



FARAN SUGAR MILLS LTD.

Strength through *Diversity*



Strength through *Diversity*

Our business philosophy teaches us diversification. Besides providing the basic product, Sugar, we end up in multiple allied businesses. This strategy has also become our core business model. We strongly believe that business derives its strength through diversification. We are committed to explore new horizons and expanding further. However at the same time we adopt the same business philosophy internally and promote the diverse working culture. As a theme of this year's annual report we share our strength through diversification.



FARAN SUGAR MILLS LTD.

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Vision

Faran Sugar Mills Limited will thrive as a proactive partner in prosperity of the nation, recognized as a center for state-of-the-art industrial facilities. Above all, Faran Sugar Mills will strive to be a model business entity where all primary stakeholders are intricately woven in progressive pattern, imperative for the economic growth of the nation.

Mission

Faran Sugar Mills Limited strives to fulfill its commitments to the society. Our strategic business vision, sound business principles are aimed at quality production with maximum operating efficiency that eventually contribute towards national economy and social well-being of all the stakeholders. Pride in our heritage and a strong sense of community is reinforced by proactive planning and enhanced by effective management.





Strength through Diversity

Faran Sugar Mills Ltd. strives to take market leading position by transforming our mills to the most efficient and state-of-the-art sugarcane processing facilities in Pakistan. We constantly monitor industry dynamics and pre-empt all the important factors that affect our business verticals.





FARAN SUGAR MILLS LTD.

Sugar



Corporate Information

Date of Incorporation

November 3, 1981

Date of Commencement of Business

November 25, 1981

Board of Directors

Muhammad Omar Amin Bawany	(Chairman)
Ahmed Ali Bawany	(Chief Executive)
Hamza Omar Bawany	
Bilal Omar Bawany	
Mohammed Altamash Bawany	
Irfan Zakaria Bawany	(Independent)
Muhammad Arif Amiwala	
Sheikh Asim Rafiq	(NIT)

Audit Committee

Irfan Zakaria Bawany	Chairman
Muhammad Omar Amin Bawany	Member
Muhammad Arif Amiwala	Member
Hamza Omar Bawany	Member

Human Resource & Remuneration Committee

Muhammad Arif Amiwala	Chairman
Ahmed Ali Bawany	Member
Hamza Omar Bawany	Member

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Cost Auditors

Ale Imran & Co.
Chartered Accountants

Chief Financial officer & Company Secretary

Muhammad Ayub

Legal Advisor

Ghulam Rasool Korai

Conventional Bankers

Habib Bank Ltd
MCB Bank Ltd
Bank Al-Falah Ltd

Faran Sugar Mills Ltd. commenced its operations about 35 year ago with a vision to be the best in the industry and its entire operation revolves around one objective, to satisfy the diverse needs of all its Customers.



Islamic Bankers

Al-Baraka Bank Ltd
Bank Al-Falah Ltd
UBL Ameen
Habib Metropolitan Bank Ltd
Bank Al-Habib Ltd
Meezan Bank Ltd
Askari Bank Ltd
Habib Bank Ltd

Share Registrar

C&K Management Associates (PVT.) Ltd.
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi.
Tel: (92-21) 35687639, 35685930

Registered Office

3rd Floor, Bank House No. 1, Habib Square
M.A. Jinnah Road, Karachi.
UAN: (92-21) 111-786-878
(92-21) 111 BAWANY (229-269)
Fax: (92-21) 32 42 10 10

Mills

Shaikh Bhirkio, Distt.
Tando M. Khan Sindh.

E-mail & Website

info@faran.com.pk
www.faran.com.pk

Stock Exchange Symbol

FRSM

Registration Number

Company registration no. 0009018
NTN 0710379-4
STN 01-01-2302-005-82



Company Profile

Faran Sugar Mills Limited is an agri-based company, engaged in the business of manufacturing and selling of refined sugar. The company is a part of Amin Bawany Group which is a leading business group having interest in diversified businesses such as Sugar, Insurance, Modaraba, Particle Board, Ethanol production, trading, construction, power, digital marketing, food and other important business sectors of Pakistan.

Having a legacy of diversified experience in industrial sector, FARAN SUGAR MILLS LIMITED, commenced its operation in 1981 with an aim to be one of the best sugar mills in the industry.

The mill is located at shaikh Bhirkio District Tando M. Khan which is considered as a suitable sugarcane growing area. The plant commenced commercial production in 1983 with installed cane crushing capacity of 2000 TCD which, after successive capacity enhancements, has now been reached to 9,000 TCD.

Al-Hamdulillah, Faran Sugar is ranked amongst top sugar mills operating in the province of Sindh in terms of production. The diversified portfolio of our customers includes the manufacture of cereals, confectionary, syrups, drinks, ice creams, biscuits, and so on. Having one of the most efficient sugarcane processing facilities, Faran sugar is a well placed to develop its capabilities in the ahead. We strive to take market leading position through anticipating all the important factors that affect our business verticals. We are committed towards achieving the highest standards of quality and environmental care.

The company has made long-term investment in distillery unit namely, Unicol Limited which was formed in accordance with the terms of a Joint Venture agreement amongst the three leading sugar mills of Sindh. The molasses produced during sugar manufacturing is consumed to produce premium quality ENA grade ethanol. The entire production is exported to major buyers located in Asia, Europe and Africa.

“We are driven by our vision to be the most efficient sugar producer in the country and further our aim to enter into power and other diversified businesses to give further strength to our balance sheet by expanding our revenue base. As we move forward, Alhamdulillah, we have a number of factors in our favour; steady financial performance, strength of our balance sheet, strong cash generation, our expertise and most of all, the dedication and will of management team and the entire staff members”.

Alhamdulillah, Faran Sugar is managing its working capital as well as long-term financing requirements through Shariah compliant financial modes. We are proud to say that FSML is a RIBA/INTEREST FREE CORPORATE ENTITY

We continued our focus on rehabilitation/ modernization of our manufacturing facilities and equipment for long-term sustainability. We take guidance from renowned local and foreign technical consultants of various engineering fields to improve the overall efficiency of the plant with object to create sustainable future growth.

Our key priority is to increase corporate value by focusing on ventures beyond our core competencies, in sectors offering potential to augment earning of our stakeholders and development of the national economy. The company is in advance stage to setup a Wind Power Project at a wind corridor in Sindh. We have principally agreed to invest around Rs. 650 million approximately over the period of 2-3 years for this project which will be established under a joint venture arrangement among 4 Sugar Mills of Sindh.

Besides Wind Project, FSML is also considering to set-up a 26.5MW High-Pressure Bagasse based co-generation power project at FSML site and has taken all preliminary steps to set up this economically viable project.





Core Values



Innovation

We believe in relentless commitment to continuous improvement and encourage ideas from all stakeholders. For this, we define quality, as understanding the customers' expectation.



Leadership

Managerial and professional competence is vital for our success, therefore we value leadership qualities coupled with drive to challenge the status quo.



Excellence

We are committed to excellence in all spheres of performance and have firm belief that our core values emerges from satisfying our customers' needs of quality management.



Ethics & Integrity

We constantly strive to establish and maintain highest professional and ethical standards and strongly believe that honesty, ethical behavior and integrity are the land mark of our success. Choosing the course of the highest integrity has always been our intent.



Employees' Growth & Development

Our philosophy is to create a congenial working environment where dignity and value of the personnel is considered as top responsibility. We focus on encouraging and empowering employees to contribute to the company's success.



Profitability

We have developed an attitude to successfully discharge our responsibilities to maximize returns to our stakeholders by constantly meeting their expectations.



Teamwork

High performance teams can accomplish what individuals cannot. Therefore, we strive to develop a team of professionals having relevant specialization in respective domain.

Code of Conduct and Ethics

“Our focus on finding every opportunity which reduces cost while improving operations based on ethical conduct remains crucial to our continued success”.

Company’s code of conduct set out the minimum standards expected from the entire team. By this, we are able to maintain excellent eminence amongst all of business partners in a professional manner. We have a firm conviction that employees have an obligation to themselves and to the company to raise any matter of business conduct or ethics that cause concern. No one is allowed to commit an illegal or unethical act.

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

In general, we treat our personnel as company’s ambassadors to all our stakeholders therefore expected to promote the company’s best interest maintaining integrity and confidentiality in all dealings.

Business ethics help protect both the employees and the company from unfounded indictment of pretext or deception and fraud. Further ensures, any fraud that has or might have taken place, must be properly investigated and dealt with in a timely manner.

The company’s activities and operations are carried out in strict compliance of all applicable laws and highest ethical standards. While dealing with stakeholders, the company is strictly prohibited to be engaged, directly or indirectly, in any malpractices.

Corporate funds and assets will be utilized solely for the company’s objectives in a lawful manner.

We will support a precautionary approach to environmental challenges and within the company’s sphere of influence, undertake initiatives to promote greater environmental safety and encourage the development and diffusion of environmental friendly technology.

Employees are expected to safeguard confidential information and must not without authority; disclose such information about company activities to any outside source that are not entitled to such information.

Any dealings between staff and outside organization in which they have a direct, indirect, or family connection must be fully disclosed to the management.

We will not discriminate against any employee for any reason such as race, religion, political conviction, or gender, and will treat everyone with full dignity and with respect for their private lives.

Any violation of this conduct shall be promptly reported to the management by any employee having knowledge thereof.

Major Milestones

Incorporation of the company

1981

1983

Listed on Karachi & Lahore stock exchanges

1984

1988

Crushing capacity further increased to 3,700 TCD

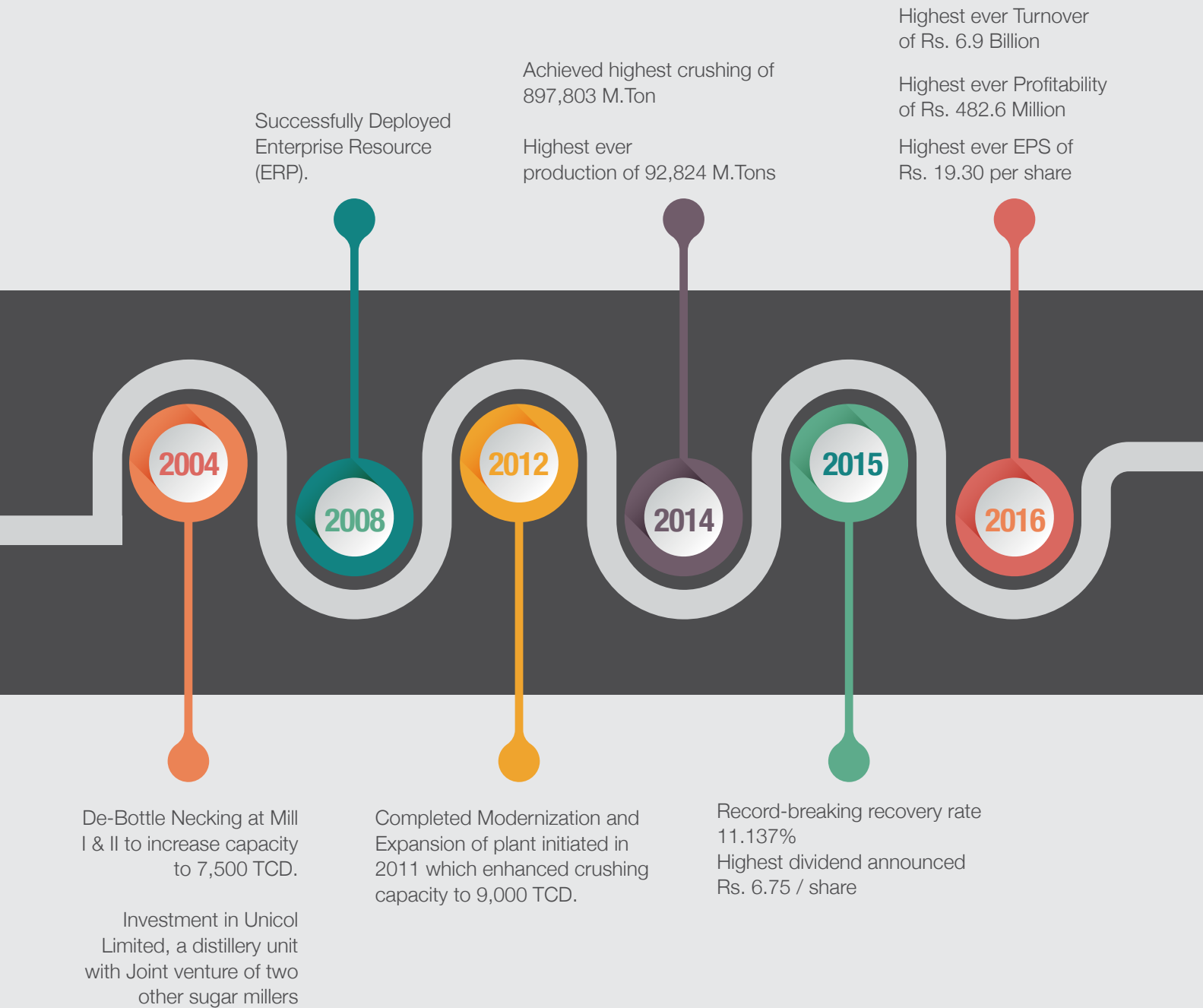
1990

1994

Commencement of commercial production at Mill 1 with 2,000 TCD

Crushing capacity enhanced to 2,700 TCD

Second line started and capacity enhanced to 6,500 TCD



An Era of Leadership and Commitment



**Mr. Muhammad Amin Ahmed
Bawany (Late)**
(1932 – 2016)

In our journey through life, we all desire to achieve a sense of fulfillment by manifesting our unique gifts and abilities. While life's greatest achievers undoubtedly possess talent, what really fuels their greatest successes is their ability to tap into their tremendous passion and desire in the pursuit of personal excellence.

Mr. Amin Bawany was undoubtedly a man blessed with enormous talent, dedication and leadership. Being a member of a reputed business group, one could say that he genetically possessed an urge to establish companies which he found lucrative from his perspective. But it was his passion and intense commitment for perfection that drove him to enter and establish his mark of excellence in the prominent business sectors of Sugar, Textile, Particle Board, Chemicals, Jute, Modaraba, Real Estate and Trading.

An Era of Leadership and Commitment

However it was not just this sharp business acumen that made him such a role model, he possessed an acute sense of responsibility and sympathy for his fellow men which lead him to establish institutions and contributed generously to a number of existing charitable organizations for the uplift and wellbeing of underprivileged communities.

His contribution to business and humanity has always been honored by corporate as well as by philanthropic community during his lifetime and even after his departure. May Allah (SWT) bless his soul and grant him Jannat ul Firdous and give us the wisdom and courage to carry the legacy which he left behind (Aameen).

Critical Performance Indicators

Gross Sale

Rs. in Million

2016 - 6,983.32

2015 - 3,084.63

Profit after tax

Rs. in Million

2016 - 482.66

2015 - 309.77

Cash Generation from Operations

Rs. in Million

2016 - 1,269.55

2015 - (102.27)

Earnings per Share (EPS) after tax

Rs.

2016 - 19.30

2015 - 12.39

Market value per share

Rs.

2016 - 144.00

2015 - 80.00

Break-up value per share

Rs.

2016 - 76.15

2015 - 61.80

Corporate Strategy



Our unique corporate strategy gets aligned with the resource allocation system and flow down to the operational levels, thus ensuring its implementation at all levels along with the achievement of the intended results.

Financial

To reduce cost and time over runs which results in improved financial result. To maximize profits by investing surplus funds in profitable avenues. To make investment decisions by ranking projects on the basis of best economic indicators. Growth and superior return to all stake holders.

Learning and Growth

Motivate and train our workforce, revitalize our equipment base and attain full autonomy in financial and decision making matters. To enhance the technical and commercial skills through modern HR management practices. Continuously develop technical and managerial skills at all levels and stay abreast of latest technologies and high performing human resources.

Customer

Improve the quality of our product to make delightful customers & to be perceived as a Reliable and Efficient company. To provide most reliable supplies to the customers through cost effective means.

Internal Process

To set up task forces with representation from all relevant departments to improve internal business decision making and strategic planning. Availability of updated information to the shareholders and customers. To use most effective business practices and formulation to the shareholders and customers. To use most effective business practices and formulation to the shareholders and customers. To use most effective business practices and formulate a framework of synergic organization with the change in culture.

Board of Directors



Muhammad Omar Bawany
Chairman

Mr. Muhammad Omar Bawany acquired his education from Karachi American School and then went to American College of Switzerland and obtained Associate Degree. Under his wise management, Annoor Textile Mills operated successfully. He is on the Board of Director of Faran Sugar since 1984 and currently he is the Chairman of Faran Sugar Mills and Faran Power Ltd. He is also the Chief Executive of B.F Modaraba managed by E.A Management and is on the Boards of Reliance Insurance Company, Unicol Limited and Uni-Food Industries Ltd.

Ahmed Ali Bawany
Chief Executive

Mr. Ahmed Ali Bawany is on the Board of Directors of the Faran Sugar Mills since 1995. He got his schooling from CAS, Karachi. For pursuing further education, he went to USA and got degree in business entrepreneurship from University of Southern California. Currently, he is the Chief Executive of Faran Sugar Mills Ltd and Faran Power Ltd. He has also served as Chairman of Pakistan Sugar Mills Association-Sindh Zone in the year 2014. Besides Faran Sugar, he is actively involved in Unicol Ltd in the capacity of director, which is a Joint Venture engaged in the production and marketing of Ethanol. He is also on the Board of Reliance Insurance Company, UniEnergy and is the Chairman of B.F Modaraba and Uni-Foods Industries Ltd.





Hamza Omar Bawany
Director

Mr. Hamza Omar Bawany is currently the CEO of Uni-Food Industries Ltd. He has a diverse working experience in various fields such as Manufacturing, FMCG and Islamic Banking. For over 10 years he has served as Chief Operating Officer of Sind Particle Board Mills Ltd. Mr. Hamza acquired his BBA and MBA degree in Marketing and Finance from IBA, Karachi. He also serves as Director on Boards of Faran Sugar Mills Ltd, Reliance Insurance Company Ltd and BF Modaraba.

Bilal Omar Bawany
Director

Mr. Bilal Bawany completed his primary schooling from CAS school and did his A' levels from Karachi Grammar School. He then went on to pursue Bachelors in Electrical Engineering from the American University of Sharjah, graduating with honors, and an MBA from IBA. He has worked with leading companies in Abu Dhabi, Scotland and Pakistan including Baker Hughes and Avanceon. He joined Faran Sugar Mills in 2010 and brought with him a rich technical experience which helped Faran Sugar in reaching new levels of efficiency, optimization and expansion. He joined Board of Directors of Faran Sugar Mills in 2015 and is also an active Board member of UniEnergy, which is a Joint Venture for Wind Power Generation.



Board of Directors



Mr. Mohammed Altamash Bawany
Director

Mr. Mohammed Altamash Bawany has joined the Board of Directors in 2016. He holds a Bachelor's of Science degree in Mechanical Engineering from the American University in Dubai and The Georgia Institute of Technology in the United States. While having worked for the KS&EW under the Ministry of Defense in Pakistan, he has gained extensive on-hand experience in mechanical design and manufacturing. Furthermore, he has worked on multiple large-scale projects with a focus on new technologies and disruptive innovation in the U.A.E. As the Business Development Manager and founding member at one of the most promising technology startups in Middle East, he has further polished his skills in strategy consulting, business development techniques and tactics.

Mr. Irfan Zakaria Bawany
Director

Mr. Irfan Zakaria Bawany was elected as independent non-executive director in March 2013 for tenure of three years. He is also a non-executive director of Reliance Insurance Company Limited since 1991. He is CEO of Anam Fabrics (Pvt.) Limited. He has served on the Board of Pioneer Cables Limited from 1983 to 1991. He has diversified experience in electrical Cable Manufacturing and textile made up business. After receiving a B.B.A (Accounting) from the University of Houston, USA, he was certified as a Fellow Member of the Texas Society of Certified Public Accountants. He is a certified director form Pakistan Institute of Corporate Governance (P.I.C.G).





Mr. Muhammad Arif Amiwala
Director

Mr. Muhammad Arif Amiwala joined the Board of Director of Faran Sugar Mills Limited in 2015. He is an MSc. with experience spanning over 45 years in sugar industry. He started his career in Bawany Sugar Mills in March 1969 and later joined Faran Sugar Mills Limited in November 1982, where he worked actively in the overall operations of the Mills. During his long association with the company, he held key positions and retired as Director Operations in September 2014.

Mr. Sheikh Asim Rafiq
Director

Mr. Sheikh Asim Rafiq is presently working as Head of Internal Audit at NIT. His is a qualified Chartered Accountant from Institute of Chartered Accountants of Pakistan, with training from A.F. Fergusson & co. Chartered Accountants and also a Certified Internal Auditor from the Institute of Internal Auditors, USA. He has a working experience of over a decade, substantially in financial services sector. In addition to his responsibilities as Head of Internal Audit, Mr. Rafiq is also representing NIT as a nominee director in different companies.



Strength through Diversity

UNICOL LIMITED

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

Unicol started its commercial operations in August 2007 and since then it is successfully producing super fine grade ethanol and is considered as the largest exporter of ENI grade Alcohol in Pakistan. In the last financial year, net sales was Rs. 4.33 billion and the overall profitability was 86% higher than last year.

The plant was built at Mirpurkhas, Sindh with an initial designed capacity of 100,000 liter per day. Envisaging an increase in demand, the directors decided to enhance the plant capacity by 100% The project was completed within a budgeted timeframe and the enhanced production began in May 2014. The state of the art production facility guarantees the conformity of all health, safety and environmental laws and procedures

Unicol is not only a business entity but it also significantly contributes in the social and economic development of the people living in rural areas by providing employment to local young talents.





FARAN SUGAR MILLS LTD.

Ethanol



Pakistan Sugar Industry Overview

The sugar industry of Pakistan is the second largest agro based industry after textiles. Pakistan is an important cane producing country and is ranked 5th in the world cane acreage and 9th in sugar production. The share of sugar industry in GDP is around 3.2%. Sugar sector constitutes 4.2% of manufacturing and employs over 1.5 million people.



Sugarcane Production

Sugarcane is typically grown on the high delta away from areas that flood along Pakistan's major rivers. Sugarcane is grown in Punjab, Sindh and Khyber Pakhtunkhwa and provides the raw material for 91 sugar mills. Punjab accounts for 62% of area, Sindh 28%, and KPK 10% of sugarcane area. There is a small sugar beet industry in the higher elevation of Khyber Pakhtunkhwa (KPK) province.

According to official estimates, the Marketing Year 2015/16 sugarcane production was estimated at 65 million tons, up 4.8% from the previous year.

During Pakistan's MY Oct/Sep 2016/17 sugarcane production is forecast at 70 million metric tons (MMT), up 7% from the revised 2015/2016 estimates. Planting for the crop that will be harvested in the fall of 2016 is complete and area has increased by 3.8% as compare to last year. Lower market prices of competing crops such as cotton and rice led to an increase in sugarcane area.

Farmers are shifting to cane varieties with higher sugar content and sugar recovery rates continue to improve which is increased by 2.6% over the past year.

Farmers opt for sugarcane planting in autumn or spring; autumn planting provides better result due to a longer growing season. Punjab and KPK mostly plant sugarcane in the spring and harvest eight to ten months later.

In Sindh most planting is in the autumn, allowing growth for up to 16 months. Per hectare yield of sugarcane in Pakistan is relatively low. According to experts, water shortage, a lack of high yielding varieties, and uneven fertilizer and pesticide application contribute to lower yields. Many observers agree that Pakistan would benefit from additional sugarcane research. The harvesting period follows the pattern of many other northern hemisphere crops, beginning in October/November and ending in April/May.

Sugarcane Pricing Policy

The provincial governments set procurement prices for sugarcane in consultation with representatives of both the sugar industry and farmer's organizations, based on recommendations from the Ministry of National Food Security and Research and the provincial ministries of agriculture, food, and industry. During the MY 2015/16 crushing season, the provincial governments of Punjab and KPK announced the minimum support price (MSP) of Rs. 180 per 40 Kg, whereas, Sindh announced a price of Rs.172 per 40 Kg.

The provincial government support research, development, training of farmers and transfer of new technologies to growers in its endeavor to raise cane yields and sugar recovery rates. Agricultural universities and a few sugar mills also support research and development (R&D) activities.

