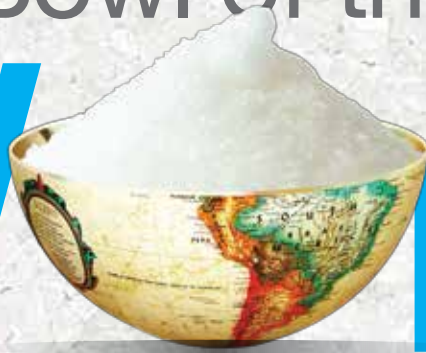


Sugar Bowl of the

World



Mirpurkhas
Sugar Mills
Limited

A Ghulam Faruque Group Company

Annual Report 2016



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Brazil

The World's Largest
Sugar Producer

33,788 TMT

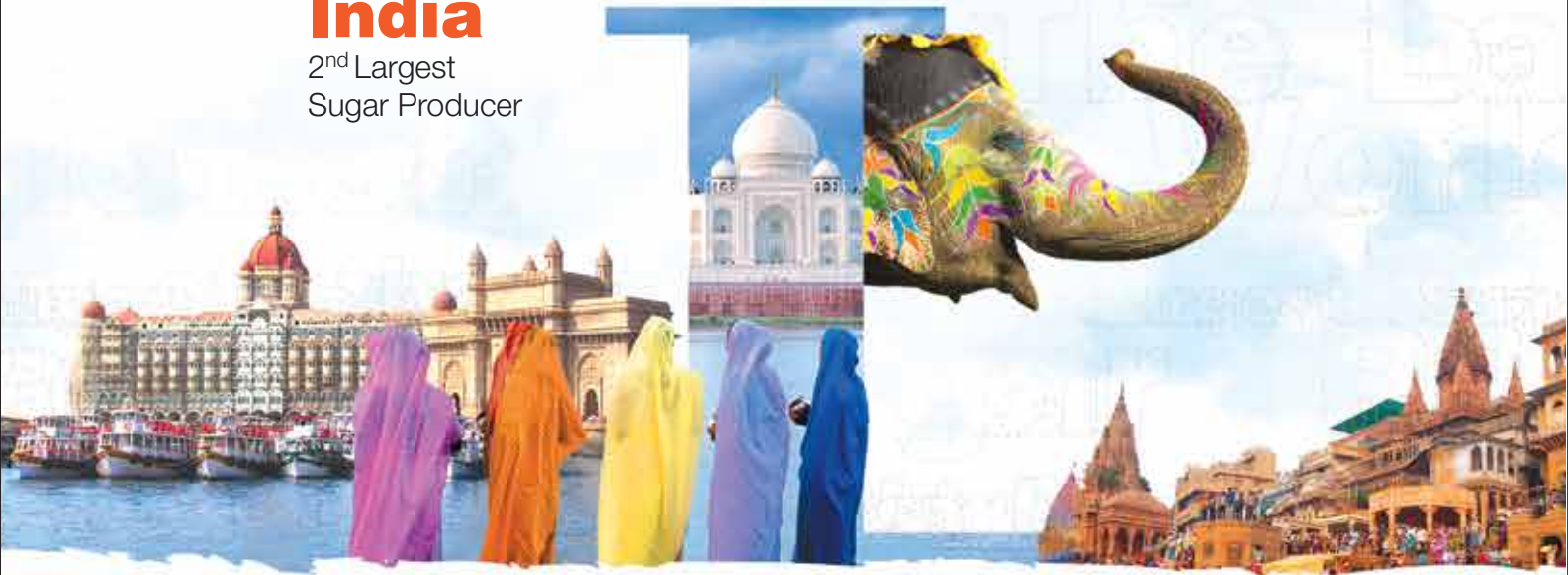


Brazil tops the list of sugar producers, with an annual production of 33,788 thousand metric tons.

Brazil produces 20% of the world's sugar. The South-Central region of Brazil is accountable for more than 90 percent of this national production output. Sugar is the main product sourced from the sugar cane cultivated in this country. However, production of ethanol from residual molasses is now growing more popular, as ethanol is used as a fuel to power automobiles, which Brazilians are owning in larger numbers. Major export of Brazilian sugar are in China, Middle East and African Countries.

India

2nd Largest
Sugar Producer



28,871  TMT

India is one of the largest consumer and producer of sugar.

In India, sugar cane is cultivated for the production of crystal sugar, jaggery (Gur), and numerous alcoholic beverages. The states of Maharashtra, Uttar Pradesh, Punjab, and Bihar produce the maximum quantities of sugar. It is estimated that the nation's sugar industry provides employment for more than 6 million Indians. The country exports sugar to Sri Lanka, Bangladesh, Somalia, Sudan, Indonesia, Central Asian States and the UAE.

Thailand

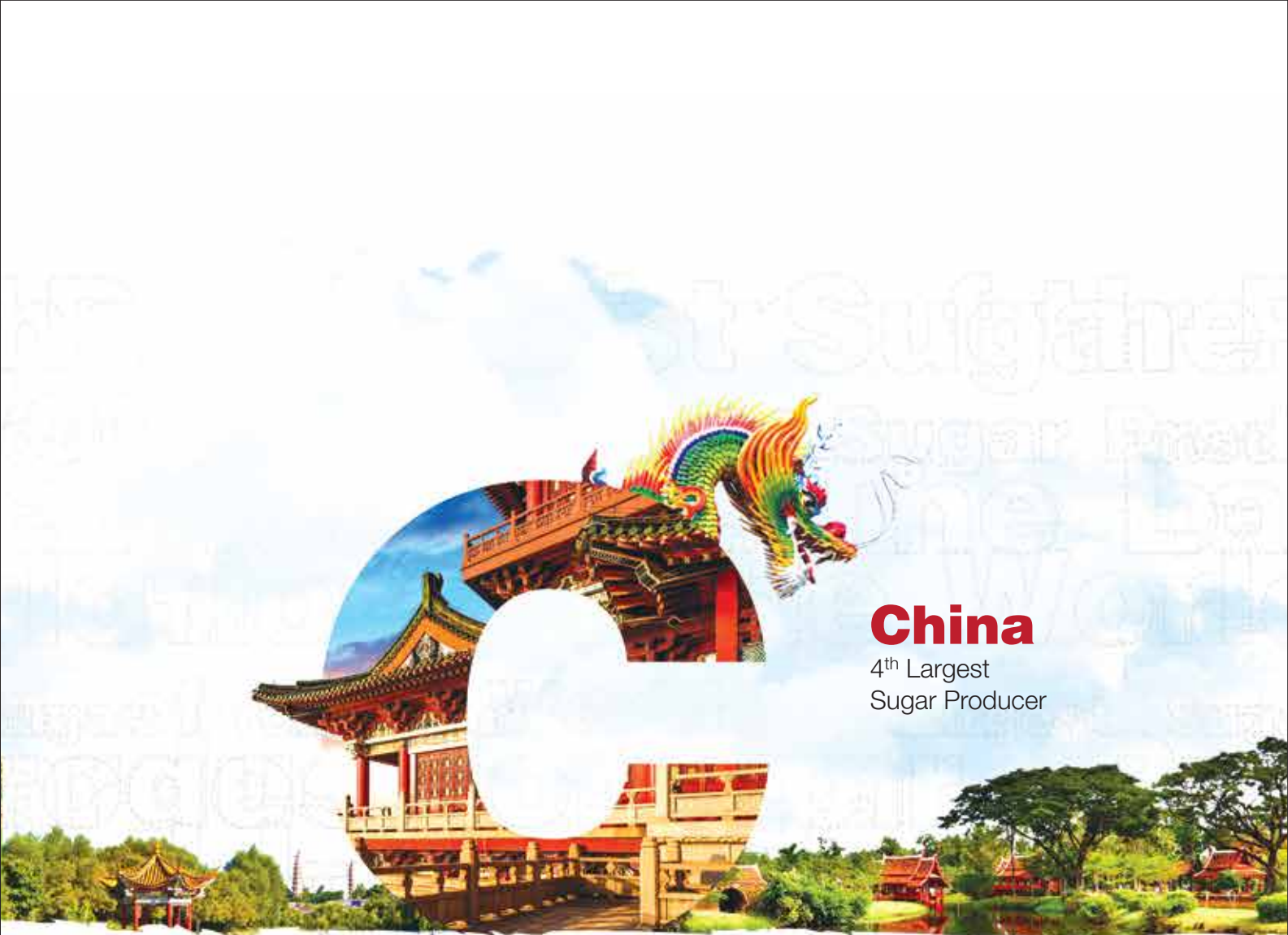
3rd Largest
Sugar Producer



10,998^{TMT}

The annual production of sugar has been increasing steadily in Thailand over the last few years.

Ideal rainfall distribution, improved cane varieties, and increased use of fertilizers have contributed towards the increase in Thai sugar cane and sugar production. Moreover, stable returns from the commercial crop have led to an increase of the sugar cane cultivation area. Its overall export of refined sugar has also now risen considerably because of such factors as a relatively low demand for sugar in Thai domestic markets and inherently low shipping costs to other large Asian economies. Thailand exports sugar to a large number of countries, of which the most prominent ones are Indonesia, Japan, Korea, Malaysia and China. It is also a major producer of ethanol and sugar cane syrups.



China

4th Largest
Sugar Producer

10,262 TMT

An estimated 80 percent of sugar production in China comes from the sugarcane grown in its South and South-West regions.

In fact, the country has a long history of sugarcane cultivation. The earliest records of such suggest that in the 4th century BC, Chinese people were already knowledgeable regarding sugarcane cultivation. However, they did not become proficiently familiar with sugar refining techniques until much later, around 645 AD. Despite being one of the largest producers, China, in order to meet its high domestic demand, imports sugar from other countries as well. Namely, the chief among these are Brazil, Thailand, Australia, Vietnam, and Cuba. The country has also plunged into the production of ethanol from sugarcane as a full-fledged affair in order to help meet the rising fuel demand of its vast population.

Mexico

5th Largest
Sugar Producer

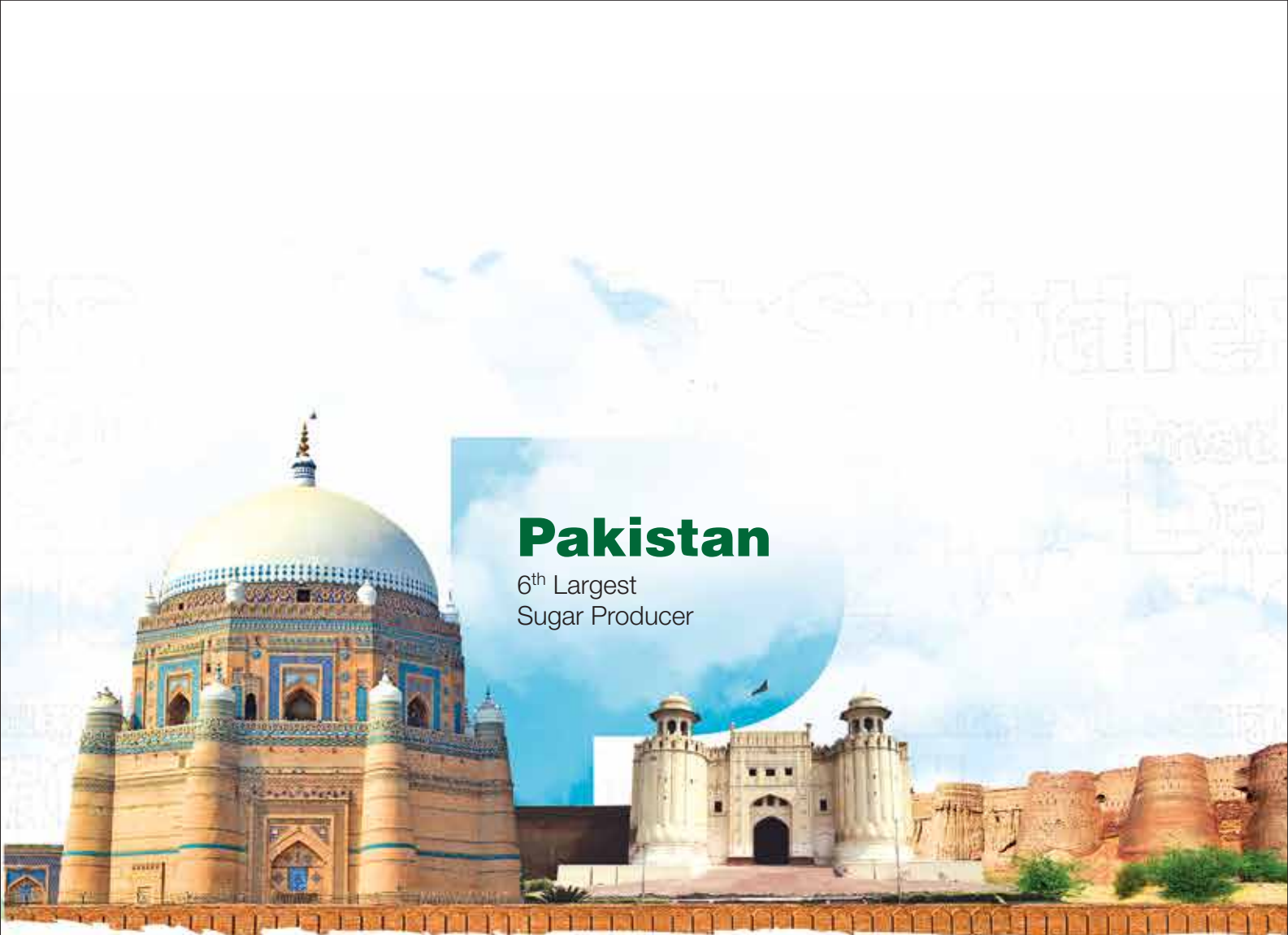


5,878 TMT




Mexico has emerged as a leading producer of sugar over the years, and has approximately more than two million people employed in the cultivation of sugar cane, either directly or indirectly.

Mexicans grow the commercial crop, mainly to yield sustainable bio-energy from sugar cane by-products at home, and to ship sugar cane derivatives abroad. The country enjoys a tariff-free sugar export into the neighboring United States of America.



Pakistan

6th Largest
Sugar Producer

5,115  TMT

Pakistan being one of the large sugar producer also consumes 85% of its production domestically. The industry employs nearly 1.5 million people.

During recent years sugar export has supported the economy of Pakistan to a significant degree. Suitable climate, timely availability of inputs, better crop management and rapid enhancement in sugar mill capacities have led to an increase in sugar production. This gives Pakistan a reputation as being one of the top six sugar cane producers across the entire world. The country exports sugar to the neighboring countries of Afghanistan, Tajikistan, Middle East, North Africa, other Central Asian countries, and Europe.



66,753
M.Tons

MSM's annual
production



The Company crushed
616,716 M. Tons of sugar
cane in the year 2015-16
and produced 66,753
M. Tons of sugar.



Vision

We aim to be a leading producer and supplier of high quality sugar in Pakistan. We aspire to be known for the quality of our product. We intend to play a pivotal role in the economic and social development of Pakistan, thereby, improving the quality of life of its people.

Mission

As a leading producer of quality sugar in Pakistan, we shall build on our core competencies and achieve excellence in performance. In doing so, we aim to meet or exceed the expectations of all our stakeholders.

In striving to serve our stakeholders better, our goal is not only to attain technological advancements in the field of sugar technology, but also to inculcate the most efficient, ethical and time tested business practices in our management.

We shall continue to look for innovative ways to introduce alternate uses of sugar to broaden our customer base.



1,700 acres

Through experimental farms, Mirpurkhas Sugar Mills provides support to local cultivators in terms of new and improved varieties of sugar cane and latest farming techniques.



Code of Conduct

The Code of Conduct of the Company is based on the principles of honesty, integrity and professionalism at every stage.

Scope

The code of conduct policy is applicable to every individual working in the Company and its locations.

Compliance Committee and Reporting of Violations

Mirpurkhas Sugar Mills has established a Compliance Committee to provide advice concerning compliance with the code of conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) or Compliance Committee or their respective Executive Director.

Compliance with the Law

The observance of the laws and regulations of the legal systems in which we operate is mandatory for all employees in their dealings with customers, suppliers, competitors, other employees, government bodies and officials.

Competition and Anti-trust Law

Mirpurkhas Sugar Mills obligates its employees for strict compliance with Competition and Anti-trust Laws wherever it operates.

Bribery and Corruption

Mirpurkhas Sugar Mills is committed to conducting its business in an open, honest and ethical manner in all the jurisdictions in which it operates and will not engage in any form of bribery or corruption in order to secure any kind of business advantage.

Money Laundering

It is MSM's policy to refrain from conducting business with persons or entities who are involved in criminal or illegal activities. All employees have to adhere to applicable anti-money laundering laws and regulations.

Product Quality

We discover, develop and manufacture high-quality products that meet all regulatory requirements, and pursue quality beyond compliance in both our products and processes. We focus on regularly updating ourselves with technological advancements to produce under the highest standards and maintain all relevant technical and professional standards.

Books, Records and Financial Reporting

The accuracy and completeness of our books, records and financial reporting is of critical importance for Mirpurkhas Sugar Mills. We fulfill all applicable legal obligations with regard to public filings and reporting.

Confidentiality

It is our policy that no employee entrusted with confidential information about the Company, its suppliers, customers or other business partners may disclose such information to any third party or use such information for his or her personal benefit while employed with the Company or thereafter, unless prior written approval is obtained from a duly authorized person, or the disclosure of confidential information is required by mandatory law, any governmental agency, court or other quasi-judicial or regulatory body.

Protection and Information Security

Mirpurkhas Sugar Mills has a policy that sets out rules on data protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information. We comply with all applicable laws & regulations regarding the collection, processing and use of personal data. Any illegal collection, processing or use of personal data of our employees, suppliers, customers and third parties is strictly prohibited. All personal data must be safeguarded with appropriate care and protected against unauthorized access by third parties at all time.

Handling and Safeguarding of MSM's Property

Employees must handle MSM's property (including both tangible & intangible) with due care and in a responsible manner. Mirpurkhas Sugar Mills does not tolerate any unauthorized use or

misappropriation of its property or services.

Equal Treatment and Fair Working Conditions

Mirpurkhas Sugar Mills is committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills and abilities, free from discrimination or harassment, and in which all decisions or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying in the workplace.

Health, Safety and Environmental Protection

We focus on all aspects of occupational health, safety and environmental protection. We identify and manage health, safety and environmental risks in our activities and over the entire value chain of our products and services.

We make efficient use of natural resources and minimize the environmental impact of our activities and products over their life cycle.

Conflict of Interest

Employees may not engage in any activities, on or off the job, that conflict with the Company's business interest, nor they may use their position with the Company for their personal gains, or for the improper benefit to others.

As a policy, conflicts of interest or the mere appearance of such a conflict must be avoided.



The Sugar industry employs over

1.5 million

people including management, sugar technologists, agronomists, engineers, financial experts skilled, semi skilled and ancillary, workers.



Strategic Objectives

Effective use of resources and management of operating cost:

- Effective use of resources and optimized capacity utilization;
- Modernization of production facilities to ensure the most efficient processing of sugar cane and better sucrose recovery;
- Sustaining costs, based on strong skills of continuous improvement in operations, development and implementation of effective technical solutions;
- Further improvement in corporate governance through optimization of management processes.

Development of sugar cane and growth in sugar and allied businesses:

- Active participation in developing new varieties of sugar cane in adjoining areas;
- Search for growth opportunities for existing business through strategic acquisitions and establishing partnerships in prospective sectors of sugar and allied industry.

Sustainable development in the region in which the Company operates:

- Personnel development, creating a proper environment for growth of highly skilled professionals, ensuring safe labor environment, competitive staff remuneration and social benefits in accordance with the scope and quality of their work;
- Compliance with environmental standards, both local and at the international level;
- Helping and implementing projects that lead to social and economic development of communities.

Core Values

- Strive for excellence and build on our core competencies.
- Keep up with technological advancements and continuously update ourselves in the field of sugar technology.
- Meet & exceed the expectations of our stakeholders.
- Inculcate efficient, ethical and time tested business practices in our management.
- Work as a team and support each other.
- Keep the interest of the Company before that of the individual.

Nature of Business

The Company has a sugar cane
crushing capacity of

7,500

M.Tons per day.





Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 300 km from the port city of Karachi, in Mirpurkhas and is listed on the Pakistan Stock Exchange. It is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its 1,700 acre experimental farms and in adjoining areas of mill.



Group Structure

Introduction

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations; details and brief profile of other leading group companies / ventures are as follows:



Cherat Packaging Ltd
 Manufacturer of Kraft Paper and Polypropylene Bags

Established in 1991 it is the largest producer and supplier of paper sack and polypropylene ("PP") bags to the cement industry in Pakistan. CPL also produce and provide bags to other industries such as sugar, rice and chemical etc. CPL is listed on Pakistan Stock Exchange Limited. The Company has a production capacity of 265 million paper bags and 195 million PP bags per annum. It caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.



Faruque (Pvt.) Ltd
 Parent Company

Established in 1964 as a Parent Company of the Group, it primarily serves as an investment arm of the Group.



Cherat Cement Company Ltd
 Manufacturer of Ordinary Portland Cement

Cherat Cement Company Limited was incorporated in 1981. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. The Company's annual installed capacity is 1.1 million tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs in the KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified. The Company is in the process of installing another cement line at the same location with installed annual clinker capacity of more than 1.32 million tons. Aggregate production capacity would be 2.42 million tons. The project is expected to be commissioned in December 2016.



ZENSOFT

Zensoft (Pvt.) Ltd
 Information Systems Services
 Provider Specializing in Business
 Software Solutions

It was established in 1998 and is engaged in providing technical services and development of computer softwares and specializes in providing high quality ERP business solutions for the Group Companies.





GREAVES

Greaves Pakistan (Pvt.) Ltd

Providing Specialized Engineering Sales and Services

It was established in 1859 to provide specialized engineering equipment sales and services. However in 1964, the Group acquired a controlling interest in the shares of the Company and by 1981 Greaves became a wholly owned subsidiary of the Group. Greaves has the following divisions namely i) Power Generation, ii) CNG Equipment, iii) Industrial Machinery, iv) Solar Energy, v) LED, vi) Elevator, vii) Earth Moving & Construction Machinery, viii) Air Compressor ix) Fuel Dispenser and x) UPS.

Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

Commencing operations in 1975, this Company is the only HVAC solution provider of its kind and is the sole distributor of York (JCI) products in Pakistan. It is involved in providing a wide array of services related to HVAC equipments that includes designing, installation and maintenance of central and packaged units. Moreover, it also launched its own line of residential and commercial air conditioning units under the brand name of Euro Aire.

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

Established in 2003, its principal activity is to provide services associated with Airconditioning, installation and maintenance of central and packaged units.

Greaves CNG (Pvt.) Ltd

Pakistan's Leader in CNG Installations

Greaves CNG was established in 2001 with a prime motive to install CNG facilities at the retail outlets of Petroleum Companies. It is a preferred third party investor for all major petroleum companies in Pakistan.



