



Contents

Vision and Mission Statement	03
Company Information	04
Notice of Annual General Meeting	05-08
Directors' Report to the Shareholders - English	09-14
Performance at A Glance	15
Review Report to the Members on Statement of Compliance	16
Statement of Compliance with the Code of Corporate Governance	17-18
Key Operating and Financial Data	19
Auditors' Report to the Members	20-1
Balance Sheet	22-23
Profit and Loss Account	24
Statement of Comprehensive Income	25
Cash Flow Statement	26
Statement of Changes in Equity	27
Notes to the Financial Statements	28-60
Pattern of Shareholding	61-62
Categories of Shareholders	63
Directors' Report to the Shareholders - Urdu	64-71
Proxy Forms	73-74
Jama Punji	75



Vision Statement

- ◆ A leading producer of sugar and its bye-products by providing the highest quality of products and service to its customers.
- ◆ Lowest cost supplier with assured access to long-term supplies.
- ◆ Sustained growth in earning in real terms.
- ◆ Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the company.
- ◆ To develop an extremely motivated and professional trained work force which would drive growth through innovation and renovation?
- ◆ To strive for excellence through commitment, integrity, honesty and team work.

Mission Statement

Our mission is to be a dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, promote agriculture sector, a secured and friendly environment place of work to its employees and present the company as a reliable partner to all sugarcane growers and other business associates.



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Mustafa Ali Tariq	Executive Director	CEO
Mr. Ahmed Ali Tariq	Non Executive Director	Chairman
Mst. Nusrat Shamim	Non Executive Director	
Mr. Taufeeq Ahmed Khan	Independent Director	
Mr. Wasim Saleem	Executive Director	
Mr. Ali Ashfaq	Non Executive Director	
Mr. Muhammad Iftikhar	Independent Director	

AUDIT COMMITTEE

Mr. Taufiq Ahmad Khan	Independent Director	Chairman
Mr. Ahmed Ali Tariq	Non Executive Director	Member
Mr. Ali Ashfaq	Non Executive Director	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ahmed Ali Tariq	Non Executive Director	Chairman
Mr. Taufiq Ahmad Khan	Independent Director	Member
Mr. Mustafa Ali Tariq	Executive Director	Member

CHIEF OPERATING OFFICER

Mr. Wasim Saleem

CHIEF FINANCIAL OFFICER

Mr. Wasim Saleem

COMPANY SECRETARY

Mr. Khalid Mahmood
ACIS

LEGAL ADVISOR

Masud & Mirza Associates

BANKERS

MCB Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
Allied Bank Limited
Faysal Bank Limited
Meezan Bank Limited
United Bank Limited
The Bank of Punjab
Albarkah Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Summit Bank Limited
NIB Bank Limited

SHARE REGISTRAR

M/s Corptec Associates (Pvt) Limited
503-E, Johar Town, Lahore.
Ph:042- 35170336-7 Fax: 042- 35170338
E-mail: info@corptec.com.pk

AUDITORS

Kreston Hyder Bhimji & Co
Chartered Accountants

MILLS

Lahore Raod, Jaranwala

REGISTERED HEAD OFFICE

30-A E/1, Old FCC Gulberg III, Lahore
Ph: 35762089 - 35762090 Fax: 042-35712680
E-mail: info@huseinsugarmills.com
Website: www.huseinsugarmills.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 50th Annual General Meeting of the Shareholders of **HUSEIN SUGAR MILLS LIMITED** will be held on Tuesday the 31st January, 2017 at 10:00 A.M at its Registered Office – 30-A E/1, Old F.C.C., Gulberg III, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on January 28, 2016.
2. To receive, consider and adopt, the Annual Audited Financial Statements for the year ended September 30, 2016 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors of the company for the year 2016-17 ending September 30, 2017 and to fix their remuneration. The audit committee of the Board has recommended the retiring auditors M/s. Kreston Hyder Bhimji & Company, Chartered Accountants, being eligible have offered them-selves for re-appointment.

SPECIAL BUSINESS:

4. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an Ordinary Resolution, with or without modification:

“Resolved that consent & approval of the members of Husein Sugar Mills Limited (the “Company”) be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 September 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

Resolved Further that Chief Executive Officer or Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution”

5. To consider and, if deemed fit, pass the following resolution as a Special Resolution with or without modification for alterations in the Articles of Association of the Company:

“Resolved that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Article 65A immediately after the existing Article 65 to read as under;

65A ELECTRONIC VOTING: The Company shall comply with the mandatory e-voting requirements as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time and members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this Article.”



Resolved further that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

By Order Of the Board

Lahore: 9th January, 2017

Khalid Mahmood
Company Secretary

NOTES:

1. Book Closure :

The share transfer books of the Company will remain closed from 25th January 2017 to 31st January 2017 (both days inclusive). Transfers received in order at the Registrar office, M/s Corptec Associates (Pvt.) Limited, 503-E, Johar Town Lahore by the close of business on 24th January 2017 will be entertained.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially 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.
4. 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 or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures 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 or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii). Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv). Proxy shall produce his original CNIC or original passport at the time of the meeting.
- v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.



5. Notice to Shareholders who have not provided CNIC:

The Company has made several requests through advertisements in Urdu and English newspapers having circulation throughout the country and Independent Share Registrar of the Company has also sent letters through Registered Post to the shareholders who have not yet provided valid copies of their Computerized National Identity Card (CNIC), requesting them to provide their CNIC's. The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated 5 July 2012 requires that the dividend warrants should bear 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.

CNIC number of the shareholders is, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's order dated 10th May, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar at the address given herein above without any further delay.

6. Mandate for E-DIVIDENDS for shareholders

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

7. Electronic Transmission of Financial Statements Etc.,

SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: www.huseinsugarmills.com

8. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of Finance Act, 2016 effective 1 July 2016, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	12.5%
2	Non- Filers of Income Tax Return	20.0%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.



Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder
--------------------------	------------------------	------	--------------	--------------	--------------------------------

9. Placement of Financial Statements

The Company has placed the Audited Annual Financial Statements for the year ended 30 September 2016 along with Auditors and Directors Reports thereon on its website: :
www.huseinsugarmills.com

STATEMENT UNDER SECTION 160 (1)(B) 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 31 January 2017.

Circulations of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

Alteration in the Articles of Association

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 65A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. Accordingly, it has been proposed to pass the resolution as a Special Resolution for alteration in the Articles of Association of the Company, as specified in the notice of meeting.

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

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors are pleased to present the 50th Annual Report of Husein Sugar Mills Limited for the year ended September 30, 2016.

The Company's performance for current and last year is given as under:

September 30**OPERATIONS**

	<u>2016</u>	<u>2015</u>
Operating days (Nos)	111	139
Sugarcane crushed (M. Tons)	499,396	447,091
Sugar produced (M. Tons)	46,861	41,103
Molasses Produced (M.Tons)	22,305	19,665
Sugar recovery (% age)	9.41	9.20

Rupees in Thousand**FINANCIAL**

Sales	3,144,147	1,995,710
Gross Profit / (Loss)	245,551	(209,329)
Operating Profit /(Loss)	68,130	(381,278)
Finance Cost	61,569	61,335
Profit / (Loss) After Taxation	115,665	(418,342)
Earnings / (Loss) Per Share (Rupees)	6.80	(24.61)

- (a) Alhamdulillah, the efficiency improvement initiates and corrective steps taken by the management have started yielding positive results. The company, which took gross loss and net loss in last two financial years have come out of woods and posted very decent Gross Profit Rs.245.551 million [2015: Rs. (209.329) million] and net profit after tax Rs.115.635 million [2015: Rs. (418.342) million].

The company started season 2015-16 with hardly any working capital lines. The mills remained operational for 111 days [2015: 139 days] and crushed 499,396 tons of sugarcane which is 11.6% more than last year [2015: 447,091 tons]. Similarly sugar produced during the season was 46,861 tons which was 14% more than that produced in last year [41,103 tons]. The company is pursuing a sugarcane development program in which variety seed of sugarcane and other inputs like fertilizers and pesticides are being provided to growers by arranging soft agriculture loans from banks. Inshallah our members will see significant improvement in sucrose recovery and sugarcane supplies to the mills which in turn will ensure reasonable profitability.

The disparity in sugarcane support price between two provinces; Punjab and Sindh continued in the current season also. For mills operating in Sindh sugarcane support price was 172/40 kg whereas it was Rs. 180/40 kg in Punjab. Similarly road cess incidence was 6 times more in Punjab than in Sindh Province. These factors continued to hurt sugar mills operating in Punjab.

- (b) The company during the financial year obtained working capital facilities to the tune of Rs. 600 million from two leading banks, which helped a lot in building stock holding capacity of the company which, in future will reduce distress selling during crushing season.
- (c) During the season company exported 8,107 M. Tons of sugar to Afghanistan. As the government has kept sugar support price abnormally high as compared to international price, therefore without export subsidy, export of sugar was not feasible. The Government announced subsidy of Rs. 13/kg on export sugar. Unfortunately the promised subsidy was released with a delay of eight months. This inordinate delay in release of subsidy was very painful for small companies like us.

**FUTURE OUTLOOK**

For the season 2016-17, the disparity in sugarcane support prices is over and Sindh province has now announced sugarcane support price of Rs. 182/40 kg. This will enable level playing field to all sugar mills operating in Pakistan.

Due to timely rains and reduction in fertilizer and other inputs prices 2016-17, the crop is very healthy and we foresee 10% - 15% increase in per acre yield.

One important factor, which we are witnessing in crushing season, is that the season started with hardly any carry forward sugar stocks from last year. This resulted in higher sugar prices at the start of the season and it will continue during first few months of the season. Moreover sugar in international market is trading at upward trajectory and Government, in anticipation of bumper season has allowed export of 225,000 M. Tons with no export subsidy.

Your company taking advantage of enhanced sugarcane crop and higher sugar rates took initiative of early start of crushing season, which proved very beneficial for the company. Upto December 31, 2016, the company crushed 251,413 M. Tons of sugar [2015-16: 173,899 M. Tons] and produced 21,835 M. Tons of sugar [2015-16: 14,305 M. Tons] at an average sucrose content of 9.00% [2015-16: 9.10%]. The company has secured working capital lines of Rs. 1.1 billion which will enhance the financial and operational capacity of the company.

We expect good operational and financial results in the new crushing season 2016-17.

DIVIDEND

No dividend is recommended for the time being as retention of funds are required for improving permanent working capital and undertaking efficiency improvement projects.

DEBT SERVICING

The company has zero long term loan. It is availing only short term working capital loans, which are being serviced to the fullest satisfaction of lenders.

**COMMENTS ON AUDITORS' OBSERVATIONS:
CREDITORS**

The amount of Rs. 283.765 million (2015: Rs. 264.704 million included in Creditors (Note-10) was disbursed to the Company on different dates during the year on behalf of various farmers of sugarcane for purchase of agricultural inputs by Bankislami Pakistan Limited (Total Limit 615.000 Million). The Company is contingently liable to repay the principal and accrued profit in case of default of any individual farmer of sugarcane to the extent of actual default on due date (Note 15.1.5)

GOING CONCERN ASSUMPTION

In response to auditors' observation regarding Company's ability to continue as a going concern the Directors submit as follows:

- I During the year under review the Sponsor Directors have further injected a significant amount towards Share Deposit Money enhancing the balance from Rs. 403.442 Million as of September 30, 2015 to Rs. 609.682 Million as of September 30, 2016. This factor fairly constitutes a tangible evidence of the continued commitment of the Sponsors to support the operations of the Company for any foreseeable future. This commitment also satisfactorily addresses all consequences of equity erosion caused by accumulated losses incurred by the Company.



- ii The Company has been successfully able to secure Rs.1.1 billion working capital facility for the next year 2016-17.
- iii The company during the year exported 8,107 tons of sugar to the entire satisfaction of banks. Moreover payment to the grower was made to the entire satisfaction of Cane Commissioner. The company after two years has earned decent gross profit and after three years earned net profit. The imbalance in current liabilities and current assets is being taken care of and management is leaving no stone un-turned to rectify this imbalance.
- iv The spare parts and material suppliers are supplying goods as usual and receiving payments. Banks are sanctioning new facilities, and growers are timely paid. The company in tender for supply of sugar to Utility Stores Corporation. The company also intends to export sugar as was done last year
- v The Company at present is not in default with any bank or financial institution and there is no adverse remark against the Company in the eCIB data being maintained by State Bank of Pakistan. Further, there are no fixed terms borrowings approaching maturity and the Company is not relying on short term borrowings to finance long term assets, as well as, there are no loan agreements which the Company is not able to comply with.
- vi The cumulative effect of explanations contained in paragraphs (i) to (v) is that it can be rightly concluded that there is no uncertainty regarding application of going concern assumption with respect to the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Company provides a safe, healthy, and environment friendly atmosphere to its all employees, besides promoting culture of tolerance, mutual respect, friendliness, self-help and mutual trust and confidence.

Besides offering apprenticeship to fresh graduates and post graduates and professional and technical young individuals, the Company employs appropriate persons purely on merit basis. The Company also provides employment to physically handicapped and special persons to make them a useful part of the society.

As a responsible corporate citizen, the Company is committed to a sustainably equitable social setup. The Company has, for this purpose, promoted establishment of non-profit institutions for the welfare of the poor and needy, primarily in the field of education and health. The aforesaid institutions have provided free medical facilities and quality education facilities to the people of the area.

LISTING AT STOCK EXCHANGE

Keeping in view the merger of all stock exchanges, your Company has been listed at Pakistan Stock Exchange Limited.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance included in the listing regulations of Pakistan Stock Exchange Limited. The statement of compliance with the best practices of the Code of Corporate Governance is annexed

DIRECTORS' STATEMENT

In compliance of the Code of Corporate Governance, we give below statement on Corporate and Financial Reporting Framework:



- 1 The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 2 Proper books of account of the Company have been maintained in the manner as required by the Companies Ordinance, 1984
- 3 Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 There are no significant doubts upon the Company's ability to continue as a going concern as it has adequate resources and improving its results to continue in operation for the foreseeable future as has been explained in this report and note 1.2.
- 7 There has been no material departure from the best practices of Corporate Governance as listed in the listing regulations of stock exchange where the Company is listed.
- 8 Key operating and financial data for last six years in summarized form is annexed.
- 9 The statement of pattern of shareholding as on September 30, 2016 is attached.
- 10 Provident Fund is managed by a duly executed separate Trust and the Trust has invested Rupees 23.087 million, as at September 30, 2016 (2015: Rupees 41.743 million).
- 11 Detail of transactions in the shares of the Company by Directors, Chief Executive, Company Secretary, Chief Financial Officer, their spouses and minor children is as under:

Shares Purchased/Transferred in:

Mr. Ahmed Ali Tariq - Chairman	4,221,546
Mr. Mustafa Ali Tariq - CEO	3,819,305

Shares Transferred out:

Mr. Ahmed Ali Tariq - Chairman	3,232,313
Mr. Mustafa Ali Tariq - CEO	2,867,806
Mst. Nusrat Shamim - Director	6,210,670

BOARD COMMITTEES

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:

Mr. Taufiq Ahmad Khan	Chairman
Mr. Ahmed Ali Tariq	Member
Mian Ali Ashfaq	Member

Human Resources and Remuneration (HR&R) Committee

The Human Resources and Remuneration (HR&R) Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:



Mr.Ahmed Ali Tariq
Mr. Taufiq Ahmad Khan
Mr. Mustafa Ali Tariq

Chairman
Member
Member

Meetings of Board of Directors

The Board of the Company met four times during current year in Pakistan and the attendance position of the directors at these meetings is as under:

Directors' Names	No. of Meetings Attended
Mst. Nusrat Shamim	4
Mr. Ahmed Ali Tariq	4
Mr. Mustafa Ali Tariq	4
Mian Shahzad Aslam*	None
Mian Aamir Naseem **	None
Mr. Asad Ahmed Sheikh***	2
Mian M. Shams Amin****	2
Mr.Taufiq Ahmed Khan	4
Mr.Wasim Saleem	2
Mr.Ali Ashfaq	4
Mr.Muhammad Iftikhar	2

Notes:

*Resigned with effect from November 25, 2015 and replaced by Mr.Taufiq Ahmed Khan.

