annual report

2016

CHASHMA SUGAR MILLS LIMITED

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CHASHMA SUGAR MILLS LIMITED

Company Profile

Chashma Sugar Mills Limited (the Company) was incorporated on 05 May, 1988 as a Public Company and its shares are quoted on Islamabad, Lahore and Karachi Stock Exchanges. The Company is principally engaged in manufacturing and sale of white sugar including the following:

a) The exclusive object for which the Company established is to set up and operate an industrial undertaking at, Dera Ismail Khan in the Khyber Pakhtoon Khawa province to manufacture, produce, process, compound, prepare and sell sugar and other allied compounds, intermediates and by products thereto.

b) To appoint agents, sub-agents, attorneys, consultants, brokers, and contractors and connection with the exclusive object but not to act as managing agents.

c) To receive money on loan and borrow or raise money in such manner as the Company shall think fit in pursuance of the exclusive object, and in particular by the issue of debentures, or debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future), and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or any other person or company as the case may be, but not to act as a finance or banking company.

d) To purchase and import equipment, machinery, spare parts, or other articles and chemicals of use required by the Company for the purpose of carrying on the exclusive object and to export the products of the Company.

e) To employ and remunerate managers and other officers, employees and servants of the Company or any person or firm or company rendering services to the Company upon such terms as the Company may determine.

f) To accept or give security, including but not limited to promissory notes, indemnity bonds, guarantees, assignments, receipts, bailments pledges, hypothecations, liens, mortgages and charges, against the credit extended or moneys borrowed in connection with the exclusive object of the Company.

g) To open, close and operate banking accounts of the Company with any bank or banks, financial institutions or co-operative societies and to draw, make, accept, endorse, discount, execute and issue promissory notes bills of exchange, bill of lading, warrants, debentures and other negotiable or transferable instruments, but not to act as a finance or banking Company.

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Khan Aziz Sarfaraz Khan - Chief Executive
Mr. Abbas Sarfaraz Khan - Chairman
Begum Laila Sarfaraz
Ms. Zarmine Sarfaraz
Ms. Najda Sarafaraz
Mr. Iskander M. Khan
Mr. Baber Ali Khan
Mr. Abdul Qadar Khattak
Mr. Sher Ali Jafar Khan

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Syed Naveed Ali

Auditors/Tax Consultants

M/s. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants

Cost Auditors

M/s. Munawar Associates
Chartered Accountants

Legal Advisor

Mr. Tariq Mehmood Khokhar
Barrister-at-Law, Advocate

Shares Registrar

Messers Hameed Majeed Associates (Pvt.) Limited,
H.M. House, 7-Bank Square, Lahore.
Phone No. : 042-37235081 Fax No. : 042-37235083

Bankers

Bank Al-Habib Limited	Faysal Bank Limited
The Bank of Khyber	National Bank of Pakistan
MCB Bank Limited	Soneri Bank Limited
The Bank of Punjab	Askari Bank Limited
Bank Al-Falah Limited	United Bank Limited
Dubai Islamic Bank (Pakistan) Limited	Meezan Bank Limited
Al-Baraka Bank (Pakistan) Limited	Habib Bank Limited

CHASHMA SUGAR MILLS LIMITED

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Baber Ali Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 196 of the Companies Ordinance, 1984. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Mr. Sher Ali Jafar Khan (Independent Director)	Chairman
Mr. Iskander M. Khan (Non-Executive Director)	Member
Ms. Najda Sarfaraz (Non-Executive Director)	Member
Mr. Baber Ali Khan (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.
The terms of reference of the Audit Committee also include the following:

a) Determination of appropriate measures to safeguard the Company's assets;
b) Review of preliminary announcements of results prior to publication;
c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

d) Facilitating the external audit and discussion with external auditors of major observations arising form interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations and management's response thereto;

i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k) Instituting special projects, value for money studies or other investigations on any matte specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) Determining of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof; and

n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Iskander M. Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The Committee is responsible for:

i) The overall system of remuneration and benefits for senior management and functional heads.

ii) Succession and career development within the senior management.

iii) The size and composition of the Board including the "mix" of Executive and Non-Executive Directors.

iv) Selection and nomination of Non-Executive Directors to the Board and the terms & conditions, wherever applicable and if any, on which Non-Executive Directors are appointed and hold office, for the ultimate approval of the shareholders.

CHASHMA SUGAR MILLS LIMITED

VISION STATEMENT

- Efficient organization with professional competence of top order is engaged to remain a market leader in the sugar industry in manufacturing and marketing of white sugar.

- To ensure attractive returns to business associates and optimizing the shareholders value as per their expectations.

MISSION STATEMENT

- Quality objectives are designed with a view to enhance customer satisfaction and operational efficiencies.

- To be a good corporate citizen to fulfil the social responsibilities.

- Commitment to building, Safe, Healthy and Environment friendly atmosphere.

- We with professional and dedicated team, ensure continual improvement in quality and productivity through effective implementation of Quality Management System. Be a responsible employer and reward employees according to their ability and performance.

- The quality policy encompasses our long term **Strategic Goals** and **Core Values**, which are integral part of our business.

STRATEGIC GOALS

- Providing customer satisfaction by serving with superior quality production of white sugar and industrial alcohol at lowest cost.

- Ensuring security and accountability by creating an environment of security and accountability for employees, production facilities and products.

- Expanding customer base by exploring new national and international markets and undertaking product research and development in sugar industry.

- Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all strategic goals and to ensure highest possible value addition to stakeholders.

CORE VALUES

- Striving for continuous improvement and innovation with commitment and responsibility.

- Treating stakeholders with respect, courtesy and competence.

- Practicing highest personal and professional integrity.

- Maintaining teamwork, trust and support with open and candid communication; and.

- Ensuring cost consciousness in all decision and operations.

CHASHMA SUGAR MILLS LIMITED

Code of Conduct

Chashma Sugar Mills Limited has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

The Company Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

The Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- Standard of Conduct;
- Obeying the law;
- Human Capital;
- Consumers;
- Shareholders;
- Business Partners;
- Community involvement;
- Public activities;
- The environment;
- Innovation;
- Competition;
- Business integrity;
- Conflicts of interests; and
- Compliance, monitoring and reporting.

General Principles

- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all the employees and characterizes the Conduct of the organization.

- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part any behavior that conflict with the principles and content of the Code.
- The Code of Conduct aims at guiding the "Chashma Sugar Mills Limited team" with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the Company, harm its reputation or diminish its competitive advantage.
- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

It is the basic principle of Chahma Sugar Mills Limited to obey the law of the land and comply with its legal system. Accordingly every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

All business transactions on behalf of the Company must be reflected accordingly in the accounts of the Company. The image and reputation of the Company is determined by the way each and every of us acts and conducts him / her at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

CHASHMA SUGAR MILLS LIMITED

TEN YEARS PERFORMANCE AT A GLANCE

PARTICULARS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	(R U P E E S I N T H O U S A N D)									
Sales	11,206,209	7,559,896	5,831,752	6,673,731	5,848,891	5,882,738	6,362,700	3,968,673	2,579,812	1,638,595
Cost of sales	10,100,778	7,102,310	5,725,768	6,173,254	5,702,814	5,186,437	5,597,467	3,595,629	2,233,798	1,709,629
Operating profit/(Loss)	716,714	586,046	84,272	481,250	97,323	612,225	647,940	297,935	270,343	(128,111)
Profit/(Loss) before tax	215,151	125,969	(275,026)	56,728	(239,067)	165,491	347,799	(140,786)	(57,172)	(377,451)
Profit/(Loss) After tax	297,450	174,097	(128,619)	32,972	(218,971)	140,610	283,794	(217,910)	(63,163)	(358,007)
Share capital	286,920	286,920	286,920	286,920	286,920	286,920	286,920	286,920	286,920	191,280
Shareholders' equity	4,075,359	2,621,405	2,423,137	2,524,899	1,397,464	1,645,127	423,572	66,712	203,438	128,232
Fixed assets - net	8,174,002	6,770,010	6,372,848	5,014,393	3,171,414	3,103,002	2,335,101	2,515,056	2,723,775	1,850,560
Total assets	10,072,321	10,265,039	9,303,424	7,485,951	5,835,443	5,647,181	2,975,098	3,535,462	4,509,239	3,460,459
Long term liabilities	3,370,510	2,890,982	3,223,672	2,270,940	1,451,512	1,357,532	1,059,164	1,229,686	1,464,166	949,167
Dividend										
Cash dividend	45%	25%	0	0	0	10%	10%	0	0	0
Ratios:										
Profitability (%)										
Operating profit	6.40	7.75	1.45	7.21	1.66	10.41	10.18	7.51	10.48	(4.34)
Profit/ (Loss) before tax	1.92	1.67	(4.72)	0.85	(4.09)	2.81	5.47	(3.55)	(2.22)	23.04
Profit/(Loss) after tax	2.65	2.30	(2.21)	0.49	(3.74)	2.39	4.46	(5.49)	(2.45)	21.85
Return to Shareholders										
ROE - Before tax	5.28	4.81	(11.35)	2.25	(17.11)	10.06	82.11	(211.04)	(28.10)	(294.35)
ROE - After tax	7.30	6.64	(5.31)	1.31	(15.67)	8.55	67.00	(326.64)	(31.05)	(279.19)
Return on Capital Employed	3.99	3.16	(2.28)	0.69	(7.69)	4.68	19.14	(16.81)	(3.79)	(33.23)
E. P. S. - After tax	10.37	6.07	(4.48)	1.15	(7.63)	4.90	9.89	(7.59)	(2.20)	(18.72)
Activity										
Income to total assets	1.11	0.74	0.63	0.89	1.00	1.04	2.14	1.12	0.57	0.47
Income to fixed assets	1.37	1.12	0.92	1.33	1.84	1.90	2.72	1.58	0.95	0.89
Liquidity/Leverage										
Current ratio	0.72	0.74	0.80	0.92	0.89	0.96	0.43	0.46	0.63	0.68
Break up value per share	142.04	91.36	84.45	88.00	48.71	57.34	14.76	2.33	7.09	6.70
Total Liabilities to equity (Times)	1.47	2.92	2.84	1.96	3.18	2.43	6.02	52.00	21.17	25.99

CHASHMA SUGAR MILLS LIMITED

TEN YEARS REVIEW

YEAR	CANE CRUSHED TONS	RECOVERY %	SUGAR PRODUCED TONS
2007	1,277,817	8.09	102,496
2008	1,466,133	7.60	111,330
2009	1,050,807	8.20	85,234
2010	1,046,061	8.42	88,086
2011	1,353,553	8.69	117,474
2012	1,196,202	8.65	103,478
2013	1,326,905	9.18	121,771
2014	1,294,435	8.33	107,775
2015	1,588,226	9.16	145,502
2016	1,689,633	9.20	155,443

PRODUCTION OF ETHANOL

YEAR	MOLASSES CONSUMED TONS	RECOVERY %	PRODUCTION (LITRES)
2014	19,590	18.56	4,540,945
2015	36,277	18.24	8,272,982
2016	111,385	18.58	25,870,308

CHASHMA SUGAR MILLS LIMITED

Notice of Annual General Meeting

Notice is hereby given that 29th Annual General Meeting of the shareholders of Chashma Sugar Mills Limited will be held on January 30, 2017 at 11:30 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business: -

(1) To confirm the minutes of the Extra Ordinary General Meeting held on March 31, 2016.