Sugar Production

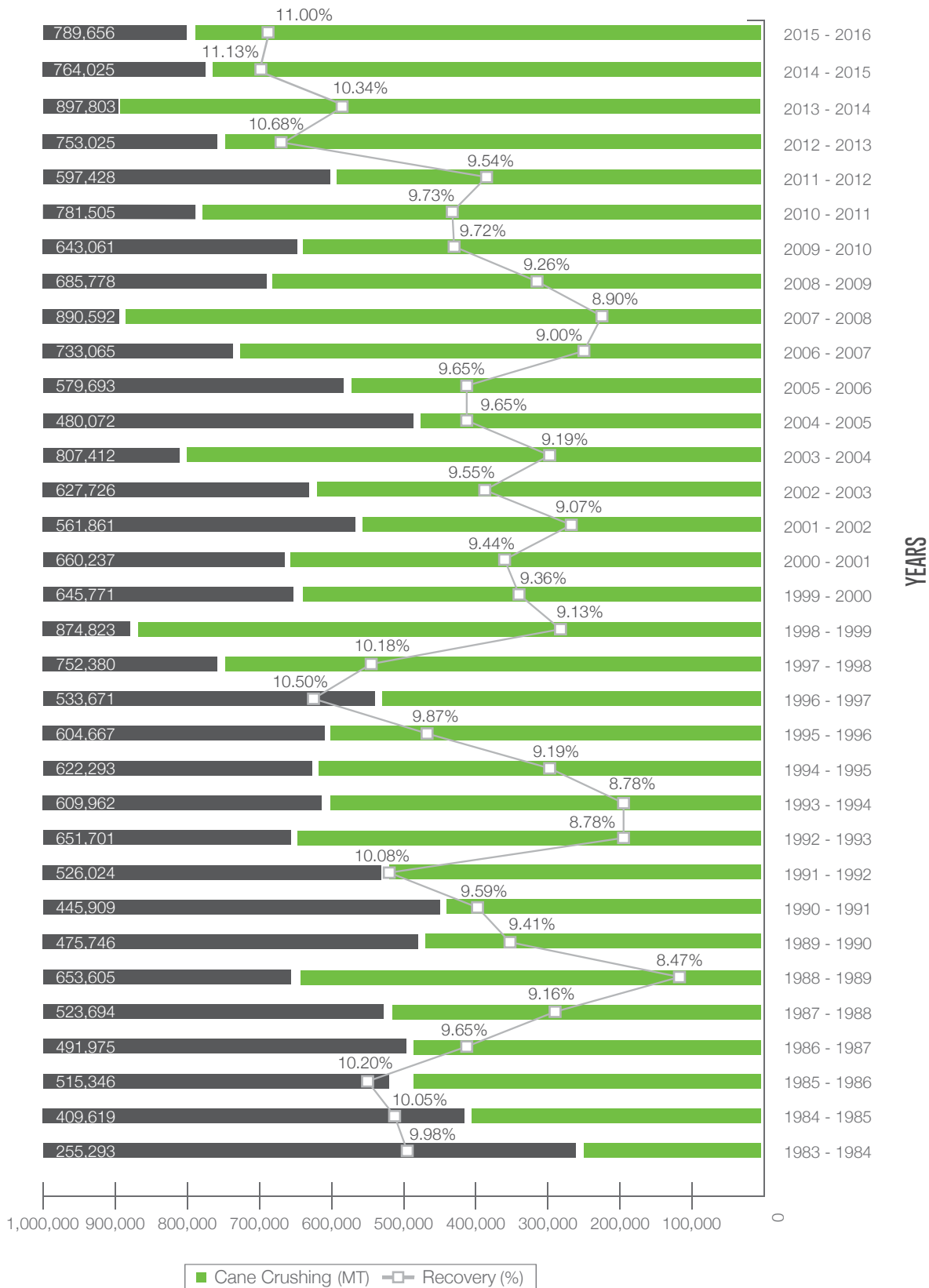
MY 2016/17 refined sugar production is forecast at 5.36 MMT, up 9.8% from the revised 2015/16 estimate, based on a forecast increase in sugarcane production. The estimate of MY 2015/16 sugar production is down 4.87% from the MY 2014-15, market is insulated from imports by a regularly duty of 40%. While mills enjoy a high price in the domestic market, millers are still squeezed between high provincial and federal minimum cane prices.

Sugar Consumption

Consumption continues to grow modestly, largely as a result of growing population and a slowly developing domestic food processing sector. Bulk sugar consumers such as bakeries, candy, ice cream, and soft drink manufacturers account for about 60% of total sugar demand. With protection of 40% tariff on imports, market prices, which have risen steadily during 2015, could remain firm and discourage a larger increase in consumption.



Cane Crushing History



Engaging with our Growers

Pakistan is ranked 5th in the world on the basis of the overall area under cultivation but in terms of sugar production we are at 15th position. The average sugarcane production in the country is between 45-50 tons/hectar, which is very much low compared to the cane production by other countries. India with almost similar soil and climatic conditions is obtaining about 53 per cent higher cane yield than Pakistan. This gap in the actual yield and the potential yield is mainly due to the poor farm management practices and post-harvest losses. With an objective to increase the production of sugar cane, several steps were taken by the Govt. and the sugar mill association. We are assisting sugar cane growers by developing a team of professionals who are in contact with the farmers throughout the year and provide them all the necessary advice and help regarding crop productivity, pest control as well as offering expert advice on fertilizer purchasing, effluent treatment. Our in-house cane research & development centre provides them the latest results of our research in order to keep the farmers well informed about the seed selection to increase their per hectare yield and improve sucrose contents which eventually makes the crop financially viable.



Biological Control Activities

We believe that creation of intellectual wealth through research and development is vital to our future growth strategy. Our R&D is a manifestation of our belief in quality and innovation.

Previously, our Mills had to endure serious losses due to high invasion of sugarcane insect pests. In 1989, Biological control based sugarcane Integrated Pest Management (IPM) Program in collaboration with the internationally acclaimed scientist, Dr. A.I Mohiuddin and his team of agricultural technologists was implemented at Faran Sugar Mills Limited cane procurement area. FSML has been the pioneer organization that patronized this environment-friendly technology in the sugar industry. Because of uninterrupted operation of the biological based Sugarcane IPM Program since 1989, FSML has been protected from any catastrophe such as sudden flare-up of the insect pests.

Our decade old facility of Biological Control Laboratory assists in fighting all sorts of crop deceases organically by actively monitoring, careful targeting of pesticides and herbicides, avoiding 'blanket' treatments and reducing environmental loading. Because of regular field monitoring and pest scouting, almost all the imminent threat of pests' flare-up were timely handled by the biological lab system with appropriate action. In addition to this, among several other factors responsible for increasing or at least sustaining the sugar recovery, biological control program has also been an important contributor.



Delivering value through Research and Development

We are committed in investing in the cane research, development and extension programs. Our cane researchers share their research outcomes with growers and assist them to be more productive, profitable, and sustainable into the future with regards to cane variety. We also focus on improving our farming system which is vital for the long-term future of the Pakistan sugar industry.

We have developed a well-equipped and professionally managed Modern Research Farm in order to maximize productivity and reduce the input cost of the crop in comparison with other crops grown in the area. We further lay analysis on modern technological advancements in order to minimize the cost of labor and efficient working.

The FSM sugarcane Research and Seed Multiplication Farm is a Research and Development Project located adjacent to FSML factory. Total area of the farm is 17.91 hector (44.25 acres) and 100% area under cultivation. Our agriculturists conduct field trials and experiments on the promising sugarcane pipeline varieties, latest field management practices, planting methods and enhanced yield of plant and ratoon crop. Currently, around 23 pipeline varieties of different research stations are under experimental process for propagation.

All these research practices are being carried out in collaboration with different Government research institute like Nuclear Institutes of Agriculture; Tando Jam, Ayub Agriculture Research Institute; Faisalabad and National Crops Research Station; Thatta.



Strength through Diversity

Unicol has invested in a purification and liquification unit of CO₂. The CO₂ plant is operational since June 2014, designed by Tecno Project Industriale, Italy, having the capacity of 24 metric tons per day. The major customer of CO₂ is the carbonated drink industry but efforts are in process to enter other lucrative sectors. The company has decided to enhance the production capacity of this unit and the technical work is under way which will be operational by 2017.

Our CO₂ business has gained more ground in the market and the net sales remained Rs. 147.00 million which is around 32% higher than previous year.





FARAN SUGAR MILLS LTD.

CO₂ (Carbonated Drink)



Our Employees

“We are committed to create a culture, comprising of best working environment, remuneration, incentives and opportunities for personal growth, which induces highly qualified professionals to be retained and associated with the company for a significant period”.

Employees are the lifeblood of our organization, and ensuring their job satisfaction leads to increased productivity and profits. When staff members are happy, they tend to have a positive attitude, a better ability to focus, are more apt to collaborate with others and have greater interest in their work.

At Faran, we plan, develop and implement strategies aimed at increasing the level of employee engagement across our business and build a better internal communication system

We firmly believe in equality of opportunity for all regardless of gender, age, race, physical ability, religion and political conviction as laid down in company's code of conduct and Ethics. The company seriously takes its obligation to the disabled and seeks not to discriminate against current or prospective employees because of any disability.

We encourage our employees to get education through our Education Assistance Scheme. This scheme provides financial assistance towards the costs of education and aimed at providing self-development and improved qualifications that benefit the employee and our business.

Training Sessions for Growers

- Sugarcane varieties and Production technology.
- Sugarcane harvesting technology
- Laser leveling for better water management.
- Varietal composition for spring plantation and Ratoon management practices at various Villages.
- Goth meeting in the off-season, in coordination with experts of different sugar research institute and extension department.



Training Sessions for Mill Staff

- Improving quality of product at refining station by automation
- Avoiding recirculation at centrifugal & maintain quality in various stages
- Environmental awareness to all staff specially at grass root level
- Minimize the sugar loss in process
- Water management system to reduce the waste water at zero level
- To enhance the quality of product and its benefits
- Introduction to Health and Safety awareness
- Installation and maintenance Training



Our Health, Safety and Environment

"The company conducts its business with the highest concern for the health and safety of its employees, contractors, customers, neighbors and the general public, and for the environment in which it operates".

Health and Safety of our employees has been the hallmark of Faran Sugar Mills Ltd. The company ensures that employees and where applicable contractors, are aware of potential hazards and of the company's requirements for health, safety and environmental friendly working practices. Safety drills are carried out regularly to ensure that the state of preparedness and emergency response time remain within established limits.

FSML recognizes that safe operations depend not only on technically sound plant and equipment but also on competent people and an active HSE strategy. We firmly believe that all our operational activities must adhere to our safety policies.

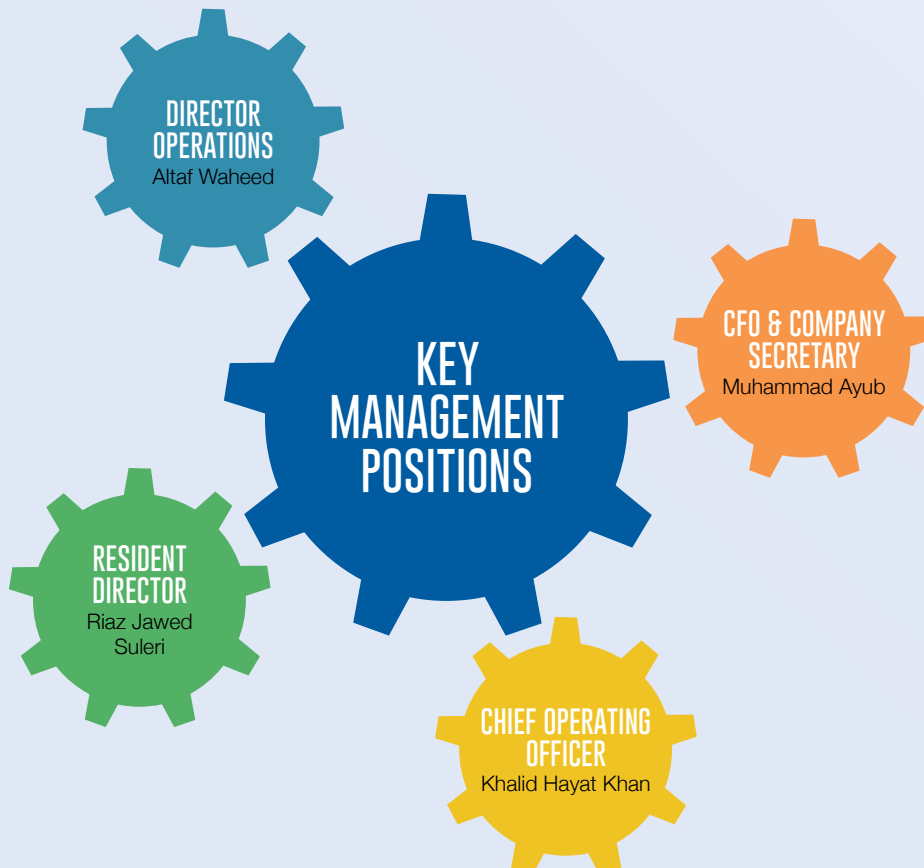
Our Health and Safety Department focuses on ensuring that the needs of the injured person are met at all costs in conjunction with the medical practitioners and sound rehabilitation procedures.

The company has well defined health and safety policies and seeks to identify and eliminate occupational health hazards, and is committed to providing a safe workplace for all its employees and strives for zero injuries.

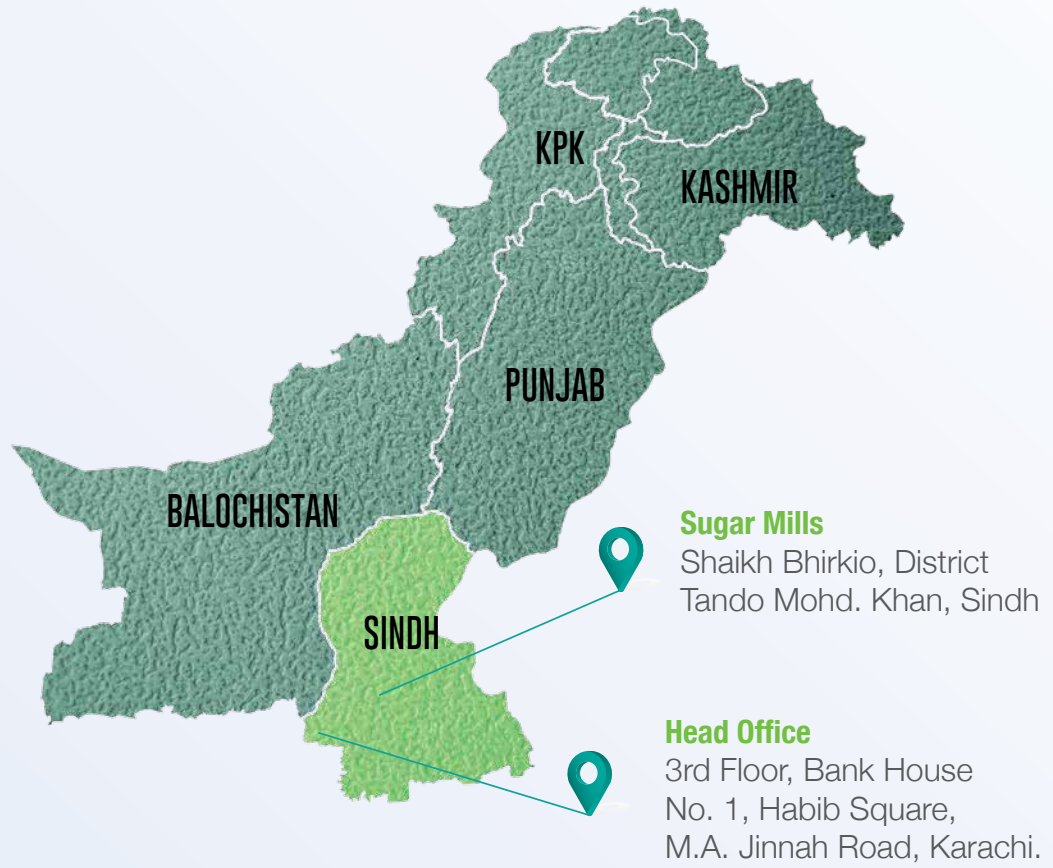
Policies are regularly reviewed to ensure that the standards set are linked to industry's best practices. Health and safety training is provided to employees to ensure that they perform their work in accordance to the laid down policies. In this respect, in-house training sessions for fire safety, first aid, defensive driving and occupational health and safety are carried out routinely.



Management Structure



Geographical Presence



Group Structure



Strength through Diversity

The increase in cost of fossil fuel and the various environmental problems of large scale power generation have lead to high demand of electricity generation from non-conventional sources like wind power and solar power etc.

The advantage of using wind power is the minimal dependence on imported fossil fuel but at the same time expansion of the power supply capacity to remote location where grid expansion is not practical.

Faran Sugar has principally agreed to invest up to Rs.650 Million approximately over the period of 2-3 years in wind power project. In this regard a technical consultant has been appointed to evaluate the viability of setting-up a state-of-the-art wind power project in the province Sindh. For this purpose, a new Public Unquoted Company "Uni Energy Limited" was formed. We have already received Letter Of Intent (LOI) from Energy department of government of Sindh and initiated dialogue with potential financing institution, hiring of legal Advisors simultaneously discussing EPC contractors (Engineering, Procurement and Construction contractors).

The plant capacity of the proposed project is 50MW and the project cost is expected to be US\$ 113 million or Rs. 11.72 billion approximately. The project's debt to equity ratio will be 75:25, having an expected equity IRR of 17% over project life.





FARAN SUGAR MILLS LTD.

Wind Energy



SWOT Analysis

SWOT Analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities and Threats, involved in a project or in a business venture. It involves specifying the objectives of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objectives.

Strength

- In house power generation
- Basic essential food
- No homogeneous commodity
- Ample human resource deployment sector

Opportunities

Growth in consumption to drive the demand for sugar

- Value addition in by-product to earn additional income
- Alternative power generation at cheap rate
- Improvement in sugar yield (sucrose recovery) R&D resulting reduction in cost of production

A diagram illustrating the SWOT analysis framework. It features four colored squares in a row: a blue square with a white 'S', a red square with a white 'W', a green square with a white 'O', and a red square with a white 'T'. Lines connect these squares to their respective text blocks. A blue line connects the 'S' square to the Strengths list. A red line connects the 'W' square to the Weaknesses list. A green line connects the 'O' square to the Opportunities list. A red line connects the 'T' square to the Threats list. The entire diagram is enclosed in a red border.

S

W

O

T

Weaknesses

- High volatility in sugar-cane price and refine sugar
- Minimum support price for sugar cane and no minimum selling price for refine sugar
- No comprehensive policy for sugar industry and an ad-hoc policy is changed from time to time without thorough study

Threats

- Government regulations are key risks to the industry
- Government's attempt to control inflation by curbing sugar prices
- Diversion of cane area to alternative crops for better earning by growers
- Fall in the sugar price in both the international and domestic market
- Intervention by the State Bank of Pakistan by imposing certain conditions for short term borrowings (working capital loan)
- Relaxing government levies on import of refined sugar and absence of permanent policy of export of refined / raw sugar
- The unstable political and economic scenario of Pakistan
- Natural climates: sugar cane crop requires huge quantity of water and inadequate rain causes shortage of water resulting acute shortage of cane cultivation
- Sugarcane varieties are prone to diseases that hamper the crop yield

Risk Management

Faran Sugar's business activities are subject to significant risk factors that could have a material impact on strategic, operational, financial performance and compliance. Hence Board has established a structured approach by adopting effective risk corrective actions to mitigate these risks to acceptable levels. Our senior management is involved in identification of risks, implementation of corrective measures and monitoring of controls. Following is the outline of some of the material risks being faced by our company:

Sugarcane Development

Given the huge competition for sugarcane following capacity expansion by 9,000 TCD of the mills, FSML efforts in terms of cane development activities has a key bearing on cane availability.

Procurement Planning

Typically, FSML co-ordinate with about 1,700 to 1,800 growers/farmers for procurement of sugarcane. Since area allotted to factory is termed as in-zone around 50 miles radius, so as to ensure consistent supply of cane, it becomes very important to develop harmonious and good relations with these growers so that they do not switch to alternate cash crops to other millers.

Price Risk

Before start of season, Govt. issues notification of sugarcane rate. Factory offers this rate to growers, in case of bumper crop at notified rate and in case of shortage of cane; rate may go well above notified rate. The rates are fluctuated through out the season to procure more and more cane. If cane is short, millers offers special subsidies (price & transport) to procure more cane. This factor affects the cost of sugar.

Maintenance

Before start of the season every miller exerts efforts to minimize the stoppages due to technical grounds.

Recovery Risk

Sugar content extraction made possible by efficient milling and minimization of losses.

Given the huge competition for sugarcane following capacity expansion by 9,000 TCD of the mills, FSML efforts in terms of cane development activities has a key bearing on cane availability.

Strength through *Diversity*

We believe that our people are the key to our success. Faran Sugar's diverse business holds a multi-skilled workforce with specialists in engineering, business, finance, and agriculture and we work as one team to succeed. Built upon the values of respect, being safe, pride customer focus, one team and a passion to excel, we train people to both know and care about what they do, by setting clear and focused objectives.





FARAN SUGAR MILLS LTD.

Experts



Annual Events

Year 2015 - 2016



Eid-e-Milad-un-Nabi Celebrations

Eid-e-Milad-un-Nabi (S.A.W.W) was celebrated with full fervour at Mills and School. Following competition were simultaneously held at Mills and School

- Qiraat Competitions.
- Naat Competitions.
- Speech contest on the topic of "Seerat-un-Nabi" (S.A.W.W).



Hajj Balloting Ceremony

03 employees were selected through balloting for Hajj-e-Baitullah



Iftar Party

An Iftar Party was held at Officer's Club all H.O,D, Officers & Workers participated.

On 27th Ramzan-ul-Mubarak iftar party for all workers and all contractors.

27th Ramzan-ul-Mubarak Arranged a Ceremony of Khatam-ul-Quran in Colony Mosque and distributed Sweets.



Sports Tournament

Arranged during July to September amongst different departmental teams.

Cricket, Badminton, Carrom, Cards, Volley Ball, Tug of War & Races events.



Independence Day Celebration

On Independence Day Function was held in School. Different events like Flag hoisting, Speech Competition in English, Urdu and Sindhi. Tablos and quiz competition were held and prizes were distributed amongst the winning students.



Medical Camps

A highly experienced team of lady Doctors, Child specialist & physicians examined & provided free of cost medicines to everybody



Farewell Party

FSM Executive Officer's club arranged a farewell party in honour of Mr. Mumtaz-uddin the outgoing Production Manager.



Prize Distribution Ceremony

Prize Distribution was held for winners of Cricket, Badminton, Carrom, Cards, Volley Ball, Tug of War & Races events.

Annual Events

Year 2015 - 2016



Picnic Program of Officers / Workers

Officer's / Workers Club arranged Picnic / Tour for officers and Workers visited Bhit Shah, Rani Kot Fort & Sehwan Sharif 95 Officers participated.



Eye Camp

10th Free Surgical Eye Camp was held between 25th to 27th October 2016 in which 938 Patients were treated in OPD and 113 successful Operations conducted.



9th Sugarcane Seminar

Sugarcane Seminar held on 06-10-2016 on the following topics.

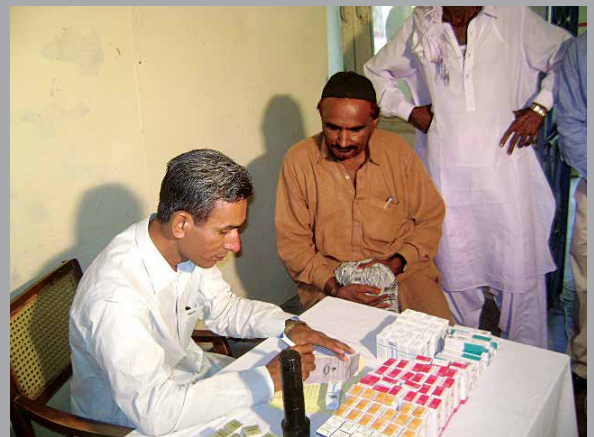
- Performance of Sugarcane varieties of Ayoob Agriculture research institute FSLD in Sindh.
- Economic Importance of Ratoon Management Practices.
- Performance of Sugarcane varieties of Nuclear Institute Agriculture, Tando Jam in Sindh.

Corporate Social Responsibility

“The benefits of a corporate social responsibility program are clear: higher productivity among employees, enhanced reputation in the marketplace, more robust communities and successful businesses contributing to the strength of the economy”.

At Faran Sugar, we have always been supportive in efforts to improve the literacy rate in the vicinity of our mills. We are successfully running a secondary school in Sheikh Bhirkio, where approximately 900 plus students are being prepared to be good citizens by gaining high standard of education.

To achieve one of the company’s health and wellbeing objectives, we regularly organize medical camps at our mills in which highly experienced team of Doctors, Child specialist & physicians examine the poor patients and provide free of cost medicines to everyone. Like every year, we also organize a Free Surgical Eye Camp in which more than 900 patients were treated in OPD and 161 successful Operation were conducted. Beside this, our fully equipped mobile dispensary with doctors conducts regular field visits in the area and conduct medical camps in the villages to provide medical facilities to our less privileged people.



Strength through Diversity

We are committed to create a diversified culture, comprising of best working environment, remuneration, incentives and opportunities for personal growth, which induces highly qualified professionals to be retained and associated with the company for a significant period.