** Resigned with effect from November 28, 2015 and replaced by Mr.Ali Ashfaq.

*** Resigned with effect from February 11, 2016 and replaced by Mr.Muhammad Iftikhar

**** Resigned with effect from March 02, 2016 and replaced by Mr.Wasim Saleem

Leaves of absences were granted to the directors who could not attend the Board meetings.

DIRECTORS' TRAINING

As required under the Code of Corporate Governance, one director of the Company has completed director's training course. Other directors, who are not exempted from the requirement of directors' training, would acquire it within prescribed time period.

RELATIONS WITH STAKEHOLDERS

Husein Sugar Mills is committed to establish mutually beneficial relations with suppliers, customers, bankers, employees, stock exchange, SECP and other business partners of the Company. Relations with all stock stakeholders during the year under review remained cordial.

INFORMATION UNDER SECTION 218 OF COMPANIES ORDINANCE, 1984

During the year ended 30 September 2016, the Board appointed Mr. Mustafa Ali Tariq, as CEO and fix his remuneration at Rs.700,000 per month effective from 1st April 2016 along with other benefits as per Company policy. Mr. Mustafa Ali Tariq is a director of the Company and is considered as interested in his appointment as Chief Executive and the terms and conditions thereof. No other director is interested in this appointment.

POST BALANCE SHEET EVENTS

Subsequent to balance sheet date, no significant change has occurred or came to the knowledge of the Board that warrants reporting to shareholders.

**SHAREHOLDERS'S ROLE**

Company's shareholders are regularly informed about Company's state of affairs through quarterly accounts available on the Company's website. Active participation in the members' meetings is encouraged to ensure accountability and transparency.

FINANCIAL STATEMENTS

As required under clause 5.19.14 (a) of PSX Rule Book, the Chief Executive Office and Chief Financial Officer presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board after consideration and approval, authorized the signing of financial statements for issuance and circulation.

The financial statements of the Company have been duly audited and approved with qualification by the auditors of the Company, Kreston Hyder Bhimji & Co, Chartered Accountants and their report is attached with the financial statements.

AUDITORS

The external auditors of the Company Kreston Hyder Bhimji and Company, Chartered Accountants shall retire on the conclusion of Annual General Meeting. Being eligible for re-appointment under the listing regulations, they have offered their services as auditors of the Company for the financial year ending September 30, 2017. The Audit Committee has recommended the appointment of Kreston Hyder Bhimji and Company, Chartered Accountants as Auditors of the Company for the year ended 30 September 2017 and the Board agrees to the recommendation of the Audit Committee.

The Auditors have also given their consent to work as Auditors for the next year and have conveyed that they have been given satisfactory rating under the Quality Control Review of Institute of Chartered Accountants of Pakistan and that the firm and all its partners are fully compliant with the code of ethics issued by International Federation of Accountants (IFAC). The Auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the Company.


WEB PRESENCE

The website of the Company is compliant to requirements of Securities and Exchange Commission of Pakistan (SECP), and all the information relating to the Company including periodic financial statements / annual reports etc., is available on the website. Stakeholders and general public can visit Company's website www.huseinsugarmills.com to get their desired information.

APPRECIATION

The Board acknowledges with thanks the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for its devotion and hard work.

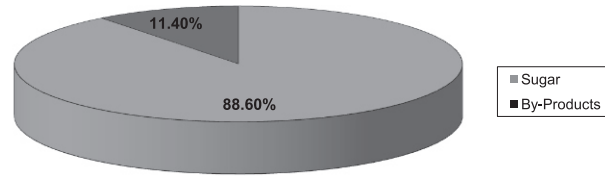
Lahore: January 05, 2017


AHMED ALI TARIQ
Chairman

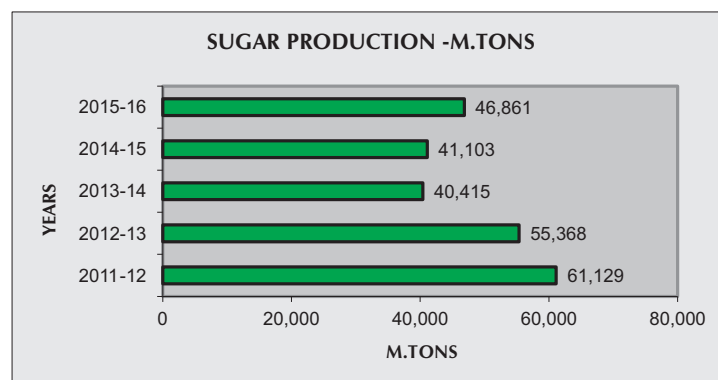
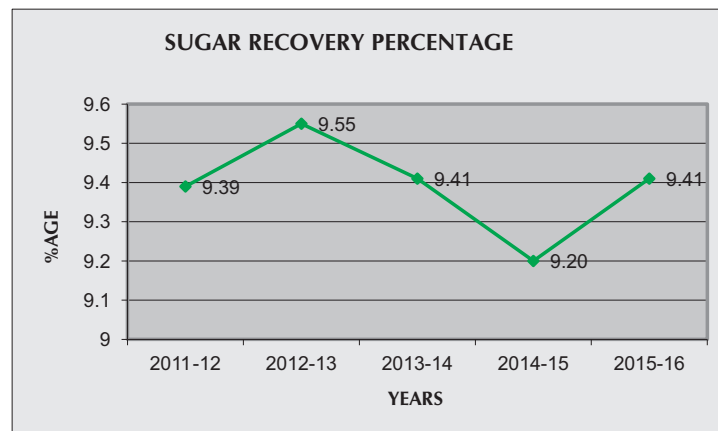
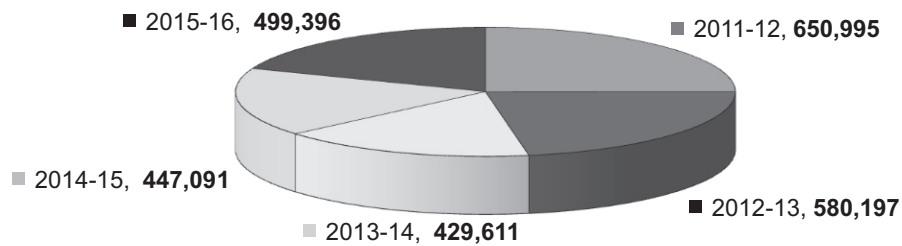


PERFORMANCE AT A GLANCE

LOCAL SALES BREAK UP-CURRENT YEAR



5 YEARS OMPARISON OF SUGARCANE CUSHING(M.TONS)





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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors ("the Board") of **HUSEIN SUGAR MILLS LIMITED** ("the Company") for the year ended 30 September 2016, to comply with the requirements of Listing Regulations of Pakistan Stock Exchange, 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

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

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

LAHORE : January 05, 2017

Kreston Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner – Shabir Ahmad, FCA



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED SEPTEMBER 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Taufiq Ahmad Khan
Executive Directors	Mr. Mustafa Ali Tariq Mr. Wasim Saleem
Non-Executive Directors	Mr. Ahmed Ali Tariq Mst. Nusrat Shamim Mr. Ali Ashfaq Mr. Muhammad Iftikhar

2. The independent director meets the criteria of independence under clause 5.19.1 (b) of CCG.
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
5. During the year ended 30 September 2016, four casual vacancies occurred on the Board which were filled up by the directors within stipulated time.
6. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
7. 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.
8. 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.
9. 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.
10. One director completed the director's training program during the year. The directors other than those who are not exempted from the requirement of director's training program will acquire certification within specified time.



11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as recommended by the HR and Remuneration Committee.
12. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises of three members of whom two are Non-Executive Directors and the chairman of the committee is an independent Director.
17. The meetings of the audit committee were held at least once every quarter, prior to the approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non executive director.
19. The Board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company
20. 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.
21. 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.
22. 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 exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material requirements of the CCG have been complied with.

Lahore: January 05, 2017


AHMED ALI TARIQ
Chairman



KEY OPERATING AND FINANCIAL DATA

OPERATING DATA

	2016	2015	2014	2013	2012	2011
Cane crushed (M.Tons)	499,396	447,091	429,617	580,197	650,995	575,886
Sugar produced from Sugar Cane (M.Tons)	46,861	41,103	40,415	55,368	61,129	50,221
Average Recovery from Sugarcane(%)	9.41	9.20	9.41	9.55	9.39	8.72
Number of days worked	111	139	114	113	121	122

.....(Rupees in ' 000).....

FINANCIAL DATA

Sales	3,144,147	1,995,710	2,694,801	2,234,951	3,010,669	3,477,699
Gross Profit /(Loss)	245,551	(209,329)	(54,950)	24,125	198,169	293,358
Operating Profit /(Loss)	68,130	(381,278)	(197,430)	(95,843)	109,205	185,749
Profit / (Loss) before taxation	98,257	(416,144)	(287,973)	(217,021)	24,492	119,245
Taxation	17,408	(2,197)	(6,672)	26,216	(17,571)	(49,353)
Profit / (Loss)after taxation	115,665	(418,342)	(294,645)	(190,805)	6,921	69,892
Earning /(Loss) per share (Rupees)	6.80	(24.61)	(17.28)	(11.22)	0.41	5.32
Total Assets	3,139,121	3,337,783	3,149,633	2,183,840	1,450,996	1,397,393
Current Liabilities	1,276,551	1,731,041	1,411,531	1,538,575	574,318	370,957
Capital Employed	1,862,570	1,606,742	1,738,103	645,265	876,678	1,026,436

Represented by:

Share Capital	170,000	170,000	170,000	170,000	170,000	170,000
Reserves	190,543	208,855	203,987	207,471	192,171	192,920
Accumulated Loss	(770,789)	(952,607)	(594,721)	(300,076)	(109,271)	(116,192)

Shareholders' Equity

Non - current Liabilities

Liabilities against assets subject to finance lease	(410,246)	(573,752)	(220,734)	77,395	252,900	246,728
Long term financing	-	-	7,576	17,574	25,718	5,816
Long term deposits	-	-	-	49,967	99,933	279,341
Deferred income tax liability	-	-	6,753	5,144	5,442	-
Deferred income on sale and lease back	209,585	282,327	295,705	-	-	-
	-	-	-	-	-	289

209,585 282,327 310,034 72,685 131,093 285,446



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HUSEIN SUGAR MILLS LIMITED** as at 30 September 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- 1 The trade and other payables (Note 10 of these financial statements) include balances amounting to Rs.283.765 million (2015: Rs. 264.704 million) stated to be received from a bank on behalf of sugarcane growers as advance against the provision of agricultural inputs, against which we were unable to obtain sufficient appropriate audit evidence. Accordingly, these balances remained unverified to that extent.

Except for the effects of the matter described in the paragraph (1) above, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion, and to the best of our information and according to the explanations given to us, except for the matter discussed in paragraph 1 above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 1.2 to the financial statements, which indicates that although the company has earned gross profit and profit after taxation amounting to Rs. 245.551 million and Rs. 115.665 million respectively during the year ended 30 September 2016, yet the equity of the company stands at a negative balance of Rs. 410.246 million (2015: Rs. 573.752 million). Further at the balance sheet date, the company's current liabilities exceeded its current assets by Rs. 762.820 million (2015: Rs. 1,024.834 million). These conditions, along with other matters as set forth in the aforesaid note, indicate the existence of material uncertainty which may cast doubt about the company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the realization of the company's assets and liquidation of any liabilities that may be necessary should the company be unable to continue as a going concern.



Our opinion is not qualified in respect of the matters discussed in emphasis of matter paragraph enumerated as above.

The financial statements of the company for the year ended 30 September, 2015 were audited by the outgoing auditors Messrs Riaz Ahmad and Co., Chartered Accountants, Lahore, whose audit report dated 29 December, 2015 expressed qualified opinion on the matters of non-verification / inability to obtain sufficient appropriate audit evidence of closing stock in trade in the sum of Rs. 321.669 million and creditors shown under the head trade and other payables in the sum of Rs. 264.704 million with an emphasis of matter paragraph on the issue of going concern.

LAHORE: 05 January 2017

Kreston Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner – Shabir Ahmad, FCA

**BALANCE SHEET**

	<u>NOTE</u>	<u>2016</u> <u>Rupees</u>	<u>2015</u> <u>Rupees</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital	3	170,000,000	170,000,000
Reserves	4	(580,245,660)	(743,752,314)
		(410,245,660)	(573,752,314)
Deposit for purchase of shares - related parties	5	609,681,833	403,441,833
Surplus on revaluation of property, plant and equipment - net of deferred tax	6	1,453,548,580	1,494,724,734
NON-CURRENT LIABILITIES			
Long term borrowing	7	-	-
Liabilities against assets subject to finance lease	8	-	-
Deferred tax liability	9	209,585,106	282,326,962
		209,585,106	282,326,962
CURRENT LIABILITIES			
Trade and other payables	10	762,269,832	1,280,293,581
Accrued mark-up on secured borrowings	11	5,334,298	13,874,902
Short term borrowings	12	438,946,777	417,404,411
Loan from related party	13	70,000,000	-
Current portion of non-current liabilities	14	-	19,468,541
		1,276,550,907	1,731,041,435
CONTINGENCIES AND COMMITMENTS			
	15		
TOTAL EQUITY AND LIABILITIES		3,139,120,766	3,337,782,650

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



MUSTAFA ALI TARIQ
Chief Executive Officer



AS AT 30 SEPTEMBER 2016

	<u>NOTE</u>	<u>2016 Rupees</u>	<u>2015 Rupees</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	2,622,701,694	2,609,983,575
Long term investments	17	-	20,812,295
Long term deposits	18	2,687,690	779,440
		2,625,389,384	2,631,575,310
CURRENT ASSETS			
Stores, spare parts and loose tools	19	144,614,335	139,864,011
Stock-in-trade	20	180,513,382	321,669,362
Trade debts	21	693,424	41,531
Advances	22	35,100,050	26,126,433
Short term deposits and prepayments	23	828,598	11,127,476
Other receivables	24	103,754,148	44,047,964
Tax refund due from Government - income tax		32,021,299	60,624,064
Cash and bank balances	25	16,206,146	102,706,499
		513,731,382	706,207,340
TOTAL ASSETS		3,139,120,766	3,337,782,650



AHMED ALI TARIQ
Chairman / Director

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

	Note	2016 Rupees	2015 Rupees
NET SALES	26	3,144,146,871	1,995,710,327
COST OF SALES	27	(2,898,595,674)	(2,205,039,435)
GROSS PROFIT / (LOSS)		245,551,197	(209,329,108)
OPERATING EXPENSES			
Selling and distribution cost	28	(15,388,904)	(17,625,456)
Administrative and general expenses	29	(154,491,654)	(147,608,656)
Other operating expenses	30	(7,540,953)	(6,715,156)
		(177,421,511)	(171,949,268)
PROFIT / (LOSS) FROM OPERATIONS		68,129,686	(381,278,376)
OTHER INCOME	31	91,696,683	26,469,810
FINANCE COST	32	(61,569,188)	(61,335,416)
PROFIT / (LOSS) BEFORE TAXATION		98,257,181	(416,143,982)
TAXATION	33	17,407,648	(2,197,539)
PROFIT / (LOSS) AFTER TAXATION		115,664,829	(418,341,521)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	34	6.80	(24.61)

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


MUSTAFA ALI TARIQ
Chief Executive Officer



AHMED ALI TARIQ
Chairman / Director

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

	2016 Rupees	2015 Rupees
PROFIT / (LOSS) AFTER TAXATION	115,664,829	(418,341,521)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit and loss account	-	-
Items that may be reclassified subsequently profit and loss account:		
Surplus on remeasurement of available for sale investments	-	4,868,045
	-	4,868,045
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	115,664,829	(413,473,476)