Mirpurkhas Energy Ltd., incorporated in 2016 as a public (unlisted) Company, is a fully owned subsidiary of Mirpurkhas Sugar Mills Limited. It is a 26 MW Bagasse based Cogeneration Project. The principal activity of the company is to generate and supply electricity.



Unicol Ltd

Joint Venture Distillery Producing Ethanol and Liquid Carbon Dioxide (LCO₂)

Incorporated in 2003, Unicol is a joint venture distillery project among Mirpurkhas Sugar Mills Ltd, Faran Sugar Mills Ltd and Mehran Sugar Mills Ltd. It is engaged in the production and marketing of ethanol from molasses. Its current production capacity is 200,000 litres per day. It is involved in producing various varieties of ethanol and Liquid Carbon Dioxide (LCO₂).



UNIENERGY LIMITED

Joint Venture for Renewable Wind Energy.

Incorporated in 2015, Unienergy is a Joint Venture Project of the Ghulam Faruque Group, Mehran Sugar Mills, Faran Sugar Mills and the Habib Group. It is a 50 MW wind renewable energy project. It is located in the wind corridor, Thatta.



Madian Hydropower Ltd

Joint Venture for Establishing 148 MW Hydro Power Plant



Company Information

Board of Directors

Mr. Maqbool H. H. Rahimtoola (NIT)	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Amer Faruque	Director
Mr. Tariq Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director

Audit Committee

Mr. Yasir Masood	Chairman
Mr. Maqbool H. H. Rahimtoola	Member
Mr. Tariq Faruque	Member
Mr. Samir Mustapha Chinoy	Member

Human Resource and Remuneration Committee

Mr. Arif Faruque	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

Executive Director & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid Vazir



Head of Internal Audit

Mr. Omer Nabeel

Share Registrar

Central Depository
Company of Pakistan Limited
CDC House, 99 - B,
Block - B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi - 74400

BANKERS (Conventional)

Allied Bank Ltd.
Bank Al Habib Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

BANKERS (Islamic)

Askari Bank Ltd.
Al Baraka Bank (Pakistan) Ltd.
Bank Alfalah Ltd.
Dubai Islamic Bank Pakistan Ltd.
Meezan Bank Ltd.

Registered Office / Factory

Sub Post Office Sugar Mill
Jamrao, Umerkot Road
Mirpurkhas, Sindh

Auditors

Kreston Hyder Bhimji & Co.
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Legal Advisor

K.M.S. Law Associates



Milestones



1965-66

Incorporated in 1964, Mirpurkhas Sugar Mills Ltd started sugar production in February 1966 with its initial cane crushing capacity of 1,500 TCD through DCDS process, (double carbonation double sulphitation).



1968-69

Cane cruching capacity was increased to 2000 TCD



1984-85

Process converted to DRCS (Defecation Remelt Carbonation and Sulphitation) with addition of complete juice/melt clarification, refine sugar crystallization, separation, drying and grading processes. Cane crushing was also increased to 3,500 TCD.

1988-89

Highest sugar cane crushing of 747,344 M.Tons was achieved in single crop year by process optimization.



2001-02

Plant capacity was enhanced to 4,500 TCD.



2005-06

Plant capacity was enhanced to 5,000 TCD.



2006-07

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO₂) commenced its production operations.





2007-08

Plant capacity was enhanced to 5,500 TCD.



2012-13

Achieved sales revenue of over Rs. 3 billion.



2008-09

Achieved sales revenue of over Rs. 2 billion.



2013-14

Highest sugar production of 76,220 M. tons was achieved during the year and plant capacity was enhanced to 7,000 TCD.



2009-10

SAP (ERP) implemented across the Company.



2014-15

Highest ever sucrose recovery of 11.02% was achieved due to optimum and efficient utilization of production resources.



2010-11

Plant capacity was enhanced to 6,200 TCD.



2015-16

Company farming operations extended to 1,700 acres land area and achieved improved sucrose recovery through improved varieties in its farms as a result of applying latest farming techniques and skills of agronomists and skilled workers.

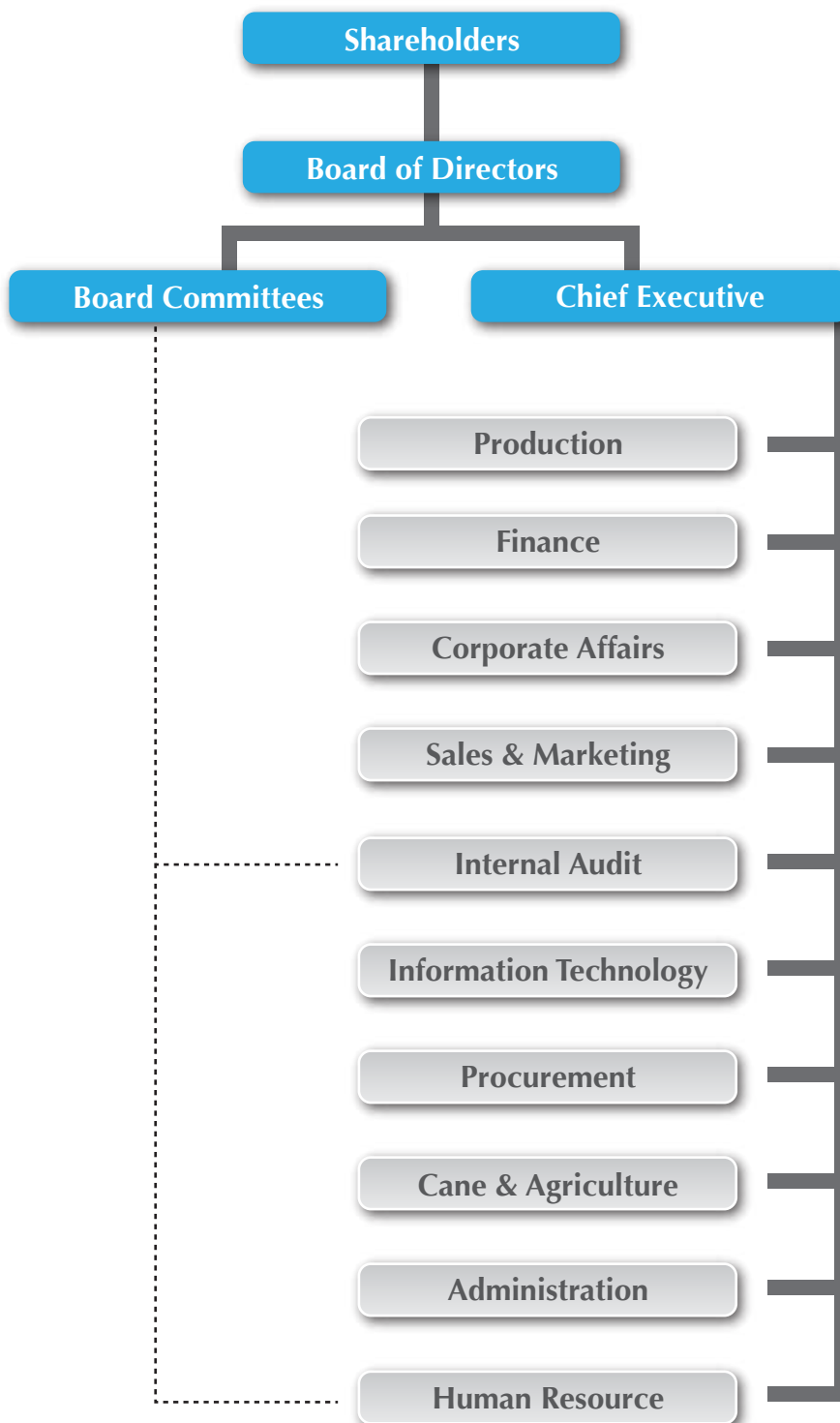


2011-12

Company started corporate farming activities in 871 acres land area.



Organisational Structure



— Administrative Reporting
- - - - - Functional Reporting



Our Locations



Regional Offices



Registered Office/
Factory



Head Office





UNICOL
UNICOL LIMITED

Unicol Limited has a production capacity of 200,000 liters or 160 metric tons per day.

Unicol Limited, a public unquoted company, is a joint venture with shares equally held among Faran Sugar Mills Ltd, Mehran Sugar Mills Ltd and Mirpurkhas Sugar Mills Ltd. All three companies are listed on the Pakistan Stock Exchange.

Unicol commenced its operations in August 2007 and is producing ethanol from sugar cane molasses. The plant located at Mirpurkhas, Sindh, on a 198 acre plot, had a designed capacity of 200,000 liters or 160 metric tons per day.

The distillery plant is designed by Maguin Interis, France (www.maguin.com) while the bio gas plant from affluent waste is designed by Proserpol, France (www.proserpol.com); both companies are well recognized in their respective fields.



Presently 100% of Unicol's ethanol is being exported; with the majority destined for European, Middle East, Africa and Far Eastern markets.

Furthermore, Unicol has invested in purification and liquification of CO₂ which is a by-product. This plant, designed by Tecno Project Industriale, Italy (www.tecnoproject.com), is in production since June 2014. The CO₂ plant has a capacity of 24 metric tons per day. The Board of Director has approved an investment of Rs. 300 million for capacity enhancement of CO₂ Plant of additional 48 tons per day. Upon the completion of the expansion the total capacity of CO₂ will increase to 72 tons per day

Unicol, being part of economic development and providing employment in Pakistani rural areas, ensures the compliance of all health, safety, and environmental laws and procedures.

Products: Unicol can produce various grades of ethanol, including ENA Anhydrous (99.9%), ENA (>96%) and industrial grade (>92%). The ethanol produced by Unicol has various uses in different industries like pharmaceuticals, aerosols, cleaning products, perfumes, personal care products, printing inks, fabric softeners, vinegar, paints and varnish, preserving agents and chemical manufacturing. Liquid CO₂ is its by product, and is used in beverages, dye making, dry cleaning, and fire extinguishers. Dry ice, another form of CO₂, is used in preservation and refrigeration.

Notice of Annual General Meeting

Notice is hereby given that the 52nd Annual General Meeting of the Company will be held on Friday, December 30, 2016, at 11:00 a.m. at the Registered Office of the Company at factory premises Jamrao, Umerkot Road, Mirpurkhas, Sindh to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2016 along with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @ 50% (Rs.5/- per share) to the shareholders for the financial year ended September 30, 2016 as recommended by the Board of Directors.
3. To elect eight (8) Directors of the Company as fixed by the Board of Directors u/s 178(1) of the Companies Ordinance, 1984. The names of retiring Directors are (1) Mr. Maqbool H.H. Rahimtoola (2) Mr. Aslam Faruque (3) Mr. Shehryar Faruque (4) Mr. Arif Faruque (5) Mr. Amer Faruque (6) Mr. Tariq Faruque (7) Mr. Samir Mustapha Chinoy (8) Mr. Yasir Masood.
4. To appoint Auditors for the year 2016/17 and to fix their remuneration.
5. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

6. In compliance of the direction issued by Securities and Exchange Commission of Pakistan under S.R.O.470 (I)/2016 dated May 31, 2016 it is proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to compliance of S.R.O.470 (I)/2016 dated May 31, 2016 and subject to the consent and approval of the shareholders, the Board of Directors of the Company be and is hereby authorized to circulate the Annual Audited Accounts of the company to its members through CD/DVD/USB; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution."

7. In compliance of the direction issued by Securities and Exchange Commission of Pakistan under S.R.O.43 (I)/2016 dated January 22, 2016 it is proposed that the following resolution be passed as and by way of a Special Resolution:

"Resolved that pursuant to compliance of S.R.O.43(I)/2016 dated January 22, 2016 and subject to the consent and approval of the

shareholders, it is resolved that Articles of Association of the company be and is hereby amended by inserting the following new clause after clause 62;

"(62A) A member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations 2016 (including any statutory modification thereof), as amended from time to time. In the case of e-voting, only Members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the company, at least ten (10) days before holding of the general meeting, at the Company's head office address or through email. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power."

Statement(s) under section 160 of the Companies Ordinance, 1984, pertaining to the above-mentioned Special Businesses, are being sent to the Members with the Notice.

Karachi: November 17, 2016

By Order of the Board of Directors

Abid Vazir
Executive Director & Company Secretary

NOTES:

1. The register of members of the Company will be closed from Thursday, December 22, 2016 to Friday, December 30, 2016 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Wednesday, December 21, 2016 will be treated in time for the entitlement of final cash dividend.

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 in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Any person, who intends to contest the election to the office of the Directors or otherwise, file with the Company at its Head Office not later than fourteen (14) days before the date of Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director.
4. 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 CDS 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.
5. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
6. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
7. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP, shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update the record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven [7] days of receipt of such request.

Statement(s) under section 160 of the Companies Ordinance, 1984

The statements set out material facts concerning "Special Businesses" to be transacted at the 52nd Annual General Meeting of the Company to be held on December 30, 2016. The approval of the Members of the Company will be sought for:

INFORMATION FOR CIRCULATION OF ANNUAL AUDITED ACCOUNTS TO THE SHAREHOLDERS THROUGH CD/DVD/USB

Item No. 6

The Securities and Exchange Commission of Pakistan (SECP) has allowed the companies to circulate the annual

balance sheet, profit and loss accounts, auditor's report and directors report etc., (Annual Audited Accounts) to its members through CD/DVD/USB at their registered address.

INFORMATION FOR MEMBERS TO EXERCISE THEIR VOTING RIGHT THROUGH ELECTRONIC MEANS (E-VOTING)

Item No. 7

The Securities and Exchange Commission of Pakistan (SECP) has allowed the members of the company to use their voting rights through electronic means (e-voting) by giving their consent in writing at least 10 days before the date of meeting of the company on the appointment of Execution Officer by the Intermediary as a Proxy.

An instrument of proxy form in relation to e-voting shall be in the following form:

I/we _____ of _____, being a member of _____, holder of _____ share(s) as per Register Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution Officer _____ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolution.

My secured email address is _____, please send login details, password and electronic signature through email.

Signature of member

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

STATUS OF INVESTMENT IN UNICOL LIMITED

The company had obtained the approval of its shareholders for investment of Rs.128.67 million in Unicol Limited. Keeping in view the financial requirements of Unicol Limited and the availability of credit facilities from banks, the company has so far invested Rs. 104.99 million only. No further investment under this resolution shall be made in future.

STATUS OF INVESTMENT IN UNIENERGY LIMITED

The Company had obtained the approval of its shareholders for investment of up to Rs.250 million in the equity of UniEnergy Limited. Keeping in view the status of the project and its financial requirements, the company has so far invested Rs. 7.69 million only. The remaining amount will be invested by Mirpurkhas Sugar Mills Ltd as and when required by UniEnergy Limited.





CEO's Message

We, at MSM, have been making sugar for over 50 years. Today we are one of Pakistan's leading producers of high quality sugar – consistently, maintaining a reputation for quality, integrity and professionalism through strong relationships with our stakeholders.

Your Company's vision is "to be a leading producer and supplier of the highest quality sugar in Pakistan".

We are proud to partner with over 2,200 farmers, who grow sugarcane for us. We convert their crop into sugar that is represented in the leading brands of food, drinks and pharmaceutical products. We work closely with our customers to ensure that we supply a superior product. Our people remain at the heart of our success, and it is their passion and commitment that ensures we continue to remain competitive.

Keeping in line with our vision, we continue to improve operational efficiency, through technology and innovation, in anticipation of challenges that we may face in the years ahead.

We contribute towards the socio-economic development of our area, by educating our growers in modern technology, and means of cultivation by introducing improved varieties of sugarcane seed, to enhance productivity, thereby, lowering the cost of cultivation.

Our success is built, by continuous development and innovation, in order to meet the changing needs of our customers. It is further strengthened by our commitment to work with our growers, to ensure sustainable agricultural production. We are committed to help build and support, human capability and capacity, across all our locations for a better future.

While sugar remains at the core of our activities, we

have evolved our operations to ensure we use all our raw materials as effectively as possible. We have a successful portfolio of downstream products, which utilize 99% of the outputs from our sugar making process; these products include ethanol and electricity.

The Joint Venture Company, Unicol, completed its expansion, and is now operating at its optimal capacity of 200,000 liters per day. The 24 tons per day CO₂ plant is also operational at full capacity. Both units are contributing towards the improved financial performance of the company. The Board of Directors of Unicol, has approved a further investment of Rs. 300 million to enhance the CO₂ capacity by 48 tons per day. After the expansion the total capacity of CO₂ business shall be 72 tons per day.

In line with our vision of diversification, and keeping in view the growing demand for electricity in the country, the company has decided to invest in a Bagasse based Power Generation Plant, Mirpurkhas Energy Limited. It is a fully owned subsidiary of Mirpurkhas Sugar. The planned capacity of the power project is around 26 MW. The Company has received the Letter of Intent (LOI) and is in the process of obtaining regulatory approvals from various government agencies. It is also in the process of arranging the funds for the project.

I firmly believe that our business is well placed for the competitive future, and this is reflected in our vision to be the most efficient sugar producer in the Pakistan. A Company, that is able to compete successfully in the domestic, and global marketplace. It is only possible by working in partnership with our people, growers, and customers, that we will deliver a successful and sustainable future. I take this opportunity to thank our shareholders, employees, financial institutions and all other stakeholders for their continued support and contribution in making Mirpurkhas a success story.

Karachi: November 17, 2016

Aslam Faruque
Chief Executive

Directors' Profile

Mr. Maqbool H.H. Rahimtoola

Chairman

Mr. Maqbool H. H. Rahimtoola has been on the Board of Director of both Pakistani and Multinational Companies quoted on the Pakistan Stock Exchange for many years, across industries such as pharmaceuticals, packaging, finance, textiles, paint, sugar, construction materials and industrial development.

In addition to his business background, Mr. Rahimtoola was the Technocrat Federal Minister for Commerce & of The Textile Industry in 2013, Govt. of Pakistan. He was also Technocrat Minister in the Caretaker Government of Sindh during 1996-7, for 11 Ministries simultaneously, and has served as Chairman of several Public Sector organizations and Multinational in Pakistan.

Over the years, Mr. Rahimtoola has been on many Committees of the Chambers of Commerce & Industry, Karachi, FPCCI, the Standards Institute of Pakistan and the Board of Investment (GOP).

Mr. Rahimtoola is a Member of the Petroleum Institute of Pakistan, was Leader of the Pakistan Business Delegation to the United Nations on occasions such as the UNCTAD/GATT Seminar in Hong Kong and was the Pakistan Representative to UNIDO/GATT World Packaging Conference. He

also received the International Trophy for Technology in Germany and received The Achievement Award in 2004 from the Overseas Graduates of Pakistan Club.

He led the Pakistan Delegation to Trade Minister's Conference, 'AIMS', in Dubai, 2013.

In his spare time, he has enjoyed nurturing cross cultural associations and has been Secretary General of the Pakistan Japan Cultural Association and the Pak-France Business Alliance and a Member of the Pak-Belgium Business Forum. He is also a former President of Drigh Road Lions Club & Adviser to Transparency International Pakistan.

He also lectured at the Air War College on Strategic Planning for Energy, and was Pro Chancellor of the Pakistan Fashion & Design Institute and Chairman of The Trade Development Authority of Pakistan 2013.

He graduated from McGill University Canada, in Business, before which he attended Westminster School London, and Karachi Grammar School, in Karachi, Pakistan.

He is the Chairman Berger Paints Pakistan Limited, Chairman Mirpurkhas Sugar Mills Limited, a Director of Dadex Eternit Limited. He is also the Managing Director of Bandenawaz (Pvt) Limited (Est 1958).



Mr. Aslam Faruque

Chief Executive

Mr. Aslam Faruque is a graduate from the USA, with a major in Marketing. He is the Chief Executive of Mirpurkhas Sugar Mills Ltd, Unicol Ltd, UniEnergy Ltd and Mirpurkhas Energy Ltd. He is on the Board of Directors of Cherat Packaging Ltd, Greaves Airconditioning (Pvt.) Ltd, Greaves Engineering Services (Pvt.) Ltd and Zensoft (Pvt.) Ltd. He also served as the Chairman of Pakistan Sugar Mills Association– Sindh Zone, and as Director of Sui Southern Gas Company Ltd, State Life Insurance Corporation of Pakistan as well as Pakistan Industrial Development Corporation.

Mr. Arif Faruque

Director

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters degrees in both Law and Business Administration from the USA. He is the Chief Executive of Faruque (Pvt.) Ltd as well as Madian Hydro Power Ltd. He is on the Board of Directors of Cherat Cement Company Ltd, Cherat Packaging Ltd, Zensoft (Pvt.) Ltd, UniEnergy Ltd and IGI Investment Bank Ltd. Besides the above, he is a member of the Board of Governors of Lahore University of Management Sciences.



Mr. Tariq Faruque

Director

Mr. Tariq Faruque graduated from Case Western Reserve University, USA. He holds a dual major in Economics and Political Science. He is a Director of Cherat Packaging Ltd, Faruque (Pvt.) Ltd, Greaves Airconditioning (Pvt.) Ltd, Greaves Engineering Services (Pvt.) Ltd, Zensoft (Pvt.) Ltd, Madian Hydro Power Ltd, Unicol Ltd and Mirpukhas Energy Ltd.

Mr. Tariq Faruque has served on Board of Directors of Oil and Gas Development Company Ltd., (OGDCL), Cherat Cement Company Ltd, and was a Member of the Board of Governors of Marie Adelaide Leprosy Centre (MALC). He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

Mr. Amer Faruque

Director

Mr. Amer Faruque is a Bachelor of Science (BS) in Business Administration majoring in Management / Marketing from Drake University, Des Moines, Iowa, USA. He is the Chief Executive of Cherat Packaging Ltd. He serves as a member of Board of Directors of Faruque (Pvt.) Ltd, Greaves Pakistan (Pvt.) Ltd, Greaves CNG (Pvt.) Ltd and Executive Director Marketing of Cherat Cement Co. Ltd. Mr. Amer Faruque is a member of the Centre of International Private Enterprise (CIPE) and in the past has served as a member of the Board of Governors of Ghulam Ishaq Khan (GIK) Institute of Engineering Sciences and Technology and Lahore University of Management Sciences. He is the Honorary Consul of Brazil in Peshawar.

Directors' Profile

Mr. Shehryar Faruque

Director

Mr. Shehryar Faruque is a graduate from Davis & Elkins College, Elkins, WV, USA. He is the Director Operations of Greaves Pakistan (Private) Ltd. He serves on the Boards of Directors of Cherat Cement Company Ltd, Cherat Packaging Ltd, Faruque (Pvt.) Ltd, Greaves CNG (Pvt.) Ltd, Zensoft (Pvt.) Ltd and Mirpurkhas Energy Ltd. Mr. Shehryar Faruque is also serving as Director of NBP Fullerton Asset Management Ltd, (NAFA) and Summit Bank Ltd.

Mr. Samir Mustapha Chinoy

Director

Mr. Samir M. Chinoy is currently serving as Director Sales and Marketing at International Steels Limited. Mr. Chinoy is a graduate of Babson College, USA with a Bachelors of Science in Finance and Entrepreneurship and a minor in Human Communication. Prior to International Steels Limited, Mr. Chinoy worked at Pakistan Cables, Deloitte & Touche, New York and Foothill Capital (a Wells Fargo Company), Boston.