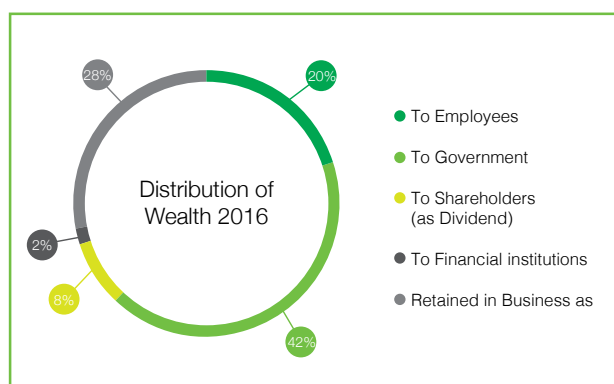
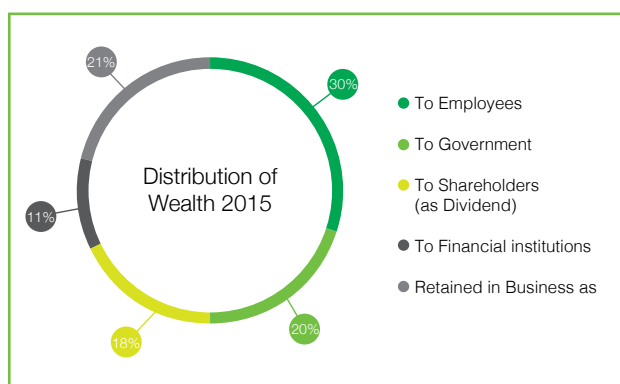
FARAN SUGAR MILLS LTD.

Culture



Statement of Value Added

	2015 Rupees		2016 Rupees	
VALUE ADDED AS FOLLOWS				
Gross Sales	3,084,634,409		6,983,317,641	
Other Income	164,643,992		64,295,845	
Share of Profit in Associate	95,494,142		116,258,228	
	3,344,772,543		7,163,871,714	
Less : Total Expenses	2,387,568,101		5,629,037,508	
Total Value Added	957,204,442		1,534,834,206	
VALUE DISTRIBUTED AS FOLLOWS				
	Rupees	%	Rupees	%
To Employees	289,338,330	30%	301,269,838	20%
To Government	188,057,504	20%	640,054,259	42%
To Shareholders (as Dividend)	168,796,946	18%	125,034,775	8%
To Financial Institutions	104,655,755	11%	38,094,806	2%
Retained in Business as Net Earnings	140,969,163	14%	357,628,540	23%
Depreciation	65,386,744	7%	72,751,988	5%
	206,355,907	21%	430,380,529	28%
	957,204,442	100%	1,534,834,206	100%



Investor Information - Six Years

		2011	2012	2013	2014	2015	2016
OPERATIONAL							
Cane Crushing	M.tons	781,505	597,428	753,025	897,803	764,025	789,657
Processing-Raw Sugar	M.tons	3,875	-	-	-	-	-
Sugar Production	M.tons	79,641	56,999	80,429	92,824	85,052	86,785
Molasses Production	M.tons	42,767	32,186	36,780	45,797	38,235	35,825
Sugar Recovery	%	9.73	9.54	10.68	10.34	11.13	11.00
Molasses Recovery	%	5.47	5.39	4.88	5.10	5.00	4.54
Average Crushing / Day	M.tons	5,704	5,532	6,972	6,506	6,822	7,593
Season Commenced	Date	22-Nov-10	28-Nov-11	30-Nov-12	1-Nov-13	8-Dec-14	24-Nov-15
Season Ended	Date	7-Apr-11	14-Mar-12	17-Mar-13	18-Mar-14	29-Mar-15	6-Mar-16
Duration of season (days)	Days	137	108	108	138	112	104
CASH FLOW ANALYSIS							
Net cash generated from / (used in) operating activities	Rs. In Million	146.68	(35.58)	113.48	148.64	(102.27)	1,269.55
Net cash used in investing activities	Rs. In Million	(258.14)	(277.65)	(49.01)	(40.17)	(285.35)	(340.67)
Net cash generated from / (used in) financing activities	Rs. In Million	137.61	61.14	(28.65)	(148.03)	427.97	(544.91)
PROFITABILITY RATIOS							
Gross Profit Ratio	%	10.70	7.64	8.73	6.70	11.00	9.87
Net Profit Ratio	%	6.08	7.43	5.59	3.47	10.54	7.44
Earning before Interest & Tax Margin	%	10.62	10.28	8.96	6.61	13.65	9.97
Operating Leverage Ratio	%	(2,829.88)	45.71	(704.26)	(208.23)	(93.90)	50.70
Return on Share Holders Equity	%	33.45	32.10	20.08	12.13	20.04	25.35
Return on Capital Employed	%	58.44	44.38	32.17	21.90	23.43	29.99
LIQUIDITY RATIOS							
Current Ratio	X	1.04	1.00	0.99	1.14	1.06	1.19
Quick Ratio	X	0.17	0.15	0.07	0.02	0.03	0.33
Cash to Current Liabilities	X	0.14	0.02	0.06	0.02	0.02	0.33
Cash flow from Operations to Sales	X	0.07	0.03	0.08	0.06	0.01	0.21
ACTIVITY / TURNOVER RATIOS							
Inventory turnover ratio	Times	3.60	3.62	6.52	5.92	1.82	4.28
No. of days in inventory	Days	101.26	100.90	55.97	61.69	200.55	85.20
Debtors turnover ratio	Times	30.24	43.23	67.97	1,601.52	202.31	430.86
No of days in receivables	Days	12.07	8.44	5.37	0.23	1.80	0.85
Creditors turnover ratio	Times	11.49	15.84	16.20	18.08	7.03	11.40
No of days in payables	Days	31.76	23.04	22.54	20.19	51.95	32.01
Operating cycle	Days	81.57	86.30	38.80	41.73	150.40	54.03
Total Asset Turnover	Times	1.22	1.69	1.64	1.59	0.64	1.66
Fixed Asset Turnover	Times	5.28	3.93	4.00	4.45	2.34	4.24
INVESTMENT/ MARKET RATIOS							
Earning per Share After Tax	Rs.	10.82	12.80	9.32	6.33	12.39	19.30
Earning per Share Before Tax	Rs.	14.33	17.05	11.94	8.67	11.86	24.34
Market value per share (year end)	Rs.	19.40	27.00	32.74	37.02	80.00	144.00
Break-Up Value per Share	Rs.	32.36	43.85	48.73	52.15	61.80	76.15
Price earning ratio (P/E)	X	1.79	2.11	3.51	5.85	6.46	7.46
Cash Dividend per share	Rs.	2.50	1.00	0.75	1.00	6.75	5.00
Stock Dividend per share	%	-	10	5	0	0	0
Dividend payout	%	23	8	8	16	54	26
Dividend yield	%	12.9	3.7	2	3	8	3
Dividend cover	X	4.33	12.80	12.43	6.33	1.84	3.86
CAPITAL STRUCTURE RATIOS							
Financial Leverage Ratio	%	27.37	32.33	25.85	13.02	43.13	13.25
Weighted average Cost of Debt	%	14.51	13.15	10.65	10.69	9.15	7.21
Debt to Equity Ratio	%	-	-	-	5.35	10.78	13.25
Interest Cover	X	4.13	8.08	4.19	3.58	3.83	16.98

Horizontal & Vertical Analysis

Balance Sheet

	2011	2012	2013	2014	2015	2016
-----Rs. In Thousands-----						
Assets						
Non Current Assets	1,036,483	1,437,826	1,554,215	1,598,307	1,918,536	2,305,885
Current Assets	2,121,221	988,235	976,400	1,272,150	2,676,338	1,592,115
Total	3,157,704	2,426,061	2,530,615	2,870,456	4,594,874	3,898,000

Equity and Liabilities

Share Holder Equity	700,612	949,438	1,160,579	1,304,082	1,545,445	1,904,333
Non Current Liabilities	-	-	-	58,858	119,464	179,135
Deferred Liabilities	421,078	485,449	384,588	384,202	405,974	477,281
Current Liabilities	2,036,014	991,174	985,449	1,123,314	2,523,991	1,337,251
Total	3,157,704	2,426,061	2,530,615	2,870,456	4,594,874	3,898,000

VERTICAL ANALYSIS

% of balance Sheet total

	2011	2012	2013	2014	2015	2016
Assets						
Non Current Assets	33%	59%	61%	56%	42%	59%
Current Assets	67%	41%	39%	44%	58%	41%
Total Assets	100%	100%	100%	100%	100%	100%

Equity and Liabilities

Share Holder Equity	22%	39%	46%	46%	34%	49%
Non Current Liabilities	0%	0%	0%	2%	3%	5%
Deferred Liabilities	13%	20%	15%	13%	9%	12%
Current Liabilities	64%	41%	39%	39%	55%	34%
Total Equity and Liabilities	100%	100%	100%	100%	100%	100%

HORIZONTAL ANALYSIS

Year on Year

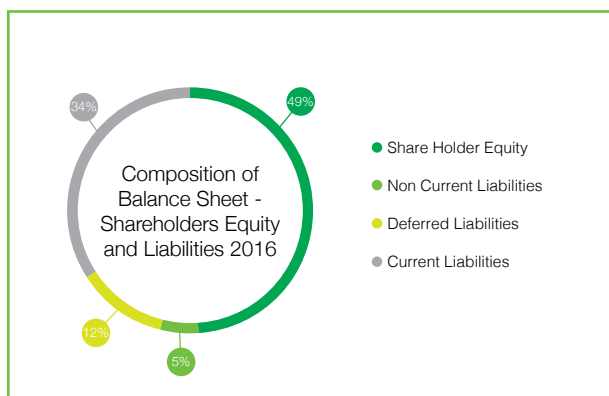
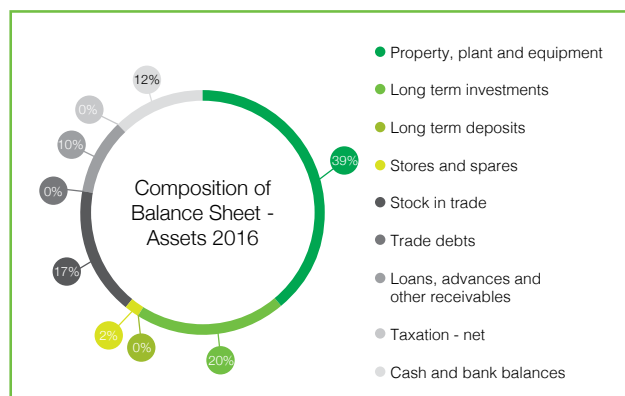
	2011 over 2010	2012 over 2011	2013 over 2012	2014 over 2013	2015 over 2014	2016 over 2015
Assets						
Non Current Assets	34%	39%	8%	3%	20%	20%
Current Assets	117%	-53%	-1%	30%	110%	-41%
Total Assets	80%	-23%	4%	13%	60%	-15%

Assets

Non Current Assets	34%	39%	8%	3%	20%	20%
Current Assets	117%	-53%	-1%	30%	110%	-41%
Total Assets	80%	-23%	4%	13%	60%	-15%

Equity and Liabilities

Share Holder Equity	35%	36%	22%	12%	19%	23%
Non Current Liabilities	-	-	-	100%	103%	50%
Deferred Liabilities	9%	15%	-21%	0%	6%	18%
Current Liabilities	139%	-51%	-1%	14%	125%	-47%
Total Equity and Liabilities	80%	-23%	4%	13%	60%	-15%



Horizontal & Vertical Analysis

Profit and Loss Account

	2011	2012	2013	2014	2015	2016
	----- Rs. In Thousands -----					
Net Sales	3,855,075	4,100,627	4,166,933	4,555,257	2,938,402	6,484,886
Cost of Sales	(3,442,701)	(3,787,507)	(3,803,146)	(4,250,180)	(2,615,166)	(5,844,854)
Gross Profit	412,373	313,120	363,787	305,077	323,236	640,031
Operating Expenses	(64,939)	(86,866)	(141,189)	(159,397)	(113,145)	(134,716)
Other Operating Expenses	(21,862)	(17,469)	(16,652)	(21,131)	(69,035)	(39,180)
Other Operating Income	43,064	41,658	38,208	124,903	164,644	64,296
Operating Profit	368,636	250,442	244,153	249,452	305,701	530,430
Share in profit of associates	40,783	170,898	129,206	51,456	95,494	116,258
Finance Cost	(99,118)	(52,175)	(89,104)	(84,028)	(104,656)	(38,095)
Profit / (Loss) before taxation	310,301	369,166	284,256	216,879	296,539	608,594
Taxation	(75,965)	(64,370)	(51,239)	(58,708)	13,227	(125,930)
Profit / (Loss) after taxation	234,336	304,795	233,017	158,171	309,766	482,663
VERTICAL ANALYSIS	2011	2012	2013	2014	2015	2016
% of Sales						
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	-89.30%	-92.36%	-91.27%	-93.30%	-89.00%	-90.13%
Gross Profit	10.70%	7.64%	8.73%	6.70%	11.00%	9.87%
Operating Expenses	-1.68%	-2.12%	-3.39%	-3.50%	-3.85%	-2.08%
Other Operating Expenses	-0.57%	-0.43%	-0.40%	-0.46%	-2.35%	-0.60%
Other Operating Income	1.12%	1.02%	0.92%	2.74%	5.60%	0.99%
Operating Profit	9.56%	6.11%	5.86%	5.48%	10.40%	8.18%
Share in profit of associates	1.06%	4.17%	3.10%	1.13%	3.25%	1.79%
Finance Cost	-2.57%	-1.27%	-2.14%	-1.84%	-3.56%	-0.59%
Profit / (Loss) before taxation	8.05%	9.00%	6.82%	4.76%	10.09%	9.38%
Taxation	-1.97%	-1.57%	-1.23%	-1.29%	0.45%	-1.94%
Profit / (Loss) after taxation	6.08%	7.43%	5.59%	3.47%	10.54%	7.44%
HORIZONTAL ANALYSIS	2011	2011	2013	2014	2015	2016
Year on Year	over	over	over	over	over	over
	2010	2010	2012	2013	2014	2015
Net Sales	-3.38%	6.37%	1.62%	9.32%	-35.49%	120.69%
Cost of Sales	-8.10%	10.02%	0.41%	11.75%	-38.47%	123.50%
Gross Profit	69.08%	-24.07%	16.18%	-16.14%	5.95%	98.01%
Operating Expenses	22.03%	33.77%	62.54%	12.90%	-29.02%	19.07%
Other Operating Expenses	55.37%	-20.09%	-4.67%	26.90%	226.69%	-43.25%
Other Operating Income	76.69%	-3.26%	-8.28%	226.90%	31.82%	-60.95%
Operating Profit	83.42%	-32.06%	-2.51%	2.17%	22.55%	73.51%
Share in profit of associates	392.20%	319.04%	-24.40%	-60.18%	85.59%	21.74%
Finance Cost	90.80%	-47.36%	70.78%	-5.70%	24.55%	-63.60%
Profit / (Loss) before taxation	97.25%	18.97%	-23.00%	-23.70%	36.73%	105.23%
Taxation	53.74%	-15.26%	-20.40%	14.58%	-122.53%	-1052.07%
Profit / (Loss) after taxation	117.17%	30.07%	-23.55%	-32.12%	95.84%	55.82%

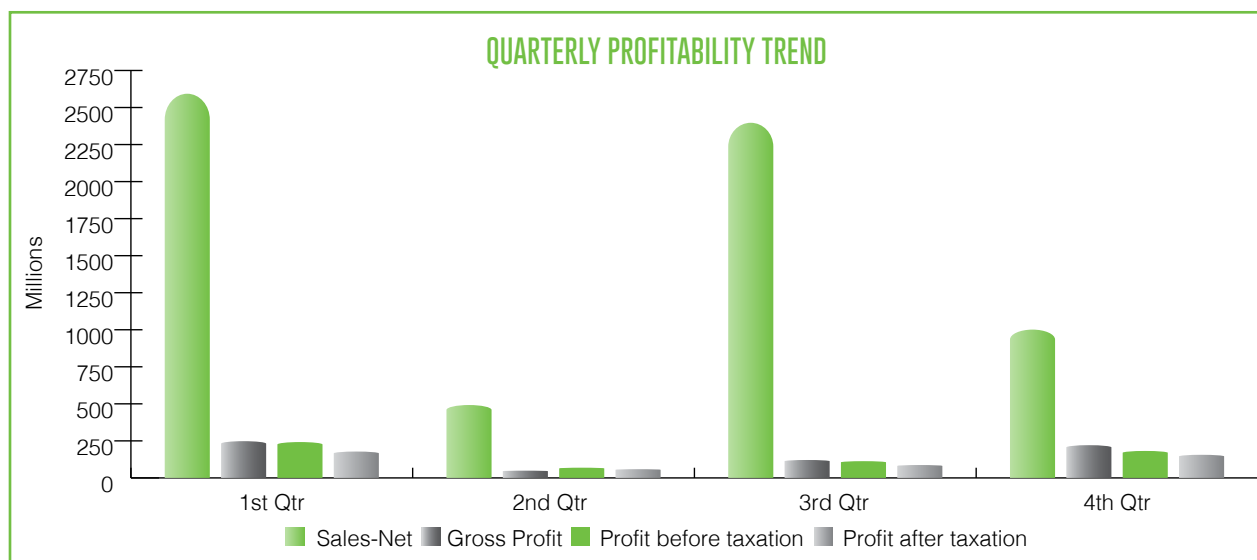
Quarterly Performance Analysis

Variance Analysis of Quarterly Profit and Loss Account

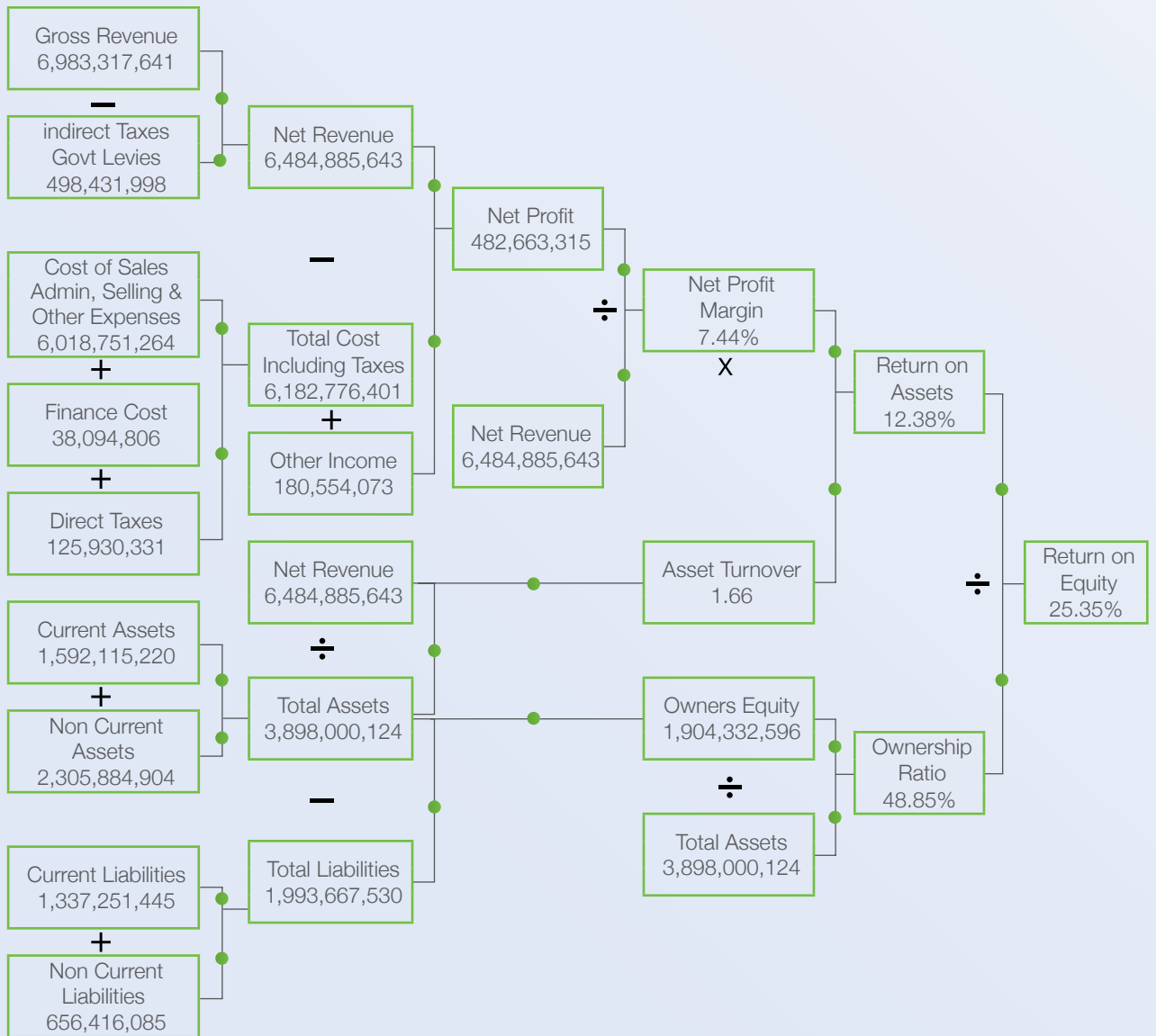
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2nd Qtr over 1st Qtr	3rd Qtr over 2nd Qtr	4th Qtr over 3rd Qtr
Sales-Net	2,593,858,238	492,063,692	2,397,685,533	1,001,278,180	-81.03%	387.27%	-58.24%
Cost of Sales	(2,345,737,242)	(443,051,720)	(2,275,978,835)	(780,086,523)	-81.11%	413.70%	-65.73%
Gross Profit	248,120,996	49,011,972	121,706,698	221,191,657	-80.25%	148.32%	81.74%
Operating Expenses	(31,345,247)	(27,498,513)	(28,728,359)	(47,144,366)	-12.27%	4.47%	64.10%
Other Expenses	(15,758,118)	(4,298,399)	(6,507,390)	(12,616,552)	-72.72%	51.39%	93.88%
Finance Cost	(6,211,309)	(16,131,732)	(10,511,464)	(5,240,301)	159.72%	-34.84%	-50.15%
Other Income	10,589,518	29,446,712	10,558,715	13,700,900	178.07%	-64.14%	29.76%
Share in Profit form equity accounted investment	37,155,000	39,420,667	27,345,333	12,337,228	6.10%	-30.63%	-54.88%
Profit before taxation	242,550,840	69,950,707	113,863,533	182,228,566	-71.16%	62.78%	60.04%
Taxation	(63,672,710)	(10,099,996)	(26,184,959)	(25,972,666)	-84.14%	159.26%	-0.81%
Profit after taxation	178,878,130	59,850,711	87,678,574	156,255,900	-66.54%	46.50%	78.21%

