



SAKRAND SUGAR MILLS LIMITED

TWENTY EIGHTH ANNUAL REPORT 2016

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COMPANY PROFILE

BOARD OF DIRECTORS

Mr. Dinshaw H. Anklesaria	Chief Executive/ Director
Mr. Jamil Akberi	Director
Syed Abid Hussain	Director
Mr. Abdul Naeem Quraishi	Director
Mr. Neville Mehta	Director
Mrs. Fatma Gulamali	Director
Dr. Jamshed H. Anklesaria	Director

AUDIT COMMITTEE

Mr. Abdul Naeem Quraishi	Chairman
Mr. Jamil Akberi	Member
Mr. Neville Mehta	Member

HR & R COMMITTEE

Syed Abid Hussain	Chairman
Mr. Jamil Akberi	Member
Mr. Neville Mehta	Member

CHIEF FINANCIAL OFFICER

Syed Zameer Haider Jaffri

COMPANY SECRETARY

Syed Zameer Haider Jaffri

BANKERS

Allied Bank Limited
Bank Al Habib Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited
United Bank Limited

AUDITORS

M/s. Haroon Zakaria & Co.
Chartered Accountants

LEGAL ADVISOR

Abdul Naeem Quraishi, Adv.

REGISTRAR

M/s JWAFS Registrar Services (Pvt.) Ltd.
407-408, Al Ameera Centre
Shahrah-e-Iraq, Saddar
Karachi-74400

REGISTERED OFFICE

41-K, Block 6, P.E.C.H.S., Karachi.
Fax: 021-34546456
www.sakrandsugar.com

FACTORY

Deh Tharo Unar, Taluka Sakrand,
District Shaheed Benazirabad, Sindh.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED**, will be held on Thursday, March 02, 2017 at 09:00 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on January 28, 2016.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended September 30, 2016 together with the Directors' report and the Auditors' report thereon.
3. To appoint auditors for the year ending September 30, 2017 and fix their remuneration. The Company has received notice under section 253(1) of the Companies Ordinance, 1984 from a shareholder requesting the appointment of Parker Randall-A.J.S., Chartered Accountants, in place of existing auditors. The Board of Directors, on the recommendation of the Audit Committee of the Company, has proposed the appointment of Parker Randall-A.J.S., Chartered Accountants, as external auditors, for the year ending September 30, 2017.

SPECIAL BUSINESS:

4. To consider the increase of Authorized Capital of the Company by Rs. 350,000,000 (Rupees Three Hundred Fifty Million only) by raising its existing Authorized Capital from Rs. 250,000,000 (Rupees Two Hundred Fifty Million only) to Rs. 600,000,000 (Rupees Six Hundred Million only) divided into 60,000,000 shares of Rs.10 each and if fit to pass the following resolutions, with or without any amendment, and to approve the required amendments in the Memorandum of Association and Articles of Association in this respect and give requisite approvals for the matters incidental thereto:

Proposed Special Resolutions

"Authorized Capital of the Company be increased from its existing Authorized Capital of Rs. 250,000,000 (Rupees Two hundred Fifty Million only) divided into 25,000,000 shares of Rs.10 each to Rs. 600,000,000 (Rupees Six Hundred Million only) divided into 60,000,000 shares of Rs.10 each."

Amendment of Memorandum and Articles of Association

Clause V of the Memorandum of Association is deleted and replaced with the following:

"The Authorized Share Capital of the Company is Rs. 600,000,000 (Rupees Six Hundred Million Only) divided into 60,000,000 (Sixty Million) Ordinary Shares of Rs.10 each. The Company shall have powers to increase or reduce, the capital of the Company and divide shares in the capital for the time being into several classes"

Clause 7 of the Articles of Association is deleted and replaced with the following:

"The Authorized Share Capital of the Company is Rs. 600,000,000 (Rupees Six Hundred Million Only) divided into 60,000,000 (Sixty Million) Ordinary Shares of Rs. 10 each. The Company shall have powers to increase or reduce, the capital of the Company and divide shares in the capital for the time being into several classes. The rights as between various classes of ordinary shares, if any, as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of shares."



Incidental Resolutions

"The Company be and is hereby authorized and empowered to take all such actions including but not limited to filing the requisite applications through any of the Authorized Person (as defined below) for seeking permission from SECP, any and / or all regulatory approvals that may be required under applicable laws, for the increase in authorized capital and all matters relating hereto."

"Syed Zameer Haider Jaffri be and are hereby authorized singly (Authorized Person) authorized to take steps necessary for filing of documents with Registrar Concerned for increase in authorized capital."

"All acts, deeds and actions taken by any of the Authorized Person pursuant to the above resolution for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company and be and are hereby ratified and confirmed by the Company."

5. Any other matter by the permission of the chair.

By order of the Board

**(Syed Zameer Haider Jaffri)
Company Secretary**

Karachi

Dated: February 09, 2017

NOTES:

1. The Shares Transfer Book of the Company will remain closed from February 23, 2017 to March 02, 2017 (both day inclusive).
2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- i. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- ii. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.



- iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - v. In case of corporate entity, the Board's resolution/ power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
4. Notice to Shareholders who have not provided CNIC:

In terms of the directive of the Securities and Exchange Commission of Pakistan ("SECP") the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders are required to be mentioned in the annual return filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNIC's are advised to provide at earliest the attested copies of their CNIC's (if not already provided) directly to our Independent Share Registrar, M/s JWAFS Registrar Services (Pvt.) Ltd., 407-408, Al Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi.

5. Kindly quote your folio number in all correspondences with the Company.

Statement under section 160(1) of the Companies Ordinance, 1984

This statement set out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on March 02, 2017.

Increase in Authorized Shares Capital of the Company and Consequent Amendments in the Memorandum and Articles of Association:

In order to cater for the future increase in paid up share capital, the Authorized Share Capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the Authorized Share Capital of the Company from Rs. 250,000,000 divided into 25,000,000 ordinary shares of Rs. 10 each to Rs. 600,000,000 divided into 60,000,000 ordinary shares of Rs. 10 each by creation of additional 35,000,000 ordinary shares of Rs. 10 each.

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause V of the Memorandum of Association and clause 7 of the Articles of Association of the Company. The Board of Directors have also recommended alteration in the Memorandum and Articles of Association of the Company to reflect increase in Authorized Share Capital of the Company.

The new ordinary shares when issued shall rank pari passu with the existing ordinary shares in all respects.

A copy of the Memorandum and Articles of Association has been kept at the registered Office of the Company and may be inspected during business hours on any working day from the date of publication of this notice till the conclusion of the general meeting.

The directors are not interested, directly or indirectly, in the above special businesses except to the extent of their shareholdings as has been detailed in the pattern of shareholding annexed to the Directors' Report.



اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ سکرٹڈ شوگر ملز لمٹیڈ کے حصص یافتہ گان کا اٹھائیسواں سالانہ اجلاس عام بروز جمعرات مورخہ 2 مارچ 2017، بوقت صبح 9:00 بجے بمقام بیچ لگژری ہوٹل، مولوی تمیز الدین خان روڈ، کراچی میں منعقد ہو گا، جس میں درج ذیل امور طے پائیں گے۔

عمومی امور

1- 28 جنوری، 2016 کو منعقد ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق۔

2- 30 ستمبر 2016 کو اختتام پزیر ہونے والے سال کے لیے، کمپنی کے آڈٹ شدہ حسابات بمع ڈائریکٹرز اور آڈیٹرز رپورٹ کی وصولی، تجزیہ اور منظوری۔

3- 30 ستمبر 2017 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔ کمپنی آرڈیننس 1984 کے سیکشن (1) 253 کے تحت ایک سینئر ہولڈر نے موجودہ آڈیٹرز کے بجائے Parker Randall-A.J.S. چارٹرڈ اکاؤنٹینٹ کے تقرر کی درخواست کی ہے۔ آڈٹ کمیٹی کی سفارشات کی بنا پر بورڈ آف ڈائریکٹرز نے 30 ستمبر 2017 کو ختم ہونے والے سال کے لیے آڈیٹرز کے طور پر Parker Randall-A.J.S. چارٹرڈ اکاؤنٹینٹ کے تقرر کی تجویز پیش کی ہے۔

خصوصی امور

4- زیر غور امور میں کمپنی کے اتھارٹیزڈ کیپیٹل 250,000,000 روپے (250 ملین روپے) کو 350,000,000 روپے (350 ملین روپے) اضافے کے بعد 600,000,000 روپے (600 ملین روپے) کر دیا جائے جو کہ 60,000,000 (60 ملین) حصص، 10 روپے فی حصص کے حساب سے تقسیم ہو، اگر یہ قرارداد ترمیم یا بغیر ترمیم کے منظور کی جا سکے، اور میمورینڈم آف ایسوسی ایشن اینڈ آرٹیکلز آف ایسوسی ایشن میں بھی متعلقہ امور کی منظوری اور ترمیم کی جا سکے۔

تجویز کردہ خصوصی قرارداد

کمپنی کے اتھارٹیزڈ کیپیٹل 250,000,000 روپے (250 ملین روپے) کو 350,000,000 روپے (350 ملین روپے) اضافے کے بعد 600,000,000 روپے (600 ملین روپے) کر دیا جائے جو کہ 60,000,000 (60 ملین) حصص پر 10 روپے فی حصص کے حساب سے تقسیم ہو۔

میمورینڈم اور آرٹیکلز آف ایسوسی ایشن میں ترمیم

میمورینڈم آف ایسوسی ایشن کی شق نمبر پانچ کو تحلیل کر کے مندرجہ ذیل سے تبدیل کر دیا گیا ہے۔

کمپنی کا اتھارٹیزڈ کیپیٹل 600,000,000 روپے (600 ملین روپے) ہے، جو کہ 60,000,000 (60 ملین) حصص پر 10 روپے فی عام حصص کے حساب سے تقسیم ہے، کمپنی کو یہ اختیار حاصل ہے کہ وہ کمپنی کے کیپیٹل میں اضافہ یا کمی کر سکتی ہے، مزید برآں حصص کو کیپیٹل اور کلاس (درجوں) کے حوالے سے تقسیم کرنے کا اختیار بھی رکھتی ہے۔

آرٹیکلز آف ایسوسی ایشن کی شق نمبر سات کو تحلیل کر کے مندرجہ ذیل سے تبدیل کر دیا گیا ہے۔

کمپنی کا اتھارٹیزڈ کیپیٹل 600,000,000 روپے (600 ملین روپے) ہے، جو کہ 60,000,000 (60 ملین) حصص پر 10 روپے فی عام حصص کے حساب سے تقسیم ہے، کمپنی کو یہ اختیار حاصل ہے کہ وہ کمپنی کے کیپیٹل میں اضافہ یا کمی کر سکتی ہے، مزید برآں حصص کو کیپیٹل اور کلاس (درجوں) کے حوالے سے تقسیم کرنے کا اختیار بھی رکھتی ہے۔ عام حصص کی مختلف درجہ بندیوں کے جملہ حقوق کے ساتھ، اگر ہو تو، منافع، ووٹ (رائے) اور دیگر فوائد، کلی طور پر حصص کی پیڈ اپ قدر کے متناسب ہوں گے۔



متعلقہ قرارداد

کمپنی گلی طور پر باختیار اور ہر ممکن اقدام لینے کی مجاز ہے بشمول کسی بھی مجاز شخص سے (جیسے کے نیچے بیان کیا گیا ہے) درخواست بھروانے کے، سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان سے کسی بھی قسم کی اجازت طلب کرنے کے لیے، انضباطی منظوری کے لیے، ضروری عوامل، جو کے مروجہ اصولوں اور قانون کے مطابق ہو، برائے اتھارٹیزڈ کیپیٹل میں اضافے اور متعلقہ امور کے لیے، قرار پایا ہے کہ سید ضمیر حیدر جعفری تمام قانونی لوازمات، ضروری عوامل، دستاویزات کی فائلنگ، اتھارٹیزڈ کیپیٹل میں اضافے اور متعلقہ امور سمیت تمام معاملات رجسٹرار کو فائل کرنے کے مجاز اور اہل ہیں۔

تمام اقدامات، جو کے کسی بھی مجاز شخص کے ذریعے لیے جائیں با مطابق اوپر بیان کی گئی قرارداد کے، کمپنی کے نام پر، یا کمپنی کے لیے ہوں اس کی تصدیق اور توثیق کمپنی سے کروانا لازمی ہے۔

5- چیئر مین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

سید ضمیر حیدر جعفری
کمپنی سیکریٹری

کراچی

09، فروری، 2017

نوٹ:

- 1- کمپنی کی حصص منتقلی کی کتب 23 فروری 2017 سے 02 مارچ 2017 تک بند رہیں گی (بشمول دونوں ایام)۔
- 2- نائب کی تقرری کی دستاویز، مختار نامہ، یا اس کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار آفس یا شیئر رجسٹرار آفس کے دفتر میں موصول ہو جانی چاہیے۔
- 3- اراکین جنہوں نے اپنے حصص سی ڈی سی اکاؤنٹ میں جمع کروا رکھے ہیں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات پر عمل کریں۔

(الف) برائے شرکت اجلاس

- (i) افراد کی صورت میں اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی سیکورٹیز اور رجسٹریشن تفصیلات سی ڈی سی ضوابط کے مطابق اپ لوڈ (فراہم) کی گئی ہوں، اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ ہمراہ لائیں، جس کے مطابق بوقت اجلاس اپنی شناخت مہیا کرنی ہو گی۔
- (ii) کارپوریٹ ہستی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ بوقت میٹنگ کمپنی کو پیش کرنا ہو گی۔

(ب) پراکسی کی تقرری کے لیے

- (i) افراد کی صورت میں اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی سیکورٹیز اور رجسٹریشن تفصیلات سی ڈی سی ضوابط کے مطابق اپ لوڈ (فراہم) کی گئی ہوں، کو اپنے پراکسی فارم کمپنی ضوابط کے تحت جمع کروانے ہوں گے۔
- (ii) پراکسی فارم پر دو گواہان کے دستخط ہوں گے، جن کے نام پتے اور شناختی کارڈ نمبر فارم میں ظاہر کئے گئے ہوں۔



(iii) پراکسی کو حقیقی حصص یافتہ کے قومی شناختی کارڈ اور پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ پیش کرنا ہوں گی۔

(iv) پراکسی کو اجلاس کے موقع پر اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہو گا۔

(v) کارپوریٹ ہستی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ پراکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہو گی۔

4- اُن حصص یافتہ گان کے لیے نوٹس جنہوں نے اپنا قومی شناختی کارڈ مہیا نہیں کیا:

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے اعلامیہ کے مطابق رجسٹرڈ حصص یافتہ گان اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا مجاز شخص کا ماسوائے نابالغان اور کارپوریٹ حصص یافتہ گان کے جمع کروانا لازمی قرار پایا ہے، چنانچہ ان حصص یافتہ گان کو جنہوں نے اپنے قومی شناختی کارڈ کی نقول فراہم نہیں کیں انہیں متنبہ کیا جاتا ہے کہ مصدقہ شناختی کارڈ کی نقول بنا کسی تاخیر کے ہمارے درج ذیل پتے پر شیئر رجسٹرار کو جمع کروائیں:

M/s JWAFS Registrar Services (Pvt.) Ltd.
407-408, Al Ameerah Centre, Shahrah-e-Iraq, Saddar, Karachi.

