Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

Gain in each grain

ANNUAL REPORT 2017

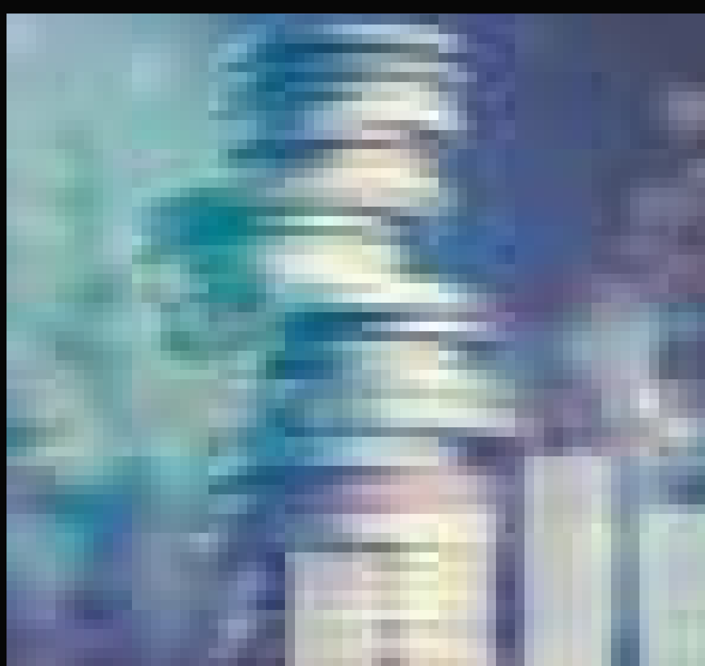
Contents

Energizing the body.
Powering the economy.

The primary function of sugar in your body metabolism is to provide energy to power your activities. Sucrose is a rich source of glucose, which all of your cells can use for energy. It is quickly absorbed via the blood stream and nourishes the cells. Most sports energy drinks contain sugar.

Just as sugar provides vital energy to your body, Sugar is also an important catalyst to a country's economy. The industry drives agriculture, employment and revenue for Pakistan. Production is forecast to record 8.0 million tons.

In the year 2016/17, sugarcane planted all over Pakistan stood at 1.22 million hectares, which produced 70 million tons of sugarcane.



Mirpurkhas Sugar Mills Limited

First for your body. Second for the Nation.

The sucrose molecule is a disaccharide composed of two simple monosaccharides, glucose and fructose. According to Elson Haas, M.D., glucose is the principal form of fuel used by your cells to produce energy.

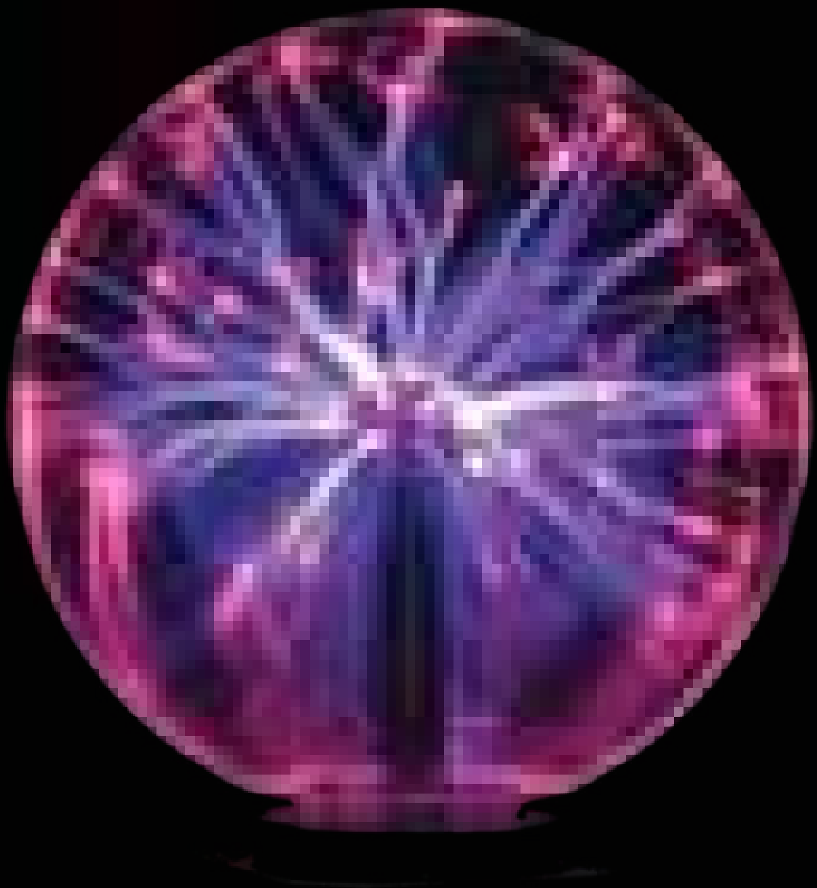
Being the second largest agro based Industry of Pakistan; the Sugar Industry employs over 1.5 million people including management, sugar technologists, agronomists, engineers, financial experts, skilled, semi-skilled and ancillary workers.

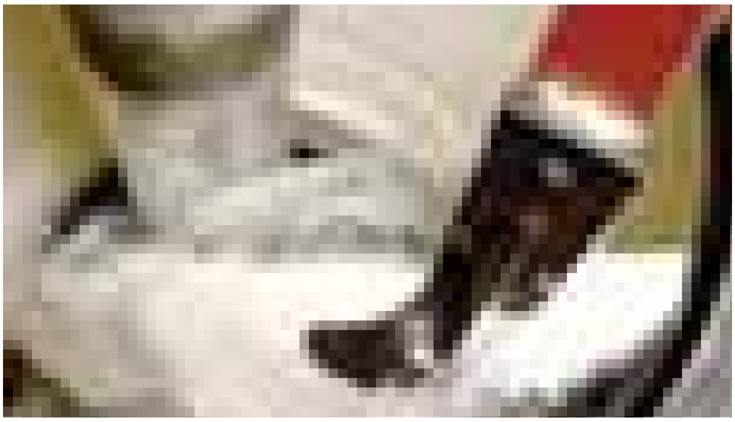
Pakistan is ranked 5th in the world in sugarcane production, 9th in sugar production and 8th as the largest sugar consumer in the world. Pakistan production of sugar forecasts at over 8 million tons for the year 2017/18.

Energy Input Equals Energy Output.

For thousands of years sugar has been part of daily life without being linked to health issues. This very same sugar consumed today has been part of the diets of all our forefathers. Everything must be consumed in balance to the energy required for your body to function at optimum levels.

Sugar mills in Pakistan have production surplus in bagasse which is a source of renewable fuel. By using cogeneration process, this (bagasse) will help generate electricity to meet the country's power demand.





Vision

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

Mission

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

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

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

Code of Conduct

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

Scope

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

Compliance Committee and Reporting of Violations

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

Compliance with the Law

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

Competition and Anti-trust Law

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

Bribery and Corruption

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

Money Laundering

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

Product Quality

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

Books, Records and Financial Reporting

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

Confidentiality

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

Protection and Information Security

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

Handling and Safeguarding of MSM's Property

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

Equal Treatment and Fair Working Conditions

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

Health, Safety and Environmental Protection

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

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

Conflict of Interest

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

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

Strategic Objectives

Effective use of resources and management of operating cost:

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

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

- Active participation in developing new varieties of sugar cane which have higher yield and sucrose in our core and adjoining operational areas;
- Search for growth opportunities for existing business through strategic acquisitions and establishing partnerships in prospective sectors of sugar and allied industry.

Sustainable development in the region in which the Company operates:

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

Core Values

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

Nature of Business

The Company has a sugar cane crushing capacity of 8,500 M.Tons per day.

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

Group Structure

Introduction

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

Faruque (Private) Limited
Parent Company

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

Cherat Packaging Ltd
Manufacturer of Kraft Paper and Polypropylene Bags

Established in 1991, it is the largest producer and supplier of paper sack and polypropylene ("PP") bags to the cement industry in Pakistan. CPL also produce and provide bags to other industries such as sugar, rice and chemical etc. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 400 million paper bags, and 195 million PP bags per annum. It caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.

By July 2018, the Company will also bring into operation its flexible packaging division.

Cherat Cement Company Ltd
Manufacturer of Ordinary Portland Cement

Cherat Cement Company Limited was incorporated in 1981. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. The Company's annual installed capacity is 2.4 million tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs in the KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified. The Company has installed a second cement line at the same location with installed annual clinker capacity of more then 1.3 million tons. CCCL is in process of installing third cement line at its location with annual capacity of 2.1 million tons.

Mirpurkhas Energy Ltd
Wholy owned subsidiary of Mirpurkhas Sugar Mills Ltd

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

Zensoft (Pvt.) Ltd
Information Systems Services provider specializing in business software solutions

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

Greaves Pakistan (Pvt.) Ltd
Providing Specialized Engineering Sales and Services

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

Greaves Airconditioning (Pvt.) Ltd
Equipment Suppliers and HVAC Solution Provider

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

Greaves CNG (Pvt.) Ltd
Retail Sale of CNG to end consumers

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

Greaves Engineering Services (Pvt.) Ltd
HVAC Contractors

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

UniEnergy Ltd
Joint Venture for Renewable Wind Energy

Unicol Ltd
Joint Venture Distillery producing Ethanol and Liquid Carbon Dioxide (CO_2)

Incorporated in 2003, Unicol is a joint venture distillery project among Mirpurkhas Sugar Mills, Faran Sugar and Mehran Sugar. It is engaged in the production and marketing of ethanol from molasses and CO_2. Its current production capacity is 200,000 litres per day. It is involved in producing various varieties of ethanol.

