52,780,869

16.1 Loans to growers - unsecured

	Note	2016 Rupees	2015 Rupees
Considered doubtful	16.1.1	137,833,341	137,833,341
Provision for loans considered doubtful		(137,833,341)	(137,833,341)
		-	-

16.1.1 These loans have been given to farmers/growers for their capital requirements for sugarcane cultivation and development. Management has initiated recovery efforts for outstanding amount of loans together with interest thereon. However, adjustment of outstanding balance of loans has been slow in view of the volatile market situation where procurement of cane has been difficult over the past few years in the Province of Sindh owing to various factors including dezoning. In view of the uncertainty of the recoverability of these loans, the management has made the provision against the whole amount outstanding.

These loans carried mark up rate of Rs.51 paisa per thousand rupees per day (2015: Rs.51 paisa per thousand rupees per day). However, in view of the uncertainty of receipt of interest from growers, the same has not been accrued since the year 2004.

	Note	2016 Rupees	2015 Rupees

16.2 Advance against supplies and expenses - unsecured

	Note	2016 Rupees	2015 Rupees
Considered good		94,438,563	51,325,804
Considered doubtful		15,461,745	15,461,745
		109,900,308	66,787,549
Provision for loans considered doubtful		(15,461,745)	(15,461,745)
		94,438,563	51,325,804

17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

		2016 Rupees	2015 Rupees
Other deposits		1,500	224,797
Short term prepayments		133,993	233,905
		135,493	458,702

18 OTHER RECEIVABLES

	Note	2016 Rupees	2015 Rupees
Sales tax refundable		1,054,585	1,054,585
Inland freight subsidy receivable		73,920,300	73,920,300
Receivable against insurance claim		441,029	441,029
Provision for doubtful recoveries		(476,277)	(476,277)
Further sales tax receivable	18.1	59,223,952	-
Others		1,088,999	1,108,424
		135,252,588	76,048,061

18.1 During the period from September 2013 to June 2016, the Company had inadvertently made payment of Rs 59.223 million of further tax at the time of online filing of its monthly sales tax returns with the tax authorities and the matter came to its knowledge in the current year. Since such tax had been paid inadvertently from the Company's own funds and incidence of the same had not been passed on to the customers, the same was claimed as refundable U/s. 66-A of the Act and is currently under scrutiny of the tax office. Meanwhile the Company has adjusted during the year with effect from July in its sales tax return the output tax by an amount of Rs. 39.751 million relating to 2013-2015 and Rs. 19.473 million relating to the year 2016 in the assessment year sales in expectation of a favorable outcome of its claim. The tax effect of the changes has been taken into account in the current year.

19 CASH AND BANK BALANCES

	Note	2016 Rupees	2015 Rupees
Cash in hand		938,860	423,093
Cash at bank			
Current accounts		5,730,059	9,262,905
Deposit accounts	19.1	76,525,899	71,674,258
		82,255,958	80,937,163
		83,194,818	81,360,256

19.1 These represents amount deposited in saving accounts carrying profit rate ranging from 4% to 5% (2015 : 5% to 8%).

20 NET SALES

	Note	2016 Rupees	2015 Rupees
Gross sales			
- Local		3,380,437,115	1,586,893,800
- Export	20.1	-	654,078,460
		3,380,437,115	2,240,972,260
Sales tax	18.1	(219,530,160)	(140,369,495)
Sales - net		3,160,906,955	2,100,602,765

20.1 This includes Inland Freight Subsidy amounting to Rs. Nil (2015:Rs.117.6 million) claimed from State Bank of Pakistan on export sales recognized during the year as per Government's policy.

21 COST OF SALES

	Note	2016 Rupees	2015 Rupees
Sugarcane consumed	21.1	2,405,751,388	2,079,310,949
Manufacturing expenses	21.2	357,870,655	352,478,822
		2,763,622,043	2,431,789,771
Sugar stock in process - opening		6,888,540	6,053,331
Sugar stock in process - closing		(7,915,258)	(6,888,540)
		(1,026,718)	(835,209)
		2,762,595,325	2,430,954,562
Molasses - opening stock		-	-
Sale of molasses (by product)		(181,904,783)	(184,137,500)
Molasses - closing stock		-	-
		(181,904,783)	(184,137,500)
Cost of goods manufactured		2,580,690,542	2,246,817,062
Sugar finished goods stock - opening		459,882,644	230,945,597
Sugar finished goods stock - closing		(25,048,015)	(459,882,644)
		434,834,629	(228,937,047)
		3,015,525,171	2,017,880,016