Mr. Chinoy has served on the management committee of Landhi

Association of Trade and Industry and has held the position of Vice Chairman. In Addition to being a director of Mirpurkhas Sugar Mills Ltd, IIL Australia Pty Limited and International Steels Ltd, he is Chairman of The Amir Sultan Chinoy Foundation. Mr. Chinoy is a certified Director from the Pakistan Institute of Corporate Governance.

Mr. Yasir Masood

Director

Mr. Yasir Masood is a fellow member of the Institute of Chartered Accountants of Pakistan. He is a Certified Internal Auditor (CIA) and qualified Certified Information Systems Auditor (CISA). He is also a certified Director from Pakistan Institute of Corporate Governance. He is a Director of NBP Exchange Company Ltd. He is also serving on the Boards of Greaves Airconditioning (Pvt.) Ltd, Greaves CNG (Pvt.) Ltd, Greaves Engineering Services (Pvt.) Ltd and Mirpurkhas Energy Ltd.

He is the Executive Director and Chief Financial Officer of Cherat Cement Company Ltd, Cherat Packaging Ltd, Madian Hydro Power Ltd and Faruque (Pvt.) Ltd. He has been working and contributing in various committees of different Business forums.



Directors' Report to the Members

for the year ended September 30, 2016

The Board of Directors place before you the annual report of the Company together with the audited accounts for the year ended September 30, 2016.

INDUSTRY OVERVIEW

In the year 2015/16 sugarcane planted all over Pakistan stood at 1.13 million hectares, which produced 65.45 million tons of sugarcane. The country witnessed an increase in the area of sugarcane plantation due to non-attractive prices of competing crops. The country's total sugar production stood at 5.12 million tons. During the year 2015/16 total available sugar surged to 6.46 million tons (including a carryover stock of 1.35 million tons). Combined with last year's carry over stock, the production exceeded the annual domestic sugar requirement leaving a surplus of 1.76 million tons.

In order to support the sugar industry, the ECC in its meeting allowed export of 500,000 tons of sugar. The Government accorded cash support incentive of Rs. 13 per kg, in form incidental and freight subsidy to be equally shared by federal and provincial governments. On approval from federal government, the industry exported 253,908 metric tons of sugar during the year despite low international prices.

The government in the federal budget 2016/17 changed the indirect tax mode from FED to Sales tax and thereafter fixed the value of sugar at Rs 56 per kg, which now stands revised at Rs. 60 per kg for the purpose of levying sales tax. This tax is payable at the rate of 8 % for registered and 10 % for unregistered buyers. Fixation of value is a good step towards uniform and transparent tax collection throughout sugar industry.

Although the season started with depressed international sugar prices, during past few months the global sugar prices have rallied upwards. The global increase also impacted domestic prices and helped in improving bottom lines of the sugar industry as a whole. During the year the average sucrose recovery in Sindh was 10.65 % compared with 10.53 % in the previous year.



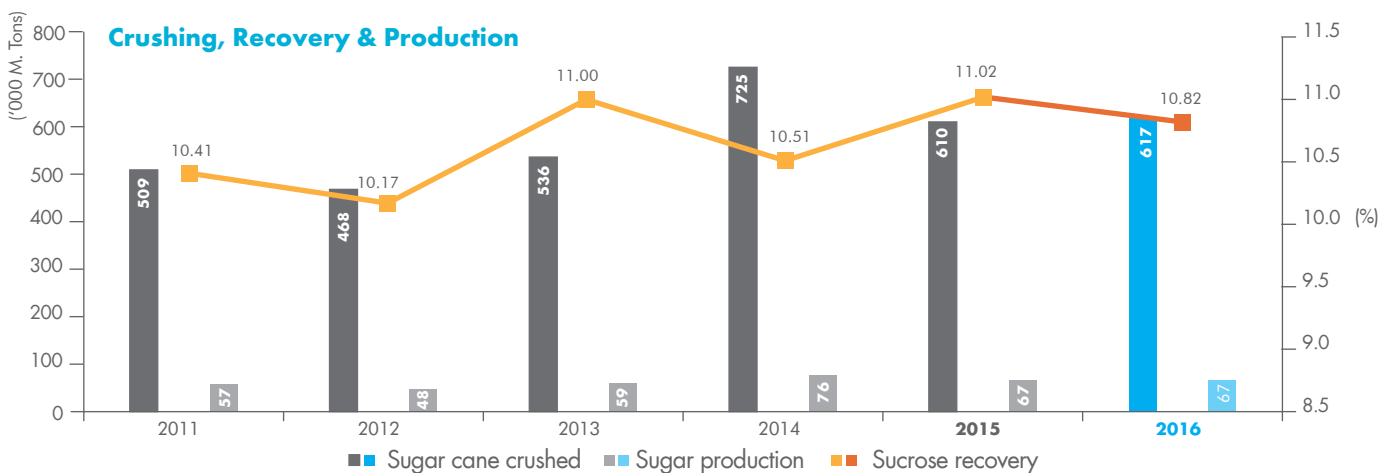
OPERATING PERFORMANCE

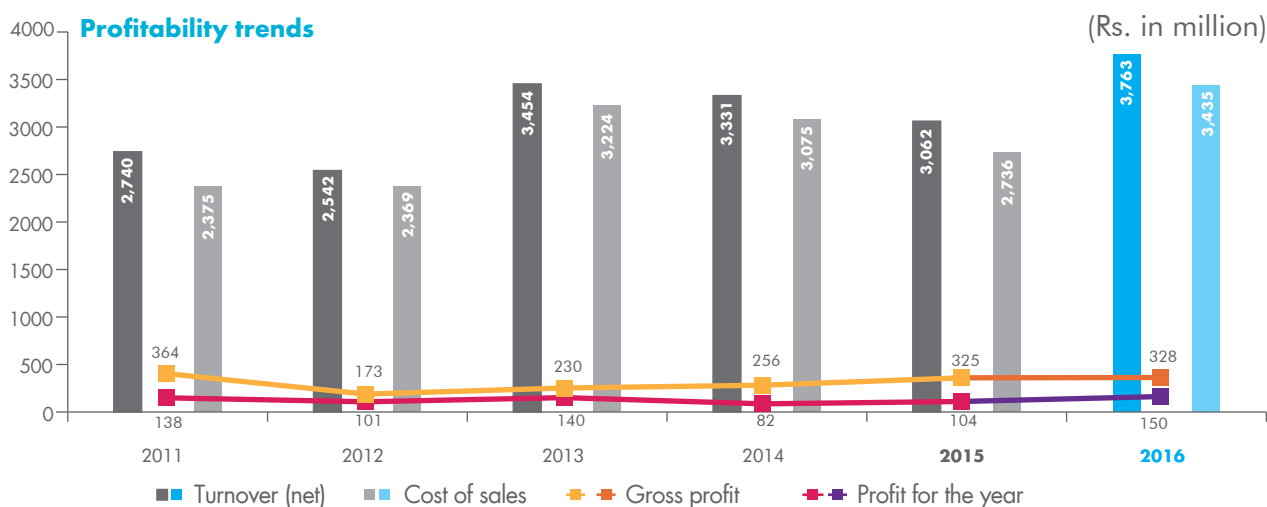
The crushing season 2015/16 lasted for 106 days compared to 113 days last season. Although Sindh Government had notified the price of sugarcane at Rs. 172 per maund for the season 2015/16, lower yields created a shortage of sugarcane crop in Sindh, which led to price competition amongst the sugar mills. This resulted in increase in cost of sugarcane and pushed up the production cost as compared to the same period last year. For the season, sucrose recovery was 10.82 % compared to 11.02 % during the preceding period. During the period under review, the company sold 71,341 metric tons of sugar compared with 64,442 metric tons sold last year. The company did not export sugar and opted to sell locally during the year due to unfavorable prices in the international market.

Key comparative data for the current year and that of previous year is as follows:

	2016	2015
Season start date	Nov 24, 2015	Dec 07, 2014
Days operated	106	113
Sugar cane crushed (metric tons)	616,716	609,569
Capacity utilization	78%	72%
Sugar production (metric tons)	66,753	67,175
Molasses production (metric tons)	28,325	28,570
Sucrose recovery	10.82%	11.02%
Sugar sold (metric tons)	71,341	64,442

- Season start date
- Days operated
- Sugar cane crushed (metric tons)
- Capacity utilization
- Sugar production (metric tons)
- Molasses production (metric tons)
- Sucrose recovery
- Sugar sold (metric tons)





FINANCIAL PERFORMANCE

During the year under review, the sales revenue of the company increased by Rs. 701 million i.e. 23% from last year. The rise in sales turnover was on account of increase in the quantity of sugar sold by the company coupled with improvement in the selling price. As mentioned earlier, the company sold 71,341 metric tons of sugar during the year against 64,442 metric tons sold last year. During the year, the company earned other income of Rs. 57.19 million from receipt of dividends from investments made in various shares and fair value adjustment of biological assets. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 105.09 million and adjusted its investment in the associate by the same amount. For the year under review, the company earned an after tax profit of Rs. 150.07 million.

Net sales
 Cost of sales
 Gross profit
 Other income
 Share of profit in associate
 Other expenses & taxes
 Profit for the year

	2016	2015
	(Rs. in million)	
	3,762.89	3,061.73
	3,434.74	2,736.33
	328.15	325.40
	57.19	41.95
	105.09	101.88
	(340.36)	(365.29)
	<u>150.07</u>	<u>103.94</u>

DIVIDEND

The Board of Directors of the Company at its meeting held on November 17, 2016 has proposed a final cash dividend @ Rs.5/- per share for the year ended September 30, 2016. The approval of members for the dividend will be obtained at the Annual General meeting to be held on December 30, 2016.

UNICOL LIMITED

The joint venture distillery project continues to operate efficiently at optimal capacity. Ethanol and CO₂ operations ran smoothly throughout the year. The profitability increased to Rs. 315.26 million for the year. The better performance was achieved due to improved margins in ISO and FCL sales coupled with reduction in financial charges due to low borrowing rates. The company has continued to build its molasses storage capacity to safeguard itself from molasses price fluctuations and retaining high quality molasses.

The distillery, during the year under review, exported 52,843 metric ton of ethanol and sold 5,869 metric ton of CO₂ locally. The management is confident that Unicol will bring further financial benefits to the company and its shareholders in the years to come.

The Board of Directors of Unicol has approved an investment of Rs. 300 million for a CO₂ plant of 48 tons per day. After the expansion, the total capacity of CO₂ business will be 72 tons per day.

UNIENERGY

UniEnergy Limited – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the company to meet the ongoing financial requirements for the project. In this regard, MSM has made an equity investment of Rs. 7.69 million following the approval of the shareholders.

Work on various approvals and studies is progressing steadily and land acquired has been registered in the name of the company. The last offered tariff had expired in June 2016 while the decision on the new tariff is awaited from NEPRA. Discussions on financial arrangement are also underway with the lead being awarded to Meezan Bank Limited.

MIRPURKHAS ENERGY- CO-GENERATION PROJECT

In line with its vision for diversification and keeping in view the growing demand for electricity in the country, the company has decided to invest in a Bagasse based power generation company by the name of Mirpurkhas Energy Limited. It is a wholly owned subsidiary of MSM. The planned capacity of the power project will be around 26 MW. The company has received the Letter of Intent (LOI) and is in the process of obtaining regulatory approvals from various government agencies. Furthermore, it is also in the process of arranging funding for the project.

CORPORATE SOCIAL RESPONSIBILITY

The Company actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan. In the past, the company also participated in the relief effort when several parts of the country were hit by unprecedented floods, which caused wide spread devastation to the lives and properties of the people.

SAFETY, HEALTH AND ENVIRONMENT

Being a responsible corporate citizen, the company remained committed to continuous improvement in Health and Safety aspects. The production facility remained fully compliant with industry standards and safety requirements. Furthermore, the company strongly believes in its environmental responsibilities and has been taking measures on an ongoing basis to improve the same.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- The company has been declaring regular dividends to its shareholders.
- There is nothing outstanding against your company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on September 30, 2016.

• Provident Fund	Rs. 376.50 million
• Gratuity Fund	Rs. 285.75 million

- During the year, five meetings of the Board of Directors were held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Maqbool H.H. Rahimtoola	4
Mr. Aslam Faruque	5
Mr. Arif Faruque	4
Mr. Shehryar Faruque	3
Mr. Amer Faruque	3
Mr. Tariq Faruque	5
Mr. Samir Mustapha Chinoy	3
Mr. Yasir Masood	5

- During the year, four meetings of the Audit Committee were held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Yasir Masood	4
Mr. Maqbool H.H. Rahimtoola	3
Mr. Tariq Faruque	4
Mr. Samir Mustapha Chinoy	1

- During the year, one meeting of the Human Resource and Remuneration Committee was held. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Arif Faruque	1
Mr. Aslam Faruque	1
Mr. Amer Faruque	1

- Pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Directors, CFO and Company Secretary and their spouses and minor children during the year except for purchase of 7,000 shares by Mr. Aslam Faruque (Chief Executive).
- Earning per share for the year is Rs. 12.23 per share compared to Rs. 8.47 per share last year.

CONTRIBUTION TO NATIONAL EXCHEQUER

The company contributed over Rs.408 million to the Government treasury in shape of taxes, excise duty, income tax and sales tax.

FUTURE PROSPECTS

Initial survey by provincial governments for Punjab, Sindh and KPK for the year 2016/17 have indicated the sugarcane crop area of 1.22 million hectares compared to 1.13 million hectares in year 2015/16 indicating an 8% increase in area for crop cultivation. While production of sugarcane is estimated at 70.35 million tons compared to 65.45 million tons in year 2015/16. Considering this factor we expect that total production of sugar will be slightly higher compared to last year. Healthy sugar prices internationally and locally will favor both millers and farmers in the forthcoming season. Mirpurkhas Sugar continues to work in sugar cane development in all of its operational areas. We have hired professional consultants and trained staff to carry out sugarcane development at company farms for improved varieties and to address issues faced by farmers related to cultivation, seed selection and diseases. It is the company's long term goal to train and develop the skills of the farmers with modern farming techniques that will enhance yields in the future.

Considering the higher production and carryover stocks of 2015/16, it is expected that the country will have a surplus sugar stocks. Since the prices in the international markets have improved, the government should allow timely sugar export to earn valuable foreign exchange and ease the burden of cane payments. The government is also requested to immediately release freight subsidy on export of sugar which is due since 2012-13.

Work on the High Pressure Cogeneration Power Project is continuing and the Letter of Intent (LOI) has been granted to the Company. We are in the process of obtaining regulatory approvals from various governmental agencies and we are in discussions with various financial Institutions for funding the project.

Unicol Limited continues to operate smoothly and the new 48 tons per day CO₂ Plant has been ordered and civil work started. The Plant is expected to be commissioned in February, 2017.

AUDITORS

The present auditors M/s. Kreston Hyder Bhimji and Co. (Chartered Accountants) retire and being eligible, offer themselves for reappointment.

ACKNOWLEDGMENT

We would like to thank all the financial institutions having business relationship with us and our customers for their continued support and cooperation. We would also like to share our deepest appreciation for our staff for their dedication, loyalty and hard work.

For and on behalf of the Board of Directors

Maqbool H. H. Rahimtoola
Chairman

Karachi: November 17, 2016

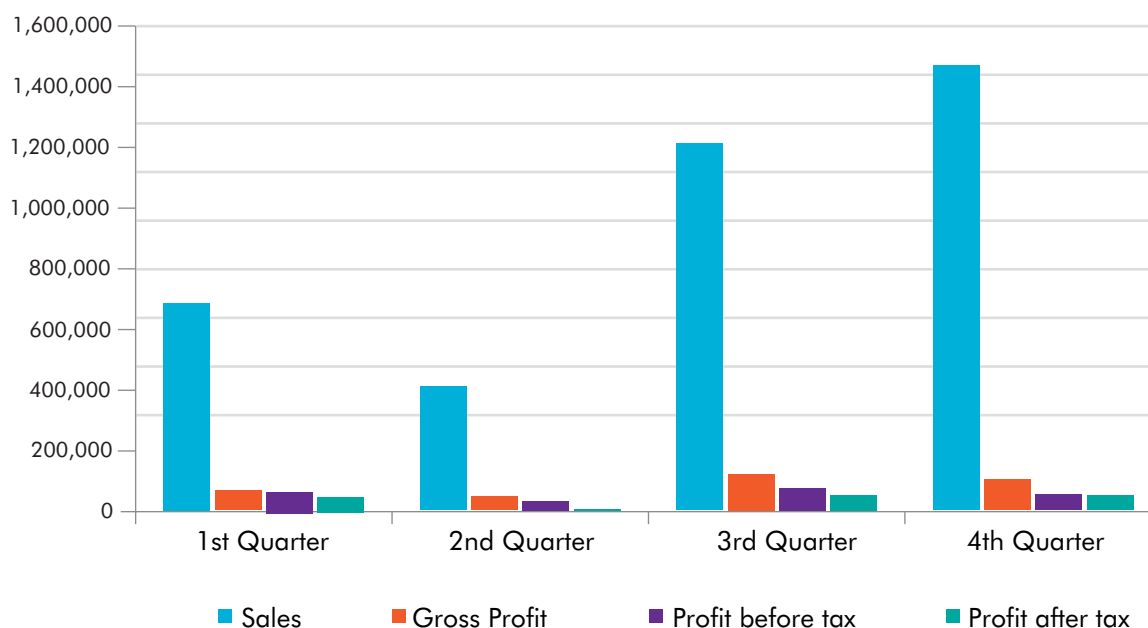
Quarterly Performance Analysis

Particulars

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	(Rupees in '000)				
Turnover-net	683,375	407,386	1,207,045	1,465,086	3,762,892
Cost of sales	(619,008)	(363,107)	(1,087,755)	(1,364,867)	(3,434,737)
Gross profit	64,367	44,279	119,290	100,219	328,155
Distribution cost	(1,515)	(2,383)	(2,061)	(3,107)	(9,066)
Administrative expenses	(27,143)	(32,554)	(18,470)	(34,121)	(112,288)
Other operating expenses	(3,364)	438	(3,605)	(3,790)	(10,321)
	(32,022)	(34,499)	(24,136)	(41,018)	(131,675)
Other income	32,800	19,088	(4,602)	9,908	57,194
Operating profit	65,145	28,868	90,552	69,109	253,674
Finance cost	(22,250)	(39,260)	(44,601)	(27,091)	(133,202)
	42,895	(10,392)	45,951	42,018	120,472
Share of profit in an associate	27,361	41,306	27,346	9,075	105,088
Profit before taxation	70,256	30,914	73,297	51,093	225,560
Taxation	(19,972)	(30,541)	(22,869)	(2,109)	(75,491)
Profit after tax	50,284	373	50,428	48,984	150,069

Profitability Trend

(Rupees in '000)





Comments on Quarterly Performance Analysis

Quarter 1

- Turnover was on lower side during the quarter due to depressed selling prices in local market as a result of start of sugar production for the season 2015-16.
- Cost of sales was higher due to increase in sugar cane support price fixed by the Government for the season 2015-16 plus competition among sugar mills due to shortage of sugar cane crop.

Quarter 2

- Turnover decreased by 40% as compared to Q1 due to lower demand of sugar in the local market coupled with depressed selling price of sugar.
- Cost of sales per ton decreased due to improved final recovery for the season 2015-16.
- Gross profit margin improved due to decrease in cost of sales per ton during the Q2.

Quarter 3

- Turnover increased significantly as compared to Q2 due to increase in demand of sugar in local market and improvement in selling price of sugar.
- Cost of sales increased due to the impact of labour and factory overhead.
- Gross profit and operating profit margin increased.

Quarter 4

- Turnover increased by 21% as compared to Q3 as the Company sold 90% of its balance stocks of sugar.
- Cost of sales increased due to the impact of labour and factory overhead/off season repair and maintenance.
- Operating profit decreased due to increase in Administrative expenses and net profit increased due to decrease in taxation.



Quality Management

Mirpurkhas Sugar Mills (MSM) is focused to produce high quality food grade sugar by the implementation of comprehensive integrated Quality and Food Safety Management System.

Our Quality and Food Safety Management Process includes

- Designed installation, operational and performance qualification as part of Quality Assurance.
- Manufacturing Process Validation & Testing Methods Validations as part of Quality Assurance.
- Accurate testing of incoming materials raw / packaging, in-process, final product and performing stability studies etc.
- Implementation of current Good Manufacturing Practices (cGMP) w.r.t. housekeeping at mill and process house, yards and godowns, workers hygiene, pest management and documentation.
- Formal Risk Assessment before any Change and Change Control Mechanism during Change Implementation.
- Monitoring of testing process as per GLP guidelines.
- Monitoring of whole sugar manufacturing process against the standard of cGMP.
- Use of Statistical Process Control Tools to monitor the process capability of manufacturing process.

The consistency of performance across the sugar manufacturing is vital for our customers; hence, reliability of our testing of raw materials, in process and final product is a part of manufacturing Quality Assurance activity.



Quality Management System Work Facilities

- Sugar cane quality control laboratory focuses on the quality of sugar cane, testing of sugar cane against each arrival and performing source / field inspection frequently during the sugar cane growing season.
- Process Control laboratory / Main laboratory focuses on the manufacturing activity, testing of raw materials, each step of in process and final product.
- Quality Assurance monitors the entire operational activity through process parameters and product attributes, focused on stability studies, validations, handling customer complaint and investigating all deviations with the coordination of main laboratory, process and mill house.
- For integrity of data ERP-SAP & Oracle is used for controlled data recording and reports generation.

Major Achievements

- Consistency in the production of high quality white refined Sugar.
- Increased productivity by supporting development work of high quality sugar cane in the operational area.
- Decreased losses of in-process and finished materials by effective support during manufacturing activity.
- Improved the efficiency of plant by close monitoring and comparing the performance indicators.

Mirpurkhas Sugar Mills have human resource in the area of Quality Control and Assurance comprising of academic qualifications from science graduates to Masters and remarkable experience of sugar manufacturing.

Horizontal Analysis - Last six years



	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Balance Sheet				
Assets				
Non current assets	2,789,570	19	2,347,034	8
Current assets	2,472,894	31	1,889,474	79
Total Assets	5,262,464	24	4,236,508	31
Equity & Liabilities				
Shareholders equity	2,384,904	41	1,689,581	57
Surplus on revaluation of fixed assets	555,749	-	555,749	(3)
Non current liabilities	856,347	11	773,235	38
Current liabilities	1,465,464	20	1,217,943	19
Equity & Liabilities	5,262,464	24	4,236,508	31
Turnover & Profit				
Turnover-net	3,762,892	23	3,061,737	(8)
Gross profit	328,155	1	325,405	27
Operating profit	253,674	28	198,588	6
Profit before taxation	225,560	53	147,597	73
Profit for the year	150,069	44	103,940	26

Comments on Horizontal Analysis:

Balance Sheet

Non current assets increased over the years due to expansion work carried out in plant.

Current asset majorly increased due to increase in market value of short term investments in listed securities.

Shareholder's equity increased in 2016 due to increase in profit for the year, higher fair value gain on available for sale securities & actuarial gain on defined benefit plan.