Madian Hydropower Ltd
Joint Venture for establishing 148 MW hydropower plant

Company Information

Board of Directors

Mr. Shehryar Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Arif Faruque	Director
Mr. Amer Faruque	Director
Mr. Tariq Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director
Engr. Mahfuz-ur-Rehman Pasha (NIT)	Director

Audit Committee

Mr. Yasir Masood	Chairman
Mr. Shehryar Faruque	Member
Mr. Samir Mustapha Chinoy	Member

Human Resource and Remuneration Committee

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

Chief Operating Officer & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid Vazir

Head of Internal Audit

Mr. Omer Nabeel

Share Registrar

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

BANKERS (Conventional)

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

BANKERS (Islamic)

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

Registered Office / Factory

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

Auditors

Kreston Hyder Bhimji & Co.
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Milestones

1965-66

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

1968-69

Cane cruching capacity was increased to 2000 TCD

1984-85

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

1988-89

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

2001-02

Plant capacity was enhanced to 4,500 TCD.

2005-06

Plant capacity was enhanced to 5,000 TCD.

2006-07

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO_2) commenced its production operations.

2007-08

Plant capacity was enhanced to 5,500 TCD.

2008-09

Achieved sales revenue of over Rs. 2 billion.

2009-10

SAP (ERP) implemented across the Company.

2010-11

Plant capacity was enhanced to 6,200 TCD.

2011-12

Company started corporate farming activities in 871 acres land area.

2012-13

Achieved sales revenue of over Rs. 3 billion.

2013-14

Plant capacity was enhanced to 7,000 TCD.

2014-15

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

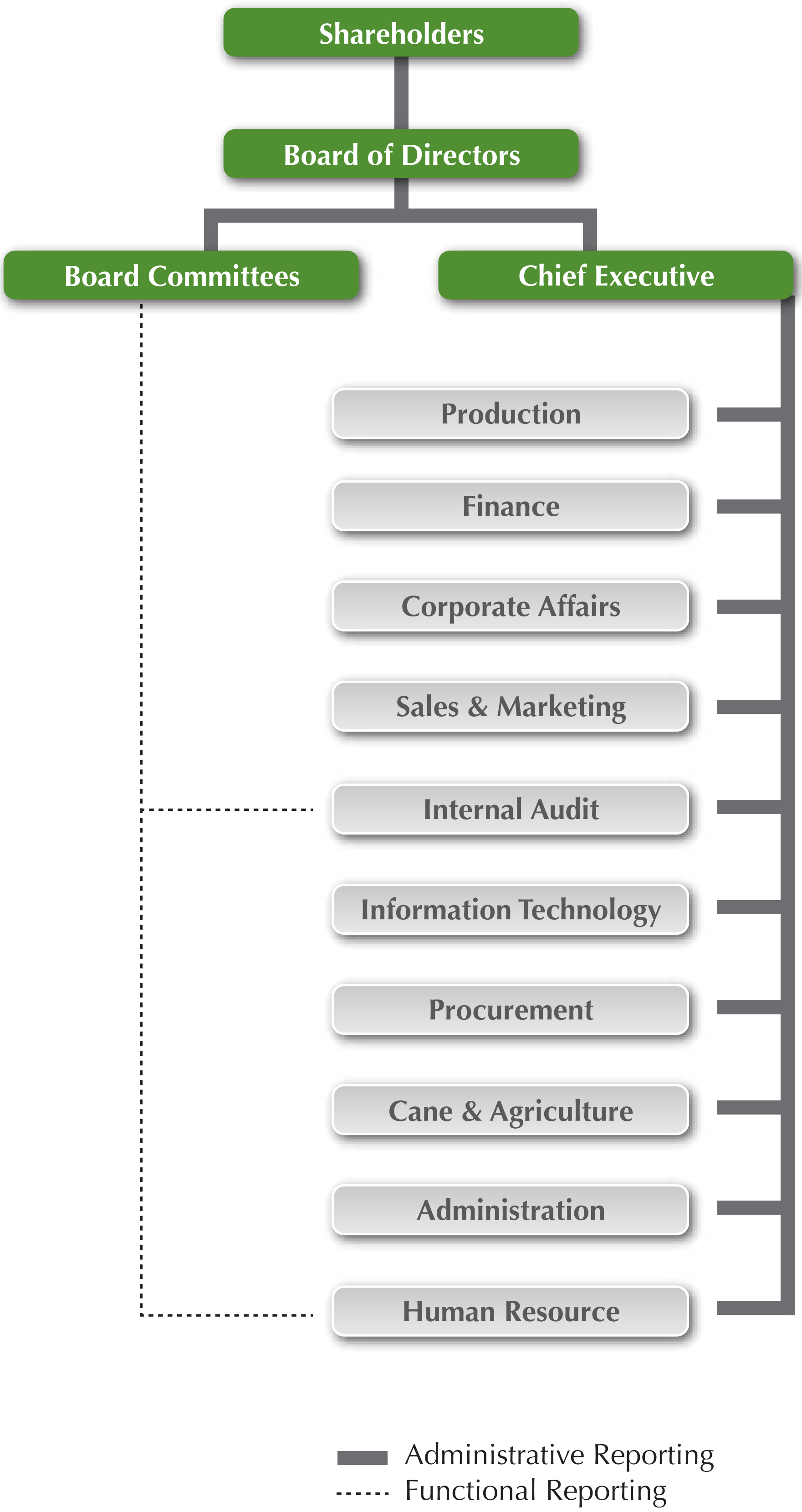
2015-16

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

2016-17

Highest sugarcane crushing of 738,378 M. Tons was achived and plant capacity was enhanced to 8,500 TCD.

Organisational Structure



Our Locations

UNICOL LIMITED

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

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

Unicol commenced its operations in August 2007 and is producing ethanol from sugar cane molasses. The plant located at Mirpurkhas, Sindh, on a 203 acre plot, had a designed capacity of 200,000 liters or 160 metric tons per day.

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

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

Furthermore, Unicol has invested in purification and liquification of CO_2 which is a by-product. This plant, designed by Tecno Project Industriale, Italy, (www.technoproject.com) is in production since June 2014. The CO_2 plant has a capacity of 72 metric tons per day.

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

Products

Unicol can produce various grades of ethanol, including ENA Anhydrous (99.9%), ENA (>96%) and industrial grade (>92%). The ethanol produced by Unicol has various uses in different industries like pharmaceuticals, aerosols, cleaning products, perfumes, personal care products, printing inks, fabric softeners, vinegar, paints and varnish, preserving agents and chemical manufacturing. Liquid CO_2 is its by product, and is used in beverages, dye making, dry cleaning, and fire extinguishers. Dry ice, another form of CO_2, is used in preservation and refrigeration.

Notice of Annual General Meeting

Notice is hereby given that the 53rd Annual General Meeting of the Company will be held on Friday, January 26, 2018, at 2:30 p.m. at the Registered Office of the Company at factory premises Jamrao, Umerkot Road, Mirpurkhas, Sindh to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2017 along with the Directors' and the Auditors' Reports thereon.

2. To appoint Auditors for the year 2017/18 and to fix their remuneration.

3. To transact any other business with the permission of the chair.

Karachi: December 20, 2017

By Order of the Board of Directors

Abid Vazir
Executive Director & Company Secretary

NOTES:

1. The register of members of the Company will be closed from Friday, January 19, 2018 to Friday, January 26, 2018 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, January 18, 2018 will be treated in time.

2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.

3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.

4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.

5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.

6. Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank account designated by the shareholders. Therefore, through this notice, all the shareholders of the Company are requested to provide their bank mandate to the Company's Share Registrar at the earliest. The e-dividend mandate form is available on the company's website www.gfg.com.pk

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

8. Shareholders who could not collect their dividend/ physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

STATUS OF INVESTMENT IN UNIENERGY LIMITED

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

STATUS OF INVESTMENT IN THE EQUITY OF CHERAT PACKAGING LIMITED BY WAY OF SUBSCRIPTION OF RIGHT SHARES

The Company had obtained the approval of its shareholders for an investment of up to Rs. 25 million in the equity of Cherat Packaging Limited by way of subscription of right shares. The Company subscribed the right shares to the extent of its entitlement worth Rs. 24.80 million.

Chairman's Review

Mirpurkhas Sugar is in the business of making quality sugar for over 50 years. Today we are one of Pakistan's leading producers of high quality sugar – consistently, maintaining a reputation for quality, integrity and professionalism in our organization and through strong relationships. Our organizational culture has a deep rooted understanding, that in order to improve the value for our stakeholders, we must strive for improvement, focus to grow and continue to grow, diversify, stay competitive and produce quality products.

Our patrons come first; identifying their needs and wants is the driving force that pulls us towards our eagerness to deliver, by continuously following on our company's vision "to be a leading producer and supplier of the highest quality sugar in Pakistan". Keeping in line with our vision, we continue to improve operational efficiency, through technology and innovation, in anticipation of challenges that we may face in the years ahead.

The year under review is one of the most challenging in the recent history of our company with Pakistan's record production of over 7 million metric tons. This situation coupled with delayed export decisions by the Federal Government has resulted in an over supply situation within the country and resulted in extremely depressed international and local prices which continue to persist. We expect that the Federal Government will continue taking more favorable steps by offering export rebate in coming days to support the sugar industry to avoid further losses to the sugar mills, as we foresee a bumper crop ahead in the coming season as well.

Upfront tariff has been awarded to Mirpurkhas Energy Limited (MEL) - the high pressure cogeneration project. Subsequent to the award of tariff by NEPRA, the power purchaser (CPPA-G) has filed a review petition with NEPRA against the award of tariff being allowed under the policy. The review application is pending with NEPRA and MEL is confident of a favorable outcome. The company continues to engage in the process of assessing EPC contractors and making financing arrangements for the project.