21.1 Sugarcane cost includes price subsidy for the year amounting to Rs. 289.73 million (2015: Rs.59 million).

21.2 Manufacturing expenses

	Note	2016 Rupees	2015 Rupees
Salaries, wages and other benefits	21.2.1	100,912,361	91,203,877
Production stores consumed		37,227,812	43,171,858
Fuel and power		5,908,021	5,731,324
Repairs and maintenance		64,918,638	72,496,048
Vehicles running		1,601,437	1,353,825
Insurance		7,874,155	7,906,921
Depreciation	11.3	134,797,056	125,377,921
Others	21.2.2	4,631,175	5,237,048
		357,870,655	352,478,822

21.2.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rs. 1,771,308 (2015: Rs. 1,565,408)

21.2.2 This includes expenses for removal of bagasse, removal of mud and boiler clinker amounting to Rs. 3,194,000 (2015:Rs.3,438,817)

22 ADMINISTRATIVE EXPENSES

	Note	2016 Rupees	2015 Rupees
Salaries, wages and other benefits	22.1	48,935,960	48,434,179
Rent, rates and taxes		750,219	734,312
Insurance		2,740,056	2,012,657
Water gas and electricity		884,875	721,993
Printing and stationery		1,839,467	1,379,272
Postage, fax and telephone		1,538,220	1,566,286
Vehicle running and maintenance		2,444,575	2,862,967
Repair and maintenance		2,830,672	2,649,371
Traveling and conveyance		451,340	2,281,406
Subscriptions, books and periodicals		1,452,084	2,671,086
Legal and professional		1,615,992	2,006,260
Entertainment		1,171,941	1,833,800
Depreciation	11.3	14,977,451	13,930,880
Charity and donation	22.2	716,738	1,091,756
Auditor's remuneration	22.3	1,042,400	1,031,200
Others	22.4	3,211,848	3,730,091
		86,603,838	88,937,516

22.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 1,529,501 (2015:Rs.1,416,903).

22.2 Directors or their spouses do not have any interest directly or indirectly in donees.

22.3 Auditors' remuneration

	2016 Rupees	2015 Rupees
Audit fee	625,000	625,000
Certification charges	125,000	125,000
Half yearly review	160,000	160,000
Out of pocket expenses	132,400	121,200
	1,042,400	1,031,200

22.4 These mainly include share registrar fees and expenses related to printing/publishing of financial statements.

23 SELLING AND DISTRIBUTION COSTS

	Note	2016 Rupees	2015 Rupees
Loading, stacking and handling		5,058,030	4,660,734
Advertisement		37,536	20,900
Export expenses		-	2,899,535
		5,095,566	7,581,169

24 FINANCE COSTS

	2016 Rupees	2015 Rupees
Interest / mark-up based loans from conventional banks		
Long term finance - secured	48,491,391	38,668,033
Short term running finance	43,867,189	33,038,045
	92,358,580	71,706,078
Bank charges	607,505	565,842
	92,966,085	72,271,920

25 OTHER INCOME

	2016 Rupees	2015 Rupees
Income from financial assets		
Profit on savings account	507,554	693,429
Exchange gain	-	1,318,602
Others	5,149,283	7,375,694
Income from non-financial assets		
Sale of bagasse	33,781,355	24,631,305
Gain on disposal of property, plant and equipment	1,256,719	4,927,278
	40,694,911	38,946,308

26 OTHER EXPENSES

	2016 Rupees	2015 Rupees
Workers' Profit Participation Fund	70,560	-
Workers' Welfare Fund	26,813	-
	97,373	-

27 TAXATION - NET

	Note	2016 Rupees	(Restated) 2015 Rupees
Current	27.1	33,765,931	21,917,016
Prior		-	(15,185,006)
Deferred		(7,415,193)	(14,217,140)
		26,350,738	(7,485,130)

27.1 Tax assessment of the Company is deemed to be finalized up to tax year 2015 (income year ended September 30, 2014).

27.2 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the Company for the current year and comparative year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

28 LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the Company, which is based on:

	Note	2016 Rupees	(Restated) 2015 Rupees
Loss after taxation		(25,036,905)	(39,636,418)
Number of ordinary shares		10,425,000	10,425,000
Loss per share - basic and diluted		(2.40)	(3.80)

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2016				2015			
	Chief Executives	Director	Executives	Total	Chief Executives	Director	Executives	Total
	------ Rupees ------							
Basic salary	2,250,000	1,500,000	8,053,870	11,803,870	2,250,000	1,500,000	4,428,500	8,178,500
Other prequisites	1,452,935	900,000	7,415,296	9,768,231	1,495,562	900,000	4,067,941	6,463,503
Vehicle expenses	98,287	-	1,703,261	1,801,548	200,717	-	974,364	1,175,081
Total	3,801,222	2,400,000	17,172,427	23,373,649	3,946,279	2,400,000	9,470,805	15,817,084
No. of persons	1	1	7	9	1	1	4	6

29.1 In addition, Chief Executive, Directors and all the Executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the Company.