Interim Result with Annual Result

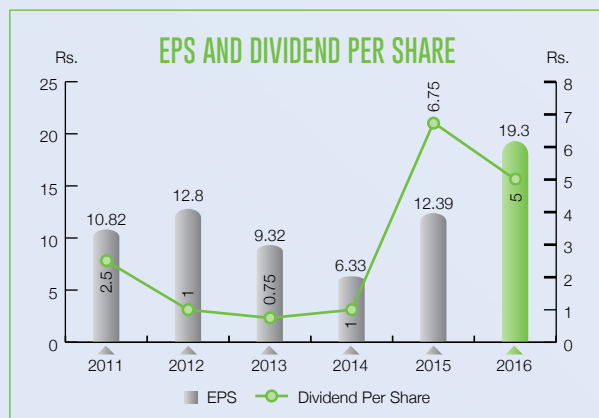
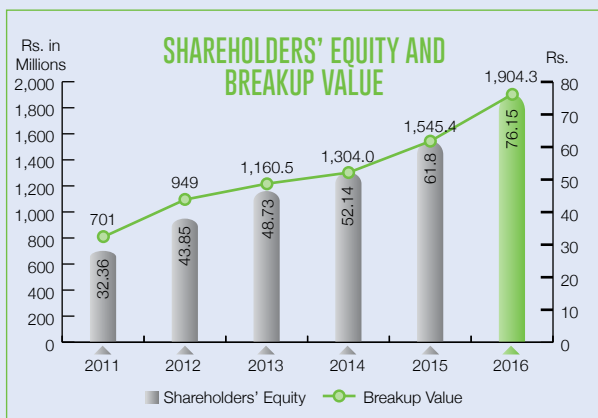
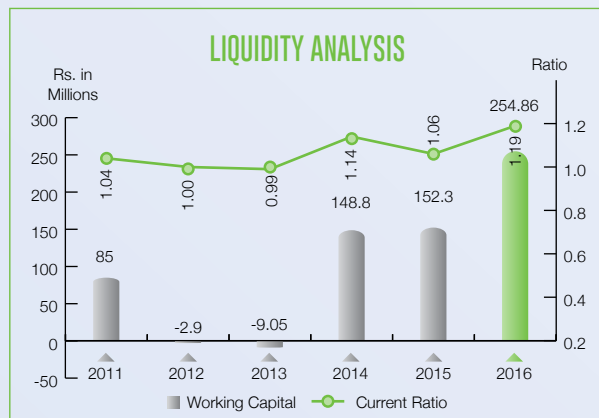
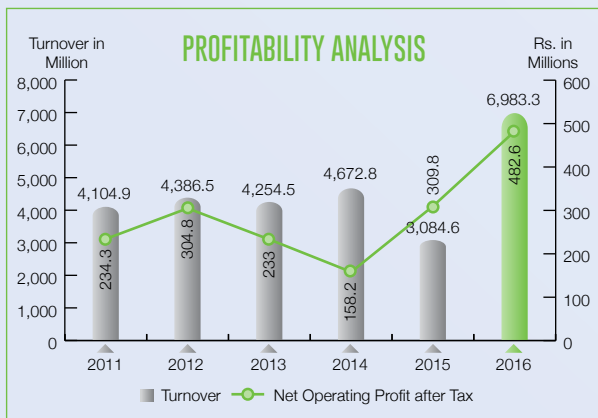
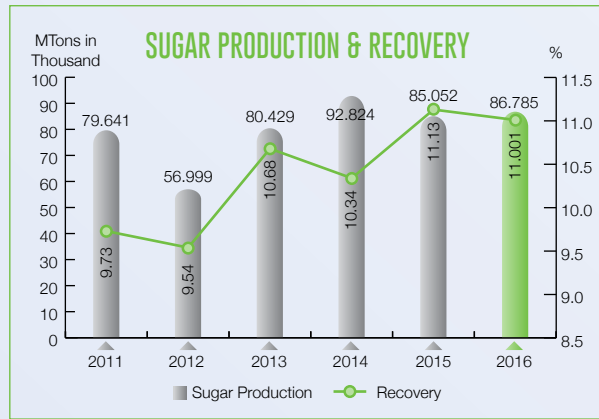
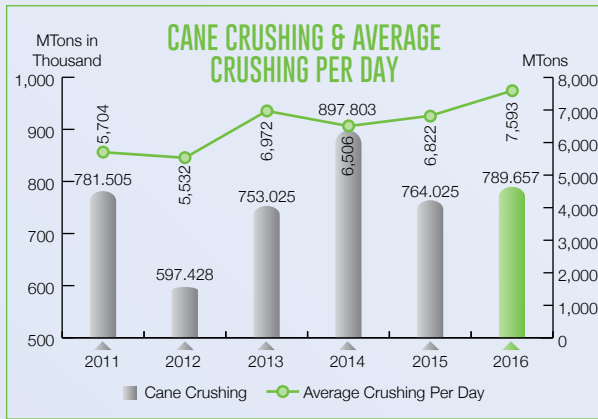
	As on Dec-31, 2015 1st Qtr	As on Mar-31, 2016 2nd Qtr	As on Jun-30, 2016 3rd Qtr	As on Sep-30, 2016 Annual	% Variance in Annual from		
					1st Qtr	2nd Qtr	3rd Qtr
Sales-Net	2,593,858,238	3,085,921,930	5,483,607,463	6,484,885,643	150.01%	110.14%	18.26%
Cost of Sales	(2,345,737,242)	(2,788,788,962)	(5,064,767,797)	(5,844,854,320)	149.17%	109.58%	15.40%
Gross Profit	248,120,996	297,132,968	418,839,666	640,031,323	157.95%	115.40%	52.81%
Operating Expenses	(31,345,247)	(58,843,760)	(87,572,119)	(134,716,485)	329.78%	128.94%	53.83%
Other Expenses	(15,758,118)	(20,056,517)	(26,563,907)	(39,180,459)	148.64%	95.35%	47.50%
Finance Cost	(6,211,309)	(22,343,041)	(32,854,505)	(38,094,806)	513.31%	70.50%	15.95%
Other Income	10,589,518	40,036,230	50,594,945	64,295,845	507.16%	60.59%	27.08%
Share in Profit form equity accounted investment	37,155,000	76,575,667	103,921,000	116,258,228	212.90%	51.82%	11.87%
Profit before taxation	242,550,840	312,501,547	426,365,080	608,593,646	150.91%	94.75%	42.74%
Taxation	(63,672,710)	(73,772,706)	(99,957,665)	(125,930,331)	97.78%	70.70%	25.98%
Profit after taxation	178,878,130	238,728,841	326,407,415	482,663,315	169.83%	102.18%	47.87%



Dupont Analysis



Graphs



Comments on Financial Analysis

Comments on Investor Information

Operational

Operational performance was as per expectation; produced 86,785 metric tons refined sugar by crushing 789,657 metric tons cane with average crushing of 7,592 metric tons per day, reflecting 2% higher production and 3.3 % higher cane crushing as compare to previous year. Average recovery rate remain almost at the same rate of previous year, decreased slightly by 0.12% to 11.001% from 11.137%

Cash flow Analysis

The liquidity of the Company is admirable and during the year large amount of Rs. 1.26 billion was generated from operating activities, out of which Rs. 340.6 million used in investing activities and 544.9 million was used in financing activities, and net amount of Rs. 384 million was retained in the business

Profitability Ratio

The Company reported highest ever profit of Rs. 492.335 million mainly due to all time high off-take of sugar resulting an impressive return on Equity. However, the gross and net margin stood at lower side comparing to previous year as better cane procurement and huge export subsidy of Rs. 132.5 million in last year.

Liquidity Ratio

Company has a strong position when it comes to debt management, steadily earning profits which significantly helped in strengthening the liquidity position and healthy cash flows of the company

Activity Turnover Ratio

Operating cycle decreased from 150 days to 54 days, comparing to corresponding year because of all time high off-take of refine sugar.

Investment / Market Ratios

The company continued its journey to success and reported highest ever profit resulting impressive reflection in investment / market ratios

Capital Structure Ratios

The company continuously monitors its capital structure and aims to keep it at its optimum level, and managed to repay all working capital loans before the year end. Currently the company has a strong debt and equity ratio having lesser interest cost and lower credit risk.

Comments on Balance Sheet & Profit and Loss Statement

Assets

The company incurred capital expenditures of Rs. 347 million on capacity enhancement as well as improvement in efficiency and integrity of installed equipment resulting increase in fixed assets. Stock in trade decreased significantly due to high off-take of refined sugar sale during the year. Cash and bank balances increased by 640% due to strong cash flow from operating activities.

Liabilities

As per our policy to finance capital nature expenses, during the year the company obtained Rs. 130 million and re-paid Rs. 44 million and due to strong cash flows we managed to repay all our working capital finance before year end. Trade and other payables decreased mainly due to reduction in advances from customers

Shareholder Equity

Shareholder equity grew by almost 171% over the period of six years because of steady growth in earning despite of healthy dividend payout.

Comments on Financial Analysis

Revenue

Gross sale, all time high since inception, registered a marvelous growth of 126% over the last year, attributable mainly to high volume of sugar sale, 119% higher in comparison to last year, as well as improvement in selling price.

Gross Profit

Gross profit swelled by a remarkable 98%, mainly due to significant quantum of carry forward stock of last year and positive margin on our committed sale of previous season.

Other Income

Other income mainly included sale of bagasse of Rs. 31.98 million and power sale of Rs. 12.831 million. In corresponding year, other income boosted mainly due to export subsidy of Rs. 132.5 million.

Finance Cost

Properly organized and correct financial planning as well as cut in discount rate enabled the company to timely finance both short term and long term need in most efficient manner and to slash financial charges by 63% from Rs. 104.655 million to Rs. 38.094 million.

Net Profit and Earning per Share

Due to all time high off-take of refined sugar, the company reported highest ever profit after tax of Rs. 482.6 million resultantly earning per share rocketed to Rs. 19.30 from Rs.12.39 per share.

Comments on DuPont

DuPont analysis break the return on equity into 3 distinct elements i.e. Profitability (measure by profit margin) Operating efficiency (measure by asset turn over) and financial leverage (measure by equity multiplier).

Net Profit margin of the Company stood at 7.44%, asset turnover is 12.38 times where Ownership ratio is 48.85%. Thus, Return on Equity of the Company is 25.35% for year 2016.

Directors' Report

For the year ended September 30, 2016

Dear Shareholders,

In the name of ALLAH, the most gracious and most merciful, your directors are pleased to present Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2016.

Financial Performance:

Despite of several challenges, your Company continued its journey to success and reported highest ever net profit of Rs. 482.663 million. The financial year 2015-16 was the best year for the company with all time high off-take of sugar, gross revenues, net profits and earnings per share, surpassing all previous heights, and FSML has emerged with a more progressive and a bold outlook.

Financial results are summarized as follows:

	2016 Rs. '000	2015 Rs. '000
Gross sales	6,983,317	3,084,634
Profit before taxation	492,335	201,045
Share in profit/(loss) from Associates	116,258	95,494
	608,593	296,539
Less: Taxation		
Current	(54,623)	(15,951)
Deferred	(71,307)	29,178
	(125,930)	13,227
Profit after Taxation	482,663	309,766
Earning per Share	19.30	12.39

The year started with carry forward inventory of 57% of previous season 2014-15. The gross sales during the year was Rs. 6.983 billion vis-à-vis Rs. 3.085 billion including export sale of Rs. 640.749 million for the corresponding year 2014-15, registering a marvellous growth of 126% over the last year. This boost in sale is attributable mainly to high volume of sugar sale, 119% higher in comparison to last year, as well as improvement in selling price. Resultantly, gross profit swelled by a remarkable 98%. The massive surge in gross profit was mainly due to significant quantum of carry forward stock of last year and positive margin on our committed sale of previous season. However, the gross margin stood at 9.88% versus 11% in 2015 due to better average cane price in last year. Other income mainly included sale of bagasse of Rs. 31.98 million and power sale of Rs. 12.831 million. In corresponding year, other income boosted mainly due to export subsidy of Rs. 132.5 million. We were also able to trim our financial cost remarkably by 63% from Rs. 104.655 million to Rs. 38.094 million which also played a prominent role in propping up the net profit.

Thus, your company earned pre-tax profit of Rs. 608.593 million including share of profit from associates amounting to Rs. 116.258 million against pre-tax profit of Rs. 296.539 million of preceding year including share of profit from associates amounting to Rs. 95.494 million. The deferred tax provision of Rs. 71.307 million has been provided in the profit and loss account making the total deferred tax liabilities to Rs. 307,169 million as on balance sheet date. Hence, earning per share has rocketed to Rs. 19.30 from Rs.12.39 per share.

Operational Performance:

The Government of Punjab fixed minimum support price of Rs. 180/- per 40 kgs despite of depressed selling price of refined sugar at that time and later on 4th January 2016, the Sindh Government, after considering ground realities and discussing with all stakeholders, fixed support price of cane for season 2015-16 at Rs.172/- per 40 kgs. But sugarcane prices went as high as 250/- towards the end of the season as prices of sugar improved during the season and with the expectation of further acceleration in the international sugar prices.

The crushing season 2015-16 begun in the month of November 2015 and closed in early March 2016. Your

Directors' Report

For the year ended September 30, 2016

Company started crushing on 24th November 2015 and ended on 6th March 2016. By the grace of Allah, our mill performance was as per our expectation; produced 86,785 metric tons refined sugar by crushing 789,657 metric tons cane with average crushing of 7,592 metric tons per day. Average recovery rate decreased slightly by 0.12% to 11.001% from 11.137%

The comparative summarized operating result of your mills for complete season is as follows:

		Season 2015-16	Season 2014-15
Season commenced	Date	24 November 2015	08 December 2014
Season end	Date	06 March 2016	29 March 2015
Duration of Operation	Days	104	112
Sugar-cane Crushed	Metric tons	789,657	764,025
Sugar Production	Metric tons	86,785	85,051
Recovery	%	11.001	11.137
Minimum Support Price	Per 40 kg	172	**Interim arrangement

** fixed at the rate of Rs. 172/- per 40 kgs; out of which, Millers paid Rs. 160/- per 40 kgs and balance of Rs. 12/- per 40 kgs was paid by the Government of Sindh, remaining differential of Rs. 10/- per 40 kgs depends upon final decision of Apex Court.

In December 2015, the Federal government allowed 500,000 tons of sugar exports to be exported by March 31, 2016 with a subsidy of Rs. 13/- per kg, out of which 291,582 tons sugar was exported by sugar Mills operating in Punjab Zone. ECC had denied Sindh based mills the opportunity to avail the subsidy and restricted to provide Rs. 6.5 billion to only those sugar mills which pay minimum support price of Rs. 180/- per 40 kgs to the farmers.

During the year 2012-13 and 2013-14 the Government announced freight inland subsidy to encourage sugar mills to export sugar. But no payment of inland subsidy has been yet made to sugar sector causing serious financial problems. FSML managed a significant quantum of export in said periods and Rs. 83.2 million is still outstanding against this subsidy. The main purpose of export was disposal of surplus sugar, stabilisation of prices and growers' payment.

Liquidity management and capital structure:

By the grace of Almighty Allah, the liquidity of the Company is admirable and during the year large amount was generated from operating activities. FSML has a strong position when it comes to debt management. The company has been steadily earning profits which significantly helped in strengthening the liquidity position and healthy cash flows of the company. Keeping in view the current liquidity position, approved finance facilities from the reputed banks and future business plans, the management is confident that the company would not face any liquidity issues in the foreseeable future.

Properly organized and correct financial planning enabled the company to timely finance both short term and long term need in most efficient manner and managed to slash financial charges by 63%. The company has substantial approved finance facilities limit of Rs. 3.84 billion under various products of Islamic financing to

manage its working capital requirements as well as long term financing. Alhamdulillah, we are RIBA / INTEREST FREE CORPORATE ENTITY.

The cash flow statement showed cash generated in operating activities was Rs. 1,269 million as compared to cash used of Rs. 102.272 million in the previous year. During the year under review, we obtained working capital finance under different Islamic products amounting to Rs. 1.550 billion (2014-15: Rs. 2.95 billion) to meet our working capital requirement and managed to repay all working capital loan before the year end. As per our policy to finance capital nature expenses, during the year the company obtained Rs. 130 million and re-paid Rs. 44 million. The liquidity position of the company remained stable with the year end current ratio of Rs. 1.2:1.

The Federal government, by inserting a new clause (18B) in Part II of the Second Schedule of Income Tax Ordinance 2001, has incentivized 2% reduction in corporate tax rate in case of Shariah compliant listed companies subject to fulfilment of other conditions such as income derives from manufacturing activities only, declared taxable income for the last three consecutive tax years and declared dividend for the last five consecutive tax years. Faran has been resorted all its financial needs through only Shariah compliant products from prominent Islamic banks since last decade and providing HALAL earnings to its Shareholders. We will take benefit of this new tax incentive.

Expansion and Modernization Projects:

We continued our focus on rehabilitation / modernization of our manufacturing facilities and equipment for long term sustainability and during the year under review, we incurred capital expenditures of Rs. 347 million on capacity enhancement as well as improvement in efficiency and integrity of installed equipment. These yearly investments helped us to achieve higher productivity, lower cost and tax credits.

Through Finance Act 2016, the Federal Government has extended tax credit of 10% up to 30th June 2019 on investment in plant and machinery for BMRE project. The company has claimed tax credit at the rate of 10% of the amount invested in plant and machinery under section 65B of the Income Tax Ordinance, 2001.

Power Business

We believe the long term survival of the company in today competitive and challenging environment also lies in investing in suitable allied business. Our key priority is to increase corporate value through long-term sustainable growth and to reinvest in our future, venturing beyond our core competencies.

Energy plays an indispensable role in our economy and we, Alhamdulillah, have initiated two power project; 50 MW wind power project under joint venture arrangement in name of 'UniEnergy Limited' and 26.5 MW high pressure bagasse based co-generation power project in name of 'Faran Power Limited'. We will invest up to Rs. 650 million approximately in each project. Projects' expected equity IRR are 17% over project life.

We have taken all necessary steps to set up economically viable projects. Comprehensive feasibility studies of these projects have already been carried out covering all the technical and financial aspects of the proposed project. LOI (Letter of Intent) has also received from AEDB (Alternative Energy Development Board) under renewable Energy Policy 2006 for both projects and are in the process of obtaining regulatory approvals from various government agencies. We have hired Financial Advisors to assist all financial aspects of these projects as well as co-ordination with all concerned government authorities. Discussions on financial arrangements are also underway with reputed Islamic banks. Due diligence are under process for different options and negotiating with potential vendors to install plant on turn key / EPC basis.

UniEnergy Limited formally allotted land for setting up the project at Jhimpir, district Thatta. During the year under review we injected Rs. 20 million in UniEnergy Limited. However; the last offered tariff has expired in June 2016 while the decision on the new tariff is awaited from NEPRA.

Directors' Report

For the year ended September 30, 2016

By grace of Almighty Allah, these projects will not only broaden our base, diversify our risk and supplement our profitability, but will also contribute economic growth of our country. However, our focus will never divert from our base / core operations.

Unicol Limited - Distillery Project:

The Unicol Limited - Joint Venture project is now operating at its optimal capacity of 200,000 liters per day ethanol and 24 tons per day CO₂. Rigorous marketing strategy is being made to add new clientele. Both units are contributing towards the improved financial performance of the company. We hope better results in future in wake of full utilization of enhanced capacity of plant.

The Board of Directors of Unicol Limited has approved a further investment of Rs. 300 million to enhance the CO₂ capacity by 48 tons per day. After the expansion the total capacity of CO₂ business shall be 72 tons per day. The Plant is expected to be commissioned in March 2017.

We injected Rs. 105 million as equity investment in Unicol Limited - distillery project, which was formed in 2004 in accordance with the terms of a Joint Venture agreement concluded amongst the three leading listed sugar mills that reached to Rs. 746 million as on balance sheet date.

Unicol Limited also assisted in contributing equivalent to Pak rupees amounting to Rs. 4.008 billion towards country's precious foreign exchange reserve.

During the year, the Board of Directors of Unicol Limited declared cash dividend at the rate of 10% for the year ended September 30, 2015.

Financial Reporting Frame Work:

In compliance with the requirements of Revised Code of Corporate Governance 2012, your Directors' report that:

- ❖ The financial statements prepared by the management present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- ❖ The company has maintained proper books of accounts as required by the law.
- ❖ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- ❖ The accounting policies and disclosures are in accordance with the International Financial Reporting Standards (IFRS) as applicable in Pakistan, unless otherwise disclosed.
- ❖ The system of internal control is sound in design and effectively implemented and being monitored.
- ❖ There is no significant doubt as to the ability of the Company to continue as a going concern.
- ❖ There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- ❖ The summary of key operating and financial data and graphic presentation of the important statistics for last six year annexed.
- ❖ The Company operates funded Provident fund scheme. The fair value of assets based on latest un-audited accounts of the fund amounted to Rs. 42 million.

Board of Directors

During the year under review, the board of Directors were elected for tenure of three years at the Extraordinary General Meeting of the Company held on March 21, 2016. The Board re-elected me, Ahmed Ali Bawany, as the Chief Executive of the Company for a period of three years effective from 29th March 2016. I take this opportunity to thank my colleagues on the Board who have always given me their unreserved support in the discharge of my responsibilities.

Participation of Directors in board and committee meetings during the year are as follows:

Name of Directors	No of BOD meetings attended	No of audit committee meetings attended	No of HR&R committee meetings attended
Total no of meetings held during the year	5	4	1
Mr. Muhammad Amin Ahmed Bawany	1/1	1/1	1/1
Mr. Muhammad Omer Bawany	5/5	4/4	N/A
Mr. Ahmed Ali Bawany	5/5	N/A	1/1
Mr. Irfan Zakaria Bawany	5/5	4/4	N/A
Mr. Hamza Omar Bawany	3/3	2/2	N/A
Mr. Sheikh Asim Rafiq	3/5	N/A	N/A
Mr. Muhammad Arif Amiwala	3/5	3/4	1/1
Mr. Bilal Omar Bawany	4/5	N/A	N/A
Mr. Muhammad Altamash Bawany	1/3	N/A	N/A
Mr. Muhammad Asif	2/2	N/A	N/A

Leave of absence was granted to Directors who could not attend some meetings.

Corporate Social Responsibility (CSR):

FSML believes that investing on welfare of society is a sign of good corporate citizen and it has been actively participating in welfare activities at large and mainly for surrounding communities. FSML supports the communities by spending on education, health and community physical activities etc.

Further detail of our CSR activities has been highlighted in this Annual Report.

Pattern of Share Holding:

The Company is listed on Pakistan Stock Exchange. There were 2425 shareholders of the Company as on 30th September 2016. The detail pattern of shareholding and categories of shareholding of the Company as on 30th September 2016 are annexed to this Annual Report.

No trading in shares of the company was made by the Directors, CFO and company secretary and their spouse & minor children of the company during the year.

Statutory Auditors:

The present auditors Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountant, have conveyed their willingness to be re-appointed as auditors for the next year.

FSML Website:

FSML Website has an investor relation section since its launch which was further upgraded during the year. It provides most comprehensive & updated Information on dividend payouts, bonus shares & board meetings etc. Our website is updated with company financials and downloadable published Annual, Half yearly & Quarterly financial statements as per SECP regulations.

Directors' Report

For the year ended September 30, 2016

Contribution towards Economy:

Your company is a noteworthy contributor to the national economy. The Company has contributed to the National exchequer Rs. 640 million (2014-15 Rs. 188 million) on account of Sales tax / Federal excise duty, Income Tax and other statutory levies which are 42% of value generated by the Company.

Dividend:

In light of company financial and cash flow position and keeping in mind the upcoming projects, we have decided to recommend cash dividend of Rs. 5 / share which is subject to the approval of the members at the 35th Annual General Meeting to be held on January 31, 2017.

Post Balance Sheet Events:

There has been no material changes since September 30, 2016 to the date of this report except the declaration of final cash dividend disclosed in notes to the Accounts. The effect of such declaration shall be reflected in next year's financial statements.

Next Season and Future Outlook:

The mills started crushing on November 14, 2016. The provincial government has fixed support price of cane at Rs. 182/- per 40 kgs. But due to constraint supply of cane, mills were not operating at its comfort capacity and it was creating hurdle in the continuation of the sugarcane crushing. Slow harvesting of sugarcane by growers in the hope of getting higher price was hampering crushing; even on getting much higher price than the official support price, the sugarcane growers are still eager to build upon their profits by holding back the crop. Due to this uncertain situation and under supply of sugar-cane, we had to stop our Mills on December 14, 2016 as collective decision of major sugar mills operating in Sindh. The futuristic outlook of mills entirely depends upon availability of appropriate quantum of sugar-cane at workable price. Our company, like all market players were confronted with this situation, however, we have resumed crushing on December 23, 2016 on intervention of Sindh Government and assurance of full-fledge harvesting from growers. Our biggest challenge is to utilize our enhanced capacity to maximize our cane crushing and production in the most efficient manner.

Sugar was previously chargeable to Federal Excise Duty (FED) at the rate of 8%. Through Finance Act 2016, FED on sugar has been withdrawn and instead sales tax at reduced rate of 8% has been imposed w.e.f 1st July 2016. The implication of this change caused further tax at the rate of 2% on supplies to unregistered persons as sugar is mostly supplied to unregistered buyers. Further, minimum value of sugar for sales tax has also been notified which is currently at Rs 60/- per kg for local supplies and US \$725 per MT for imported sugar which is unjustifiable and need to revise immediately. Change in tax structure from federal excise duty (FED) to sales tax for the sugar traders implemented from 1st July is also causing increase in sugar rate.

Masha Allah, the company is on the path of steady growth; production capacity enhanced and investments are being made to achieve efficiency to improve profitability.

We are driven by our vision to be the most efficient sugar producer in the country and further our aim to enter into power and other diversified businesses to give further strength to our balance sheet by expanding our revenue base. As we move forward, Alhamdulillah, we have a number of factors in our favour; steady financial performance, strength of our balance sheet, strong cash generation, our expertise and most of all, the dedication and will of management team and the entire staff members.

Acknowledgement:

On behalf of Board of Directors, I would like to acknowledge with thanks for the support of shareholders, valued customers, growers and financial institutions.

We, by the grace of Allah, earned highest historical profit in the year and there will be no let-up in our efforts to achieve further in coming years. The landmark achievement of FSML would not have been possible without the relentless efforts of the teamwork of all staff members. We wish to sincerely thank each one of them for their hard work and commitment. May Allah Almighty bestow His blessings on them and their families, AMEEN!

During the year under review, we lost a great personality; our beloved founder Chairman Amin Ahmed Bawany. We will always remember his commendable and mentor role during his entire tenure as a Chairman / Director of the Company. May Allah rest the departed soul in eternal peace, AMEEN!

May Allah bestow the strength on us to continue our efforts relentlessly and with upfront integrity and May Allah give us success in our endeavours, AMEEN!