The joint venture distillery project continues to operate efficiently at optimal capacity. During the year both Ethanol and CO_2 plants performed satisfactorily. Ethanol production improved to 57,867 metric tons compared to 53,387 metric tons in the previous year. CO_2 production also improved to 7,640 tons compared to 6,474 metric tons last year. The profitability of the company stood at Rs. 320.353 million. The sustained performance was achieved due to stable margins in ISO and FCL sales coupled with reduction in financial charges due to low borrowing rates.

Hand in hand we continue our journey forward in this competitive environment as we pave the way towards creating value for all our stakeholders and keeping our vision, mission and core values in place.

I take this opportunity to thank our shareholders, employees, financial institutions and all other stakeholders for their continued support and contribution.

Shehryar Faruque
Chairman

Karachi: December 20, 2017

Directors' Profile

Mr. Shehryar Faruque
Chairman

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

Mr. Aslam Faruque
Chief Executive

Mr. Aslam Faruque is a graduate from the USA, with a major in Marketing. He is the Chief Executive of Mirpurkhas Sugar Mills Ltd, Unicol Ltd, UniEnergy Ltd and Mirpurkhas Energy Ltd. He is on the Board of directors of Cherat Packaging Ltd, Greaves Airconditioning (Pvt.) Ltd and Greaves Engineering Services (Pvt.) Ltd.

He also served as the Chairman of Pakistan Sugar Mills Association– Sindh Zone, and as Director of Sui Southern Gas Company Ltd, State Life Insurance Corporation of Pakistan as well as Pakistan Industrial Development Corporation.

Mr. Arif Faruque
Director

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

Mr. Tariq Faruque
Director

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

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

Mr. Amer Faruque
Director

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

Mr. Samir Mustapha Chinoy
Director

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

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

Mr. Yasir Masood
Director

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

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

Engr. Mahfuz-ur-Rehman Pasha
Director (NIT)

Mr. Mahfuz-ur-Rehman Pasha is an engineering graduate holding a degree in B.Sc.(Electrical Engineering) from Peshawar University. Besides holding a diploma in elementary German language from the Department of modern languages from Peshawar University, he is also an Associate Member of the Institute of Engineers Pakistan (AMIEPAK). Mr. Pasha is presently serving as Chief Executive of Pak Gulf Leasing Company Limited and as a director of National Transmission and Dispatch Company Limited with effect from September, 2016. He is a director of Mirpurkhas Sugar Mills Limited with effect from December 30, 2016.

Mr. Pasha has served the NBFI and Modaraba Association of Pakistan as Chairman with effect from October 2015 for a period of one year and as member of the Executive Committee during financial year 2013-2014. Before joining the corporate world Mr. Pasha had the honour to serve the provincial Government of KPK as well as the Federal Government for a period of 39 years.

Mr. Pasha served in the communication & work Department of KPK province as an Assistant Executive Engineer from 1973-1981. In this position he acquired extensive experience in the budgeting & execution of various development projects big & small. In September 1981 he joined the civil services of Pakistan (Initially Income Tax group later renamed as Inland Revenue Service). In the course of his service he has served as Deputy Commissioner, Additional Commissioner & Commissioner in various branches of the service i.e. Audit, Enforcement, Legal, Tax Facilitation & Human Resource Development. In 2011 he retired in BS-21 after having served the Department for 30 years. He also served as Secretary International Taxes in the Federal Board of Revenue & in this capacity drafted and finalized a number of bilateral tax treaties. He also served as Deputy Secretary in Economic Affairs Division, Ministry of Finance, Government of Pakistan, and in this capacity actively interfaced with DFIs of Pakistan and their respective foreign investment agencies, besides various international multilateral financial institutions. He is an avid book reader and a golfer.

Directors' Report to the Members

for the year ended September 30, 2017

The Board of Directors place before you the annual report of the company together with the audited accounts for the year ended September 30, 2017.

INDUSTRY OVERVIEW

In the year 2016/17, sugarcane planted all over Pakistan stood at 1.22 million hectares, which produced 70 million tons of sugarcane. The massive increase in the area of sugarcane plantation is due to good returns on sugarcane and non-attractive prices of other competing crops in the country. The country produced 7 million tons during the year under review compared to 5.12 million tons last season, showing an increase in sugar production by 37.77%. If we include the carry over sugar stock of around 1 million from last year, the total available sugar stock increased to over 8.05 million tons, which massively exceeded the annual domestic sugar requirement of 5.10 million tons of the country and leaving it with a surplus stock of over 2.95 million tons.

The year under review remains one of the most challenging in the recent history of the sugar industry. Pakistan Sugar Millers Association (PSMA) made a request for export to Federal Government in December 2016. Despite several meetings and letters, the Federal Government delayed the decision for export of sugar, which led to a supply glut in the domestic market. This resulted in a massive decline in the sugar price from Rs. 65 per KG to Rs. 47 per KG in November 2017. Eventually after the delay in taking decision to export by the Federal Government, the prices of sugar in international markets also declined from $550 to $350 per ton in November 2017.

During the financial year 2016/17, the Federal Government had announced export of 425,000 tons without any subsidy due to which mills were not able to compete in the international market. Over supply of sugar and depressed prices left the company with no choice but to export at a loss. The government in the federal budget 2016/17 also changed the indirect tax mode from FED to sales tax and thereafter fixed the value of sugar at Rs 56 per KG, which now stands revised at Rs. 60 per KG for the purpose of levying sales tax. This tax is payable at the rate of 8% for registered and 10% for unregistered buyers. Due to fixation of sales tax sugar mills are paying on an average of Rs. 1,600 to Rs. 1,750 per ton in excess to the government. Fixation of value is a good step towards uniform and transparent tax collection; however, revision should be made considering the current local prices prevailing in the market.

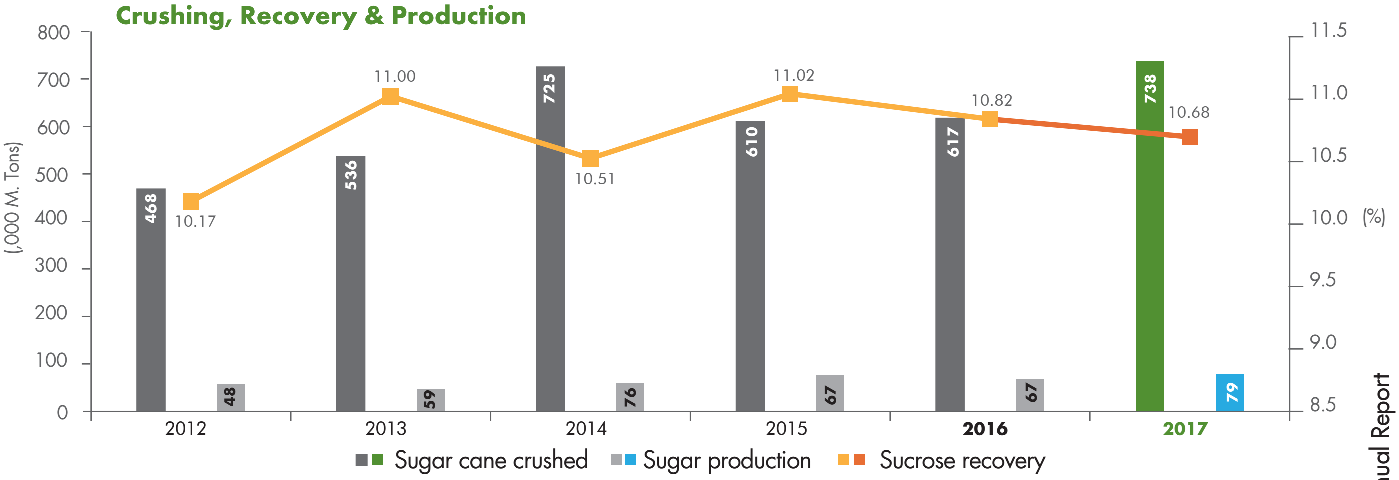
OPERATING PERFORMANCE

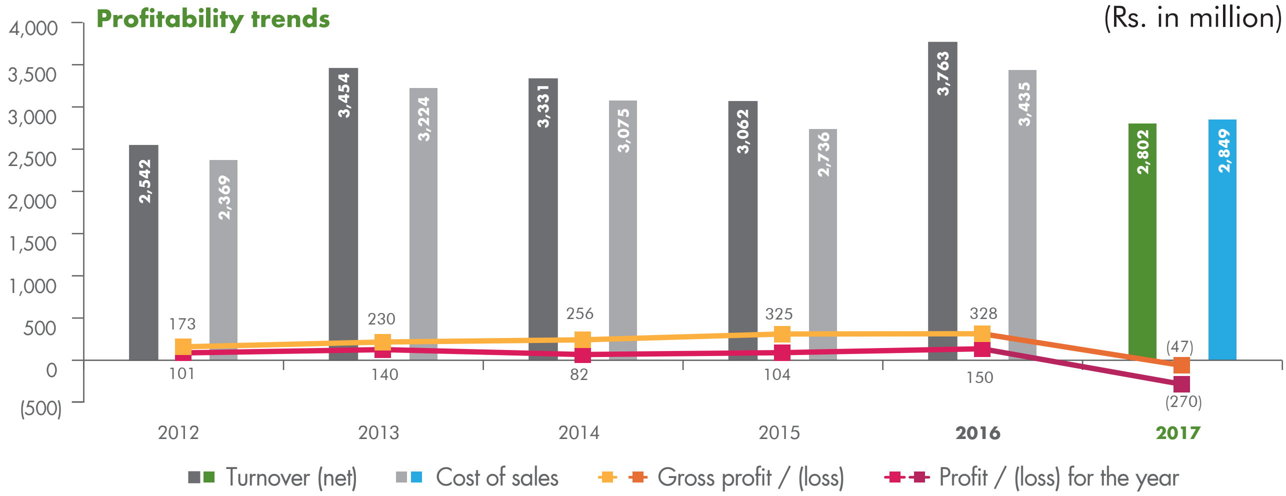
During the crushing season 2016/17, which started on 15th November 2016, the plant operated for 131 days compared to 106 days last season. The factory crushed 738,378 metric tons of sugarcane to produce 78,897 metric tons of sugar during the season compared to 616,716 metric tons of sugarcane to produce 66,753 metric tons of sugar during the corresponding period last year. The company also produced 34,860 metric tons of molasses during the year compared to 28,325 metric tons from last year. The sucrose recovery was 10.68% compared to 10.82% last season. This was in line with lower recoveries witnessed in Sindh and across Pakistan.