5- برائے مہربانی کمپنی کے ساتھ تمام مراسلات میں اپنے فولیو نمبر کا حوالہ دیں۔

اسٹیٹمنٹ زیر تحت کمپنی آرڈیننس 1984 سیکشن (1)(160)

یہ اسٹیٹمنٹ ان خصوصی امور جو کہ سالانہ اجلاس عام میں طے کیے جائیں گے کہ متعلق ہے، جو کہ 02 مارچ 2017 کو منعقد ہوگی اور جس میں تمام حقائق سامنے لائے جائیں گے۔

کمپنی کے اتھارائزڈ شیئرز کیپیٹل میں اضافہ اور نتیجتاً میمورینڈم اور آرٹیکل آف ایسوسی ایشن میں ترمیم

مستقبل میں پیڈ اپ شیئرز کیپیٹل، کے اضافے کو پورا کرنے کے لیے کمپنی کو اتھارائزڈ شیئرز کیپیٹل میں اضافہ کرنے کی ضرورت ہے، بورڈ آف ڈائریکٹرز نے سفارشات پیش کیں کہ کمپنی کے اتھارائزڈ کیپیٹل 250,000,000 روپے (250 ملین روپے) کو 25,000,000 (25 ملین) عام حصص 10 روپے فی حصص، کو 350,000,000 روپے (350 ملین روپے) اضافے کے بعد 600,000,000 روپے (600 ملین روپے) کر دیا جائے جو کہ 60,000,000 (60 ملین) حصص، 10 روپے فی حصص کے حساب سے تقسیم ہو۔

اتھارائزڈ شیئر زکیپیٹل میں تجویز کردہ اضافے کی بدولت میمورینڈم آف ایسوسی ایشن کی شق نمبر پانچ اور آرٹیکل آف ایسوسی ایشن کی شق نمبر سات میں ترمیم کی جائے گی۔ بورڈ آف ڈائریکٹرز نے کمپنی کے میمورینڈم اینڈ آرٹیکل آف ایسوسی ایشن میں ترمیم اور تبدیلی کی بھی سفارش کی تا کہ اتھارائزڈ شیئر کیپیٹل کا اضافہ ہوسکے۔

اجرا کے بعد تمام نئے عام حصص موجودہ عام حصص کے ساتھ Ranking Parri Passu میں ہوں گے۔

نوٹس کے شائع ہونے کے بعد سے عام اجلاس کے نتائج تک میمورینڈم اور آرٹیکل آف ایسوسی ایشن کی کاپی کمپنی کے رجسٹرڈ آفس میں موجود ہے جو کہ علاوہ تعطیل کام کرنے کے اوقات کے دوران ملاحظہ کی جا سکتی ہے۔

اوپر بیان کئے گئے خصوصی امور میں ڈائریکٹرز کا واسطہ یا بلاواسطہ کوئی تعلق نہیں ہے ماسوائے ڈائریکٹرز کی شیئر ہولڈنگ کی حد تک جو کہ ڈائریکٹرز رپورٹ کے ضمیمے میں حصص یافتہ گان کے پیٹرن کے حوالے سے بیان کی جا چکی ہے۔



VISION & MISSION STATEMENT

VISION

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

MISSION

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



DIRECTORS' REPORT

We are pleased to welcome you to the 28th Annual General Meeting of the Company and present the financial and operating results along with audited financial statements for the year ended September 30, 2016 together with the auditors' report thereon.

INDUSTRY REVIEW

The industry commenced season 2015-16 in November 2015 with a carry over stock of around 1.34 million metric tons of sugar. During the year, the total sugarcane crushing by sugar mills in Pakistan was 50.043 million metric tons and production of sugar was 5.082 million metric tons with an average recovery of 10.16%. The carry over stock of sugar, high sugar production, increase in sugarcane price, all led to a bearish trend in the cost of sugar.

Government of Pakistan allowed 500,000 metric tons of sugar for export. Since international sugar prices were low, therefore it was not feasible for the sugar mills to export due to high cost of sugar production.

The Mill started crushing season on November 24, 2015 and closed on March 01, 2016. During the current season the mill operated for 99 days and crushed 296,274 metric tons of sugarcane and produced 29,925 metric tons of sugar as compared to last season when it operated 98 days and crushed 441,621 metric tons of sugarcane to produce 45,100 metric tons of sugar. The recovery of sucrose decreased to 10.09% as against 10.21% during the last season. In current season, the production of molasses decreased to 12,354 metric tons as compared to 18,700 metric tons of last year.

The Government of Sindh vide notification No. 8/(142)/S.O(Ext)95-XXIII dated January 04, 2016 fixed the minimum sugarcane support price for the season 2015-16 at Rs. 172 per 40 kg (2014-15: Rs. 172 per 40 kg) and Rs. 0.50 per 40 kg for each 0.1 percent of excess sucrose recovery above 8.7 percent as quality premium.

This year, as the season progressed, the competition among sugar mills resulted in a serious price war due to which sugarcane prices were higher than the minimum support price of Rs.172 per 40 kg. All the mills procured sugarcane at exorbitant rates which ultimately affected the cost of sugar. Further, the Company was also under immense pressure of growers regarding their outstanding payments which resulted in shortage of sugarcane supply for the Company, therefore under utilisation of crushing capacity of the plant.

FINANCIAL RESULTS

The comparative financial results are as follows:

	2016	2015	(Amount in '000') Increase/ (Decrease)	% age
	Rupees			
Sales	1,528,012	2,613,738	(1,085,726)	(41.54)
Cost of sales	(1,703,121)	2,616,495	(4,319,616)	(165.09)
Gross loss	(175,109)	(2,756)	(172,352)	6,252.96
Loss before tax	(458,799)	(190,579)	(268,220)	140.74
Net loss after tax	(226,544)	(228,161)	1,616	(0.71)



		2016	2015	Increase/ (Decrease)	% age
OPERATING RESULTS					
Sugarcane crushed	MT	296,274	441,621	(145,347)	(32.91)
Sugar produced	MT	29,925	45,100	(15,175)	(33.65)
Sugar recovery	%	10.09	10.21	(0.12)	(1.18)
Molasses produced	MT	12,354	18,700	(6,346)	(33.94)
Molasses recovery	%	4.16	4.24	(0.07)	(1.70)

AUDITORS' REPORT

The auditors have qualified the Annual Accounts on the following financial liabilities for not recognizing the amount of Rs. 17 million payable to IDBP & Rs. 224 million payable to HBL.

Liability of HBL

A settlement has been reached with HBL whereby Company has deposited the securities. The Company has directly recorded the restructuring effect to its profit and loss account, instead of amortising the same until the maturity of the agreements.

Liability of IDBP

The liability of IDBP is sub-judice before the High Court of Sindh. The Company has questioned the markup on markup carried out by IDBP.

Liability of MCB Bank Ltd.

The issue is under discussion with the Bank.

Recovery of trade debts

The Company does not expect to recover the entire amount but still making efforts to recover it.

FUTURE OUTLOOK

The Company commenced its crushing season of 2016-17 on November 18, 2016. For the season 2016-17, the Government of Sindh has fixed the sugarcane price at Rs. 182 per 40 kg whereas sales price of sugar is on declining trend. It is feared that this inverse proportion will ultimately contribute towards operational difficulties, financial losses and increase in growers' outstanding liabilities. The millers are again facing shortage of sugarcane and price war.

Besides all the hardships faced by the industry, the Company is fully geared to steer through this hard season of high sugarcane minimum support price, and low sugar prices.

LABOUR MANAGEMENT RELATIONS

The management / labour relations remained cordial and helpful. I take this opportunity to thank and appreciate the spirit of understanding, good will and co-operation shown by the staff/workers and hope that the same will continue in future.

I thank the executives, officers and all the staff members of the Company and wish to place on record my appreciation for the devotion, sense of responsibility and loyalty.



AUDITORS

The Company has received notice under section 253(1) of the Companies Ordinance, 1984 from a shareholder requesting the appointment of Parker Randall-A.J.S., Chartered Accountants, in place of existing auditors. The Board of Directors, on the recommendation of the Audit Committee of the Company, has proposed the appointment of Parker Randall-A.J.S., Chartered Accountants, as external auditors, for the year ending September 30, 2017.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- 1 The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- 2 Proper books of accounts of the Company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
- 4 There is no doubt on the going concern of the Company.
- 5 The Company maintains Provident Fund account for its employees. The value of investment of the fund as on June 30, 2016 is Rs. 47,750,000.
- 6 International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from if any, has been adequately disclosed.
- 7 The system of internal control is sound in design and has been effectively implemented and monitored.
- 8 Key operating and financial data for last six years in summarized form is annexed.
- 9 There has been no material departure from the best practices of Corporate Governance except those mentioned in the preamble of the statement.
- 10 During the year, nine meetings of the Board of Directors and four meetings of Audit Committee were held as detailed below.

Name of Director

Number of meetings attended

	BOD	Audit Committee
Mr. Dinshaw H. Anklesaria	9	
Mr. Jamil Akberi	9	4
Mr. Abdul Naeem Quraishi	9	4
Mr. Neville Mehta	8	4
Syed Abid Hussain	9	
Mrs. Fatma Gulamali	8	
Dr. Jamshed H. Anklesaria	9	



- 11 Orientation course for the Directors was arranged by the Company during the year 2015 to appraise their duties and responsibilities. Four Directors have completed and obtained certification under the Corporate Governance. The Company intends to conduct directors' training program for other directors during the year 2017.
- 12 During the year, trading of NIL number of shares were carried out by the directors and their spouses and minor children.
- 13 During the year, the Company suffered loss as per reasons explained earlier and therefore could not declare dividend for the shareholders.

PATTERN OF SHARE HOLDING

The pattern of share holding and additional information regarding pattern of shareholding as on 30th September, 2016 is annexed.

CONCLUSION

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

Thank you all,
for SAKRAND SUGAR MILLS LIMITED

Dinshaw H. Anklesaria
Chief Executive
Karachi: February 07, 2017



ڈائریکٹرز کی رپورٹ

ہم آپ کو کمپنی کی اٹھائیسویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں، ساتھ ہی پیش خدمت ہے 30 ستمبر 2016 کے مالیاتی اور کارکردگی نتائج، آڈٹ شدہ مالیاتی حسابات بمع آڈیٹرز رپورٹ۔

مجموعی صنعتی جائزہ

تقریباً 1.34 ملین میٹرک ٹن شکر (شوگر) کے کیری اور اسٹاک کے ساتھ نومبر 2015 میں شکر کی صنعت نے سال 2016 - 2015 کے سیزن کا آغاز کیا، سال کے دوران مجموعی طور پر پاکستان بھر کی شوگر ملز میں 50.043 ملین میٹرک ٹن گنا کرش کیاجب کہ شکر کی پیداوار 5,082 ملین میٹرک ٹن رہی، اور اوسط ریکوری 10.16 فیصد رہی۔ کیری اور اسٹاک (شکر)، شکر کی زیادہ پیداوار، گنے کی قیمتوں میں اضافہ، ان سب عناصر نے مل کر شکر کی پیداواری لاگت میں اضافہ کیا۔

حکومت پاکستان نے 500,000 میٹرک ٹن شکر برآمد کرنے کی اجازت دی شکر کی قیمتوں میں مندی کے رُجحان کی وجہ سے، یہ کسی طور شوگر ملز کے لیے ممکن نہیں تھا کہ وہ شکر کی زیادہ پیداواری لاگت کے باعث برآمدات میں حصہ لے سکیں۔

شوگر مل نے کرشنگ سیزن 24 نومبر 2015 میں شروع کیا جو کے 01 مارچ 2016 کو اختتام پزیر ہوا، رواں کرشنگ سیزن شوگر مل میں 99 دن کام کیا گیا جس میں 296,274 میٹرک ٹن گنا کرش کیا گیا، جب کہ شکر کی پیداوار 29,925 میٹرک ٹن رہی، باموازنہ گذشتہ کرشنگ سیزن جس میں شوگر مل میں 98 دن کام کیا گیا اور 441,621 میٹرک ٹن گنے کی کرشنگ ہوئی جب کے شکر کی پیداوار 45,100 میٹرک ٹن تھی۔ گذشتہ سیزن کے مقابلے شکر کی ریکوری کم ہو کر 10.09 فیصد رہی جب کے گذشتہ سیزن یہ 10.21 فیصد تھی۔ رواں سیزن میں شیرے کی پیداوار کم ہو کر 12,354 میٹرک ٹن رہی باموازنہ گذشتہ سال جب یہ 18,700 میٹرک ٹن تھی۔