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


MUSTAFA ALI TARIQ
Chief Executive Officer


AHMED ALI TARIQ
Chairman / Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

CASH FLOW FROM OPERATING ACTIVITIES

	2016 Rupees	2015 Rupees
Profit / (loss) before taxation	98,257,181	(416,143,982)
Adjustments for non-cash and other items:		
Depreciation	132,761,579	125,377,248
Finance cost	61,569,188	61,335,416
Profit on bank deposits	(150,777)	(6,077,662)
Dividend income	(1,275,000)	(375,000)
Old credit balances written back	29,057	91,403
Gain on sale of investments	(19,916,481)	-
Gain on disposal of operating fixed assets	(1,794,481)	881,644
Fines and penalties	3,238,679	-
Provision for doubtful advances to suppliers	2,134,680	3,008,595
Provision for doubtful miscellaneous receivables	84,842	1,719,605
Provision for doubtful trade debts	-	683,623
Provision for doubtful advances to contractors	-	12,000
Margin against letters of credit written off	-	1,700
Long term deposits written off	-	270,000
Margin against bank guarantees written off	-	117,989

OPERATING PROFIT / (LOSS)

BEFORE WORKING CAPITAL CHANGES

Working capital changes		
Stores, spare parts and loose tools	(4,750,324)	(27,278,847)
Stock-in-trade	141,155,980	(215,127,742)
Trade debts	(651,893)	14,804,441
Advances	(11,108,297)	7,469,449
Short term deposits and prepayments	10,298,878	9,471,317
Other receivables	(61,679,164)	3,456,081
Trade and other payables	(503,422,595)	305,578,740
	(430,157,415)	98,373,439

CASH OUTFLOW FROM OPERATIONS

Finance cost paid	(69,290,484)	(59,498,061)
Income tax paid	(20,442,125)	(13,970,420)

NET CASH OUTFLOW FROM OPERATING ACTIVITIES

(244,951,557) (204,192,463)

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of operating fixed assets	(9,398,548)	(174,943,144)
Capital work in progress incurred	(140,141,893)	(8,373,783)
Proceeds from disposal of operating fixed assets	5,855,224	21,324,204
Proceeds from sale of investments	22,416,931	-
Dividend income received	1,275,000	375,000
Net (increase) / decrease in long term deposits	(1,908,250)	4,361,489
Profit on bank deposits received	2,038,915	4,205,325

NET CASH OUTFLOW FROM INVESTING ACTIVITIES

(119,862,621) (153,050,909)

CASH FLOW FROM FINANCING ACTIVITIES

Repayment of liabilities against assets subject to finance lease	(7,976,878)	(5,456,616)
Deposit for purchase of shares received	206,240,000	296,441,833
Repayment of long term borrowing	(11,491,663)	(38,475,001)
Short term borrowings obtained - net	21,542,366	100,973,957
Loan obtained from related party	70,000,000	-

NET CASH INFLOW FROM FINANCING ACTIVITIES

278,313,825 353,484,173

NET DECREASE IN CASH AND CASH EQUIVALENTS

(86,500,353) (3,759,199)

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR

102,706,499 106,465,698

CASH AND CASH EQUIVALENTS AT END OF THE YEAR

(Note - 25) 16,206,146 102,706,499

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


MUSTAFA A. TARIQ
MUSTAFA ALI TARIQ
Chief Executive Officer

AHMED ALI TARIQ
Chairman / Director

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

	SHARE CAPITAL	RESERVES						Total	TOTAL EQUITY	
		Capital		Revenue						
		Premium on issue of right shares	Fair value reserve	Sub total	General	Accumulated loss	Sub total			
----- Rupees -----										
Balance as at September 30, 2014	170,000,000	21,093,550	13,443,800	34,537,350	169,450,000	(594,721,521)	(425,271,521)	(390,734,171)	(220,734,171)	
Transferred from surplus on revaluation of property, plant and equipment in respect of incremental depreciation - net of deferred tax	-	-	-	-	-	60,455,333	60,455,333	60,455,333	60,455,333	
Loss for the year	-	-	-	-	-	(418,341,521)	(418,341,521)	(418,341,521)	(418,341,521)	
Other comprehensive income for the year	-	-	4,868,045	4,868,045	-	-	-	4,868,045	4,868,045	
Total comprehensive loss for the year	-	-	4,868,045	4,868,045	-	(418,341,521)	(418,341,521)	(413,473,476)	(413,473,476)	
Balance as at September 30, 2015	170,000,000	21,093,550	18,311,845	39,405,395	169,450,000	(952,607,709)	(783,157,709)	(743,752,314)	(573,752,314)	
Transferred from surplus on revaluation of property, plant and equipment in respect of incremental depreciation - net of deferred tax	-	-	-	-	-	66,153,670	66,153,670	66,153,670	66,153,670	
Profit for the year	-	-	(18,311,845)	(18,311,845)	-	115,664,829	115,664,829	97,352,984	97,352,984	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	(18,311,845)	(18,311,845)	-	115,664,829	115,664,829	97,352,984	97,352,984	
Balance as at September 30, 2016	170,000,000	21,093,550	-	21,093,550	169,450,000	(770,789,210)	(601,339,210)	(580,245,660)	(410,245,660)	

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


Mr. Mustafa Ali Tariq
 Chief Executive Officer


AHMED ALI TARIQ
 Chairman / Director





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

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Husein Sugar Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The Company is principally engaged in the business of production and sale of sugar and by products. Its registered office is situated at 30-A E/1, Old FCC, Gulberg-III, Lahore.

1.2 GOING CONCERN ASSUMPTION

The Company earned gross profit and net profit after taxation of Rupees 245.551 million and Rupees 115.665 million respectively in the current financial year, still, its equity stands at a negative balance of Rupees 410.246 million (2015: Rupees 573.752 million) due to accumulated losses of Rupees 770.789 million (2015 Rupees 952.608 million). Continuing losses in past have resulted in erosion of the Company's equity and depletion of working capital base. During last few years, the Company faced financial crunch. Long term loans from banks / financial institutions could not be obtained due to the Company's continuous loss history and adverse financial ratios.

During the year under review the sponsor directors have further introduced a significant amount towards share deposit money enhancing the balance from Rupees 403.442 million as of 30 September 2015 to Rupees 609.682 million as of 30 September 2016. The sponsors also intend to bring further balance of share deposit money if necessitated by the future events. This factor fairly constitutes a tangible evidence of the continued commitment of the sponsors to support the operations of the Company for foreseeable future. This commitment also satisfactorily addresses all consequences of equity erosion caused by accumulated losses incurred by the Company.

The Company has been successfully able to negotiate with the National Bank of Pakistan and Bank Islami Pakistan Limited (Islamic Banking) and win the renewal and extension of a comprehensive working capital facility for the next year 2016-17. It is also pertinent to mention that, company has no history of default in current year. The Company has already started draw down of the working capital facility since its renewal.

The Company is also in the process of similar negotiations with other banks and financial institutions for renewals /extension / fresh working capital facilities. It is reasonably expected that in view of the precedence of continued confidence demonstrated by National Bank of Pakistan, these negotiations will also prove to be successful.

The Company at present is not in default with any bank or financial institution and there is no adverse remarks against the Company in the eCIB data being maintained by State Bank of Pakistan. Further, there are no fixed terms borrowings approaching maturity and the Company is not relying on short term borrowings to finance long term assets, as well as, there are no loan agreements which the Company is not able to comply with.

The Company started the Crushing Season 2016-17 w.e.f 06 November 2016 and is crushing an average quantity of sugarcane ranging between 5,500 to 6,500 Metric Tons per day. It is fortunate that during the current year the nature has been very generous and the sugarcane crop is very rich, healthy, and abundant. It is reasonably expected that current season is going to be a breakthrough year for the sugar industry in the province and the Company is also going to reap the related benefits. The Company is expected to operate for more than 130 days and produce an impressive quantity of sugar and other by products.



An added operational advantage for the Company during the current season was that a sugar mill of 12,000 TCD capacity, which was so far sharing the sugarcane crop of the area with the Company, has shifted to southern Punjab and thus the quantity of sugarcane available to the Company is much more than in the preceding seasons and this additional opportunity is also going to help the Company to turn around.

It is a fact that, owing to the typical nature of the operations of sugar industry, the total sugarcane crushing days are the entire period during which the Company executes the revenue generation activity for the whole financial year. It is also a fact that with the successful completion of the crushing season it is concluded that the Company has operated for the whole year.

The ample quantity of sugarcane daily being crushed and sold by the Company, during the current season, is a clear and absolute indication of the continued comfort and support to the Company by the raw material suppliers (sugarcane growers) and its customers.

The Government of Pakistan has initially allowed export of 500,000 Metric Tons of sugar. This policy decision of the Government is understandably going to have very salutary effects for the sugar industry of the country. In line with this policy the Company is actively engaged in formalizing the contracts, for export of sugar, mainly with customers in Afghanistan and Central Asian States.

In order to avail the benefits of the economies of scale and, the availability of abundant quantity of sugarcane due to shifting of a 12,000 TCD mill from the area, the Company is planning to increase its crushing capacity to 15,000 TCD in next two years phasing out as 12,000 TCD next year and 15,000 TCD in next two years.

The management is confident that these steps will bring the Company out of the existing crises and the Company will continue as a going concern. These financial statements, therefore, do not include any adjustment relating to realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for freehold land, buildings on freehold land and plant and machinery which are carried at revalued amount and certain financial instruments which are carried at their fair value.

**c) Critical accounting estimates and judgements**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- **Income taxes:** In making the estimates for income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in past. Where the final tax outcome is different from the amount that was initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined.
- **Useful lives, patterns of economic benefits and impairments:** Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.
- **Inventories:** Net realizable value of inventories is estimated with reference to the estimated selling price in the ordinary course of business less estimated costs necessary to make the sales
- **Stores, spares and loose tools:** These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon. Stores, spares and loose tools are regularly reviewed by the management to assess the indication for impairment in the value. Provision is made for slow moving and obsolete store items when so identified.
- **Provision for doubtful debts, advances and other receivables:** The Company reviews recoverability of its trade debts, advances and other receivables on annual basis to assess amount of bad debts and provision there against. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required.
- **Contingencies:** The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Company.

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

**d) Standards, interpretation and amendments to published approved accounting standards that became effective during the year**

The following standards, amendments and interpretations of approved accounting standards are effective for the Company's accounting periods beginning on or after 01 October 2015:

- IAS 28 Investments in Associates and Joint Ventures (Amendments)
- IAS 1 Presentation of Financial Statements (Amendments)
- IAS 27 Separate Financial Statements (Amendments)
- IAS 16 Property, Plant and Equipment (Amendments)
- IAS 38 Intangible Assets (Amendments)

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

e) Standards, interpretation and amendments to published approved accounting standards that are not yet effective

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning from dates specified below:

Standard / Amendments	IASB effective date (annual periods beginning on after)
- IAS 7 Cash Flow Statements (Amendments resulting from disclosure initiative issued on 29 January, 2016)	January 1, 2017
- IAS 12 Income Taxes (Amendments regarding recognition of deferred tax assets for unrealized losses issued on 19 January, 2016)	January 1, 2017
- IFRS 15 Revenue from Contracts with Customers (Standard was issued by IASB on 12 April, 2016)	January 1, 2018
- IFRS 2 ShareBased Payments (Amendments regarding classification and measurement of share based payment transactions on 20 June, 2016)	January 1, 2018
- IFRS 16 Leases (Standard was issued by IASB on 13 January, 2016)	January 1, 2019

2.2 Share capital

Ordinary shares issued represent the equity.

2.3 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the Company's financial statements in period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.4 Surplus on revaluation of property, plant and equipments

The Company follows the requirement of section 235 of the Companies Ordinance, 1984 and accordingly the surplus arising on revaluation of property, plant and equipment is credited to the "Surplus on revaluation of property, plant and equipment" account shown below equity in the balance sheet and deferred tax, if any, attributed to the surplus is credited to deferred tax liability. Following amounts are transferred from " Surplus on Revaluation of Fixed Assets account" to Retained Earnings through Statement of Changes in Equity to record realization of surplus:



- an amount equal to incremental depreciation on revaluation surplus on property, plant and equipment for the year net of deferred taxation, if any; or
- an amount equal to carrying amount of revaluation surplus on property, plant and equipment net of deferred taxation, if any, on its disposal;

2.5 Financial instruments

Financial Instruments carried on the balance sheet include, deposits, trade debts, advances, other receivables, cash and bank balances, short-term borrowings, accrued mark-up, trade and other payables, liabilities against assets subject to finance lease and long term finance. Financial assets and liabilities are recognized initially at fair value when the Company becomes a party to the contractual provisions of instrument.

The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de recognition is charged to the profit and loss account currently.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

2.6

Taxation

Current

Provision for current taxation is calculated as payable tax after taking into account tax credits, rebates and exemptions available, if any, plus tax deducted to be treated as full and final discharge. Payable tax is higher of normal tax at corporate tax rate applied to taxable income; or minimum taxation at the rate of 1% of the turnover in case there is gross profit; or alternative corporate tax at the rate of 17% of accounting profit adjustable as per income tax laws. For income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liability is recognized for all the taxable temporary differences. Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. The Company recognizes deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.



Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of property, plant and equipment) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

2.7 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest rate method.

2.8 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.9 Provisions

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

2.10 Contingencies and commitments

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Company.

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

2.11 Property, plant and equipment

Operating fixed assets - tangible

Owned

Property, plant and equipment except freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at revalued amount less accumulated impairment losses (if any). Buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

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



Any revaluation surplus is credited to surplus on revaluation of operating fixed assets except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in surplus on revaluation of operating fixed assets.

Leased Finance leases

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets in view of certainty of ownership of assets at the end of the lease period. Depreciation of the leased assets is charged to profit and loss account.

Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease. Considering the S.R.O 431 (I) 2007 dated May 22, 2007 issued by Securities and Exchange Commission of Pakistan, vehicles obtained under the Ijarah arrangements are treated as operating lease. Rents payable under Ijarah arrangements are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

Capital work in progress

It is stated at cost less identified impairment losses, if any. All expenditure including applicable borrowing costs, if any, connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

De recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Depreciation

Depreciation on all operating fixed assets is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 16.1. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the date on which the assets are available for use and on deletions upto the date on which the assets are deleted.

2.12 Investments

The Company's management determines the appropriate classification of its investments at the time of purchase



Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit and loss account" which is initially measured at fair value.

Investment at fair value through profit and loss account

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term.

Gains or losses on investments held-for-trading are recognized in profit and loss account.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in profit and loss account.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

2.13 Impairment**Financial assets**

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

**Non-financial assets**

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on re valued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.14 Inventories

Inventories, except for stock in transit, molasses, bagasse and press mud are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Stock comprises of refined sugar, press mud and molasses and sugar in process. Work-in-process and finished good of sugar is valued at the average annual production cost, which comprise cost of direct material, labour and appropriate manufacturing overheads.

Molasses (finished good), bagasse and press mud are valued at their net realizable value.

Net realizable value is determined on the basis of the estimated selling price of the product in the ordinary course of business less estimated costs of completion and estimated costs necessary to make a sale.

2.15 Trade debts

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

2.16 Advances and other receivables

These are carried at cost which is the fair value of the consideration to be received in future less any estimate made for balances doubtful of recovery based on review of balances outstanding at the year end. Balances considered bad by the management are written off as and when identified.

2.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.18 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers.

Dividend income is recognized when the right to receive the cash is established.

Return on bank deposits is accrued on a time proportionate basis by reference to the principal outstanding and the applicable rate of return.

**2.19 Borrowing cost**

Interest, mark-up and other charges on long-term financing are capitalized up to the date of commissioning of the respective qualifying assets acquired out of the proceeds of such borrowings. All other interest, mark-up and other charges are charged to income.