Karachi: December 28, 2016

On behalf of the Board of Directors

Ahmed Ali Muhammad Amin
Chief Executive

چینی گذشتہ بار وفاقی ایکسائز ڈیوٹی (ایف ای ڈی) کے لئے 8 فیصد کے حساب سے قابل وصول تھی۔ فنانس ایکٹ 2016 کے ذریعے چینی پرائیویٹ ای ڈی واپس لے لی گئی اور 8 فیصد کے حساب سے سیلز ٹیکس یکم جولائی 2016 سے عائد کیا گیا ہے۔ اس تبدیلی کی پیچیدگی ان رجسٹرڈ افراد کے لئے سپلائرز پر 2 فیصد کے حساب سے مزید ٹیکس کا سبب بنا جیسا کہ چینی اکثر غیر رجسٹرڈ خریداروں کو سپلائی کی جاتی ہے۔ مزید یہ کہ سیلز ٹیکس کے لئے چینی کی کم از کم قیمت مقامی سپلائرز کے لئے 60 روپے فی کلوگرام ہے۔ اور اچھو ریڈ شوکر کے لئے یو ایس ڈالر 725 فی میٹرک ٹن ہے جو کہ نامناسب ہے اور فوری نظر ثانی کی ضرورت ہے۔ چینی کے تاجروں کے لئے سیلز ٹیکس کے لئے فیڈرل ایکسائز ڈیوٹی سے ٹیکس اسٹریکچر میں تبدیلی یکم جولائی 2016 سے نافذ کی گئی ہے جو چینی کی قیمت میں اضافہ کا سبب بن رہی ہے۔

ماشاء اللہ کمپنی ثابت قدمی کے راستے پر گامزن ہے۔ پیداواری صلاحیت میں اضافہ کیا گیا ہے اور منافع جات کو بڑھانے کے لئے سرمایہ کاریاں کی گئی ہیں۔ ہم ملک میں چینی کے بہت موثر پروڈیوسر ہونے کے اپنے نظریہ پر گامزن ہیں اور ہمارا مزید مقصد ہے کہ بجلی اور دیگر مختلف کاروبار کو اپنی آمدنی کی بنیاد پر وسعت دینے سے اپنی بیلنس شیٹ کو مزید مستحکم کریں۔ الحمد للہ ہم آگے بڑھ رہے ہیں اور بے شمار عوامل ہمارے حق میں ہیں۔ جیسا کہ مستحکم مالیاتی کارکردگی، ہماری مستحکم بیلنس شیٹ، مضبوط کیش جرنیشن، ہماری مہارت اور ہم سب کی بہت زیادہ محنت اور مینجمنٹ ٹیم کی اور تمام اسٹاف ممبرز کی جدوجہد۔

اعتراف

بورڈ آف ڈائریکٹرز کے جانب سے میں شیئر ہولڈرز، قابل قدر کسٹمرز، کاشتکاروں اور مالیاتی اداروں کے تعاون کے لئے شکر گزار ہوں۔ ہم نے اللہ کے فضل و کرم سے اس سال میں تاریخ کا سب سے بڑا نفع کمایا اور یہاں اپنے جدوجہد کو کوئی کسر نہیں چھوڑیں گے تاکہ آنے والے سالوں میں مزید ترقی پائیں۔ ایف ایس ایم ایل کی بے مثال کامیابی تمام اسٹاف ممبرز کی انتھک جدوجہد کے بغیر ناممکن ہے۔ ہم ہر ایک کو ان کے سخت کام اور عہد کے لئے خلوص دل سے شکر یہ ادا کرنے کے خواہشمند ہیں۔ اللہ تعالیٰ ان پر اور ان کے خاندانوں کو اپنی نعمتوں سے سرفراز فرمائے (آمین)

جائزہ کے تحت سال کے دوران ہم نے بڑی شخصیت کھودی۔ ہمارے ہر دل عزیز بانی چیئر مین امین احمد باوانی۔ ہم ہمیشہ ان کے قائدانہ اور اتالیقی کردار کو یاد رکھیں گے جو آپ نے اپنی پوری مدت کے دوران کمپنی کے چیئر مین / ڈائریکٹر کی حیثیت سے پیش کیا۔ اللہ تعالیٰ ان کی روح کو ابھی سکون عطا فرمائے (آمین)

اللہ ہمیں حوصلہ عطا فرمائے کہ ہماری سخت جدوجہد بے جھجک دیانتداری سے جاری رہے اور اللہ تعالیٰ ہمیں ہماری کاوشوں میں کامیابی عطا فرمائے۔ آمین

بورڈ آف ڈائریکٹرز کی جانب سے

احمد علی محمد امین

چیف ایگزیکٹو

کراچی: 28 دسمبر 2016

شیئر ہولڈنگ کا پٹرن

کمپنی پاکستان اسٹاک ایکسچینج پر درج ہے۔ یہاں 30 ستمبر 2016 کو کمپنی کے 2425 شیئر ہولڈرز تھے۔ 30 ستمبر 2016 کو شیئر ہولڈنگ کا تفصیلی پٹرن اور کمپنی کے شیئر ہولڈنگ کے درجہ بندی اس سالانہ رپورٹ میں منسلک کی گئیں ہیں۔

کمپنی کے حصص میں کوئی ٹریڈنگ سال کے دوران کمپنی کے ڈائریکٹرز، CFO اور کمپنی ٹیکریٹری اور ان کے خاندان یا بیوی اور چھوٹے بچوں کی طرف سے نہیں کی گئی۔

آڈیٹرز

موجودہ آڈیٹر رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس ہیں جنہوں نے اگلے سال کیلئے بحیثیت آڈیٹرز دوبارہ تقرری کے لئے اپنی رضامندی کا اظہار کیا ہے۔

FSML ویب سائٹ

ایف ایس ایم ایل ویب سائٹ انوسٹر ریلیشن سیکشن رکھتا ہے جسے سال کے دوران مزید اپ ڈیٹ کیا گیا ہے۔ یہ ڈیویڈنڈ پے آؤٹس، بونس شیئرز اور بورڈ کے اجلاس وغیرہ پر وسیع اور مکمل معلومات فراہم کرتی ہے۔ ایس ای سی پی ریگولیشنز کے مطابق ہماری ویب سائٹ کو کمپنی کے فنانشیال اور ڈوان لوڈ ایبل شائع شدہ سالانہ، ششماہی اور سہ ماہی مالیاتی گوشواروں کے ساتھ اپ ڈیٹ کیا گیا ہے۔

معیشت میں حصہ

آپ کی کمپنی ملک کی معیشت میں قابل ذکر حصہ ادا کرنے والی کمپنی ہے۔ کمپنی سیلز ٹیکس / فیڈرل ایکسائز ڈیوٹی، انکم ٹیکس اور دیگر سرکاری لیویز کی ادائیگی کے سلسلے میں قومی خزانے میں 640 ملین روپے (2014-15 میں 188 ملین روپے) سے مدد کی۔ جو کمپنی پیداواری قیمت کا 42 فیصد ہے۔

ڈیویڈنڈ

کمپنی کے فنانشیال اور کیش فلو کی حالت کی روشنی میں اور آنے والے پروجیکٹس کو ذہن میں رکھتے ہوئے ہم نے 5 روپے کے کیش ڈیویڈنڈ کی سفارش کی ہے جو 35 ویں سالانہ عام اجلاس پر ممبرز کی منظوری سے مشروط ہے جو 31 جنوری 2017 کو منعقد کی جائے گی۔

پوسٹ بیلنس شیٹ ایوٹس

یہاں 30 ستمبر 2016 سے اس تاریخ تک اس رپورٹ میں اکاؤنٹس کے لئے نوٹس (notes) میں حتمی کیش ڈیویڈنڈ کے اعلان کے علاوہ کوئی مادی تبدیلی نہیں ہوئی ہے۔ ایسے اعلان کا اثر آئندہ سال کے مالیاتی گوشوارے میں ظاہر کیا جائے گا۔

اگلا سیزن اور مستقبل کا منظر

ملوں نے 14 نومبر 2016 سے کرشنگ شروع کی۔ صوبائی حکومت نے گنے کی امدادی قیمت -182 روپے فی 40 کلوگرام مقرر کی تھی۔ لیکن گنے کی سپلائی میں رکاوٹ کی وجہ سے ملیں اپنی صلاحیت کے مطابق کام نہیں کر رہیں تھیں اور یہ گنے کی کرشنگ میں مشکلات پیدا ہو رہی تھی۔ کاشتکاروں کی جانب سے گنے کی سست کٹائی اس امید پر کی جا رہی تھی کہ کرشنگ روکنے سے زیادہ قیمت حاصل ہو سکتی تھی یہاں تک کہ سرکاری امدادی قیمت کے مقابلے میں بہت زیادہ قیمت حاصل کی جا رہی تھی۔ گنے کے کاشتکار اب بھی خواہشمند ہیں کہ فصل کو رکھنے سے اپنی منافع جات بنائیں۔ اس غیر یقینی کیفیت اور گنے کی کم سپلائی کی وجہ سے سندھ زون کی اہم شوگر ملوں نے متفقہ طور پر 14 دسمبر 2016 سے کرشنگ کا عمل روک دیا ملوں کے مستقبل کا منظر قطع طور پر Workable ریٹ اور گنے کی مناسب مقدار میں دستیابی پر منحصر ہے۔ ہماری کمپنی بھی تمام مارکیٹ پلیئر کی طرح اس صورتحال سے متاثر ہوئی مگر سندھ حکومت کی مداخلت اور کاشتکاروں کی یقین دہانی پر ہم نے دوبارہ 23 دسمبر 2016 کو دوبارہ کرشنگ شروع کر دی۔ ہمارے سب سے بڑا چیلنج ہے کہ اپنی بڑھی ہوئی صلاحیت کو استعمال کریں تاکہ زیادہ سے زیادہ گنا کرش ہو اور پیداوار بہت موثر انداز میں ہو۔

- ☆ انٹرنل کنٹرول کا سسٹم ترتیب میں مستحکم ہے اور موثر طور پر نافذ ہے اور نگرانی کی جارہی ہے۔
- ☆ کمپنی کے موجودہ صلاحیت کے ساتھ کام جاری رکھنے میں کسی قسم کا کوئی شک و شبہ نہیں ہے۔
- ☆ یہاں کارپوریٹ گورننس کے بہترین اعمال سے کوئی مادی رخصت نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں بیان کیا گیا ہے۔
- ☆ پچھلے چھ سالوں کے لئے اہم آپریٹنگ اور فنانشیل ڈیٹا اور اہم اعداد و شمار کا گرافیکل خاکہ کا خلاصہ منسلک کیا گیا ہے۔
- ☆ کمپنی میں فنڈیڈ پروویڈنٹ فنڈ اسکیم نافذ العمل ہے۔ فنڈ کے اثاثوں کی فیروزہ پیلو (قیمت) 42 ملین روپے غیر آڈٹ شدہ کاؤنٹس کی بنیاد پر ہے۔

بورڈ آف ڈائریکٹرز

جانزہ کے تحت سال کے دوران کمپنی کے غیر معمولی عام اجلاس منعقدہ 21 مارچ 2016 کو بورڈ آف ڈائریکٹرز تین سال کی مدت کے لئے منتخب کئے گئے تھے۔ بورڈ نے مجھے احمد علی باوانی کو بحیثیت کمپنی کے چیف ایگزیکٹو 29 مارچ 2016 سے تین سال کی مدت کے لئے دوبارہ منتخب کیا۔ میں اس موقع پر بورڈ پر اپنے ساتھیوں کا شکریہ ادا کرتا ہوں جنہوں نے ہمیشہ میری ذمہ داریوں کی ادائیگی میں میری معاونت کی۔

سال کے دوران بورڈ آف ڈائریکٹرز کے اجلاس منعقد کئے گئے تھے۔ ڈائریکٹرز کی شرکت درج ذیل ہے۔

ڈائریکٹرز کا نام	بورڈ اجلاس میں شرکت کی تعداد	آڈٹ کمیٹی اجلاس میں شرکت کی تعداد	HR&R کمیٹی اجلاس میں شرکت کی تعداد
کل اجلاس کی تعداد	5	4	1
جناب محمد امین احمد باوانی	1/1	1/1	1/1
جناب محمد عمر باوانی	5/5	4/4	N/A
جناب احمد علی محمد امین	5/5	N/A	1/1
جناب عرفان ذکریا	5/5	4/4	N/A
جناب حمزہ عمر باوانی	3/3	2/2	N/A
جناب شیخ عاصم رفیق	3/5	N/A	N/A
جناب عارف امی والا	3/5	3/4	1/1
جناب بلال عمر باوانی	4/5	N/A	N/A
جناب محمد امتش احمد باوانی	1/3	N/A	N/A
جناب محمد آصف	2/2	N/A	N/A

ان Directors کو غیر حاضری کی رخصت کی اجازت کی دی گئی تھی جو بعض اجلاسوں میں شرکت نہ کر سکے۔

کارپوریٹ سوشل ریسپونسیبیلٹی (سی ایس آر)

ایف ایس ایم ایل یقین رکھتی ہے کہ معاشرہ کی فلاح پر انوسٹمنٹ اچھے کارپوریٹ شہری کی علامت ہے اور یہ گروہوں کی برادریوں کے لئے فلاح سرگرمیوں میں حصہ لے رہی ہے۔

ایف ایس ایم ایل برادریوں پر تعلیم، صحت اور کمیونٹی فیزیکل سرگرمیوں وغیرہ پر توجہ دے رہی ہے۔

ہماری سی ایس آر سرگرمیوں کے مزید تفصیلات اس سالانہ رپورٹ میں اجاگر کی گئیں ہیں۔

توانائی ہمارے معیشت میں لازمی کردار ادا کرتی ہے۔ الحمد للہ ہم نے دو پاور پراجیکٹس، 50 MW ونڈ پاور پروجیکٹ جو انٹ وینچر کے تحت ”یونی انرجی لمیٹڈ کے نام سے اور 26.5MW ہائی پریشر Bagasse کو جزییشن پاور پروجیکٹ ”فارن پاور لمیٹڈ“ کے نام سے آغاز کیا ہے۔ ہم ہر پروجیکٹ میں تقریباً 650 ملین روپے کی سرمایہ کاری کریں گے۔ پروجیکٹ کی متوجہ Equity IRR پروجیکٹ لائف پر 17 فیصد ہے۔

ہم نے کفایت شعارینے والے پروجیکٹس لگانے کے لئے تمام ضروری اقدامات اٹھائے ہیں۔ ان پروجیکٹس کے کشادہ فیسبیلٹی کی تحقیق پہلے ہی انجام دی جا چکی ہے جس مجوزہ پروجیکٹ کے تمام ٹیکنیکل اور مالیاتی پہلوؤں کا احاطہ کیا گیا ہے۔ دونوں پروجیکٹس کے لئے قابل تجدید انرجی پالیسی 2006 کے تحت اے ای ڈی بی (الٹرنیٹو انرجی ڈیولپمنٹ بورڈ) سے ایل او آئی (لیٹ آف انٹینٹ) بھی حاصل کر لیا گیا ہے۔ اور مختلف سرکاری ایجنسیوں سے لازمی منظوریاں حاصل کرنے کے پروسیس میں ہے۔ ہم نے مالیاتی مشیروں کو ہائیر کیا ہے تاکہ ان پروجیکٹس کے تمام مالیاتی پہلوؤں میں مدد لیں اس کے ساتھ تمام متعلقہ سرکاری اداروں کے ساتھ کوآرڈینیشن کریں۔ مشہور اسلامی بینکوں کے ساتھ مالیاتی بندوبست پر گفت و شنید بھی جاری ہے۔ سخت کوششوں سے مختلف آپشنز اور طاقتور وینڈرز کے ساتھ مذاکرات جاری ہیں تاکہ پلانٹ ٹرن کی / ای پی سی بنیاد پر لگائیں۔

یونی انرجی نے پروجیکٹ لگانے کے لئے جھمپیر ڈسٹرکٹ ٹھٹھہ میں زمین الاٹ کروائی ہے۔ جائزہ کے تحت سال کے دوران ہم نے یونی انرجی لمیٹڈ میں 20 ملین روپے لگائے۔ پچھلا پیش کیا گیا ٹریف جون 2016 میں ختم ہو گیا تھا جب کہ نمبر اسے نئے ٹریف کے فیصلے کا انتظار ہے۔

اللہ تعالیٰ کے فضل سے ان پروجیکٹس سے نہ صرف ہمارے ٹیس وسیع ہوگا بلکہ ہمارا رسک بھی Diversify ہوگا۔ ہم اپنے ملک کی معاشی ترقی میں بھی اپنا حصہ ڈالیں گے۔ مگر ہمارے متنی نظرا اپنے اساس / کور آپریشنز سے کبھی نہیں ہٹے گا۔

یونی کول لمیٹڈ ڈسٹری پروجیکٹ

یونی کول لمیٹڈ جو انٹ وینچر پروجیکٹ 200,000 لیٹر یومیہ اتھانول اور 24 ٹن یومیہ CO2 کی بہترین صلاحیت پر کام کر رہا ہے۔ نئے کلائنٹس کو شامل کرنے کیلئے با مشقت مارکیٹنگ لائحہ عمل بنایا گیا ہے۔ دونوں یونٹس کمپنی کی مالیاتی کارکردگی بڑھانے میں حصہ لے رہے ہیں۔ ہم پلانٹ کی صلاحیت بڑھانے سے مستقبل میں بہتر نتائج کی امید رکھتے ہیں۔ یونی کول لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 300 ملین روپے کی مزید سرمایہ کاری کی منظوری دے ہے تاکہ CO2 کی گنجائش 48 ٹن یومیہ تک بڑھایا جائے۔ توسیعی کے بعد CO2 کی کل گنجائش 72 ٹن یومیہ ہو جائے گی۔ توقع ہے کہ پلانٹ مارچ 2017 میں لگ جائے گا۔

ہم نے یونی کول ڈسٹری پروجیکٹ میں 105 ملین روپے بطور ایکویٹی سرمایہ کاری کی ہے، جسے 2004 میں اسٹاک ایکسچینج پر درج مشہور تین شوگر ملوں کے مابین جو انٹ وینچر ایگریمنٹ کی شرائط کے مطابق قائم کیا گیا تھا جو بیلینس شیٹ کی تاریخ پر 746 ملین روپے تک پہنچ گیا ہے۔

یونی کول لمیٹڈ نے 4.008 ملین روپے کی مساوی رقم کے برابر ملک کے قیمتی زرمبادلہ کے ذخائر میں حصہ لینے میں بھی مدد کی۔

یونی کول لمیٹڈ کے بورڈ آف ڈائریکٹرز نے سال کے دوران اختتامی سال 30 ستمبر 2015 کے لئے 10 فیصد کے حساب سے نقد ڈیویڈنڈ کا اعلان کیا۔

فنانشیل رپورٹنگ فریم ورک

کارپورٹ گورننس 2012 کے نظر ثانی شدہ ضابطہ کی ضروریات کی تعمیل میں آپ کے ڈائریکٹرز کی رپورٹ ہے کہ

- ☆ مینجمنٹ کی جانب سے فنانشیل گوشوارے اس کے امور کی حالت، آپریشن کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلیوں کو شفاف طریقے سے پیش کیا گیا ہے۔
- ☆ فنانشیل گوشوارے کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو بروئے کار لایا گیا ہے اور اکاؤنٹنگ اسٹینڈنٹس موزوں اور زیرک فیصلے کی بنیاد پر کئے گئے ہیں۔
- ☆ پاکستان میں قابل اطلاق انٹرنیشنل فنانشیل رپورٹنگ اسٹینڈرز (آئی آئی آر ایس) کے مطابق اکاؤنٹنگ پالیسیاں اور ڈسکلوزرز ہیں۔ بصورت دیگر جب تک اظہار نہیں کیا جاتا۔

لیکیو نیڈیٹی مینجمنٹ اور کیپٹل اسٹریکچر

اللہ کے فضل و کرم سے کمپنی کی لیکیو نیڈیٹی بہت عمدہ ہے اور سال کے دوران آپریٹنگ سرگرمیوں سے بڑی رقم جزیٹ (فراہم) کی گئی تھی۔ ایف ایس ایم ایل مضبوط حیثیت رکھتا ہے جب یہ ڈیٹ مینجمنٹ کی جانب آتا ہے۔ کمپنی نے ثابت قدمی سے منافع جات کمائے جس نے کمپنی کی لیکیو نیڈیٹی کی حالت اور مناسب کیش فلوز کو مستحکم بنانے میں مدد کی۔ لیکیو نیڈیٹی کی موجودہ صورت حال کو مد نظر رکھتے ہوئے مشہور بینکوں سے مالیاتی سہولیات منظوری کرائی گئیں اور مستقبل کی منصوبہ بندی کی گئی۔ مینجمنٹ پر اعتماد ہے کہ کمپنی کو مستقبل میں کسی قسم کے لیکیو نیڈیٹی مسائل پیش نہیں آئیں گے۔

کمپنی نے منظم اور درست مالیاتی منصوبہ بندی کے ذریعے دونوں مختصر اور طویل مدت کے قرضہ جات کو موثر طریقے کار سے انتظام کیا اور مالیاتی چارجز کو 63 فیصد سے کم کرنے کا بندوبست کیا گیا ہے۔ کمپنی نے مختلف اسلامی فنانسنگ پروڈکٹس کے تحت 3.84 بلین روپے لمیٹ (حد) کی مالیاتی سہولیات حاصل کی ہیں تاکہ اپنے ورکنگ کیپٹل کی ضروریات کے ساتھ ہی طویل المعیاد فنانسنگ کا بندوبست کرے۔ الحمد للہ ہم رہا/سو سے پاک کارپوریٹ ادارہ ہیں۔

کیش فلوا مینجمنٹ ظاہر کرتا ہے کہ آپریٹنگ ایکٹیوٹیز سے 1,269 ملین روپے کا کیش جزیٹ کیا گیا تھا جب کہ گذشتہ سال میں 102.272 ملین روپے کا کیش استعمال کیا گیا تھا۔ جائزہ کے تحت سال کے دوران ہم نے مختلف اسلامی پروڈکٹس کے تحت 1,550 ملین روپے کا ورکنگ کیپٹل حاصل کیا گیا تھا (15-2014 میں 2.95 بلین روپے) تاکہ اپنے ورکنگ کیپٹل کی ضروریات کو پورا کریں اور سال ختم ہونے سے پہلے پورے ورکنگ کیپٹل (لون) کو ادا کر دیا گیا۔ ہماری پالیسی کے مطابق سرمایہ کی نوعیت کے اخراجات کی فنانسنگ کے لئے سال کے دوران کمپنی نے 130 ملین روپے حاصل کئے اور 44 ملین روپے دوبارہ ادا کئے۔ سال ختم ہونے کے ساتھ کمپنی کی لیکیو نیڈیٹی پوزیشن مستحکم رہی اور موجود تناسب 1:1.2 روپے ہے۔

وفاقی حکومت نے انکم ٹیکس آرڈیننس 2001 کے سیکشن 18B میں نیا کلاز (18B) شامل کرنے سے شرعیہ کمپنٹ لسٹڈ کمپنیوں کی صورت میں کارپوریٹ ٹیکس ریٹ میں 2 فیصد کمی کی ہے جو صرف مینوفیکچرنگ سرگرمیوں سے حاصل ہونے والی آمدنی، پچھلے متواتر تین ٹیکس years کے لئے ظاہر کردہ قابل ٹیکس آمدنی اور پچھلے پانچ ٹیکس years کے لئے اعلان کردہ ڈیویڈنڈ اور دیگر شرائط کو پورا کرنے سے مشروط ہے۔ فاران اپنی تمام مالیاتی ضروریات صرف شرعیہ کمپنٹ پروڈکٹس مشہور اسلامی بینکوں سے پچھلے عشرے سے حاصل کیں اور اپنے حصص یافتگان کو حلال آمدنی فراہم کر رہا ہے۔ ہم اس نئے ٹیکس رعایت سے فائدہ اٹھائیں گے۔

پروجیکٹ کی توسیعی اور انہیں جدید تقاضوں کے مطابق بنانا

ہم اپنے مینوفیکچرنگ اداروں اور ایکٹیو پیمٹ کی طویل المعیاد پائیداری کی بحالی اور انہیں جدید تقاضوں کے مطابق ہم آہنگ کرنے کے لئے مسلسل نظر رکھے ہوئے ہیں۔ اور جائزہ کے تحت سال کے دوران صلاحیت کو بڑھانے کے لئے 347 ملین روپے کا سرمایہ خرچ کیا ساتھ ہی نصب شدہ ایکٹیو پیمٹ کی کارکردگی اور کلیت کو بھی بڑھایا ہے۔ ان سالوں میں سرمایہ کاری نے ہماری مدد کم تر لاگت اور ٹیکس کریڈٹس پر زیادہ پیداوار حاصل کریں۔

فنانس ایکٹ 2016 کے ذریعے وفاقی حکومت نے 30 جون 2019 تک BMRE پروجیکٹ کیلئے پلانٹ اور مشینری میں سرمایہ کاری پر 10 فیصد ٹیکس کریڈٹ کی مدت بڑھادی گئی ہے۔ کمپنی نے انکم ٹیکس آرڈیننس 2001 کے سیکشن 65B کے تحت پلانٹ اور مشینری میں لگائی گئی رقم پر 10 فیصد کے حساب سے ٹیکس کریڈٹ کلیم کیا ہے۔

پاور بزنس

ہم آج کے ہم سری اور مقابلے کے ماحول میں کمپنی طویل المعیاد بقاء کے ساتھ ساتھ مناسب کاروبار میں سرمایہ کاری پر یقین رکھتے ہیں۔ ہماری اہم ترجیح ہے کہ کارپوریٹ ویلیو کو طویل المعیاد فروغ کے ذریعے بڑھایا جائے اور اپنے مستقبل اور وینچرز (منصوبوں) میں دوبارہ سرمایہ کی جائے۔

چنانچہ آپ کی کمپنی نے 608.593 ملین روپے قبل از ٹیکس منافع کمایا بشمول ایسوسی ایٹ کے منافع کا حصہ 116.258 ملین روپے رہا جب کہ پچھلے سال 296.539 ملین روپے بشمول ایسوسی ایٹ کے منافع کا حصہ 95.494 ملین روپے رہا۔ 71.307 ملین روپے کا ڈیفریڈ ٹیکس پرویزن نفع اور نقصان کے حساب میں فراہم کیا گیا ہے جو بیلنس شیٹ کی تاریخ پر 307.169 ملین روپے کی ڈیفریڈ ٹیکس لائیو بیلٹی (ذمہ داری) بناتا ہے۔ لہذا فی حصص آمدنی 12.39 روپے سے 19.30 فی حصص پہنچ گئی۔