2014		2013		2012		2011	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
2,178,662	22	1,787,325	9	1,640,534	38	1,187,555	20
1,055,989	44	731,058	(34)	1,100,948	(13)	1,267,112	153
<u>3,234,651</u>	<u>28</u>	<u>2,518,383</u>	<u>(8)</u>	<u>2,741,482</u>	<u>12</u>	<u>2,454,667</u>	<u>65</u>
1,079,395	20	902,951	27	713,537	44	495,699	30
574,015	103	282,552	-	282,552	63	173,056	-
561,916	(24)	735,956	7	687,089	16	592,785	75
1,019,325	71	596,924	(44)	1,058,304	(11)	1,193,127	101
<u>3,234,651</u>	<u>28</u>	<u>2,518,383</u>	<u>(8)</u>	<u>2,741,482</u>	<u>12</u>	<u>2,454,667</u>	<u>65</u>
3,330,536	(4)	3,454,478	36	2,541,537	(7)	2,739,671	(3)
255,622	11	230,299	33	173,036	(53)	364,374	5
187,461	52	123,496	66	74,560	(72)	270,778	7
85,077	(28)	117,467	7	109,696	(35)	168,294	8
82,184	(41)	139,528	38	101,128	(27)	137,714	63

Non current liabilities increased due to increase in long term financing and deferred taxation on timing difference of depreciation and long term investments.

Profit and Loss Account

Operating profit increased over the years due to increase in sale quantum, lower production cost and improved contribution margin.

Profit after taxation showed an upward trend in 2016 due to better margins, lower financial cost and improved other income along with contribution from JV distillery operations.

Vertical Analysis - Last six years

	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Balance Sheet				
Assets				
Non current assets	2,789,570	53	2,347,034	55
Current assets	2,472,894	47	1,889,474	45
Total Assets	5,262,464	100	4,236,508	100
Equity & Liabilities				
Shareholders equity	2,384,904	45	1,689,581	40
Surplus on revaluation of fixed assets	555,749	11	555,749	13
Non current liabilities	856,347	16	773,235	18
Current liabilities	1,465,464	28	1,217,943	29
Equity & Liabilities	5,262,464	100	4,236,508	100
Turnover & Profit				
Turnover-net	3,762,892	100	3,061,737	100
Gross profit	328,155	9	325,405	11
Operating profit	253,674	7	198,588	6
Profit before taxation	225,560	6	147,597	5
Profit for the year	150,069	4	103,940	3

Comments on Vertical Analysis:

Balance Sheet

Both class of assets i.e. current and non-current have maintaining their percentage in the total class of assets. However, current assets have improved by 30% as compared to last year mainly due to higher prices of listed securities. Whereas 18% increase in non-current assets is due to capital asset and JV projects shown as part of long term investment.

The significant improvement of equity by 41% compared to last year and 5% increase in the total price of equity and liabilities is mainly due to unrealised capital gain in listed stocks along with actuarial gain registered in

2014		2013		2012		2011	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
2,178,662	67	1,787,325	71	1,640,534	60	1,187,555	48
1,055,989	33	731,058	29	1,100,948	40	1,267,112	52
<u>3,234,651</u>	<u>100</u>	<u>2,518,383</u>	<u>100</u>	<u>2,741,482</u>	<u>100</u>	<u>2,454,667</u>	<u>100</u>
1,079,395	33	902,951	36	713,537	26	495,699	20
574,015	18	282,552	11	282,552	10	173,056	7
561,916	17	735,956	29	687,089	25	592,785	24
1,019,325	32	596,924	24	1,058,304	39	1,193,127	49
<u>3,234,651</u>	<u>100</u>	<u>2,518,383</u>	<u>100</u>	<u>2,741,482</u>	<u>100</u>	<u>2,454,667</u>	<u>100</u>
3,330,536	100	3,454,478	100	2,541,537	100	2,739,671	100
255,622	8	230,299	7	173,036	7	364,374	13
187,461	6	123,496	4	74,560	3	270,778	10
85,077	3	117,467	3	109,696	4	168,294	6
82,184	2	139,528	4	101,128	4	137,714	5

defined benefit plan. Although, the total bottom line refer an increase of 24%. However, both current and non-current liabilities remained more or less within the same percentage of total equity and liability.

Profit and Loss Account

Owing to higher sugar cane price and lower recovery, GP margin has gone down by 2% on year-to-year basis. However, operating profit has improved due to better other income sources and lower interest/markup rates during the year.

Six Years Statistics

Production Data

	2016	2015	2014	2013	2012	2011
Sugarcane crushed (M. Tons)	616,716	609,569	725,210	535,963	467,734	509,204
Sucrose recovery (%)	10.82	11.02	10.51	11.00	10.17	10.41
Sugar production (M. Tons)	66,753	67,175	76,228	58,920	47,566	56,681
Molasses production (M. Tons)	28,325	28,570	35,100	25,680	24,500	26,350

Sales & Profitability

	(Rupees `000)					
Turnover - net	3,762,892	3,061,737	3,330,536	3,454,478	2,541,537	2,739,671
Cost of sales	3,434,737	2,736,332	3,074,914	3,224,179	2,368,501	2,375,297
Gross profit	328,155	325,405	255,622	230,299	173,036	364,374
Operating profit	253,674	198,588	187,461	123,496	74,560	270,778
Profit before taxation	225,560	147,597	85,077	117,467	109,696	168,294
Profit for the year	150,069	103,940	82,184	139,528	101,128	137,714

Financial Position

Fixed assets - net	2,036,694	1,682,179	1,614,501	1,280,879	1,263,593	967,920
Other non-current assets	752,876	664,855	564,161	506,446	376,941	219,635
A	2,789,570	2,347,034	2,178,662	1,787,325	1,640,534	1,187,555
Current assets	2,472,894	1,889,474	1,055,989	731,058	1,100,948	1,267,112
Current liabilities	(1,465,464)	(1,217,943)	(1,019,325)	(596,924)	(1,058,304)	(1,193,127)
Working capital	B 1,007,430	671,531	36,664	134,134	42,644	73,985
Capital employed	(A+B) 3,797,000	3,018,565	2,215,326	1,921,459	1,683,178	1,261,540
Less: Non current liabilities	(856,347)	(773,235)	(561,916)	(735,956)	(687,089)	(592,785)
Surplus on revaluation of fixed assets	(555,749)	(555,749)	(574,015)	(282,552)	(282,552)	(173,056)
Shareholders' equity	2,384,904	1,689,581	1,079,395	902,951	713,537	495,699
Represented by:						
Share capital	122,682	122,682	122,682	111,529	96,982	84,332
Reserves	2,262,222	1,566,899	956,713	791,422	616,555	411,367
	2,384,904	1,689,581	1,079,395	902,951	713,537	495,699

Performance Indicators

Profitability Ratios

Gross profit ratio (%)	8.72	10.63	7.68	6.67	6.81	13.30
Net profit to sales (%)	3.99	3.39	2.47	4.04	3.98	5.03
EBITDA margin to sales (%)	8.43	8.54	7.44	5.23	5.01	11.37
Operating leverage ratio (times)	2.09	1.18	(0.13)	6.00	6.06	(1.55)
Return on equity (%)	6.29	6.15	7.61	15.45	14.17	27.78
Return on capital employed (%)	11.86	13.18	15.32	16.38	19.35	35.45

Liquidity Ratios

Current ratio (times)	1.69	1.55	1.04	1.22	1.04	1.06
Quick/ acid test ratio (times)	1.37	1.07	0.56	0.72	0.30	0.19
Cash to current liabilities (times)	0.01	0.05	0.02	0.02	0.02	0.01
Cash flow from operations to sales (times)	0.10	0.02	0.05	0.03	0.09	0.03

Activity/ Turnover Ratios

Inventory turnover ratio (times)	11.34	8.28	16.06	8.73	3.12	4.69
No. of days in inventory (days)	32.18	44.11	22.73	41.82	116.88	77.79
Debtor turnover ratio (times)	14.34	14.66	12.51	28.56	33.52	25.75
No. of days in receivables (days)	25.46	24.89	29.17	12.78	10.89	14.18
Creditor turnover ratio (times)	15.50	24.37	44.23	21.12	15.39	23.34
No. of days in creditors (days)	23.55	14.98	8.25	17.28	23.72	15.64
Total assets turnover ratio (times)	0.72	0.72	1.03	1.37	0.93	1.12
Fixed assets turnover ratio (times)	1.85	1.82	2.06	2.70	2.02	2.84
Operating cycle (days)	8.63	29.13	14.48	24.54	93.16	62.15

Investment/ Market Ratios

Earnings per share - basic ** (rupees)	12.23	8.47	6.70	11.37	8.24	11.23
Price earning ratio ** (times)	14.34	10.03	9.20	3.87	5.25	4.80
Dividend yield ratio (%)	2.85	4.12	4.38	2.27	3.47	4.64
Dividend payout ratio (%)	40.88	41.31	40.30	7.99	14.38	15.31
Dividend cover ratio (times)	2.45	2.42	2.48	12.51	6.95	6.53
Cash dividend per share* (rupees)	5.00	3.50	2.70	-	-	1.00
Stock dividend* (%)	-	-	-	10.00	15.00	15.00
Market price per share:						
- Closing (Rupees)	175.40	85.00	61.62	44.00	43.26	53.88
- High (Rupees)	176.30	85.90	82.50	54.00	52.50	57.00
- Low (Rupees)	72.25	48.50	41.30	31.05	27.00	39.51
Break-up value per share**:						
- With revaluation surplus (Rupees)	239.70	183.02	134.77	96.63	81.19	54.51
- Without revaluation surplus (Rupees)	194.40	137.72	87.98	73.60	58.16	40.41

Capital Structure Ratios

Financial leverage ratio (times)	0.57	0.70	0.54	0.49	0.43	0.51
Weighted average cost of debt (%)	7.02	8.68	10.89	10.25	12.76	14.31
Debt to equity ratio	36:64	41:59	35:65	33:67	30:70	34:66
Interest cover ratio (times)	2.69	1.97	1.55	1.87	1.82	2.16

* post balance sheet event

**restated, based on weighted average number of ordinary shares in issue



Comments on Performance Indicators

Profitability Ratios

Profitability ratios remained positive. This is due to cost effective measures taken by the management and efficient milling operations.

The profitability of the Company is affected by the yearly increase in sugar cane support price by the Government, which forms 85% of the total cost of production. This has made it difficult to remain cost competitive in running business operations. However, effective and efficient strategic management policies combined with improved selling prices in the last quarter helped the Company to earn sustainable profits.

Liquidity Ratios

Increase in the cost of doing business, i.e. consistent yearly increase in sugar cane support price has created problems in running smooth business operations. However, due to effective working capital management, the Company has maintained positive trend and improved current ratios for the last three years.

Activity/ Turnover Ratios

Activity/ turnover ratios were maintained at a positive level by improvement in inventory management and operating cycle.

Investment/ Market Ratio

Investment / Market ratios reflect the performance of the Company. The Company operated positively by ensuring positive earnings per share for its shareholders. The Company's sustainable operational profits and the pursuit of diversification objectives in business operations have resulted in significant improvement in the share price as compared to last year.

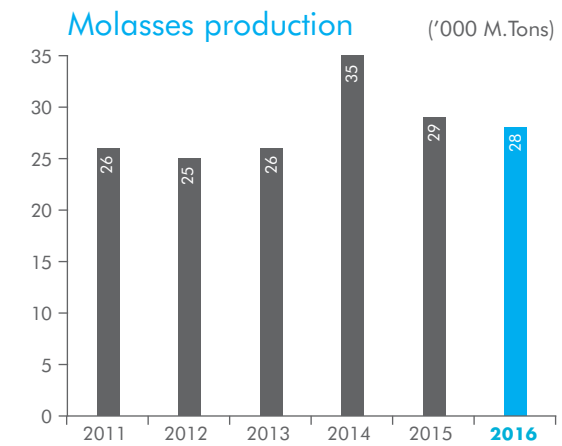
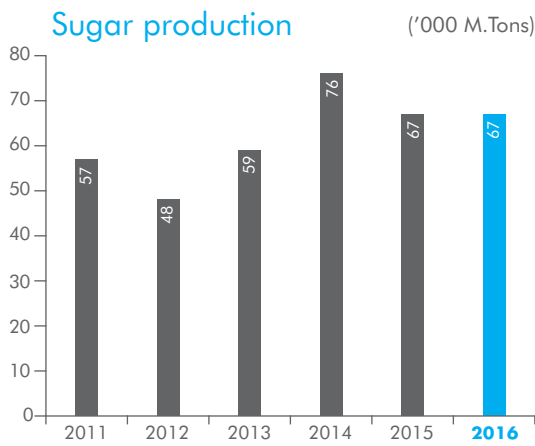
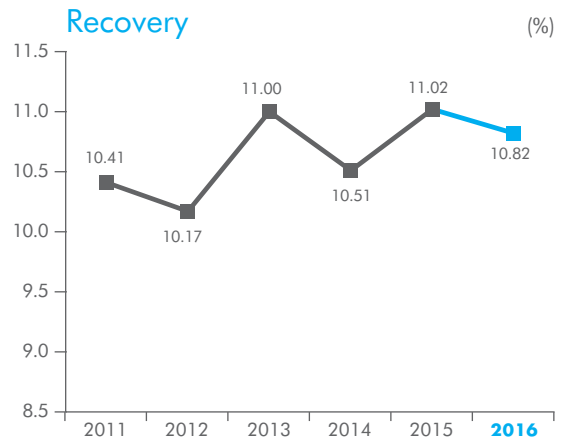
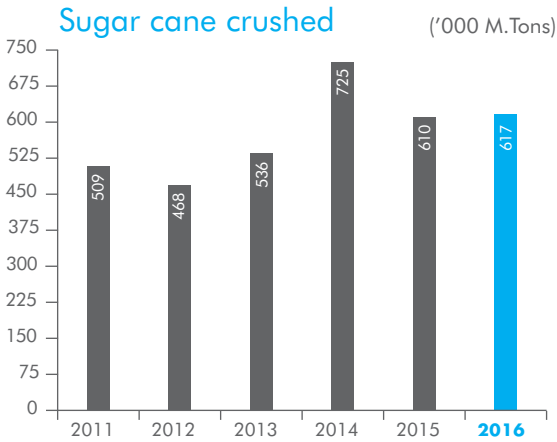
Capital Structure Ratio

By obtaining bank financing at very competitive rates, the Company effectively managed its gearing. This resulted in decrease in financial charges and weighted average cost of debt of the Company.

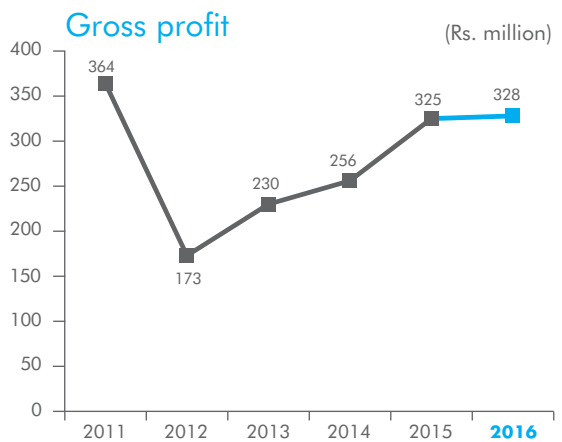
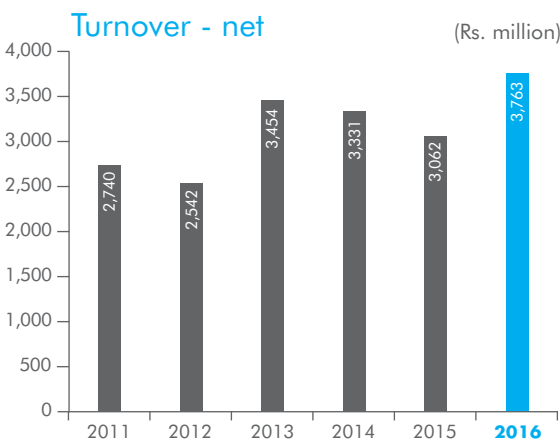


Key Operating Highlights

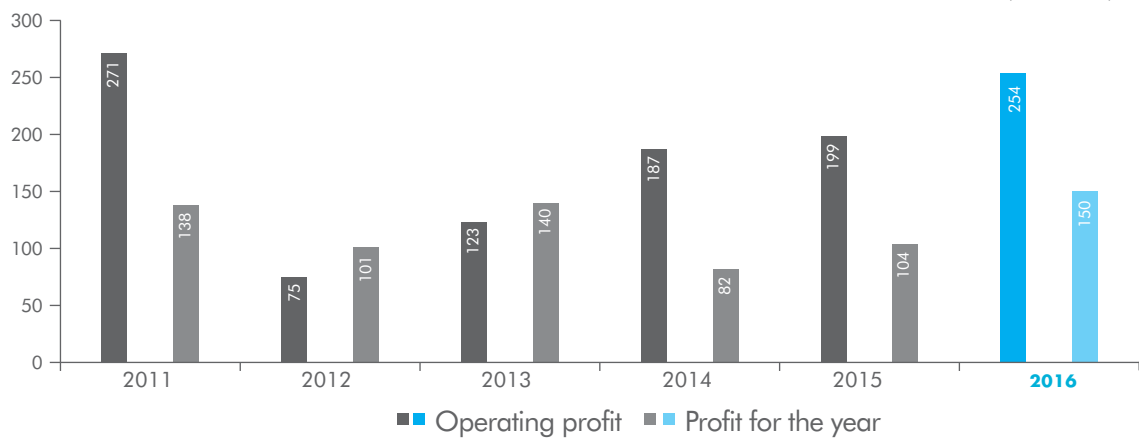
Production Highlights



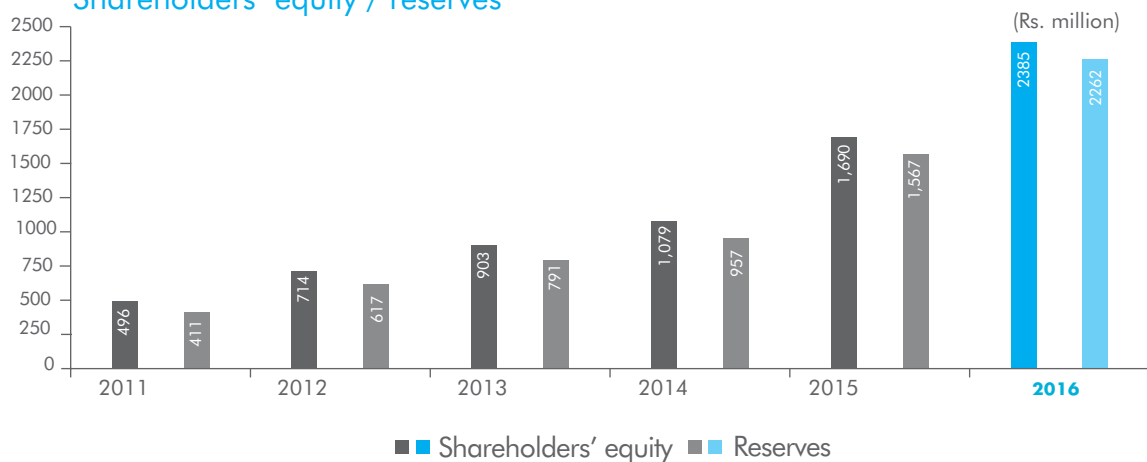
Financial Highlights



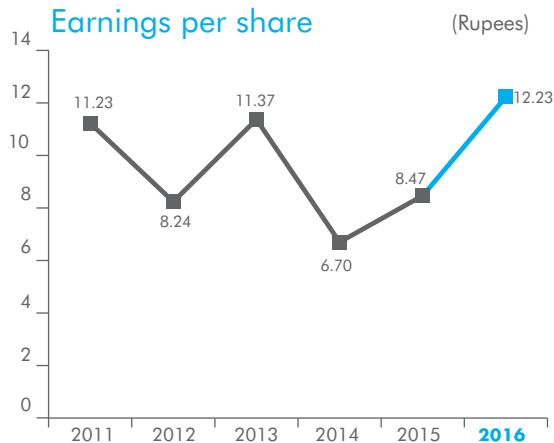
Operating profit / profit for the year



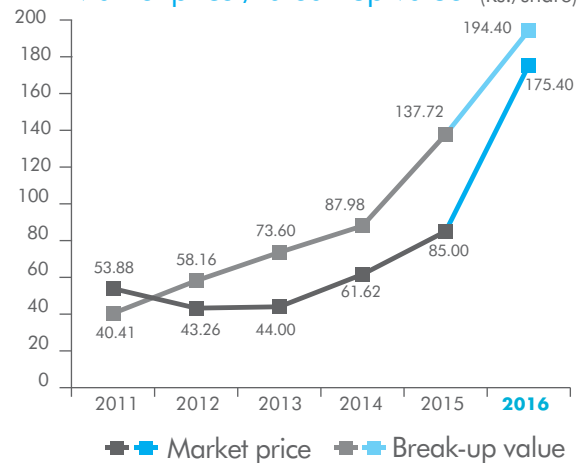
Shareholders' equity / reserves



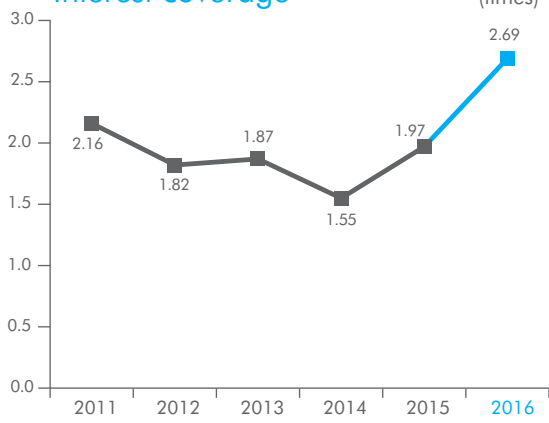
Earnings per share



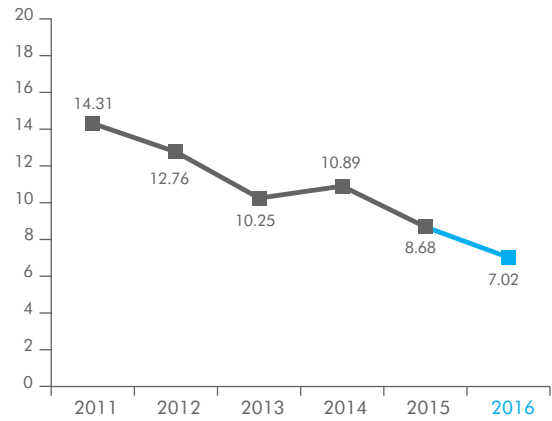
Market price / break-up value



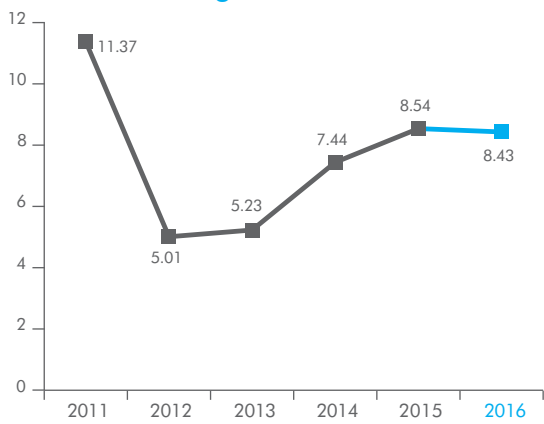
Interest coverage (times)