2.20 Staff retirement benefits

The Company operates a funded provident fund scheme covering all permanent employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 10 percent of basic pay plus cost of living allowance.

2.21 Foreign currencies

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rates of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

2.22 Earning per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

2.23 Related party transaction

All transactions arising in the normal course of business and are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the company and vice versa.

2.24 Operating segments

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. Operating segments are reported in a manner consistent with the internal reporting structure based on the operating (business) segments of the company. An operating segment's operating results are regularly reviewed by the management and the chief executive officer for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

Accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

The Company has only one reportable segment (manufacturing and sale of refined sugar) on the basis of product characteristics and the criteria defined by the IFRS 8, "Segment Reporting".

**3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2016 (Number of shares)	2015	Note	2016 Rupees	2015 Rupees
8,156,250	8,156,250	Ordinary shares of Rs. 10 each, fully paid in cash	81,562,500	81,562,500
161,900	161,900	Ordinary shares of Rs. 10 each, fully paid for consideration other than cash	1,619,000	1,619,000
8,681,850	8,681,850	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	86,818,500	86,818,500
17,000,000	17,000,000		170,000,000	170,000,000

4. RESERVES

Composition of reserves is as follows:

Capital

Premium on issue of right shares

4.1

21,093,550

21,093,550

Fair value reserve

4.2

-

18,311,845

21,093,550

39,405,395

Revenue

General

169,450,000

169,450,000

Accumulated loss

(770,789,210)

(952,607,709)

(601,339,210)

(783,157,709)

(580,245,660)

(743,752,314)

4.1 This reserve can be utilized by the Company only for the purposes specified in Section 83(2) of the Companies Ordinance, 1984.

4.2 This represented unrealized gain on remeasurement of available for sale investments and is not available for distribution. It is being transferred to profit and loss account on realization of investments during the year.

5. DEPOSIT FOR PURCHASE OF SHARES - RELATED PARTIES

5.1 It was received from the following directors of the Company:

Mr. Mustafa Ali Tariq

309,905,833

116,115,833

Mr. Ahmed Ali Tariq

299,776,000

287,326,000

609,681,833

403,441,833

5.2 It represents the sponsoring directors' funding that was extended to the company for its working capital requirements, which will be converted into equity of the company after complying with the necessary legal formalities in due course of time.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED TAX**Gross surplus**

Balance as at October 01,

1,894,364,976

1,983,269,877

Less: Incremental depreciation for the year

94,505,243

88,904,901

Balance as at September 30,

1,799,859,733

1,894,364,976

Less: Deferred tax attributed to surplus

6.1

346,311,153

399,640,242

Net surplus

1,453,548,580

1,494,724,734

**6.1 Reconciliation of deferred tax attributed to surplus****Note**

	2016 Rupees	2015 Rupees
Balance as at October 01,	399,640,242	441,467,617
Incremental depreciation for the year	(28,351,573)	(28,449,568)
Tax rate adjustment	(24,977,516)	(13,377,807)
Balance as at September 30,	346,311,153	399,640,242

7. LONG TERM BORROWINGS**From banking company - secured & interest bearing**

MCB Bank Limited	7.1	-	11,491,663
Less: Current portion shown under current liabilities	14	-	(11,491,663)
		-	-

7.1 It represented the diminishing musharaka facility amounting to Rs. 149.9 million obtained to enhance the production efficiency of the company. This facility was secured against the ranking charge over the present and future assets (both current and fixed) of the Company to the extent of Rs. 199.867 million with 25% margin and personal guarantees of two directors of the Company. Mark-up was payable on quarterly basis at the rate of 3 months KIBOR plus 2.50% per annum. Effective rate of mark-up ranged from 10.47% to 12.68% per annum. This facility was repayable in 12 quarterly installments however at October 1, 2015 it was overdue. This overdue amount has been paid off during the year and NOC has been obtained from the bank in this regard.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments	-	7,980,429
Less: Un-amortized finance charges	-	3,551
Present value of future minimum lease payments	-	7,976,878
Less: Current portion shown under current liabilities	14.	(7,976,878)
		-

8.1 Minimum lease payments were discounted using implicit interest rates ranging from 10% to 12.93% per annum. Balance rentals are payable in monthly installments. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company had to pay entire amount of rentals for unexpired period of lease agreement. These were secured against the leased assets, demand promissory notes, personal guarantees of directors and security deposits of Rs. Nil(2015: Rs. 7.315 million) (refer to note-18). As at October 1, 2015, outstanding balance of liabilities against assets subject to finance lease was overdue. However, during the current year it has been paid off and NOC has been obtained from bank / leasing company in this regard.

8.2 Minimum lease payments and their present values are regrouped as under:

	2016		2015	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	Rupees			
Future minimum lease payments	-	-	7,980,429	-
Less: Un-amortized finance charges	-	-	3,551	-
Present value of future minimum lease payments	-	-	7,976,878	-

**9. DEFERRED TAX LIABILITY**

	Note	2016 Rupees	2015 Rupees
The (liability) / asset for deferred taxation comprises temporary differences arising due to:			
Taxable temporary differences			
Accelerated tax depreciation		(105,332,463)	(104,255,692)
Finance lease		-	(3,238,948)
Surplus on revaluation of property, plant and equipment		(346,311,153)	(399,640,242)
		(451,643,616)	(507,134,882)
Deductible temporary differences			
Provision against doubtful assets		2,551,921	-
Available tax losses		273,016,058	337,083,275
Turnover tax available for carry forward		26,367,178	-
Less : Deferred tax asset not recognized	9.2	(59,876,647)	(112,275,355)
		242,058,510	224,807,920
Net deferred tax liability		(209,585,106)	(282,326,962)
9.1 Reconciliation of deferred tax (income) / expense for the year			
Opening deferred tax liability		(282,326,962)	(295,704,769)
Deferred tax attributed to revaluation surplus due to change in tax rate		24,977,516	13,377,807
Closing deferred tax liability		209,585,106	282,326,962
Change in tax rate from last year		(7,332,080)	-
Net deferred tax (income) / expense recognized for the year		(55,096,420)	-

9.2 The deferred tax assets amounting to Rs. 299.383 million (2015: Rs. 337.083 million) mainly owing to tax losses and minimum tax, are recognized in these financial statements only to that extent, as it is not probable that sufficient taxable profit will be available to utilize the remaining assets i.e. unused losses and tax credits in the foreseeable future.

10. TRADE AND OTHER PAYABLES

Creditors		579,968,596	830,128,876
Advances from customers		51,139,692	361,833,509
Security deposits - interest free	10.1	26,321,414	26,012,743
Accrued liabilities		30,744,368	36,389,496
Income tax deducted at source payable		11,487,594	6,128,782
Taxes and duties payable		30,542,025	3,900,220
Payable to provident fund trust - related party	10.2	23,546,693	11,387,868
Worker's profit participation fund payable		5,171,431	-
Unclaimed dividend		1,208,842	1,208,842
Ijarah rentals payable		103,908	-
Others		2,035,269	3,303,245
		762,269,832	1,280,293,581
10.1 Security deposits - interest free			
It includes:			
Dealers security deposit		18,483,000	18,483,000
Employee vehicle deposit	10.1.1	7,838,414	7,529,743
		26,321,414	26,012,743



10.1.1 It includes deposit received from executives of the company amounting to Rs. 2,177,268 (2015: Rs. 1,851,810).

10.2 It includes mark-up payable to provident fund amounting to Rs. 4,068,137 (2015: Rs.3,248,829) accrued at the rate of 6% per annum (2015: 7% per annum).

11. ACCRUED MARK-UP ON SECURED BORROWINGS

From banking companies

	Note	2016 Rupees	2015 Rupees
Long term borrowing		-	214,993
Short term borrowings		5,334,298	13,514,049
Liabilities against assets subject to finance lease		-	145,860
		5,334,298	13,874,902

12. SHORT TERM BORROWINGS

From banking companies - secured

Cash finance	12.1	49,995,092	99,949,411
Agricultural finance	12.2	139,505,000	142,455,000
Istisna finance	12.3	249,446,685	175,000,000
		438,946,777	417,404,411

12.1 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 50 million (2015: Rs. 100 million), to meet working capital requirements of the company. It carries markup at the rate of 3 months KIBOR + 3% (2015: 3 months KIBOR + 2.5%) per annum, payable quarterly and effective rate of markup ranges from 8.99% to 9.35% (2015: 9.51% to 12.68%) per annum. It is secured by way of first pari passu charge over all present and future assets (both fixed and current) of the company to the extent of Rs. 134 million (2015: Rs. 134 million) with a margin of 25% on hypothecated current and fixed assets, pledge of refined sugar in standard bags of 50 kgs each in shared godowns with a margin of 25% on pledge of sugar or as per SBP, ranking charge of Rs. 400 million (2015: Rs. 400 million) already registered with SECP over fixed assets of the company as additional security and personal guarantees of two directors of the company.

12.2 This agricultural finance facility has been obtained from Bank of Punjab, out of the total sanctioned limit of Rs. 140.155 million (2015: Rs. 150 million), for adjustment purposes only. It carries markup at the rate of 3 months KIBOR + 3% (2015: 6 months KIBOR + 3%) per annum, payable quarterly and effective rate of markup ranges from 8.93% to 9.67% (2015: 10.05% to 13.21%) per annum. It is secured by way of first pari passu charge over all present and future fixed assets of the company to the extent of Rs. 180 million (2015: Rs. 180 million), corporate guarantee of the company and personal guarantees of two directors of the company.

12.3 This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 250 million (2015: Rs. 200 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (2015: respective KIBOR + 3%) per annum, payable quarterly and effective rate of markup ranges from 9.35% to 9.36% (2015: 9.99% to 10.69%) per annum. It is secured by way of ownership of Istisna goods, first pari passu charge over all future and present current assets of the company to the extent of Rs. 234 million (2015: Rs. 234 million), ranking charge over all future and present fixed assets of the company to the extent of Rs. 334 million (2015: Rs. 334 million) and personal guarantees of all the directors of the company.



- 12.4** In addition to above, the company has unavailed Istisna facility from Meezan Bank Limited amounting to Rs. 500 million (2015: Rs. 300 million) for purchase of raw material, stores & spares and to meet working capital requirements of the company. This facility is secured against ranking charge over all current and fixed assets of the company amounting to Rs. 667 million (2015: Rs. 400 million), pledge of white crystalline refined sugar with a margin of 25% on sugar placed in covered godowns, personal guarantees of three directors of the company and cross corporate guarantee of Messrs Styles and Trends (Pvt) Limited, an associated undertaking of the company.
- 12.5** The company has total credit facilities from all the banks as mentioned in notes 12.1 to 12.4 above, amounting to Rs. 950 million (2015: Rs. 307.6 million) that remained unutilized at the terminal date.

	Note	2016 Rupees	2015 Rupees
13. LOAN FROM RELATED PARTY			
Unsecured and interest free		70,000,000	-

- 13.1** This represents loan obtained from the sponsoring director of the company to bridge / assist its working capital requirements. It is unsecured, interest free and payable on demand.

14. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term borrowing	7	-	11,491,663
Liabilities against assets subject to finance lease	8	-	7,976,878
		-	19,468,541

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1** The tax department raised demand of Rs. 44.039 million in show cause notice issued to the Company on 10 November, 2014, alleging that the Company charged federal excise duty (FED) at the rate of 0.5% instead of 8% on local supplies made during the period from January 2014 to June 2014 against quantity of white crystalline sugar exported to Afghanistan which was not in accordance with clause (d) of SRO 77(1)/2013 dated 07 February, 2013. Consequently, the Company filed a writ petition against this notice in the Honorable Lahore High Court, Lahore on the basis that the FED at the rate of 0.5% has been charged as allowed by the order dated 08 November, 2013 passed in W.P No. 4927/2013, which declared that clause (d) of SRO No. 77/2013 is unlawful. The writ petition filed by the Company is in the process of hearing. The company has also filed appeal before CIR (Appeals) Lahore, on this issue, pending adjudication at the terminal date. Based on the advice of the legal counsel, the management expects a favorable outcome of the matter. Hence, no provision has been made in these financial statements.
- 15.1.2** During the previous year, Deputy Commissioner Inland Revenue raised Sales tax demand of Rs. 15.402 million along with penalty / default surcharge amounting to Rs. 0.508 million on the basis of audit conducted by the tax department for the period from July 2012 to June 2013. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of Deputy Commissioner Inland Revenue. The Commissioner Inland Revenue (Appeals) deleted the demand of Rs. 14.209 million along with penalty / default surcharge amounting to Rs. 0.426 million. Against the remaining demand of Rs. 1.193 million along with penalty there on amounting to Rs. 0.082 million, the Company has filed an appeal before Appellate Tribunal Inland Revenue which is still pending for hearing. The management of the Company based on advice of legal counsel expects a favorable outcome of the appeal, hence, no provision has been made in these financial statements.
- 15.1.3** As a result of withholding tax audit for the tax year 2010, the Deputy Commissioner Inland Revenue raised a demand of Rs. 7.264 million under sections 161 / 205 of the Income Tax Ordinance, 2001. Currently, the Company is in appeal before Appellate Tribunal Inland Revenue against this demand pending adjudication. The Company expects a favorable outcome of the appeal based on advice of the tax counsel, hence, no provision has been made in these financial statements.



- 15.1.4** The case of the company has been selected for the income tax audit for the tax year 2009, by the Commissioner Inland Revenue, Large Taxpayer Unit, Lahore under section 177 of the Income Tax Ordinance, 2001. The company filled write petition before the Honorable Lahore High Court, Lahore against this selection. The Honorable Lahore High Court, Lahore has declared the selection as valid and directed the department to disclose the reason for selection of audit in writing, provide them an opportunity of hearing, decide the objections through reason orders and proceed further (if necessary) justly, fairly, and strictly in accordance with the law. The department has now taken up the proceedings and sent reasons of selection. The company is in the process of filling the reply against the reasons / justification of selections at the terminal date.
- 15.1.5** For the tax years 2010 and 2011, the Income Tax Department has created tax demand of Rs. 21.4 million under section 161 / 205. The cases has been decided against the company by learned CIR (Appeals) Lahore. The company filled second appeals before the Honorable Appellate Tribunal Inland Revenue Lahore, pending adjudication at the terminal date. The Company expects a favorable outcome of the appeal based on advice of the tax counsel, hence, no provision has been made in these financial statements.
- 15.1.6** The Department has filled reference before the Honorable Lahore High Court Lahore, against the order of the Appellate Tribunal Inland Revenue, Lahore, deleting the tax demand of Rs. 17.3 million for the assessment years 2001-2002 and 2002-2003. This reference have not been heard so far. pending adjudication at the terminal date. The Company expects a favorable outcome of the appeal based on advice of the tax counsel, hence, no provision has been made in these financial statements.
- 15.1.7** Company has given counter guarantee amounting to Rs. 820 million (2015: Rs. 354 million) and ranking charge over the current assets of the Company given as security against Murabah facility obtained from Bank Islami Pakistan Limited on account of agricultural loan to growers of sugar cane.
- 15.1.8** Company has given corporate gurantee of 350 million (30 September 2015: Rs.Nil) to Apna Microfinance Bank Limited on account of cane growers.