آپریشنل پرفارمنس (کارکردگی)

حکومت پنجاب نے 4 جنوری 2016 کو ریفرنڈنڈ شوگر (صاف کی ہوئی چینی) کی قیمت فروخت کو گھٹانے کے باوجود -/180 روپے فی 40 کلوگرام کی کم از کم امدادی قیمت مقرر کی۔ سندھ حکومت نے زمینی حقائق پر غور کرنے کے بعد اور تمام اسٹیک ہولڈرز سے گفت و شنید کے بعد 2015-16 کے سیزن کے لئے گئے کی امدادی قیمت -/172 روپے فی 40 کلوگرام مقرر کی۔ لیکن گئے کی قیمت سیزن کے ختم ہونے تک -/250 روپے تک پہنچ گئیں جیسا کہ مقامی چینی کی قیمتیں سیزن کے دوران بڑھی تھی اور امید تھی کہ بین الاقوامی چینی کی قیمتوں میں مزید تیزی آئے گی۔

کرشنگ سیزن 2015-16 نومبر 2015 میں شروع ہوا اور مارچ 2016 میں ختم ہوا۔ آپ کی کمپنی نے کرشنگ 24 نومبر 2015 کو شروع کی اور 6 مارچ 2016 کو ختم کی۔ اللہ کے فضل سے ہماری مل نے ہماری توقعات کے مطابق کارکردگی دکھائی تھی۔ فی دن 7,592 میٹرک ٹن اوسط گنا کرشنگ کرنے سے 789,657 میٹرک ٹن گئے سے 86,785 میٹرک ٹن صاف چینی پیدا کی۔ اوسط چینی ریکوری وصولی کی شرح 0.12 فیصد سے کم ہو کر 11.137 فیصد سے 11.001 فیصد رہی۔ آپ کی ملز کے مکمل سیزن کے آپریٹنگ رزلٹ کے موازنے کا خلاصہ درج ذیل ہے۔

سیزن 2015-16	سیزن 2014-15		
سیزن کا آغاز	24 نومبر 2015	تاریخ	08 دسمبر 2014
سیزن کا اختتام	06 مارچ 2016	تاریخ	29 مارچ 2015
کام کا دورانیہ	104 دن	دن	112
گنا کرش کیا گیا	789,657 میٹرک ٹن	میٹرک ٹن	764,025
پیدا کی گئی چینی	86,786 میٹرک ٹن	میٹرک ٹن	85,051
ریکوری	11.001 فیصد	فیصد	11.137
کم از کم امدادی قیمت	40 کلوگرام	40 کلوگرام	☆ ☆ عبوری بندوبست

☆ ☆ -/172 روپے فی 40 کلوگرام کی مقررہ قیمت پر جس میں سے ملز نے -/160 روپے فی 40 کلوگرام ادا کئے اور -/12 روپے فی 40 کلوگرام کا بیلنس حکومت سندھ کی جانب ادا کیا گیا تھا۔ -/10 روپے کلوگرام کے بقایا فرق کا انحصار ایکس کورٹ کے حتمی فیصلے پر ہے۔

دسمبر 2015 میں وفاقی حکومت نے -/13 روپے فی کلوگرام سبسائیڈ کے ساتھ 500,000 ٹن چینی مارچ 2016 تک ایکسپورٹ کرنے کی اجازت دی۔ جس میں سے پنجاب زون میں شوگر ملز چلانے والوں کی جانب سے 291,582 ٹن شوگر (چینی) ایکسپورٹ کی گئی تھی۔ ECC نے سندھ میں گئے ملوں کو سبسائیڈ دینے سے انکار کر دیا اور صرف ان شوگر ملوں کے لئے 6.5 بلین روپے فراہم کرنے کی پابندی لگادی جو کسانوں کو -/180 روپے فی 40 کلوگرام کی کم از کم امدادی قیمت ادا کریں۔

2012-13 اور 2013-14 کے دوران حکومت نے فریٹ ان لینڈ سبسائیڈ دینے کا اعلان کیا تاکہ شوگر ملوں کی چینی ایکسپورٹ کرنے کے لئے حوصلہ افزائی ہو۔ لیکن شدید مالیاتی مسائل کی وجہ سے شوگر سیکٹر کو اب تک ان لینڈ سبسائیڈ کی ادائیگی نہیں کی گئی۔ ایف ایس ایم ایل نے مذکورہ عرصے میں نمایاں مقدار کی ایکسپورٹ کا بندوبست کیا اور اس سبسائیڈ کے 83.2 بلین روپے اب بھی وصول ہونا باقی ہیں۔ ایکسپورٹ کا اہم مقصد اضافی چینی کو فروخت کرنا۔ قیمتوں میں استحکام اور کسانوں کو ادائیگی کرنا تھا۔

ڈائریکٹرز کی رپورٹ برائے سال 2015-2016

محترم شیئر ہولڈرز

شروع کرتا ہوں اللہ تعالیٰ کے بابرکت نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔ آپ کے ڈائریکٹرز 30 ستمبر 2016 کے اختتامی سال کے لئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی کارکردگی

کئی چیلنجز کے باوجود آپ کی کمپنی نے اپنا سفر کامیابی سے جاری رکھا اور 492.335 ملین روپے کا کثیر نفع دکھایا۔ ہم وقت چینی (شوگر) کی فروخت، مجموعی آمدنی، خالص منافع جات اور فی حصص (شیئرز) آمدنی کے لحاظ سے مالیاتی سال 2015-16 بہترین سال تھا۔ اور گذشتہ تمام بلندیوں سے سبقت لے گیا اور فاران شوگر ملز لمیٹڈ (FSML) بہت تیز اور روشن مستقبل کے ساتھ ظاہر ہوئی۔

مالیاتی نتائج کا خلاصہ نیچے دیا گیا ہے۔

2015 (روپے ہزار میں)	2016 (روپے ہزار میں)	
3,084,634	6,983,317	مجموعی سیلز
201,045	492,335	قبل از ٹیکس منافع
95,494	116,258	ایسوسی ایٹ کے نفع میں حصہ
296,539	608,593	
(15,951)	(54,623)	نفعی ٹیکسیشن
29,178	(71,307)	کرنٹ
13,227	(125,930)	ڈیفریڈ
309,766	482,663	بعد از ٹیکسیشن منافع
12.39	19.30	فی حصص آمدنی

2014-15 کے گذشتہ سیزن کے 57 فیصد کی انونٹری کو آگے بڑھانے سے سال شروع ہوا۔ سال کے دوران مجموعی سیلز 6.983 ملین روپے تھے۔ اسی طرح 2014-15 کے سال میں بشمول ایکسپورٹ سیل 640.749 ملین روپے کے 3.085 ملین روپے اور پچھلے سال کے مقابلے 126 فیصد کی بے مثال ترقی رجسٹر ہوئی۔ اسی سیل کو بڑھانے میں چینی کی فروخت کے بلند حجم کا اہم حصہ ہے۔ پچھلے سال کے مقابلے میں 119 فیصد زیادہ اس کے ساتھ ہی قیمت فروخت میں اصلاح۔ نتیجتاً مجموعی نفع 98 فیصد تک بڑھ گیا۔ مجموعی نفع میں کثیر اضافہ اہم طور پر پچھلے سال کے اسٹاک کا نمایاں تعداد کا کیری فارورڈ اور گذشتہ سیزن کے ہماری قابل حوالہ مثبت مارجن کی وجہ سے تھا۔ چنانچہ پچھلے سال گنے کی اوسط قیمت بہتر ہونے کی وجہ سے 2015 میں مجموعی مارجن 11 فیصد کے خلاف بر 9.88 فیصد پر رہا۔ دیگر آمدنی میں 31.98 ملین روپے کی bagasse کی فروخت اور 12.831 ملین روپے کی پاور (بجلی) کی فروخت شامل تھی۔ پچھلے سال میں دیگر آمدنی 132.5 ملین روپے کی ایکسپورٹ سبسیڈی کی وجہ سے بڑھیں۔ ہم اپنے مالیاتی لاگتوں کو نمایاں طور پر 104.655 ملین روپے سے 38.094 ملین روپے تک 63 فیصد تک کم کرنے کے بھی قابل ہوئے جس نے خالص منافع کو بڑھانے میں نمایاں کردار ادا کیا۔

Review Report

To the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

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

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

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

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

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

Karachi.
Date: December 28, 2016

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Rafiq Dosani

Statement of Compliance

with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

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

Category	Name
Independent Director	Mr. Irfan Zakaria Bawany
Executive Director	Mr. Ahmed Ali Bawany
	Mr. Bilal Omar Bawany
Non-Executive Director	Mr. Omar Amin Bawany
	Mr. Hamza Omar Bawany
	Mr. Muhammad Altamash Bawany
	Mr. Muhammad Arif Amiwala
	Mr. Sheikh Asim Rafiq - NIT

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

- 2) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4) A casual vacancy occurred on the board on January 12, 2016 and within 69 days, the board of directors were elected for tenure of three years at the Extraordinary General Meeting of the Company held on March 21, 2016
- 5) The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 6) The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
- 8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The board arranged NIL training program for the Directors of the Company for the year

Statement of Compliance

with Code of Corporate Governance

- 10) The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by CEO
- 11) The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- 14) The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 15) The board has formed an Audit Committee. It comprises four members, of whom all are non-executive directors and the Chairman of the Committee is an Independent Director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The board has formed 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.
- 18) The board has set up an effective internal audit function.
- 19) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23) The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list
- 24) We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Ahmed Ali Bawany
Chief Executive

Dated: December 28, 2016

Financial Statements



Auditors' Report to the Members

We have audited the annexed Balance Sheet of FARAN SUGAR MILLS LIMITED ("the Company") as at September 30, 2016, 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 purpose 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 included examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that -

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of 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 and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2016, and of the Profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the central zakat fund established under section 7 of that Ordinance.

Karachi.
Dated: December 28, 2016

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Rafiq Dosani

BALANCE SHEET

As at September 30, 2016

	Notes	2016 ----- Rupees -----	2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,530,271,617	1,257,180,351
Long term investments	6	773,952,424	659,495,002
Long term deposits		1,660,863	1,860,864
		<u>2,305,884,904</u>	<u>1,918,536,217</u>
Current Assets			
Stores and spares	7	71,681,859	66,812,457
Stock in trade	8	677,017,828	2,051,511,321
Trade debts	9	3,612,017	26,489,901
Loans, advances and other receivables	10	381,372,435	444,134,677
Taxation - net		14,533,514	27,455,163
Cash and bank balances	11	443,897,567	59,934,581
		<u>1,592,115,220</u>	<u>2,676,338,100</u>
		<u>3,898,000,124</u>	<u>4,594,874,317</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
40,000,000 (2015: 40,000,000) ordinary shares of Rs. 10/- each		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up capital	12	250,069,550	250,069,550
Reserves	13	1,654,263,044	1,295,375,717
		<u>1,904,332,594</u>	<u>1,545,445,267</u>
Non - Current Liabilities			
Long term loan	14	179,135,078	119,464,030
Deferred liabilities	15	477,281,007	405,974,100
		<u>656,416,085</u>	<u>525,438,130</u>
Current Liabilities			
Trade and other payables	16	1,258,944,851	1,968,278,190
Accrued mark up		5,200,271	8,610,693
Current portion of long term finance	14	73,106,323	47,102,037
Short term finance	17	-	500,000,000
		<u>1,337,251,445</u>	<u>2,523,990,920</u>
Contingencies and commitments			
	18		
		<u>3,898,000,124</u>	<u>4,594,874,317</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

AHMED ALI BAWANY
CHIEF EXECUTIVE

MUHAMMAD OMAR AMIN BAWANY
CHAIRMAN

PROFIT AND LOSS ACCOUNT

For the year ended September 30, 2016

	Notes	2016 ----- Rupees -----	2015
Sales - gross		6,983,317,641	3,084,634,409
Less: Federal excise duty / sales tax		(498,431,998)	(146,231,937)
Sales - net	19	6,484,885,643	2,938,402,472
Cost of sales	20	(5,844,854,320)	(2,615,166,109)
Gross profit		640,031,323	323,236,363
Administrative expenses	21	(124,395,701)	(101,443,359)
Selling and distribution cost	22	(10,320,784)	(11,701,715)
		(134,716,485)	(113,145,074)
Operating profit		505,314,838	210,091,289
Other income	23	64,295,845	164,643,992
Other expenses	24	(39,180,459)	(69,034,605)
		25,115,386	95,609,387
		530,430,224	305,700,676
Finance cost	25	(38,094,806)	(104,655,755)
		492,335,418	201,044,921
Share in profit from equity accounted investment	6.1	116,258,228	95,494,142
Profit before taxation		608,593,646	296,539,063
Taxation	26	(125,930,331)	13,227,046
Profit after taxation		482,663,315	309,766,109
Earnings per share - basic and diluted	27	19.30	12.39

The annexed notes from 1 to 38 form an integral part of these financial statements.

AHMED ALI BAWANY
CHIEF EXECUTIVE

MUHAMMAD OMAR AMIN BAWANY
CHAIRMAN

STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2016

	2016	2015
	----- Rupees -----	
Profit after taxation	482,663,315	309,766,109
Other comprehensive income for the year:		
<i>Items that will be reclassified subsequently to profit and loss:</i>		
Unrealised loss on re-measurement of available for sale investment	1,258,787	366,364
Total comprehensive income for the year	<u>483,922,102</u>	<u>310,132,473</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

AHMED ALI BAWANY
CHIEF EXECUTIVE

MUHAMMAD OMAR AMIN BAWANY
CHAIRMAN

STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2016

	Share capital	Capital reserves	Revenue reserves		Total	
	Issued, subscribed and paid up capital	Share premium	Surplus on re-measurement of available for sale investment	General reserve		Unappropriated profits
	----- (Rupees) -----					
Balance as at 01 October 2014	250,069,550	8,472,152	3,013,637	49,952,868	992,573,713	1,304,081,920
Total comprehensive income for the year ending September 30, 2015						
- Profit for the year	-	-	-	-	309,766,109	309,766,109
- Other comprehensive income	-	-	366,364	-	-	366,364
	-	-	366,364	-	309,766,109	310,132,473
Transactions with owners						
- Dividend paid @ 10%	-	-	-	-	(25,006,955)	(25,006,955)
- Dividend paid @ 17.5%	-	-	-	-	(43,762,171)	(43,762,171)
	-	-	-	-	(68,769,126)	(68,769,126)
Balance as at September 30, 2015	250,069,550	8,472,152	3,380,001	49,952,868	1,233,570,696	1,545,445,267
Total comprehensive income for the year ending September 30, 2016						
- Profit for the year	-	-	-	-	482,663,315	482,663,315
- Other comprehensive income	-	-	1,258,787	-	-	1,258,787
	-	-	1,258,787	-	482,663,315	483,922,102
Transactions with owners						
- Dividend paid @ 50%	-	-	-	-	(125,034,775)	(125,034,775)
	-	-	-	-	(125,034,775)	(125,034,775)
Balance as at September 30, 2016	250,069,550	8,472,152	4,638,788	49,952,868	1,591,199,236	1,904,332,594

The annexed notes from 1 to 38 form an integral part of these financial statements.

AHMED ALI BAWANY
CHIEF EXECUTIVE

MUHAMMAD OMAR AMIN BAWANY
CHAIRMAN

CASH FLOW STATEMENT

For the year ended September 30, 2016

	Notes	2016 ----- Rupees -----	2015 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	1,352,756,799	15,662,012
Income tax paid		(41,701,776)	(15,621,972)
Finance cost paid		(41,505,227)	(102,313,007)
Net cash generated from / (used in) operating activities		1,269,549,796	(102,272,967)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(347,104,655)	(293,644,028)
Investment in associates		(19,999,980)	-
Proceeds from sale of property, plant and equipment		2,513,765	8,314,669
Dividend received		23,717,149	-
Long term deposits - net		200,001	(23,878)
Net cash used in investing activities		(340,673,720)	(285,353,237)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(130,588,424)	(68,769,126)
Long term loans obtained		130,012,429	114,089,356
Long term loans repaid		(44,337,095)	(17,348,318)
Short term finance - net		(500,000,000)	400,000,000
Net cash (used in) / generated from financing activities		(544,913,090)	427,971,912
Net increase in cash and cash equivalents		383,962,986	40,345,708
Cash and bank at the beginning of the year		59,934,581	19,588,873
Cash and bank at the end of the year		443,897,567	59,934,581

The annexed notes from 1 to 38 form an integral part of these financial statements.

AHMED ALI BAWANY
CHIEF EXECUTIVE

MUHAMMAD OMAR AMIN BAWANY
CHAIRMAN

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 3 November 1981 as a Public Limited Company and listed on Pakistan stock exchange. The principal business of the Company is to manufacture and sale of white sugar. The mill is located at Sheikh Bhirkio, District Tando Mohammad Khan, Sindh. Registered office of the Company is situated at Habib Square 3rd Floor, M.A. Jinnah Road, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance, or the directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for an investment for quoted certificates of B.F Modaraba classified as available for sale investment (note 6.2).

2.3 Functional and presentation currency

These financial statements have been prepared in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

• Useful lives and residual values of property and equipment	4.1
• Investments	4.2
• Provision for obsolete / slow moving stores and spares	4.3
• Provision for obsolete / slow moving stock in trade	4.4
• Estimation for impairment in respect of trade debts	4.5
• Taxation	4.13

3. Standards, amendments or interpretations which became effective during the year

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

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

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

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

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

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

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

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

Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on Company's financial statements.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

OWNED ASSETS-

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except free hold land and capital work in progress which are stated at cost less impairment if any. Cost includes expenditure that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation on additions is charged from the day in which asset is available for use and on disposals up to the day immediately preceding that of deletion. Depreciation on all property, plant and equipment is charged to profit and loss account using the reducing balance method over the asset's useful life at the rates stated in note 5.1.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

Disposal of an item of property and equipment is recognized when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal of fixed assets are included in income currently.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at 30 September 2016 did not require any adjustment as its impact is considered insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

Capital work in progress is stated at cost less impairment if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to relevant asset's category as and when assets are available for intended use.

4.2 Financial assets

4.2.1 Classification :

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Company classifies its investments in the following categories:

a) Available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. They are included in non-current assets unless the investment matures or management intends to dispose off it within 12 months of the end of the reporting date.

b) Fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

c) Held to maturity

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held to maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any impairment losses.

d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'short term loans' and 'other receivables' in the balance sheet.

4.2.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income / expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of operating income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

4.2.3 Investment in associates

The Company considers its associate to be such in which the Company has significant influence but not control or joint control.

The Company accounts for its investment in associate using the equity method. Under this method investment is initially recognized at cost, being the fair value of consideration given includes acquisition charges associated with such investments. Subsequently the investors' share in profit / loss of the investee is recognized in profit and loss. Distributions received from the investee reduce the carrying amount of the investment. Adjustment to the carrying amount will also be made for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Where Company's share of loss of an associates equal or exceeds its interest in the associates, the Company discontinue to recognize its shares of further losses except to the extent that Company has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the Company resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognized.

4.3 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

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

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding there future usability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

4.4 Stock in trade

Stock in trade is valued at the lower of cost and net realisable value except for stock in transit which is valued at cost accumulated up to balance sheet date.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs necessary to be incurred for its sale.

Cost of finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Cost is determined as follows:

Finished goods	: at lower of average manufacturing cost and net realizable value
Imported goods in transit	: at actual incurred cost
Work in process	: at average raw material cost
Molasses	: at net realizable value

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

4.5 Trade and other receivables

Trade and other receivables are carried at original invoice amount / cost, which is the fair value of the consideration to be received, less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balance considered bad and irrevocable are written off.

4.6 Cash and cash equivalents

Cash in hand and at banks, short term bank deposits and short term running finances, if any, are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and deposits in bank, net of short term running finances (if any) that are highly liquid in nature, readily convertible into known amounts of cash and subject to insignificant risks of changes in value.

4.7 Share capital

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

4.8 Trade and other payables

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

4.9 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

4.10 Financial instruments

Financial assets and financial liabilities are recognized at fair value or amortized cost when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expire or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include trade debts and other receivables, loans, cash and bank balances, short term finance and trade and other payables excluding sales tax payable, Workers' Profit Participation Fund, Workers' Welfare Fund and special excise duty. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.11 Revenue recognition

Revenue arising from the sale of goods is recognised when all of the following criteria have been satisfied:

- the company has transferred to the customer the significant risks and rewards of ownership;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Dividend income is recognized when the right to receive the dividend is established. i.e. the book closure date of the investee company declaring the dividend.

4.12 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for the defined contributions plans are recognized as an employee benefit expense in profit or loss when they are due.

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 9% of basic salary. Company's contribution are charged to profit and loss account.

4.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In that case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted by or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates

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For the year ended September 30, 2016

of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or minimum tax u/s 113 of Income Tax Ordinance, 2001 after taking into account tax credits or Alternative corporate tax u/s 113C of Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the balance sheet method, providing for temporary differences, at the balance sheet date, between carrying amount and the tax base of assets and liabilities for financial reporting purposes.

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

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

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

4.14 Impairment of Assets

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized is transferred from equity and recognized in the profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually 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. All impairment losses are recognized in profit and loss account.

Non - financial assets

The carrying amount of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

4.15 Off-setting of financial assets and financial liabilities

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

4.16 Foreign currency transaction and translation

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

4.17 Related party transactions and transfer pricing

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4.18 Borrowing costs

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

4.19 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the balance sheet date is considered as a non adjusting event and is recognized in the financial statements in the period in which such transfers are made.

	Notes	2016 ----- Rupees -----	2015 -----
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,437,577,039	1,156,255,085
Capital work in progress	5.2	92,694,578	100,925,266
		<u>1,530,271,617</u>	<u>1,257,180,351</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

5.1 Operating fixed assets

	Free hold land	Factory building	Non factory building	W.S. and drainage systems	Plant and machinery	Power generation & distribution systems	Furniture and fixtures	Office and mill equipment	Electrical equipment	Communication systems	Vehicles	Total
Rupees												
As at October 1, 2014												
Cost	8,197,145	118,348,518	62,841,885	5,738,868	1,608,982,823	4,657,905	4,547,905	19,845,206	22,511,877	4,308,325	70,208,413	1,930,188,870
Accumulated depreciation	-	(104,093,657)	(36,112,771)	(4,914,894)	(684,937,273)	(4,324,529)	(3,816,268)	(11,880,994)	(10,127,600)	(2,627,213)	(42,948,114)	(905,783,312)
Net book value	8,197,145	14,254,861	26,729,114	823,974	924,045,550	333,376	731,637	7,964,212	12,384,277	1,681,112	27,260,299	1,024,405,558
For the year												
Additions / transfers	-	31,333,745	296,547	-	137,131,569	-	18,000	195,599	1,820,712	-	30,352,271	201,148,443
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-	-	-	-	(10,893,082)
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	6,980,912
Depreciation for the year	-	(2,156,259)	(2,596,027)	(79,359)	(49,876,823)	(32,108)	(72,199)	(783,012)	(1,323,782)	(161,911)	(8,305,266)	(65,386,746)
Closing net book values	8,197,145	43,432,347	24,429,634	744,615	1,011,300,296	301,268	677,438	7,376,799	12,881,207	1,519,201	45,395,134	1,156,255,085
As at October 1, 2015												
Cost	8,197,145	149,682,263	63,138,432	5,738,868	1,746,114,392	4,657,905	4,565,905	20,040,805	24,332,589	4,308,325	89,667,602	2,120,444,231
Accumulated depreciation	-	(106,249,916)	(38,708,798)	(4,994,253)	(734,814,096)	(4,356,637)	(3,888,467)	(12,664,006)	(11,451,382)	(2,789,124)	(44,272,488)	(964,189,146)
Net book value	8,197,145	43,432,347	24,429,634	744,615	1,011,300,296	301,268	677,438	7,376,799	12,881,207	1,519,201	45,395,134	1,156,255,085
For the year												
Additions / transfers	-	-	46,259,325	-	290,735,965	-	24,000	561,433	178,500	-	17,576,120	355,335,343
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-	-	-	-	(3,462,633)
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	2,201,233
Depreciation for the year	-	(4,183,061)	(3,509,353)	(71,715)	(53,255,996)	(29,016)	(67,001)	(753,002)	(1,245,079)	(146,317)	(9,488,449)	(72,751,989)
Closing net book values	8,197,145	39,249,286	67,179,606	672,900	1,248,777,265	272,252	634,437	7,185,230	11,814,628	1,372,884	52,221,405	1,437,577,039
As at September 30, 2016												
Cost	8,197,145	149,682,263	109,397,757	5,738,868	2,036,850,357	4,657,905	4,569,905	20,602,238	24,511,089	4,308,325	103,781,089	2,472,316,941
Accumulated depreciation	-	(110,432,977)	(42,218,151)	(5,065,968)	(788,073,092)	(4,385,653)	(3,955,468)	(13,417,008)	(12,696,461)	(2,935,441)	(51,559,684)	(1,034,739,902)
Net book value	8,197,145	39,249,286	67,179,606	672,900	1,248,777,265	272,252	634,437	7,185,230	11,814,628	1,372,884	52,221,405	1,437,577,039
Annual rates of depreciation	0%	10%	10%	10%	5%	10%	10%	10%	10%	10%	20%	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

	Notes	2016 ----- Rupees -----	2015 -----
5.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of sales	20	57,471,073	52,065,189
Administration expense	21	15,280,916	13,321,555
		<u>72,751,989</u>	<u>65,386,744</u>

5.1.2 Detail of operating assets disposed off during the year are as follows:

30 September 2016					
Particulars	Sold to	Method of Disposal	Original Cost	Book Value	Sale Proceeds
Toyota Corolla	Faisal Nawaz	Negotiation	1,389,000	278,182	900,000
Suzuki Swift	Faisal Nawaz	Negotiation	1,221,000	852,670	1,150,000
Suzuki Baleno	Khazada	Negotiation	789,000	106,454	400,000
Honda Motor Bike	Moin Khan (Employee)	As per policy	63,633	23,962	63,765
			<u>3,462,633</u>	<u>1,261,268</u>	<u>2,513,765</u>

30 September 2015					
Particulars	Sold to	Method of Disposal	Original Cost	Book Value	Sale Proceeds
Suzuki Baleno	Yaqoob Tehbo	Negotiation	500,000	179,243	370,000
Suzuki Cultus	Zeeshan Yousuf	Negotiation	790,000	215,235	600,000
Suzuki Cultus	Shakeel Ahmed	Negotiation	829,000	225,860	625,000
Suzuki Cultus	Moin Khan	Negotiation	938,000	481,515	790,000
Honda Civic	Ali Raza Kazmi	Negotiation	1,590,500	541,663	1,200,000
Honda Civic	Ali Raza Kazmi	Negotiation	1,420,000	728,946	1,200,000
Super Power	Insurance Claim	Theft	43,000	38,807	36,000
Suzuki Potohar	Javaid Roshan Ali	Negotiation	618,000	97,253	570,000
Suzuki Jemny	Javaid Roshan Ali	Negotiation	1,450,780	783,944	700,000
Hino Dumper	Muhammad Aslam	Negotiation	1,830,000	359,976	1,350,000
Various Bikes having book value Rs. 50,000	Various Employees	As per policy	883,801	259,727	873,669
			<u>10,893,081</u>	<u>3,912,169</u>	<u>8,314,669</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

5.2 Capital work in progress

	Land and Buildings	Plant and Machinery	Power generation	Factory Equipment	Total
	(Rupees)				
Balance as at October 1, 2014	-	6,273,845	2,155,836	-	8,429,681
Additions during the year	91,237,522	155,886,665	23,902,732	1,876,161	272,903,080
Transfer to operating fixed asset	-	(150,434,420)	(26,058,568)	(1,876,161)	(178,369,149)
Transfer to maintenance	-	(2,038,346)	-	-	(2,038,346)
Balance as at September 30, 2015	91,237,522	9,687,744	-	-	100,925,266
Additions during the year	48,826,694	279,937,906	-	178,500	328,943,100
Transfer to operating fixed asset	(48,470,029)	(287,773,239)	-	(178,500)	(336,421,768)
Transfer to maintenance	-	(752,020)	-	-	(752,020)
Balance as at September 30, 2016	91,594,187	1,100,391	-	-	92,694,578

5.2.1 Land and buildings includes cost of acquisition of property acquired for office purpose amounting to Rs. 91,237,522.