(2) To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended September 30, 2016.

(3) To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 4.50 per share (45%) for the year ended September 30, 2016.

(4) To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2017. The present auditors' M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

(5) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from January 20, 2017 to January 30, 2017 (both days inclusive).

BY ORDER OF THE BOARD

Mardan:
December 29, 2016

(Mujahid Bashir)
Company Secretary

N.B:

1. Members, unable to attend in person may kindly send proxy form attached with the Balance Sheet signed and witnessed to the Company at least 48 hours before the time of the meeting. No person shall act, as proxy unless he is entitled to be present and vote in his own right.

2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.

3. C.D.C shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and participants I.D. numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his / her Computerized National Identity Card.

4. In case of proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's CNIC or passport, account and participants' ID numbers must be deposited along with the form of Proxy. Representative of corporate members should bring the usual documents required for such purpose.

5. All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2016, effective July 01, 2016, reforms have been made with regards to deduction of income tax for cash dividend; the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

   1. Rate of tax deduction for filer of income tax returns 12.5 %
   2. Rate of tax deduction for non-filer of income tax returns 20.0 %

   In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following detail on the registered address of the Company and the members who have deposited their shares into CDC are requested to send a copy of detail regarding tax payment status also the relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Total Shares	Folio / CDS ID/AC#	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

6. The accordance with the SECP's Circular No. 18 of 2012 dated June 2012, the shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholder's bank account. To opt for the dividend mandate option as stated, the dividend mandate Form is available at Company's website i.e. www.chashmasugarmills.com needs to be duly filled and submitted to the Company on its registered address.

7. The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

8. Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831(1) 2012 of 5 July 2012 which provides that the dividend warrant should bear the CNIC number of the registered member. In case your CNIC copy is not available your dividend warrant will be no be issue/dispatched to you.

9. The Directive of SECP contained in SRO 787(1) 2014 of September 08, 2014 whereby SECP has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. along with notice of annual general meeting to its members through e-mail. Members are requested to provide their e-mail addresses on registered address of the Company.

10. Audited accounts of the Company for the year ended September 30, 2016 will be provided on the website www.chashmasugarmills.com at least 21 days before the date of Annual General Meeting.

CHASHMA SUGAR MILLS LIMITED

DIRECTORS' REPORT

The Board of Directors of Chashma Sugar Mills Limited is pleased to present Directors' Report of the Company together with the audited financial statements for the year ended September 30, 2016.

1. SUMMARISED FINANCIAL RESULTS

The financial results of the Company for the year under review are as under:-

	2016	2015
	(Rupees in thousands)	
Profit / (Loss) before taxation	**215,151**	125,969
Taxation		
- Prior	**0**	0
- Deferred	**82,299**	48,128
	82,299	48,128
Profit / (Loss) after taxation	**297,450**	174,097
	---------- (Rupees) ----------	
Earnings / (Loss) per Share	**10.37**	6.07

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2015-16

The sugarcane crushing season 2015-16 commenced on the December 14, 2015 and continued till March 27, 2016. The Mills crushed 1,689,633 tons of sugarcane and produced 155,443 tons of sugar at an average recovery of 9.20%. The KPK Government fixed sugarcane price @ Rs. 180 /- per maund. The Company earned profits due to improved sugar prices.

2.2 CRUSHING SEASON 2016-2017

The sugarcane crushing season started on November 30, 2016 and the mills have crushed 500,898 tons of sugarcane, producing 42,165 tons of sugar average recovery of 8.60 % up to December 27, 2016. The Provincial Government of Punjab and KPK fixed sugarcane price @ Rs. 180/- per maund.

3. SUGAR PRICE

3.1 SUGAR SEASON 2015-16

The government allowed export of 650,000 MT of surplus sugar stock with Rs. 13/- per kg as subsidy to be shared equally by the Provincial and Federal Governments. However, the Khyber Pakhtunkhwa government refused to pay its share of the subsidy to the mills consequently the Company sold the sugar stocks locally and lost the international market.

3.2 SUGAR SEASON 2016-17

We are expecting overall increase of 5%~10% in the sugarcane yield in the country resulting in increased sugar production. PSMA has requested the GoP to allow export of 300,000 tons of sugar at the international rates. We foresee consistent sugar prices.

4. ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 20,696 MT of Ethanol during the year.

5. STAFF

The Management and Labor relations remained cordial during the year. Bonus to employees was paid at the rate of 03 months' salary during the year.

6. PATTERN OF SHAREHOLDING

The pattern of shareholding as required under section 236(2)(d) of the Companies Ordinance, 1984 is annexed.

7. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of Chashma Sugar Mills Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no significant doubts upon Chashma Sugar Mills Limited's ability to continue as a 'going concern'.
- Key operating and financial data for the last ten years in a summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2016, except for those disclosed in the financial statements.

- The Directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year other than disclosed in the pattern of shareholding.

- The value of investments of staff provident fund, based on audited accounts, was Rs. 48.2 million as at September 30, 2016.

- During the year six (06) meetings of the Board of Directors were held.

- Attendance by each Director is as follow:-

	Name of Directors	No. of Meetings Attended
-	Mr. Aziz Sarfaraz Khan	6
-	Begum Laila Sarfaraz	5
-	Mr. Abbas Sarfaraz Khan	5
-	Ms. Zarmine Sarfaraz	5
-	Ms. Najda Sarfaraz	5
-	Mr. Iskander M Khan	6
-	Mr. Baber Ali Khan	4
-	Mr. Abdul Qadar Khattak	3
-	Mr. Sher Ali Jafar Khan	4

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

8. ROLE OF SHAREHOLDERS

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half yearly and annual reports. The Board of Directors encourages the shareholder's participation at the annual general meeting to ensure high level of accountability.

9. DIVIDEND

The Board has recommended payment of Final Cash Dividend for the year ended September 30, 2016 @ Rs. 4.50 per share (45%) to all the shareholders of the Company.

10. ELECTION OF DIRECTORS

The directors were retired in accordance with the provision of Section 178 of the Companies Ordinance, 1984 and fresh election was held in the Extra Ordinary General Meeting of March 31, 2016. The Board has fixed the number of directors to be nine (9) including one independent director as required by the Code of Corporate Governance.

11. EXTERNAL AUDITORS

The Audit Committee and Board of Directors have recommended to re-appoint M/s ShineWing Hameed Chaudhri & Co., Chartered Accountants, Lahore as External Auditors for the financial year 2016-2017. The Board has recommended to approve the minimum audit fee as required by ATR-14 (Revised) issued by the ICAP.

12. STATUS OF THE COMPANY

In the light of the directions of the Securities and Exchange Commission of Pakistan, the Company has been treated a subsidiary of The Premier Sugar Mills & Distillery Company Limited with effect from the financial year 2010.

13. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Rules, relevant for the year ended September 30, 2016 have been duly complied with. A statement to this effect is annexed with the report.

14. ACKNOWLEDGEMENT

The Directors would like to express their gratitude for the hard work and dedication displayed by Staff and the Executives of the Organization and the valuable support of our Bankers.

Finally, the Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario.

ON BEHALF OF THE BOARD

(AZIZ SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan
December 29, 2016

Shareholders' Information

Registered Office
Nowshera Road Mardan, Khyber Pakhtunkhwa
Tel # 92 937 862051-52
Fax # 92 937 862989

Shares Registrar
Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel # 92 42 37235081-2
Fax # 92 42 37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchanges
Chashma Sugar Mills Limited Company's equity shares are listed on Lahore Karachi and Islamabad Stock Exchanges.

Listing Fees
The annual listing fee for the financial year 2016-17 has been paid to the stock exchanges within the prescribed time limit.

Statutory Compliance
During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Stock Code
The stock code for dealing in equity shares of Chashma Sugar Mills Limited at KSE, LSE and ISE is **Chas**.

Book Closure Dates
The Register of Members and Share Transfer books of the Company will remain closed from January 20, 2017 to January 30 , 2017.

Web Presence
Updated information regarding the Company can be accessed at the website, www.chashmasugarmills.com. The website contains the latest financial results of the Company together with Company's profile.

CHASHMA SUGAR MILLS LIMITED

FORM - 34

PATTERN OF SHAREHOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

AS AT 30 SEPTEMBER, 2016

SHARE HOLDERS	SHAREHOLDING					TOTAL SHARESHELD
148	From	1	to	100	Shares	11,006
548	From	101	to	500	Shares	241,154
137	From	501	to	1,000	Shares	127,789
182	From	1,001	to	5,000	Shares	478,887
37	From	5,001	to	10,000	Shares	274,900
34	From	10,001	to	20,000	Shares	506,906
7	From	20,001	to	25,000	Shares	155,700
5	From	25,001	to	30,000	Shares	141,500
3	From	30,001	to	35,001	Shares	102,000
5	From	35,001	to	40,000	Shares	148,400
10	From	40,001	to	60,000	Shares	445,147
3	From	60,001	to	70,000	Shares	268,089
5	From	70,001	to	80,000	Shares	382,500
1	From	80,001	to	85,000	Shares	85,000
5	From	85,001	to	125,000	Shares	86,142
4	From	105,001	to	200,000	Shares	839,000
3	From	200,001	to	310,000	Shares	872,000
3	From	310,001	to	450,000	Shares	1,450,219
5	From	625,001	to	2,000,000	Shares	4,734,186
2	From	2,000,001	to	above	Shares	17,341,475
1,147						**28,692,000**

Categories of Shareholders	Numbers	Shares Held	Percentage
Associated Compaines	4	19,111,834	66.61
NIT and ICP			
Directors & Relatives	12	4,001,719	13.95
Executive			
Public Sector Companies & Corporation	8	1,185,421	4.13
Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and	7	35,600	0.12
Individuals	1,114	4,062,426	14.16
Charitable Trusts	2	295,000	1.03
	1,147	**28,692,000**	**100.00**