	<u>Note</u>	<u>2016 Rupees</u>	<u>2015 Rupees</u>
15.2 Commitments			
Company is committed to pay the following ijarah rentals:			
Due within one year		1,246,896	-
Due after one year but not later than five years		4,571,952	-
		<u>5,818,848</u>	<u>-</u>
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	2,388,975,515	2,516,399,289
Capital work-in-progress	16.2	233,726,179	93,584,286
		<u>2,622,701,694</u>	<u>2,609,983,575</u>

16.1 Operating Fixed Assets - Tangible

	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				Net book value as at 30-Sep-16
	Balance as at 1-Oct-15	Additions	Transfer	Deletion	Balance as at 1-Oct-15	For the year	Transfer	Deletion	Balance as at 30-Sep-16
Owned									
Freehold land	649,089,430	-	-	-	-	-	-	-	649,089,430
Buildings on freehold land	539,221,222	-	-	-	92,407,897	44,681,333	-	-	402,131,992
Plant and machinery	2,048,519,304	8,819,639	-	-	697,261,697	80,047,274	-	-	1,280,029,972
Stand by equipments	2,625,683	-	-	-	716,779	190,890	-	-	1,718,014
Factory equipments	7,294,540	-	-	-	5,942,793	135,175	-	-	1,216,572
Gas and electric installations	16,653,842	341,694	-	-	9,313,103	744,927	-	-	6,937,506
Railway sidings	492,072	-	-	-	492,072	-	-	-	-
Furniture and fixtures	4,253,831	13,006	-	-	3,381,930	87,521	-	-	797,386
Office equipments	7,226,100	204,909	-	-	5,347,338	404,447	-	-	1,679,224
Computer equipments	5,327,917	19,300	-	-	4,420,060	275,942	-	-	651,215
Vehicles	69,308,704	-	29,808,348	(6,477,665)	32,039,198	4,990,325	13,302,582	(2,416,922)	44,724,204
	3,350,012,645	9,398,548	29,808,348	(6,477,665)	851,322,867	131,557,834	13,302,582	(2,416,922)	2,388,975,515
Assets subject to finance lease									
Vehicles	29,808,348	-	(29,808,348)	-	12,098,837	1,203,745	(13,302,582)	-	-
	3,379,820,993	9,398,548	-	(6,477,665)	863,421,704	132,761,579	-	(2,416,922)	2,388,975,515
Rupee's - 2016									
Owned									
Freehold land	649,089,430	-	-	-	-	-	-	-	649,089,430
Buildings on freehold land	539,221,222	-	-	-	42,761,972	49,645,925	-	-	446,813,325
Plant and machinery	1,904,295,311	144,223,993	-	-	631,109,311	66,152,386	-	-	1,351,257,607
Stand by equipments	2,625,683	-	-	-	504,679	212,100	-	-	1,908,904
Factory equipments	7,294,540	-	-	-	5,792,599	150,194	-	-	1,351,747
Gas and electric installations	12,674,800	3,979,042	-	-	8,602,172	710,931	-	-	7,340,739
Railway sidings	492,072	-	-	-	492,072	-	-	-	-
Furniture and fixtures	4,253,831	-	-	-	3,285,052	96,878	-	-	871,901
Office equipments	6,977,600	248,500	-	-	4,898,460	448,878	-	-	1,878,762
Computer equipments	4,619,617	708,300	-	-	4,161,512	258,548	-	-	907,857
Vehicles	36,937,855	25,783,309	13,082,260	(6,494,720)	26,431,036	4,387,803	5,709,231	(4,488,872)	37,269,506
	3,168,481,961	174,943,144	13,082,260	(6,494,720)	728,038,865	122,063,643	5,709,231	(4,488,872)	2,498,689,778
Assets subject to finance lease									
Vehicles	42,890,608	-	(13,082,260)	-	14,494,463	3,313,605	(5,709,231)	-	17,709,511
	3,211,372,569	174,943,144	-	(6,494,720)	742,533,328	125,377,248	-	(4,488,872)	2,516,399,289
Rupee's - 2015									





- 16.1.1** The Company had its freehold land, building on free hold land and plant and machinery situated at its plant site revaluated by, independent valuers namely Messrs Unicorn International Surveyors and Messrs SAMA Engineering Associates, both approved by Pakistan Banks' Association (PBA). Fresh revaluation exercise of free hold land was carried out on March 31, 2014 and of building on free hold land and plant and machinery was carried out on September 30, 2014. The basis used for revaluation were as follows:

Free hold land

Fair market value of freehold land was assessed through survey of land, taking into consideration, the land specifications, inquiries from property dealers / estate agents, recent matured transactions in the vicinity and market trends.

Building on free hold land

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Current replacement cost was determined by collecting information regarding current prices of comparable sugar plant from suppliers and different sugar plant consultants in Pakistan and abroad. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

- 16.1.2** Had the revaluations of these assets not been made, the carrying value of these assets as at September 30, 2016 would have been as under:



	2016		2015	
	Cost	Accumulated depreciation Rupees	Cost	Accumulated depreciation Rupees
Freehold land	3,600,212	-	3,600,212	-
Buildings on freehold land	98,903,852	53,428,929	98,903,852	48,376,160
Plant and machinery	1,159,875,654	677,559,127	1,151,056,015	652,388,533
	1,262,379,718	730,988,056	1,253,560,079	700,764,693
		531,391,662		552,795,386

16.1.3 Depreciation charge for the year has been allocated as follows:

	Note	2016	2015
		Rupees	Rupees
Cost of sales	27	118,049,220	108,260,004
Selling and distribution cost	28	7,750,379	8,611,533
Administrative and general expenses	29	6,961,980	8,505,711
		132,761,579	125,377,248

16.1.4 Detail of operating fixed assets disposed of during the year is as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain/(Loss)	Mode of Disposal	Particulars of purchasers
Vehicles							
Honda Civic - LE-3838	2,527,600	1,086,051	1,441,549	1,900,000	458,451	Negotiation	Mrs. Rukhsana Javed - related party
Toyota Corolla - LE-38	1,915,360	354,121	1,561,239	2,500,000	938,761	Negotiation	Mrs. Rukhsana Javed - related party
Toyota Corolla Altis - LEC-1079	1,896,165	914,736	981,429	1,400,000	418,571	Insurance Claim	Premier Insurance Company
Honda CD-70 - LEP-5194	69,270	31,007	38,263	27,612	(10,651)	Company policy	Mr. Rashid Javed - Employee
Honda CD-70 - LEP-5201	69,270	31,007	38,263	27,612	(10,651)	Company policy	Mr. Shahid Nazir - Employee
	6,477,665	2,416,922	4,060,743	5,855,224	1,794,481		

16.1.5 The cost of operating fixed assets includes fully depreciated operating fixed assets which are still in use of the company. The breakup of cost of such assets is as follows :

	2016	2015
	Rupees	Rupees
Plant and machinery	305,934,000	295,640,000
Vehicles	16,045,033	14,803,000
	321,979,033	310,443,000

16.1.6 The company has fully amortized intangible assets i.e. computer software of Rs. 1 million (2015: Rs. 1 million) which are still in use of the company.



16.1.7 Owned vehicles includes a vehicle having cost of Rs. 22,856,000 (2015: Rs. 22,856,000) which is purchased out of the funds of the company, however said vehicle is in the name of a director of the company and is being used by the director.

16.1.8 Owned vehicles also include 14 (2015: 9) vehicles having cost of Rs. 13,107,368 (2015: Rs. 9,259,255) which are in the process of being registered in the company's name. The said vehicles are in the possession of the company and are being used by the company's staff.

16.2 Capital work-in-progress

	Opening Balance	Additions / Adjustment	Transfer to operating fixed assets	Closing Balance
Civil work and buildings	7,150,936	8,874,192	-	16,025,128
Plant and machinery	6,304,055	163,011,170	-	169,315,225
Advances for capital expenditure - plant and machinery	80,129,295	(31,743,469)	-	48,385,826
	93,584,286	140,141,893	-	233,726,179

17. LONG TERM INVESTMENTS**AVAILABLE FOR SALE**

Associated companies - Quoted

Shadab Textile Mills Limited

Nil (2015: 375,000) fully paid ordinary shares of Rupees 10 each
Company held nil (2015 : 19%) share holding in Shadab Textile Mills Ltd

Sargodha Spinning Mills Limited

Nil (2015: 500) fully paid ordinary shares of Rupees 10 each
Company held nil (2015 : 0.002%) share holding in Sargodha Spinning Mills Ltd

Add : Fair value adjustment

Less : Impairment loss

Note2016
Rupees2015
Rupees

- 2,500,000

- 5,000

- 2,505,000

- 18,311,845

- 4,550

- 20,812,295

18. LONG TERM DEPOSITS

Security deposits

- against ijarah facility

- utilities

- against leased assets

1,903,250 -

784,440 779,440

- 7,315,200

2,687,690 8,094,640

Less: Current portion shown under current assets

23

- 7,315,200

2,687,690 779,440

19. STORES, SPARE PARTS AND LOOSE TOOLS

Stores

Spare parts

Loose tools

129,441,636 124,286,694

13,422,802 13,746,328

1,749,897 1,830,989

144,614,335 139,864,011

**20. STOCK-IN-TRADE**

Work-in-process
Finished goods

Note**2016
Rupees****2015
Rupees****8,250,909**

2,519,008

172,262,473

319,150,354

180,513,382**321,669,362**

20.1 Stock-in-trade includes inventory amounting to Rupees 172.122 million (2015: Rupees 32.653 million) carried at net realizable value.

21. TRADE DEBTS - unsecured

Considered good
Considered doubtful
Provision for doubtful trade debts

693,424

41,531

27,180

683,623

27,180

683,623

-

-

693,424

41,531

21.1 Doubtful trade debts amounted to Rs. 656,443 (2015: Nil) were written off against the provision during the year, whereas provision amounting to Rs. Nil (2015: Rs. 683,623) was made during the year.

22. ADVANCES**Considered good**

Advances to:

Employees against salaries - secured and interest free
Employees against expenses - unsecured
Suppliers
Contractors
Sugarcane growers

22.1

2,179,613

2,410,812

877,189

493,024

22.2

27,443,645

16,992,002

22.3

10,025

552,360

22.4

4,589,578

5,678,236

35,100,050**26,126,433**

22.1 It includes advances amounting to Rs. 781,837 given to Executives of the company. The year end balance is the highest outstanding balance at the end of any month during the year. These are secured against staff retirement benefits - provident fund.

22.2 Advances to suppliers - unsecured

Considered good
Considered doubtful
Provision for doubtful advances

27,443,645

16,992,002

5,143,275

3,008,595

(5,143,275)

(3,008,595)

-

-

27,443,645**16,992,002**

22.2.1 Further provision against doubtful advances amounting to Rs. 2,134,680 (2015: Rs. 3,008,595) was made during the year.

22.3 Advances to contractors - unsecured

Considered good
Considered doubtful
Provision for doubtful advances

10,025

552,360

12,000

12,000

(12,000)

(12,000)

-

-

10,025

552,360



	<u>Note</u>	<u>2016 Rupees</u>	<u>2015 Rupees</u>
22.4 Advances to sugarcane growers - unsecured			
Considered good		4,589,578	5,678,236
Considered doubtful		1,519,503	1,519,503
Provision for doubtful advances		(1,519,503)	(1,519,503)
		-	-
		4,589,578	5,678,236
23. SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits:			
Current portion of long term deposits	18	-	7,315,200
Prepayments			
Prepaid expenses		828,598	3,812,276
		828,598	11,127,476
24. OTHER RECEIVABLES			
Unsecured and Considered good			
Accrued mark-up		236	1,888,374
Subsidy receivable		97,025,250	36,295,750
Miscellaneous receivables	24.1	6,728,662	5,863,840
		103,754,148	44,047,965
24.1 Miscellaneous receivables			
Considered good		6,728,662	5,863,840
Considered doubtful		1,804,447	1,719,605
Provision for doubtful miscellaneous receivables		(1,804,447)	(1,719,605)
		-	-
		6,728,662	5,863,840
24.1.1 Further provision against miscellaneous receivables amounting to Rs. 84,842 (2015: Rs. 1,719,605) was made during the year.			
25. CASH AND BANK BALANCES			
Cash in hand		1,355,832	1,585
Cash at bank in local currency:			
Current accounts		14,613,450	98,964,721
Saving accounts	25.1	112,324	3,677,923
		14,788,044	102,642,644
Cash at bank in foreign currency			
US\$ account		62,270	62,270
		16,206,146	102,706,499
25.1 Rate of profit on saving accounts ranges from 2.15% to 6.00% (2015: 3.50% to 7.00%) per annum.			
26. NET SALES			
Local sales	26.1	2,656,544,140	1,753,738,341
Export sales - sugar		382,211,731	198,513,179
Freight subsidy		105,391,000	43,458,807
		3,144,146,871	1,995,710,327

**26.1 Local sales**

Sugar

By Products:

Molasses

Bagasse

Press mud

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

2,583,699,888

1,693,193,782

177,345,462

197,098,899

120,358,251

-

-

836,682

297,703,713

197,935,581

2,881,403,601

1,891,129,363

224,859,461

137,391,022

Less: Federal excise duty and sales tax

2,656,544,140

1,753,738,341

27. COST OF SALES

Raw material consumed:

Sugarcane purchased

2,376,210,288

2,033,295,240

Sugarcane development cess

18,727,534

16,771,801

Market committee fee

2,497,030

2,236,240

2,397,434,852

2,052,303,281

Salaries, wages and other benefits

27.1

116,661,893

121,995,573

Workers' welfare

6,325,119

1,636,269

Stores, spare parts and loose tools consumed

9,454,859

11,315,995

Chemicals consumed

21,472,236

26,248,458

Packing material consumed

19,423,722

22,246,280

Fuel and power

21,384,983

25,641,481

Repair and maintenance

36,480,093

35,532,262

Insurance

3,787,659

6,505,475

Other factory overheads

6,965,058

8,482,099

Depreciation

16.1.3

118,049,220

108,260,004

2,757,439,694

2,420,167,177

Work-in-process

Opening stock

2,519,008

1,659,576

Closing stock

(8,250,909)

(2,519,008)

(5,731,901)

(859,432)

Cost of goods manufactured

2,751,707,793

2,419,307,745

Finished goods

Opening stock

319,150,354

104,882,044

Closing stock

(172,262,473)

(319,150,354)

146,887,881

(214,268,310)

2,898,595,674

2,205,039,435

27.1 Salaries, wages and other benefits include Rupees 2.622 million (2015: Rupees 2.518 million) in respect of employees' provident fund contribution by the Company.

**28. SELLING AND DISTRIBUTION COST**

	Note	2016 Rupees	2015 Rupees
Salaries, wages and other benefits	28.1	4,404,056	4,291,130
Handling and distribution		3,107,371	2,969,396
Repair and maintenance		62,066	126,145
Printing and stationery		65,032	29,252
Depreciation	16.1.3	7,750,379	8,611,533
Commission		-	1,598,000
		15,388,904	17,625,456

28.1 Salaries, wages and other benefits include Rupees 0.175 million (2015: Rupees 0.160 million) in respect of employees' provident fund contribution by the Company.

29. ADMINISTRATIVE AND GENERAL EXPENSES

Directors' remuneration	29.1	19,600,464	19,289,414
Salaries, wages and other benefits		85,970,867	83,435,596
Travelling and conveyance		2,176,801	2,100,675
Communication		2,364,414	1,658,640
Rent, rates and taxes		4,189,897	3,805,202
Printing and stationery		2,039,321	1,597,793
Repair and maintenance		1,322,479	1,001,466
Vehicle's running and maintenance		8,037,632	8,345,757
Fee and subscription		2,019,271	1,137,361
Legal and professional		2,667,316	4,370,560
Auditors' remuneration	29.2	1,075,000	1,015,500
Entertainment		3,219,954	2,324,321
Advertisement		249,095	86,850
Fines and penalties		5,103,673	-
Insurance		2,000,581	2,096,718
Ijarah rentals		645,042	-
Depreciation	16.1.3	6,961,980	8,505,711
Miscellaneous		4,847,867	6,837,092
		154,491,654	147,608,656

29.1 Salaries and other benefits include Rupees 2.571 million (2015: Rupees 2.066 million) in respect of employees' provident fund contribution by the Company.