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

	2017	2016
• Season start date	Nov 15, 2016	Nov 24,2015
• Days operated	131	106
• Sugar cane crushed (metric tons)	738,378	616,716
• Capacity utilization	66%	78%
• Sugar production (metric tons)	78,897	66,753
• Molasses production (metric tons)	34,860	28,325
• Sucrose recovery	10.68%	10.82%
• Sugar Sold (metric tons)	51,937	71,341

Crushing, Recovery & Production





FINANCIAL PERFORMANCE

During the year under review, the sales revenue of the company decreased by Rs.960.74 million i.e. 25.53% from last year. The decrease in sales turnover was on account of decrease in the quantity of sugar sold by the company coupled with decline in the selling price. As mentioned earlier, the company sold 51,937 metric tons of sugar including export of 22,123 metric tons during the year as compared to 71,341 metric tons sold last year during which time no exports were made. During the year, the company earned other income of Rs. 44.93 million from receipt of dividends from investments made in various shares and fair value adjustment of biological assets. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs.110.08 million and adjusted its investment in the associate by the same amount. For the year under review, the company incurred an after tax loss of Rs. 270.04 million.

	2017	2016
	(Rs. in million)	
Net sales	2,802.15	3,762.89
Cost of sales	(2,849.19)	(3,434.74)
Gross (loss) / profit	(47.04)	328.15
Other income	44.93	57.19
Share of profit in associate	110.08	105.09
Other expenses & taxes	(378.01)	(340.36)
Net (loss) / profit	(270.04)	150.07

UNICOL LIMITED

The joint venture distillery project continues to operate efficiently at optimal capacity as both Ethanol and CO_2 plants performed efficiently. Ethanol production improved to 57,867 metric tons compared to 53,387 metric tons in the previous year. CO_2 production also improved to 7,640 tons compared to 6,474 metric tons last year. The profitability of the company stood at Rs. 320.353 million. The sustained performance was achieved due to stable margins in ISO and FCL sales coupled with reduction in financial charges due to lower borrowing rates. The company has continued to build its molasses storage capacity to safeguard itself from molasses price fluctuations and retaining high quality molasses. The distillery, during the year under review, exported 56,371 metric tons of ethanol and sold 6,661 metric tons of CO_2 locally. The management is confident that Unicol will bring further financial benefits to the company and its shareholders in the years to come.

Key financial data for the year is as follows:

	2017	2016
	(Rs. in million)	
Sales	4,455.26	4,133.75
Cost of sales	3,721.44	3,408.50
Gross profit	733.82	725.25
Other income	8.76	3.68
Other expenses & taxes	(422.23)	(403.69)
Net profit	320.35	325.24

Unicol intends to go public by listing its shares through Pakistan Stock Exchange (PSX). As a shareholder in Unicol, the company has appointed the consultants and bankers for the transaction. Although all the required approvals have been obtained; however, considering the uncertainty in the market situation, the sponsors have decided to delay the listing for the time being.

UNIENERGY

UniEnergy Limited – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the company to meet the ongoing financial requirements for the project. In this regard, MSM has made an equity investment of Rs. 7.69 million following the approval of the shareholders. UniEnergy has got approval for the grid interconnection study from NTDC, and after securing approval from power purchaser (CPPA-G), will apply for generation license to NEPRA. The last offered tariff had expired in June 2016, while the decision on the new tariff is awaited from NEPRA. Discussions on financial arrangement are also underway with the lead being awarded to Meezan Bank Limited. We hope NEPRA will take positive steps towards new tariff regime applicable for wind energy industry of Pakistan.

BAGASSE BASED POWER GENERATION PROJECT

Mirpurkhas Energy Limited (MEL), which is a wholly owned subsidiary of MSM, has received the Letter of Intent (LOI), Generation License and consent for power supply to the national grid successfully. Further, the upfront tariff by National Electric and Power Regulatory Authority (NEPRA) has also been awarded to the company. MEL has also received Letter of Support (LOS) after the award of tariff from Alternate Energy Development Board (AEDB). Subsequent to the award of tariff by NEPRA, the power purchaser (CPPA-G) has filed a review petition with NEPRA against the award of tariff being allowed under the policy. The review application is pending with NEPRA and MEL is confident of a favorable outcome. The company continues to engage in the process of assessing EPC contractors and making financing arrangements for the project.

CORPORATE SOCIAL RESPONSIBILTY

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

SAFETY, HEALTH AND ENVIRONMENT

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on September 30, 2017.

• **Provident Fund**	**Rs. 385.20 million**
• **Gratuity Fund**	**Rs. 266.68 million**

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

Name of Director	Meetings Attended
Mr. Maqbool H.H. Rahimtoola *	1
Mr. Aslam Faruque	4
Mr. Arif Faruque	4
Mr. Shehryar Faruque	4
Mr. Amer Faruque	2
Mr. Tariq Faruque	5
Mr. Samir Mustapha Chinoy	4
Mr. Yasir Masood	5
Engr Mahfuz-ur-Rehman Pasha *	4

* Engr Mahfuz-ur-Rehman Pasha was elected as a Director on the board in place of Mr. Maqbool H.H. Rahimtoola in the elections held on 30th December 2016.

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

Name of Director	Meetings Attended
Mr. Yasir Masood	4
Mr. Maqbool H.H. Rahimtoola *	1
Mr. Tariq Faruque *	2
Mr. Samir Mustapha Chinoy	2
Mr. Shehryar Faruque *	1

* The term of Mr. Maqbool H.H. Rahimtoola as a Director ended on 30th December 2016. During the year, Mr. Shehryar Faruque was appointed as a member of the Audit Committee in place of Mr. Tariq Faruque.

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

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

- Pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Directors, CFO and Company Secretary and their spouses and minor child during the year except for gift of 12,565 shares of the company made by Mr. Tariq Faruque to his wife.
- Earnings per share for the year is Rs. (22.01) per share compared to Rs. 12.23 per share last year.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed over Rs. 168.67 million to the Government treasury in shape of taxes, excise duty, income tax and sales tax.

FUTURE PROSPECTS

Pakistan is likely to have another bumper crop for the year 2017/18 as the production is expected to exceed 8.0 million metric tons. Favorable policy for uninterrupted export of sugar along with export subsidy is a necessary requirement for the industry in order for it to operate without incurring losses as witnessed in the last financial year ended September 2017. Subsequent to the year end, the Federal Government has allowed subsidy of Rs. 10.70 per KG on export of 500,000 tons. MSM successfully exported 18,630 tons under the subsidized sugar export policy. Furthermore, considering the sugar glut in the country, the Federal Government through its letter dated 7 December 2017 has considered the proposal of PSMA and approved further export of 1.50 million metric tons with a subsidy of Rs. 10.70 per KG. It is requested that the Government should support the sugar industry by taking decisions on export of sugar and allow financial relief to the sugar industry by timely releasing subsidy to the sugar mills to ease their burden for cane payments and earning much needed foreign exchange for the country. The Government is also requested to link the sugarcane price with the selling price of sugar to ensure adequate return to all stakeholders of the industry. The assessable value of sugar price should also be rationalized for sales tax purpose which is currently fixed at Rs. 60 per KG. The Government is also requested to immediately release freight subsidy on export of sugar, which is due since 2012-13.

Mirpurkhas Sugar continues to work on sugarcane development in all of its operational areas. It has hired professional consultants and trained staff to carryout sugarcane development at company farms for improved varieties and to address issues faced by farmers related to cultivation, seed selection and diseases. It is the Company's long term goal to train and develop the skills of the farmers with modern farming techniques that will enhance yields in the future.