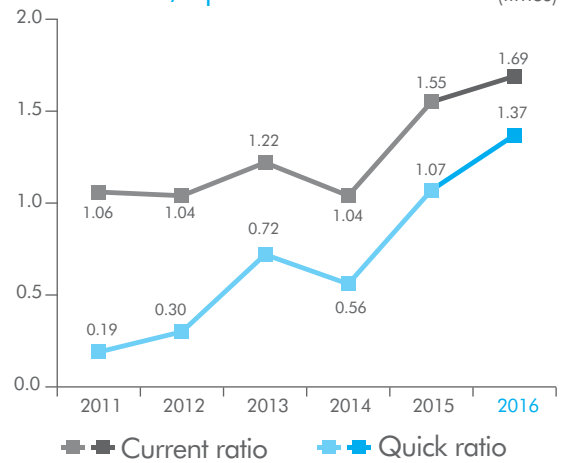
Weighted average cost of debt (%)



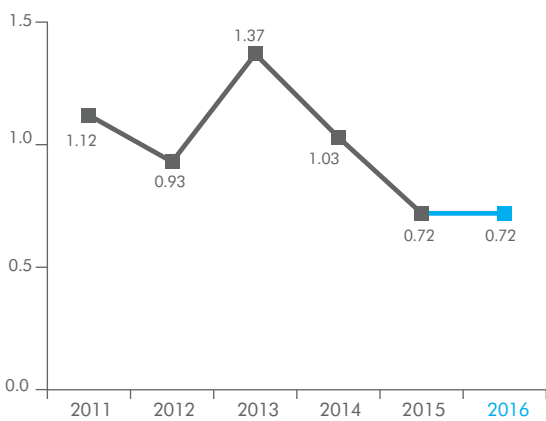
EBITDA margin to turnover (%)



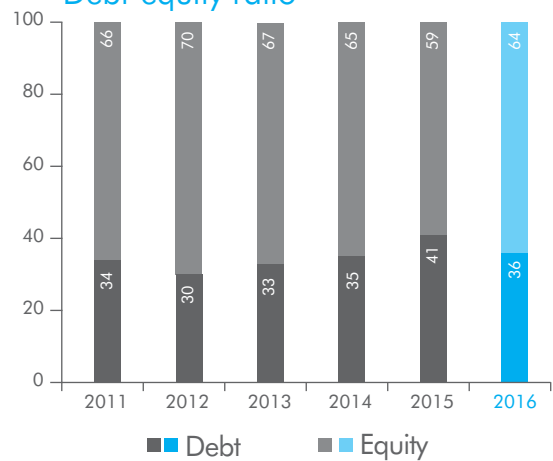
Current / quick ratio (times)



Total assets turnover ratio (times)



Debt-equity ratio





Summary of Cash Flow Statement - Last six years

	2016	2015	2014	2013	2012	2011
Summary of Cash flows	(Rupees in `000)					
Net cash generated from operating activities	374,186	47,568	155,756	110,000	509,525	79,741
Net cash used in investing activities	(379,821)	(141,856)	(70,990)	(71,920)	(224,006)	(212,659)
Net cash generated from / (used in) financing activities	(29,488)	130,105	(75,921)	(43,063)	(284,693)	117,417
Change in cash and cash equivalents	(35,123)	35,817	8,845	(4,983)	826	(15,501)
Cash and cash equivalents - beginning of the year	56,156	20,339	11,494	16,477	15,651	31,152
Cash and cash equivalents - Year end	<u>21,033</u>	<u>56,156</u>	<u>20,339</u>	<u>11,494</u>	<u>16,477</u>	<u>15,651</u>



DuPont Analysis

2016

**Operating
Profit
Margin**

6.74%

**Asset
Turnover**

0.79%

**Equity
Multiplier**

2.21%



RoE

11.79%

2015

**Operating
Profit
Margin**

6.49%

**Asset
Turnover**

0.93%

**Equity
Multiplier**

2.51%



RoE

15.06%

Statement of Value Addition

Wealth Generated

Gross Sales	4,051,414
Material and services	(3,170,577)
Other income	57,194
Share of profit in an associate	105,088
	<u>1,043,119</u>

Wealth Distributed

EMPLOYEES REMUNERATION

GOVERNMENT AS:

Direct & Indirect taxes
Workers' Funds

CHARITY & DONATIONS

SHAREHOLDERS AS DIVIDEND

Cash dividend**

FINANCE COST

RETAINED IN BUSINESS

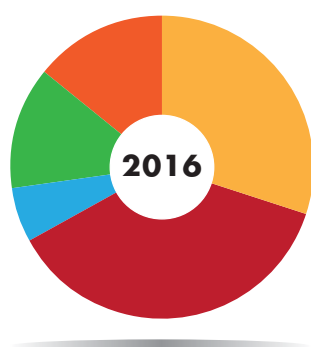
Depreciation & Amortization

Retained profit

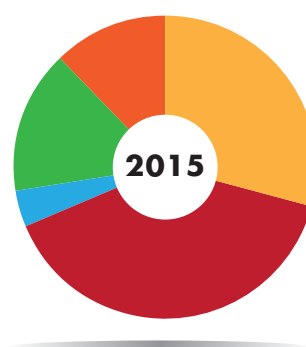
	2016		2015	
	(Rupees ` 000)			
	4,051,414		3,391,477	
	(3,170,577)		(2,535,668)	
	880,837		855,809	
	57,194		41,951	
	105,088		101,878	
	<u>1,043,119</u>		<u>999,638</u>	
EMPLOYEES REMUNERATION	308,316	30%	293,759	29%
Direct & Indirect taxes	378,517		382,117	
Workers' Funds	8,929		3,390	
	387,446	37%	385,507	39%
	394	*	694	*
Cash dividend**	61,341	6%	42,939	4%
FINANCE COST	133,202	13%	152,869	15%
Depreciation & Amortization	63,692		62,869	
Retained profit	88,728		61,001	
	152,420	14%	123,870	12%
	<u>1,043,119</u>	100%	<u>999,638</u>	100%

* negligible

** post balance sheet event



Distribution



	Employees	Government	Shareholders	Finance cost	Retained in business
2016	30%	37%	6%	13%	14%
2015	29%	39%	4%	15%	12%

Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.23 of Listing Regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance 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. Samir Mustapha Chinoy
Executive Directors	Mr. Aslam Faruque Mr. Tariq Faruque
Non-Executive Directors	Mr. Shehryar Faruque Mr. Arif Faruque Mr. Amer Faruque Mr. Maqbool H. H. Rahimtoola (NIT) Mr. Yasir Masood

The independent director meets the criteria of independence under clause 5.19.1. (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met atleast once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of Mirpurkhas Sugar Mills Ltd. are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Further, an orientation course for Directors was arranged by the Company to apprise Directors of their duties and responsibilities. Three Directors of the Company are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 Code of Corporate Governance.

15. The board has formed an Audit Committee. It comprises of four members, two of whom are Non-Executives Directors and one Independent Director.
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 a Human Resource and Remuneration Committee. It comprises three members of whom two are non-executive directors. The chairman of the committee is a Non Executive Director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the 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 Code of Corporate Governance have been complied with.
24. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

For and on behalf of the Board of Directors

Maqbool H.H. Rahimtoola
Chairman

Karachi: November 17, 2016

Statement of Compliance with the Best Practices of Transfer Pricing

The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulations of the Pakistan Stock Exchange.

For and on behalf of the Board of Directors

Maqbool H.H. Rahimtoola
Chairman

Karachi: November 17, 2016



Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance



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

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

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

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

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

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohammad Hanif Razzak

Karachi: November 17, 2016

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Glossary of Terms

AGM:

A mandatory, public yearly gathering of a publicly traded company's executives, directors and interested shareholders.

HS&E:

Health, Safety and Environment.

EBITDA:

Earnings before Interest, Taxes, Depreciation and Amortization.

Return on Equity (ROE):

The value found by dividing the Company's net income by its net assets (ROE measures the amount a company earns on investments).

Current Ratio:

The current ratio indicates a company's ability to meet short-term debt obligations.

Acid Test Ratio:

The ratio of liquid assets to current liabilities.

Earnings Per Share:

Earnings found by dividing the net income of the Company by the number of shares of common outstanding stock.

Price-Earnings Ratio (P/E):

The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Dividend Payout Ratio:

The ratio found by dividing the annual dividends per share by the annual earnings per share.

Financial leverage Ratio:

The ratio found by dividing total debt by the equity held in stock. This is a measure of financial risk.

IASB:

International Accounting Standards Board.

IFRS:

International Financial Reporting Standard.

IFRIC:

International Financial Reporting Issues Committee.

Amortization:

To charge a regular portion of an expenditure over a fixed period of time.

Joint Venture:

A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

KIBOR:

Karachi Inter Bank Offer Rate.

Spread:

Rate charged by the bank over KIBOR.

Gearing Ratio:

Compares some form of owner's equity (or capital) to borrowed funds.

Auditors' Report to the Members



We have audited the annexed Balance Sheet of MIRPURKHAS SUGAR MILLS LIMITED 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 test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at September 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d). in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the central zakat fund established under section 7 of that Ordinance.

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohammad Hanif Razzak

Karachi: November 17, 2016

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Balance Sheet

As at September 30, 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,036,694	1,681,812
Intangible asset	5	-	367
Long-term investments	6	749,993	660,274
Long-term deposits	7	2,883	4,581
		<u>2,789,570</u>	<u>2,347,034</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	180,442	167,509
Stock-in-trade	9	218,560	387,049
Biological assets	10	61,319	28,362
Trade debts	11	58,949	34,609
Loans and advances	12	183,568	107,413
Trade deposits and short-term prepayments	13	2,736	2,750
Other receivables	14	318,516	241,668
Short-term investments	15	1,308,325	791,498
Tax refunds due from the Government	16	119,446	72,460
Cash and bank balances	17	21,033	56,156
		<u>2,472,894</u>	<u>1,889,474</u>
TOTAL ASSETS		<u><u>5,262,464</u></u>	<u><u>4,236,508</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	122,682	122,682
Reserves	19	2,262,222	1,566,899
		<u>2,384,904</u>	<u>1,689,581</u>
SURPLUS ON REVALUATION OF FIXED ASSETS	20	555,749	555,749
NON-CURRENT LIABILITIES			
Long-term financing	21	590,000	540,000
Deferred liabilities	22	266,347	233,235
		<u>856,347</u>	<u>773,235</u>
CURRENT LIABILITIES			
Trade and other payables	23	670,096	548,469
Accrued mark-up	24	21,525	21,784
Short-term borrowings	25	723,843	597,690
Current portion of long-term financing	21	50,000	50,000
		<u>1,465,464</u>	<u>1,217,943</u>
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		<u><u>5,262,464</u></u>	<u><u>4,236,508</u></u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Profit and Loss Account

For the year ended September 30, 2016

	Note	2016	2015
		(Rupees in '000)	
Turnover - net	27	3,762,892	3,061,737
Cost of sales	28	(3,434,737)	(2,736,332)
Gross profit		328,155	325,405
Distribution cost	29	(9,066)	(8,494)
Administrative expenses	30	(112,288)	(114,798)
Other operating expenses	31	(10,321)	(45,476)
		(131,675)	(168,768)
Other income	32	57,194	41,951
Operating profit		253,674	198,588
Finance cost	33	(133,202)	(152,869)
		120,472	45,719
Share of profit in an associate	6	105,088	101,878
Profit before taxation		225,560	147,597
Taxation	34	(75,491)	(43,657)
Profit for the year		150,069	103,940
Earnings per share - basic (Rupees)	35	12.23	8.47

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director



Statement of Comprehensive Income

For the year ended September 30, 2016

	2016	2015
	(Rupees in '000)	
Profit for the year	150,069	103,940
Other Comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Fair value gain on available-for-sale securities	502,470	444,891
Items that may not be reclassified subsequently to profit and loss account		
Actuarial gain on defined benefit plan	85,723	76,213
	588,193	521,104
Total comprehensive income for the year	<u>738,262</u>	<u>625,044</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Cash Flow Statement

For the year ended September 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for :

Depreciation	4		
Amortization	5		
Provision for market committee fee			
Provision for store obsolescence	8		
Fair value adjustment of biological assets	10		
Dividend income from related parties	32		
Share of profit in an associate	6		
Gain on disposal of property, plant and equipment	32		
Finance cost	33		

Working capital changes :

(Increase) / decrease in current assets:

Stores, spare parts and loose tools			
Stock-in-trade			
Biological assets			
Trade debts			
Loans and advances			
Short-term prepayments			
Other receivables			

Increase in current liabilities:

Trade and other payables			
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Cash generated from operations

Income tax paid			
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Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment	4		
Sale proceeds of property, plant and equipment	4		
Short-term investments in related party			
Long-term investments in subsidiary and associate			
Long-term deposits			
Dividend received from an associates			
Dividend received from related parties	32		

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Finance cost paid			
Short-term borrowings			
Long-term financing obtained	21		
Long-term financing repaid			
Payment of dividend			

Net cash (used in) / generated from financing activities

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Note	2016	2015
	(Rupees in '000)	
	225,560	147,597
4	63,325	61,769
5	367	1,100
	6,167	6,096
8	-	783
10	(19,883)	36,905
32	(34,328)	(13,010)
6	(105,088)	(101,878)
32	(1,348)	(24,497)
33	133,202	152,869
	42,414	120,137
	267,974	267,734
	(12,933)	(28,526)
	168,489	(112,793)
	(13,074)	6,883
	(24,340)	1,242
	(76,155)	(67,573)
	14	(758)
	8,875	(41,286)
	50,876	(242,811)
	150,868	82,520
	469,718	107,443
	(95,532)	(59,875)
	374,186	47,568
4	(419,983)	(150,480)
4	3,124	44,430
	(14,357)	(50,000)
	(7,691)	-
	1,698	1,184
	23,060	-
32	34,328	13,010
	(379,821)	(141,856)
	(133,461)	(141,613)
	126,153	173,084
21	100,000	490,000
	(50,000)	(390,000)
	(72,180)	(1,366)
	(29,488)	130,105
	(35,123)	35,817
	56,156	20,339
	21,033	56,156

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director



Statement of Changes in Equity

For the year ended September 30, 2016

	Issued, subscribed and paid-up capital	Reserves				Total reserves	Total
		General reserves	Unappropriated profit	Actuarial gain on defined benefit plan	Fair value gain on available- for-sale securities		
(Rupees in '000)							
Balance as at October 01, 2014	122,682	34,250	620,473	41,117	260,873	956,713	1,079,395
Profit for the year	-	-	103,940	-	-	103,940	103,940
Other comprehensive income	-	-	-	76,213	444,891	521,104	521,104
Total comprehensive income	-	-	103,940	76,213	444,891	625,044	625,044
Surplus on revaluation of Land realized on account of disposal	-	-	18,266	-	-	18,266	18,266
Transaction with owners							
Final cash dividend for the year ended September 30, 2014 @ Rs. 2.70 per share	-	-	(33,124)	-	-	(33,124)	(33,124)
Balance as at September 30, 2015	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Balance as at October 01, 2015	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Profit for the year	-	-	150,069	-	-	150,069	150,069
Other comprehensive income	-	-	-	85,723	502,470	588,193	588,193
Total comprehensive income	-	-	150,069	85,723	502,470	738,262	738,262
Transaction with owners							
Final cash dividend for the year ended September 30, 2015 @ Rs. 3.50 per share	-	-	(42,939)	-	-	(42,939)	(42,939)
Balance as at September 30, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904

The annexed notes from 1 to 45 form an integral part of these financial statements.

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Notes to the Financial Statements

For the year ended September 30, 2016

1. STATUS AND NATURE OF BUSINESS

Mirpurkhas Sugar Mills Limited (the Company) was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. Principal activity of the Company is manufacturing and selling of sugar.

The registered office of the Company is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas, Sindh.

During the year, the Company has formed a wholly owned subsidiary M/s Mirpurkhas Energy Limited, which is engaged in bagasse-based power generation and yet to commence its operation.

2. STATEMENT OF COMPLIANCE

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the balance sheet:

- a. Derivatives financial instruments and investments which are stated at their fair values in accordance with IAS 39;
- b. Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;
- c. Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;
- d. Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19; and
- e. Free hold land which stands at revalued amount in accordance with IAS 16.

3.1.1 New standards, interpretations and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards which became effective for the current year:

IFRS – 10 – Consolidated Financial Statements

IFRS – 11 – Joint Arrangements

IFRS – 12 – Disclosure of Interests in Other Entities

IFRS – 13 – Fair Value Measurement

IAS – 27 – Equity Method in Separate Financial Statements

IAS – 28 – Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosures of contingent liabilities at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources.

However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

In the process of applying the accounting policies, management has made the following estimates, judgments and assumptions which are significant to the financial statements:

a) Employees retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.4(b) to the financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases and mortality rates.

b) Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation / amortization, useful life and residual value used in the calculation of depreciation / amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment. As of the year end the Company estimates that there is no impairment on any of its assets.

c) Classification of investments

The management has exercised its judgment in respect of classification of investments as disclosed in notes 6 and 15 to the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

d) Stock-in-trade, stores, spare parts and loose tools

The Company reviews Net Realizable Value (NRV) of stock in trade, stores, spare parts and loose tools to assess any diminution in their respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

e) Biological assets

The Company reviews the fair value of biological assets to assess changes in fair value less cost to sell during a period. Agriculture produce is measured at fair value less cost to sell at the point of harvest because harvested produce is a marketable commodity as there is no "measurement reliability" exception for produce.

f) Trade debts, loans and advances and other receivables

The Company reviews its doubtful trade debts, loans and advances and other receivables at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

g) Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view 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 contingency.

Deferred tax is provided using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, Unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilised.

h) Provision for impairment

The Company reviews carrying amount of assets except deferred tax assets and inventories at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

i) Contingencies

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

3.3 Taxation

a) Current

Provision of 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 tax charge as calculated above is compared with

1% of turnover tax, calculated at applicable tax rates under section 113 & alternate corporate tax U/s 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. 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.

b) Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement.

The carrying amount of deferred tax asset 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 asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in profit and loss account.

c) Sales tax and Federal excise duty (FED)

Revenues, expenses and assets are recognized net of amount of sales tax and federal excise duty except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duty is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables or payables that are stated with the amount of sales tax and federal excise duty included.

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

3.4 Employees retirement benefits

a) Provident fund scheme

The Company operates an approved defined contribution provident fund scheme for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33 % of basic salary.

	2016	2015
	(Rupees in '000)	
Size of the trust	394,632	305,832
Cost of investments made	275,456	183,042
Fair value of investments	376,498	303,908

	2016	2015
	(Percentage)	
Percentage of investments made	95.40	99.37

The major categories of investments

	(Rupees in '000)	
Banks	2,964	1,431
Government securities / debt instruments	192,013	146,790
Others	181,521	155,687
	376,498	303,908

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

b) Gratuity scheme

The Company operates an approved and funded gratuity scheme for all of its eligible permanent employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with the actuarial valuation using Projected Unit Credit (PUC) method.

The PUC method used the following significant assumptions for the valuation of the scheme.

Principal actuarial assumptions used are as follows:

	(% per annum)	
Valuation discount rate	7.25	9.25
Expected rate of return on plan assets	7.25	9.25
Expected rate of salary increase	6.25	8.25

The fair value of scheme's assets and the present value of obligation under the scheme at the balance sheet date were as follows:

Staff gratuity fund (Asset) / liability:

	2016	2015
	(Rupees in '000)	
Present value of defined benefit obligation	83,440	79,242
Fair value of plan assets	(285,753)	(191,174)
Asset recognized as at September 30	(202,313)	(111,932)

Amounts charged to profit and loss account:

Current service cost	5,695	5,214
Interest cost	7,255	9,665
Expected return on plan assets	(17,608)	(14,296)
	(4,658)	583

Total re-measurements chargeable in other comprehensive income:

Remeasurement gain on obligations	7,108	5,797
Remeasurement gain on Plan assets	78,615	70,416
	85,723	76,213

Movement in (Net Assets) / Liability recognized in the balance sheet:

Balance as at October 1	(111,932)	(36,302)
Net charge for the year	(4,658)	583
Actuarial gain charged to other comprehensive income	(85,723)	(76,213)
Contribution	-	-
Balance as at September 30	(202,313)	(111,932)

	2016	2015
	(Rupees in '000)	
Movement in the present value of defined benefit obligation:		
Balance as at October 1	79,242	73,027
Current service cost	5,695	5,214
Interest cost	7,255	9,665
Benefits paid during the year	(1,644)	(2,867)
Actuarial gain	(7,108)	(5,797)
Balance as at September 30	83,440	79,242

Movement in the fair value of plan assets:

Balance as at October 1	191,174	109,329
Expected return	17,608	14,296
Contributions	-	-
Benefits paid	(1,644)	(2,867)
Actuarial gain	78,615	70,416
Balance as at September 30	285,753	191,174

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2016 was Rs. 95.65 million (2015: Rs. 84.71 million), calculated on the basis of market conditions as allowed under IAS-19.

Sensitivity Analysis

Particulars	PVDBO (Rupees in 000')	Percentage Change
Current Liability	83,440	-
+ 1% Discount rate	76,976	(7.75)
- 1% Discount rate	90,780	8.80
+ 1% Salary increase rate	91,162	9.25
- 1% Salary increase rate	76,541	(8.27)
+ 10% withdrawal rates	83,428	(0.02)
- 10% withdrawal rates	83,453	0.02
1 Year mortality age set back	83,445	0.00
1 Year mortality age set forward	83,436	0.00

Comparisons with past years :	2016	2015	2014	2013	2012
			(Restated)	(Restated)	
	(Rupees in 000)				
Present value of defined benefit obligation	83,440	79,242	73,027	69,898	56,828
Fair value of plan assets	(285,753)	(191,174)	(109,329)	(87,759)	(69,963)
(Surplus) / deficit	(202,313)	(111,932)	(36,302)	(17,861)	(13,135)
Unrecognized actuarial gain / loss	-	-	-	-	13,135
Experience adjustments arising on plan liabilities	7,108	5,797	8,204	(4,438)	-
Experience adjustments arising on plan assets	78,615	70,416	16,417	7,799	-
	85,723	76,213	24,621	3,361	13,135

3.5 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation except for freehold land which is stated at revalued amount and capital work-in-progress, which is stated at cost. The revaluation of freehold land is carried out once in every three years.

Depreciation is charged, on systematic basis over the useful life of the assets, to income applying reducing balance method, except for furniture and fittings, office and other equipment and computer and accessories which are depreciated using straight line method at the rates mentioned in note 4 to the financial statements, which reflects the patterns in which the assets' economic benefits are consumed by the Company. Additions to assets are depreciated from the month of addition while no depreciation is charged on assets disposed off during the month.