Categories of Shareholders	Numbers		Shares Held		Percentage of Paid-up Capital
Associated Companies, Undertakings and Related Parties	**4**		**19,111,834**		**66.61**
Phipson & Co. (Pak) (Pvt.) Limited		307,500		1.07	
Azlak Enterprises (Pvt) Limited		1,462,859		5.10	
The Premier Sugar Mills & Distillery Co., Ltd.		13,751,000		47.93	
Syntronics Limited		3,590,475		12.51	
Directors & Relatives	**12**		**4,001,719**		**13.95**
Public Sector Companies and Corporations	**7**		**35,600**		**0.12**
Asif Mushtaq & Company		1,500		0.01	
Shakil Express (Pvt) Ltd.		17,700		0.06	
Neelam Textile Mills Ltd.		12,400		0.04	
Amer Cotton Mills (Pvt) Ltd.		300		0.00	
Muhammad Ahmed Nadeem Securities (Pvt) Ltd.		300		0.00	
S.H Bukhari Securities Fabrics		400		0.00	
Fikree's (SMC) (Pvt) Limited		3,000		0.01	
Banks, Development Finance Instituions, Non Banking Financial Instituitions, Insurance Companies, Modarabas and Mutual Funds	**8**		**1,185,421**		**4.14**
National Bank of Pakistan (Pension Fund)		86,142		0.30	
National Bank of Pakistan (Emp Benevolent Fund)		3,023		0.01	
National Bank of Pakistan		529		0.00	
Habib Bank AG Zurich Switerland		226,500		0.79	
Hanib Bank AG Zurich Deira Dubai		13,500		0.05	
Trustee National Investment (unit) Trust		852,227		2.97	
IDBP (ICP) Unit		3,200		0.01	
State life Insurance Co. of Pakistan		300		0.00	
Individuals	**1,114**		**4,062,426**		**14.15**
Charitable Trusts	**2**		**295,000**		**1.03**
Sarfaraz District Hospital Charity Fund		290,000		1.01	
Trustees Moosa Lawari Foundation		5,000		0.02	
	1,147		**28,692,000**		**100.00**

Shareholders holding 10% or more voting Intesrest in the Company

The Premier Sugar Mills & Distillery Co., Ltd	13,751,000	47.93
Syntronics Limited	3,590,475	12.51

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

Chashma Sugar Mills Limited - Year ended September 30, 2016

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

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

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Sher Ali Jaffar Khan.
Executive Directors	Mr. Aziz Sarfaraz Khan, Mr. Abdul Qadar Khattak
Non-Executive Directors	Mr. Abbas Sarfaraz Khan, Begum Laila Sarfaraz, Ms. Zarmine Sarfaraz, Ms. Najda Sarfaraz, Mr. Iskander M. Khan, Mr. Baber Ali Khan.

   The independent director meets the criteria of Independence under clause 5.19.1 (b) of the CCG.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or he/she, being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated among the directors.

9. 8 out of 9 Directors of the Company are exempted from the requirement of Director's Training Program (DTP) by virtue of minimum of 14 years of education and 15 years of experience as director of a listed company. Remaining one director has completed his training during the current year.

10. There was no new appointment of Company Secretary, CFO and Head of Internal Audit Department made during the year.

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

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by 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 share-holding.

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

15. The Board has formed an Audit Committee. It comprises of four members, of whom three are non-executive directors whereas 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 formulated and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of 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 and the employees working therein are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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 ICAP.

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

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

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

23. 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 contained in the CCG have been complied with.

For and on behalf of the Board

Islamabad
December 29, 2016

(AZIZ SARFARAZ KHAN)
CHIEF EXECUTIVE

CHASHMA SUGAR MILLS LIMITED
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **CHASHMA SUGAR MILLS LIMITED** (the Company) for the year ended September 30, 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, in which the Lahore and Islamabad Stock Exchanges have merged), where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried-out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of 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 as applicable to the Company for the year ended September 30, 2016.

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE;
December 30, 2016

CHASHMA SUGAR MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 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.

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Nafees ud din

LAHORE;
December 30, 2016

CHASHMA SUGAR MILLS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER, 2016

	Note	2016	2015
ASSETS	**Note**	**(Rupees in thousand)**	
Non-current assets			
Property, plant and equipment	5	**8,169,406**	6,764,869
Intangible assets	6	**433**	983
Security deposits		**4,163**	4,158
		8,174,002	6,770,010
Current assets			
Stores and spares	7	**295,498**	267,775
Stock-in-trade	8	**571,183**	2,044,696
Trade debts	9	**143,410**	341,109
Loans and advances	10	**280,408**	213,904
Prepayments and other receivables	11	**259,676**	282,100
Tax refunds due from the Government	12	**310,633**	265,502
Bank balances	13	**37,511**	79,943
		1,898,319	3,495,029
TOTAL ASSETS		**10,072,321**	10,265,039
EQUITY AND LIABILITIES			
Equity			
Authorised capital			
50,000,000 (2015: 50,000,000) ordinary shares of Rs.10 each		**500,000**	500,000
Issued, subscribed and paid-up capital			
28,692,000 (2015: 28,692,000) ordinary shares of Rs.10 each	14	**286,920**	286,920
General reserve		**327,000**	327,000
Unappropriated profit		**696,075**	320,253
Shareholders' equity		**1,309,995**	934,173
Surplus on revaluation of property, plant and equipment	15	**2,765,364**	1,687,232
Non-current liabilities			
Long term finances	16	**2,237,608**	1,765,383
Loans from related parties	17	**312,143**	437,000
Liabilities against assets subject to finance lease	18	**31,600**	18,688
Deferred taxation	19	**789,159**	669,911
		3,370,510	2,890,982
Current liabilities			
Trade and other payables	20	**809,603**	339,295
Accrued mark-up	21	**108,820**	183,281
Short term borrowings	22	**1,037,045**	3,816,799
Current maturity of non-current liabilities	23	**670,984**	413,277
		2,626,452	4,752,652
Total liabilities		**5,996,962**	7,643,634
TOTAL EQUITY AND LIABILITIES		**10,072,321**	10,265,039
Contingencies and commitments	24		

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

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER, 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales - net	25	**11,206,209**	7,559,896
Cost of Sales	26	**(10,100,778)**	(7,102,310)
Gross Profit		**1,105,431**	457,586
Distribution Cost	27	**(236,375)**	(56,533)
Administrative Expenses	28	**(274,130)**	(210,731)
Other Income	29	**132,760**	402,584
Other Expenses	30	**(10,972)**	(6,860)
Profit from Operations		**716,714**	586,046
Finance Cost	31	**(501,563)**	(460,077)
Profit before Taxation		**215,151**	125,969
Taxation	32	**82,299**	48,128
Profit after Taxation		**297,450**	174,097
Other Comprehensive Income		**0**	0
Total Comprehensive Income		**297,450**	174,097
		------- Rupees -------	
Earnings per Share	33	**10.37**	6.07

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

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER, 2016

	2016	2015
Cash flow from operating activities	**(Rupees in thousand)**	
Profit for the year - before taxation	**215,151**	125,969
Adjustments for non-cash charges and other items:		
Depreciation	**519,015**	400,852
Amortisation of intangible assets	**550**	550
Profit on deposit accounts	**(3,574)**	(7,281)
Gain on sale of operating fixed assets	**(3,208)**	(904)
Finance cost	**495,315**	456,492
Profit before working capital changes	**1,223,249**	975,678
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	**(27,723)**	26,614
Stock-in-trade	**1,473,513**	(341,507)
Trade debts	**197,699**	(163,253)
Loans and advances	**(66,504)**	(28,716)
Prepayments and other receivables	**22,424**	(130,012)
Advance sales tax and sales tax refundable - net	**(109,589)**	81,693
Increase / (decrease) in trade and other payables	**469,041**	(28,078)
	1,958,861	(583,259)
Cash generated from operations	**3,182,110**	392,419
Income tax refunds received / (taxes paid) - net	**64,458**	(51,619)
Security deposits	**(5)**	(30)
Net cash generated from operating activities	**3,246,563**	340,770
Cash flow from investing activities		
Purchase of property, plant and equipment	**(501,047)**	(797,380)
Intangible assets acquired	**0**	(1,300)
Sale proceeds of operating fixed assets	**10,484**	1,050
Profit on bank deposits received	**3,574**	7,281
Net cash used in investing activities	**(486,989)**	(790,349)
Cash flow from financing activities		
Long term finances - net	**597,454**	(4,517)
Lease finances - net	**20,533**	2,406
Short term borrowings - net	**(2,772,797)**	867,948
Dividend paid	**(70,463)**	0
Finance cost paid	**(569,776)**	(476,733)
Net cash (used in) / generated from financing activities	**(2,795,049)**	389,104
Net decrease in cash and cash equivalents	**(35,475)**	(60,475)
Cash and cash equivalents - at beginning of the year	**53,441**	113,916
Cash and cash equivalents - at end of the year	**17,966**	53,441
Cash and cash equivalents comprised of:		
Bank balances	**37,511**	79,943
Temporary bank overdrafts	**(19,545)**	(26,502)
	17,966	53,441

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

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER, 2016

	Share capital	General reserve	(Accumulated loss) / unappropriated profit	Total
	---------------- Rupees in thousand ----------------			
Balance as at September 30, 2014	286,920	327,000	(18,206)	595,714
Total comprehensive income for the year ended September 30, 2015	0	0	174,097	174,097
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year -net of deferred taxation	0	0	164,362	164,362
Balance as at September 30, 2015	286,920	327,000	320,253	934,173
Transaction with owners: Cash dividend for the year ended September 30, 2015 at the rate of Rs. 2.50 per share	0	0	(71,730)	(71,730)
Total comprehensive income for the year ended September 30, 2016	0	0	297,450	297,450
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year -net of deferred taxation	0	0	150,102	150,102
Balance as at September 30, 2016	**286,920**	**327,000**	**696,075**	**1,309,995**

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

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Chashma Sugar Mills Limited (the Company) was incorporated on May 05, 1988 as a Public Company and it commenced commercial production from October 01, 1992. The Company is principally engaged in manufacture and sale of white sugar and spirit. The Company's shares are quoted on Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore and Islamabad Stock Exchanges have been merged). The Head Office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and the Mills are located at Dera Ismail Khan.

1.2 The Premier Sugar Mills & Distillery Company Limited (PSM) directly and indirectly controls / beneficially owns more than fifty percent of the Company's paid-up capital and also has the power to elect and appoint more than fifty percent of the Company's directors; accordingly, the Company has been treated a Subsidiary of PSM with effect from the financial year ended September 30, 2010.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

(e) Contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and legal Advisors' judgment, appropriate provision is made.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on October 01, 2015 and are considered to be relevant to the Company's operations:

(a) IFRS 12 ‘Disclosures of interests in other entities’. The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company's accounting policy is in line with the requirements of this standard.

(b) IFRS 13 'Fair value measurement'. The standard establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial instruments: Disclosures. As a result, the Company has included additional disclosures in this regard in note 36 to these financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure. Notwithstanding the above, the change had no impact on the measurements of the Company's assets and liabilities.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on October 01, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on October 01, 2015 and have not been early adopted by the Company:

(a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, which replaces the guidance in IAS 39. The final version includes the requirements on classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS is under consideration of relevant committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the impact of these changes on its financial statements.

(b) IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after January 01, 2017. This is a converged standard from the IASB and Financial Accounting Standards Board (FASB) on revenue recognition. The standard will improve the financial reporting of revenue. The Company shall apply this standard from October 01, 2017 and does not expect to have a material impact on its financial statements.

(c) IAS 27 'Separate financial statements' is applicable on accounting periods beginning on or after January 01, 2016. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. It is unlikely that the amendment will have any impact on the Company's financial statements.