AUDITORS

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Aslam Faruque
Chief Executive

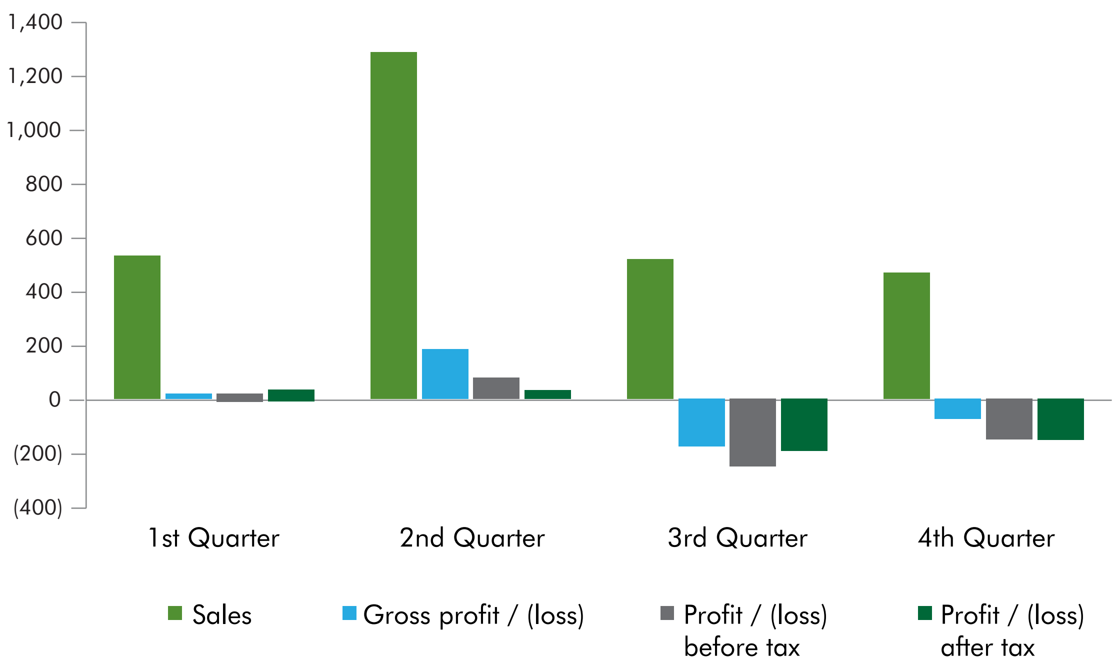
Karachi: December 20, 2017

Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
			(Rupees in '000)		
Turnover-net	531,356	1,284,451	517,583	468,760	2,802,150
Cost of sales	(512,265)	(1,100,185)	(693,855)	(542,886)	(2,849,191)
Gross profit / (loss)	19,091	184,266	(176,272)	(74,126)	(47,041)
Distribution cost	(1,202)	(46,102)	(3,326)	2,549	(48,081)
Administrative expenses	(26,127)	(34,518)	(32,214)	(27,480)	(120,339)
Other operating expenses	(647)	(3,757)	3,680	(2,336)	(3,060)
	(27,976)	(84,377)	(31,860)	(27,267)	(171,480)
Other income	45,442	4,434	1,250	(6,193)	44,933
Operating profit / (loss)	36,557	104,323	(206,882)	(107,586)	(173,588)
Finance cost	(28,829)	(60,804)	(66,719)	(73,069)	(229,421)
	7,728	43,519	(273,601)	(180,655)	(403,009)
Share of profit in an associate	22,114	34,593	23,012	30,363	110,082
Profit / (loss) before taxation	29,842	78,112	(250,589)	(150,292)	(292,927)
Taxation	13,442	(45,214)	56,950	(2,295)	22,883
Profit / (loss) after tax	43,284	32,898	(193,639)	(152,587)	(270,044)

Profitability Trend

(Rupees in million)



Comments on Quarterly Performance Analysis

Quarter 1

- Turnover was on higher side during the quarter due to improved selling price in local market.
- Cost of sales was higher due to increase in sugar cane support price fixed by the Government for the season 2016 / 17.
- Operating profit and net profit was reported also due to higher gross profit margins.

Quarter 2

- Turnover was mainly increased due to export of 17,056 metric tons of sugar.
- Cost of sales per ton was decreased due to improved final recovery for the season 2016-17.
- Gross profit margin and Operating profit was improved due to decrease in cost of sales per ton during the Q2.

Quarter 3

- Turnover showed a downward trend as compared to Q2 due to decrease in demand and selling price of sugar in local market that resulted from excess production of sugar from season 2016-17.
- Cost of sales was increased due to the impact of labour and factory overhead and recording the impact of NRV on unsold stock of sugar.
- Gross loss was recorded in Q3 due to decrease in prices of sugar in the local market and marking down the unsold stock of sugar net realizable value against cost.

Quarter 4

- Turnover showed a downward trend as compared to Q3 due to decrease in demand and selling price of sugar in local market that resulted from excess production of sugar from Season 2016-17.
- Cost of sales was increased due to the impact of labour and factory overhead and recording the impact of NRV on unsold stock of sugar.
- Gross loss was recorded in Q3 due to consistent decrease in prices of sugar in the local market and marking down the unsold stock of sugar to net realizable value against cost.
- Operating loss was also recorded due to increase in finance cost, and impact of marking down of unsold stock of usgar to net realizable value.

Quality Management

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

Our Quality and Food Safety Management Process includes

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

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

Quality Management System Work Facilities

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

Major Achievements

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

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

Horizontal Analysis - Last six years

	2017		2016	
	(Rupees in '000)	%	(Rupees in '000)	%
Balance Sheet				
Assets				
Non current assets	3,248,943	16	2,789,570	19
Current assets	4,131,912	67	2,472,894	31
Total Assets	7,380,855	40	5,262,464	24
Equity & Liabilities				
Shareholders' equity	1,691,397	(29)	2,384,904	41
Surplus on revaluation of fixed assets	816,571	47	555,749	-
Non current liabilities	1,224,774	43	856,347	11
Current liabilities	3,648,113	149	1,465,464	20
Total Equity & Liabilities	7,380,855	40	5,262,464	24
Turnover & Profit / (Loss)				
Turnover-net	2,802,150	(26)	3,762,892	23
Gross (loss) / profit	(47,041)	(114)	328,155	1
Operating (loss) / profit	(173,588)	(168)	253,674	28
(Loss) / profit before taxation	(292,927)	(230)	225,560	53
(Loss) / profit for the year	(270,044)	(280)	150,069	44

Comments on Horizontal Analysis:

Balance Sheet

Non-current assets increased over the years due to expansion work carried out in plant and JV partner share of profit for the year.

Current asset majorly decreased due to inventory of sugar stocks lying on year end.

Shareholders equity decreased in 2017 due to loss reported for the year, decrease in fair value loss on available for sale securities and actuarial loss on defined benefit plan.

2015		2014		2013		2012	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
2,347,034	8	2,178,662	22	1,787,325	9	1,640,534	38
1,889,474	79	1,055,989	44	731,058	(34)	1,100,948	(13)
4,236,508	31	3,234,651	28	2,518,383	(8)	2,741,482	12
1,689,581	57	1,079,395	20	902,951	27	713,537	44
555,749	(3)	574,015	103	282,552	-	282,552	63
773,235	38	561,916	(24)	735,956	7	687,089	16
1,217,943	19	1,019,325	71	596,924	(44)	1,058,304	(11)
4,236,508	31	3,234,651	28	2,518,383	(8)	2,741,482	12
3,061,737	(8)	3,330,536	(4)	3,454,478	36	2,541,537	(7)
325,405	27	255,622	11	230,299	33	173,036	(53)
198,588	6	187,461	52	123,496	66	74,560	(72)
147,597	73	85,077	(28)	117,467	7	109,696	(35)
103,940	26	82,184	(41)	139,528	38	101,128	(27)

Non- current liabilities increased mainly due to increase in long term financing.

Current liabilities increased due to increase in short term borrowing for the year.

Profit and Loss Account

Operating loss was reported during the year due to decrease in sales turnover and increase in production cost of sugar.

Loss after taxation was reported due to increase in Distribution and Finance Cost.

Vertical Analysis - Last six years

	2017		2016	
	(Rupees in '000)	%	(Rupees in '000)	%
Balance Sheet				
Assets				
Non current assets	3,248,943	44	2,789,570	53
Current assets	4,131,912	56	2,472,894	47
Total Assets	7,380,855	100	5,262,464	100
Equity & Liabilities				
Shareholders' equity	1,691,397	23	2,384,904	45
Surplus on revaluation of fixed assets	816,571	11	555,749	11
Non current liabilities	1,224,774	17	856,347	16
Current liabilities	3,648,113	49	1,465,464	28
Total Equity & Liabilities	7,380,855	100	5,262,464	100
Turnover & Profit / (Loss)				
Turnover-net	2,802,150	100	3,762,892	100
Gross (loss) / profit	(47,041)	(2)	328,155	9
Operating (loss) / profit	(173,588)	(6)	253,674	7
(Loss) / profit before taxation	(292,927)	(10)	225,560	6
(Loss) / profit for the year	(270,044)	(10)	150,069	4

Comments on Vertical Analysis:

Balance Sheet

Non-current Assets have shown an improvement of 17% whereas Current assets showed an increase of 67% as compared to last year. Increase in non current asset is due to addition in capital assets and JV partner share of profit. Current Assets portion was increased due to higher unsold stock of sugar available at year end.

Shareholders equity majorly represents decrease due to loss reported for the year, loss on available for sale securities and decrease in actuarial gain registered in defined benefit plan.

Current liabilities increased significantly due to increase in proportion of short term borrowing.

2015		2014		2013		2012	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
2,347,034	55	2,178,662	67	1,787,325	71	1,640,534	60
1,889,474	45	1,055,989	33	731,058	29	1,100,948	40
4,236,508	100	3,234,651	100	2,518,383	100	2,741,482	100
1,689,581	40	1,079,395	33	902,951	36	713,537	26
555,749	13	574,015	18	282,552	11	282,552	10
773,235	18	561,916	17	735,956	29	687,089	25
1,217,943	29	1,019,325	32	596,924	24	1,058,304	39
4,236,508	100	3,234,651	100	2,518,383	100	2,741,482	100
3,061,737	100	3,330,536	100	3,454,478	100	2,541,537	100
325,405	11	255,622	8	230,299	7	173,036	7
198,588	6	187,461	6	123,496	4	74,560	3
147,597	5	85,077	3	117,467	3	109,696	4
103,940	3	82,184	2	139,528	4	101,128	4

Profit and Loss Account

Owing to higher cost of production of sugar coupled with reduced selling price, gross loss and operating loss was reported.