حکومت سندھ کے نوٹیفیکیشن نمبر XXIII-95 (EXT) S.O. (142) / 8 بتاریخ 4 جنوری 2016 کے مطابق سیزن 2016 - 2015 کے لیے گنے کی قیمت 172 روپے فی 40 کلو (2014-2015: 172 روپے فی 40 کلو) اور 0.50 روپے فی 40 کلو بر 0.1 فیصد ڈانڈ شکر پر جس کی ریکوری 8.7 فیصد سے ڈانڈ ہو پر بطور کوالٹی پریمنٹ کے فکس کی۔

رواں سال، سیزن کی پیش رفت کے ساتھ، شوگر ملز میں مقابلے کی فضا نے مقابلہ نرخ کو جنم دیا جس کی بدولت گنے کی قیمت با موازنہ کم از کم امدادی قیمت 172 روپے فی 40 کلو سے ڈانڈ رہی۔ تمام شوگر ملز نے گنے کی خریداری ڈانڈ نرخوں پر کی جس کی وجہ سے شکر کی پیداواری لاگت متاثر ہوئی۔ مزید برآں کاشتکاروں کے واجب الادا قرضہ جات کے حوالے سے کمپنی پر بے تحاشہ دباو تھا جس کے نتیجے میں گنے کی ترسیل میں کمی کا سامنا رہا یہ ہی وجہ ہے کہ کرشنگ صلاحیت سے کم رہی۔

مالیاتی نتائج

تقابلی مالیاتی نتائج درج ذیل ہیں -

	2016	2015	(Amount in '000') Increase/ (Decrease)	% age
.....Rupees.....				
Sales	1,528,012	2,613,738	(1,085,726)	(41.54)
Cost of sales	(1,703,121)	2,616,495	(4,319,616)	(165.09)
Gross loss	(175,109)	(2,756)	(172,352)	6,252.96
Loss before tax	(458,799)	(190,579)	(268,220)	140.74
Net loss after tax	(226,544)	(228,161)	1,616	(0.71)



آپریٹنگ نتائج

		2016	2015	Increase/ (Decrease)	% age
Sugarcane crushed	MT	296,274	441,621	(145,347)	(32.91)
Sugar produced	MT	29,925	45,100	(15,175)	(33.65)
Sugar recovery	%	10.09	10.21	(0.12)	(1.18)
Molasses produced	MT	12,354	18,700	(6,346)	(33.94)
Molasses recovery	%	4.16	4.24	(0.07)	(1.70)

آڈیٹرز رپورٹ

آڈیٹرز نے سالانہ حسابات پر کالیفائیڈ رپورٹ جاری کی ہے جس کی وجہ کمپنی کا 17 ملین روپے کی واجب ادائیگی آئی ڈی بی پی، اور 224 ملین روپے کی واجب ادائیگی حبیب بینک لمیٹڈ کو حسابات میں تسلیم نہ کرنا ہے۔

حبیب بینک لمیٹڈ کی واجب الادا مالیاتی ذمے داری (Liability of HBL)

حبیب بینک لمیٹڈ کے ساتھ ایک کاروباری تصفیہ طے پایا ہے جس کے مطابق کمپنی نے ضمانتیں جمع کروائی ہیں۔ کمپنی نے قرضے کے اسر نو اثرات کو منافع اور نقصان کے کھاتے میں چارج کیا ہے، بجائے اس کے کہ اس قرضے کو معاہدے کی تکمیل تک امور ٹائز کیا جاتا۔

آئی ڈی بی پی کی واجب الادا مالیاتی ذمے داری (Liability of IDBP)

آئی ڈی بی پی کی ادائیگی کا معاملہ سندھ ہائی کورٹ میں زیر سماعت ہے، کمپنی نے آئی ڈی بی پی کی جانب سے مارک اپ پر مزید مارک اپ لگانے پر سوال اٹھایا ہے۔

مسلم کمرشل بینک لمیٹڈ کی واجب الادا مالیاتی ذمے داری (Liability of MCB Bank Ltd.)

یہ معاملہ بینک کے ساتھ زیر بحث ہے۔

تجارتی قرضے کی وصول یابی (Recovery of trade debts)

کمپنی مکمل رقم کی وصول یابی کی توقع نہیں کر ہی تاہم وصول یابی کی کوششیں جاری ہیں۔

مستقبل کا جائزہ

کمپنی نے سال 2016 - 2017 کے کرشنگ سیزن کا آغاز 18 نومبر 2016 میں کیا۔ حکومت سندھ نے برائے سیزن 2016 - 2017 گنے کے نرخ 182 روپے فی 40 کلو طے کر رکھے ہیں جب کہ شکر کی قیمت فروخت زوال پزیر ہے۔ ڈر ہے کہ یہ الٹا تناسب کارکردگی کی راہ میں مشکلات کھڑی کر سکتا ہے۔ مالیاتی خسارے، کاشتکاروں کی تعداد میں اضافہ، واجب الادا قرضہ جات، شوگر ملز کو ایک بار پھر گنے کی قلت اور قیمتوں میں مقابلے کی فضا کا سامنا ہو سکتا ہے۔



صعنت کو درپیش تمام تر مشکلات کے با جود ، کمپنی پوری طرح کوشاں ہے کہ اس مشکل سیزن میں گئے کی اضافی قیمت اور شکر کی کم قیمتوں کے باجود مستحکم طور پر آگے بڑھ سکے۔

لیبر اور انتظامیہ کے تعلقات

انتظامیہ اور لیبر کے مابین تعلقات خوشگوار اور باہمی تعاون کی فضا میں سازگار ہیں۔ تمام تر تعاون، تفہیم کی اس فضا، خلوص اور اچھی ساکھ کے حامل تمام تر ملازمین اور کام کرنے والوں کا شکر یہ ادا کرنے کا موقع حاصل کرنا چاہتا ہوں۔ امید کرتا ہوں مستقبل میں ہم سب اسی رویے کا برتاؤ کریں گے۔

میں شکر یہ ادا کرتا ہوں تمام ایگزیکٹوز، افسران اور تمام اسٹاف اراکین کا، ان کی تمام تر وفاداری، احساس ذمے داری اور کام سے بھرپور لگاؤ پر انہیں خراج تحسین پیش کرتا ہوں۔

آڈیٹرز

کمپنی آرڈیننس 1984 کے سیکشن (1) 253 کے تحت ایک شیئر ہولڈر نے موجودہ آڈیٹرز کے بجائے Parker Randall-A.J.S. چارٹرڈ اکاؤنٹینٹ کے تقرر کی درخواست کی ہے۔ آڈٹ کمیٹی کی سفارشات کی بنا پر بورڈ آف ڈائریکٹرز نے 30 ستمبر 2017 کو ختم ہونے والے سال کے لیے آڈیٹرز کے طور پر Parker Randall A.J.S. ، چارٹرڈ اکاؤنٹینٹ کے تقرر کی تجویز پیش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ سے متعلق اسٹیٹمنٹ

- 1- مالیاتی حسابات جو کہ کمپنی نے مرتب کئے ہیں یہ شفاف انداز میں کمپنی کے ضروری امور اور آپریشنز کے نتائج کیش فلو اور ایکونٹی میں تبدیلی کو ظاہر کرتے ہیں۔
- 2- کمپنی کی بکس آف اکاؤنٹ مناسب طریقے سے ترتیب دیئے جاتے ہیں۔
- 3- مالیاتی حسابات کی تیاری کے سلسلے میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور کسی بھی تبدیلی اور تخمینہ کو مناسب اور واضح طور پر ظاہر کیا جاتا ہے۔
- 4- کمپنی کی صلاحیت بطور چلتے ہوئے کاروبار پر کسی قسم کا کوئی شک و شبہ نہیں ہے
- 5- کمپنی نے اپنے ملازمین کے لئے پراویڈنٹ فنڈ جاری کیا ہوا ہے، اس میں سرمایہ کاری کی لاگت 30 جون 2016 کے مطابق 47,750,000 روپے ہے۔
- 6- انٹرنیشنل اکاؤنٹنگ اسٹینڈرٹس جو کہ پاکستان میں نافذ العمل ہے اس پر مالیاتی حسابات کی تیاری پر لاگو کیا جاتا ہے جہاں نہیں کی گئی وہاں مناسب طور پر وضاحت کی گئی ہے۔
- 7- داخلی کنٹرول کا نظام مستحکم ہے اور موثر طور پر اس پر عمل درآمد اور نگرانی کی جاتی ہے۔
- 8- کلیدی کارکردگی اور مالیاتی معلومات گذشتہ 6 سال کی ضمیمے میں مہیا کی گئی ہیں۔
- 9- کارپوریٹ گورننس کے طریقہ کار جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے جس کی کوئی خلاف ورزی نہیں کی گئی ہے۔
- 10- سال رواں کے دوران بورڈ آف ڈائریکٹرز کی 9 میٹنگز جب کے آڈٹ کمیٹی کی 4 میٹنگز منعقد ہوئیں۔

Name of Director

Number of meetings attended

	Number of meetings attended	
	BOD	Audit Committee
Mr. Dinshaw H. Anklesaria	9	
Mr. Jamil Akberi	9	4
Mr. Abdul Naeem Quraishi	9	4
Mr. Neville Mehta	8	4
Syed Abid Hussain	9	
Mrs. Fatma Gulamali	8	
Dr. Jamshed H. Anklesaria	9	



11- کمپنی نے سال 2015 میں ڈائریکٹرز کے لیے اگاہی کورس کا اہتمام کیا جس کا مقصد ذامے داریوں سے مکمل طور پر واقفیت اور اُن کا جائزہ لینا تھا، اب تک 4 ڈائریکٹرز نے یہ کورس مکمل کیا اور کارپوریٹ گورننس کے تحت تکمیل کی سند حاصل کی۔ کمپنی 2017 میں ارادہ رکھتی ہے کہ مزید ڈائریکٹرز کے لیے تربیتی پروگرام کا اہتمام کیا جائے تا کہ وہ بھی اس سے استفادہ کر سکیں۔

12- سال کے دوران، ڈائریکٹرز اور اُن کی فیملیز نے کمپنی کے کسی قسم کے حصص کی تجارت میں حصہ نہیں لیا۔

13- سال کے دوران، کمپنی خسارے کا شکار رہی، جس کی تفصیلات اور وجوہات بیان کی جا چکی ہیں یہ ہی وجہ ہے کہ کمپنی ڈیوڈینڈ ادا کرنے سے قاصر ہے۔

حصص یافتہ گان کا پیٹرن Pattern of Share holding

30 ستمبر 2016 کے حصص کا پیٹرن، شیئر ہولڈنگ کی تفصیلات ضمیمے میں درج ذیل ہیں۔

نتیجہ

آخر میں اللہ رب العزت کی بارگاہ میں دعا گو ہیں کہ وہ ہمیں توفیق عطا فرمائے کہ ہم قومی ترقی میں اپنا حصہ ملا سکیں اور اپنی کمپنی کی بہتری کے لیے کام کر سکیں۔

بشکریہ

برائے سکرٹنٹ شوگر ملز لمٹیڈ

ڈنشا ایچ انکلسیریا

چیف ایگزیکٹو

کراچی : 07 فروری 2017



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Pakistan Stock Exchange for the purposes 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 5 (five) non-executive directors and 2 (two) executive directors including the CEO.

Category

Names

Executive Directors

Mr. Dinshaw H. Anklesaria
Syed Abid Hussain

Non-Executive Directors

Mr. Jamil Akberi
Mr. Abdul Naeem Quraishi
Mr. Neville Mehta
Mrs. Fatma Gulamali
Dr. Jamshed H. Anklesaria

- 2 The directors have confirmed that none of them is serving as a director in more than 7 (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 Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4 No casual vacancy occurred in the Board of Directors during the year under review.
- 5 The Company has prepared Code of Conduct and Policies and Procedures of Business Practices which has been signed by all the directors and senior employees of the Company.
- 6 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
- 8 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9 The board has not arranged any training program for the Directors of the Company during the year.
- 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 on 10/08/2009. It comprises of 3 (three) non-executive directors including the Chairman.
- 16 The meetings of the audit committee were held at least once in 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 already been formed and advised to the committee for compliance.
- 17 The board has formed a Human Resource and Remuneration Committee (HR&R). It comprises of three (03) members of who two (02) are non-executive directors and the Chairman of the committee is an executive director.
- 18 The Board has set-up an internal audit function, which is currently ineffective owing to staff turnover.
- 19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
- 22 Material/price sensitive information, if any, has been disseminated among all market participants at once through stock exchange.
- 23 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.
- 24 We confirm that all other material principles enshrined in the CCG have been complied with except for the appointment of Independent Director, Director's training program and Internal audit function, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

On behalf of Board of Directors

Dinshaw H. Anklesaria
Chief Executive
Karachi: February 07, 2017



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (CCG) (Revised 2012) prepared by the Board of Directors of Sakrand Sugar Mills Limited to comply with the relevant Listing Regulations of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Pakistan stock exchange requires the Company to place before the Board of Directors for their consideration and approval of 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. Further, all such transaction are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price or not.