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over other party in making financial and operating decisions.

The related parties include major shareholders, entities having directors in common with the Company, directors and other key management personnel. There have been no transactions with related parties in current or the comparative year accept disclosed as below:

	Note	2016 Rupees	2015 Rupees
Transactions during the year			
Contribution to staff provident fund		3,300,809	2,982,311
Balances at year end			
Loan from directors		183,000,000	183,000,000
Loan from related parties		77,000,000	77,000,000
		260,000,000	260,000,000

Certain assets are being used by the employees of the Company in accordance with their terms of employment. Further, there are no transaction with key management personnel other than under the terms of employment as disclosed in note 29 to the financial statements.

31 PROVIDENT FUND DISCLOSURES

a) Disclosure with regards to provident fund	June 2016 (Un-audited) Rupees	June 2015 (audited) Rupees
(i) Size of the fund	60,252,689	55,771,339
(ii) Cost of investment made	36,546,359	32,014,979
(iii) Percentage of investment made	61%	57%
(iv) Fair value of investments	57,977,443	53,075,279

b) Break-up of investments is as under

	June 2016 (un-audited)		June 2015 (audited)	
- Defence Saving Certificates	28.8%	17,348,736	28.7%	15,998,438
- First Habib Income Fund	57.8%	34,813,592	56.9%	31,715,724
- UBL Funds Managers	8.7%	5,268,756	8.7%	4,846,140
- National Investment Trust	0.1%	64,920	0.0%	56,900
- Nafa Multi Asset Fund	0.8%	481,439	0.8%	450,058
- Cash & bank deposits	3.8%	2,275,246	4.8%	2,704,079
	100%	60,252,689	100%	55,771,339

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

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders.

FINANCIAL INSTRUMENTS BY CATEGORY

	2016 Rupees	2015 Rupees
Financial assets as at balance sheet date		
Loans and receivables		
Long term loans	313,946	444,176
Long term deposits	792,527	757,527
Trade debts - unsecured	27,342,856	550,221
Short term loans and advances	1,208,870	1,455,065
Trade deposits and short term prepayments	1,500	224,797
Other receivables	1,053,751	1,073,176
Cash and bank balances	83,194,818	81,360,256
	113,908,268	85,865,218
Financial liabilities at amortized cost:		
Long term finance - secured	451,000,000	356,000,000
Subordinated loans	260,000,000	260,000,000
Trade and other payables	206,111,712	207,822,498
Accrued mark-up	12,558,529	11,690,651
Current maturity of long term finance	178,000,000	103,000,000
	1,107,670,241	938,513,149

32.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Due to the Company's long standing business relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. To manage exposure to credit risk, Company applies credit limits and deals with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions. The carrying amounts of financial assets against which the Company does not hold any collateral represent the maximum credit exposure, these are listed as under:

	Note	2016 Rupees	2015 Rupees
Long term loans		313,946	444,176
Long term deposits		792,527	757,527
Trade debts - unsecured		27,342,856	550,221
Short term loans		1,208,870	1,455,065
Trade deposits		1,500	224,797
Other receivables		1,053,751	1,073,176
Bank balances		82,255,958	80,937,163
		112,655,462	84,997,949

32.1.1 Impairment losses

The aging of trade debts at the reporting date was:

	2016 Gross Value	2016 Impairment	2015 Gross Value	2015 Impairment
	(Rupees)			
Not past due	27,342,856	-	550,221	-
Past due 3 months -1 year	-	-	-	-
Past due 1 year to 3 year	568,846	(568,846)	568,846	(568,846)
More than 3 year	-	-	-	-
	27,911,702	(568,846)	1,119,067	(568,846)

- The Company have not any exposure to credit risk at the reporting date by geographic region.
- Bank balances are held only with reputable banks with high quality credit ratings.

32.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company could be required to pay its earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facility. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Company treasury aims at maintaining flexibility in funding by keeping committed credit line available.