Six Years Statistics

		2017	2016	2015	2014	2013	2012
Production Data							
Sugarcane crushed	(M. Tons)	738,378	616,716	609,569	725,210	535,963	467,734
Sucrose recovery	(%)	10.68	10.82	11.02	10.51	11.00	10.17
Sugar production	(M. Tons)	78,897	66,753	67,175	76,228	58,920	47,566
Molasses production	(M. Tons)	34,860	28,325	28,570	35,100	25,680	24,500
		(Rupees `000)					
Sales & Profitability							
Turnover - net		2,802,150	3,762,892	3,061,737	3,330,536	3,454,478	2,541,537
Cost of sales		2,849,191	3,434,737	2,736,332	3,074,914	3,224,179	2,368,501
Gross (loss) / profit		(47,041)	328,155	325,405	255,622	230,299	173,036
Operating (loss) / profit		(173,588)	253,674	198,588	187,461	123,496	74,560
(Loss) / profit before taxation		(292,927)	225,560	147,597	85,077	117,467	109,696
(Loss) / profit for the year		(270,044)	150,069	103,940	82,184	139,528	101,128
Financial Position							
Fixed assets - net		2,366,349	2,036,694	1,682,179	1,614,501	1,280,879	1,263,593
Other non-current assets		882,594	752,876	664,855	564,161	506,446	376,941
	A	3,248,943	2,789,570	2,347,034	2,178,662	1,787,325	1,640,534
Current assets		4,131,912	2,472,894	1,889,474	1,055,989	731,058	1,100,948
Current liabilities		(3,648,113)	(1,465,464)	(1,217,943)	(1,019,325)	(596,924)	(1,058,304)
Working capital	B	483,799	1,007,430	671,531	36,664	134,134	42,644
Capital employed	(A+B)	3,732,742	3,797,000	3,018,565	2,215,326	1,921,459	1,683,178
Less: Non current liabilities		(1,224,774)	(856,347)	(773,235)	(561,916)	(735,956)	(687,089)
Surplus on revaluation of fixed assets		(816,571)	(555,749)	(555,749)	(574,015)	(282,552)	(282,552)
Shareholders' equity		1,691,397	2,384,904	1,689,581	1,079,395	902,951	713,537
Represented by:							
Share capital		122,682	122,682	122,682	122,682	111,529	96,982
Reserves		1,568,715	2,262,222	1,566,899	956,713	791,422	616,555
		1,691,397	2,384,904	1,689,581	1,079,395	902,951	713,537
Performance indicators							
Profitability Ratios							
Gross (loss) / profit ratio	(%)	(1.68)	8.72	10.63	7.68	6.67	6.81
Net (loss) / profit to sales	(%)	(9.64)	3.99	3.39	2.47	4.04	3.98
EBITDA margin to sales	(%)	(3.43)	8.43	8.54	7.44	5.23	5.01
Operating leverage ratio	(times)	(7.33)	2.09	1.18	(0.13)	6.00	6.06
Return on equity	(%)	(15.97)	6.29	6.15	7.61	15.45	14.17
Return on capital employed	(%)	(2.25)	11.86	13.18	15.32	16.38	19.35
Liquidity Ratios							
Current ratio	(times)	1.13	1.69	1.55	1.04	1.22	1.04
Quick / acid test ratio	(times)	0.51	1.37	1.07	0.56	0.72	0.30
Cash to current liabilities	(times)	0.01	0.01	0.05	0.02	0.02	0.02
Cash flow from operations to sales	(times)	(0.76)	0.10	0.02	0.05	0.03	0.09
Activity/ Turnover Ratios							
Inventory turnover ratio	(times)	2.53	11.34	8.28	16.06	8.73	3.12
No. of days in inventory	(days)	144.02	32.18	44.11	22.73	41.82	116.88
Debtor turnover ratio	(times)	10.99	14.34	14.66	12.51	28.56	33.52
No. of days in receivables	(days)	33.20	25.46	24.89	29.17	12.78	10.89
Creditor turnover ratio	(times)	18.49	15.50	24.37	44.23	21.12	15.39
No. of days in creditors	(days)	19.74	23.55	14.98	8.25	17.28	23.72
Total assets turnover ratio	(times)	0.38	0.72	0.72	1.03	1.37	0.93
Fixed assets turnover ratio	(times)	1.18	1.85	1.82	2.06	2.70	2.02
Operating cycle	(days)	124.29	8.63	29.13	14.48	24.54	93.16
Investment/ Market Ratios							
Earnings per share - basic **	(rupees)	(22.01)	12.23	8.47	6.70	11.37	8.24
Price earning ratio **	(times)	(6.45)	14.34	10.03	9.20	3.87	5.25
Dividend yield ratio	(%)	-	2.85	4.12	4.38	2.27	3.47
Dividend payout ratio	(%)	-	40.88	41.31	40.30	7.99	14.38
Dividend cover ratio	(times)	-	2.45	2.42	2.48	12.51	6.95
Cash dividend per share*	(rupees)	-	5.00	3.50	2.70	-	-
Stock dividend*	(%)	-	-	-	-	10.00	15.00
Market price per share:							
- Closing	(Rupees)	142.00	175.40	85.00	61.62	44.00	43.26
- High	(Rupees)	262.00	176.30	85.90	82.50	54.00	52.50
- Low	(Rupees)	136.30	72.25	48.50	41.30	31.05	27.00
Break-up value per share**:							
- With revaluation surplus	(Rupees)	204.43	239.70	183.02	134.77	96.63	81.19
- Without revaluation surplus	(Rupees)	137.87	194.40	137.72	87.98	73.60	58.16
Capital Structure Ratios							
Financial leverage ratio	(times)	2.29	0.57	0.70	0.54	0.49	0.43
Weighted average cost of debt	(%)	6.18	7.02	8.68	10.89	10.25	12.76
Debt to equity ratio		70:30	36:64	41:59	35:65	33:67	30:70
Interest cover ratio	(times)	(0.28)	2.69	1.97	1.55	1.87	1.82

* post balance sheet event
**restated, based on weighted average number of ordinary shares in issue

Comments on Performance Indicators

Profitability Ratios

The profitability of the Company was adversely affected by the exhorbitant increase in sugarcane support price coupled with depressed local and international sugar prices.

These factors made it difficult to remain cost competitive in business operations. For its survival the sugar industry has consistently demanded a sustainable policy to link the price of sugar with the sugarcane support price.

Liquidity Ratios

Increase in cost of doing business i.e. consistent increase in sugar cane support price over the years vis-a-vis depressed selling prices resulted in creating problems in running smooth business operations.

However, the Company has been able to manage a positive trend of current asset and acid test ratios over the last three years.

Activity / Turnover Ratios

Decrease in selling prices in the local and international market resulted in increase in the holding period of sugar stocks thus inflating the cash operating cycle of the Company.

Investment / Market Ratio

Investment / Market ratios reflect the performance of the Company. Consistent decline in selling prices and higher cost of sugarcane support price resulted in the decline in the Price Earning ratio of the Company.

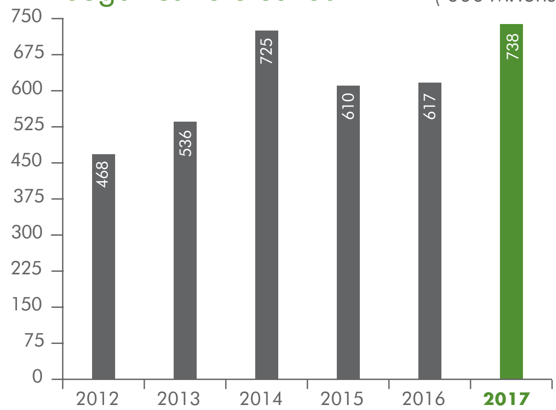
Capital Structure Ratio

The Company effectively managed its gearing by effectively utilizing bank financing, obtained at very competitive rates, resulting in a decrease in financial charges and weighted average cost of debt of the Company.

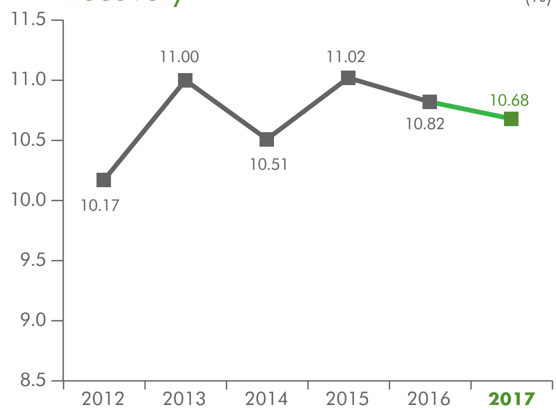
Key Operating Highlights

Production Highlights

Sugar cane crushed ('000 M.Tons)

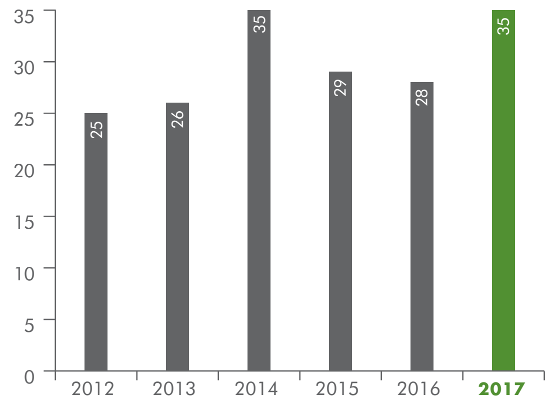


Recovery (%)