Based on our review, except for the pending appointment of independent director and matters stated in note 24 to Statement of Compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended September 30, 2016.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 07, 2017



**PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT SEPTEMBER 30, 2016**

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM		TO	
490	1	-	100	39,185
703	101	-	500	304,417
309	501	-	1000	230,791
225	1001	-	5000	563,994
72	5001	-	10000	568,506
32	10001	-	15000	413,618
9	15001	-	20000	169,800
8	20001	-	25000	180,676
5	25001	-	30000	130,876
2	30001	-	35000	67,500
5	35001	-	40000	194,300
2	40001	-	45000	84,300
8	45001	-	50000	385,320
2	50001	-	55000	107,200
2	55001	-	60000	117,900
1	65001	-	70000	67,200
1	70001	-	80000	79,800
1	95001	-	100000	100,000
1	105001	-	110000	107,300
1	120001	-	125000	121,348
1	125001	-	130000	127,420
1	145001	-	150000	145,800
1	155001	-	160000	157,500
4	195001	-	200000	792,744
2	205001	-	210000	408,092
1	295001	-	300000	300,000
1	350001	-	310000	306,400
1	310001	-	315000	313,956
1	340001	-	345000	340,700
1	395001	-	400000	400,000
2	465001	-	470000	937,680
2	495001	-	500000	999,170
1	500001	-	505000	502,804
1	895001	-	900000	900,000
1	1030001	-	1035000	1,031,500
1	1545001	-	1550000	1,545,826
1	1555001	-	1560000	1,559,960
1	1925001	-	1930000	1,927,978
1	5575001	-	5580000	5,576,439
1,904				22,308,000

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	INDIVIDUAL LOCAL	1,871	18,990,765	85.13
2	FINANCIAL INSITUTION	13	1,743,040	7.81
3	INSURANCE COMPANY	3	245,492	1.10
4	INVESTMENT COMPANY	3	161,310	0.72
5	JOINT STOCK COMPANY	9	615,701	2.76
6	MODARABA COMPANY	2	198,300	0.89
7	LEASING COMPANY	1	40	0.00
8	CO-OPERATIVE SOCIETIES	1	12,652	0.06
9	MUTUAL FUND	1	340,700	1.53
		1,904	22,308,000	100



**PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2016
AS PER REQUIREMENTS OF
THE CODE OF CORPORATE GOVERNANCE**

Category	Number of shares held	Category wise No. of shareholders	Category wise shares held	Percentage %
JOINT STOCK COMPANIES		9	61,5701	2.76
INVESTMENT COMPANIES		3	161,310	0.72
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		10	9,252,383	41.48
Mr. Dinshaw Hoshang Anklesaria	5,576,439			
Mr. Jamil Akberi	500,500			
Syed Abid Hussain	543,444			
Mrs. Fatma Gulamali	400,000			
Mr. Abdul Naeem Quraishi	300,000			
Mr. Neville Mehta	1,031,500			
Dr. Jamshed Hoshang Anklesaria	500			
Mrs. Roxanne Mehta	900,000			
EXECUTIVE		1	20,196	0.09
BANKS,DFIS,NBFIS,INSURANCE COMPANIES, MODARABA & MUTUAL FUNDS		20	2,527,572	11.33
CO-OPERATIVE SOCIETIES		1	12,652	0.06
INDIVIDUALS		1,860	9,718,186	43.56
		1,904	22,308,000	100.00

Shareholders holding five percent or more voting interest in the Company

Name of Shareholder	No. of Shares held	Percentage
Mr. Dinshaw Hoshang Anklesaria	5,576,439	25.00
Mr. Yasir Gul	1,927,978	8.64
Syed Shujaat Ali	1,559,960	6.99
Nasreen Shujaat	1,545,826	6.93
	10,610,203	47.56



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sakrand Sugar Mills Limited** as at September 30, 2016 and the related profit and loss account, statement of other 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.

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

- a. The Company has derecognized bank liabilities of Rs.241.815 million in 2009, the waiver of which is dependent on compliance with term of settlement and rescheduling arrangements. This result in understatement of liabilities and losses by Rs.241.815 million.
- b. Confirmations and bank statements of five current accounts and four loan accounts has not been received and we could not substantiate the closing balance, markup and activity (if any) in current bank accounts.
- c. Confirmation from trade debts of Rs. 130.138 million remained un-responded and relevant facts are not substantiated by us. However, Company has charged provision against the same during the year.
- d. We could not substantiate head office and mill details pertaining to difference in loan to growers amounting to Rs. 1.169 million owing to non-availability of reconciliation.
- e. In our opinion except as discussed above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- f. In our opinion subject to above matters:
 - 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 except changes as explained in note 3.2 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- g. in our opinion, except for the effects & adjustments, if any relating to matters stated in paragraphs (a) to (d) above, the balance sheet, profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2016 and of the loss, its cash flows and changes in equity for the year then ended; and



h. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matter paragraph

We draw attention to the note 1.2 which indicates that the company has incurred continuous losses and its accumulated losses have reached to Rs. 1,045.626 million and its current liabilities have exceeded its current assets by Rs.1,487.090 million. These conditions indicate the existence of material uncertainty that may cause significant doubt about the company's ability to continue as a going concern and accordingly company may not realize its assets and discharge its liabilities at stated amount unless mitigating factors are materialized.

We further draw attention to note 2.2 which explains as to why compliance with relevant retirement of IAS 39 will produce misleading results.

Our opinion is not qualified in respect of these matters.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 07, 2017

Engagement Partner:
Farhan Ahmed Memon



BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Note	2016	2015
..... Rupees			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	2,347,812,704	2,468,869,990
Long term investments	6	158,714,980	141,520,264
Long term loans	7	158,311	318,991
Long term deposits	8	1,431,282	1,431,282
Current Assets			
Stores, spares and loose tools	9	28,000,160	29,109,445
Stock in trade	10	-	8,632,883
Trade debts - Unsecured	11	-	132,548,433
Loans and advances	12	16,600,234	45,872,861
Prepayments and other receivables	13	8,130,177	8,428,915
Taxation refundable	14	49,935,281	44,091,307
Cash and bank balances	15	1,331,543	7,353,819
		<u>103,997,395</u>	<u>276,037,663</u>
Total Assets		<u><u>2,612,114,672</u></u>	<u><u>2,888,178,190</u></u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
25,000,000 (2015 : 25,000,000) Ordinary shares of Rs. 10 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital	16	223,080,000	223,080,000
Accumulated loss		(1,045,626,408)	(881,713,717)
		(822,546,408)	(658,633,717)
Surplus on revaluation of fixed assets	17	1,339,697,719	1,402,329,336
Non-Current Liabilities			
Subordinate loan from directors		65,766,502	65,766,502
Deferred taxation	17 & 18	192,254,000	424,508,898
Long term finance - Secured			
Markup bearing	19 (a)	223,979,433	236,326,479
Markup free	19 (b)	10,182,759	9,237,215
		234,162,192	245,563,694
Provision for gratuity	20	11,693,519	11,861,268
Current Liabilities			
Trade and other payables	21	1,257,225,602	1,085,767,117
Short term borrowings	22	124,996,633	124,996,633
Mark up accrued	23	40,388,872	29,292,326
Current portion of non current liabilities	19 (a) & (b)	168,476,041	156,726,133
		1,591,087,148	1,396,782,209
Contingencies and Commitments	24		
Total Equities and Liabilities		<u><u>2,612,114,672</u></u>	<u><u>2,888,178,190</u></u>

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

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director



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

	Note	2016 Rupees	2015
Sales - Net	25	1,528,012,240	2,613,738,185
Cost of sales	26	<u>(1,703,121,019)</u>	<u>(2,616,494,517)</u>
Gross Loss		(175,108,779)	(2,756,332)
Operating expenses			
Administrative expenses	27	<u>(257,280,983)</u>	<u>(143,852,632)</u>
Distribution cost	28	<u>(3,765,129)</u>	<u>(4,283,311)</u>
		<u>(261,046,112)</u>	<u>(148,135,943)</u>
Operating loss		<u>(436,154,891)</u>	<u>(150,892,275)</u>
Other charges	29	<u>(8,666,900)</u>	<u>(372,290)</u>
Other income	30	<u>3,039,450</u>	<u>1,776,186</u>
		<u>(5,627,450)</u>	<u>1,403,896</u>
		<u>(441,782,341)</u>	<u>(149,488,379)</u>
Unrealised gain on loan amortisation	31	15,340,480	8,580,294
Financial cost	32	<u>(32,357,345)</u>	<u>(49,670,656)</u>
Loss before taxation		<u>(458,799,206)</u>	<u>(190,578,741)</u>
Provision for taxation - Deferred	18.2	232,254,898	(37,582,004)
Loss after taxation		<u>(226,544,308)</u>	<u>(228,160,745)</u>
Loss Per Share-Basic and Diluted	36	<u>(10.16)</u>	<u>(10.23)</u>

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

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director



**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	2016	2015
	..... Rupees	
Loss after taxation	(226,544,308)	(228,160,745)
Other comprehensive income		
Remeasurement of defined benefit liability	-	(614,249)
Deferred tax related to remeasurement of defined benefit liability	-	196,560
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the year net of deferred taxation	62,631,617	65,663,771
Total comprehensive loss	<u>(163,912,691)</u>	<u>(162,914,663)</u>

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

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Note	2016	2015
		..... Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(458,799,206)	(190,578,741)
Adjustments for:			
Depreciation		119,621,486	127,806,344
Financial cost		23,642,957	43,218,591
Interest expense-imputed		6,827,503	6,452,065
Provision for gratuity		1,978,791	2,271,340
Provision for bad debts		130,148,433	-
Gain on disposal of property, plant & equipment		(167,849)	(1,731,046)
Effect of increase in KIBOR		1,854,236	6,751,594
Gain on amortisation of investment		(17,194,716)	(15,331,888)
		<u>266,710,841</u>	<u>169,437,000</u>
Operating loss before working capital changes		(192,088,365)	(21,141,741)
Decrease in current assets			
Stores, spares and loose tools		1,109,285	577,249
Stock in trade		8,632,883	221,866,401
Trade debts		2,400,000	1,770,000
Loans and advances		29,272,627	19,752,844
Prepayments and other receivables		298,738	4,003,609
		<u>41,713,533</u>	<u>247,970,103</u>
Increase in current liabilities			
Trade and other payables		171,458,485	25,476,848
		<u>213,172,018</u>	<u>273,446,951</u>
		<u>21,083,653</u>	<u>252,305,210</u>
Taxes paid		(5,843,974)	(6,747,114)
Financial cost paid		(12,546,411)	(54,419,289)
Gratuity paid		(2,146,539)	(165,872)
		<u>(20,536,924)</u>	<u>(61,332,275)</u>
Net cash generated from operating activities		<u>546,729</u>	<u>190,972,935</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(445,500)	(9,382,379)
Proceeds from disposal of property, plant and equipment		2,049,148	6,488,306
Long term deposits		-	165,084
Long term loans		160,680	(15,687)
Net cash generated from / (used in) investing activities		<u>1,764,328</u>	<u>(2,744,676)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from directors		-	19,768,402
Repayment of long term loans		(8,333,333)	(33,333,332)
Net cash used in financing activities		<u>(8,333,333)</u>	<u>(13,564,930)</u>
Net (decrease) / increase in cash and cash equivalents		(6,022,276)	174,663,329
Cash and cash equivalents at the beginning of the year		(117,642,814)	(292,306,143)
Cash and cash equivalents at the end of the year	37	<u>(123,665,090)</u>	<u>(117,642,814)</u>

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

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director



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

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	..... Rupees		
Balance as at September 30, 2014	223,080,000	(718,799,054)	(495,719,054)
Total comprehensive loss			
Net loss for the year	-	(228,160,745)	(228,160,745)
Other comprehensive income for the year	-	65,246,082	65,246,082
	-	(162,914,663)	(162,914,663)
Balance as at September 30, 2015	223,080,000	(881,713,717)	(658,633,717)
Total comprehensive loss			
Net loss for the year	-	(226,544,308)	(226,544,308)
Other comprehensive income for the year	-	62,631,617	62,631,617
	-	(163,912,691)	(163,912,691)
Balance as at September 30, 2016	223,080,000	(1,045,626,408)	(822,546,408)

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

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director



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

1 STATUS AND NATURE OF BUSINESS

- 1.1 Sakrand Sugar Mills Limited was incorporated in Pakistan as a Public Limited Company on March 02, 1989 and its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated in 41-K, Block-6, P.E.C.H.S, Karachi. The principal business of the Company is that of manufacturing and sale of sugar. The mill is located at Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh.
- 1.2 The Company has incurred net loss of Rs. 226.544 million (2015 : Rs. 228.161 million). Its accumulated losses amounted to Rs. 1,045.626 million (2015 : Rs. 881.714 million) and its current liabilities exceeds its current assets by Rs. 1,487.090 million (2015 : Rs. 1,120.745 million) as well as final outcome of the contingencies is also uncertain.

These factors indicate the existence of material uncertainties that may cast doubts regarding the Company's ability to continue as going concern and accordingly Company may not be able to realize its assets and discharge its liabilities at stated amount. However, following mitigating factors cause the Company to prepare the financial statements on going concern basis.

The Company filed suit against IDBP in 2010 in the High Court of Sindh Karachi. It has sought settlement of the liability at an amount of Rs. 101.61 million on the ground that the restructured loan includes markup on the capitalized markup amounting to Rs. 29 million which is wrongly charged. Additionally, the Company has not charged markup for the year amounting to Rs. 6.51 million (2015 : Rs. 8.02 million) and cumulatively mark-up from 01 April, 2010 to September 30, 2016 amounting to Rs. 69.560 million and corresponding increase in current liabilities. The suit is pending since 2010 and the amount of unbooked liability is expected to be reversed by the bank as the same is disputed on merit.

The Company has planned to raise its equity, for which subordinated loan has been injected subsequent to the year end and board meeting has been held to increase the authorized capital for right issue. Further, the Company has negotiated the terms with Summit Bank Ltd. and Sindh Bank Ltd. to avail the Syndicated Long term Finance of cumulative amount of Rs. 1 billion. In addition to above, Syndicated Cash (pledge) Finance Facility of cumulative amount of Rs. 500 million from Summit Bank Ltd. and Sindh Bank Ltd. is also expected to meet working capital requirements of the Company. Further, negotiation with NBP is in process and is at the initial stage for finance of Rs. 600 million. The Company has commenced crushing for the season 2016-2017 and has planned increased crushing for the season by increasing its capacity utilization and expects to generate reasonable profit from its operations.

In view of above, these financial statements have been prepared using going concern assumption.

2 STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan except for IAS-39 (Refer note - 2.2 below). Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provision and directives of the Companies Ordinance, 1984 shall prevail.



2.2 Had the treatment of IAS 39 been adopted, relevant impact on financial statements would have been as follows:

	Current year Rupees
Increase in transactions with owners in equity	28,796,716
Other charges & loss charged in previous years	10,311,082
Other charges & loss charged in current year	4,868,736
Reduction in carrying value of director loan through amortization by allowance account	13,616,898

The departure as above said is made because compliance will be misleading for the purpose of banking requirements as reduction by way of amortization will decrease the carrying value of subordinate loan.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

- Long term finances are measured at amortized cost using applicable interest rate.
- Property, plant equipment are measured at revalued amount less accumulated depreciation and accumulated impairment loss, if any in period subsequent to the revaluation date.
- Investments held to maturity are measured at amortized cost using effective interest method less any impairment loss, if any

3.2 Standards, amendments and interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

This change in accounting policy has no impact on the Statement of Cash Flows and on earnings per share.