32.2.1 The following table details repayments of financial liabilities including estimated interest payments based on their contractual maturities:

	September 30, 2016			
Non-Derivative Financial liabilities	**Carrying amount**	**Contractual cash flows**	**Up to one year**	**More than one year**
	(Rupees)			
Subordinated loans	260,000,000	260,000,000	-	260,000,000
Long term finance - secured	629,000,000	676,201,400	178,000,000	498,201,400
Trade and other payables	206,111,712	206,111,712	206,111,712	-
	1,095,111,712	1,142,313,112	384,111,712	758,201,400

	September 30, 2015			
Non-Derivative Financial liabilities	**Carrying amount**	**Contractual cash flows**	**Up to one year**	**More than one year**
	(Rupees)			
Subordinated loans	260,000,000	260,000,000	-	260,000,000
Long term finance	459,000,000	497,586,600	103,000,000	394,586,600
Trade and other payables	207,822,498	207,822,498	207,822,498	-
	926,822,498	965,409,098	310,822,498	654,586,600

Contractual cash flows include tentative interest payments to be made up to the maturity of relevant facilities. The future interest related cash flows depend on the interest rates applicable at that time and the extent of utilization of running finance facilities.

32.3 Market risk

Market risk means the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest / mark-up rate risk. The market risks associated with the Company's business activities are discussed as under:

32.3.1 Exposure to currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions denominated in foreign currencies. As at the balance sheet date the company is not exposed to foreign currency risk as there is no receivable / payable or commitment other than local currency.

32.3.2 Interest rate risk management

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2016	2015	2016	2015
	Effective interest rate in percentage		Carrying amounts in Rupees	
Financial liabilities				
Long term & short term borrowing	7.05% - 9.04%	8.28% - 12.21%	629,000,000	459,000,000
Financial Assets				
Cash at bank (Deposit account)	4% - 5%	5 % - 8%	76,525,899	71,674,258

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased loss by Rs. 5.52 million (2015: Rs. 3.87 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings

32.4 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

32.5 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 return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

33 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment and the company's performance is evaluated on an overall basis.The information with respect to operating segment is stated below:

Revenue from sales of Sugar represents 98.65% (2015: 98.30%) of total revenue whereas remaining represent revenue from sale of molasses and other by-products.

All non current assets of the Company as at Septembr 30, 2016 are located in Pakistan.

During the period sales of the company to customer outside Pakistan is Nil % (2015: 30%)

33.5 NUMBER OF EMPLOYEES

The total number of employees at the year end and average number of employees during the year respectively are as follows:

	2016 Number	2015 Number
Total number of employees as at September 30	267	265
Average number of employees during the year	313	324

34.5 PLANT CAPACITY

	2016	2015
Crushing capacity (Metric Tons based on 160 days of production)	960,000	960,000
Actual crushing (Metric Tons)	490,605	474,511
Sugar capacity (Metric Tons based on 160 days of production)	94,560	94,560
Production of sugar (Metric Tons)	48,671	47,460
Number of days of production	90	105
Percentage of capacity attained	92%	76%

The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 90 days (2015: 105 days) due to non-availability of sugar cane.

35.5 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation.

36.5 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30th December, 2016 by the Board of Directors of the Company.

37.5 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Director

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2016

NUMBER OF SHARES HOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD
1,223	1	100	53,512
409	101	500	123,508
121	501	1,000	104,288
123	1,001	5,000	298,372
16	5,001	10,000	116,350
6	10,001	15,000	79,890
2	15,001	20,000	36,300
2	20,001	25,000	46,000
1	25,001	30,000	27,500
1	55,001	60,000	57,000
1	65,001	70,000	70,000
1	95,001	100,000	98,500
1	180,001	185,000	184,600
2	195,001	200,000	400,000
1	555,001	560,000	559,500
1	595,001	600,000	599,200
1	720,001	725,000	721,765
1	725,001	730,000	725,600
1	785,001	790,000	790,000
2	815,001	820,000	1,635,400
1	835,001	840,000	837,400
1	905,001	910,000	906,200
1	945,001	950,000	946,815
1	1,005,001	1,010,000	1,007,300
1,920			**10,425,000**

CATEGORIES	NUMBERS OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,905	9,185,089	88.11%
INVESTMENT COMPANIES	2	4,900	0.05%
INSURANCE COMPANIES	2	283,100	2.72%
JOINT STOCK COMPANIES	4	601	0.01%
FINANCIAL INSTITUTIONS	4	925,300	8.88%
MODARABA COMPANIES	1	600	0.01%
OTHERS	2	25,410	0.24%
TOTAL	**1,920**	**10,425,000**	**100.00%**