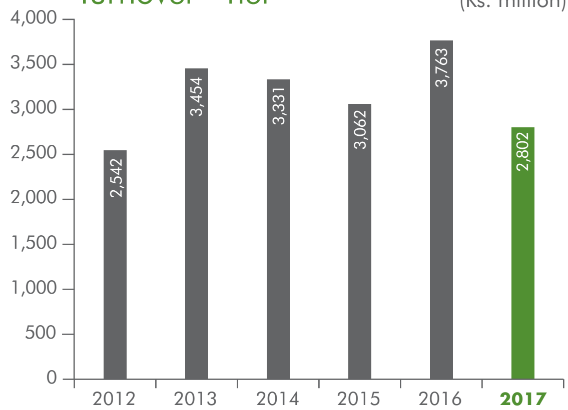
Sugar production ('000 M.Tons)

Molasses production ('000 M.Tons)

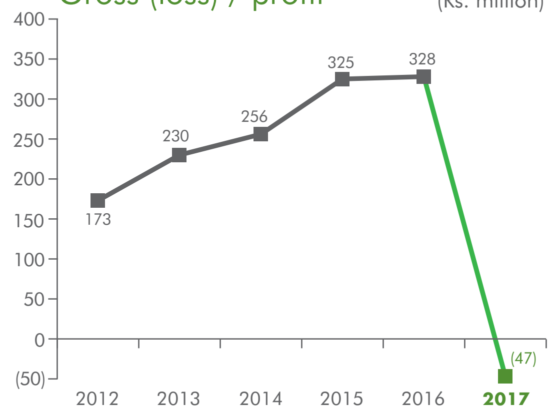


Financial Highlights

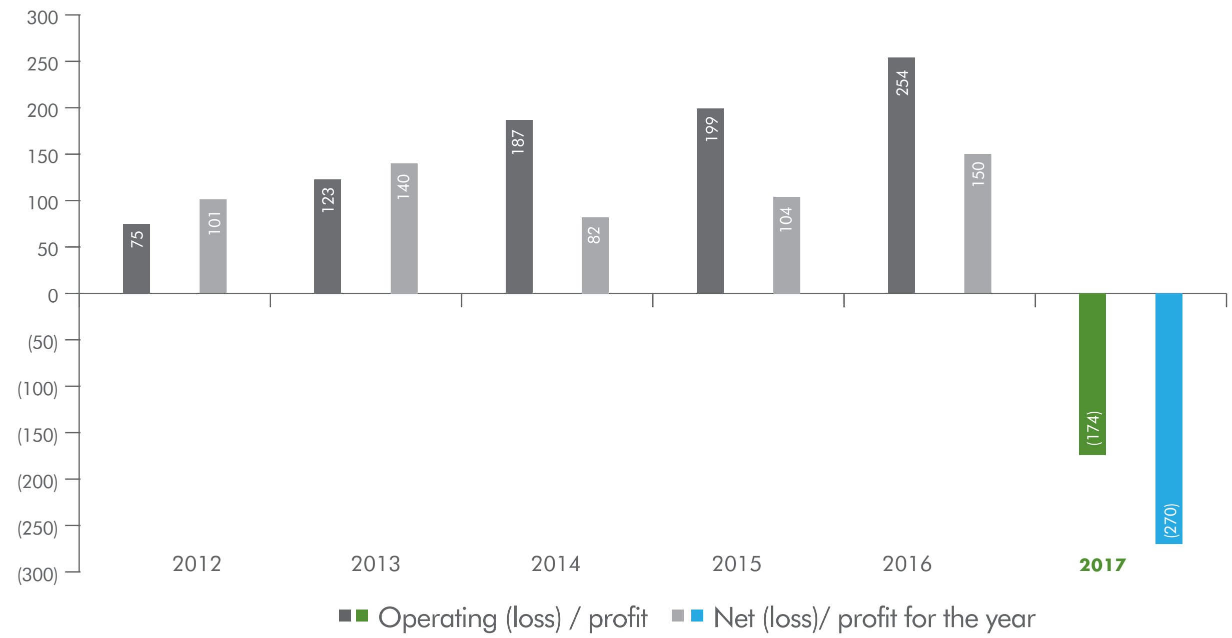
Turnover - net (Rs. million)



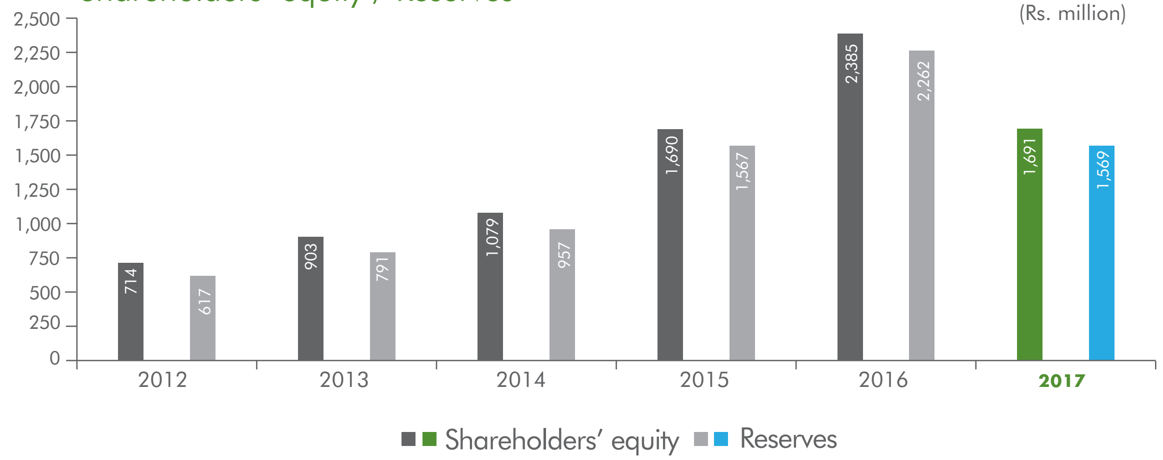
Gross (loss) / profit (Rs. million)



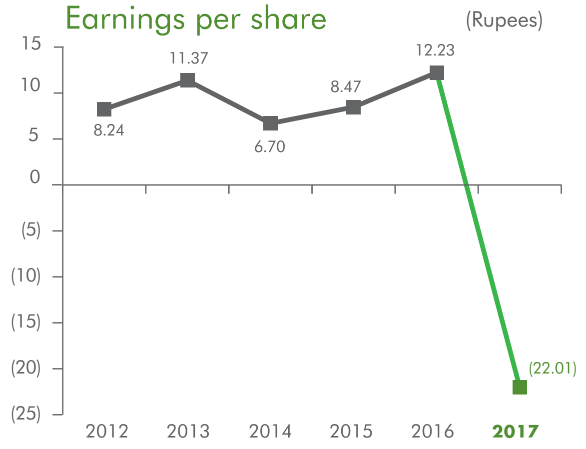
Operating vs Net (profit / (loss))