	Notes	2016 ----- Rupees -----	2015 ----- Rupees -----
6. LONG TERM INVESTMENTS			
Equity accounted investments	6.1	765,563,636	652,365,001
Available for sale investments	6.2	8,388,788	7,130,001
		773,952,424	659,495,002
6.1 Equity accounted investments			
Unicol Limited	6.1.1	745,628,428	652,365,001
Uni Energy Limited	6.1.2	19,935,208	-
		765,563,636	652,365,001
6.1.1 Unicol Limited - unquoted - related party			
Cost of investment: 10,499,998 Shares @ Rs.10/- each		104,999,980	104,999,980
Bonus Shares : (from 2011 to 2014: 12,559,574 shares)		125,595,746	125,595,746
		230,595,726	230,595,726
Accumulated share of profit / loss :			
Opening balance		421,769,275	326,275,133
Cash dividend received during the year (10%)		(23,059,573)	-
Share in Profit for the year		116,323,000	95,494,142
		515,032,702	421,769,275
Carrying amount at 30 September		745,628,428	652,365,001
Percentage of equity held		33.33%	33.33%
Current assets		1,319,545,000	1,453,797,000
Non-Current assets		2,847,756,000	2,948,192,000
Current liabilities		1,229,321,000	1,462,948,000
Non-Current liabilities		701,095,000	981,947,000
Revenue		4,133,750,000	4,311,211,000
Profit or loss for the year		325,244,000	150,988,000
Other comprehensive income for the year		-	-
Total comprehensive income for the year		325,244,000	150,988,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

6.1.1.1 The share of profit for the year and other financial information of the associate presented above is based on its audited financial statements for the year ended September 30, 2016.

6.1.2 Uni Energy Limited - unquoted - related party	Notes	2016 ----- Rupees -----	2015 -----
Cost of investment: 1,999,998 shares @ Rs.10/- each		19,999,980	-
Accumulated share of profit / loss :			
Opening balance		-	-
Share in loss for the year		(64,772)	-
		(64,772)	-
Carrying amount at 30 September		19,935,208	-
Percentage of equity held		20.00%	0.00%
Current assets		59,690,729	-
Non-Current assets		40,343,562	-
Current liabilities		-	-
Non-Current liabilities		622,332	-
Revenue	6.1.2.2	-	-
Profit or loss for the year		(323,859)	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(323,859)	-

6.1.2.1 The share of profit / (loss) for the year and other financial information of the associate presented above is based on its un-audited financial statements for the period ended 30 September 2016.

6.1.2.2 The company has not commenced its operations yet therefore there is no revenue.

6.2 Available for sale investments		2016 ----- Rupees -----	2015 -----
B.F. Modaraba - quoted - related party (Arrangement permissible under Shariah)			
Cost of investment		3,750,000	3,750,000
Add : Unrealised gain / (loss) on re-measurement of investment			
Opening Balance		3,380,001	3,013,637
Adjustment during the year		1,258,787	366,364
		4,638,788	3,380,001
Carrying amount		8,388,788	7,130,001

Chief executive : Omer Amin Bawany
 Percentage of equity held : 12.50% (2015: 12.50%)
 Market value as on 30 September 2016 : Rs.8.93 (2015: Rs. 7.59)
 Certificates : 939,394 Modaraba certificates which includes 144,980 bonus certificates.

7. STORES AND SPARES		2016 ----- Rupees -----	2015 -----
Stores and spares		74,815,499	68,831,225
Packing material		1,382,334	2,497,206
		76,197,833	71,328,431
Less: Provision for slow moving stores and spares		(4,515,974)	(4,515,974)
		71,681,859	66,812,457

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

8.	STOCK IN TRADE	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
	Finished goods	8.1	669,592,182	2,048,605,567
	Work in process		7,425,646	2,905,754
			<u>677,017,828</u>	<u>2,051,511,321</u>
8.1	The stock in trade does not include any pledge stock as at balance sheet date.			
9.	TRADE DEBTS	Notes	2016 ----- Rupees -----	2015 ----- Rupees -----
	Unsecured, Considered good			
	Local	9.1	<u>3,612,017</u>	<u>26,489,901</u>
9.1	This includes the amount of Rs. 2,777,037 (2015: Rs. 2,403,223) due from Unicol Limited, an associate.			
			2016	2015
			Gross ----- Rupees -----	Gross ----- Rupees -----
			Impairment ----- Rupees -----	Impairment ----- Rupees -----
	Not past due		2,777,037	8,403,223
	Past due 1 to 180 days		-	-
	More than 180 days		-	-
			<u>2,777,037</u>	<u>8,403,223</u>
10.	LOANS, ADVANCES AND OTHER RECEIVABLES	Notes	2016 ----- Rupees -----	2015 ----- Rupees -----
	Loans (interest free)- considered good			
	- Growers - unsecured		93,737,668	69,281,943
	- Employees - secured		268,500	290,019
			<u>94,006,168</u>	<u>69,571,962</u>
	Advances (interest free)- unsecured, considered good			
	- Contractors		1,138,209	3,748,667
	- Supplier		65,589,313	69,845,693
	- Others		4,506,087	2,322,974
			<u>71,233,609</u>	<u>75,917,334</u>
	Freight subsidy receivable		83,283,750	114,283,750
	Advance sales tax		50,420,787	103,414,133
	Sale tax receivable	15.2	56,424,979	56,424,979
	Excise duty receivable	15	7,005,677	7,005,677
	Other receivables		18,997,465	17,516,842
			<u>381,372,435</u>	<u>444,134,677</u>
11.	CASH AND BANK BALANCES			
	Cash at bank			
	- In current accounts		77,920,262	42,700,954
	Profit based deposits with Islamic banks			
	- In deposit accounts	11.1	365,673,298	16,976,736
			<u>443,593,560</u>	<u>59,677,690</u>
	Cash in hand		304,007	256,891
			<u>443,897,567</u>	<u>59,934,581</u>
11.1	These represents amount deposited in saving accounts carrying profit rate ranging from 3% to 6% (2015 : 3.5% to 4%).			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016 (Number of shares)	2015		2016 ----- Rupees -----	2015
18,201,714	18,201,714	Ordinary shares of Rs. 10/- each fully paid in cash	182,017,140	182,017,140
6,805,241	6,805,241	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	68,052,410	68,052,410
<u>25,006,955</u>	<u>25,006,955</u>		<u>250,069,550</u>	<u>250,069,550</u>

13. RESERVES

Revenue Reserves				
General reserve			49,952,868	49,952,868
Unappropriated profit			1,591,199,236	1,233,570,696
Surplus on re-measurement of available for sale investment			4,638,788	3,380,001
			<u>1,645,790,892</u>	<u>1,286,903,565</u>
Capital Reserves				
Share premium			8,472,152	8,472,152
			<u>1,654,263,044</u>	<u>1,295,375,717</u>

14. LONG TERM LOAN

Opening			166,566,067	69,825,029
Obtained during the year			130,012,429	114,089,356
Repayments made			(44,337,095)	(17,348,318)
			<u>252,241,401</u>	<u>166,566,067</u>
Current maturity of the loan			(73,106,323)	(47,102,037)
			<u>179,135,078</u>	<u>119,464,030</u>

14.1 This includes the loan obtained under diminishing musharika against revised terms. The limit of the facility is Rs 273 million (2015: 329 million). The loan carries profit at the spread of KIBOR + 1 % to 1.5 % (2015: KIBOR + 1%) over 6 months KIBOR with floor of 7% and cap of 20% (Previously floor of 7% and cap of 20%). The loan is secured by registered specific hypothecation charge over machinery of Rs. 696 million (2015: 696 million).

14.2 This also includes the loan obtained under diminishing musharika against procurement of plant & machinery from local market. The limit of the facility is Rs 170 million. The loan carries profit at the spread of KIBOR + 0.50% over 3 months KIBOR with floor of 6% and cap of 25%. The loan is secured against 1st Pari passu/JPP hypothecation charge of Rs.200,000,000/- over all present and future plant & machinery of the Company, duly registered with the SECP.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

15. DEFERRED LIABILITIES	Notes	2016 ----- Rupees -----	2015 -----
Deferred taxation - net	15.1	307,168,600	235,861,693
Road cess payable		2,737,499	2,737,499
Sales tax payable	15.2 & 10	109,419,576	109,419,576
Quality Premium	18.1.1	-	-
Provision for market committee	15.3	50,949,655	50,949,655
Provision for excise duty	10	7,005,677	7,005,677
		<u>477,281,007</u>	<u>405,974,100</u>
15.1 Deferred taxation - net			
Deferred tax liability arising in respect of:			
Investment in associate		64,370,991	52,721,159
Property, plant and equipment		254,656,212	230,231,102
Trade debts		-	-
		<u>319,027,203</u>	<u>282,952,261</u>
Deferred tax asset arising in respect of:			
Provision of slow moving stock		(1,354,792)	(1,399,952)
Unused tax credits		(10,503,811)	(45,690,616)
		<u>307,168,600</u>	<u>235,861,693</u>

15.2 This represents the amount of further tax collected in terms of repealed section 3 (1A) of the Sales Tax Act and paid to the extent disclosed in note 10 in view of the judgment of the High Court against the said levy. The Collectorate's Appeal with the Supreme Court was remanded back to the High court where it is pending for further proceedings.

15.3 In 1996, the Market Committee filed a law suit for the recovery of market committee fee before the Senior Civil Judge, Tando Muhammad Khan. The Company contested the law suit on the ground that the Market Committee was not lawfully constituted. Subsequently, the Government of Sindh withdrew the levy of the Market Committee for crushing season of year 2004-2005. However, the Senior Civil Judge, Tando Muhammad Khan passed a decree against the Company amounted to Rs.78.094 million relating to year of 1983 to 2009. At the same time Market committee filed suit in the Court of Senior Civil Judge Tando Muhammad Khan for recovery of aforesaid amount, the Company filed an appeal against the aforesaid order with Additional District Judge Hyderabad, court passed the order in favour of company during the year 2010 as well as suit for recovery was also finally set aside. The market committee filed Revision application against the decision of Hyderabad District Judge in High Court of Sindh. During the year, the High Court of Sindh-Hyderabad passed on order in favour of the market committee and maintained the judgment of Civil Judge Tando Muhammad Khan. The Company filed an appeal in the Honorable Supreme Court of Pakistan. However, as a matter of prudence, the Company provided an amount to the extent of Rs.50.94 million to cover the maximum amount in case of any unfavorable decision of Apex Court in the year 2014-2015. However, the company has not provided amounting to Rs. 22.892 million for subsequent period from 2009-2010 to 2015-2016 because matter is subjudice before Supreme Court of Pakistan as well as pending in lower court where amount had not been determined for the aforesaid period.

During the year, the Honorable Supreme Court of Pakistan disposed off the appeal by providing the guideline for ascertaining the payment of market committee fee. An amount of Rs. 708,920 has been provided by the company as accrued liabilities accordingly in this respect for the year 2015-2016 (note 18.1.2).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

	Notes	2016 ----- Rupees -----	2015 -----
16. TRADE AND OTHER PAYABLES			
Creditors:			
Raw material		263,448,898	271,708,425
Stores and spares		58,672,062	32,187,620
		<u>322,120,960</u>	<u>303,896,045</u>
Accrued liabilities		109,006,964	91,321,489
Advance from customers		735,853,927	1,466,169,124
Security deposits		2,637,053	1,688,754
Sales tax payable		5,001,382	34,862,692
Workers' profit participation fund	16.1	29,250,119	13,465,564
Workers' welfare fund		33,730,529	23,682,867
Special excise duty	16.2	13,208,869	13,208,869
Unclaimed dividend		6,683,655	12,237,304
Other liabilities		1,451,394	7,745,482
		<u>1,258,944,851</u>	<u>1,968,278,190</u>
16.1 Workers' profit participation fund			
Balance at the beginning of the year		13,465,564	11,209,810
Allocation for the year		26,441,215	10,797,257
		<u>39,906,779</u>	<u>22,007,067</u>
Less : payment during the year		(10,656,660)	(8,541,503)
		<u>29,250,119</u>	<u>13,465,564</u>
16.2	This represents the amount of provision made on account of Special Excise Duty (SED) provided for the month of May and June 2011. The matter continues to be proceeding in High Court of Sindh since the company filed a petition against the imposition of SED and the recovery thereof was stayed by High Court till disposal.		
17. SHORT TERM FINANCE - secured			
	During the year company repaid all its short term finance which was availed under Islamic finance facility from different banks amounting to Rs 1,550 million (2015: 2,950/- million), were secured against pledge of refined sugar and first pari passu charge on fixed assets including land, building and plant and machinery of the company carrying profits at average six months KIBOR + 0.40% to 0.60% per annum (2015: 0.7% to 0.75% per annum).		
18. CONTINGENCIES AND COMMITMENTS			
18.1 Contingencies			
18.1.1	In respect of quality premium payable to growers amounting to Rs 273.797 million (2015: Rs 273.797 million) for the year 2015 and 2016. The quality premium was suspended by the Steering Committee of Federal Government till the case in this respect is decided by the Honorable Supreme Court of Pakistan or a consensus uniform formula is developed by the Ministry of Food and Agriculture. The company's payment for procurement of sugarcane includes additional costs and subsidies that exceed the amount of quality premium due to the growers. The company does not therefore, anticipates any liability on this account and has not made any provision in respect of the year 2015 and 2016 for the		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

said reason. Moreover, the Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided.

- 18.1.2 During the year, the Honorable Supreme Court of Pakistan disposed off the appeal regarding payment of Market committee fee by providing the guideline for ascertaining the payment of market committee fee. However, market committee filed a review petition in the Supreme Court against the aforesaid order, outcome of which is still pending. As per the guidelines, the company is liable to pay fee on the cane procured within the jurisdiction of the company. The review petition of the market committee is based on its contention that fee is payable on total cane procurement which is estimated RS 25.4 million from year 2010-16. The company maintains that the review petition of market committee is not likely to succeed having already been decided on merit and has therefore not made any provision of and the differential amount of Rs. 25.4 million.

18.2 Commitments

Commitments in respect of capital expenditure contracted for but not yet incurred amounting to Rs. 106 million approximately (2015: 25 million).

19. SALES - NET	Notes	2016 ----- Rupees -----	2015 -----
Export		-	640,749,484
Local		<u>6,983,317,641</u>	<u>2,443,884,925</u>
		<u>6,983,317,641</u>	<u>3,084,634,409</u>
Less: FED / Sales tax		(498,431,998)	(146,231,937)
		<u>6,484,885,643</u>	<u>2,938,402,472</u>
20. COST OF SALES			
Cane cost including road cess and market committee		3,925,313,151	3,304,824,113
Stores and spares consumed		83,237,167	84,792,429
Packing material consumed		37,673,470	46,938,411
Salaries, wages and benefits	20.1	218,593,668	224,720,083
Repairs and maintenance		105,175,852	87,027,737
Fuel and power		18,927,992	21,459,755
Vehicle running expenses		5,892,924	5,516,967
Insurance		10,183,821	10,555,648
Depreciation	5.1.1	57,471,073	52,065,189
Freight		5,416,446	3,628,342
Others		2,475,263	2,795,089
		<u>4,470,360,827</u>	<u>3,844,323,763</u>
Opening stock of work in process		2,905,754	1,658,934
Closing stock of work in process		(7,425,646)	(2,905,754)
		<u>(4,519,892)</u>	<u>(1,246,820)</u>
Opening stock of finished goods		2,048,605,567	820,694,733
Closing stock of finished goods		(669,592,182)	(2,048,605,567)
		<u>1,379,013,385</u>	<u>(1,227,910,834)</u>
		<u>5,844,854,320</u>	<u>2,615,166,109</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

20.1 This includes Rs. 2.196 Million (2015: Rs. 1.878 Million) in respect of staff retirement benefits.

21. ADMINISTRATIVE EXPENSES	Notes	2016 ----- Rupees -----	2015 -----
Salaries and benefits	21.1	56,234,955	53,820,990
Vehicle running		3,695,577	3,984,746
Legal and professional charges		13,757,013	13,717,726
Fees and subscription		4,305,311	1,740,687
Utilities charges		2,201,178	2,216,944
Telephone, postage and telegraph		1,927,886	2,136,040
Traveling and conveyance charges		4,728,056	1,868,305
Rent, rates and taxes		11,001,795	1,631,243
Printing and stationery		1,307,293	1,101,184
Repairs and maintenance		1,929,580	555,827
Video conferencing		623,400	535,310
Advertisement expenses		1,160,873	221,633
Auditors' remuneration	21.2	800,000	800,000
Research & Development	21.3	500,000	-
Depreciation	5.1.1	15,280,916	13,321,555
General expenses		4,941,868	3,791,169
		<u>124,395,701</u>	<u>101,443,359</u>

21.1 This includes Rs. 1.801 million (2015: Rs. 1.451 million) in respect of staff retirement benefits.

21.2 Auditors' remuneration	2016 ----- Rupees -----	2015 -----
Statutory audit fee	600,000	600,000
Half yearly review	200,000	200,000
	<u>800,000</u>	<u>800,000</u>

21.3 This includes contribution by the Company for setting up Sugarcane Breeding Station for improvement of per acre yield and sucrose contents initiated by Pakistan Sugar Mills Association (PSMA) - Sindh Zone.

22. SELLING AND DISTRIBUTION COST	2016 ----- Rupees -----	2015 -----
Export expenses	-	3,185,992
Handling and storage	10,320,784	8,515,723
	<u>10,320,784</u>	<u>11,701,715</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

23. OTHER INCOME	Notes	2016 ----- Rupees -----	2015 -----
Income from financial assets:			
Profit on bank accounts		5,323,365	6,892,632
Dividend Income (B.F Modaraba)		657,576	-
Exchange Gain (Actual currency)		-	3,138,823
		<u>5,980,941</u>	<u>10,031,455</u>
Income from non - financial assets:			
Export subsidy	23.1	-	132,530,000
Sale of power	23.2	12,831,583	10,119,242
Sale of bagasse		31,981,741	2,136,323
Sale of scrap		9,608,060	2,123,945
Sale of trico cards		2,477,035	2,945,008
Gain on sale of property, plant and equipment		1,252,365	4,402,499
Miscellaneous income		164,120	355,520
		<u>58,314,904</u>	<u>154,612,537</u>
		<u>64,295,845</u>	<u>164,643,992</u>

23.1 During the year company does not made any export so no subsidy is received.

23.2 This represent sale of surplus power to Hyderabad Electric Supply Company on take and pay basis

24. OTHER EXPENSES	Notes	2016 ----- Rupees -----	2015 -----
Donation	24.1	2,691,582	3,184,735
Market Committee Fee	15.3	-	50,949,655
Workers' profit participation fund		26,441,215	10,797,257
Workers' welfare fund		10,047,662	4,102,958
		<u>39,180,459</u>	<u>69,034,605</u>

24.1 This includes Rs. 2.5 million (2015: Rs. 2.8 million) paid to Begum Aisha Bawany Taleem-ul-Quran Trust. Mr. Amin Ahmed Bawany was the trustee of the trust.

25. FINANCE COST	Notes	2016 ----- Rupees -----	2015 -----
Markup on long term finance		14,301,244	13,142,326
Markup on Istisna finance		12,339,877	22,636,293
Markup on Salam finance		9,725,011	67,324,642
Bank charges		1,728,674	1,552,494
		<u>38,094,806</u>	<u>104,655,755</u>
26. TAXATION			
Current tax	26.1	54,623,425	15,950,965
Deferred tax		71,306,906	(29,178,011)
		<u>125,930,331</u>	<u>(13,227,046)</u>

26.1 Tax assessment of the company is deemed to be finalized up to Tax Year 2015 (Income year ended September 30, 2014).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

26.2 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the company for the current year attracted Alternate Corporate Tax where as comparative year attracted minimum tax under Section 113 of the income tax ordinance, 2001.

26.3 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

In terms of 5A in case it distributes cash dividend amounting to Rs 125.03 million within six months of the close of the year it would not be liable to pay any tax under section 5A. The recognition of any liability in this respect as at financial year end is not considered necessary keeping in view the above and liability if any in this respect would be recognized as of March 31, 2017 depending upon the dividend distributed out of profit for the year ended September 30, 2016.

	2016	2015
	----- Rupees -----	
27. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation	<u>482,663,315</u>	<u>309,766,109</u>
	----- Number -----	
Weighted average number of ordinary shares	<u>25,006,955</u>	<u>25,006,955</u>
	----- Rupees -----	
Earnings per share - basic and diluted	<u>19.30</u>	<u>12.39</u>

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

		2016			
		Chief executive	Directors	Executives	Total
		----- Rupees -----			
Notes					
	Managerial remuneration	5,509,091	9,483,988	19,646,695	34,639,774
	Contribution to provident fund	-	-	1,768,203	1,768,203
	Other perquisites and benefits	550,909	948,399	21,427,637	22,926,945
		<u>6,060,000</u>	<u>10,432,387</u>	<u>42,842,535</u>	<u>59,334,922</u>
	Number of persons	1	3	20	
		2015			
		Chief executive	Directors	Executives	Total
		----- Rupees -----			
	Managerial remuneration	4,772,727	11,360,174	15,808,777	31,941,678
	Contribution to provident fund	-	-	1,355,905	1,355,905
	Other perquisites and benefits	477,273	2,462,651	16,970,795	19,910,719
		<u>5,250,000</u>	<u>13,822,825</u>	<u>34,135,477</u>	<u>53,208,302</u>
	Number of persons	1	3	17	

28.1 This includes the house rent allowance, utilities allowance, medical allowance, bonus paid and other benefits given to employees during the year.

28.2 Six non - executive directors were paid fees to attend the meetings aggregating Rs. 140,000 (2015 : Rs. 162,500).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

28.3 In addition, the chief executive officer and executive directors are provided with free use of Company maintained cars in accordance with their terms of services.