29.2 Auditors' remuneration

Audit fee	750,000	715,000
Certification fee	50,000	50,000
Half yearly review	200,000	175,000
Out of pocket expenses	75,000	75,500
	1,075,000	1,015,500



30. OTHER OPERATING EXPENSES

	<u>Note</u>	<u>2016 Rupees</u>	<u>2015 Rupees</u>
Donations	30.1	150,000	20,000
Loss on disposal of operating fixed assets		-	881,644
Provision for doubtful trade debts	21	-	683,623
Provision for doubtful advances to suppliers	22.2	2,134,680	3,008,595
Provision for doubtful advances to contractors	22.3	-	12,000
Provision for doubtful miscellaneous receivables	24.1	84,842	1,719,605
Margin against letter of credit written off		-	1,700
Long term deposits written off		-	270,000
Margins against bank guarantees written off		-	117,989
Workers' Profit Participation Fund		5,171,431	-
		<u>7,540,953</u>	<u>6,715,156</u>

30.1 There is no interest in the donees fund, of any director or their spouses.

31. OTHER INCOME

Income from financial assets

Profit on bank deposits		150,777	6,077,662
Dividend income		1,275,000	375,000
Gain on sale of investments	31.1	19,916,481	-
		<u>21,342,258</u>	<u>6,452,662</u>

Income from non-financial assets

Gain on sale of fertilizers and seeds to growers		65,446,748	16,166,493
Miscellaneous		3,084,139	1,683,057
Gain on sale of operating fixed assets		1,794,481	-
Old credit balances written back		29,057	91,403
Sale of scrap		-	2,076,195
		<u>91,696,683</u>	<u>26,469,810</u>

31.1 It represents the dividend received from Shadab Textile Mills Limited - associated company.

32. FINANCE COST

Mark up on secured borrowings:

- Long term borrowings		-	2,104,227
- Short term borrowings		53,403,616	54,646,529
Lease financial charges	32.1	160,309	967,407
Interest on balance payable to provident fund trust - related party		819,308	509,981
Bank charges and commission		7,185,955	3,107,272
		<u>61,569,188</u>	<u>61,335,416</u>

32.1 It includes late payment charge amounting to Rs. 121,808.

**33. TAXATION****Current tax:**

Minimum tax

Presumptive / final tax regime

Prior year

Deferred tax

Change in tax rate

For the year

2016 Rupees	2015 Rupees
26,407,075	-
3,949,617	-
-	2,197,539
7,332,080	-
(55,096,420)	-
(17,407,648)	2,197,539

33.1 Tax charge reconciliation for the year is not applicable due to minimum tax. The Company has carry forward able tax losses of Rupees. 910.054 million (2015: Rupees 1,053.385 million).

34. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Earnings / (Loss) after taxation attributable to ordinary shareholders	Rupees	115,664,829	(418,341,521)
Weighted average number of ordinary shares	Numbers	17,000,000	17,000,000
Earnings /(Loss) per share - Basic	Rupees	6.80	(24.61)

There is no dilutive effect on basic earnings / (loss) per share of the company as the Company has no potentially issuable instruments in issue and such commitments at the balance sheet date.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive, directors and executives of the Company is as follows:

	2016		
	Chief Executive	Director	Executives
	Rupees		
Managerial remuneration	7,483,700	3,644,984	23,061,687
House rent	2,331,810	1,391,190	6,917,971
Contribution to provident fund	337,534	309,150	2,096,774
Utilities / medical allowance	53,878	356,092	2,096,774
Others	1,768,563	1,923,563	-
	11,975,485	7,624,979	34,173,206
Number of persons	1	2	24

	2015		
	Chief Executive	Directors	Executives
	Rupees		
Managerial remuneration	7,791,919	4,336,378	22,667,474
House rent	2,261,033	1,372,241	6,641,398
Contribution to provident fund	-	305,276	2,045,723
Utilities / medical allowance	548,809	681,805	2,060,701
Others	371,304	1,620,649	260,246
	10,973,065	8,316,349	33,675,542
Number of persons	1	1	25



- 35.1** In addition to above, the chief executive, directors (as referred in note 16.1.7) and certain executives are provided with the free use of the Company's maintained cars. Nineteen (2015: Fourteen) executives are also provided with furnished accommodation including utilities.
- 35.2** No meeting fee was paid to directors during the year (2015: Rupees Nil).
- 35.3** No remuneration was paid to non-executive directors of the Company.

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, close family relative, key management personnel i.e. directors, chief executive and executives and staff retirement benefits. The outstanding balances, transactions with related parties and remuneration to chief executive, directors and executives have been disclosed in the relevant notes to these financial statements. Details of transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements are stated below:

Particulars	Relationship	Name	2016 Rupees	2015 Rupees
Building being on rental basis	Close family relative	Mrs.Rukhsana Javed	2,700,000	3,540,000
All transactions were carried out on commercial terms and conditions at arm's length price				

37. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTION

The Company in the normal course of business deals with sole Islamic financial institutions as well as the financial institutions who operate both the conventional side and Islamic window. During the period the Company carried out transactions with both the conventional side as well as Islamic window of financial institutions. The details of segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below :

	2016 Rupees			2015 Rupees		
	Islamic Mode	Conventional	Total	Islamic Mode	Conventional	Total
Long term borrowings	-	-	-	11,491,663	-	11,491,663
Liabilities against assets subject to finance lease	-	-	-	-	7,976,878	7,976,878
Accrued markup on secured borrowings	3,073,919	2,260,379	5,334,298	7,511,718	6,363,184	13,874,902
Shortterm borrowings	249,446,685	189,500,092	438,946,777	175,000,000	242,404,411	417,404,411
Investments	-	-	-	20,805,000	7,295	20,812,295
Cash and bank balances	(1,183,704)	(13,666,610)	(14,850,314)	(3,697,713)	(99,007,201)	(102,704,914)
	251,336,900	178,093,861	429,430,761	211,110,668	157,744,567	368,855,235
Ijarah rentals	645,042	-	645,042	-	-	-
Finance cost	27,543,094	34,026,094	61,569,188	28,637,624	32,931,564	61,569,188
Loss on remeasurment of available for sale investments	-	-	-	4,866,240	1,805	4,868,045
Dividend	(1,275,000)	-	(1,275,000)	(375,000)	-	(375,000)
Gain on sale of investments	(19,916,481)	-	(19,916,481)	-	-	-
Income from PLS bank account	(21,740)	(129,037)	(150,777)	(1,167,011)	(4,910,651)	(6,077,662)
	6,974,915	33,897,057	40,871,972	31,961,853	28,022,718	59,984,571

38. PLANT CAPACITY AND ACTUAL PRODUCTION

Installed crushing capacity for 111 (2015: 139) working days	Metric tons	721,500	903,500
Actual crushing	Metric tons	499,396	447,091
Actual production	Metric tons	46,861	41,103
Sugar recovery	Percentage	9.41	9.20

- 38.1** Optimum capacity could not be achieved due to the liquidity crunch being faced by the Company, which the management is trying hard to manage in future.

**39. PROVIDENT FUND RELATED DISCLOSURES****2016
Rupees****2015
Rupees**

The following information is based on un-audited financial statements of the provident fund as on 30 September 2016 and 30 September 2015:

Size of the fund	85,089,532	84,612,220
Cost of investments	23,087,458	40,115,142
Percentage of investments made	27.13%	47.41%
Fair value of investments	23,497,048	41,742,642

39.1 Break-up of cost of investments is as follows:

	2016	2015	2016	2015
	Percentage		Rupees	Rupees
Term deposit receipts	24.69%	12.46%	5,700,000	5,000,000
Saving bank accounts	66.65%	3.03%	15,387,458	1,215,142
National saving scheme	8.66%	59.58%	2,000,000	23,900,000
Mutual funds	0.00%	24.93%	-	10,000,000
	100%	100%	23,087,458	40,115,142

39.2 Investments, out of provident fund, have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.**40. NUMBER OF EMPLOYEES**

Number of employees as on September 30	644	678
Average number of employees during the year	839	993

41. FINANCIAL RISK MANAGEMENT**41.1 Financial risk factors**

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to bank balances in United States Dollar (USD) as disclosed in note 25 to these financial statements which, in management's opinion, is considered to be insignificant.

**(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company is not exposed to commodity price risk as it has disposed of all its investments held in available for sale shares.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no long-term interest-bearing assets except for saving bank accounts. The Company's interest rate risk arises from long term finance, liabilities against assets subject to finance lease and short term borrowings. Borrowings and finance leases obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Floating rate instruments	Note	2016 Rupees	2015 Rupees
Financial assets			
Bank balances - saving accounts	25	112,324	3,677,923
Financial liabilities			
Long term borrowing	7	-	11,491,663
Liabilities against assets subject to finance lease	8	-	7,976,878
Short term borrowings	12	438,946,777	417,404,411
		438,946,777	436,872,952

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been higher / lower by Rupees 4.388 million (2015: Rupees 4.332 million), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note		
Long term investments	17	-	20,812,295
Deposits	18	2,687,690	8,094,640
Trade debts	21	693,424	41,531
Advances	22	2,179,613	2,410,812
Other receivables	24	6,728,898	7,752,214
Bank balances	25	14,850,314	102,704,914
		27,139,939	141,816,406



The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2016	2015
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Allied Bank Limited	A1 +	AA +	PACRA	4,831	61,872,797
Bank Alfalah Limited	A1 +	AA	PACRA	169,612	13,189,421
Bank Islami Pakistan Limited	A1	A +	PACRA	910,925	3,697,405
Faysal Bank Limited	A1 +	AA	PACRA	327,367	327,367
The Bank of Punjab	A1 +	AA	PACRA	1,070,553	153,651
Habib Bank Limited	A1 +	AAA	JCR-VIS	11,402,905	50,274
Meezan Bank Limited	A1 +	AA	JCR-VIS	186,994	1
MCB Bank Limited	A1 +	AAA	PACRA	660,386	13,088,802
National Bank of Pakistan	A1 +	AAA	PACRA	12,654	143,053
United Bank Limited	A1 +	AAA	JCR-VIS	28,938	130,151
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	4,868	-
Summit Bank Limited	A1	A-	JCR-VIS	43,911	44,051
NIB Bank Limited	A1 +	AA-	PACRA	7,270	10,007,941
Apna Microfinance Bank	A3	BBB +	PACRA	19,100	
				14,850,314	102,704,914

Trade debts

Customer is counterparty to local trade debts against sale of refined sugar. At the present company has investment in one customer namely; Shakarganj Food Product Limited, which is a well known company in the sugar industry. Due to long standing relations with counterparty and high creditworthiness of above mentioned customer the overall credit risk of company is low. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	2016 Rupees	2015 Rupees
Past due but not impaired		
1 - 90 days	693,424	41,531
91 - 180 days	-	-
	693,424	41,531
Past due and impaired		
More than three years	27,180	683,623
	720,604	725,154

Due to the Company's long standing business relationships with counter party and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 September 2016, the Company had Rupees 950 million (2015: Rupees 307.596 million) available credit limits from financial institutions and Rupees 16.206 million (2015: Rupees 102.706 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 September 2016

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
----- Rupees -----						
Non - derivative financial liabilities						
Long term borrowing	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-
Trade and other payables	663,929,090	663,929,090	663,929,090	-	-	-
Accrued mark-up on secured borrowings	5,334,298	5,334,298	5,334,298	-	-	-
Short term borrowings	438,946,777	438,946,777	339,132,851	99,813,926	-	-
	1,108,210,165	1,108,210,165	1,008,396,239	99,813,926	-	-

Contractual maturities of financial liabilities as at 30 September 2015

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
----- Rupees -----						
Non - derivative financial liabilities						
Long term borrowing	11,491,663	11,491,663	11,491,663	-	-	-
Liabilities against assets subject to finance lease	7,976,878	7,980,429	7,980,429	-	-	-
Trade and other payables	908,431,069	908,431,069	908,431,069	-	-	-
Accrued mark-up on secured borrowings	13,874,902	13,874,902	13,874,902	-	-	-
Short term borrowings	417,404,411	417,404,411	325,754,607	91,649,804	-	-
	1,359,178,923	1,359,182,474	1,267,532,671	91,649,804	-	-

41.2 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**Fair value hierarchy**

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices).

Level 3 Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at above mentioned levels. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. As at September 30, 2016, the Company did not hold any financial instruments carried at fair value.

41.3 Financial instruments by categories**As at 30 September 2016****Assets as per balance sheet**

Long term investments

Deposits

Trade debts

Advances

Other receivables

Cash and bank balances

Loans and receivables	Available for sale	Total
----- Rupees -----		
-	-	-
2,687,690	-	2,687,690
693,424	-	693,424
2,179,613	-	2,179,613
6,728,898	-	6,728,898
16,206,146	-	16,206,146
28,495,771	-	28,495,771

As at 30 September 2015**Assets as per balance sheet**

Long term investments

Deposits

Trade debts

Advances

Other receivables

Cash and bank balances

-	20,812,295	20,812,295
8,094,640	-	8,094,640
41,531	-	41,531
2,410,812	-	2,410,812
7,752,214	-	7,752,214
102,706,499	-	102,706,499
121,005,696	20,812,295	141,817,991

Liabilities as per balance sheet measured at amortized cost

Long term borrowings

Liabilities against assets subject to finance lease

Trade and other payables

Accrued mark-up on secured borrowings

Short term borrowings

2016 Rupees	2015 Rupees
-	11,491,663
-	7,976,878
663,929,090	908,431,069
5,334,298	13,874,902
438,946,777	417,404,411
1,108,210,165	1,359,178,923

**41.4 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

42. SEGMENT INFORMATION

42.1 Sales of sugar represents 89% (2015: 90.72%) of the total sales of the Company.

42.2 87% of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 100 % of those sales are made to customers in Afghanistan.

42.3 All non-current assets of the Company as at 30 September 2016 were located in Pakistan.

42.4 45.16% (2015: 72.74%) of the total sales of the Company are made to a single customer in Pakistan.

43. DATE OF AUTHORIZATION

These financial statements have been approved and authorized by the Board of Directors of the Company for issue on January 05, 2017


44. GENERAL

44.1 Figures of the corresponding period have been re-arranged and regrouped to represent better / true presentation and to facilitate appropriate comparison. Major reclassification made in the corresponding figures for better presentation are as under:

	2015 Rupees	Reclassification	
		From	To
Advances to supplier	4,037,609	Capital work in progress (Advance for capital expenditure)	Advances to supplier
Trolley income	1,408,716	Other factory overheads	Other income (Income from non financial assets)
Dealer's security deposit	18,483,000	Advance from customer	Security deposit - interest free
Employee vehicle deposit	205,000	Advance from customer	Security deposit - interest free
Employee vehicle deposit	6,830,743	Non current liabilities (Long term deposits)	Security deposit - interest free
Advance income tax	60,624,064	Other receivables	Tax refund due from Government

44.2 Figures have been rounded off to nearest of Rupee.


MUSTAFA ALI TARIQ
Chief Executive Officer


AHMED ALI TARIQ
Chairman / Director



INFORMATION UNDER COMPANIES ORDINANCE, 1984 {Section 236(1) and (464)}

PATTERN OF SHAREHOLDINGS HELD BY THE SHAREHOLDERS (FORM 34)

1. Incorporation Number

0002210

2. Name of The Company

Husein Sugar Mills Limited

3. Pattern of Holding of the Shares held by the Shareholders as at **30 September 2016**

4. No. of Shareholders	Shareholding		Total Shares held
	From	To	
299	1	100	5,895
166	101	500	63,335
119	501	1,000	102,381
195	1,001	5,000	525,359
48	5,001	10,000	373,316
22	10,001	15,000	280,652
4	105,001	110,000	432,524
1	120,001	125,000	124,548
1	135,001	140,000	139,605
1	140,001	145,000	141,164
1	485,001	490,000	485,793
1	585,001	590,000	588,219
1	820,001	825,000	824,077
7	15,001	20,000	126,589
2	20,001	25,000	46,000
4	25,001	30,000	116,000
1	30,001	35,000	34,000
3	35,001	40,000	112,500
1	40,001	45,000	40,905
2	45,001	50,000	96,604
1	60,001	65,000	60,150
2	65,001	70,000	130,525
1	80,001	85,000	84,000
1	110,001	115,000	113,993
2	130,001	135,000	262,458
1	145,001	150,000	148,910
1	205,001	210,000	205,537
1	340,001	345,000	341,950
1	350,001	355,000	354,397
1	430,001	435,000	432,138
1	2,980,001	2,985,000	2,983,265
1	3,035,001	3,040,000	3,038,000
1	4,185,001	4,190,000	4,185,211
894	TOTAL		17,000,000



5. Categories of Shareholders	Shares Held	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children:		
Chief Executive		
Mr. Mustafa Ali Tariq	3,000,265	17.65
Directors		
Mr. Ahmad Ali Tariq	3,038,000	17.87
Mr. Taufiq Ahmed Khan	2,500	0.01
Mst. Nusrat Shamim	500	0.00
Mr. Wasim Saleem	500	0.00
Mr. Ali Ashfaq	500	0.00
Mr. Muhammad Iftikhar	500	0.00
	6,042,765	35.55
NIT & ICP		
Investment Corporation of Pakistan	1,219	0.01
	1,219	0.01
Banks, NBFCs, DFIs, Takaful, Pension Funds		
	2,118	0.01
Other Companies, Corporate Bodies, Trust etc.		
	102,819	0.60
General Public		
	10,851,079	63.83
TOTAL	17,000,000	100.00
Shareholders More Than 5.00% :-		
Ahmad Ali Tariq	3,038,000	17.87
Mustafa Ali Tariq	3,000,265	17.65
Sadia Ali Tariq	4,197,711	24.69



CATEGORIES OF SHAREHOLDERS REQUIRED UNDER C.C.G.