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

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

**Standards or interpretation****(effective for annual periods beginning on or after)**

IFRS 2	Share-Based Payments- Classification And Measurement of Share based Transactions (Amendments)	January 01, 2018
IFRS 10	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 01, 2016
IFRS 10	Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets Between an investor and its associates or Joint venture (Amendment)	Not yet Finalized
IFRS 11	Joint Arrangements - Accounting for acquisition of interest in Joint operation (Amendment)	January 01, 2016
IAS 1	Presentation of Financial Statements-Disclosure Initiative (Amendment)	January 01, 2016
IAS 7	Financial instruments: Disclosures-Disclosure Initiative- (Amendment)	January 01, 2017
IAS 12	Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	January 01, 2017
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets-Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16	Property, Plant and Equipment and IAS 41 Agriculture : Bearer Plants (Amendment)	January 01, 2016
IAS 27	Separate Financial Statements-Equity Method in Separate Financial Statements	January 01, 2016

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB (International Accounting Standards Board) in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expect 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, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards		(effective for annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

- The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment, estimates and assumptions in the process of applying company's accounting policies and the reported amounts of assets, liabilities, income & expenses. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.
- In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

	Note
i. Property, plant and equipment	4.1
ii. Taxation	4.3
iii. Staff retirement benefits	4.4
iv. Valuation of stock in trade	4.10
v. Trade debts	4.11

4.1 Property, plant and equipment

Operating fixed assets

- These are stated at revalued amount less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any). All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in-progress. These are transferred to specified assets as and when assets are available for use.
- Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.
- Assets carrying amount is written down immediately to its recoverable amount if the carrying amount of an asset is greater than its recoverable amount.



- Depreciation is charged to profit and loss account using reducing balance method to write off the cost of an asset over its estimated useful life in accordance with the rates specified in the note 13 to these financial statements and after taking into account residual value, if any.
- Depreciation on additions is charged from the quarter in which the assets become available for use while on disposals depreciation is charged up to the quarter of deletion.
- Repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.
- Gains/ losses on disposal of property, plant and equipment are charged to the profit and loss account.

Capital work in progress

These are stated at cost less impairment, if any, and consist of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their erection, construction and installation including salaries and wages that are directly attributable to assets under work in progress. The assets are transferred to relevant fixed assets as and when they are available for use.

4.2 Provisions

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

4.3 Taxation

Current

Provision for current taxation is based on higher of tax on the basis of taxable income at the current tax rates after taking into account tax credit and rebates available, if any, or minimum tax under section 113 of Income Tax Ordinance, 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed/ finalized during the year.

Deferred

Deferred income tax is recognized using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized (since the Company has history of business losses the Company accounts for the deferred tax asset to the extent of unabsorbed depreciation). Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.



4.4 Staff retirement benefits

The Company operates following staff benefits plan.

4.4.1 Defined Contribution plan

Provident fund

The Company operates a defined contributory Provident Fund for all its employees eligible under the scheme. The scheme has been approved under the Income Tax Ordinance, 2001. Monthly contributions are made both by the Company and by the employee to the fund at a rate of 8.33% of basic salary.

4.4.2 Defined Benefit plan

Gratuity

The Company operates a defined gratuity fund for all of its permanent employees who attain the minimum qualification period for entitlement to gratuity. Actuarial valuation is conducted periodically using "Projected Unit Credit Method" and the latest actuarial valuation was carried out at September 30, 2015. The detail of valuation is given in note 19.1.

4.5 Impairment of assets

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such asset is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use and impairment loss is recognized whenever, the carrying amount of the asset or its cash generating unit exceed its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

4.6 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, Long term and short term borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.7 Offsetting of financial assets and financial liabilities

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



4.8 Held to maturity investments

Investments with a fixed maturity that the Company has positive intent and ability to hold till maturity are classified as held to maturity investments. Held to maturity investments are initially recognized at fair value plus transaction cost attributable to acquisition and are subsequently carried at amortized cost using effective interest rate method, less any impairment loss.

Profit and loss, gains and losses are recognized in the profit & loss account when the investments are derecognized or impaired, as well as by amortization process.

4.9 Stores, spares and loose tools

These are valued as under:

In hand - At lower of moving average cost or NRV.
In transit - Actual cost incurred up to the balance sheet date

Provisions for obsolete and slow moving stock are duly made as when required. Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.10 Stock in trade

The basis of valuation has been specified against each:

Sugar in process - At average cost of raw material consumed
Finished sugar - At lower of cost or net realizable value
Molasses - At net realizable value.
Fertilizers - FIFO

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

4.11 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balances considered irrecoverable are written off as and when identified.

4.12 Loans and borrowings

These are initially recognized at cost, being the fair value of the consideration received net of cost associated with the borrowings. Subsequently these are measured at amortized cost using the effective interest rate method except as otherwise explained.



4.13 Trade and other payables

Trade and other payable are carried at cost, which is fair value of the consideration to be paid for goods and services.

4.14 Cash and cash equivalent

Cash in hands and at banks, highly liquid short term investments and deposits and short term running finance, if any are carried at cost. Cash and cash equivalents comprises of cash in hand, balances with banks, short term investments and short term finance and they form an integral part of Company's cash management and are included as a component of cash equivalents for the purpose of statement of cash flows.

4.15 Borrowing costs

Borrowing costs are recognized in profit and loss account in the period in which these are incurred except that borrowing costs that are directly attributable to acquisition, construction or production of qualifying asset are capitalized during the period of time it is completed and prepared for its intended use.

4.16 Related party transactions

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

4.17 Dividend Distribution

Dividend distribution to the Company's share holders is recognised as a liability in the period in which dividend is declared/approved.

4.18 Foreign Currency transactions

Transactions in the foreign currencies are translated into rupees at exchange rate prevailing on the date of the transaction. All assets and liabilities in foreign currencies are translated to exchange rate prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account currently.

4.19 Functional and presentation currency

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



4.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is recognised as follows:

- Sales are recorded on dispatch of goods to customers.
- Commission and handling income is recognized on shipment of products.
- Return/Interest on bank deposits and investments are recognised on accrual basis.

5 PROPERTY, PLANT AND EQUIPMENT

	Free hold land	Factory building	Non factory building	Plant and machinery	Office equipment and others	Furniture & fixture	Vehicles	Tents and tarpulins	Tools and tackles	Total
Rupees										
As at October 01, 2014										
Cost	322,150,500	358,470,155	330,697,884	2,485,681,826	10,253,559	7,748,494	60,785,416	2,320,644	4,342,876	3,582,451,354
Accumulated depreciation	-	(95,141,431)	(96,990,677)	(750,512,988)	(7,163,043)	(5,306,538)	(29,907,433)	(1,821,112)	(3,556,916)	(990,400,139)
Net book value	<u>322,150,500</u>	<u>263,328,725</u>	<u>233,707,208</u>	<u>1,735,168,838</u>	<u>3,090,516</u>	<u>2,441,956</u>	<u>30,877,983</u>	<u>499,532</u>	<u>785,960</u>	<u>2,592,051,216</u>
Year ended September 30, 2015										
Opening net book value	322,150,500	263,328,725	233,707,208	1,735,168,838	3,090,516	2,441,956	30,877,983	499,532	785,960	2,592,051,216
Additions(including transfers) during the year	-	-	38,366	450,000	211,158	12,600	8,670,255	-	-	9,382,379
Disposals / transfers										
Cost	-	-	-	-	101,700	-	9,092,102	-	-	9,193,802
Accumulated depreciation	-	-	-	-	(46,076)	-	(4,390,466)	-	-	(4,436,542)
Net book value	-	-	-	-	(55,624)	-	(4,701,636)	-	-	(4,757,260)
Depreciation for the year	-	(12,921,616)	(22,511,640)	(85,161,900)	(306,835)	(236,112)	(6,293,697)	(145,545)	(228,999)	(127,806,344)
Closing net book value	<u>322,150,500</u>	<u>250,407,108</u>	<u>211,233,934</u>	<u>1,650,456,938</u>	<u>2,939,214</u>	<u>2,218,444</u>	<u>28,552,904</u>	<u>353,987</u>	<u>556,960</u>	<u>2,468,869,990</u>
As at September 30, 2015										
Cost / Revalued amount	322,150,500	358,470,155	330,736,250	2,486,131,826	10,363,017	7,761,094	60,363,569	2,320,644	4,342,876	3,582,639,931
Accumulated depreciation	-	(108,063,047)	(119,502,317)	(835,674,888)	(7,423,803)	(5,542,650)	(31,810,665)	(1,966,657)	(3,785,916)	(1,113,769,941)
Net book value	<u>322,150,500</u>	<u>250,407,108</u>	<u>211,233,934</u>	<u>1,650,456,938</u>	<u>2,939,214</u>	<u>2,218,444</u>	<u>28,552,904</u>	<u>353,987</u>	<u>556,960</u>	<u>2,468,869,990</u>
Year ended September 30, 2016										
Opening net book value	322,150,500	250,407,108	211,233,934	1,650,456,938	2,939,214	2,218,444	28,552,904	353,987	556,960	2,468,869,990
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-
Additions(including transfers) during the year	-	-	-	-	257,500	188,000	-	-	-	445,500
Disposals / transfers										
Cost	-	-	-	-	-	-	4,390,475	-	-	4,390,475
Accumulated depreciation	-	-	-	-	-	-	(2,509,175)	-	-	(2,509,175)
Net book value	-	-	-	-	-	-	(1,881,300)	-	-	(1,881,300)
Depreciation for the year	-	(12,287,549)	(20,344,386)	(80,988,397)	(302,460)	(230,959)	(5,202,320)	(103,138)	(162,277)	(119,621,486)
Closing net book value	<u>322,150,500</u>	<u>238,119,559</u>	<u>190,889,548</u>	<u>1,569,468,541</u>	<u>2,894,254</u>	<u>2,175,485</u>	<u>21,469,284</u>	<u>250,849</u>	<u>394,683</u>	<u>2,347,812,704</u>
As at September 30, 2016										
Cost / Revalued amount	322,150,500	358,470,155	330,736,250	2,486,131,826	10,620,517	7,949,094	55,973,094	2,320,644	4,342,876	3,578,694,956
Accumulated depreciation	-	(120,350,596)	(139,846,703)	(916,663,285)	(7,726,263)	(5,773,609)	(34,503,810)	(2,069,795)	(3,948,193)	(1,230,882,252)
Net book value	<u>322,150,500</u>	<u>238,119,559</u>	<u>190,889,548</u>	<u>1,569,468,541</u>	<u>2,894,254</u>	<u>2,175,485</u>	<u>21,469,284</u>	<u>250,849</u>	<u>394,683</u>	<u>2,347,812,704</u>
	0%	5%	10%	5%	10%	10%	20%	33%	33%	



2016
..... Rupees

5.1 Depreciation for the year has been allocated as under :

Cost of sales	93,438,223	98,312,515
Administrative expenses	26,183,263	29,493,829
	119,621,486	127,806,344

5.2 Details of disposal of property, plant & equipments are as under

	Cost	Accumulated Depreciation	Book Value	Sale Proceeds/ Exchange Price	(Gain)/ Loss on disposal	Mode of disposal	Purchaser
	----- Rupees -----						
Vehicle							
BAS-664 Toyota Corolla	1,892,500	862,980	1,029,520	1,000,000	29,520	Negotiation	Muhammad Asghar
AXB-671 Toyota Corolla	1,623,225	1,058,083	565,142	701,869	(136,727)	Negotiation	Mustafa Kanani
AWL-294 Daihatsu Coure	874,750	588,112	286,638	347,280	(60,642)	Negotiation	Kabir Ahmed
	4,390,475	2,509,175	1,881,300	2,049,149	(167,849)		

5.3 Had there been no revaluation , the figures of the revalued assets would have been as follows:

Particulars	2016			2015
	Cost	Accumulated depreciation	Written down value	Written down value
	..... Rupees			
Free hold land	7,601,840	-	7,601,840	7,601,840
Factory building	98,914,946	64,841,543	34,073,403	35,831,674
Non-factory building	20,271,521	18,823,349	1,448,172	1,602,513
Plant & machinery	1,091,833,652	686,091,915	405,741,737	426,678,999
	1,218,621,959	769,756,807	448,865,152	471,715,025

6 INVESTMENT- Held to Maturity

This represents the DSC's purchased by the Company on June 11, 2009 and on November 11, 2009 with a maturity of 10 years from the date of purchase of DSC's having effective interest rate of 12.15%. These have been pledged with National Bank of Pakistan and Habib Bank Limited respectively (Refer note 19.2 and 19.4).



	Note	2016 Rupees	2015
Cost of Investment in DSC's		70,500,000	70,500,000
Unrealized gain on Investments			
Opening balance		71,020,264	55,688,376
Income earned during the year		17,194,716	15,331,888
Closing balance		88,214,980	71,020,264
		<u>158,714,980</u>	<u>141,520,264</u>
7 LONG TERM LOANS - Considered good			
Vehicle loans to employees	7.1	264,895	404,255
Less: Current portion of long term loans shown under current assets		106,584	85,264
		<u>158,311</u>	<u>318,991</u>
7.1 These are interest free loans given to employees other than directors and executives of the Company. The loan is recoverable in 60 to 84 installments from the date of disbursement and is secured by registration of vehicles in the name of the Company.			
		2016	2015
		..... Rupees	
8 LONG TERM DEPOSITS			
Utilities		1,289,082	1,289,082
Rent		135,000	135,000
Others		7,200	7,200
		<u>1,431,282</u>	<u>1,431,282</u>
9 STORES, SPARES AND LOOSE TOOLS			
In hand			
Stores		6,921,315	5,576,742
Spares		20,013,486	22,493,970
Loose tools		1,065,359	1,038,733
		<u>28,000,160</u>	<u>29,109,445</u>
In transit		-	-
		<u>28,000,160</u>	<u>29,109,445</u>
10 STOCK IN TRADE			
Finished goods		-	459,170
Sugar in process		-	1,627,979
Molasses		-	1,970
Fertilizer		-	6,543,764
		<u>-</u>	<u>8,632,883</u>



	Note	2016 Rupees	2015
11 TRADE DEBTS - Unsecured			
Trade debts - Considered doubtful	11.1	130,148,433	132,548,433
Less: Provision for doubtful debts		(130,148,433)	-
		<u>-</u>	<u>132,548,433</u>

11.1 This include trade debts due from a customer amounting to Rs. 130.139 million against sales of molasses for the year 2009 to 2010. The terms of sales stipulated payment against delivery based on which the amount is over due. Management does not expect to recover the same from the party but still making efforts to recover it. During the year Company has received 2.4 million against the same.