(d) IAS 34 'Interim financial reporting' is applicable on accounting periods beginning on or after July 01, 2016. This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the amendment will have any significant impact on the Company's interim financial information.

(e) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34,'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

(f) Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Company shall apply these amendments from October 01, 2016 and does not expect to have a material impact on its financial statements.

(g) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable on annual periods beginning on or after January 01, 2016. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The Company has yet to assess the impact of these amendments on its financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company's financial reporting and operations and therefore, have not been presented here.

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 consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment and depreciation

Owned assets

These, other than freehold land, buildings & roads, plant & machinery and generators, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings & roads, plant & machinery and generators are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is taken to profit and loss account over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 5.1 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are taken to profit and loss account.

4.2 Intangible assets and amortisation thereon

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation. Amortisation is taken to profit and loss account applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 6.1.

4.3 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.4 Stock-in-trade

Basis of valuation are as follows:

Particulars		Mode of valuation
Finished goods	-	At lower of cost and net realisable value.
Sugar-in-process	-	At cost.
Molasses	-	At net realisable value.

- Cost in relation to finished goods and sugar-in-process represents the annual average manufacturing cost, which consists of prime cost and appropriate production overheads.

- Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

4.5 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash & bank balances and temporary bank overdrafts.

4.7 Borrowings and borrowing cost

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.8 Staff retirement benefits (defined contribution plan)

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 8.25% of the basic salaries both by the employees and the Company.

4.9 Trade and other payables

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

4.10 Provisions

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

4.11 Taxation

Current

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

4.12 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.13 Financial instruments

Financial instruments include security deposits, trade debts, loans & advances, other receivables, bank balances, long term finances, loans from related parties, lease finances, trade & other payables, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.14 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.15 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.16 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indication exists, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded on dispatch of goods.
- Income on deposit / saving accounts is accounted for on 'accrual basis'.

4.18 Development expenditure

Expenditure incurred on development of sugar cane is expensed in the year of incurrence.

4.19 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure, the Company has been organised into two operating segments i.e. sugar and spirit.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Finance cost, other income, other expenses and taxation are managed at the Company level. Unallocated assets include security deposits, prepayments & other receivables and bank balances whereas unallocated liabilities include loans from related parties, deferred taxation, accrued mark-up and short term borrowings.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in thousand)	
Operating fixed assets - tangible	5.1	**8,130,966**	5,213,269
Capital work-in-progress	5.6	**37,410**	1,550,570
Stores held for capital expenditure		**1,030**	1,030
		8,169,406	6,764,869

5.1 Operating fixed assets - tangible

	Owned									Leased	
	Freehold land	Buildings and roads	Plant and machinery	Generators	Electric installations	Office equipment	Farm equipment	Furniture and fixtures	Vehicles	Vehicles	Total
	------- Rupees in thousand -------										
As at September 30, 2014											
Cost / revaluation	279,764	803,035	3,525,458	18,071	169,269	36,986	962	22,386	49,522	49,034	4,954,487
Accumulated depreciation	0	(251,403)	(761,266)	(4,113)	(98,330)	(16,158)	(355)	(12,606)	(32,438)	(12,716)	(1,189,385)
Book value as at September 30, 2014	279,764	551,632	2,764,192	13,958	70,939	20,828	607	9,780	17,084	36,318	3,765,102
Year ended September 30, 2015:											
Additions	0	281,904	1,422,877	0	127,065	6,502	0	1,229	947	8,641	1,849,165
Disposals											
- cost	0	0	0	0	0	0	0	0	(2,238)	0	(2,238)
- depreciation	0	0	0	0	0	0	0	0	2,092	0	2,092
Depreciation charge for the year	0	(62,211)	(311,991)	(1,396)	(10,278)	(2,398)	(61)	(1,052)	(3,475)	(7,990)	(400,852)
Book value as at September 30, 2015	279,764	771,325	3,875,078	12,562	187,726	24,932	546	9,957	14,410	36,969	5,213,269
Year ended September 30, 2016:											
Additions	0	374,376	1,467,022	0	112,467	9,970	36	3,609	1,098	45,629	2,014,207
Revaluation adjustments:											
- cost / revaluation	709,454	0	0	0	0	0	0	0	0	0	709,454
- depreciation	0	109,015	606,987	4,325	0	0	0	0	0	0	720,327
Disposals											
- cost	0	0	0	0	0	0	(51)	0	(19,102)	0	(19,153)
- depreciation	0	0	0	0	0	0	22	0	11,855	0	11,877
Transfers from leased to owned											
- cost	0	0	0	0	0	0	0	0	17,873	(17,873)	0
- depreciation	0	0	0	0	0	0	0	0	(10,295)	10,295	0
Depreciation charge for the year	0	(80,323)	(399,718)	(1,256)	(19,752)	(3,008)	(52)	(1,151)	(3,108)	(10,647)	(519,015)
Book value as at September 30, 2016	989,218	1,174,393	5,549,369	15,631	280,441	31,894	501	12,415	12,731	64,373	8,130,966
As at September 30, 2015											
Cost / revaluation	279,764	1,084,939	4,948,335	18,071	296,334	43,488	962	23,615	48,231	57,675	6,801,414
Accumulated depreciation	0	(313,614)	(1,073,257)	(5,509)	(108,608)	(18,556)	(416)	(13,658)	(33,821)	(20,706)	(1,588,145)
Book value	279,764	771,325	3,875,078	12,562	187,726	24,932	546	9,957	14,410	36,969	5,213,269
As at September 30, 2016											
Cost / revaluation	989,218	1,459,315	6,415,357	18,071	408,801	53,458	947	27,224	48,100	85,431	9,505,922
Accumulated depreciation	0	(284,922)	(865,988)	(2,440)	(128,360)	(21,564)	(446)	(14,809)	(35,369)	(21,058)	(1,374,956)
Book value	989,218	1,174,393	5,549,369	15,631	280,441	31,894	501	12,415	12,731	64,373	8,130,966
Depreciation rate (%)	0	10	10	10	10	10	10	10	20	20	
2015	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0	0

5.2 Revaluation surplus on each class of assets, as a result of latest revaluation as detailed in note 15.2, has been determined as follows:

Particulars	Freehold land	Buildings & roads	Plant & machinery	Gener-ators	Total
	------------- Rupees in thousand -------------				
Cost / revaluation as at September 30, 2016	279,764	1,459,315	6,415,357	18,071	8,172,507
Accumulated depreciation to September 30, 2016	0	393,937	1,472,975	6,765	1,873,677
Book value before revaluation adjustments as at September 30, 2016	279,764	1,065,378	4,942,382	11,306	6,298,830
Revalued amount	989,218	1,174,393	5,549,369	15,631	7,728,611
Revaluation surplus	**709,454**	**109,015**	**606,987**	**4,325**	**1,429,781**

5.3 Had the revalued fixed assets of the Company been recognised under the cost model, the carrying values of these assets would have been as follows:

	2016	2015
	(Rupees in thousand)	
- freehold land	**71,796**	71,796
- buildings & roads	**762,886**	435,223
- plant & machinery	**3,288,895**	2,037,870
- generators	**9,438**	10,487
	4,133,015	2,555,376

5.4 Depreciation for the year has been allocated as follows:

Cost of sales	**501,101**	385,937
Administrative expenses	**17,914**	14,915
	519,015	400,852

5.5 Disposal of operating fixed assets

Particulars	Cost	Accumu-lated deprec-iation	Book value	Sale proc-eeds	Gain / (loss)	Particulars of purchaser / employee
	------------- Rupees in thousand -------------					
Farm equipment						
To third party through negotiation						
Stubble shaver	51	22	29	90	61	Ghulam Hassan Khan, D.I. Khan
Owned vehicles						
To third parties through negotiation						
Suzuki Bolan	158	148	10	178	168	Mr. Ghazi Muhammad, D.I. Khan.
Honda City	762	606	156	655	499	Mr. Arslan Fareed, Rawalpindi.
Suzuki Alto	768	484	284	382	98	Mr. Wisal Muhammad Khan, Mardan.
Toyota Corolla	1,719	1,132	587	1,310	723	Mr. Aqeel Abbas, Bhakkar.
Honda City	850	677	173	635	462	Ch. Bashir Ahmed, Sargodha.
Toyota Corolla	1,581	953	628	791	163	Muhammad Shakeel Ahmed, Islamabad.
Toyota Corolla	1,433	894	539	716	177	Mr. Amjad Hussain Gondal, Rawalpindi.
Suzuki Cultus	993	606	387	497	110	Mr. Afzal Shah, Islamabad.
Toyota Prius	2,717	1,297	1,420	1,250	(170)	Mr. Abid Rafeeq, Islamabad.
Toyota Corolla	1,430	902	528	672	144	Mr. Zahid Mehmood Malik, Attock.
To employees as per the Company's policy						
Honda motorcycle	57	43	14	15	1	Mr. Altaf Hussain, Bhakkar.
Toyota Corolla	1,373	938	435	686	251	Muhammad Yasin, Tandu Muhammad Khan.
Mazda Coach	426	418	8	200	192	Mr. Ajab Khan, D.I. Khan.
Honda Civic	2,194	1,235	959	1,097	138	Mr. Hameed Ur Rehman Khan, Islamabad.
Toyota Corolla	1,673	941	732	826	94	Mr. Tahir Mehmood, Bannu.
Suzuki Cultus	968	581	387	484	97	Mr. Wajahat Qamar Butt, Islamabad.
	19,102	11,855	7,247	10,394	3,147	
2016	**19,153**	**11,877**	**7,276**	**10,484**	**3,208**	
2015	2,238	2,092	146	1,050	904	

5.6 Capital work-in-progress

	Note	2016	2015
		(Rupees in thousand)	
Buildings on freehold land		**0**	255,453
Plant and machinery	**5.7**	**0**	1,068,246
Electric installations		**0**	90,742
Vehicles - leased		**6,721**	8,212
Advance payments:			
- freehold land		**30,513**	13,131
- buildings on freehold land		**47**	11,957
- plant and machinery		**129**	102,829
		30,689	127,917
		37,410	1,550,570

5.7 No mark-up has been capitalised during the current year; (plant and machinery additions for the preceding year included mark-up on long term finances aggregating Rs.156.985 million at the rates of mark-up disclosed in note 16).

5.8 The installation of Bio Gas Plant and Waste Water Treatment Plant has been completed during the current year; (the installation of Ethanol Fuel Plant of 125,000 litres per day was completed during the preceding year; trial run operations of this Plant continued till June 30, 2015. Unallocated capital expenditure aggregating Rs.119.037 million (net) on the said date were allocated to buildings, plant & machinery and electric installations).