Maintenance and normal repairs are charged to income, when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposal of assets, if any, are recognized in the profit and loss account when incurred.

The carrying values of owned assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amount.

b) Assets subject to finance lease

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of change on the net standing liability.

Depreciation is charged to the profit and loss account using the same basis as for owned assets.

c) Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such asset can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets.

Intangible assets are stated at cost less accumulated amortization and any impairment loss. Intangible assets are amortized when assets are available for use on straight line method. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying values of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that carrying value may not be recoverable.

3.6 Investments

a) In Subsidiary

Investment in Subsidiary is initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount is

exceeds its recoverable amount. Impairment losses are recognized in the Profit and Loss Account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the Profit and Loss Account.

b) In associate

Investment in an associate is accounted for using the equity method. Under this method, the investment is initially recognized at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate and impairment in the value of investment and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the profit and loss account. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held. Profit / loss from material transactions with associate is eliminated. The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

c) Available-for-sale securities

These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest / profit rates .

These investments are initially measured at fair value plus transaction costs. After initial measurement, available-for-sale securities are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other income, and removed from the available-for-sale reserve.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

d) Held-to-maturity investments

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Company has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable cost and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

e) Designated investments at fair value through profit or loss

Designated investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to profit and loss account. Transaction costs are charged to profit and loss account when incurred.

3.7 Stores, spare parts and loose tools

These are valued at lower of moving average cost or net realizable value (NRV). Provision / write off, if required is made for slow moving items where necessary to bring these down to approximate NRV and is recognized in profit and loss. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

3.8 Biological Assets

Biological assets comprise of crop in field. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the profit and loss account.

Costs of harvested and consumed biological assets are charged to profit and loss account.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions stated in note 3.2(e). Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Biological assets are categorized as mature or immature. Mature biological assets are those that have attained harvestable specifications.

3.9 Stock-in-trade

Stock-in-trade is valued at the lower of average manufacturing cost or NRV. The cost of sugar in process includes cost of sugarcane and proportionate manufacturing expenses.

NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.10 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for any uncollectible amounts. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and credit worthiness. Bad debts are written-off, when there is no realistic prospect of recovery.

3.11 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.12 Revenue recognition

- a) Sales are recorded on dispatch of goods to customers.
- b) Income / return on investments, loans, advances and bank deposits is recognized on accrual basis.
- c) Dividend income on equity investment is recognized, when the right to receive the same is established.
- d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.
- e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.
- f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops.

3.13 Foreign currency transactions and translations

The financial statements are presented in Pak. Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into Pak. Rupees at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak. Rupees at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates to monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.14 Provisions

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

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest / profit on loan and other costs that an entity incurs in connection with the borrowing of funds.

3.16 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in note 38 to the financial statements.

3.17 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

Any gain / loss on the recognition and derecognition of the financial assets and liabilities is recorded in the profit and loss account for the period in which it arises.

3.18 Offsetting of financial assets and liabilities

A financial asset and financial liability is only offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.19 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances in current, deposit and PLS accounts with the commercial banks.

3.20 Dividend and appropriation to reserves

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in '000)	
Property, plant and equipment - owned	4.1	1,644,396	1,540,282
Capital work in progress	4.4	392,298	141,530
		<u>2,036,694</u>	<u>1,681,812</u>

4.1 Following are the statements of property, plant and equipment for current and prior year:

2016	COST			DEPRECIATION				Book value as at Sep. 30, 2016	Depreciation rate per annum / Life
	As at Oct. 01, 2015	Additions/ (disposals)	As at Sep. 30, 2016	As at Oct. 01, 2015	Adjustment on disposals	For the year	As at Sep. 30, 2016		
(Rupees in '000)									
Freehold land (Note 4.3)	581,450	2,942	584,392	-	-	-	-	584,392	-
Building on free hold land:									
-Factory	39,986	-	39,986	26,108	-	1,388	27,496	12,490	10%
-Non factory	23,184	3,147	26,331	19,392	-	406	19,798	6,533	10%
Plant & machinery	1,465,518	129,395	1,594,913	579,407	-	47,263	626,670	968,243	5%
Furniture & fittings	612	95	707	435	-	56	491	216	5 Years
Vehicles	92,266	31,578 (6,355)	117,489	39,792	(4,579)	13,000	48,213	69,276	20%
Office & other equipment	12,691	1,140	13,831	11,283	-	572	11,855	1,976	5 Years
Computers & accessories	8,360	918	9,278	7,368	-	640	8,008	1,270	3 Years
	2,224,067	169,215 (6,355)	2,386,927	683,785	(4,579)	63,325	742,531	1,644,396	

2015	COST/ REVALUATION			DEPRECIATION				Book value as at Sep. 30, 2015	Depreciation rate per annum / Life
	As at Oct. 01, 2014	Additions/ (revaluation)/ (disposals)	As at Sep. 30, 2015	As at Oct. 01, 2014	Adjustment on disposals	For the year	As at Sep. 30, 2015		
(Rupees in '000)									
Freehold land (Note 4.3)	600,935	- (1,219) (18,266)	581,450	-	-	-	-	581,450	-
Building on free hold land:									
-Factory	39,986	-	39,986	24,566	-	1,542	26,108	13,878	10%
-Non factory	23,184	-	23,184	18,971	-	421	19,392	3,792	10%
Plant & machinery	1,442,889	22,629	1,465,518	533,564	-	45,843	579,407	886,111	5%
Furniture & fittings	612	-	612	372	-	63	435	177	5 Years
Vehicles	89,738	4,467 (1,939)	92,266	28,812	(1,491)	12,471	39,792	52,474	20%
Office & other equipment	12,527	164	12,691	10,476	-	807	11,283	1,408	5 Years
Computers & accessories	7,610	750	8,360	6,746	-	622	7,368	992	3 Years
	2,217,481	28,010 (3,158) (18,266)	2,224,067	623,507	(1,491)	61,769	683,785	1,540,282	

4.1.1 Depreciation charged for the year has been allocated as follows:

	Note	2016	2015
		(Rupees in '000)	
Cost of sales	28	56,293	54,655
Distribution cost	29	159	187
Administrative expenses	30	6,873	6,927
		<u>63,325</u>	<u>61,769</u>

4.1.2 Reconciliation of carrying amount:

	2016	2015
	(Rupees in '000)	
Carrying amount at beginning of the year	1,540,282	1,593,974
Addition during the year	169,215	28,010
Reversal of revaluation of freehold land - sold	-	(18,266)
Depreciation for the year	(63,325)	(61,769)
Disposals during the year at carrying amount	(1,776)	(1,667)
	<u>1,644,396</u>	<u>1,540,282</u>

4.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
(Rupees in '000)							
Vehicles							
Suzuki Cultus VXR AJJ-321	590	534	56	310	254	Negotiation / tender	Riaz Ahmed
Suzuki Alto VXR ASR-895	642	482	160	160	-	Employee Car Scheme	Ayaz Ahmed Khan
Honda Civic VTI ATK-234	1,849	1,322	527	1,510	983	Negotiation / tender	M. Saad Shahid
Suzuki Alto VXR ASU-238	647	488	159	162	3	Employee Car Scheme	Nazeer Ahmed
Suzuki Alto VXR ASU-685	647	485	162	162	-	Employee Car Scheme	Sharif Khan
Toyota Corolla XLI AUF-502	1,300	902	398	398	-	Employee Car Scheme	Hyder Bux Rustmani
Suzuki Mehran VXR AYX-562	680	366	314	422	108	Negotiation / tender	Muhammad Saleem
	<u>6,355</u>	<u>4,579</u>	<u>1,776</u>	<u>3,124</u>	<u>1,348</u>		
2016	<u>6,355</u>	<u>4,579</u>	<u>1,776</u>	<u>3,124</u>	<u>1,348</u>		
2015	<u>21,424</u>	<u>1,491</u>	<u>19,933</u>	<u>44,430</u>	<u>24,497</u>		

4.3 This includes Rs.555.749 million (2015: Rs. 555.749 million) in respect of revaluation surplus. Had the revaluation not been carried out the freehold land would have been stated at Rs.25.70 million (2015: Rs.25.70 million).

4.4 Capital work in progress:

	2016	2015
	(Rupees in '000)	
Plant and machinery	391,198	140,430
Stores held for capitalization	1,100	1,100
	<u>392,298</u>	<u>141,530</u>

4.4.1 Movement in Capital work in progress:

Opening	141,530	19,060
Add: Addition during the year	340,577	145,099
	<u>482,107</u>	<u>164,159</u>
Less: Transferred during the year	(89,809)	(22,629)
Closing	<u>392,298</u>	<u>141,530</u>

5. INTANGIBLE ASSET

ERP System	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
(Rupees in '000)								
2016	5,500	-	5,500	5,133	367	5,500	-	5 Years
2015	5,500	-	5,500	4,033	1,100	5,133	367	5 Years

5.1 Amortization charged for the year has been allocated as follows:

	Note	2016	2015
(Rupees in '000)			
Cost of sales	28	220	660
Distribution cost	29	37	110
Administrative expenses	30	110	330
		<u>367</u>	<u>1,100</u>

Intangible Asset which is ERP software has been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENT

In Associates

Unicol Limited 23,059,573 (2015: 23,059,573) fully paid ordinary shares of Rs.10/- each Equity held : 33.33 % (2015 : 33.33%)	6.1	660,274	558,396
Dividend received		(23,060)	-
		<u>637,214</u>	<u>558,396</u>
Share of profit	6.1.2	105,088	101,878
		<u>742,302</u>	<u>660,274</u>

UniEnergy Limited 768,999 (2015:Nil) fully paid ordinary shares of Rs.10/- each Equity held : 7.69 % (2015: Nil)	6.2	7,690	-
		<u>749,992</u>	<u>660,274</u>

In Subsidiary

Mirpurkhas Energy Limited 100 (2015:Nil) fully paid ordinary shares of Rs.10/- each Equity held : 100 % (2015: Nil)	6.3	1	-
		<u>749,993</u>	<u>660,274</u>

6.1 Unicol Limited

The Company holds 33.33 % (2015: 33.33 %) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / loss arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(a). The share of Company in the net assets has been determined on the basis of the un-audited financial statements for the year ended September 30, 2016.

6.1.1 The Company's interest in assets & liabilities of Unicol Limited:

	2016	2015
(Rupees in '000)		
Non-current assets	945,918	997,127
Current assets	437,597	426,983
	<u>1,383,515</u>	<u>1,424,110</u>
Long-term liabilities	(233,698)	(330,818)
Current liabilities	(407,515)	(433,018)
	<u>(641,213)</u>	<u>(763,836)</u>
Net assets	<u>742,302</u>	<u>660,274</u>

6.1.2 The Company's share in profit and loss of Unicol Limited:

	Note	2016	2015
		(Rupees in '000)	
Sales		1,377,916	1,444,655
Cost of sales		(1,136,165)	(1,231,811)
		241,751	212,844
Other expenses, income and taxes		(136,663)	(110,966)
		105,088	101,878

6.2 UniEnergy Limited

During the year, the Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs. 10/- each representing shareholding of 7.69 % (2015: Nil) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture wind power project, which is in the process of implementation. This investment in UniEnergy Limited will be accounted for using the Equity method.

6.3 Mirpurkhas Energy Limited

On April 27, 2016, the Board of Directors of the Company resolved to invest an amount up to Rs. 600 million in a bagasse-based power generation project. It is formed as a wholly owned subsidiary. The Company has been incorporated on August 4, 2016. and yet to be issued certificate of commencement of business by SECP. The planned capacity of the power project is 26 MW and it is expected to be commissioned in 30 months' time.

7. LONG-TERM DEPOSITS

These represent non-interest bearing deposits paid by the Company for obtaining various services.

8. STORES, SPARE PARTS AND LOOSE TOOLS

Stores		66,485	71,993
Spare parts		121,657	103,108
Loose tools		1,122	1,230
		189,264	176,331
Provision for obsolescence	8.1	(8,822)	(8,822)
		180,442	167,509
8.1			
Opening balance		8,822	8,039
Provided during the year		-	783
Closing balance		8,822	8,822

9. STOCK-IN-TRADE

Sugar	28	214,982	384,180
Sugar in process	28	3,578	2,869
		218,560	387,049

10. BIOLOGICAL ASSETS

Sugarcane		53,732	25,701
Others		7,587	2,661
		61,319	28,362

Movement during the year	Note	2016	2015
		(Rupees in '000)	
As at October 01		28,362	72,150
Addition due to cultivation		64,257	47,405
Gain / (loss) arising from initial recognition of standing crop less cost to sell		19,883	(36,905)
Decrease due to harvest sales		(51,183)	(54,288)
		<u>61,319</u>	<u>28,362</u>
10.1	The value of sugarcane crop is based on estimated average yield of 700 maunds per acre (2015: 665 maunds) on cultivated area of 590 acres (2015: 382 acres).		
11. TRADE DEBTS - unsecured, considered good			
Related party:			
Unicol Limited	11.1	-	2,047
Others:		58,949	32,562
		<u>58,949</u>	<u>34,609</u>
11.1	Trade receivable are non-interest bearing and aging analysis of trade debts is as follows:		
Past due but not impaired			
- within 30 days		-	2,047
		<u>-</u>	<u>2,047</u>
12. LOANS AND ADVANCES - unsecured			
Considered good:			
To suppliers		79,859	41,792
To employees classified as recoverable within next twelve months		116	201
Against letters of credit		10,677	22,399
To sugar cane growers		89,636	39,895
To transport contractors		3,280	3,126
		<u>183,568</u>	<u>107,413</u>
Considered doubtful:			
Sugar cane growers		5,400	5,400
Provision there against		(5,400)	(5,400)
		<u>-</u>	<u>-</u>
		<u>183,568</u>	<u>107,413</u>
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Prepaid insurance		864	1,101
Prepaid rent		94	590
Other prepayments		1,695	976
Trade Deposits		83	83
		<u>2,736</u>	<u>2,750</u>
14. OTHER RECEIVABLES			
Sales tax / federal excise duty on unlifted sugar		37,158	50,691
Freight subsidy	14.1	79,045	79,045
Staff Gratuity fund	14.2	202,313	111,932
		<u>318,516</u>	<u>241,668</u>

14.1 This amount relates to freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan.

14.2 This represents amount determined on the basis of accounting policy as explained in note 3.4 (b)

15. SHORT-TERM INVESTMENTS

Note

2016	2015
(Rupees in '000)	

Available-for-sale securities - related parties

Quoted:

Cherat Cement Company Limited
5,770,252 (2015: 5,770,252)
fully paid ordinary shares
of Rs.10/- each

742,401 497,511

Cherat Packaging Limited
1,469,933 (2015: 1,367,380)
fully paid ordinary shares
of Rs.10/- each

565,924 293,987

1,308,325 791,498

16. TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax refundable

119,446 72,460

17. CASH AND BANK BALANCES

Islamic banks

Current accounts

335 1,289

Conventional Banks

Current accounts

7,239 44,301

Saving accounts

17.1 11,834 8,716

19,073 53,017

19,408 54,306

Cash in hand

1,625 1,850

21,033 56,156

17.1 Effective profit rate in respect of PLS accounts is 3.5 % per annum (2015: 5 % per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2016	2015
Number of shares	

50,000,000 15,000,000 Ordinary shares of Rs. 10/- each 500,000 150,000

18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000 1,770,000 Issued for cash 17,700 17,700

10,498,219 10,498,219 Issued as fully paid bonus shares: 104,982 104,982

12,268,219 12,268,219 122,682 122,682

18.3 Following is the detail of shares held by the related parties.

Name of related parties

	2016	2015
	Number of shares	
Faruque (Private) Limited	5,081,994	5,081,994
Greaves Pakistan (Private) Limited	292,735	292,735
	<u>5,374,729</u>	<u>5,374,729</u>

19. RESERVES

Revenue reserves

	(Rupees in '000)	
General reserve	34,250	34,250
Unappropriated profit	816,685	709,555
Actuarial gain on defined benefit plan	203,053	117,330
Fair value gain on available-for-sale securities	1,208,234	705,764
	<u>2,262,222</u>	<u>1,566,899</u>

20. SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of freehold land	<u>555,749</u>	<u>555,749</u>
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It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Ltd. as of August 31, 2014 to determine the present (realizable) market value by enquiring from local active realtors. Revaluation surplus was credited to surplus on revaluation of fixed assets account.

21. LONG TERM FINANCINGS - secured

From commercial banks	Mode & commencement of repayment	Security	2016	2015	Markup / profit rate
			(Rupees in 000)		
Plant Expansion / BMR loans					
Islamic Banks					
Finance 1 (Diminishing Musharika)	Sixteen quarterly installments commencing from December, 2013	First pari-passu hypothecation charge on plant & machinery	50,000	100,000	3 months average KIBOR + 0.50%
Finance 2 (Diminishing Musharika)	Ten semi annual installments commencing from October, 2017	First pari-passu hypothecation charge on plant & machinery	340,000	340,000	1 year average KIBOR + 1%
Conventional Banks					
Finance 3	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	150,000	150,000	3 month average KIBOR + 0.60%
Finance 4	Twenty quarterly installments commencing from March 2018	First pari-passu hypothecation charge on plant & machinery	100,000	-	3 month average KIBOR 0.60%
			<u>640,000</u>	<u>590,000</u>	
Less: Current maturity			<u>50,000</u>	<u>50,000</u>	
			<u>590,000</u>	<u>540,000</u>	

22. DEFERRED LIABILITIES

	Note	2016	2015
		(Rupees in '000)	
Quality premium	26.1.2 and 26.1.3	78,985	78,985
Market committee fee		56,196	50,029
Deferred tax liability - net	22.1	131,166	104,221
		<u>266,347</u>	<u>233,235</u>

22.1 DEFERRED TAX LIABILITY - NET	Note	2016	2015
		(Rupees in '000)	
Taxable temporary differences arising in respect of :			
- Accelerated tax depreciation allowance and investment		229,233	185,395
Deductible temporary differences arising in respect of :			
- Unabsorbed tax losses, tax credits and others		(80,646)	(67,495)
- Unpaid Liabilities		(17,421)	(13,679)
		(98,067)	(81,174)
		131,166	104,221
23. TRADE AND OTHER PAYABLES			
Creditors		229,506	186,581
Accrued liabilities	26.1.8 and 26.1.9	166,284	153,150
Advances from customers		242,416	157,372
Unclaimed dividend		5,631	34,872
Withholding tax payable		2,180	891
Sales tax payable		12,836	6,747
Workers' profit participation fund	23.1	6,470	2,456
Workers' welfare fund	31	2,459	934
Other liabilities		2,314	5,466
		670,096	548,469
23.1 Workers' profit participation fund			
Opening balance		2,456	1,726
Interest thereon		170	52
		2,626	1,778
Less: Paid during the year		2,626	(1,778)
		-	-
Charge for the Year		6,470	2,456
Closing Balance		6,470	2,456
24. ACCRUED MARK-UP			
Islamic banks			
Long-term financing		13,041	15,819
Short-term borrowings		-	2,844
Conventional banks			
Long-term financing		4,210	623
Short-term borrowings		4,274	2,498
		21,525	21,784
25. SHORT-TERM BORROWINGS - secured			
Islamic banks			
Short-term running finance		-	150,000
Conventional banks			
Short-term running finance	25.1	323,843	297,690
Money market loans	25.2	400,000	150,000
		723,843	597,690
25.1	This represents utilized portion of short term finance facilities aggregating Rs.3,550 million (2015 : Rs.2,925 million) obtained from various commercial banks. These carry mark-up ranging from KIBOR+0.40% to KIBOR + 1% per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR+0.20% to KIBOR+ 0.50%. The facilities are secured against registered first pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.		

25.2 This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at 1-month KIBOR+0.25%.(2015 : 1-month KIBOR+0.4%) The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered first pari passu hypothecation charge over various assets of the Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

26.1.1 The Company has filed suits before the Honourable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The management of the Company is of the view that outcome of the suit would be in favour of the Company.

26.1.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisas per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Punjab government is not charging any quality premium in view of an earlier decision of Lahore High Court in a similar case in which the Court had declared the demand of quality premium as unlawful. The Company has recognised the financial impact upto September 30, 2008, as a matter of prudence as described in note 26.1.3.

26.1.3 The Company has challenged in the Honorable High Court of Sindh, the issue of Notification No. 8 (142) SO (EXT) / 95 – XXI dated 24th December, 2002 issued by the Secretary to the Government of Sindh, Agriculture Department in connection with the fixation of sugar cane price and payment of quality premium. Pending judgement of the Sindh High Court, the Company has provided the liability in this regard, As judgement is still pending the government has continuously suspended the levy of quality premium from crushing season 2008-09 till Sep, 2015-16, through yearly notifications.

26.1.4 a) The Company challenged levy of further sales tax @1.5 % under the Sales Tax Act 1990, amounting to Rs.4.89 million in the Sindh High Court, for which relief was granted. Against the judgment, the department preferred appeal with the Honourable Supreme Court, and got stay order. The Honourable Supreme Court of Pakistan has set aside the case and referred it to the lower level. No provision is made in this regard since the management is confident that the outcome would be in Company's favour.

b) The amendment brought in vide Finance Ordinance 2001 in the Sales Tax Act with the intention to nullify the decision of the High Court on levy of further tax @3% w.e.f 18 June 2001 does not change the legal position of further tax. However, the Company made the payment of 3% further tax under protest in order to avoid the Additional Tax and penalties. In previous years, Honourable Supreme Court of Pakistan had set aside the case and referred it to the tribunal level, where the Company appeal is pending. In view of the contingencies involved in this case, the Company has not accounted for as refund an amount of Rs.50.97 million being the further sales tax paid in this behalf.

26.1.5 The Company in 2010, has filed a petition in the Honourable Supreme Court of Pakistan against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the vary jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. Therefore, there are no financial implications related to this at the moment.

- 26.1.6** The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition filed in the Honourable High Court of Sindh has been allowed in favour of the Company. Furthermore, the Company has filed caveat in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour and the amount is insignificant and is not likely to be materialized.
- 26.1.7** The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 under this section and notification. On February 22, 2013. The Honourable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007 was likewise a nullity and of no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements for the year ended September 30, 2016. The department has filed in Honourable Supreme Court of Pakistan, a civil petition for leave to appeal against the judgement passed by Honourable High Court of Sindh in Company's favour and the Company is contesting the same.
- 26.1.8** The Company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the orders of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 81.32 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. Aggrieved with the order passed by Additional / Deputy Commissioner Inland Revenue, Company filed an appeal with Commissioner Inland Revenue Appeals, where relief was granted against the order passed by Additional/ Deputy Commissioner Inland Revenue. Tax Department filed an appeal in an Appelate tribunal Inland Revenue against the judgement passed by Commissioner Inland Revenue Appeals. Appelate Tribunal Inland Revenue maintained the order of Commissioner Inland Revenue Appeals and directed that DCIR to follow the principle decided by this forum in the referred appeals. In a recent development, department has filed a reference against the order of the Appelate Tribunal Inland Revenue in the Honourable High Court of Sindh, and Comapny is contesting the same, However Company has made provision in its financial statements as a matter of prudence.
- 26.1.9** The Company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The provision has been made in this financial statement as a matter of prudence.
- 26.1.10** The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still sub judice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015.