	Note	2016 Rupees	2015
12 LOANS AND ADVANCES			
Current portion of vehicle loans	7	106,584	85,264
Unsecured considered good			
Loan to growers		5,120,900	13,156,732
Advance to suppliers and contractors		10,469,369	13,401,064
Advance against expenses		267,942	123,931
Advance against salaries		635,439	3,105,870
Margin against LG	12.1	-	16,000,000
		<u>16,493,650</u>	<u>45,787,597</u>
		16,600,234	45,872,861
Considered Doubtful			
Loan to growers		9,506,103	2,575,000
Advance to supplier, contractors & others		17,472,545	17,472,544
		26,978,648	20,047,544
Less: Provision for doubtful advances		(26,978,648)	(20,047,545)
		<u>16,600,234</u>	<u>45,872,860</u>

12.1 The guarantee of Rs. 80 million was given by Sindh Bank Limited for the fulfillment of purchase of fertilizer from Pakarab & Fatima Fertilizer Limited. Margin of Rs. 16 million was given to Sindh bank Ltd. for the said guarantee. During the year Company has made default in fulfillment of their commitment in paying off their liability, thereby Sindh Bank Ltd. being a guarantor of Sakrand Sugar Mills Limited has paid off their liability after adjusting the cash margin available with them. Further, an amount of penalty as well as markup has also been charged by the Sindh Bank Ltd. Therefore, the Company has recognised the same amount as liability against them.



	Note	2016 Rupees	2015
13 PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		55,546	173,761
Sales tax	13.1	6,464,996	6,464,996
Other receivables	13.2	1,609,635	1,790,158
		<u>8,130,177</u>	<u>8,428,915</u>

13.1 This represents the amount of sales tax paid by the Company in the year ended 2001 against the demand raised by the Collectorate of sales tax. The Company had adjusted further sales tax paid earlier by it on its sales against the output tax on its subsequent sales following the judgment of High Court of Sindh on the issue declaring further tax charge as unlawful. The Company's suit for the recovery of the same is pending in the High Court of Sindh.

13.2 This include a sum of Rs. 1,017,398 paid subsequent to the decision of Supreme Court that held the levy of sales tax on disposal of fixed assets as lawful with certain exceptions and set aside the decision of the High Court of Sindh that had earlier declared the said levy as unlawful. The payment was made so as to avail amnesty offered by the government and for avoiding additional tax to provide against the risk from an unfavorable judgment.

	2016 Rupees	2015
14 TAXATION REFUNDABLE		
Income tax refundable	45,297,215	39,511,148
Sales tax refundable	4,638,066	4,580,159
	<u>49,935,281</u>	<u>44,091,307</u>

15 CASH AND BANK BALANCES

Cash in hand	41,143	169,569
Cash with banks:		
in current account	1,280,400	7,174,250
in deposit account	10,000	10,000
	<u>1,290,400</u>	<u>7,184,250</u>
	<u>1,331,543</u>	<u>7,353,819</u>

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016 Rupees	2015
Number of shares				
16,900,000	16,900,000	Fully paid ordinary shares of Rs.10 each issued for cash	169,000,000	169,000,000
5,408,000	5,408,000	Fully paid ordinary shares of Rs.10 each issued as bonus shares	54,080,000	54,080,000
<u>22,308,000</u>	<u>22,308,000</u>		<u>223,080,000</u>	<u>223,080,000</u>



	2016	2015
	..... Rupees	
17 SURPLUS ON REVALUATION OF FIXED ASSETS		
Surplus on revaluation:		
As at October 01	1,962,286,486	2,058,850,855
Transferred to retained earnings in respect of incremental depreciation charged during the year	(62,631,617)	(65,663,771)
Relevant deferred tax	(28,138,842)	(30,900,598)
	(90,770,459)	(96,564,369)
As at September 30	1,871,516,027	1,962,286,486
Related deferred tax:		
As at October 01	559,957,150	590,857,748
Reversal on incremental depreciation charged during the year	(28,138,842)	(30,900,598)
As at September 30	531,818,308	559,957,150
	1,339,697,719	1,402,329,336

17.1 Non factory building, factory building & plant and machinery of the Company were lastly revalued on July 18, 2014 by an independent professional valuer M/s. Tracom (Private) Limited on the basis of present value. The revaluation results in surplus of Rs. 1,103.460 million incorporated in the financial statements for the year ended September 30, 2014.

18 TAXATION

- Current

Income tax assessment of the Company deemed finalized as per tax return filed up to the tax year 2015 which is subject to further assessment. The Company's carry forward loss amounted to Rs.1,261.39 million (tax year 2015 : Rs.787.75 million) up to tax year 2016. The deductible temporary differences are recognized only to the extent that it is probable that future taxable profit will be available to adjust these differences. No current year tax is computed on the basis of minimum tax u/s 113 of Income Tax Ordinance 2001 as the Company suffered gross loss and have already paid advance tax.

18.1 Deferred Tax arises due to following elements:	2016	2015
	..... Rupees	
Deferred tax liability arises due to :		
Accelerated tax depreciation	600,720,890	653,462,329
Unrealized gain on amortization on loan	34,934,915	33,337,695
	635,655,805	686,800,024
Deferred tax asset arises due to :		
Loans & advances	8,363,381	6,415,214
Gratuity	3,624,991	3,795,606
Assessed losses	431,413,433	252,080,306
	443,401,805	262,291,126
Deferred tax liability	192,254,000	424,508,898



18.2 Reversal of taxable temporary differences includes:

2016
..... Rupees

2015

Due to temporary differences arises during the year	245,520,801	(25,850,990)
Due to change of tax rate	(13,265,903)	(11,731,014)
	<u>232,254,898</u>	<u>(37,582,004)</u>

18.3 Owing to accounting & tax losses, relationship among tax expenses and accounting profit is not applicable.

19 LONG TERM FINANCE - Secured

19 (a) Mark-up bearing

PARTICULARS	IDBP BF-I	NBP LCY-I	NBP LTF	HBL LCY	MCB LCY	SEPTEMBER 2016	SEPTEMBER 2015
..... Rupees							
Opening balance	117,499,000	75,576,488	50,000,006	111,292,000	31,654,194	386,021,688	407,589,395
Obtained during the year	-	-	-	-	-	-	-
Interest expense (Refer Note 32.1)	-	6,083,907	-	-	-	6,083,907	5,749,359
	117,499,000	81,660,395	50,000,006	111,292,000	31,654,194	392,105,595	413,338,754
Repaid during the year	-	-	(8,333,333)	-	-	(8,333,333)	(33,333,332)
Effect of remeasurement (Refer Note 31.1)	-	1,652,288	-	-	-	1,652,288	6,016,266
	117,499,000	83,312,683	41,666,673	111,292,000	31,654,194	385,424,550	386,021,688
Overdue installments	76,374,350	-	41,666,673	-	31,654,194	149,695,217	104,611,977
Current portion	11,749,900	-	-	-	-	11,749,900	45,083,232
Closing liability as at September, 30 2016	29,374,750	83,312,683	-	111,292,000	-	223,979,433	236,326,479

Significant terms and conditions:

Installments	Semi annually	DSCs of Rs. 35m have been deposited that are going to mature after 3 years to settle the above liability	Quarterly	DSCs of Rs. 35.5m have been deposited that are going to mature after 3 years to settle the above liability	Semi annually
No. of Installments	20	-	24	-	9
Date of first Installments	01-04-2010	-	19-01-2011	-	31-03-2001
Rate of Mark-up per annum	13%	Nil	3 months Kibor + 2%	one year Kibor with 7 % floor	10%
Sub note number	19.1	19.2	19.3	19.4	19.5



19.1 Industrial Development Bank of Pakistan

This represents the liability determined in accordance with rescheduling agreement reached between the Company and I.D.B.P. on October 17, 2009. Consequent there to total liability of Rs.149.162 million at that date stood reduced to Rs.131.347 million (refer note 19(a) and 19(b)) payable on the terms as stated in respective schedule. The difference amounting to Rs. 17.815 million was taken to profit and loss account for the year ended September 30, 2009. The rescheduling was accepted by the Company under protest and appeal is pending before the court (refer note 24.1.4). The Company has not paid the last 13 installments amounting to Rs. 76.374 million as per rescheduling agreement till September 30, 2016 which are overdue.

Security:

The finance is secured by way of :

- Mortgage of all immovable properties of the Company.
- Hypothecation by way of floating charges on the Company's movable and immovable properties both present and future.
- Pledge of shares
- Personal guarantees of the directors.
- Demand promissory notes.

19.2 NBP (formerly National Development Finance Corporation)

This represents the liability determined in accordance with the rescheduling agreement reached between National Bank of Pakistan and the Company on June 4, 2009 and consequent thereto an amount of Rs.105.125 million was paid as full and final discharge of the outstanding liability through DSC's of Rs.35 million pledged by the Company with National Bank of Pakistan maturing after 10 years on June 3, 2019 from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs.105.125 million that will be realized by encashment of DSC's on maturity date (s).

Since the rescheduled loan is interest free and payable after 10 years. It has been initially recognized at cost amounting to Rs.105.125 million (refer note 19(a) and subsequently measured on amortized cost at each balance sheet date with effective interest rate prevailing at year end. The difference was taken to profit and loss in the year ended September 30, 2009 (refer note 32). Effective interest rate prevailing as for the year was 8.05% p.a accordingly imputed interest cost is taken to profit and loss account for the year ended September 30, 2016 (refer note 32).

19.3 This represents loan obtained from National Bank of Pakistan for the purpose of repayment of its outstanding balance of growers liability for the year 2007-2008 and 2008-2009 at markup rate of 3 months kibar + 2% on quarterly basis. Repayment of principal amount of loan commenced with effect from 19-01-2010 in 24 quarterly installments of Rs. 8,333,333 each. The loan is secured as under.



Security:

The above finance is secured by way of:

- First parri passu hypothecation charge over Plant, Machinery and Equipment of the Company for an amount of Rs 275,639,140 and Rs 17,983,360.
- First equitable mortgage over Land and Building of the Company for an amount of Rs. 275,639,140 and Rs. 17,983,360.
- Personal guarantees of directors of the Company.

19.4 Habib Bank Limited

This represents the liability determined in accordance with the rescheduling agreement reached between Habib Bank Limited (HBL) and the Company on September 15, 2009 and consequent thereto an amount of Rs. 111.292 million was paid as full and final discharge of the total outstanding liability standing at that date of Rs. 336.018 million through DSC's of Rs. 35.5 million pledged by the Company with HBL maturing after 10 years from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs. 111.292 million that will be realized by encashment of DSC's on maturity date(s). The difference amount of Rs. 224 million was taken to profit and loss account for the year ended September 30, 2009.

The loan carries mark up at the rate of one year KIBOR with floor @ 7% per annum on Rs. 111.292 million till 2019 on quarterly basis. In case of default by the Company in payment of mark up for two consecutive quarters, HBL shall have right to withdraw the settlement package and demand the balance decretal amount of Rs 327.49 million.

Security:

The above finance is secured by way of:

- First charge on entire project assets at Deh Unar, Kazi Ahmed, Taluka Sakrand, Nawabshah, ranking parri passu with other secured creditors.
- Hypothecation of stocks.
- Guarantee of the mill duly supported by resolution of Board of Directors.
- DSC's of Rs 35.5 million.

19.5 MCB Bank Limited

This represents the amount of bank liability as rescheduled by the bank vide its letter No.SAMG/PO/JPICUS/409, dated July 3, 2004 that are outstanding.

During the year 2009-2010, the Company approached to the bank for a negotiated settlement of the said liabilities vide its letter number SSML/ Acct/60/2010 on dated February 01, 2010 and proposed to settle the present principle liability by submitting DSC's to bank amounting to Rs. 10 million with 10 years maturity having maturity value of Rs. 31 million and outright payment of Rs. 5 million towards settlement of total mark up outstanding (refer note 19 b).

Security:

Pari passu / second charge with other creditors on all assets of the Company and fresh personal guarantees of sponsors / directors.



19 (b) Mark-up free - frozen mark-up

PARTICULARS	IDBP BF-I	MCB LCY - 1	SEPTEMBER 2015	SEPTEMBER 2014
	..... Rupees			
Opening balance	9,237,215	7,030,924	16,268,139	14,830,105
Interest Expense (Refer Note 31.1)	743,596	-	743,596	702,706
	9,980,811	7,030,924	17,011,735	15,532,811
Effect of Remeasurement (Refer Note 31.1)	201,948	-	201,948	735,328
	10,182,759	7,030,924	17,213,683	16,268,139
Overdue Installments	-	7,030,924	7,030,924	7,030,924
	10,182,759	-	10,182,759	9,237,215

Significant terms and conditions:

Installments	Quarterly	Semi annually
No. of installments	4	12
Date of first installment	01-01-2020	30-09-2004
Sub note number	19.6	

19.6 This represents the amount of markup of I.D.B.P. payable after 01.01.2020 in four quarterly installments in terms of the rescheduling agreement with I.D.B.P. as disclosed in note 19.1. Since the loan is interest free and payable after 10 years. It was initially recognized at cost i.e. Rs.13.848 million and subsequently measured on amortized cost at each balance sheet date with effective interest rate prevailing at year end. The difference was taken to profit and loss in the year ended September 30, 2009. Effective interest rate prevailing as at September 30, 2016 was 8.05% p.a and such interest expense is taken to profit and loss account (refer note 32).