6. INTANGIBLE ASSETS - Computer softwares

	2016	2015
Cost at beginning of the year	**8,242**	6,942
Additions during the year	**0**	1,300
Cost at end of the year	**8,242**	8,242
Less: amortisation:		
- at beginning of the year	**7,259**	6,709
- charge for the year	**550**	550
-at end of the year	**7,809**	7,259
Book value as at September 30,	**433**	983

6.1 Amortisation is charged to income applying the straight-line method at the rate of 33.33% per annum.

7. STORES AND SPARES

	2016	2015
Stores including in-transit inventory valuing Rs.1.958 million (2015: nil)	**263,935**	239,373
Spares	**31,563**	28,402
	295,498	267,775

8. STOCK-IN-TRADE

	Note	2016	2015
		(Rupees in thousand)	
Finished goods			
- sugar		**184,230**	1,627,189
- molasses		**247,596**	389,576
- spirit		**131,492**	17,694
		563,318	2,034,459
Sugar-in-process		**7,865**	10,237
		571,183	2,044,696

9. TRADE DEBTS - Unsecured, considered good

9.1 Year-end balance of trade debts includes a debt amounting Rs.19.450 million (2015: Rs.22.300 million); to secure this debt, the Company has executed a sale deed with the debtor whereby commercial property owned by him will be transferred to the Company if he fails to meet his commitment. The debtor, during the current year, has paid amounts aggregating Rs.2.850 million (2015: Rs.10 million) to the Company.

9.2 The year-end balance of trade debts includes debtors aggregating Rs.26.588 million (2015: Rs.79.097 million) relating to spirit customers.

10. LOANS AND ADVANCES

	Note	2016	2015
Advance payments to:			
- employees		**7,465**	5,223
- suppliers and contractors	**10.1**	**272,235**	211,099
Due from an Associated Company	**10.2**	**0**	19
Letters of credit		**3,145**	0
		282,845	216,341
Less: provision for doubtful advances		**2,437**	2,437
		280,408	213,904

10.1 These are unsecured and considered good except for Rs.2.437 million (2015: Rs.2.437 million), which have been fully provided for in the books of account.

10.2 This represented due from Syntron Limited in respect of current account transactions.

10.3 **(a)** The Company has related party relationship with its Holding Company and Associated Companies, its directors, key management personnel and employee benefit plan. Transactions with related parties are carried-out on arm's length basis. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the Holding Company and Associated Companies during the year were as follows:

	Note	2016	2015
		(Rupees in thousand)	
The Holding Company			
- sale of goods		**2,252**	3,538
- purchase of goods		**71,478**	0
- sale of stores		**2,554**	179
- purchase of stores		**8,946**	6,295
- mark-up expensed		**21,965**	28,494
- dividend paid		**34,377**	0
Associated Companies			
- purchase of goods		**74,947**	73,638
- mark-up expensed		**12,082**	15,204
- services received		**17,178**	9,439
- dividends paid		**13,402**	0

(b) Maximum aggregate debit balance of the Holding Company and Associated Companies at any month-end during the year was Rs.71.741 million (2015: Rs.1.766 million).

11. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2016	2015
Prepayments		**4,491**	3,935
Sugar export subsidy receivable	**11.1**	**254,935**	275,335
Others		**250**	2,830
		259,676	282,100

11.1 **(a)** The Company, during the current year, has not accrued any further subsidy due to nil sugar exports. Amounts aggregating Rs.20.400 million have been received under this head during the current year. Balance as at September 30, 2016 represents subsidy portion receivable from the Government of Khyber Pakhtunkhwa (KPK). Subsidy portion receivable from the Federal Government has been fully received.

(b) The Company, during the year, has filed a writ petition before the Peshawar High Court, Peshawar regarding Notification dated December 24, 2014 wherein the Federal Government and the Government of KPK had pledged to pay the sugar mills subsidy on exports at the rate of Rs.10 per Kg. The petition is pending adjudication.

12. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2016	2015
		(Rupees in thousand)	
Income tax refundable, advance tax and tax deducted at source		**90,296**	154,754
Advance sales tax and sales tax refundable		**220,337**	110,748
		310,633	265,502

13. BANK BALANCES

	Note	2016	2015
Cash at banks on:			
- current accounts	13.1	**36,130**	69,734
- PLS accounts	13.2	**1,231**	9,984
- deposit accounts	13.2	**150**	225
		37,511	79,943

13.1 These include dividend account balance of Rs.1.722 million (2015: Rs.1.722 million).

13.2 These carry profit at the rate of 3.75% (2015: at the rates ranging from 3.76% to 4.94%) per annum.

14. SHARE CAPITAL

Ordinary shares held by the related parties at the year-end are as follows:

	2016	2015
Holding Company		
- The Premier Sugar Mills & Distillery Co. Ltd.	**13,751,000**	13,751,000
Associated Companies		
- Azlak Enterprises (Pvt.) Ltd.	**1,462,859**	1,462,859
- Phipson & Co. Pakistan (Pvt.) Ltd.	**307,500**	307,500
- Syntronics Ltd.	**3,590,475**	3,590,475
	19,111,834	19,111,834

15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

15.1 The Company had revalued its freehold land, buildings & roads and plant & machinery of its Unit - I on March 31, 2008, which resulted in revaluation surplus aggregating Rs.957.702 million. The Company as at September 30, 2011 and September 30, 2013 had revalued the aforementioned fixed assets of its both Units, which resulted in revaluation surplus aggregating Rs.880.755 million and Rs.1.594 billion respectively. These fixed assets were revalued by independent Valuers on the basis of replacement value / depreciated market values.

15.2 The Company as at September 30, 2016 has again revalued the aforementioned fixed assets of its both Units. The revaluation exercise has been carried-out by Independent Valuers - K.G. Traders (Pvt.) Ltd., Shahnawaz Plaza, G-11 Markaz, Islamabad. Freehold land has been revalued on the basis of current market value whereas buildings & roads, plant & machinery and generators have been revalued on the basis of depreciated market values. The appraisal surplus arisen on latest revaluation aggregating Rs.1.430 billion has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	Note	2016	2015
		(Rupees in thousand)	
Opening balance		**2,383,355**	2,625,064
Add: surplus arisen on revaluation carried-out during the year	**5.2**	**1,429,781**	0
Less: transferred to (accumulated loss) / unappropriated profit on account of incremental depreciation for the year		**(217,539)**	(241,709)
		3,595,597	2,383,355
Less: deferred tax on:			
- opening balance of surplus		**696,123**	797,641
- surplus arisen during the year		**223,301**	0
- incremental depreciation for the year		**(67,437)**	(77,347)
		851,987	720,294
		2,743,610	1,663,061
Resultant adjustment due to reduction in tax rate		**21,754**	24,171
Closing balance		**2,765,364**	1,687,232

16. LONG TERM FINANCES - Secured

(From banking companies)

	Note	2016	2015
		(Rupees in thousand)	
Bank Alfalah Limited: (BAL)			
- Term finance	16.1	**150,000**	200,000
Bank Al-Habib Limited: (BAH)			
- Fixed loan	16.2	**79,243**	101,884
- Long term finance [(LTFF) - SBP]	16.2	**320,057**	362,067
		399,300	463,951
Faysal Bank Limited: (FBL)			
- Term finance	16.3	**416,637**	499,964
Soneri Bank Limited: (SBL)			
- Term finance	16.4	**112,911**	141,139
- LTFF (ERF)	16.4	**325,165**	345,581
		438,076	486,720
The Bank of Khyber: (BoK)			
- Demand finance	16.5	**13,779**	68,896
The Bank of Punjab: (BoP)			
- Demand finance	16.6	**73,978**	92,472
- LTFF	16.6	**298,612**	355,856
		372,590	448,328
Syndicated Islamic finance facility	16.7	**974,931**	0
		2,765,313	2,167,859
Less: current maturity grouped under current liabilities including an overdue instalment amounting Rs.25 million (2015: Rs.25 million)		**527,705**	402,476
		2,237,608	1,765,383

16.1 This term finance has been obtained for purchase of plant and machinery and is repayable in 10 equal half-yearly instalments with effect from September, 2014. These finances carry mark-up at the rate of 6-months KIBOR plus 2% per annum; the effective mark-up rates during the year ranged from 8.06% to 9.05% (2015: 9.05% to 12.18%) per annum and are secured against first registered joint pari passu charge on present and future fixed assets of the Company for Rs.386.670 million.

16.2 Fixed loan and LTFF (SBP) finance facilities aggregate Rs.500 million and have been utilised for establishment of ethanol plant. Fixed loan is repayable in 10 equal half-yearly instalments commenced from August, 2015 whereas LTFF is repayable in 10 equal half-yearly instalments commenced from April, 2016. The finance facilities are secured against joint pari passu charge over fixed assets of the Company; BAH's share amounts to Rs.933.333 million. Fixed loan carries mark-up at the rate of 6-months average KIBOR plus 1.5%; the effective mark-up rates during the year ranged from 7.59% to 8.50% (2015: 8.50% to 11.67%) per annum. LTFF (SBP) finance facility carries mark-up at SBP rate + 3%; the effective mark-up rate during the year was 11.40% (2015: 11.40%) per annum.

16.3 Term finance facility available from FBL amounts to Rs.500 million and has been obtained for setting-up Ethanol Fuel Plant. The finance facility is repayable in 6 half-yearly instalments commenced from April, 2016 and is secured against joint pari passu hypothecation and mortgage charge over all fixed assets of the Company for Rs. 667 million. The finance facility carries mark-up at the rate of 6-months KIBOR plus 1.5% per annum; the effective mark-up rates during the year ranged from 7.86% to 10.50% (2015: 9.50% to 11.69%) per annum.

16.4 Term finance and LTFF (ERF) facilities available from SBL aggregate Rs.500 million and have been obtained to finance plant and machinery. These finance facilities are repayable in 10 equal half-yearly instalments commenced from February, 2016 and are secured against joint pari passu charge of Rs.666.667 million over present and future fixed assets of the Company. Term finance carries mark-up at the rate of 6-months KIBOR + 1.75%; the effective mark-up rates during the year ranged from 8.06% to 8.80% (2015: 8.80% to 11.93%) per annum. LTFF (ERF) carries mark-up at SBP rate + 3%; the effective mark-up rates during the year ranged from 9% to 11.40% (2015: 9% to 11.40%) per annum.

16.5 Demand finance facility available from BoK for purchase of plant & machinery amounts to Rs.250 million and carries mark-up at the rate of 6-months KIBOR plus 2% with no floor and no cap; the effective mark-up rates during the year ranged from 8.06% to 9.05% (2015: 9.05% to 12.18%) per annum. The finance facility is repayable in 16 equal quarterly instalments commenced from January, 2013 and is secured against first registered pari passu charge for Rs.350 million over all present and future fixed assets of the Company.

16.6 Demand finance and LTFF finance facilities available from BoP aggregate Rs.500 million and have been obtained to finance distillery / ethanol plant established by the Company. These finance facilities are repayable in 10 equal half-yearly instalments commenced from November, 2015 and are secured against joint pari passu hypothecation charge over fixed assets of the Company for Rs.666.670 million. Demand finance carries mark-up at the rate of 6-months KIBOR + 1.3%; the effective mark-up rates during the year ranged from 7.36% to 8.35% (2015: 8.35% to 11.48%) per annum. LTFF carries mark-up at SBP rate + 3%; the effective mark-up rate during the year was 11.40% (2015: 11.40%) per annum.