As at September 30, 2016

S. No.	Name	Shares Held	%age of Capital
A) Associated Companies, Undertakings and related parties			
		-	-
B) Mutual Funds			
		-	-
C) Directors/Chief Executive Officer and their spouse and minor Children			
1	Mr. Ahmed Ali Tariq	3,038,000	17.87
2	Mr. Mustafa Ali Tariq	3,000,265	17.65
3	Mst. Nusrat Shamim	500	0.00
4	Mr. Taufiq Ahmed Khan	2,500	0.01
5	Mr. Wasim Saleem	500	0.00
6	Mr. Ali Ashfaq	500	0.00
7	Mr. Muhammad Iftikhar	500	0.00
TOTAL: -		6,042,765	35.55
D) Executives			
		-	-
E) Public Sector Companies & Corporations			
1	Investment Corporation of Pakistan,	1,219	0.01
2	Mercantile Cooperative Finance Corporation Ltd.	9,295	0.05
TOTAL:-		10,514	0.06
F) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds			
1	Habib Bank Limited	2,000	0.01
2	National Bank of Pakistan	1	0.00
3	Trustee National Bank of Pakistan Employees Pension Fund	117	0.00
TOATL : -		2,118	0.01
G) *Shareholding 5% or more			
1	Mr. Ahmed Ali Tariq	3,038,000	17.87
2	Mr. Mustafa Ali Tariq	3,000,265	17.65
3	Mrs. Sadia Ali Tariq	4,197,711	24.69
TOTAL: -		10,235,976	60.21
H) Joint Stock Companies			
		-	-
I) Investment Companies			
		-	-
J) Others			
1	Al-Noor Modarba Management (Private) Limited	1,000	0.01
2	Trustee - NBP Emp. Benevolent Fund Trust	4	0.00
3	Zafar Moti Capital Securities (Private) Ltd.	5,000	0.03
4	DJM Securities (Private) Limited	38,000	0.22
5	NCC - Pre Settlement Delivery Account	35,500	0.21
6	Saao Capital (Private) Limited	13,000	0.08
7	M/s. Fikree's (SMC-Pvt) Limited	11	0.00
8	M/s. Naeem Securities Limited	56	0.00
9	M/s. The Okhai Memon Anjuman	953	0.01
TOTAL:-		93,524	0.55
K) General Public		10,851,079	63.83
GRAND TOTAL		17,000,000	100.00

* Shareholders having 5% or above shares exist in other categories therefore not included in total.

All trade in the Company's shares, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year are as under:

Sr. No	Name	Transfer out	Purchase / Transfer in
1	Mr. Ahmed Ali Tariq - Chairman	3,232,313	4,221,546
2	Mr. Mustafa Ali Tariq - CEO	2,867,806	3,819,305
3	Mst. Nusrat Shamim - Director	6,210,670	-

ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2016ء کو ختم ہونے والے سال کے لیے حسین شوگر ملز لمیٹڈ کی 50 ویں سالانہ رپورٹ بخوشی پیش کرتے ہیں۔
موجودہ اور گزشتہ سال کے لئے کمپنی کی کارکردگی حسب ذیل ہے:

آپریشن	30 ستمبر 2016	30 ستمبر 2015
کرشنگ ایام (تعداد)	111	139
گنے کی کرشنگ (میٹرک ٹن)	499,396	447,091
چینی کی پیداوار (میٹرک ٹن)	46,861	41,103
تیار راب (میٹرک ٹن)	22,305	19,665
چینی کا حصول (فیصد)	9.41	9.20
مالیات	روپے ہزاروں میں	روپے ہزاروں میں
فروخت	3,144,147	1,995,710
مجموعی منافع / (نقصان)	245,551	(209,329)
آپریٹنگ منافع / (نقصان)	68,130	(381,278)
مالی لاگت	61,569	61,335
بعد از ٹیکس منافع / (نقصان)	115,665	(418,342)
نی شیئر آمدنی / (نقصان) (روپے)	6.80	(24.61)

1) الحمد للہ، انتظامیہ کی جانب سے کارکردگی کو بہتر بنانے اور اصلاحی اقدامات سے مثبت نتائج سامنے آنے شروع ہوئے ہیں۔ کمپنی، جس نے گزشتہ دو مالی سالوں میں مجموعی نقصان اور خالص نقصان برداشت کیا، ان مشکل حالات سے چھٹکارا پایا ہے اور بہت ہی معقول مجموعی منافع 245.551 ملین روپے [2015: (209,329)] ملین روپے [2015: (418,342)] ملین روپے درج کیا ہے۔ کمپنی نے سخت ورکنگ کیپٹل لائنوں کے ساتھ سیزن 16-2015 کا آغاز کیا۔ ملز 111 دنوں [2015: 139 دنوں] کیلئے آپریشنل رہی اور 499,396 ٹن گنا کرش کیا جو گزشتہ سال کے مقابلے میں 11.6 فیصد زائد ہے [2015: 447,091 ٹن]۔ اسی طرح سیزن کے دوران پیدا ہونے والی چینی 46,861 ٹن تھی، جو گزشتہ سال میں [41,103 ٹن] پیداوار سے بھی 14 فیصد زیادہ تھی۔ کمپنی گنے کے ترقیاتی پروگرام پر عمل پیرا ہے جس میں گنے کے مختلف بیج اور دیگر لوازمات جیسا کہ کھاد اور کیڑے مار ادویات بینکوں سے آسان شرائط پر زرعی قرضوں کا بندوبست کر کے کاشتکاروں کو فراہم کی جا رہی ہیں۔ انشاء اللہ ہمارے اراکین کو سکروس کے حصول اور گنے کی سپلائی میں نمایاں بہتری نظر آئے گی جس کے نتیجے میں ملز کو معقول منافع یقینی گا۔

2) دو صوبوں پنجاب اور سندھ کے درمیان گنے کی قیمت میں تفاوت رواں سیزن میں بھی جاری تھی۔ سندھ میں چلنے والی ملز کے لئے گنے کی امدادی قیمت 172 روپے فی من تھی جبکہ پنجاب میں 180 روپے فی من تھی۔ اسی سڑک پر حادثات کے واقعات صوبہ سندھ کے مقابلے پنجاب میں 6 گنا زیادہ تھے۔ ان عوامل نے پنجاب میں سرگرم شوگر ملوں کو نقصان پہنچانے کا سلسلہ جاری رکھا ہوا ہے۔

3) مالی سال کے دوران کمپنی نے دو معروف بینکوں سے 600 ملین روپے کے ورکنگ کیپٹل کی سہولیات حاصل کیں جس نے کمپنی کی اسٹاک ہولڈنگ صلاحیت کی تعمیر میں بہت مدد کی، جو مستقبل میں کرشنگ سیزن کے دوران فروختی دباؤ کو کم کرے گا۔

4) سیزن کے دوران کمپنی نے افغانستان کو 8,107 میٹرک ٹن چینی برآمد کی۔ کیونکہ حکومت نے بین الاقوامی قیمت کے مقابلے چینی کی امدادی قیمت غیر معمولی اعلیٰ رکھی ہے، اس لئے برآمدی سبسڈی کے بغیر چینی کی برآمد ممکن نہیں تھا۔ حکومت نے برآمدی چینی پر 13 روپے فی کلوگرام کی سبسڈی کا اعلان کیا ہے۔ بد قسمتی سے سبسڈی آٹھ ماہ کی تاخیر سے جاری کی گئی، سبسڈی کی ریلیز میں یہ غیر معمولی تاخیر ہمارے جیسی چھوٹی کمپنیوں کے لئے بہت تکلیف دہ تھی۔

مستقبل کا نقطہ نظر

سیزن 2016-17 کے لئے، گنے کی امدادی قیمت میں تفاوت ختم ہو چکا ہے اور اب صوبہ سندھ نے گنے کی امدادی قیمت -/182 روپے فی من کا اعلان کیا ہے۔ یہ پاکستان میں کام کرنے والی تمام شوگر ملوں کو ایک سطح پر لانے کے قابل بنائے گا۔

بروقت بارشوں، کھاد اور دیگر لوازمات کی قیمتوں میں کمی کی وجہ سے، 2016-17 کی فصل بہت صحت مند ہے اور ہمیں فی ایکڑ پیداوار میں 10 فیصد سے 15 فیصد اضافہ کا امکان ہے۔

ایک اہم عنصر، جو ہم کرشنگ سیزن میں دیکھ رہے ہیں، وہ یہ کہ سیزن گزشتہ سال سے آنے والے کسی صفر چینی کے اسٹاک کے ساتھ شروع ہوا ہے۔ جس کے نتیجے میں اس سیزن کے آغاز میں ہی چینی کی قیمتیں زیادہ ہونگی اور اس سیزن کے پہلے چند ماہ کے دوران بھی جاری رہیں گی۔ اس کے علاوہ بین الاقوامی مارکیٹ میں چینی کی تجارت کی رفتار میں اضافہ ہو رہا ہے اور حکومت نے ہم سیزن کی پیش بینی میں برآمد سبسڈی کے ساتھ 225,000 میٹرک ٹن کی برآمد کی اجازت دی ہے۔

آپ کی کمپنی اضافی گنے کی فصل اور کرشنگ سیزن کے آغاز پر چینی کی اعلیٰ شرح کا فائدہ اٹھایا ہے جو کمپنی کے لئے بہت مفید ثابت ہوا ہے۔ 31 دسمبر 2016ء تک، کمپنی نے 251,413 میٹرک ٹن گنا کرش کیا [2015-16 : 173,899 میٹرک ٹن] اور چینی کی پیداوار 21,835 میٹرک ٹن [2015-16 : 14,305 میٹرک ٹن] اوسط سکروس 9.00% [2015-16 : 9.10%] - کمپنی نے 1.1 بلین روپے کی ورکنگ کیپٹل لائسنز محفوظ کیں، جو کمپنی کی مالی اور آپریشنل صلاحیت میں اضافہ کرے گا۔

ہم نئے کرشنگ سیزن 2016-17 میں اچھے آپریشنل اور مالیاتی نتائج کی توقع کرتے ہیں۔

ڈیویڈنڈ

مستقل ورکنگ کیپٹل کو بہتر بنانے اور کارکردگی کی بہتری کے منصوبوں کو شروع کرنے کے لئے درکار فنڈز کی برقراری کے طور پر کسی ڈیویڈنڈ کی

سفارش نہیں کی گئی ہے۔

قرض کی ادائیگی

کمپنی کے ذمہ کوئی طویل مدتی قرضہ نہیں ہے۔ یہ صرف مختصر مدت کے ورکنگ کیپٹل قرضوں سے فائدہ اٹھاتی ہے جو قرض دہندہ کے مکمل

اطمینان کے لئے ادا کئے جا رہے ہیں۔

آڈیٹرز کے مشاہدے پر تبصرہ:

قرض دہندگان

بینک اسلامی پاکستان لمیٹڈ سے زرعی لوازمات کی خریداری کی مد میں مختلف کسانوں کے لئے سال کے دوران مختلف تاریخوں کو کریڈیٹرز (نوٹ - 10) میں شامل 283.765 ملین (2015: 264.704 ملین روپے) کی رقم (کل حد 615.000 ملین) کمپنی کو فراہم کی گئی تھی۔ کمپنی مقررہ تاریخ (نوٹ 15.1.5) کو اصل ڈیفالٹ کی حد تک گئے کسی بھی انفرادی کسان کی نادہندگی کی صورت میں اصل اور واجب الادا منافع ادا کرنے کی ذمہ دار ہے۔

گوئنگ کنسرن

کمپنی کی صلاحیت کے بارے میں آڈیٹرز کے مشاہدے کے جواب میں گوئنگ کنسرن کے طور پر ڈائریکٹرز نے مندرجہ ذیل وضاحتیں کی ہیں:

i- زیر جائزہ سال کے دوران اسپانسر ڈائریکٹرز نے بیلنس بڑھانے کی خاطر 30 ستمبر 2015 کو 403.442 ملین روپے سے 30 ستمبر 2016 کو 609.682 ملین روپے تک شیئر ڈیپازٹ منی کی ایک قابل ذکر رقم داخل کی ہے۔ یہ عنصر مستقبل کے لئے کمپنی کی کارروائیوں کی حمایت میں سپانسرز کی مستقل وابستگی کا ایک ٹھوس ثبوت ہے۔ یہ وابستگی کمپنی کو ہونے والے مجموعی نقصانات کی وجہ سے ایکویٹی رگڑ کے تمام نتائج کے ازالہ کا اطمینان بھی ہے۔

ii- کمپنی کامیابی سے اگلے سال 2016-17 کے لئے 1.1 ملین ورکنگ کیپٹل کی سہولت کو محفوظ کرنے کے قابل ہوئی ہے۔

iii- سال کے دوران کمپنی نے بینکوں کے پورے اطمینان کے لئے 8,107 ٹن چینی برآمد کی ہے۔ اس کے علاوہ کین کشنر کے پورے اطمینان کے لئے کاشتکاروں کو ادائیگی کی ہے۔ دو سال کے بعد کمپنی نے معقول مجموعی منافع حاصل کیا ہے اور تین سال کے بعد خالص منافع کمایا ہے، موجودہ قرضوں اور موجودہ اثاثوں میں عدم توازن کا خیال رکھا جا رہا ہے اور انتظامیہ اس عدم توازن کو بہتر بنانے میں کوئی کسر باقی نہیں رکھ رہی ہے۔

iv- اسپنر پارٹس اور مال کے سپلائرز معمول کے مطابق سامان فراہم اور ادائیگیاں وصول کر رہے ہیں۔ بینک نئی سہولیات کی منظوری دے رہے ہیں اور کاشتکاروں کو بروقت ادا کر رہے ہیں۔ کمپنی نے یوٹیٹی سٹورز کارپوریشن کو چینی کی فراہمی کے لئے ٹینڈر دیا ہے۔ کمپنی گزشتہ کی طرح چینی برآمد کرنے کا ارادہ رکھتی ہے۔

v- موجودہ وقت میں کمپنی کسی بھی بینک یا مالیاتی ادارے کی نادہندہ نہیں ہے اور اسٹیٹ بینک آف پاکستان کی طرف سے برقرار eCIB ڈیٹا میں کمپنی کے خلاف کوئی منفی تبصرہ نہیں ہے۔ اس کے علاوہ، انقضائے میعاد کوئی مقررہ شرائط قرضے نہیں ہیں اور کمپنی طویل مدتی اثاثہ جات کی مالی اعانت کرنے کے لئے مختصر مدتی قرضوں پر انحصار نہیں کر رہی ہے اور کوئی قرض کے معاہدے میں نہیں ہے جس پر کمپنی عمل کرنے کے قابل نہیں ہے۔

vi- پیراگراف (i) تا (v) میں موجود وضاحتوں کا مجموعی اثر جو بجا طور پر ہو سکتا ہے جس سے یہ نتیجہ اخذ کرنا کہ کمپنی کے گوئنگ کنسرن کے اطلاق کی بابت کوئی غیر یقینی صورتحال ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی رواداری، باہمی احترام، دوستانہ، اپنی مدد آپ اور باہمی اعتماد اور اعتماد کی ثقافت کو فروغ دینے کے علاوہ، اپنے تمام ملازمین کو ایک محفوظ، صحت مند، اور دوستانہ ماحول فراہم کرتی ہے۔