Note	2016	2015
 Rupees	

20 PROVISION FOR GRATUITY

20.1	11,693,519	11,861,268
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20.1 Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at September 30, 2015 using the Projected Unit Credit Method.

Principal assumptions

	2016	2015
Discount rate	8.85% per annum	9.25% per annum
Expected rate of eligible salary increase in future years - short term	15% per annum	15% per annum
Expected rate of eligible salary increase in future years - long term	8% per annum	8% per annum



	Note	2016 Rupees	2015
Changes in defined benefit liability are as follows:			
Opening defined benefit obligation		11,861,268	9,338,111
Current service cost		929,036	825,331
Interest cost		1,049,755	1,249,449
Benefit paid directly by the Company		(2,146,539)	(165,872)
Actuarial losses		-	614,249
Closing defined benefit obligation		<u>11,693,520</u>	<u>11,861,268</u>
Liability for gratuity arose in the following manner:			
Opening net liability		11,861,268	9,338,111
Expense for the year		1,978,791	2,074,780
Benefit paid		(2,146,539)	(165,872)
Other comprehensive income		-	614,249.00
Closing net liability		<u>11,693,520</u>	<u>11,861,268</u>
Charge to profit and loss account			
Current service cost		929,036	825,331
Interest cost		1,049,755	1,249,449
Total amount chargeable to P&L account		<u>1,978,791</u>	<u>2,074,780</u>

21 TRADE AND OTHER PAYABLES

Trade payables			
Quality premium	21.1	56,460,953	56,460,953
Sugar cane and others		<u>868,338,101</u>	<u>944,635,652</u>
		924,799,054	1,001,096,604
Accrued expenses		99,342,202	31,100,735
Other payables			
Advance from customers		55,698,855	36,997,274
Sales tax and Excise duty payable	21.2	94,007,994	4,003,445
Unclaimed dividend		377,172	377,172
Payable to Sindh Bank Ltd.		65,886,885	-
Others		17,113,440	12,191,886
		<u>233,084,347</u>	<u>53,569,777</u>
		<u>1,257,225,602</u>	<u>1,085,767,117</u>

21.1 This represents the outstanding amount of quality premium for the years 2003 and 2004 withheld since the issue is pending for disposal with the Supreme Court of Pakistan. The Appellants, including the Company were granted leave to defend by the Supreme Court of Pakistan in the year 2004 with the direction that no coercive action for recovery of quality premium from the mills shall be taken till the disposal of the Appeal which continues to be in force. The provincial government in its yearly notification since year 2004 onwards for minimum cane price fixation refers to the direction of the Supreme Court as reason for suspending coercive recovery of the quality premium from the mill until uniform formula subsequently is developed by the Ministry of Food and Agriculture.



21.2 Sales tax liabilities are outstanding. Subsequent to year end Company's application for payment of sales tax in installments has been approved in which default is repeated due to shortage of funds.

Note **2016** **2015**
..... Rupees

22 SHORT TERM BORROWING - Secured

National Bank of Pakistan
Running finance

22.1 & 22.2 124,996,633 124,996,633

22.1 Running Finance Facility

Purpose:

To finance the working capital requirements of the Company and for procurement of sugarcane.

Mark up rate:

3 months KIBOR + 2.5% p.a.

Security:

1. First pari passu hypothecation charge over plant, machinery & equipment of the Company with 25% margin.
2. First equitable mortgage over land and building of the Company of PKR 167 million with 25% margin.
3. Personal guarantees of the directors of the Company.

22.2 Subsequent to year end negotiation with National Bank of Pakistan are at advanced stage for restructuring the running finance as term finance loan.

2016 **2015**
..... Rupees

23 ACCRUED MARK UP

National Bank of Pakistan

3,660,819 1,572,798

MCB Bank Limited

17,228,787 17,228,787

Loan from others

5,518,824 5,518,824

National Bank of Pakistan - Running finance

11,090,002 2,901,703

Habib Bank Limited

2,890,440 2,070,214

40,388,872 29,292,326



24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Following Constitutional & Civil Petitions are pending for which outcome could not be determined:

- a) Constitutional Petition No. 230 of 2013.
- b) Constitutional Petition No. 5482 of 2014.
- c) Constitutional Petition No. 3090 of 2015.
- d) Constitutional Petition No. 198 of 2016.
- e) Constitutional Petition No. 32 of 2016.
- f) Civil Appeal no. 48 of 2015.
- g) Sales tax Appeal No. 20/2003 pending before the Honourable High Court of Sindh at Karachi.
- h) Sales tax Appeal No. 558/2004 pending before the Honourable High Court of Sindh at Karachi.
- i) Sales tax Appeal No. 559/2004 pending before the Honourable High Court of Sindh at Karachi.
- j) Civil appeal No. 750/2013 pending before the Honourable Supreme court of Pakistan at Islamabad.
- k) Civil aAppeal Nos. 938 & 939/2011 which have been remanded back to the High Court of Sindh vide order dated 06/02/2012 of the Honourable Supreme Court of Pakistan Islamabad are now pending before the Honourable High Court of Sindh at Karachi.
- l) CP-S-234/2015 High Court of Sindh.
- m) Suit B-20/2015 IDBP v/s Sakrand Sugar Mill.
- n) Suit 171/2010 Sakrand Sugar Mill v/s IDBP.
- o) CP-523/2016.

24.1.2 Appeal is pending in appellate tribunal (IR) regarding alleged demand with penalty for which favourable outcome is expected.

24.1.3 "Rent case" is pending for which outcome could not be determined.

24.1.4 In respect of restructured loan amounting to Rs.130 million of Industrial Development Bank, the Company filed a suit in the High Court of Sindh Karachi seeking settlement of the liability at an amount of Rs. 101.61 million on the ground that the restructured loan includes markup on the capitalized markup amounting to Rs. 29 million which is wrongly charged though not permissible under the law. The Honorable Court has stayed recovery proceedings till further order. Accordingly the Company has not charged markup for the year amounting to Rs. 6.51 million (2015: 8.02 million) and cumulatively mark-up from 01 April, 2010 to 30 Sep, 2016 amounting to Rs. 69.56 million on the outstanding balance as per rescheduling package of I.D.B.P. for the reason that it expects that an amount of Rs. 29 million would be reversible as a result of the final outcome court proceedings on merit of case and this is hence not going to have any effect on these financial statements.

24.1.5 Appeal against demand of Rs. 571,997 is filed with CIT . Appeal for which hearing is pending and outcome can not be decided at this stage.

24.2 Commitments

There are no commitments outstanding at year end.

25 SALES - Net

	2016	2015
	..... Rupees	
Sugar	1,552,759,705	2,464,086,760
Molasses	85,840,000	129,280,000
Fertilizer	7,096,960	240,094,786
	<u>1,645,696,665</u>	<u>2,833,461,546</u>
Less: Sales tax	<u>(117,684,425)</u>	<u>(219,723,361)</u>
	<u>1,528,012,240</u>	<u>2,613,738,185</u>



26 COST OF GOODS SOLD	Note	2016 Rupees	2015
Sugarcane consumed	26.1	1,461,956,973	1,880,805,228
Manufacturing expenses	26.2	232,531,163	293,554,398
Fertilizer Cost		-	220,268,489
		<u>1,694,488,136</u>	<u>2,394,628,115</u>
Sugar in process			
Opening		1,627,979	2,324,662
Closing		-	(1,627,979)
		<u>1,627,979</u>	<u>696,683</u>
		<u>1,696,116,115</u>	<u>2,395,324,798</u>
Finished goods			
Opening		459,170	226,492,593
Closing		-	(459,170)
		<u>459,170</u>	<u>226,033,423</u>
		<u>1,696,575,285</u>	<u>2,621,358,221</u>
Molasses			
Opening		1,970	1,682,030
Closing		-	(1,970)
		<u>1,970</u>	<u>1,680,060</u>
		<u>1,696,577,255</u>	<u>2,623,038,281</u>
Fertilizer			
Opening		6,543,764	-
Closing		-	(6,543,764)
		<u>6,543,764</u>	<u>(6,543,764.00)</u>
		<u>1,703,121,019</u>	<u>2,616,494,517</u>

26.1 This includes quality premium and subsidies for the year amounting to Rs. nil (2015: Rs. nil) and Rs. 183.098 million (2015: Rs. 1.023 million) respectively.

26.2 Manufacturing expenses

Stores and spares consumed		24,841,199	40,860,437
Fuel and power		10,653,507	19,694,057
Salaries, wages including bonus and staff amenities	26.2.1	71,899,503	80,198,204
Repairs and maintenance		19,126,175	42,050,164
Vehicle maintenance		958,919	1,099,925
Insurance		6,095,185	6,017,266
Depreciation	5.1	93,438,223	98,312,515
Bagasse, mud, ash handling & others		5,518,452	5,321,830
		<u>232,531,163</u>	<u>293,554,398</u>

26.2.1 This includes Rs. 2,661,076 (2015: Rs. 2,599,311) in respect of contribution to provident fund & gratuity.



	Note	2016	2015
		..... Rupees	
27 ADMINISTRATIVE EXPENSES			
Salaries, including bonus and staff amenities	27.1	73,552,774	77,096,425
Rent, rates and taxes		1,008,279	1,040,762
Insurance		2,459,236	3,324,790
Water, gas and electricity		3,866,854	4,040,359
Printing and stationery		781,968	1,470,079
Postage, telephone, telegrams and telex		2,016,787	2,666,635
Vehicle maintenance		3,200,956	6,434,026
Repairs and maintenance		372,052	624,329
Traveling and conveyance		548,425	704,998
Newspaper, books and periodicals		44,855	87,620
Fee and subscription		258,001	448,375
Legal and professional		8,196,751	9,212,492
Auditors' remuneration	27.2	1,017,800	990,150
Entertainment		1,528,367	2,140,770
Computer maintenance		121,205	1,590,519
Advertisement		404,710	447,560
Charity and donation	27.3	108,600	152,450
Depreciation	5.1	26,183,263	29,493,829
Bad debts expense		130,148,433	-
Sales tax penalty		164,337	-
Others		1,297,330	1,886,464
		<u>257,280,983</u>	<u>143,852,632</u>
27.1	This includes Rs. 1,195,659 (2015: Rs.1,288,482) in respect of contribution provident fund and gratuity.		
27.2 Auditors' remuneration comprises of :		2016	2015
		..... Rupees	
Audit fees		693,000	602,500
Half yearly review		200,000	202,000
Certifications		13,000	140,000
Out of pocket expenses		111,800	45,650
		<u>1,017,800</u>	<u>990,150</u>
27.3	The directors or his spouse had no interest in the donees fund.		
28 DISTRIBUTION COST			
Loading and stacking		3,672,454	4,173,661
Sampling charges		92,675	109,650
		<u>3,765,129</u>	<u>4,283,311</u>
29 OTHER CHARGES			
Loan processing fees		-	109,290
Mucaddam charges		-	263,000
Provision on loan to growers		1,174,209	-
Provision for interest on loan to growers		7,414,894	-
Other charges		77,797	-
		<u>8,666,900</u>	<u>372,290</u>



	Note	2016	2015
		..... Rupees	
30 OTHER INCOME			
Profit on sale of fixed asset		167,849	1,731,046
Other		2,871,601	45,140
		<u>3,039,450</u>	<u>1,776,186</u>
31 UN-REALIZED GAIN / (LOSS) ON AMORTIZATION OF LOANS / INVESTMENTS			
National Bank of Pakistan	19(a) & 31.1	(1,652,288)	(6,016,266)
IDBP	19(b) & 31.1	(201,948)	(735,328)
Income on amortization of Investment in DSC's	31.2	17,194,716	15,331,888
		<u>15,340,480</u>	<u>8,580,294</u>

31.1 This represents effects of increase in KIBOR over the year and recognizing liability at fair value.

31.2 This represents amortization of investment in DSC's amounting to Rs 70.5 million at the rate of 12.15%.

	Note	2016	2015
		..... Rupees	
32 FINANCIAL COST			
Mark-up on loans		22,413,266	42,330,041
Bank charges		1,229,691	888,550
Interest expense	32.1	6,827,503	6,452,065
Penalty on Sindh Bank Guarantee		1,886,885	-
		<u>32,357,345</u>	<u>49,670,656</u>

32.1 This represents interest expense in respect of amortization of loan and frozen mark up liability of NBP and I.D.B.P. (refer 19(a) and 19(b)) using effective interest rate @ 8.05% (2015 : 9.01% p.a).