16.7 The Company, during the year, has obtained a Syndicated Islamic finance facility of Rs.1,000 million at the rate of KIBOR + 2% per annum; the effective mark-up rates during the year ranged from 8.35% to 8.53% per annum.

The finance facility's tenor is 7 years with 2 years grace period; the bank-wise outstanding amount against the facility as at September 30, 2016 is as follows:

	Outstanding amount (Rupees in thousand)
- Dubai Islamic Bank Pakistan Ltd. (Investment agent and security trustee)	**474,931**
- Soneri Bank Ltd.	**300,000**
- National Bank of Pakistan	**200,000**
	974,931

The finance facility is secured against first joint pari passu charge over present and future moveable fixed assets of the Company and first joint pari passu charge by way of equitable mortgage on all present and future immoveable fixed assets of the Company to the tune of Rs.1.333 billion.

17. LOANS FROM RELATED PARTIES - Secured

	Note	2016	2015
		(Rupees in thousand)	
Holding Company			
The Premier Sugar Mills & Distillery Co. Ltd. **(PSM)**	**17.1**	**279,500**	279,500
Associated Companies			
Premier Board Mills Ltd. **(PBM)**	**17.2**	**113,750**	113,750
Arpak International Investments Ltd. **(AIIL)**	**17.3**	**43,750**	43,750
		437,000	437,000
Less: current maturity grouped under current liabilities		**124,857**	0
		312,143	437,000

17.1 The Company and PSM have entered into a loan agreement on May 20, 2008 whereby PSM has advanced amounts aggregating Rs.322.500 million to the Company. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; effective mark-up rates charged by PSM during the year ranged from 7.45% to 8.10% (2015: 8.51% to 11.71%) per annum. As per the previous loan agreement, the loan was repayable in eight equal half-yearly instalments with effect from August, 2013; however, the Company has made repayments aggregating Rs.43 million upto September 30, 2013. The Company and PSM have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing February, 2017. The loan is secured against a promissory note of Rs.397.810 million.

17.2 The Company and PBM have entered into a loan agreement on May 20, 2008 whereby PBM has advanced amounts aggregating Rs.130 million to the Company. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; effective mark-up rates charged by PBM during the year ranged from 7.45% to 7.82% (2015: 8.24% to 11.62%) per annum. As per the previous loan agreement, the loan was repayable in eight equal half-yearly instalments with effect from May, 2013. The Company and PBM have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing November, 2016. The loan is secured against a promissory note of Rs.268.031 million.

17.3 The Company and AIIL have entered into a loan agreement on May 20, 2008 whereby AIIL has advanced amounts aggregating Rs.50 million to the Company. The loan carries mark-up at the rate of one month KIBOR+1.25% per annum; effective mark-up rates charged by AIIL during the year ranged from 7.45% to 7.82% (2015: 8.24% to 11.62%) per annum. As per the previous loan agreement, the loan was repayable in eight half-yearly instalments with effect from May, 2013. The Company and AIIL have entered into a revised agreement on September 30, 2013 whereby the balance of loan is repayable in seven half-yearly instalments commencing November, 2016. The loan is secured against a promissory note of Rs.55.615 million.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	**2016**			2015		
	Upto one year	**From one to five years**	**Total**	Upto one year	From one to five years	Total
	Rupees in thousand					
Minimum lease payments	**22,453**	**45,925**	**68,378**	14,797	27,896	42,693
Less: finance cost allocated to future periods	**3,428**	**3,516**	**6,944**	2,540	2,413	4,953
	19,025	**42,409**	**61,434**	12,257	25,483	37,740
Less: security deposits adjustable on expiry of lease terms	**603**	**10,809**	**11,412**	1,456	6,795	8,251
Present value of minimum lease payments	**18,422**	**31,600**	**50,022**	10,801	18,688	29,489

18.1 The Company has entered into lease agreements with Bank Al-Habib Ltd. and Faysal Bank Ltd. for lease of vehicles. The liabilities under the lease agreements are payable in monthly instalments by August, 2020 and are subject to finance cost at the rates ranging from 4.57% to 9.00% (2015: 5.71% to 10.18%) per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These lease finance facilities are secured against title of the leased vehicles in the name of lessors and demand promissory notes.

19. DEFERRED TAXATION - Net

	Note	2016	2015
		(Rupees in thousand)	
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		**277,670**	366,876
- surplus on revaluation of property, plant and equipment		**830,233**	696,123
- lease finances		**912**	0
		1,108,815	1,062,999
Deductible temporary differences arising in respect of:			
- provision for doubtful advances		**(755)**	(780)
- unused tax losses	**19.1**	**0**	(81,022)
- minimum tax recoverable against normal tax charge in future years	**19.1**	**(277,826)**	(284,828)
- tax credit for investment in plant and machinery		**(41,075)**	(26,212)
- lease finances		**0**	(246)
		(319,656)	(393,088)
		789,159	669,911

19.1 As at September 30, 2016, deferred tax asset amounting Rs.456.240 million on unused tax losses and Rs.44.638 million on minimum tax recoverable against normal tax charge in future years has not been recognised in the financial statements on the ground of prudence; (2015: deferred tax asset amounting Rs.197.944 million on unused tax losses was not recognised). The management intends to re-assess the recognition of deferred tax asset as at September 30, 2017.

Deferred taxation as at September 30, 2016 and September 30, 2015 represents deferred tax on surplus on revaluation of property, plant and equipment and on tax credit available under section 65B of the Income Tax Ordinance, 2001.

20. TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in thousand)	
Creditors		**169,052**	214,452
Due to related parties	**20.1**	**24,160**	9,615
Accrued expenses		**63,148**	59,620
Retention money		**21,077**	26,196
Security deposits - interest free repayable on demand		**1,378**	778
Advance payments from customers		**489,411**	3,549
Income tax deducted at source		**2,182**	2,097
Workers' (profit) participation fund	**20.2**	**23,214**	10,490
Unclaimed dividends		**4,541**	3,274
Due to employees		**11,440**	9,224
		809,603	339,295

20.1 This represents amounts due to the following Associated Companies:

	2016	2015
- Phipson & Co. Pakistan (Pvt.) Ltd.	**3**	0
- Syntronics Ltd.	**2,349**	0
- Syntron Ltd.	**8,200**	0
- Azlak Enterprises (Pvt.) Ltd.	**13,608**	9,439
- Arpak International Investments Ltd.	**0**	176
	24,160	9,615

20.2 Workers' (profit) participation fund

	2016	2015
Opening balance	**10,490**	3,439
Add: interest on funds utilised in the Company's business	**1,967**	421
	12,457	3,860
Add: allocation for the year	**10,757**	6,630
Closing balance	**23,214**	10,490

21. ACCRUED MARK-UP

	Note	2016	2015
		(Rupees in thousand)	
Mark-up accrued on:			
- long term finances		**81,251**	62,043
- loans from related parties		**11,401**	34,022
- short term borrowings		**16,168**	87,216
		108,820	183,281

22. SHORT TERM BORROWINGS

	Note	2016	2015
Secured	**22.1**	**1,017,500**	3,790,297
Un-secured	**22.2**	**19,545**	26,502
		1,037,045	3,816,799

22.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.7,650 million (2015: Rs.6,750 million) and, during the year, carried mark-up at the rates ranging from 4.50% to 14.00% (2015: 4.50% to 14.00%) per annum. Facilities available for opening letters of credit aggregate Rs.400 million (2015: Rs.352 million). These facilities are secured against charge over the Company's current assets, plant & machinery, tools & equipment, lien over export documents, pledge of white refined sugar stocks and banks' lien over import documents. These facilities are expiring on various dates by September 30, 2017.

22.2 These temporary bank overdrafts have arisen due to issuance of cheques for amounts in excess of balances in the bank accounts.

23. CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2016	2015
Long term finances	**16**	**527,705**	402,476
Loans from related parties	**17**	**124,857**	0
Liabilities against assets subject to finance lease	**18**	**18,422**	10,801
		670,984	413,277

24. CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 The Company, during the period from July, 2008 to September, 2010, had paid special excise duty (the duty) on sugar at value higher than the value fixed by the Federal Board of Revenue vide SRO. No. 564(I)/2006 dated June 05, 2006. This resulted in excess payment of duty amounting Rs.35.825 million. The refund application was submitted to the Deputy Commissioner Inland Revenue (DCIR), who had rejected the application. The Company had filed an appeal before the Commissioner Inland Revenue - Appeals [CIR(A)] against the impugned order. The CIR(A), during the financial year ended September 30, 2013, had upheld the order of DCIR. The Company, thereafter, has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), Peshawar Bench, which has heard and reserved the judgment on June 19, 2013. The Company's legal Advisors are of the opinion that in view of highly meritorious arguments placed before the Tribunal, the Company's refund claim shall be sanctioned.

24.2 The ATIR, during the year, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed an appeal before the ATIR against order passed by the CIR(A), who had upheld the assessment order dated April 24, 2014 in show cause notice dated February 02, 2014 for claiming input tax adjustment of Rs.20.678 million in violation of SRO 490(I)/2002.

24.3 The ATIR, during the year, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had reduced the assessed amount from Rs.36.842 million to Rs.28.063 million vide order dated December 02, 2014.

24.4 The ATIR, during the year, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had upheld the assessment order passed by the DCIR dated September 10, 2014 and the Company was directed to pay Rs.30.021 million.

24.5 The ATIR, during the year, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed a sales tax appeal before the ATIR against order passed by the CIR(A), who had upheld the assessment order passed by the Officer Inland Revenue dated November 26, 2014 for claiming input tax adjustment of Rs.0.880 million.

24.6 The ATIR, during the year, has accepted the Company's appeal and the impugned order has been set aside. The Company had filed a sales tax appeal before the ATIR against order passed by the CIR(A) on May 26, 2015 under section 37A(4) of the Sales Tax Act, 1990.

24.7 The Company, by filing a writ petition before the Peshawar High Court (the PHC), has challenged the Notification issued by the Government of Khyber Pakhtunkhwa (KPK) dated August 12, 2015 to the extent of its retrospective application with effect from July 01, 2014. The Government of KPK, through the said Notification, has fixed minimum wages for unskilled workers working in the industrial and commercial establishments in the Province at Rs.12,000/- per month. An adverse judgment by PHC will create additional wage liabilities aggregating Rs.9.682 million approximately. The petition is pending adjudication.

24.8 A sales tax appeal of the Company is pending before the CIR(A), Peshawar against assessment order dated June 28, 2016 passed by the DCIR regarding alleged stock taking to the tune of Rs.8.602 million payable under section 14 of the Federal Excise Act, 2005.

24.9 A sales tax appeal of the Company is also pending before CIR(A), Peshawar against assessment order dated June 21, 2016 passed by the DCIR. It has been alleged that the Company has violated SRO 488(I) 2004 dated June 12, 2014 and claimed input tax to the tune of Rs.135.764 million along with default surcharge and penalty against supplies to unregistered persons.