Note

2016	2015
(Rupees in '000)	

26.2 COMMITMENTS

26.2.1 Letters of credit issued by commercial banks
- for imported machinery

3,179	64,202
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27. TURNOVER

Local sales	4,051,414	3,391,477
Less: Duties & taxes	(288,522)	(329,740)
	3,762,892	3,061,737

28. COST OF SALES

Sugar cane cost		3,037,176	2,616,856
Stores and spare parts consumed		119,780	114,936
Packing material and expenses		33,769	47,683
Salaries, wages and other benefits	28.1	249,422	226,061
Water, fuel and power		21,415	21,615
Insurance		6,141	5,285
Repairs and maintenance		16,911	23,382
Vehicles expenses		11,739	10,008
Sugar handling expenses		3,581	3,395
Other expenses		16,019	13,187
Depreciation	4.1.1	56,293	54,655
Amortization	5.1	220	660
		3,572,466	3,137,723
Sugar-in-process - opening		2,869	2,957
- closing	9	(3,578)	(2,869)
		(709)	88
		3,571,757	3,137,811
Less: - sale of molasses	28.2	(243,568)	(237,278)
- sale of bagasse	28.2	(62,650)	(51,320)
		(306,218)	(288,598)
Cost of goods manufactured		3,265,539	2,849,213
Finished goods - opening		384,180	271,299
- closing	9	(214,982)	(384,180)
		169,198	(112,881)
		3,434,737	2,736,332

28.1 This includes Rs. 5.11 million (2015: Rs.4.84 million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax and special excise duty of Rs. Nil (2015 : Rs. Nil) in respect of molasses and Rs.10.65 million (2015 : Rs. 8.72 million) in respect of bagasse.

29. DISTRIBUTION COST

Salaries, wages and other benefits	29.1	3,160	3,021
Insurance		2,822	3,002
Other expenses		2,888	2,174
Depreciation	4.1.1	159	187
Amortization	5.1	37	110
		9,066	8,494

29.1 This includes Rs. 0.002 million (2015: Rs. 0.03 million) in respect of staff retirement benefits.

	Note	2016	2015
		(Rupees in '000)	
30. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	30.1	55,734	64,677
Directors' fee		1,200	1,025
Rent, rates and taxes		4,730	2,722
Communication expense		6,619	2,567
Conveyance and travelling		4,773	6,828
Printing and stationery		2,142	2,167
Entertainment		1,193	1,169
Vehicles expenses		2,980	2,835
Insurance		2,527	2,444
Repairs and maintenance		3,342	2,541
Subscription		1,951	1,912
Legal and professional charges		11,176	9,786
General expenses		4,341	4,526
Utilities		2,597	2,342
Depreciation	4.1.1	6,873	6,927
Amortization	5.1	110	330
		112,288	114,798
30.1	This includes Rs. 2.19 million (2015: Rs. 2.15 million) in respect of staff retirement benefits.		
31. OTHER OPERATING EXPENSES			
Auditors' remuneration	31.1	998	793
Provision for stores obsolescence		-	783
Net loss from agriculture produce		-	39,816
Workers' profit participation fund	23.1	6,470	2,456
Workers' welfare fund	23	2,459	934
Charity and donation	31.2	394	694
		10,321	45,476
31.1 Auditors' Remuneration			
Annual audit fee		500	398
Half yearly review fee		136	125
Cost audit fee		180	165
Out of pocket expenses		182	105
		998	793
31.2	None of the directors or their spouses had any interest in the donees.		
32. OTHER INCOME			
Income from financial assets			
Dividend income from related parties		34,328	13,010
Profit on PLS and deposit accounts with conventional banks		1,559	1,321
Mark-up on growers' loans		630	325
		36,517	14,656
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.2	1,348	24,497
Fair value adjustments / net gain or loss from agriculture produce		19,050	-
		20,398	24,497
Other			
Miscellaneous		279	2,798
		57,194	41,951

	2016	2015
	(Rupees in '000)	
33. FINANCE COST		
Islamic banks		
Profit on long-term financing	34,314	27,840
Profit on short-term borrowings	41,160	49,053
Bank charges	64	210
	75,538	77,103
Conventional banks		
Mark-up on long-term financing	15,028	18,191
Mark-up on short-term borrowings	40,177	55,334
Bank charges	2,288	2,189
	57,493	75,714
Interest on workers' profit participation fund	171	52
	133,202	152,869

34. TAXATION

Current	(48,546)	(33,096)
Prior	-	(5,338)
	(48,546)	(38,434)
Deferred	(26,945)	(5,223)
	(75,491)	(43,657)

The assessments of the Company for and upto the tax year 2016 have been completed. In view of unabsorbed losses the Company is only liable to pay minimum tax in the current year, therefore, no numerical tax reconciliation is given.

35. EARNINGS PER SHARE- basic

Profit after taxation	150,069	103,940
	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	12.23	8.47

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Market risk including currency risk, interest rate risk and price risk.
- Credit risk
- Liquidity risk.

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

The Company risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity. It is the company policy that no trading in derivatives for speculative purpose shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below :

36.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. The Company is exposed to market risks such as interest rate risk and price risk.

Financial instruments affected by market risk include short-term investments (available- for- sale), long-term financing and short-term borrowings.

a) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Company's exposure to the risk arises mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange. The Company is not exposed to such risk.

b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the financial instruments will fluctuate due to change in the market interest rates. The Company interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in functional currencies. Applicable interest rates of financial instruments are given in respective notes.

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 45.02 million (2015: Rs. 35.21 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variable remains constant.

c) Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk). The Company has exposed to other price risk like equity risk that arise from Company's investment in listed securities that are classified as available-for-sale investments. Listed securities are susceptible to market price risk arising from uncertainties about future returns of the investment securities.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs.1,308.33 million (2015: Rs.791.50 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.130.83 million (2015: Rs.79.15 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit risk

Credit risk is the risk of financial loss to the Company if counter parties to a financial instrument fail to meet their contractual obligations. The Company does not have significant exposure in relation to individual customers. Aging analysis of trade debts is disclosed in note no.11 of this financial statements. The Company exposure to credit risk is minimal as the Company receives advance against sale of goods to customers.

The maximum exposure to credit risk at the reporting date is as follows :

	2016	2015
	(Rupees in '000)	
Deposits	2,966	4,664
Trade debts	58,949	34,609
Advances	89,752	40,096
Short-term investments	1,308,325	791,498
Bank balances	19,408	54,306
	1,479,400	925,173

36.2.1 Credit quality of financial assets

The credit policy of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates :

	2016	2015
	(Rupees in '000)	
Trade debts		
Customers with no default in the past one year	58,949	34,609
Advances		
Counter parties without credit rating	89,752	40,096
Short-term investments		
Counter parties without credit rating	1,308,325	791,498
Cash at bank		
A1 +	19,408	54,306

36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at balance sheet date, the Company has unused credit facilities of Rs.2,826 million (2015: Rs.2,327 million).

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INTEREST / PROFIT BEARING			NON-INTEREST BEARING			2016	2015
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	50,000	590,000	640,000	-	-	-	640,000	590,000
Deferred liabilities	-	-	-	-	135,181	135,181	135,181	129,014
Short-term borrowings	723,843	-	723,843	-	-	-	723,843	597,690
Trade & other payables	6,470	-	6,470	408,374	-	408,374	414,844	373,322
Accrued mark-up	-	-	-	21,525	-	21,525	21,525	21,784
	780,313	590,000	1,370,313	429,899	135,181	565,080	1,935,393	1,711,810

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

36.4 Fair value measurement

During the year a new International Financial Reporting Standard (IFRS), IFRS 13 "Fair Value Measurement", have been become applicable for the Company which unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case recurring fair value measurements using unobservable inputs the effect of fair value measurement on profit and loss account or other comprehensive income.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial assets measured at fair value

Investment at fair value (available-for-sale securities)	Total	Level 1	Level 2	Level 3
	(Rupees in 000)			
30 September 2016	1,308,325	1,308,325	-	-
30 September 2015	791,498	791,498	-	-

As at balance sheet the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except freehold land and capital work in progress. Freehold land which are stated at revalue amount, revaluation has been carried out by independent valuers. Capital Work in progress are stated at cost. Long term investment in subsidiary represents the investment in unquoted shares of company carried at cost and investment in associates is carried at equity method. The Company does not expect that unobservable inputs may have significant effect on fair values.

36.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

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

The gearing ratios as at September 30, 2016 and 2015 are as follows:

	2016	2015
	(Rupees in '000)	
Total Long-term debt	640,000	590,000
Share Capital	122,682	122,682
Reserves	2,262,222	1,566,899
Total Equity	2,384,904	1,689,581
Total Equity and Long-term debt	3,024,904	2,279,581
Gearing ratio	21.16%	25.88%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	30,263	30,263	23,856	27,197	27,197	19,029
Housing allowance	1,452	1,452	7,294	1,452	1,452	6,077
Utilities	250	250	1,621	250	250	1,350
Leave fare assistance	1,545	1,545	-	1,373	1,373	-
Retirement benefits	3,331	3,331	1,350	2,974	2,974	1,893
	<u>36,841</u>	<u>36,841</u>	<u>34,121</u>	<u>33,246</u>	<u>33,246</u>	<u>28,349</u>
No. of persons	1	1	17	1	1	14

The Chief Executive, Directors and Executives are provided with the use of Company maintained cars and are also provided with the residential telephone facility which is reimbursed at actual to the extent of their entitlements.

- 37.1** The aggregate amount charged in the financial statements for the year for fee to five directors amounted to Rs.1.20 million (2015: 5 directors - Rs.1.03 million).

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, mark-up on loans, amount due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below :

Relationship	Nature of transactions	2016	2015
		(Rupees in '000)	
Group Companies	Services received	8,584	7,322
	Goods purchased	27,426	51,658
	Sales made	261,568	303,548
	Dividend received from related party	34,328	13,010
	Dividend received from associated company	23,060	-
	Dividend paid	33,323	1,348
	Investment made in related parties	14,357	50,000
	Investment made in associates and subsidiary	7,691	-
Other related parties	Staff provident and gratuity funds	7,302	7,016

In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Standard or Interpretation	Effective dates (accounting periods beginning on or after)
IFRS 2 - Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	January 1, 2018
IFRS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 1, 2017
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	January 1, 2016

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB Effective dates (annual periods beginning on or after)
IFRS 9	Financial Instruments classification and measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 16	Leases	01 January 2019

40. CAPACITY AND PRODUCTION

	2016	2015
No. of days mill operated	106	113
Crushing Capacity per day (M.tons)	7,500	7,500
Total Crushing capacity on the basis of no. of days (M.tons)	795,000	847,500
Actual crushing (M.tons)	616,716	609,569
Sugar production (M.tons)	66,753	67,175

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery percentage and availability of sugar cane for crushing.

41. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 192 (2015: 199) and average number of employees during the year were 197 (2015: 195).

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on November 17, 2016 by the Board of Directors of the Company.

43. DIVIDEND AND APPROPRIATIONS

Subsequent to the year ended September 30, 2016, the Board of Directors has approved/ proposed the following in its meeting held on November 17, 2016 for the approval of the members at the Annual General meeting.

	2016	2015
	(Rupees in '000)	
Final cash dividend @ Rs.5/- per share (2015: Rs.3.50/- per share)	61,341	42,939

43.1 The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceeds the amount of its paid up capital. However this tax shall not apply in case of a public company which distributes cash dividend equal to atleast either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed / approved cash dividend amounting to Rs.61.34 million for the financial year 2016 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company would not be liable to pay tax on its undistributed reserves as of September 30, 2016.

44. CORRESPONDING FIGURES

There were no reclassifications that could affect the financial statements materially.

45. GENERAL

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Pattern of Shareholding

as at September 30, 2016

Number of shareholders	Shareholding		Shares held
	From	To	
1045	1	100	21,791
327	101	500	77,875
152	501	1000	116,323
180	1001	5000	425,296
47	5001	10000	339,076
21	10001	15000	259,388
8	15001	20000	144,114
2	20001	25000	45,806
5	25001	30000	135,295
2	30001	35000	69,646
3	35001	40000	117,205
1	40001	45000	41,800
2	45001	50000	94,000
3	55001	60000	179,026
1	75001	80000	78,000
1	80001	85000	83,500
2	95001	100000	200,000
1	125001	130000	125,170
1	220001	225000	221,116
1	290001	295000	292,735
1	310001	315000	314,532
1	335001	340000	339,495
1	370001	375000	370,861
1	495001	500000	499,316
1	705001	710000	705,970
1	730001	735000	732,500
1	1155001	1160000	1,156,389
1	5080001	5085000	5,081,994
1,813			12,268,219

Categories of Shareholders

as at September 30, 2016

Categories of shareholders	No. of shareholders	Shares held
Directors and their spouse(s) and minor children		
MR. MAQBOOL H.H.RAHIMTOOLA	1	1,000
MR. ASLAM FARUQUE	1	16,120
MR. ARIF DINO FARUQUE	1	27,057
MR. AMER FARUQUE	1	7,934
MR. SHEHRYAR FARUQUE	1	59,676
MR. TARIQ FARUQUE	1	12,665
MR. SAMIR MUSTAPHA CHINOY	1	100
MR. YASIR MASOOD	1	100
Associated Companies, undertakings and related parties		
FARUQUE (PRIVATE) LIMITED	1	5,081,994
GREAVES PAKISTAN (PRIVATE) LIMITED	1	292,735
Executive	1	10,000
Public Sector Companies and Corporations	9	1,046,388
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	11	131,984
Mutual Funds		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,156,389
General Public	1754	3,135,910
Others	27	1,288,167
Total	1813	12,268,219

Shareholders holding 5% or more

FARUQUE (PRIVATE) LIMITED	5,081,994
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,156,389
ROSHAN AMIN	732,500
NATIONAL BANK OF PAKISTAN	705,970

اطلاع برائے سالانہ اجلاس عام

ڈائریکٹرز کو اس بات کا اختیار دیا جاتا ہے کہ وہ کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس اپنے ممبران کو بذریعہ CD/DVD/USB ارسال کریں اور کمپنی کے بورڈ آف ڈائریکٹرز اور کمپنی سیکرٹری اس بات کے مجاز ہیں اور ہوں گے کہ وہ اس قرارداد کو موثر بنانے کیلئے مطلوب اور ضروری عمل، امور اور کام انجام دیں۔"

سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.43(I)/2016، مورخہ 22 جنوری 2016 میں درج ہدایات کی پیروی میں تجویز کیا جاتا ہے کہ درج ذیل قرارداد کو بطور خصوصی قرارداد منظور کیا جائے:

"طے پایا کہ S.R.O.43 (I)/2016، مورخہ 22 جنوری 2016 کی رو سے اور شیئر ہولڈرز کی مرضی اور منظوری کی صورت میں، کمپنی کے آرٹیکلز آف ایسوسی ایشن میں شق 62 کے بعد درج ذیل نئی شق شامل کر کے اس میں تبدیلی کی جائے:"

"(62A) کمپنیز (ای وونگ) ریگولیشن 2016 (بشمول کسی قانونی تجدید کے، اگر ہو) اور اس میں وقتاً فوقتاً ہونے والی ترمیم کی رو سے کوئی بھی ممبر کمپنی کے اجلاس عام میں ای وونگ کا انتخاب کر سکتا/سکتی ہے۔ ای وونگ کیلئے صرف ممبر کو ہی پراکسی مقرر کیا جاسکتا ہے۔ ایگزیکٹو آفیسر کی تقرری کی ہدایات اور درمیانی عامل کو ای وونگ کا اختیار دینے کے بارے میں اجلاس عام سے کم از کم دس (10) دن قبل کمپنی کے صدر دفتر کے پتے پر یا بذریعہ ای میل تحریری طور پر مطلع کرنا لازمی ہے۔ کمپنی کم از کم پانچ (5) ممبروں، یا کسی ایک ایسے ممبر کی جانب سے جو وونگ کی قوت کے کم از کم دس فیصد کے مساوی ہو، کی جانب سے موصول ہونے والی درخواست پر ای وونگ کا انتظام کرے گی۔"

کمپنیز آرڈیننس 1984 کے سیکشن 160 کے مطابق درج بالا خصوصی قرارداد سے متعلق اسٹینڈنٹ اس نوٹس کے ساتھ ممبران کو ارسال کئے جا رہے ہیں۔

بحکم بورڈ آف ڈائریکٹرز

عابدوزیر

ایگزیکٹو ڈائریکٹر اور کمپنی سیکرٹری

سی ڈی سی ہاؤس، B-99 بلاک B، ایس۔ ایم۔ سی۔ ایچ۔ ایس، شارع فیصل کراچی-74400 میں بدھ 21 دسمبر 2016 کو کاروباری اوقات کے اختتام تک موصول ہونے والے شیئر رجسٹر اریٹرز سینیٹل ڈپازٹری کمپنی آف پاکستان،

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا 52 واں سالانہ اجلاس عام بروز جمعہ 30 دسمبر 2016 صبح 11.00 بجے، درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع فیکٹری کی حدود، جہراؤ، عمرکوٹ روڈ میر پور خاص، سندھ میں منعقد ہوگا۔

عمومی امور:

- ۱- کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال ختمہ 30 ستمبر 2016 اور ڈائریکٹرز اور آرٹیکلز کی رپورٹس کی وصولی اور ان پر غور کرنا۔
- ۲- بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مالی سال ختمہ 30 ستمبر 2016 کے لئے شیئر ہولڈرز کو حتمی نقد منافع بحساب %50 (50 روپے فی شیئر) کی ادائیگی پر غور کرنا اور منظوری دینا۔
- ۳- بورڈ آف ڈائریکٹرز کی جانب سے کمپنیز آرڈیننس 1984 (1) 178 کے تحت کمپنی کے لئے مقرر کردہ تعداد یعنی آٹھ (8) ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام ہیں: (1) جناب مقبول ایچ رجم تولہ (2) جناب اسلم فاروق (3) جناب شہریار فاروق (4) جناب عارف فاروق (5) جناب عامر فاروق (6) جناب طارق فاروق (7) جناب سیر مصطفیٰ (8) جناب یاسر مسعود۔
- ۴- سال 2016-17 کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔
- ۵- چیئرمین کی اجازت سے کسی اور امور کی انجام دہی۔

خصوصی امور:

- ۶- سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.470(I)/2016، مورخہ 31 مئی 2016 میں درج ہدایات کی پیروی میں تجویز کیا جاتا ہے کہ درج ذیل قرارداد کو بطور خصوصی قرارداد منظور کیا جائے:

"طے پایا کہ S.R.O.470(I)/2016، مورخہ 31 مئی 2016 کی رو سے اور شیئر ہولڈرز کی مرضی اور منظوری کی صورت میں، کمپنی کے بورڈ آف

کراچی، مورخہ 17 نومبر 2016

نوٹس:

- ۱- کمپنی کے ممبران کا رجسٹر جمعرات 22 دسمبر 2016 تا جمعہ 30 دسمبر 2016 (بشمول دونوں ایام) بند رہے گا اور اس مدت کے دوران میں کوئی منتقلی عمل میں نہیں آئے گی۔ تاہم کمپنی کے شیئر رجسٹر اریٹرز سینیٹل ڈپازٹری کمپنی آف پاکستان،

ہائی پریشر کو جنریشن پروجیکٹ پر کام جاری ہے اور کمپنی کو لیٹر آف انٹنٹ (LOI) جاری کر دیا گیا ہے اور مختلف سرکاری محکموں سے ضابطہ کی منظوریاں حاصل کرنے کا عمل جاری ہے۔ علاوہ ازیں اس پروجیکٹ کیلئے فنڈ کی فراہمی کے انتظامات کے کام بھی ہو رہے ہیں۔

یونی کول لمیٹڈ کے آپریشنز بھی روانی سے جاری ہیں اور ایک نئے 48 ٹن روزانہ پیداوار والے CO2 پلانٹ کا آرڈر دیا جا چکا ہے اور اس کی تعمیر و تنصیب کیلئے ابتدائی کام شروع ہو گیا ہے۔ امید ہے کہ یہ پلانٹ فروری 2017 میں کام شروع کر دے گا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو گئے ہیں اور اہلیت کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

اعتراف

ہم تمام مالیاتی اداروں کا جن کے ساتھ ہمارے کاروباری تعلقات ہیں اور کسٹمرز کی مسلسل حمایت اور تعاون کے لئے شکریہ ادا کرتے ہیں۔ ہم اپنے عمل کی لگن، خلوص اور انتھک محنت کیلئے دل کی گہرائیوں سے شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

مقبول ایچ۔ ایچ۔ رحیم تولہ
چیئر مین

کراچی: 17 نومبر 2016

- سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب مقبول ایچ ایچ رحیم تولہ	4
جناب اسلم فاروق	5
جناب عارف فاروق	4
جناب شہر یار فاروق	3
جناب عامر فاروق	3
جناب طارق فاروق	5
جناب سمیر مصطفیٰ چنائے	3
جناب یاسر مسعود	5

سال کے دوران میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب یاسر مسعود	4
جناب مقبول ایچ۔ ایچ۔ رحیم تولہ	3
جناب طارق فاروق	4
جناب سمیر مصطفیٰ چنائے	1

سال کے دوران میں افرادی قوت کے ذرائع اور اجرتی کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب عارف فاروق	1
جناب اسلم فاروق	1
جناب عامر فاروق	1

شیر ہولڈنگ کا طرز اس رپورٹ کے ساتھ منسلک ہے۔

سال کے دوران میں کمپنی کے ڈائریکٹر، CFO اور کمپنی سیکرٹری اور ان کے شریک حیات اور چھوٹے بچوں نے شیرز کی کوئی تجارت نہیں کی ماسوائے جناب اسلم فاروق (چیف ایگزیکٹو) کے، جنہوں نے 7,000 شیرز کی خریداری کی۔

اس سال فی شیر آمدنی 12.23 روپے رہی جب کہ اس کے مقابلے میں گزشتہ سال فی شیر آمدنی 8.47 روپے تھی۔

قومی خزانے میں حصہ

کمپنی نے ٹیکسز، ایکسائز ڈیوٹی، آکٹیکس اور سیلز ٹیکس کی صورت میں حکومت کے خزانے میں 408 ملین روپے جمع کرائے ہیں۔