33 REMUNERATION OF EXECUTIVES

(Amount in Rupees)

PARTICULARS	2 0 1 6				2 0 1 5			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Remuneration	8,431,728	15,092,808	2,224,872	25,749,408	8,236,131	14,742,687	2,326,872	25,305,690
Company's contribution to provident fund	-	-	122,728	122,728	-	-	129,742	129,742
Perquisites, benefits and utilities	-	-	-	-	-	-	-	-
Total	8,431,728	15,092,808	2,347,600	25,872,136	8,236,131	14,742,687	2,456,614	25,435,432
Number of Persons	1	6	2	9	1	6	2	9



	2016	2015
	..... Rupees	
34 PLANT CAPACITY AND PRODUCTION		
Installed Production Capacity-Metric ton	<u>86,400</u>	<u>86,400</u>
Duration of Season-Days	<u>99</u>	<u>98</u>
Actual Production-Metric ton	<u>29,925</u>	<u>45,100</u>
Actual Crushing-Days	<u>83</u>	<u>86</u>
% of capacity attained	<u>35%</u>	<u>52%</u>

35 SEGMENT REPORTING

		2016			
		Sugar	Fertilizer	Total	2015
Note		..... Rupees			
Segment assets and liabilities					
	Segment assets	2,612,114,672	-	2,612,114,672	2,888,178,190
	Segment liabilities	<u>2,094,963,361</u>	-	<u>2,094,963,361</u>	<u>2,144,482,571</u>
Segment profit and loss account					
	Sales-gross	1,638,599,705	7,096,960	1,645,696,665	2,833,461,546
	Less: Sales tax	(116,571,996)	(1,112,429)	(117,684,425)	(219,723,361)
	Sales-net	1,522,027,709	5,984,531	1,528,012,240	2,613,738,185
	Cost of sales	(1,696,577,255)	(6,543,764)	(1,703,121,019)	(2,616,494,517)
	Gross profit	(174,549,546)	(559,233)	(175,108,779)	(2,756,332)
	Distribution cost	(3,765,129)	-	(3,765,129)	(4,283,311)
	Administrative expenses	(257,280,983)	-	(257,280,983)	(143,852,632)
	Segment wise operating profits	(435,595,658)	(559,233)	(436,154,891)	(150,892,275)
	Other charges	(8,666,900)	-	(8,666,900)	(372,290)
	Finance cost	(31,261,121)	(1,096,224)	(32,357,345)	(49,670,656)
	Other income	3,039,450	-	3,039,450	1,776,186
	Unrealised gain on loan amortisation	15,340,480	-	15,340,480	8,580,294
	Profit before taxation	(457,143,749)	(1,655,457)	(458,799,206)	(190,578,741)
	Taxation	232,254,898	-	232,254,898	(37,582,004)
	Profit after taxation	<u>(224,888,851)</u>	<u>(1,655,457)</u>	<u>(226,544,308)</u>	<u>(228,160,745)</u>
Depreciation					
	Cost of sales	93,438,223	-	93,438,223	98,312,515
	Administrative expenses	26,183,263	-	26,183,263	29,493,829
		<u>119,621,486</u>	-	<u>119,621,486</u>	<u>127,806,344</u>



- 35.1 Revenue reported in note number 25 has been generated from external customers.
- 35.2 The accounting policies of the reportable segments are the same as those described in note number 3. Financial charges on long term, cash and running financing is allocated to sugar where as commission on letter of guarantee and letter of credit is allocated to fertilizer. This is the measure adopted management for the purposes of resource allocation and assessment of segment performance.

36 LOSS PER SHARE - Basic / Diluted	2016	2015
	..... Rupees	
Net loss for the year	<u>(226,544,308)</u>	<u>(228,160,745)</u>
Weighted average number of ordinary shares	<u>22,308,000</u>	<u>22,308,000</u>
Loss per share	<u>(10.16)</u>	<u>(10.23)</u>

37 CASH AND CASH EQUIVALENTS

Short term borrowing - Secured	<u>(124,996,633)</u>	<u>(124,996,633)</u>
Cash and bank balances	<u>1,331,543</u>	<u>7,353,819</u>
	<u>(123,665,090)</u>	<u>(117,642,814)</u>

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial assets - at fair value through profit and loss & amortized cost	2016	2015
	..... Rupees	
Long term loans	158,311	318,991
Trade debts - unsecured	-	132,548,433
Long term investment	158,714,980	141,520,264
Trade deposits	1,431,282	1,431,282
Cash and bank balances	<u>1,331,543</u>	<u>7,353,819</u>
	<u>161,636,116</u>	<u>283,172,789</u>

38.2 Financial Liabilities - at amortized cost

Long term loans	402,638,233	402,289,827
Short term borrowing	124,996,633	124,996,633
Trade and other payables	1,107,518,753	1,044,766,398
Markup accrued on loans	<u>40,388,872</u>	<u>29,292,326</u>
	<u>1,675,542,491</u>	<u>1,601,345,184</u>

39 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.



The board of directors has overall responsibility for the establishment and the oversight of the Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

39.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business. The financial assets that are exposed to credit risk are as follows:

	2016	2015
	..... Rupees	
Long term loans	158,311	318,991
Trade debts - unsecured	-	132,548,433
Long term investment	70,500,000	70,500,000
Trade deposits and short term prepayments	1,431,282	1,431,282
Bank balances	1,290,400	7,184,250
	73,379,993	211,982,956

39.1.1 Impairment losses

The aging of financial assets at the reporting date was:

	2016		2015	
	Gross value	Impairment	Gross value	Impairment
-----Rupees-----				
Not past due	-	-	-	-
Past due less than 1 year	-	-	-	-
Past due 1 year to 2 years	-	-	-	-
More than 2 years	-	-	132,538,832	-
More than 3 years	130,148,433	(130,148,433)	9,600	-
Total	130,148,433	(130,148,433)	132,548,432	-

39.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities (including interest payments):



The table below summarizes the maturity profile of the Company's financial liabilities as at September 30, 2016 based on contractual undiscounted payment dates and present market interest rate:

2016			
Carrying amount	Contractual cash flows	Upto Twelve months	After one year

-----Rupees-----

**Non-Derivative
Financial liabilities**

Long term financing	402,638,233	402,638,233	168,476,041	234,162,192
Trade and other payables	1,163,217,608	1,163,217,608	1,163,217,608	-
Short term borrowings	124,996,633	124,996,633	124,996,633	-
Accrued mark-up	40,388,872	40,388,872	40,388,872	-
	<u>1,731,241,346</u>	<u>1,731,241,346</u>	<u>1,497,079,154</u>	<u>234,162,192</u>

2015			
Carrying amount	Contractual cash flows	Upto Twelve months	After one year

-----Rupees-----

**Non-Derivative
Financial liabilities**

Long term financing	402,289,827	402,289,827	156,726,133	245,563,694
Trade and other payables	1,081,763,672	1,081,763,672	1,081,763,672	-
Short Term Borrowings	124,996,633	124,996,633	124,996,633	-
Accrued mark-up	29,292,326	29,292,326	29,292,326	-
	<u>1,638,342,458</u>	<u>1,638,342,458</u>	<u>1,392,778,764</u>	<u>245,563,694</u>

39.3 Market risk

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

39.3.1 Foreign exchange risk management

Foreign currency risk arises mainly where balances exist due to the transactions with foreign undertakings. The Company is was not exposed to foreign exchange risk as at September 30, 2016 as no balances existed at the said date due to transactions with foreign undertakings.

39.3.2 Mark-up rate risk

Markup rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the mark-up rates. Sensitivity to mark-up rate risk arises from mismatches of



financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term loans and short-term finances with floating interest rates.

The mark-up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

39.3.3 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit/ (loss) before tax (through impact on floating rate borrowing). There is only immaterial impact on Company's equity. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	2016	2015
	..... Rupees	
Increase / decrease in basis points	<u>100</u>	<u>100</u>
Effect on profit before tax	<u>5,104,212</u>	<u>5,110,183</u>

39.4 Equity price risk

Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk.

39.5 Fair value of financial instruments

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. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

40 CAPITAL RISK MANAGEMENT

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



In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, capital and revenue reserves. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2016 and 2015 were as follows:

	2016	2015
	..... Rupees	
Long term finance	402,638,233	402,289,827
Short term borrowings	124,996,633	124,996,633
Total debt	527,634,866	527,286,460
Less: Cash and bank balances	1,331,543	7,353,819
Net debt	526,303,323	519,932,641
Total Equity	(822,546,408)	(658,633,717)
Total Capital	(296,243,085)	(138,701,076)
Gearing Ratio	(178%)	(375%)

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting the Company into profitable entity and has taken financial measures to support such rehabilitation program. In calculating above gearing ratio surplus on revaluation on fixed assets was not taken into account, had such reserves was considered gearing ratio would have improved to 50% (2015: 41%).

41 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with related parties. Amounts due from and to related parties are shown under receivables and payables, remuneration of directors and key management personnel is disclosed in relevant note. During the year there is no significant transactions with related parties except contribution paid to the post employment benefits as disclosed in respective note.



	2016	2015
42 NUMBER OF EMPLOYEES		
Total employees during the year	<u>198</u>	<u>192</u>
Average number of employees during the year	<u>196</u>	<u>191</u>
43 DISCLOSURES RELATING TO PROVIDENT FUND		
Size of the fund	76,397,683	72,075,772
Cost of investment made	47,750,000	44,750,000
Percentage of investments made	99.3%	95.6%
Fair value of investments	75,853,189	68,892,637
Breakup of Investment		
- Shares in listed companies	8,250,000	6,250,000
- Investment in deposit certificates	<u>39,500,000</u>	<u>38,500,000</u>
	<u>47,750,000</u>	<u>44,750,000</u>
	2016	2015
	----- Percentage -----	
Shares in listed companies	17%	14%
Investment in deposit certificates	<u>83%</u>	<u>86%</u>
	<u>100%</u>	<u>100%</u>

These figures are based on the unaudited financial statements of the provident fund as at June 30, 2016.

44 DATE OF AUTHORIZATION

The financial statements were authorized for issue on _____ by the board of directors of the Company.

45 GENERAL

- Figures have been rounded off to the nearest rupee.
- Figures have been rearrange and reclassified where necessary.

Dinshaw H. Anklesaria
Chief Executive/Director

Syed Abid Hussain
Director



SIX YEARS' REVIEW AT A GLANCE

FINANCIAL RESULTS	2016	2015	2014	2013	2012	2011
	(Rs. in 000)					
Sales	1,528,012	2,613,738	3,486,661	2,560,803	2,463,907	3,125,044
Gross (loss) / profit	(175,109)	(2,756)	(203,702)	(133,830)	56,038	41,208
Operating (loss) / profit	(436,155)	(150,892)	(348,242)	(263,950)	(59,064)	(61,978)
Profit/ (loss) before taxation	(458,799)	(190,579)	(424,328)	(330,535)	(151,870)	(133,211)
Profit/(loss) after taxation	(226,544)	(228,161)	(186,426)	(332,289)	(134,858)	(148,545)
Accumulated loss for the year	(1,045,626)	(881,714)	(718,799)	(569,464)	(291,516)	(192,351)
OPERATING RESULTS	2016	2015	2014	2013	2012	2011
Sugarcane crushed (tonnes)	296,274	441,621	770,516	516,227	559,968	615,017
Sugar recovery (%)	10.09	10.21	9.19	9.89	9.75	8.66
Sugar produced (tonnes)	29,925	45,100	70,864	51,050	54,575	53,250
Molasses recovery (%)	4.164	4.236	4.330	4.322	4.251	4.193
Molasses produced (tonnes)	12,354	18,700	33,397	22,306	23,800	25,766
Operating period (days)	99	98	142	109	108	149
ASSETS EMPLOYEED	2016	2015	2014	2013	2012	2011
	(Rs. in 000)					
Fixed capital expenditure	2,347,813	2,468,870	2,592,051	1,568,312	1,641,428	1,177,285
Long term loans and deposits	1,590	1,750	1,900	1,830	1,665	783
Investments	158,715	141,520	126,188	112,517	100,328	89,458
Current assets	103,997	276,038	541,704	553,704	707,817	674,273
Total assets employed	2,612,115	2,888,178	3,261,843	2,236,364	2,451,238	1,941,799
FINANCED BY	2016	2015	2014	2013	2012	2011
	(Rs. in 000)					
Shareholders' equity	(822,546)	(658,634)	(495,719)	(346,384)	(68,436)	30,729
Surplus on revaluation of fixed assets	1,339,698	1,402,329	1,467,993	746,140	781,462	411,440
Subordinate loan from directors	65,767	65,767	45,998	-	-	-
Long term liabilities	234,162	245,564	283,318	316,625	353,255	383,291
Deferred liabilities	203,948	436,370	396,462	289,729	308,302	220,848
Current liabilities	1,591,087	1,396,782	1,563,791	1,230,254	1,076,656	895,491
Total funds invested	2,612,115	2,888,178	3,261,843	2,236,364	2,451,238	1,941,799
Break-up value per share (Rupees)	(36.87)	(29.52)	(22.22)	(15.53)	(3.07)	1.38
Earning per share (Rupees)	(10.16)	(10.23)	(8.36)	(14.90)	(6.05)	(6.66)

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FORM OF PROXY

The Company Secretary
SAKRAND SUGAR MILLS LIMITED
41-K, Block 6, P.E.C.H.S.
Karachi-75000

I / We _____

of _____

being a Member(s) of Sakrand Sugar Mills Limited and holder of _____

Ordinary Shares, as per Register Folio No. _____

and / or CDC Participant's I.D. Numbers _____

and Account / Sub-Account No. _____

hereby appoint _____

who is also a Member of the Company as my / our Proxy to vote for me / us and on my / our behalf at the 28th Annual General Meeting of the Company to be held on March 02, 2017 and at any adjournment thereof.

Signed _____ day of 2017.

**RUPEES FIVE
REVENUE STAMP**

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

1. Witness Signature: _____

Name: _____

Address: _____

CNIC/Passport No. _____

2. Witness Signature: _____

Name: _____

Address: _____

CNIC/Passport No. _____

NOTE :

1. This form of proxy duly completed and signed, must be deposited at Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to instrument.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/ sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.



پراکسی فارم

کمپنی سیکریٹری
سکرٹڈ شوگر ملز لمیٹڈ
41-K، بلاک 6، پی-ای-سی-ایچ-ایس
کراچی-75000

میں / ہم

ساکن

بشمیت ممبر سکرٹڈ شوگر ملز لمیٹڈ

عام شیئرز جن کے شیئرز رجسٹر فوئیو نمبر _____ اور / سی ڈی سی پارٹنر شپس آئی ڈی نمبر _____

اور ڈبلیو اکاؤنٹ نمبر _____ بذریعہ ہذا

ساکن

جو کہ کمپنی کا ممبر بھی ہے، کو بطور اپنا پراکسی مقرر کرتا / کرتی ہوں تاکہ وہ 02 مارچ 2017 کو منعقد کیئے جانے والے کمپنی کے 28 ویں سالانہ اجلاس عام میں میری / ہماری جگہ ووٹ دے سکیں۔

مورخہ

دستخط

ممبر کے دستخط

گواہان:

مبلغ پانچ روپے
کے ڈاک ٹکٹ

دستخط: _____
نام: _____
پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
پاسپورٹ نمبر: _____

دستخط: _____
نام: _____
پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
پاسپورٹ نمبر: _____

نوٹ: 1 سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسی لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

2 موثر العمل ہونے کے لیے پراکسی اجلاس کے وقت انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کارکن ہونا ضروری ہے۔