24.10 Also refer contents of notes detailed in notes 11.1(b) and 32.

	Commitments	**Note**	**2016**	2015
			(Rupees in thousand)	
24.11	Commitments in respect of :			
	- foreign letters of credit for purchase of plant & machinery		**11,377**	133,890
	- capital expenditure other than for letters of credit		**2,505**	61,792
25.	**SALES** - Net			
	Turnover:			
	Local		**10,957,817**	6,348,673
	Export		**1,079,641**	1,424,986
			12,037,458	7,773,659
	Less: sales tax		**831,249**	213,763
			11,206,209	7,559,896

26. COST OF SALES

	Note	2016	2015
		(Rupees in thousand)	
Raw materials consumed		**7,370,974**	6,454,720
Chemicals and stores consumed		**206,746**	173,204
Salaries, wages and benefits	**26.1**	**366,861**	297,867
Power and fuel		**28,264**	35,912
Repair and maintenance		**139,069**	84,894
Insurance		**14,250**	11,283
Depreciation	**5.4**	**501,101**	385,937
		8,627,265	7,443,817
Adjustment of sugar-in-process:			
Opening		**10,237**	12,241
Closing	**8**	**(7,865)**	(10,237)
		2,372	2,004
Cost of goods manufactured		**8,629,637**	7,445,821
Adjustment of finished goods:			
Opening stock		**2,034,459**	1,690,948
Closing stock	**8**	**(563,318)**	(2,034,459)
		1,471,141	(343,511)
		10,100,778	7,102,310

26.1 These include Rs.4.084 million (2015: Rs.3.553 million) in respect of contribution to staff provident fund.

27. DISTRIBUTION COST

	Note	2016	2015
Salaries and benefits	**27.1**	**7,709**	5,289
Commission		**70,425**	7,674
Loading and stacking		**23,654**	16,724
Export development surcharge		**2,827**	3,111
Freight expenses on export of ethanol (2015: sugar)		**105,834**	11,035
Other expenses on export		**25,926**	12,700
		236,375	56,533

27.1 These include Rs.73 thousand (2015: Rs.49 thousand) in respect of contribution to staff provident fund.

28. ADMINISTRATIVE EXPENSES	**Note**	**2016**	2015
		(Rupees in thousand)	
Salaries and benefits	**28.1**	**186,850**	141,156
Travelling and conveyance:			
- directors'		**14,529**	12,761
- others		**6,846**	6,501
Vehicles' running and maintenance		**9,657**	9,911
Rent, rates and taxes		**2,863**	729
Communication		**7,547**	5,205
Printing and stationery		**5,688**	4,977
Insurance		**1,319**	835
Repair and maintenance		**13,061**	7,765
Fees and subscription		**1,945**	1,739
Depreciation	**5.4**	**17,914**	14,915
Amortisation of intangible assets	**6**	**550**	550
Auditors' remuneration	**28.2**	**1,940**	1,564
Legal and professional charges (other than Auditors')		**1,709**	1,721
General		**1,712**	402
		274,130	210,731

28.1 These include Rs.2.057 million (2015: Rs.1.691 million) in respect of contribution to staff provident fund.

28.2 Auditors' remuneration:	Note	**2016**	2015
		(Rupees in thousand)	
ShineWing Hameed Chaudhri & Co.			
- statutory audit		**1,415**	1,110
- half yearly review		**263**	200
- consultancy and certification charges		**123**	89
- out-of-pocket expenses		**66**	105
		1,867	1,504
Other Auditors			
- cost audit fee		**45**	40
- provident fund's audit fee		**9**	9
- workers' (profit) participation fund's audit fee		**8**	0
- out-of-pocket expenses		**11**	11
		73	60
		1,940	1,564

29. OTHER INCOME

	Note	**2016**	2015
Income from financial assets			
Profit on deposit accounts		**3,574**	7,281
Exchange fluctuation gain		**51**	0
Income from other than financial assets			
Sale of press mud - net of sales tax amounting Rs.485 thousand (2015: Rs.415 thousand)		**2,556**	2,443
Sale of fusel oil - net of sales tax amounting Rs.137 thousand		**808**	0
Gain on sale of operating fixed assets	**5.5**	**3,208**	904
Seed sales net of expenses		**122,563**	164,233
Sugar export subsidy	**11.1**	**0**	216,090
Workers' welfare fund liabilities - reversed	**32.9**	**0**	11,633
		132,760	402,584

30. OTHER EXPENSES

	Note	**2016**	2015
Donations (without directors' interest)		**215**	230
Workers' (profit) participation fund	**20.2**	**10,757**	6,630
		10,972	6,860

31. FINANCE COST

	Note	2016	2015
		(Rupees in thousand)	
Mark-up on:			
- long term finances		**267,728**	81,673
- loans from related parties		**34,047**	43,698
- short term borrowings		**188,106**	327,729
Lease finance charges		**3,467**	2,971
Interest on workers' (profit) participation fund	**20.2**	**1,967**	421
Bank charges		**6,248**	3,585
		501,563	460,077

32. TAXATION

	Note	2016	2015
Current	**32.2**	**0**	0
Deferred:			
- resultant adjustment due to reduction in tax rate	**15.2**	**21,754**	24,171
- on account of temporary differences		**(104,053)**	(72,299)
		(82,299)	(48,128)
		(82,299)	(48,128)

32.1 Returns filed by the Company upto the tax year 2016, except for tax years 2011 and 2012, have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

32.2 No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance aggregating Rs.113.941 million. The required provision for the current year has been fully adjusted against current and preceding years' tax credits for investment in plant & machinery aggregating Rs.155.016 million available under section 65B of the Ordinance.

32.3 A tax reference for the assessment year 1999-2000, filed by the Income Tax Department (the Department), is pending before the Peshawar High Court (PHC); the issue involved is taxation of accumulated profit under section 12(9A) of the repealed Income Tax Ordinance, 1979.

32.4 A tax reference for the assessment year 2002-03, filed by the Department, is pending before the PHC. The amount of revenue involved in the tax reference is Rs.2.993 million, which was initially assessed by the Assessing Officer and later-on annulled by the Commissioner Inland Revenue - Appeals [CIR(A)].

32.5 A reference for the tax year 2006, filed by the Department, is pending before the PHC; the issue involved is regarding deletion of tax amounting Rs.9.082 million under sections 161/205 of the Ordinance by the Appellate Tribunal Inland Revenue (ATIR).

32.6 A writ petition, filed by the Company, is pending before the Islamabad High Court regarding deduction of tax under sections 231A (cash withdrawals from bank) and 235 (electricity consumption) of the Ordinance.

32.7 The Department has filed an appeal before the Supreme Court of Pakistan against judgment of the PHC dated June 18, 2014. The said writ petition was filed before the PHC against selection for audit under section 177 of the Ordinance, which was succeeded and the Department was restrained from audit for the tax year 2009.

32.8 The Company has filed a writ petition before the PHC against selection for audit under sections 177 and 214C of the Ordinance by the Department for the tax year 2011. The PHC has stayed the Department from finalising the proceedings.

32.9 The Department has filed an appeal before the Supreme Court of Pakistan against order passed by the PHC in the tax reference for the tax year 2009. The said tax reference was filed by the Department against the Company challenging decision of the Appellate Tribunal dated August 29, 2012. The workers' welfare fund levy was initially assessed by the Assessing Officer, which was later on annulled by the Commissioner Appeals. Appeal of the Department before the Appellate Tribunal was also dismissed. The Company, during the preceding year, had written-back the workers' welfare fund liabilities aggregating Rs.11.633 million appearing in its books of account.

32.10 The Department has issued a show cause notice under sections 161/205 of the Ordinance for tax year 2012. The Company had challenged the said show cause notice before the Federal Tax Ombudsman, who, after hearing the complaint, treated the impugned show cause notice as unlawful proceedings and recommended dropping it. The Department has challenged these findings before the President of Pakistan, who has accepted the representation vide order dated December 06, 2013. The Department has created no demand as it was only a show cause notice. The Company, against the Presidential order, has filed a writ petition before the Islamabad High Court, which is pending adjudication.

32.11 The Department has filed a petition before the Supreme Court of Pakistan against the judgment passed by the PHC in a tax reference. The said tax reference was filed by the Department challenging the ATIR's judgment dated February 16, 2015. The amount of workers' welfare fund revenue involved in the tax reference was Rs.3.310 million.

32.12 The Company had been served a show cause notice dated December 12, 2015 issued under section 122 of the Ordinance regarding claim of tax credit to the tune of Rs.129.056 million under section 65B of the Ordinance. The Department, vide order dated June 30, 2016, has allowed the tax credit and withdrawn the aforementioned notice.

33. EARNINGS PER SHARE

	2016	2015
	(Rupees in thousand)	
Profit after taxation attributable to ordinary shareholders	**297,450**	174,097
	No. of shares	
Weighted average number of shares outstanding during the year	**28,692,000**	28,692,000
	-------- Rupees --------	
Earnings per share	**10.37**	6.07

33.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2016 and September 30, 2015, which would have any effect on the earnings per share of the Company if the option to convert is exercised.

34. SEGMENT INFORMATION

Segment analysis

Year ended September 30, 2016	**Sugar**	**Ethanol**	**Total**
		------- Rupees in thousand -------	
Revenue	**9,957,171**	**1,249,038**	**11,206,209**
Segment results	**709,536**	**(114,610)**	**594,926**
Year ended September 30, 2015			
Revenue	7,125,152	434,744	7,559,896
Segment results	201,371	(11,049)	190,322

Reconciliation of segment results with profit from operations	**2016**	2015
	(Rupees in thousand)	
Total results of the reportable segments	**594,926**	190,322
Other income	**132,760**	402,584
Other expenses	**(10,972)**	(6,860)
Finance cost	**(501,563)**	(460,077)
Profit before taxation	**215,151**	125,969

Information on assets and liabilities by segment is as follows:	**Sugar**	**Ethanol**	**Total**
		------- Rupees in thousand -------	
As at September 30, 2016			
Segment assets	**6,694,048**	**3,076,869**	**9,770,917**
Segment liabilities	**959,501**	**2,745,994**	**3,705,495**
As at September 30, 2015			
Segment assets	7,400,960	2,497,878	9,898,838
Segment liabilities	555,075	644,612	1,199,687

Reconciliation of segments assets and liabilities with totals in balance sheet is as follows:

	As at September 30, 2016		As at 30 September, 2015	
	Assets	**Liabilities**	Assets	Liabilities
	Rupees in thousand			
Total for reportable segments	**9,770,917**	**3,705,495**	9,898,838	1,199,687
Unallocated assets / liabilities	**301,404**	**2,291,467**	366,201	6,443,947
Total as per balance sheet	**10,072,321**	**5,996,962**	10,265,039	7,643,634

- Sales to domestic customers in Pakistan are 90.37% (2015: 81.15%) and to customers outside Pakistan are 9.63% (2015: 18.85%) of the revenues during the year.
- The Company sells sugar to commission agents. Sugar sales to five (2015: four) of the Company's customers during the year aggregated Rs.9,507 million (2015: 6,072 million) constituting 95.48% (2015: 85.69%) of the total sugar sales. Four (2015: three) of the Company's customers individually exceeded 10% of the sugar sales.
- All non-current assets of the Company as at September 30, 2016 are located in Pakistan.