PATTERN OF SHARES HELD BY SHARE HOLDERS AS AT SEPTEMBER 30, 2016

Combined pattern of CDC & Physical Shareholding as at 30th September 2016

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHARES HELD CDC ACCOUNTS	CATEGORY WISE NO. OF FOLIOS/ SHARES	CATEGORY WISE SHARES	PERCENTAGE
1	**INDIVIDUALS**	-	1,892	961,609	9.22
2	**INVESTMENT COMPANIES**		2	4,900	0.05
	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	3,700			
	INVESTMENT CORPORATION OF PAKSITAN	1,200			
3	**INSURANCE COMPANIES**		2	283,100	2.72
	STATE LIFE INSURANCE CORP. OF PAKSITAN	184,600			
	PAKISTAN REINSURANCE COMPANY LIMITED	98,500			
4	**JOINT STOCK COMPANIES**		4	601	0.01
	WASI SECURITIES (SMC-PVT) LTD.	100			
	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LTD.	400			
	M. R. SECURITIES (SMC-PVT) LTD.	100			
	MAPLE LEAF CAPITAL LTD.	1			
5	**DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN**		8	5,712,515	54.80
	MR. DEOO MAL	946,815			
	DR. BESHAM KUMAR	837,400			
	MR. PEHLAJ RAI	817,900			
	MR. MOHAN LAL	817,500			
	DR. TARA CHAND	725,600			
	MR. MAHESH KUMAR	559,500			
	MR. DILEEP KUMAR	1,007,300			
	MR. SHAFAQAT ALI SHAH	500			
6	**EXECUTIVES**	-	-	-	-
7	**FINANCIAL INSTITUTIONS (BANKS,DFIS,NBFI)**		3	19,100	0.18
	NATIONAL INVESTMENT TRUST LIMITED - ADMI	17,300			
	NATIONAL DEVELOPMENT FINANCE CORPORATION	200			
	NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT.	1,600			
8	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		5	2,510,965	24.09
	MR. JUGDESH KUMAR	790,000			
	MR. HASSANAND (MR. HASSOMAL)	721,765			
	MR. ASHOK KUMAR	599,200			
	MR. CHETAN MAL	200,000			
	MR. DOULAT RAM	200,000			
9	**PUBLIC SECTOR COMPANIES AND CORPORATIONS**	-	-	-	-
10	**MODARABAS & MUTUAL FUNDS**		1	600	0.01
	FIRST CRESCENT MODARABA	600			
11	**FOREIGN INVESTORS**		1	906,200	8.69
	ISLAMIC DEVELOPMENT BANK	906,200			
12	**CO-OPERATIVE SOCIETIES**	-	-	-	-
13	**CHARITABLE TRUST**		2	25,410	0.24
	MANAGING COMMITTEE CRESCENT FOUNDATION	25,000			
	THE SECRETARY	410			
14	OTHERS	-	-	-	-
	TOTAL		1,920	10,425,000	100.00

SASM

FORM OF PROXY

No. of Shares	Please Quote Folio No.

I/We ....of.. a member of **SINDH ABADGAR'S SUGAR MILLS LIMITED** and holding .... ordinary shares, as per Register Folio No... hereby appoint Mr.……………………………………….....of…………………………………..... or failing him...of.. who is also a member of the company vide Register Folio No. .... as my proxy to vote for me and on my behalf at the Thirty Third Annual General Meeting of the Company to be held on January 27, 2017 at 16:00 hours at the Auditorium of The Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi and at an adjournment thereof.

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

Witness

Signature: ______________________________

Name : ______________________________

RUPEES
FIVE
REVENUE
STAMP

SIGNATURE OF MEMBER

---

1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

2. The proxies shall be lodged with the company not later than 48 hours before the time for holding of the meeting and must be duly stamped, signed and witnessed.

3. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing, if the member is a corporate Body should be signed either under the Common Seal or under the hand of an officer or attorney so authorized.

سندھ آبادگار شوگر ملز لمیٹڈ

میں مسمّٰی/مسماۃ__________________ساکن____

ضلع____________بحیثیت ممبر سندھ آبادگار شوگر ملز لمیٹڈ ، مسمّٰی/مسماۃ___________________________

ساکن______________________________ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے

کمپنی کے اجلاسِ عام/سالانہ/غیر معمولی اجلاس (یا جو بھی صورتِ حال ہو) جو بتاریخ ۲۷ جنوری ۲۰۱۷ء بروز

جمعہ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

SASM

Sindh Abadgar's Sugar Mills Limited

209, 2nd Floor, Progressive Plaza, Beaumount Road, Karachi-Pakistan.
Tel : 35638212-13 Fax : (92-21) 35638219 E-mail : sasm@unitedgroup.org.pk

Mill: Deh: Deenpur, Taluka: Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.
Tel : 03152001617 E-mail : sasmtmk@unitedgroup.org.pk

CORPORATE 2633026-7