	Notes	2016 ----- Rupees -----	2015 -----
29. CASH GENERATED FROM OPERATIONS			
Profit before taxation		608,593,646	296,539,063
Adjustments for:			
Depreciation		72,751,989	65,386,746
Share of profit from associate		(116,258,228)	(95,494,142)
Dividend Income		(657,576)	-
Gain on disposal of property, plant and equipment		(1,252,365)	(4,402,500)
Finance cost		38,094,806	104,655,755
Provision for market committee		-	50,949,656
Working capital changes	29.1	751,484,527	(401,972,566)
		<u>1,352,756,799</u>	<u>15,662,012</u>
29.1 Working capital changes			
(Increase) / decrease in store and spares		(4,869,402)	(14,266,360)
(Increase) / decrease in stock in trade		1,374,493,493	(1,229,157,654)
(Increase) / decrease trade debts		22,877,884	(23,931,803)
(Increase) / decrease in loans, advances and other receivables		62,762,242	(96,816,040)
Increase / (decrease) in trade and other payables		(703,779,690)	962,199,291
		<u>751,484,527</u>	<u>(401,972,566)</u>

30. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, directors and their close family members, major shareholders of the Company, key management personnel and staff provident fund. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of chief executive, directors and executives is disclosed in note 28 to the financial statements. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are given below:

	2016 ----- Rupees -----	2015 -----
Transactions with associate		
Sale of goods	323,660,329	301,237,018
Dividend received	23,059,573	-
Share of profit from associate	116,258,228	95,494,142
Investment	19,999,980	-
Balances outstanding with associate		
Due from associate	2,777,037	8,403,223
Due to associate	941,006	78,891
Transactions with other related parties		
Sale of goods	55,747,000	43,030,000
Insurance premium	24,415,859	17,200,000
Provident fund contribution	3,997,833	3,329,231
Dividend received	657,576	-
Donation	2,500,000	2,800,000
Balances outstanding with other related parties		
B.F Modaraba	(24,042,810)	39,944

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

	(Un-audited) June 2016	(Audited) June 2015
	----- Rupees -----	
31. PROVIDENT FUND		
a) Disclosure with regards to Provident Fund		
(i) Size of the Fund	<u>42,027,548</u>	<u>32,136,542</u>
(ii) Cost of Investment made	<u>30,026,277</u>	<u>24,686,277</u>
(iii) Percentage of Investment made	<u>71%</u>	<u>77%</u>
(iv) Fair value of Investments	<u>30,026,277</u>	<u>24,686,277</u>
b) Break-up of investments is as under		
	<u>June 2016 (un-audited)</u>	<u>June 2015 (Audited)</u>
Habib Metropolitan Bank Limited	70% 20,940,000	63% 15,600,000
Bank Al Habib Limited	17% 5,121,277	21% 5,121,277
UBL Ameen Islamic	13% 3,965,000	16% 3,965,000
	<u>100% 30,026,277</u>	<u>100% 24,686,277</u>

31.1 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.

	2016	2015
	----- Number -----	
Number of employees including contractual employees at the end of year	<u>574</u>	<u>644</u>
Average number of employees including contractual employees during the year	<u>693</u>	<u>757</u>

33. FINANCIAL INSTRUMENTS

33.1 Measurement of fair values

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

33.3.1 Credit risk

Credit risk is the risk which arises with a possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentration of credit risk indicates that relative sensitivity of the Company's performance to development affecting a particular industry.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, bank guarantees and other receivables. The Company attempts to control credit risk by monitoring credit exposures and continually assessing the creditworthiness of counterparties. Company receives advances from customers against sales of goods and therefore its exposure to credit risk is limited. The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. To manage exposure to credit risk, the Company applies credit limits to their customers. Cash is held only with banks with high quality credit worthiness

The company's gross maximum exposure to credit risk at the balance sheet date is as follows:

	2016 ----- Rupees -----	2015 ----- Rupees -----
Long term investments	773,952,424	659,495,002
Long term deposits	1,660,863	1,860,864
Trade debts	3,612,017	26,489,901
Loans and advances	113,003,633	163,006,138
Bank balances	443,593,560	59,677,690
	<u>1,335,822,497</u>	<u>910,529,595</u>

The maximum exposure to credit risk at the balance sheet date by geographic region is as follows:

	2016 ----- Rupees -----	2015 ----- Rupees -----
Local	1,335,822,497	910,529,595
Exports	-	-
	<u>1,335,822,497</u>	<u>910,529,595</u>

Impairment losses

The aging of trade debts at the balance sheet date was:

	2016 ----- Rupees -----		2015 ----- Rupees -----	
	Gross	Impairment	Gross	Impairment
Not past due	3,612,017	-	19,971,668	-
Past due 1 to 180 days	-	-	-	-
More than 180 days	-	-	6,518,233	-
	<u>3,612,017</u>	<u>-</u>	<u>26,489,901</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

The credit quality of company's liquid funds can be assessed with reference to external credit ratings as follows:

Bank Name	Credit Rating Agency	Rating	
		Short term	Long term
Habib Metropolitan Bank	PACRA	A1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Bank Al-Falah Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
Dubai Islamic Bank Limited	JCR-VIS	A-1	A+
Meezan Bank Limited	JCR-VIS	A-1+	AA
Bank Al-Baraka	PACRA	A1	A
JS Bank Limited	PACRA	A1+	AA-
Askari Bank Limited	PACRA	A1+	AA+
Others below Rs 50,000		A1 to A1+	AA- to AAA

33.3.2 Liquidity risk

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

	2016			
	Carrying amount	Contractual cash flows	Twelve months or less	One to five years
	----- (Rupees) -----			
Non-derivative financial liabilities				
Long term loan	252,241,401	(300,378,972)	(90,075,794)	(210,303,178)
Trade and other payables	441,900,026	(441,900,026)	(441,900,026)	-
	694,141,427	(742,278,998)	(531,975,820)	(210,303,178)
	2015			
	Carrying amount	Contractual cash flows	Twelve months or less	One to five years
	----- (Rupees) -----			
Non-derivative financial liabilities				
Long term loan	166,566,067	(194,246,336)	(59,847,733)	(134,398,603)
Trade and other payables	416,889,074	(1,968,278,190)	(1,968,278,190)	-
Short term finance	500,000,000	(511,210,466)	(519,821,159)	-
	1,083,455,141	(2,673,734,992)	(2,547,947,082)	(134,398,603)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

33.3.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk, interest rate risk and equity price risk.

a) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency.

Exposure to currency risk

The Company is exposed to currency risk on trade debts and sales that are denominated in a currency other than the respective functional currency of the Company. These transactions are denominated in US Dollars. At the reporting date all export debts were realised and the company has no exposure to foreign currency risk.

The following significant exchange rates applied during the year:

	2016		2015	
	Average rates	Balance sheet rate	Average rates	Balance sheet rate
	----- Rupees -----		----- Rupees -----	
US Dollar	105.65	106.00	100.80	104.20

As the company has no any foreign currency receivables at year end, hence any increase or decrease in exchange rate will not have any impact on company's financial statements.

b) Interest rate risk

Interest rate risk is 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 is exposed to cash flow interest rate risk on its running finance arrangements which is repriced at a maximum period of 120 days.

All the borrowings of the company are variable rate borrowings, hence the company is not exposed to fair value risk on its borrowings.

During the year, if average KIBOR interest rate on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been higher / lower by Rs. 2.522 million (2015: higher / lower by Rs. 6.665 million) respectively, mainly as a result of higher / lower interest exposure on floating rate borrowing.

c) Price risk

Price risk represents the risk that fair value of a financial instrument will fluctuate because of changes in the 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 or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 3.75 million (2015: Rs. 3.75 million) at the balance sheet date having fair value of Rs. 8.388 million (2015: 7.130 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the balance sheet date except for, unquoted associates which value through equity method. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

Price risk includes equity price risk which is the risk of changes in fair value of equity securities as a result of changes in the levels of KSE- Index and the value of individual shares.

The table below summarizes Company's equity price risk as of September 30, 2016 and 2015 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) after tax
September 30, 2016	Rupees	8,388,788	10% increase	9,227,667	838,879	838,879
			10% decrease	7,549,910	(838,879)	(838,879)
September 30, 2015	Rupees	7,130,001	10% increase	7,843,002	713,000	713,000
			10% decrease	6,417,001	(713,000)	(713,000)

33.4 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The companies finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

	2016	2015
	-----	Rupees -----
The following are the components of capital:		
Borrowings		
Short term finance	-	500,000,000
Long term borrowings	252,241,401	166,566,067
	252,241,401	666,566,067
Share capital and reserves	250,069,550	250,069,550
Issued, subscribed and paid up capital	1,654,263,044	1,295,375,717
Reserves	1,904,332,594	1,545,445,267
	<u>2,156,573,995</u>	<u>2,212,011,334</u>

34. PRODUCTION CAPACITY

	2016		2015	
	Metric Tons	Days	Metric Tons	Days
Crushing capacity	1,620,000	180	1,440,000	180
Cane crushed	789,657	104	764,025	112
Production - sugar	86,785	104	85,052	112

The main reason for under utilization of installed capacity is limited availability of sugarcane.

35. CORRESPONDING FIGURES

Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation and disclosure and this has been disclosed in relevant notes. However, there have been no material reclassifications to report.

36. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on December 28, 2016 has proposed a cash dividend in respect of the year ended September 30, 2016 of Rs. 5/- per share (2015: Rs. 5 per share). The approval of the members for the proposed dividend will be obtained at the Annual General Meeting of the Company to be held on January 31, 2017. The financial statements for the year ended September 30, 2016 do not include the effect of these dividends which will be accounted for in the financial statement for the year ending September 30, 2017.

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 28, 2016 by the Board of Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2016

38. GENERAL

- Figures have been rounded off to the nearest rupee.
- Figures, including comparatives, have been re-arranged and reclassified wherever necessary.

AHMED ALI BAWANY
CHIEF EXECUTIVE

MUHAMMAD OMAR AMIN BAWANY
CHAIRMAN

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the Company will be held on Tuesday January 31, 2017 at 12.00 Noon at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to the transact the following business:

Ordinary Business

1. To confirm the minutes of Extra-ordinary General Meeting held on November 17, 2016.
2. To receive, consider and adopt annual audited financial statements for the year ended September 30, 2016 together with the reports of the auditors' and directors' thereon.
3. To consider and approve the payment of cash dividend @ 50% i.e. Rs. 5.00 per share for the year ended September 30, 2016, as recommended by the Board of Director.
4. To appoint Auditor of the company for the year September 30, 2017, and to fix their remuneration. The retiring auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants have given their consent and offered themselves for re-appointment of Auditors of the company for the year ending September 30, 2017.
5. To transact any other business with permission of the Chair.

Special Business

6. To consider and approve the increase in monthly emolument of the chairman, Chief Executive Rs. 75,000/= per month and a Director Rs. 25,000/= per month, w.e.f. October 2016.
7. To consider and approve renewal of investment up to un-utilized amount of Rs. 630 million and corporate guarantee, if required, in the UniEnergy Limited."
8. In compliance of the directions issue by the Securities and Exchange Commission of Pakistan under S.R.O. 470(I)/2016 dated May 31, 2016 it is proposed that the following resolution be passed as and by way of a Special Resolution"

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

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

To consider and approve the alteration to be made in the Articles of Association of the company for the purpose of compliance with the mandatory E-voting requirement as prescribed in the companies (E. voting) Regulation,2016 and if thought fit,pass the following as Special Resolution:

" Resolved that pursuant to compliance of S.R.O. 43(I)/2016 dated January 22, 2016 and subject to the consent and approval of the Shareholders, it is resolved that the Articles of Association of the company be and is hereby amended by inserting the following new clause after clause 81;

"(81-A) A member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations 2016 (including any statutory modification thereof), as amended from time to time. In the case of e-voting, only Members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the company, at least ten (10) days before holding of the general meeting, at the Company's Head office

address or through email. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power.”

BY ORDER OF THE BOARD

Muhammad Ayub
C.F.O. & Company Secretary

Karachi.

Dated: December 28, 2016

Notes:

1. The share transfer books of the company will remain closed from 25th January 2017 to 31st January 2017 (both days inclusive)
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her behalf, proxies in order to be effective must be received by the Company at its registered office not later than 48 hours before the time of the meeting.
3. The shareholders are requested to notify the Company immediately the change in their address, if any.
4. Any individual Beneficial Owner of CDC, entitled to vote at the meeting, must bring original NIC with him/her to prove his/her identity, and in case of a proxy, a copy of Shareholder's attested NIC must be attached with the proxy form, Representative of corporate members should bring the usual documents required for such purpose.
5. Consent for Circulation of Audited Financial Statements and Notice of AGM through E-mail.

With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP, shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update the record if they wish to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven [7] days of receipt of such request.

6. Submission of CNIC / SNIC (Mandatory)

Under directives of SECP, it is mandatory for the shareholders to provide a copy of the Computerized National Identity Card (CNIC), In case of individuals, a National Tax Number (NTN) in case of corporate entity. Therefore, all shareholders are requested to immediately send the required information to the share registrar of the company. In case of non compliance of the said requirement, the company will not in a position to issue the dividend to the respective shareholders till compliant.

7. Dividend Mandate (Optional)

Under directives of SECP, the shareholders are hereby given the opportunity to authorize the company to directly credit in their bank accounts with cash dividend if any, declare by the company in the future instead of issuing a dividend warrant. Please provide the following information / details:

NOTICE OF ANNUAL GENERAL MEETING

Details of Bank Mandate

Name of Share Holder:	
Folio No.:	
Title of Bank Account:	
Bank Account Number:	
Bank's Name:	
Branch Name and Address:	
Contact No. and Address of Shareholder/Transferee:	
CNIC Number:	

8. Revised Treatment of Withholding Tax.

Dividend Income on shares is liable to deduction of withholding tax under section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2016, effective July 01, 2016, a new criteria for withholding of tax has been introduced by the Federal Board of Revenue ("FBR"). According to the revised criteria, tax is to be withheld based on 'Filer' and 'Non-Filer' status of shareholders @ 12.5% and 20.0 % respectively where 'Filer' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.gov.pk/>) or a holder of "Taxpayer's Card" and 'Non-Filer' means a person who is not a filer.

Furthermore, accordingly to recent clarification provided by the FBR; in case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Filer or Non-Filer. In term of the said clarification; tax of each joint-holder has been deducted on the gross dividend amount determined by the bifurcating the shareholdings of each joint-holder on equal proportions, except where shareholding proportion of joint-holder(s) is pre-defined as per the records of the Company's Share Registrar and thus tax rates are applied in line with respective proportions.

Those shareholders who are holding Folio/CDS jointly are requested to notify (in writing) any change in their shareholding proportions to Company's Share Register (in case of physical shareholding) or their Participation/CDC investor Accounts Services so that their revised shareholding proportions are considered by the Company in all prospective dividend payouts of the Company, if any.

Statements under section 160 of the Companies Ordinance, 1984

The statement sets out the material facts concerning "Special Businesses" to be transacted at the 35th Annual General Meeting of the Company to be held on January 31, 2017. The approval of the Members of the Company will be sought for:

Item No. 6 of the Agenda

Chairman, Chief Executive and a Director Remuneration

The Board of Directors, in their meeting held on December 28, 2016 recommended to revise compensation for the Chairman, Chief Executive, and a Director, w.e.f. October 2016.

"Resolved that the consent of the Company be and hereby accorded to the aggregate remuneration to Mr. Ahmed Ali Bawany – Chief Executive, a sum of Rs. 580,000/- per month and Mr. Bilal Omar Bawany, Director, a sum of Rs. 227,000/- per month w.e.f. from 1st October 2016, and other benefits as per service rules."

"Further resolved that the monthly honorarium of Rs. 590,000/- for the Chairman is approved"

Item No. 7

The Company had obtained the approval from shareholders for investment of up to Rs.650 million in the equity of UniEnergy Limited. All necessary steps to set up economically viable project have been taken and are in the process of obtaining regulatory approvals from various government agencies. However, the last offered tariff has expired in June 2016 while the decision on the new tariff is awaited from NEPRA and main construction activities will start after obtaining upfront tariff and financial close. Keeping in view the status of the project and its financial requirements, the company has so far invested Rs. 20.0 million only. The remaining amount will be invested by Faran Sugar Mills Ltd as and when required by UniEnergy Limited. All the relevant/required material information has already been disseminated to shareholders of the company in the EOGM held on October 27, 2015 and in AGM held on January 28, 2016.

“Resolved that the consent and approval be and is hereby accorded for renewal of investment up to un-utilized amount of Rs. 630 million and corporate guarantee, if required, in the UniEnergy Limited.”

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

Item No. 8

The Securities and Exchange Commission of Pakistan (SECP) has allowed the companies to circulate the annual balance sheet, profit and loss accounts, auditor’s report and director’s report etc, (Annual Audited Accounts) to its members through CD/DVD/USB at their registered address.

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

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

GLOSSARY OF TERMS

AGM – Annual General Meeting:

AEDB: – Alternative Energy Development Board

Bagasse: The dry pulpy residue left after the extraction of juice from sugar cane, used as fuel for electricity generators, etc.

Brix: Measure of dissolved solids in sugar liquor or syrup using a refractometer

Centrifugal: Centrifuge used to separate sugar from mother liquor

Clarified Juice: Juices from clarifiers is referred as clear juice

Clarifier: Apparatus for the separation by sedimentation of suspended solids from turbid sugar solution

Dissolved Solids: All solute materials which is in solution, including sucrose, monosaccharide's, ash and other organic impurities

DuPont Analysis: A method of performance measurement, which examines return on equity (ROE) analyzing profit margin, total asset turnover, and financial leverage

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization.

Ethanol: A colorless volatile flammable liquid which is produced by the natural fermentation of sugars

HESCO: Hyderabad Electric Supply Company

IASB: International Accounting Standards Board.

IFRIC: International Financial Reporting Issues Committee

IFRS: International Financial Reporting Standard

KIBOR: Karachi Inter Bank Offer Rate

LOI: – Letter of Intent

Liming: Process in juice purification with lime in the form of milk of lime

Molasses: Thick, dark brown juice obtained from raw sugar during the refining process

NEPRA: National Electric Power Regulator Authority

Operating Cycle: The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale

PSMA - Pakistan Sugar Mills Association:

Sucrose: A pure chemical compound $C_{12}H_{22}O_{11}$.

Vacuum pan: Vacuum evaporator crystallizer used for rapid crystallization of sugar from liquor syrup or molasses

Wind Power: Power obtained by harnessing the energy of the wind

PATTERN OF SHAREHOLDING

As at September 30, 2016

NO. OF SHARE HOLDERS	SHARE HOLDING			TOTAL SHARES HOLD
	FROM		TO	
1359	1	-	100	22,114
539	101	-	500	119,220
145	501	-	1000	113,465
204	1001	-	5000	469,704
65	5001	-	10000	494,150
18	10001	-	15000	215,078
12	15001	-	20000	212,450
13	20001	-	25000	295,615
5	25001	-	30000	132,851
1	30001	-	35000	30,437
4	35001	-	40000	151,316
3	40001	-	45000	125,413
2	45001	-	50000	95,550
3	50001	-	55000	156,875
1	55001	-	60000	59,194
1	60001	-	65000	63,693
1	70001	-	75000	75,000
1	75001	-	80000	79,355
2	85001	-	90000	173,755
2	90001	-	95000	185,600
1	95001	-	100000	97,500
1	100001	-	105000	103,005
1	105001	-	110000	107,056
1	120001	-	125000	120,600
1	125001	-	130000	128,500
3	130001	-	135000	396,251
1	145001	-	150000	147,666
2	150001	-	155000	303,395
1	165001	-	170000	167,401
2	180001	-	185000	365,322
1	185001	-	190000	187,734
1	195001	-	200000	198,501
2	255001	-	260000	515,154
2	305001	-	310000	613,328
1	315001	-	320000	318,221
1	335001	-	340000	338,701
2	340001	-	345000	683,766
1	370001	-	375000	370,246
1	405001	-	410000	407,146
1	415001	-	420000	418,546
1	455001	-	460000	457,116
2	475001	-	480000	955,728
1	495001	-	500000	497,585
1	530001	-	535000	530,572
1	550001	-	555000	551,265
1	640001	-	645000	644,956
1	705001	-	710000	705,597
1	820001	-	825000	823,740
1	880001	-	885000	882,470
1	975001	-	980000	978,338
1	1005001	-	1010000	1,008,869
1	1140001	-	1145000	1,140,115
1	1270001	-	1275000	1,272,931
1	1455001	-	1460000	1,459,275
1	1695001	-	1700000	1,699,250
1	2140001	-	2145000	2,140,274
2425	TOTAL			25,006,955

S/R No.	Categories of Share Holders	Number of Share Holders	Total Shares Hold	Percentage %
1	Individuals	2366	20,044,486	80.16
2	Insurance Companies	2	169,724	0.68
3	Joint stock Companies	21	1,089,693	4.36
4	Financial Institutions	3	28,689	0.11
5	Modarabas	1	231	0.00
6	Others	23	1,122,557	4.49
7	Charitable Trusts	2	61,000	0.24
8	Mutual Fund	1	2,140,274	8.56
9	Welfare Society	1	15,602	0.06
10	Provident Fund	1	23,000	0.09
11	Employees Pension Fund	2	297,709	1.19
12	Employees Benevolent Fund	1	8,990	0.04
13	Gratuity Fund	1	5,000	0.02
		2425	25,006,955	100.00

CATEGORIES OF SHAREHOLDING

As at September 30, 2016

		Number of shareholders	Shares Held	Percentage
Associated Companies, Undertaking and Related Parties				
Reliance Insurance Company Ltd		1	18329	0.07
CDC TRUSTEE				
National Investment Unit Trust		1	2140274	8.56
Directors, CEO and their spouse and minor children				
Mr. Mohammad Omer Amin Bawany	Chairman	1	254722	1.02
Mr. Ahmed Ali Mohammad Amin	Chief Executive	1	446679	1.79
Mr. Hamza Omar Bawany	Director	1	644029	2.58
Mr. Bilal Omar Bawany	Director	1	551265	2.20
Mr. Muhammad Arif Amiwala	Director	1	2500	0.01
Mr. Irfan Zakaria	Director	1	2625	0.01
Mr. Altamash Ahmed Ali Bawany	Director	1	978338	3.91
Mrs. Rukhsana Omar	Spouse	1	2131256	8.52
Mrs. Ambreen Ahmed Ali	Spouse	1	2106396	8.42
Public sector companies and corporation				
Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds				
Trustee National Bank Of Pakistan		1	262509	1.06
Habib Sugar Mills Limited		1	90600	0.36
State Life Insurance Corporation Of Pakistan		1	151395	0.61
Kohinoor Textile Mills Limited		1	131000	0.52
Maple Leaf Capital Limited		1	198501	0.79
Mogul Tobacco Company		1	128500	0.51
Bulk Management Pakistan (Pvt.) Limited		1	75000	0.30
Mehran Sugar Mills Limited		1	152000	0.61
General Public		2406	14541037	58.15
Total		2425	25006955	100.00
Share holders holding five percent or more interest				
Trustee National Investment		1	2140274	8.56
Roshan Ara Mohd Amin		1	1350553	5.40
Rukhsana Omar		1	2131256	8.52
Ambreen Ahmed		1	2106396	8.42
Ayesha Amin		1	1752504	7.01
Shahida Amin		1	1877821	7.51
Gulshanara Amin		1	1485024	5.93

FORM OF PROXY

IMPORTANT

Instrument of Proxy will not be considered as valid unless it is deposited or received at the Company's Head Office at 3rd Floor, Bank House No. 1, Habib Square, M.A. Jinnah Road, Karachi not later than 48 hours before the time of holding the meeting.

Registered Folio/ Participant's

ID No. & A/c No. _____

No. of Shares held _____

I/We _____
of _____
being member of Faran Sugar Mills Limited, hereby appoint _____
_____ of _____ another
member of the Company as my our proxy to attend & vote for me us and on my our behalf at the 35th Annual General Meeting of the Company to be held on Tuesday, January 31, 2017 at 12:00 noon at any adjournment thereof.

WITNESSES

1. Signature _____
Name _____
Address _____

CNIC or Passport No. _____

2. Signature _____
Name _____
Address _____

CNIC or Passport No. _____

Signature of
Shareholder

Please affix
Revenue
Stamp

پروکسی فارم

فارن شوگر ملز لمیٹڈ

35 واں سالانہ اجلاس



اہم نوٹ

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

رجسٹرڈ فوئیو نمبر / پارٹنرپٹ کرنے والے کی شناخت نمبر
اکاؤنٹ نمبر
شیرز کی تعداد

میں مسمی / مسماة _____ سکنہ _____

ضلع _____ بحیثیت ممبر فارن شوگر ملز لمیٹڈ مسمی / مسماة _____

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

طرف سے کمپنی کے سالانہ اجلاس عام (یا جو بھی صورت حال ہو) جو مورخہ 31 جنوری 2017 کو 12:00 بجے بروز منگل بمقام دی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، کلفٹن کراچی میں منعقد ہو رہا ہے۔ اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔



دستخط شیرز ہولڈر

گواہان

1- دستخط _____

نام

پتہ

_____ / CNIC پاسپورٹ نمبر

2- دستخط _____

نام

پتہ

_____ / CNIC پاسپورٹ نمبر



FARAN SUGAR MILLS LTD.

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M.A. Jinnah Road, Karachi.
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92-21 111-BAWANY (229-269)
Fax :92-21 3242 1010
Email : info@faran.com.pk

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