Geographical Segments

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities in Pakistan.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial Risk Factors

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

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

35.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of plant & machinery, stores & spares and export of goods mainly denominated in U.S. $, U.K Pound (GBP) and Euro. The Company's exposure to foreign currency risk at year-end is as follows:

	2016	2015
	(Rupees in thousand)	
Trade debts U.S. $ 254,309 (2015: U.S. $ 757,829)	**26,588**	79,097
Outstanding letters of credit Euro 79,043 and GBP 15,390 (2015: Euro 70,680 and U.S. $ 1,202,888)	**11,377**	133,890

The following significant exchange rates have been applied:

	Average rate		**Balance sheet date rate**	
	2016	2015	**2016**	2015
U.S. $ to Rupee	**104.38**	104.40	**104.55**	104.20
Euro to Rupee	**117.52**	117.55	**117.49**	117.55
GBP to Rupee	**147.08**	162.63	**135.85**	158.31

Sensitivity analysis

At September 30, 2016, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of foreign exchange gain on translation of foreign currency financial assets.

Effect on profit for the year:

U.S. $ to Rupee	**2,659**	7,910

The weakening of Rupee against U.S. $ would have had an equal but opposite impact on profit after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

(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 change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2016	2015	**2016**	2015
	Effective rate		**Carrying amount**	
	%	**%**	**(Rupees in thousand)**	
Fixed rate instruments				
Financial assets				
Bank balances	**3.75**	3.76 to 4.94	**1,381**	10,209
Variable rate instruments				
Financial liabilities				
Long term finances	**7.36 to 11.40**	8.35 to 12.18	**2,765,313**	2,167,859
Loans from related parties	**7.45 to 8.10**	8.24 to 11.71	**437,000**	437,000
Liabilities against assets subject to finance lease	**4.57 to 9.00**	5.71 to 10.18	**50,022**	29,489
Short term borrowings	**4.50 to 14.00**	4.50 to 14.00	**1,017,500**	3,790,297

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At September 30, 2016, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs.42.698 million (2015: Rs.64.246 million); mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk as at September 30, 2016.

35.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, loans & advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2016 along with comparative is tabulated below:

	2016	2015
	(Rupees in thousand)	
Security deposits	**4,163**	4,158
Trade debts	**143,410**	341,109
Loans and advances	**269,798**	208,681
Other receivables	**255,185**	278,165
Bank balances	**37,511**	79,943
	710,067	912,056

The management does not expect any losses from non-performance by these counter parties.

Trade debts exposure by geographic region is as follows:

Domestic	**116,822**	262,012
Export	**26,588**	79,097
	143,410	341,109

- Export debts of the Company are situated in Asia.
- The ageing of trade debts at the year-end was as follows:

Not past due	**120,523**	308,539
Past due less than 3 months	**90**	75
Past due less than 6 months	**0**	1,064
Past due more than 6 months	**22,797**	31,431
	143,410	341,109

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.117.211 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

35.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
2016	-----------------------Rupees in thousand				-----------------------
Long term finances	**2,765,313**	**3,412,155**	**762,163**	**2,331,846**	**318,146**
Loans from related parties	**437,000**	**495,733**	**153,294**	**342,439**	**0**
Liabilities against assets subject to finance lease	**50,022**	**50,022**	**18,422**	**31,600**	**0**
Trade and other payables	**283,356**	**283,356**	**283,356**	**0**	**0**
Accrued mark-up	**108,820**	**108,820**	**108,820**	**0**	**0**
Short term borrowings	**1,037,045**	**1,060,693**	**1,060,693**	**0**	**0**
	4,681,556	**5,410,779**	**2,386,748**	**2,705,885**	**318,146**
2015					
Long term finances	2,167,859	2,720,298	524,872	2,083,580	111,846
Loans from related parties	437,000	540,076	36,864	503,212	0
Liabilities against assets subject to finance lease	29,489	29,489	10,801	18,688	0
Trade and other payables	313,935	313,935	313,935	0	0
Accrued mark-up	183,281	183,281	183,281	0	0
Short term borrowings	3,816,799	3,897,998	3,897,998	0	0
	6,948,363	7,685,077	4,967,751	2,605,480	111,846

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

36. MEASUREMENT OF FAIR VALUES

The management, during the year, has engaged an independent external Valuer to carry out valuation of its freehold land, buildings & roads, plant & machinery and generators. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. When measuring the fair value of an asset, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised 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 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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Financial assets not measured at fair value	**2016 Carrying amount (Rupees in thousand)**
Trade debts	**143,410**
Bank balances	**37,511**
	180,921
Financial liabilities not measured at fair value	
Creditors	**169,052**

Management has assessed that the fair values of trade debts, bank balances and creditors approximate their carrying amounts largely due to the short term maturities of these instruments.

Assets measured at fair value

Following details provide the fair value measurement hierarchy of the Company's assets measured at fair value:

Assets measured at fair value	Freehold land, buildings & roads, plant & machinery and generators.
Date of valuation	September 30, 2016
Valuation approach and inputs used	The factors taken and critically evaluated by the Valuer for determining the current market value of freehold land and depreciated market values of buildings & roads, plant & machinery and generators include the following:

- prevailing market conditions;
- Government future development measures in the vicinity;
- threats and opportunities of real estate industry;
- physical condition of buildings and civil structure;
- design and utility of buildings and civil structure;
- state of infrastructure in the vicinity;
- type of construction and age;
- availability of utilities connections;
- existence, condition, level of maintenance, year of acquisition of plant & machinery and generators;
- obsolescence due to technological advancement;
- inquiries from the market to obtain prevalent market values of similar local and imported plant & machinery items and generators; and
- determination of current market cost of plant & machinery and generators adjusted for depreciation factor.

Inter-relationship between significant unobservable inputs and fair value measurement	The fair values are subject to change owing to change in input. However, management does not expect material sensitivity to the fair values arising from the non-observable inputs.

The fair value of freehold land, buildings & roads, plant & machinery and generators is a Level 3 recurring fair value measurement. A reconciliation of opening and closing fair value is given below:

	2016 (Rupees in thousand)
Opening book value	**4,938,729**
Additions during the year	**1,841,398**
Revaluation during the year	**1,429,781**
Depreciation for the year	**(481,297)**
Closing book value	**7,728,611**

37. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2016	2015	**2016**	2015	**2016**	2015
	------------------------------ Rupees in thousand ------------------------------					
Managerial remuneration including bonus	**1,200**	1,200	**1,200**	1,200	**34,415**	26,650
Allowances and utilities	**0**	0	**0**	0	**22,653**	17,034
Contribution to provident fund	**0**	0	**0**	0	**1,514**	1,355
Medical expenses reimbursed	**392**	630	**192**	323	**0**	0
	1,592	1,830	**1,392**	1,523	**58,582**	45,039
No. of persons	**1**	1	**4**	4	**25**	22

38.1 The Chief Executive and all the Executives have been provided with free use of the Company maintained cars. Eighteen (2015: Fourteen) of the Executives have also been provided with free housing (with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound).

39. CAPACITY AND PRODUCTION

	2016	2015
Sugar Cane Plants	--------- M.Tons ---------	
Rated crushing capacity (based on 150 working days)	**2,700,000**	2,700,000
Cane crushed	**1,689,633**	1,588,226
Sugar produced	**155,443**	145,502
Ethanol Fuel Plant	--------- Litres ---------	
Rated capacity per day	**125,000**	125,000
Actual production	**25,870,308**	8,272,982
Days worked	--------- Number ---------	
Sugar - Unit I	**105**	117
Sugar - Unit II	**104**	125
Ethanol Fuel Plant	**221**	150

39.1 The Government of Khyber Pakhtunkhwa, on April 14, 2016, has renewed the Company's D-2 license to manufacture rectified spirit, denatured spirit, B-grade spirit, CO_2, fusel oil, fuel ethanol and all distillery products at Ramak for a further period of one year subject to completion of relevant conditions.

40. NUMBER OF EMPLOYEES

	--------- Number ---------	
Number of persons employed as at September 30,		
- permanent	**865**	864
- contractual	**816**	755
Average number of employees during the year		
- permanent	**868**	859
- contractual	**1,123**	1,123

41. PROVIDENT FUND RELATING DISCLOSURES

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund for the year ended September 30, 2016 and audited financial statements of the provident fund for the year ended September 30, 2015:

	2016	2015
	(Rupees in thousand)	
Size of the fund - total assets	**76,553**	66,446
Cost of investments made	**54,718**	48,203
Fair value of investments made	**75,451**	65,536
	----------- % -----------	
Percentage of investments made	**71.48**	72.54

41.1 The break-up of fair value of investments is as follows:

	2016	2015	2016	2015
	----------- % -----------		(Rupees in thousand)	
Saving account in a scheduled bank	**1.75**	14.96	**1,318**	9,803
Deposit certificates	**70.77**	58.59	**53,400**	38,400
Accrued profit	**27.48**	26.45	**20,733**	17,333
	100.00	100.00	**75,451**	65,536

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

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on December 29, 2016 by the board of directors of the Company.

43. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on December 29, 2016 has proposed a final cash dividend of Rs.4.50 per share (2015: Rs.2.50 per share) for the year ended September 30, 2016. The financial statements for the year ended September 30, 2016 do not include the effect of proposed dividend amounting Rs.129.114 million (2015: Rs.71.730 million), which will be accounted for in the financial statements for the year ending September 30, 2017 after approval by the members in the annual general meeting to be held on January 30, 2017. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

44. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no material re-arrangements and re-classifications have been made in these financial statements.

AZIZ SARFARAZ KHAN
CHIEF EXECUTIVE

ISKANDER M KHAN
DIRECTOR

CHASHMA SUGAR MILLS LIMITED
Nowshera Road, Mardan.

PROXY FORM
29th Annual General Meeting

I/We... of ....being a member of **Chashma Sugar Mills Limited** and holding ....ordinary shares as per share register Folio/CDC Account No............................... hereby appoint Mr./Mrs .... of .... another member of the Company having Folio / CDC Account No .... CNIC No .... or Passport No................................. or failing him / her Mr. / Mrs .... of .... Folio / CDC Accounts No .... CNIC No........................... Or Passport No .... Who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on January 30, 2017 and at any adjournment thereof.

Revenue Stamp Signature(Rs. 5.00)

____

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this .... day of .... 2017.

Signature of Proxy ___________________

1. **Witness:**
   Name: ______________________
   Signature: ______________________
   Address: ______________________
   CNIC No: ______________________

2. **Witness:**
   Name: ______________________
   Signature: ______________________
   Address: ______________________
   CNIC No: ______________________

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.