فریش گریجویٹس اور پوسٹ گریجویٹس اور پیشہ ورانہ اور تکنیکی نوجوان افراد کو اپرنٹس شپ کی پیشکش کے علاوہ، کمپنی خالصتاً میرٹ کی بنیاد پر موزوں افراد کو روزگار فراہم کرتی ہے، کمپنی جسمانی طور پر معذور اور خصوصی افراد کو بھی معاشرے کا مفید حصہ بنانے کے لئے روزگار فراہم کرتی ہے۔

ایک ذمہ دار ادارہ کے طور پر، کمپنی ایک پائیدار منصفانہ معاشرتی سیٹ اپ قائم کرنے کے لئے مصروف عمل ہے۔ کمپنی نے اس مقصد کے لئے بنیادی طور پر تعلیم اور صحت کے میدان میں غریب اور ضرورت مندوں کی بہبود کے لئے غیر منافع بخش اداروں کے قیام کو فروغ دیا ہے۔ مندرجہ بالا ادارے علاقے کے لوگوں کو مفت طبی سہولیات اور معیاری تعلیم کی سہولیات فراہم کر رہے ہیں۔

اسٹاک ایکسچینج میں اندراج

تمام اسٹاک ایکسچینجز کے انضمام کو مد نظر رکھتے ہوئے، کمپنی کو پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج کیا گیا ہے۔ کارپوریٹ گورننس کے ضابطے کی تعمیل

ہم اچھے کارپوریٹ گورننس کے مابند ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ضابطے میں شامل کارپوریٹ گورننس کے ضابطہ اخلاق پر عمل کرتے ہیں۔ کارپوریٹ گورننس کے ضابطہ اخلاق کے بہترین طریقوں کی تعمیل کا بیان منسلک ہے ڈائریکٹرز کا بیان

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں، ہم کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر حسب ذیل بیان پیش کرتے ہیں:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

- 2- کمپنی کے کھاتے جات کمپنیز آرڈیننس 1984 کے تحت درکار بالکل صحیح طور سے بنائے گئے ہیں۔
- 3- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

- 4- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی ضروریات کی پیروی کی گئی ہے
- 5- اندرونی کنٹرول کا نظام جدید انتظامی اصولوں کے مطابق ڈیزائن ہے اور اس پر مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- 6- کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔ جیسا کہ اس رپورٹ اور نوٹ نمبر 1.2 میں وضاحت کی گئی ہے کہ کمپنی اپنے تمام وسائل کو بروئے کار لاتے ہوئے مستقبل کے آپریشن کو جاری رکھے گی۔

- 7- اسٹاک ایکسچینج کے فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- 8- گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔

- 9- 30 ستمبر 2016 کو نمونہ حصص داری بشمول اضافی معلومات منسلک ہیں۔
- 10- پراویڈنٹ فنڈ باقاعدہ ایک علیحدہ ٹرسٹ کے زیر انتظام ہے اور ٹرسٹ نے 30 ستمبر 2016 کو 23.087 ملین روپے (41.743:2015) ملین روپے کی سرمایہ کاری کی ہے۔

- 11- ڈائریکٹرز، چیف ایگزیکٹو، کمپنی سیکریٹری، چیف فنانشل آفیسر، ان کے زوج اور چھوٹے بچوں کی طرف سے کمپنی کے حصص میں لین دین کی تفصیلات حسب ذیل ہیں:

حصص کی خریداری منتقلی:

4,221,546

جناب احمد علی طارق - چیئر مین

3,819,305

جناب مصطفیٰ علی طارق - CEO

حصص کی باہر منتقلی:

3,232,313

جناب احمد علی طارق - چیئرمین

2,867,806

جناب مصطفیٰ علی طارق - سی ای او

6,210,670

محترمہ نصرت شمیم - ڈائریکٹر

بورڈ کمیٹیاں

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ آڈٹ کمیٹی ریفرنس کی شرائط میں اپنے فرائض انجام دے رہی ہے۔
کمیٹی کی تشکیل درج ذیل ہے:

عہدہ

نام

چیئرمین

جناب توفیق احمد خان

رکن

جناب احمد علی طارق

رکن

جناب میاں علی اشفاق

انسانی وسائل اور ریمیزیشن (HR&R) کمیٹی

بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ انسانی وسائل اور ریمیزیشن (HR&R) کمیٹی ریفرنس کی شرائط میں اپنے فرائض انجام دے رہی ہے۔

کمیٹی کی تشکیل درج ذیل ہے:

چیئرمین

جناب احمد علی طارق

رکن

جناب توفیق احمد خان

رکن

جناب مصطفیٰ علی طارق

بورڈ آف ڈائریکٹرز کے اجلاس

پاکستان میں رواں سال کے دوران کمپنی کے بورڈ کے چار اجلاس ہوئے اور ان اجلاسوں میں ڈائریکٹرز کی حاضری پوزیشن حسب ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت کی تعداد
محترمہ نصرت شمیم	4
جناب احمد علی طارق	4
جناب مصطفیٰ علی طارق	4
میاں شہزاد اسلم *	کوئی بھی نہیں
میاں عامر نسیم **	کوئی بھی نہیں
جناب اسد احمد شیخ ***	2
جناب محمد شمس امین	2
جناب توفیق احمد خان	4
جناب وسیم سلیم	2
جناب علی اشفاق	4
جناب محمد افتخار	2

نوٹ:

* 25 نومبر 2015 کو استعفیٰ دے دیا اور ان کی جگہ پر جناب توفیق احمد خان کی تبدیلی کی گئی۔

** 28 نومبر 2015 کو استعفیٰ دے دیا اور ان کی جگہ پر جناب علی اشفاق کی تبدیلی کی گئی۔

*** 11 فروری 2016 کو استعفیٰ دے دیا اور ان کی جگہ پر جناب محمد افتخار کی تبدیلی کی گئی۔

**** 02 مارچ 2016 کو استعفیٰ دے دیا اور ان کی جگہ پر جناب وسیم سلیم کی تبدیلی کی گئی۔

جو ڈائریکٹرز بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے کو غیر حاضری کی چھٹی دی گئی۔

ڈائریکٹرز کی ٹریننگ

کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت درکار، کمپنی کے ایک ڈائریکٹر نے ڈائریکٹر کا تربیتی کورس مکمل کر لیا ہے۔ دیگر ڈائریکٹرز،

جو ڈائریکٹرز کی تربیت کی ضرورت سے مستثنیٰ نہیں ہیں، مقررہ مدت کے اندر اندر تربیت حاصل کریں گے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

حسین شوگر ملز سپلائرز، کسٹمرز، بیکاروں، ملازمین، اسٹاک ایکسچینج، ایس ای سی پی اور کمپنی کے دیگر کاروباری شراکت داروں کے ساتھ باہمی مفاد

کے تعلقات قائم کرنے کے لئے مصروف عمل ہے۔ زیر جائزہ سال کے دوران تمام اسٹاک اسٹیک ہولڈرز کے ساتھ تعلقات خوشگوار رہے۔

کمپنیز آرڈیننس 1984ء کی دفعہ 218 کے تحت معلومات

30 ستمبر 2016 کو ختم ہونے والے سال کے دوران بورڈ نے جناب مصطفیٰ علی طارق کو بطوری ای او مقرر کیا اور یکم اپریل 2016 سے موخر کمپنی کی پالیسی کے مطابق دیگر فوائد کے ساتھ 700,000 روپے ماہانہ معاوضہ طے کیا ہے۔ جناب مصطفیٰ علی طارق کمپنی کے ڈائریکٹر اور چیف ایگزیکٹو اور اس کی شرائط و ضوابط کے طور پر اپنی کی تقرری میں دلچسپی رکھتے ہیں، کوئی دوسرا ڈائریکٹر اس تقرری میں دلچسپی نہیں رکھتا ہے۔

پوسٹ بیلنس شیٹ واقعات

بیلنس شیٹ کی تاریخ کے بعد، کوئی قابل ذکر تبدیلی واقع یا حصص یافتگان کو مطلع کئے جانے والی کوئی بات بورڈ کے علم میں نہیں آئی ہے۔

حصص داران کا کردار

کمپنی کے حصص یافتگان کو کمپنی کی ویب سائٹ پر دستیاب سہ ماہی اکاؤنٹس کے ذریعے کمپنی کے معاملات کی حالت کے بارے میں باقاعدگی سے مطلع کر رہے ہیں۔ اراکین کے اجلاسوں میں فعال شرکت کی احتساب اور شفافیت کو یقینی بنانے کے لئے حوصلہ افزائی کی جاتی ہے۔

مالیاتی گوشوارے

PSX رول بک کی شق 5.19.14 کے تحت درکار، چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر مالی بیانات، بورڈ آف ڈائریکٹرز کے غور اور منظوری کے لئے ان کے دستخطوں کے تحت باقاعدہ تصدیق شدہ پیش کرتے ہیں اور بورڈ غور اور منظوری کے بعد اجراء اور سرکولیشن کے لئے مالی بیانات پر دستخط کرنے کا مجاز ہے۔

کمپنی کے مالی حسابات کمپنی کے آڈیٹرز، کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے اعتراض سمیت بغیر منظور کئے گئے ہیں اور ان کی رپورٹ مالی حسابات کے ساتھ منسلک ہے۔

آڈیٹرز

کمپنی کے بیرونی آڈیٹرز، کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے۔ لسٹنگ ضوابط کے تحت دوبارہ تعیناتی کے لئے اہل ہونے کے ناطے، انہوں نے 30 ستمبر 2017 کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹرز کے طور پر اپنی خدمات کی پیشکش کی ہے۔ آڈٹ کمیٹی نے 30 ستمبر 2017 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کے طور پر کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے اور بورڈ، آڈٹ کمیٹی کی سفارشات سے اتفاق کرتا ہے۔

آڈیٹرز نے اگلے سال کے لئے آڈیٹرز کے طور پر کام کرنے کے لئے اپنی رضامندی دی ہے اور انہیں بتا دیا ہے کہ انہیں انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان کے کے کوالٹی کنٹرول کے جائزے کے تحت تسلی بخش ریٹنگ دی گئی ہے کہ اور یہ کہ فرم اور اس کے تمام پارٹنرز انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی طرف سے جاری کردہ ضابطہ اخلاق پر مکمل طور پر عمل پیرا ہیں۔ آڈیٹرز نے یہ بھی تصدیق کی ہے سال کے دوران کسی بھی وقت فرم اور نہ ہی ان کے شراکت داروں اور ان کی بیویوں یا چھوٹے بچوں میں سے کسی نے کمپنی کے حصص میں کوئی تجارت نہیں کی ہے۔

ویب کی موجودگی

کمپنی کی ویب سائٹ سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان (ایس ای سی پی) کی ضروریات کے مطابق ہے، اور کمپنی سے متعلقہ تمام معلومات بشمول متواتر مالی حسابات / سالانہ رپورٹوں وغیرہ ویب سائٹ پر دستیاب ہیں اسٹیک ہولڈرز اور عام عوام اپنی مطلوبہ معلومات حاصل کرنے کے لئے کمپنی کی ویب سائٹ www.huseinsugarmills.com ملاحظہ کر سکتے ہیں۔

اظہار تشکر

بورڈ تمام اسٹیک ہولڈرز، بینکاروں، مالیاتی اداروں اور کاشتکاروں کے شکریہ کے ساتھ وسیع مسلسل حمایت اور تعاون کو تسلیم کرتا ہے۔ بورڈ، کمپنی کے لئے ملازمین کی ریکارڈ جان ثاری اور سخت محنت پر ان کی تعریف کرتا ہے۔

ذات اللہ
احمد علی طارق
چیرمین

لاہور: 05 جنوری 2017ء

**PROXY FORM**

I/We _____ of _____

being the member of **HUSEIN SUGAR MILLS LIMITED**

hereby appoint Mr. /Mrs./Miss. _____

who is a member of the company vide Registered Folio/CDC participant ID.No. _____

or failing whom Mr. /Mrs./Miss. _____

who is also a member of the company vide Registered Folio/CDC participant ID.No. _____

as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held at its Registered Head Office of the Company 30-A E/1, Old FCC, Gulberg III, Lahore on Tuesday, the 31st January, 2017 at 10:00 A.M and at any adjournment thereof.

Signed this _____ day of _____ 2017.

WITNESS

1. Signature _____

Name _____

Address _____

CNIC or Passport No. _____

2. Signature _____

Name _____

Address _____

CNIC or Passport No. _____

(Signature on
Rupees Five
Revenue Stamp)

Signature should agree with specimen
signature with the company

Notes:

1. A member entitled to attend and vote at the meeting may appoint any other member as his/her proxy to attend the meeting and vote.
2. If a member is unable to attend the meeting, they may complete and sign this form and send it to the company secretary, the Husein Sugar Mills Limited, Lahore so as to reach not less than 48 hours before the time appointed for holding the meeting.
3. For CDC Shareholders in addition to above the following requirements have to be met.
 - i) In case of individual, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.
 - 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 CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee/attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

مختار نامہ

میں / ہم _____ کا / کے _____
 بحیثیت رکن حسین شوگر ملز لمیٹڈ اور حامل عام حصص، بمطابق شیئرز رجسٹر فو لیو نمبر _____ اور / یا سی ڈی سی
 پارٹیشن (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
 محترم / محترمہ _____ کو اپنے / ہمارے ایماء پر _____ مورخہ 31 جنوری 2017 بروز منگل
 بمقام 30- اے / ای-1، اولڈ ایف-سی-سی، گلبرگ-3، لاہور میں صبح 10:00 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام
 میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔
 آج بروز _____ بتاریخ _____ 2017ء کو دستخط کئے گئے۔

گواہان:

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

1- دستخط: _____
 نام: _____
 پتہ: _____
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____
 2- دستخط: _____
 نام: _____
 پتہ: _____
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____


نوٹ:


- 1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہوا، اپنی جگہ کسی کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکرٹری حسین شوگر ملز لاہور کے پتے پر ارسال کر دے۔
- 3- سی ڈی شیئرز ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
 - (الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ جس کی سکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔
 - (ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
 - (ج) بینیفیشل اوٹرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔
 - (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد / مع نامزد کردہ شخص / انارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرنا ہوگا۔





JamaPunji

Securities and Exchange Commission of Pakistan's
Landmark Initiative for Investor Education
Feedback Survey



 **JamaPunji**
سرمایہ کاری سمجھداری کے ساتھ

www.jamapunji.pk

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)  [@jamapunji_pk](https://twitter.com/jamapunji_pk)

Fold Here

AFFIX
CORRECT
POSTAGE

The Company Secretary
HUSEIN SUGAR MILLS LIMITED
30-A E/I, Old FCC, Gulberg III, Lahore
Ph: 35762089 - 35762090
Fax: (042) 35712680

Fold Here

Fold Here

Fold Here