مستقبل کے امکانات

پنجاب، سندھ اور کے پی کے کی حکومتوں کے ابتدائی سروے کے مطابق 2016/17 میں گنے کی کاشت 1.22 ملین ہیکٹر پر کی جارہی ہے جب کہ 2015/16 میں 1.13 ملین ہیکٹر پر کی گئی یعنی فصل کی کاشت کے قریب میں 8% اضافہ ہوا۔ گنے کی پیداوار کا تخمینہ 70.35 ملین ٹن لگایا گیا ہے جب کہ 2015/16 میں یہ مقدار 65.45 ملین ٹن تھی۔ اس حقیقت کے پیش نظر ہمیں توقع ہے کہ گزشتہ سال کے مقابلے میں اس سال چینی کی پیداوار بھی کچھ زیادہ ہوگی۔ بین الاقوامی اور مقامی سطح پر چینی کی بہتر قیمت سے آنے والے سیزن میں مل والوں اور کسانوں، دونوں کو فائدہ ہوگا۔ میر پور خاص شوگر اپنے تمام آپریشنل شعبوں میں گنے کے معیار کو بہتر بنانے میں مسلسل کوشاں ہے۔ کمپنی کے فارمز میں گنے کی بہتر ورائٹی حاصل کرنے اور کسانوں کو کاشت، بیجوں کے انتخاب اور فصل کی بیماریوں سے متعلق مسائل کے حل کے لئے ہم نے پیشہ ور مشیروں کی خدمات حاصل کی ہیں اور تربیت یافتہ عملہ تعینات کیا ہے۔ یہ کمپنی کا طویل المدت ہدف ہے کہ کسانوں کو تربیت دے کر ان کی صلاحیتوں کو ابھارا جائے اور انہیں کاشت کے جدید طریقوں سے روشناس کرایا جائے تاکہ مستقبل میں وہ بہتر سے بہتر فصل کاشت کر سکیں۔

یونی انرجی

یونی انرجی لمیٹڈ کو، جوڈن پاور پروجیکٹ کا جوائنٹ وینچر ہے، جھمپیر، ضلع ٹھٹھہ میں پروجیکٹ کے قیام کیلئے لیٹر آف انٹنٹ (LOI) حاصل ہو گیا ہے اور سہی طور پر زمین الاٹ کر دی گئی ہے۔ JV پارٹنرز نے پروجیکٹ کی جاری مالی ضروریات کیلئے کمپنی میں ابتدائی ایکویٹی کی سرمایہ کاری کر دی ہے۔ اس سلسلے میں MSM نے شیئر ہولڈرز کی منظوری سے 7.69 ملین روپے کی ایکویٹی سرمایہ کاری کر دی ہے۔ مختلف منظوریوں اور مطالعے کا کام تیزی سے آگے بڑھ رہا ہے اور حاصل شدہ زمین کمپنی کے نام پر رجسٹر ہو گئی ہے۔ گزشتہ پیش کردہ ٹیرف جون 2016 کو ختم ہو چکا ہے جب کہ ٹیرف کی طرف سے نئے ٹیرف پر فیصلہ کا انتظار ہے۔ مالیاتی انتظامات پر فیصلے کے لیے بھی گفت و شنید جاری ہے، جس میں پیش رفت کا کام میزان بینک لمیٹڈ کو سونپ دیا گیا ہے۔

میر پور خاص انرجی - گنے کے پھوگ پوٹی پاور جنریشن پروجیکٹ

مختلف نوع کے وژن کے مطابق اور ملک میں بڑھتی ہوئی بجلی کی مانگ کے پیش نظر کمپنی نے میر پور خاص انرجی لمیٹڈ کے نام سے گنے کے پھوگ پوٹی پاور جنریشن کمپنی میں سرمایہ کاری کا فیصلہ کیا ہے۔ یہ MSM کی مکمل ملکیتی ذیلی کمپنی ہے۔ اس منصوبے سے تقریباً 26 میگا واٹ بجلی پیدا ہوگی کمپنی کو لیٹر آف انٹنٹ (LOI) موصول ہو گیا ہے اور مختلف سرکاری محکموں سے ضابطہ کی منظوریاں حاصل کرنے کا عمل جاری ہے۔ علاوہ ازیں اس پروجیکٹ کیلئے فنڈ کی فراہمی کے انتظامات کے کام بھی ہو رہے ہیں۔

اجتماعی سماجی ذمہ داریاں

ایک اجتماعی سماجی ذمہ دار ادارہ ہونے کی حیثیت سے کمپنی مختلف سماجی سرگرمیوں میں بڑھ چڑھ کر شرکت کرتی ہے۔ ایک اجتماعی معاشرے کا باشعور ممبر ہونے کے باعث کمپنی کئی طرح کے سماجی اور فلاحی مقاصد، خاص طور پر تعلیمی اور صحت کے شعبہ میں فراخ دلی سے حصہ لیتی ہے۔ اس سلسلے میں کمپنی نے پاکستان میں کئی معروف اداروں اور این جی اوز کے ساتھ مل کر کام کئے ہیں۔ اس کے علاوہ سیلابوں سے ملک کے کئی حصوں میں بڑے پیمانے پر آنے والی تباہیوں، جن میں جان و مال کا بہت زیادہ نقصان ہوا اور ہزاروں لوگ بے گھر ہو گئے، ان کی بحالی کے کاموں میں کمپنی نے حصہ لیا۔

تحفظ، صحت اور ماحولیات

ایک اجتماعی ذمہ دار شہری ادارہ ہونے کی حیثیت سے کمپنی صحت اور تحفظ کی بہتری کیلئے مسلسل کوشاں ہے۔ کمپنی پروڈکشن کے طریقہ کار میں صنعتی معیارات اور تحفظ کی مطلوبہ شرائط پر پوری طرح سے عمل پیرا ہے۔ اس کے علاوہ کمپنی اپنی ماحولیاتی ذمہ داری پر پختہ یقین رکھتی ہے اور اس کی بہتری کیلئے مستقل طور پر اقدامات کر رہی ہے۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک پرائیٹمنٹ

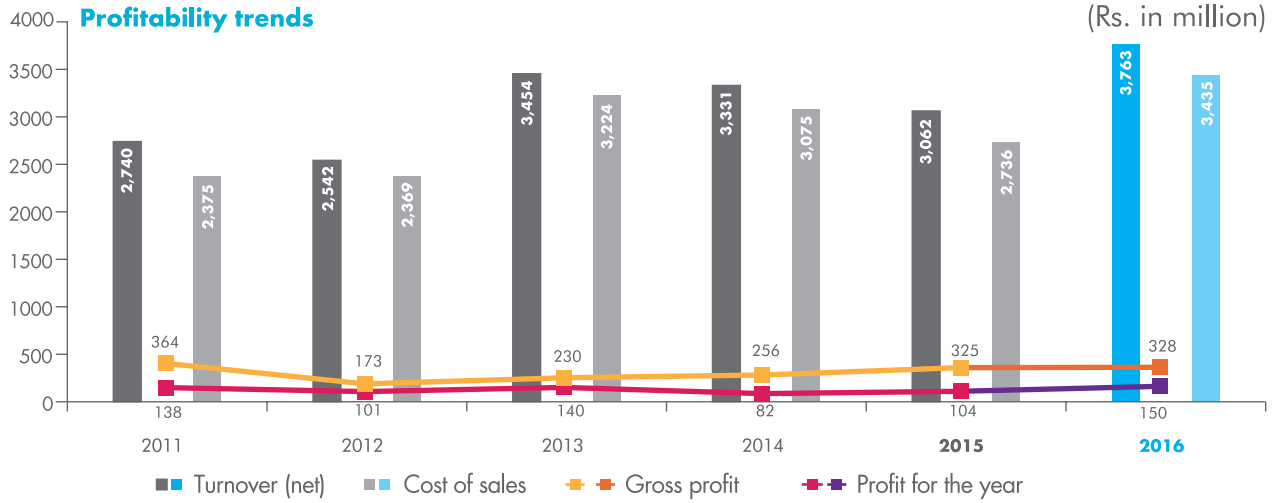
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
- اندرونی کنٹرول کے نظام کا طریقہ کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- کمپنی کے موجودہ صلاحیت کے ساتھ کام جاری رکھنے میں کسی قسم کا شک و شبہ نہیں ہے۔
- اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات خارج نہیں کی گئی ہے۔
- گزشتہ چھ سال کی بنیاد پر آپریشنز اور مالیاتی معلومات مختصر طور پر منسلک کی گئی ہیں۔
- کمپنی اپنے شیئر ہولڈرز کیلئے باقاعدگی کے ساتھ ڈیویڈنڈز کا اعلان کرتی ہے۔
- آپ کی کمپنی کے ذمہ ٹیکس، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے سوائے ان کے جو عام کاروباری طریقہ کار کے مطابق ادا کئے جاتے ہیں۔
- کمپنی اپنے ملازمین کے پرائیڈنٹ اور گریجویٹ ڈیویڈنڈز کے حسابات مکمل رکھتی ہے۔ فنڈز کی سرمایہ کاری کی تفصیلات بمطابق 30 ستمبر 2016 درج ذیل ہے:

376.50 ملین روپے

• پرائیڈنڈ فنڈ

285.75 ملین روپے

• گریجویٹ ڈیویڈنڈ



مالیاتی کارکردگی

زیر جائزہ سال کے دوران میں کمپنی کی سیلز کی آمدنی 701 ملین روپے ہوئی جو کہ گزشتہ سال کے مقابلے میں 23% زیادہ ہے۔ آمدنی میں اضافہ کی وجہ کمپنی کی چینی کی اضافی مقدار میں فروخت اور قیمت فروخت میں بہتری آنا تھی۔ جیسا کہ پہلے بیان کیا جا چکا ہے کہ اس سال کمپنی نے 71,341 میٹرک ٹن چینی فروخت کی جب کہ گزشتہ سال 64,442 میٹرک ٹن چینی فروخت ہوئی تھی۔ اس سال کمپنی کو مزید 57.19 ملین روپے کی آمدنی ہوئی جو مختلف شیئرز میں سرمایہ کاری کے منافع اور بائیو لوجیکل اٹاٹوں کی قیمتوں میں رد و بدل کے سبب حاصل ہوئی۔ کمپنی نے اپنے منافع کا 1/3 حصہ یعنی 105.08 ملین روپے یونی کول لمیٹڈ کو ادا کئے اور یہ رقم اسی شریک کار ادارے میں سرمایہ کاری کی مد میں شامل کی گئی۔ زیر جائزہ سال میں کمپنی کو بعد از ٹیکس منافع 150.07 ملین روپے حاصل ہوا۔

2015	2016
روپے (ملین میں)	
3,061.73	3,762.89
2,736.33	3,434.74
325.40	328.15
41.95	57.19
101.88	105.09
(365.29)	(340.36)
103.94	150.07

خالص سیلز
سیلز کی لاگت
مجموعی منافع
دیگر آمدنی
شراکت میں منافع کا حصہ
دیگر اخراجات اور ٹیکسز
خالص منافع

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے 17 نومبر 2016 کو ہونے والی میٹنگ میں حتمی نقد منافع بحساب 5 روپے فی شیئر برائے سال ختمہ 30 ستمبر 2016 کی تجویز دی ہے۔ اس ڈیویڈنڈ کیلئے ممبران کی منظوری 30 دسمبر 2016 کو منعقد ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔

یونی کول لمیٹڈ

یہ جوائنٹ وینچر ڈسٹری پروجیکٹ اپنی بھرپور پیداوار کے ساتھ کام کر رہا ہے۔ ایتھنول اور CO₂ کے آپریشنز بھی سارا سال روانی سے کام کرتے رہے ہیں۔ اس سال کا منافع، بڑھ کر 315.26 ملین روپے ہوا۔ یہ بہتر کارکردگی ISO اور FCL کی سیلز کے فرق میں اضافہ کے علاوہ قرض کی کم شرح باعث مالیاتی چارجز میں کمی ہونا تھی۔ کمپنی نے راب کی قیمتوں میں کمی بیشی کے اثرات سے محفوظ رکھنے اور راب کے اعلیٰ معیار کو برقرار رکھنے کی غرض سے بڑی مقدار میں راب کو اسٹور کرنے کا عمل جاری رکھا۔

زیر جائزہ سال میں ڈسٹری میں 52,843 میٹرک ٹن ایتھنول برآمد کی اور مقامی منڈی میں 5,869 میٹرک ٹن CO₂ فروخت کی۔ انتظامیہ کو قوی امید ہے کہ آنے والے سالوں میں یونی کول سے کمپنی اور اس کے شیئرز ہولڈرز کو مزید مالیاتی فائدے حاصل ہوں گے۔

یونی کول کے بورڈ آف ڈائریکٹرز نے CO₂ پلانٹ کیلئے 300 ملین روپے کی سرمایہ کاری کی منظوری دے دی ہے۔ اس کی موجودہ پیداوار 48 ٹن روزانہ ہے اور اس توسیع کے بعد CO₂ کاروبار کی گنجائش بڑھ کر 72 ٹن روزانہ ہو جائے گی۔



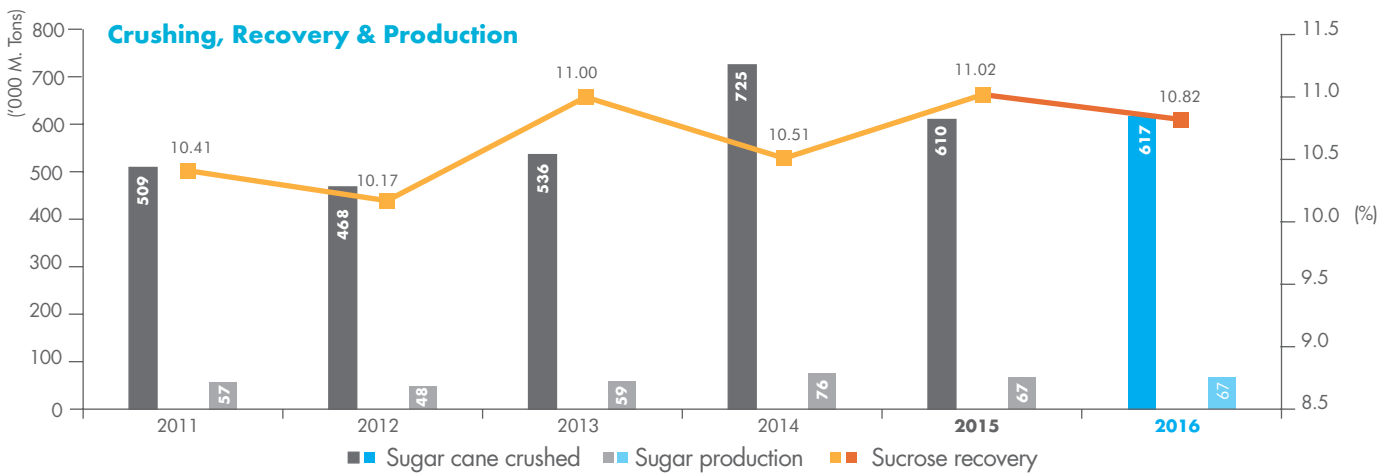
کاروباری عمل کی کارکردگی

2015/16 کا کرش کرنے کا سیزن گزشتہ سال کے 113 دن کے مقابلے میں اس سال 106 دن رہا۔ اگرچہ حکومت سندھ نے 2015/16 کے سیزن کے لئے گنے کی قیمت 172 روپے فی من کا نوٹیفکیشن جاری کر دیا تھا، لیکن سندھ میں گنے کی فصل میں کمی کے سبب شوگر ملز میں چینی کی قیمتوں میں مسابقت کی صورت حال پیدا ہوگئی۔ اس سے گنے کی قیمت بڑھ گئی اور نتیجے کے طور پر پروڈکشن کی لاگت میں بھی گزشتہ سال کے اسی عرصے کے مقابلے میں اضافہ ہو گیا۔ اس سیزن میں خام شکر کا حصول 10.82% ہوا جب کہ گزشتہ سال اسی مدت میں یہ 11.02% تھا۔ زیر جائزہ سال کے دوران میں کپنی نے 71,341 میٹرک ٹن چینی فروخت کی جب کہ گزشتہ سال 64,442 میٹرک ٹن چینی فروخت ہوئی تھی بین الاقوامی منڈی میں چینی کی قیمتیں نامناسب ہونے کے سبب اس سال کپنی نے چینی برآمد نہیں کی بلکہ مقامی منڈی میں فروخت کی۔

اس سال اور گزشتہ سال کی بنیادی مسابقت کی تفصیلات درج ذیل ہیں:

2015	2016
2014 دسمبر 7	2015 نومبر 24
113	106
609,569	616,716
72%	78%
67,175	66,753
28,570	28,325
11.02%	10.82%
64,442	71,341

- سیزن کا آغاز
- آپریشن کی مدت
- کرش کی گئی چینی (میٹرک ٹن میں)
- استعمال شدہ گنجائش
- چینی کی کل پیداوار (میٹرک ٹن میں)
- راب (شیرہ) کی پیداوار (میٹرک ٹن میں)
- خام شکر کا حصول
- چینی کی فروخت (میٹرک ٹن میں)





ڈائریکٹرز کی رپورٹ

برائے نمبران بابت سال مختتمہ 30 ستمبر 2016



ڈائریکٹرز کی رپورٹ برائے نمبران بابت سال مختتمہ 30 ستمبر 2016 بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی سالانہ رپورٹ بابت سال مختتمہ 30 ستمبر 2016 مع آڈٹ شدہ حسابات پیش خدمت ہے۔

صنعت کا عمومی جائزہ

2015/16 میں پاکستان میں 1.13 ملین ہیکٹرز کے رقبہ پر گنے کی کاشت کی گئی جس سے 65.45 ملین ٹن گنا حاصل ہوا۔ دوسرے مسابقتی فصلوں کی قیمتیں پرکشش نہ ہونے کے سبب گنے کی کاشت کے رقبہ میں یہ اضافہ ہوا۔ ملک کی کل چینی کی پیداوار 5.12 ملین ٹن ہوئی۔ 2015/16 کے دوران میں ملک میں دستیاب چینی کی کل مقدار 6.46 ملین ٹن تھی (اس میں گزشتہ سال کا 1.35 ملین کا بقیہ اسٹاک بھی شامل ہے)۔ اس مجموعی اسٹاک سے کل پیداوار ملک کی 1.76 ملین ٹن سالانہ کی طلب سے بھی زیادہ ہوگئی۔

چینی کی صنعت کو سپورٹ کرنے کیلئے ECC کی میٹنگ میں 500,000 ٹن چینی برآمد کرنے کی اجازت دی گئی۔ اس کے علاوہ حکومت نے بھی 13 روپے فی کلوگرام کے حساب سے نقد سپورٹ کی تربیتی پیشکش کی ہے جو حادثاتی اور نقل و حمل میں رعایت کی صورت میں دی جائے گی جس کی ادائیگی وفاقی اور صوبائی حکومتیں مل کر کریں گی۔ وفاقی حکومت کی منظوری کے بعد صنعت نے اس سال میں 253,908 میٹرک ٹن چینی برآمد کی جب کہ بین الاقوامی مارکیٹ میں چینی کی قیمت بھی کم تھی۔

حکومت نے وفاقی بجٹ 2016-17 میں بالواسطہ ٹیکس کو FED سے سیلز ٹیکس میں تبدیل کر دیا ہے جس کے مطابق چینی کی قیمت 56 روپے فی کلوگرام کم کر دی گئی اور سیلز ٹیکس کے نفاذ کی غرض سے اس کی قیمت 60 روپے فی کلوٹے پائی۔ اس ٹیکس کی شرح رجسٹرڈ خریداروں کیلئے 8% اور غیر رجسٹرڈ شدہ کیلئے 10% ہے۔ قیمت کا تعین کر دینا چینی کی پوری صنعت میں یکساں اور شفاف ٹیکس کے نظام کیلئے مستحسن قدم ہے۔








اگرچہ بیزنس کا آغاز بین الاقوامی مارکیٹ میں چینی کی کم قیمتوں سے ہوا تاہم گزشتہ چند ماہ میں عالمی منڈی میں اس کی قیمتوں میں اضافہ دیکھنے میں آیا ہے۔ عالمی سطح پر اضافہ کا اثر مقامی قیمتوں پر بھی پڑا ہے اور اس سے مجموعی طور پر چینی کے کاروبار میں بہتری آئی ہے۔ اس سال کے دوران میں سندھ میں خام شکر کا اوسط حصول 10.65 رہا جو کہ گزشتہ سال 10.53 تھا۔



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IMPORTANT

Instrument of Proxy will not be considered as valid unless it is deposited or received at the Company's Head Office at Modern Motors House, Beaumont Road, Karachi-75530 not later than 48 hours before the time of holding the meeting.

Registered Folio/ Participant's ID No. & A/c No. _____ _____ No. of Shares held _____
--

I / We _____

of _____

being member of Mirpurkhas Sugar Mills Limited, hereby appoint _____

_____ of _____

another member of the Company as my/ our proxy to attend & vote for me/ us and on my/ our behalf at the 52nd Annual General Meeting of the Company to be held on Friday, December 30, 2016 at 11:00 a.m. and at any adjournment thereof.

WITNESSES

1. Signature _____
Name _____
Address _____

CNIC or Passport No. _____

2. Signature _____
Name _____
Address _____

CNIC or Passport No. _____

Signature of
Shareholder



اہم نوٹ

پراکسی انسٹرومنٹ اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جنرل مینٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہو جائے۔

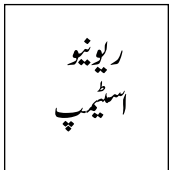
رجسٹرڈ فوئیو نمبر / پارٹیسپنٹ شناخت نمبر
اکاؤنٹ نمبر
مجموعی شمیرز

میں مسمیٰ / مسماة _____ سکنہ _____

ضلع _____ بحیثیت ممبر میرپور خاص شوگر ملز لمیٹڈ، مسمیٰ / مسماة _____

سکنہ _____ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ

اور میری طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو)، جو مورخہ 30 دسمبر 2016 صبح 11:00 بجے بروز جمعہ بمقام فیکٹری جراؤ، عمر کوٹ روڈ، میرپور خاص سندھ میں منعقد ہو رہا ہے، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔



دستخط شیر ہولڈر

گواہان

1 دستخط _____
 نام _____
 پتہ _____
 NIC / پاسپورٹ نمبر _____

2 دستخط _____
 نام _____
 پتہ _____
 NIC / پاسپورٹ نمبر _____

نوٹ: ایس ای سی پی کاسٹرکلیتاریخ 26 جنوری 2000 منسلک ہے۔

Circular

Securities and Exchange Commission of Pakistan STATE LIFE BUILDING # 7, BLUE AREA, ISLAMABAD

Islamabad, January 26, 2000.

Circular No.1 of 2000

Sub : GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

The shares of a number of listed companies are now being maintained as "book entry security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instructions to be issued in this regard the following guidelines for the convenience of the listed companies and the beneficial owners are laid down :

A. Attending of meeting in person by account holders and/or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS :

- (1) The Company shall obtain list of beneficial owners from the CDC as per regulation # 12.3.5 of the CDC Regulations.
- (2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up loaded as per the regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original Passport at the time of attending the meeting.
- (3) In case of Corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of proxies :

- (1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.
- (2) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- (3) Attested copies of NIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- (4) The proxy shall produce his original NIC or original Passport at the time of the meeting.
- (5) In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted alongwith Proxy Form to the Company.

sd
(M. Javed Panni)
Chief (Coordination)



GHULAM FARUQUE
GROUP

Registered Office / Factory:

Sub Post Office Sugar Mill
Jamrao, Umerkot Road,
Mirpurkhas, Pakistan.

Head Office

Modern Motors House
Beaumont Road
Karachi, 75530, Pakistan

UAN: +92 - 21-111- 354 -111

Fax: +92 - 21- 35688036

Web: www.gfg.com.pk