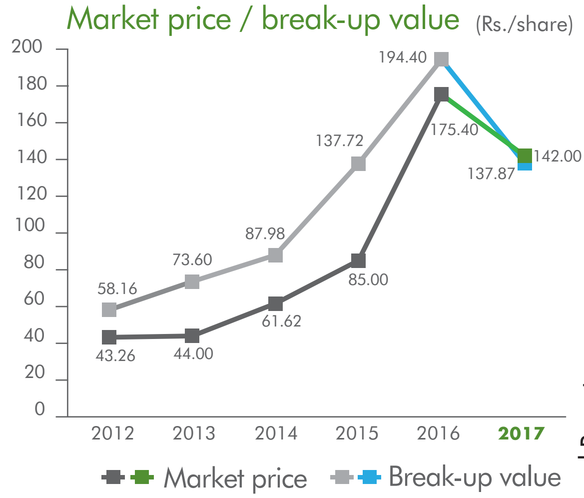
Shareholders' equity / Reserves



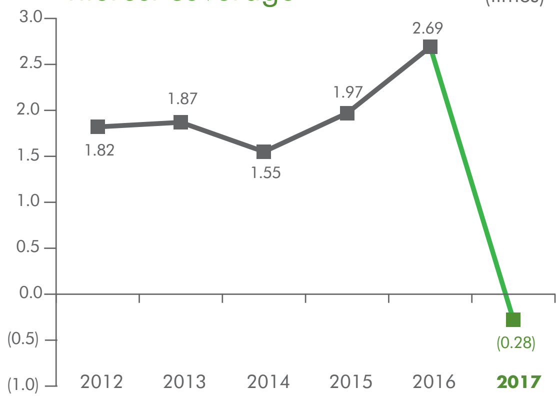
Earnings per share



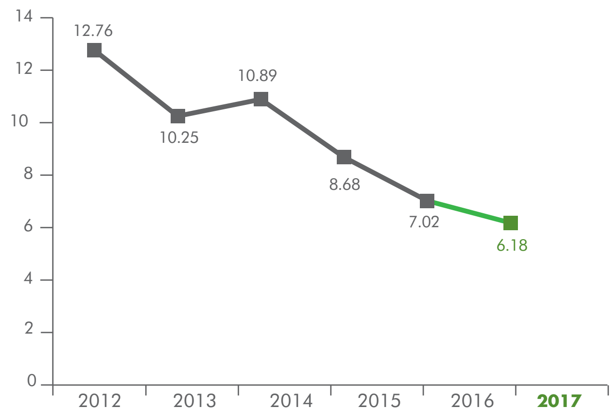
Market price / break-up value



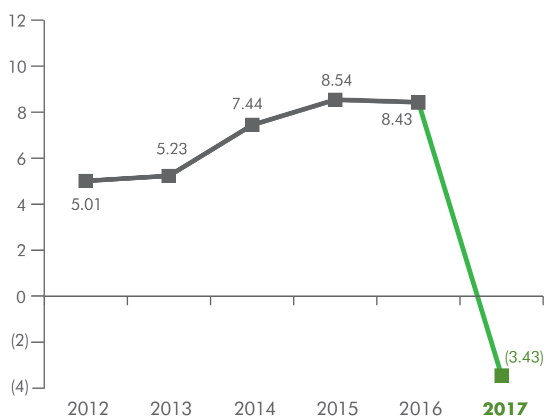
Interest coverage



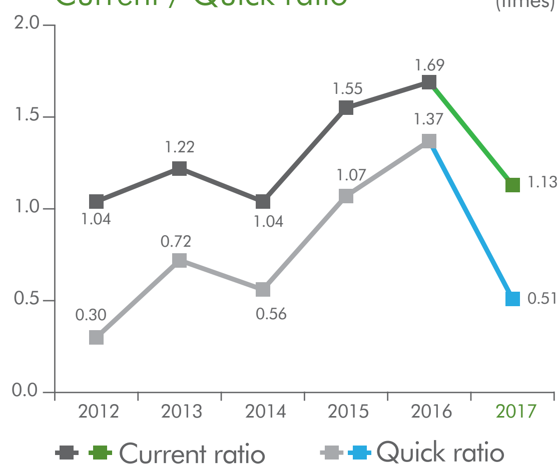
Weighted average cost of debt



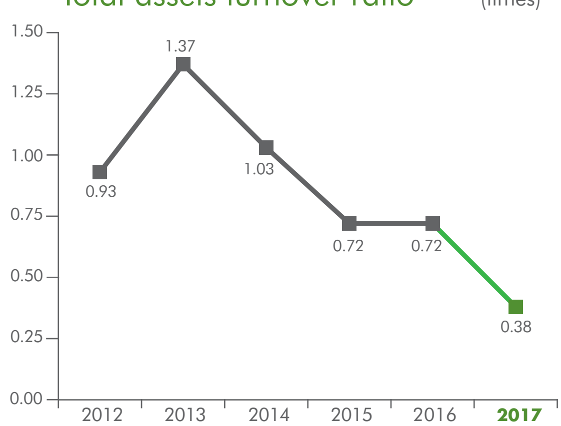
EBITDA margin to turnover



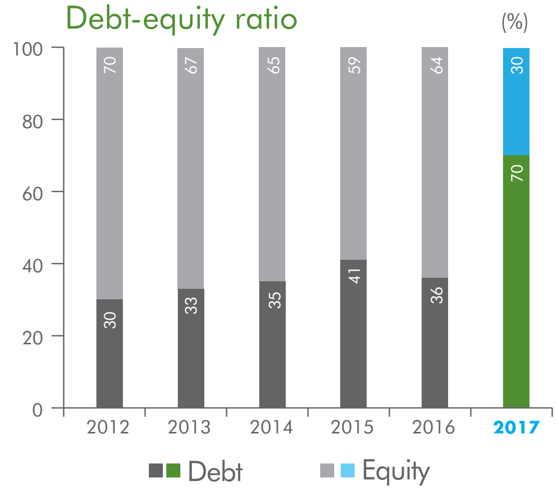
Current / Quick ratio



Total assets turnover ratio



Debt-equity ratio



Summary of Cash Flow Statement - Last six years

	2017	2016	2015	2014	2013	2012
	(Rupees in `000)					
Summary of Cash flows						
Net cash (used in) / generated from operating activities	(2,116,641)	374,186	47,568	155,756	110,000	509,525
Net cash used in investing activities	(131,931)	(379,821)	(141,856)	(70,990)	(71,920)	(224,006)
Net cash generated from / (used in) financial activities	2,250,162	(29,488)	130,105	(75,921)	(43,063)	(284,693)
Change in cash and cash equivalents	1,590	(35,123)	35,817	8,845	(4,983)	826
Cash and cash equivalents - beginning of the year	21,033	56,156	20,339	11,494	16,477	15,651
Cash and cash equivalents - end of the year	22,623	21,033	56,156	20,339	11,494	16,477

DuPont Analysis

2017

Operating Profit Margin	Asset Turnover	Equity Multiplier
(6.19)%	0.44%	4.36%

RoE

(11.87)%

2016

Operating Profit Margin	Asset Turnover	Equity Multiplier
6.74%	0.79%	2.21%

RoE

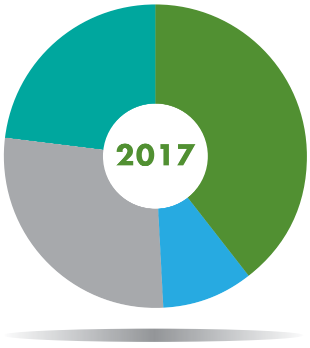
11.77%

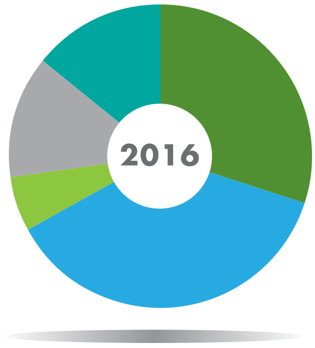
Statement of Value Addition

	2017		2016	
Wealth Generated	(Rupees `000)			
Gross sales	2,893,499		4,051,414	
Material and services	(2,603,670)		(3,170,577)	
	289,829		880,837	
Other income	44,933		57,194	
Share of profit / (loss) in associates	110,082		105,088	
	444,844		1,043,119	
Wealth Distributed				
EMPLOYEES REMUNERATION	327,793	74%	308,316	30%
GOVERNMENT AS:				
Direct & Indirect taxes	79,901		378,517	
Workers' Funds	-		8,929	
	79,901	18%	387,446	37%
CHARITY & DONATIONS	384	*	394	*
SHAREHOLDERS AS DIVIDEND				
Cash dividend**	-	0%	61,341	6%
FINANCE COST	229,421	52%	133,202	13%
RETAINED IN BUSINESS				
Depreciation & amortization	77,389		63,692	
Retained (loss) / profit	(270,044)		88,728	
	(192,655)	(43)%	152,420	14%
	444,844	100%	1,043,119	100%

** negligible*
*** post balance sheet event*

Distribution





	Employees	Government	Shareholders	Finance cost	Retained in business
2017	74%	18%	0%	52%	(43)%
2016	30%	37%	6%	13%	14%

Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the 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. Samir Mustapha Chinoy
Executive Directors	Mr. Aslam Faruque Mr. Tariq Faruque
Non-Executive Directors	Mr. Shehryar Faruque Mr. Arif Faruque Mr. Amer Faruque Engr. Mahfuz-ur-Rehman Pasha (NIT) Mr. Yasir Masood

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

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

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

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

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

9. The directors of Mirpurkhas Sugar Mills Ltd. are professionally qualified and experienced persons and are well aware of their duties and their responsibilities. Further, an orientation course for directors was arranged by the company to apprise directors of their duties and responsibilities. Three directors of the company are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

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

15. The board has formed an Audit Committee. It comprises of three members, two of whom are non-executives directors and one Independent director.

16. The meetings of the audit committee were held atleast once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members of whom two are non-executive directors. The chairman of the committee is a non executive director.

18. The board has set up an effective internal audit function.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

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

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Shehryar Faruque
Chairman

Karachi: December 20, 2017

Statement of Compliance

with the Best Practices of Transfer Pricing

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

For and on behalf of the Board of Directors

Shehryar Faruque
Chairman

Karachi: December 20, 2017

Review Report to the Members

on Statement of Compliance with the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Mirpurkhas Sugar Mills Limited ("the Company") for the year ended September 30, 2017 to comply with the requirement of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended September 30, 2017.

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

Karachi: December 20, 2017

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053,
Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

A member of kreston international A global network of independent accounting firms

Glossary of Terms

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

HS&E:
Health, Safety and Environment.

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

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

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

Acid Test Ratio:
The ratio of liquid assets to current liabilities.

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

Price-Earnings Ratio (P/E):
The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Dividend Payout Ratio:
The ratio found by dividing the annual dividends per share by the annual earnings per share.

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

IASB:
International Accounting Standards Board.

IFRS:
International Financial Reporting Standard.

IFRIC:
International Financial Reporting Issues Committee.

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

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

KIBOR:
Karachi Inter Bank Offer Rate.

Spread:
Rate charged by the bank over KIBOR.

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

Unconsolidated Financial Statements

Auditors' Report to the Members on Unconsolidated Financial Statements

We have audited the annexed Balance Sheet of MIRPURKHAS SUGAR MILLS LIMITED as at September 30, 2017 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the repealed 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 repealed Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

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

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed 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, 2017 and of the loss, total comprehensive income, its cash flows and changes in equity for the year then ended; and

d). in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the central zakat fund established under section 7 of that Ordinance.

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

Karachi: December 20, 2017

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053,
Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

A member of kreston international A global network of independent accounting firms

Unconsolidated Balance Sheet

As at September 30, 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,366,349	2,036,694
Intangible asset	5	8,258	-
Long-term investments	6	872,627	749,993
Long-term deposits	7	1,709	2,883
		3,248,943	2,789,570
CURRENT ASSETS			
Stores, spare parts and loose tools	8	195,605	180,442
Stock-in-trade	9	2,029,952	218,560
Biological assets	10	57,838	61,319
Trade debts	11	104,069	58,949
Loans and advances	12	228,319	183,568
Trade deposits and short-term prepayments	13	1,635	2,736
Other receivables	14	314,547	318,516
Short-term investments	15	986,301	1,308,325
Tax refunds due from the Government	16	191,023	119,446
Cash and bank balances	17	22,623	21,033
		4,131,912	2,472,894
TOTAL ASSETS		7,380,855	5,262,464
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	122,682	122,682
Reserves	19	1,568,715	2,262,222
		1,691,397	2,384,904
SURPLUS ON REVALUATION OF FIXED ASSETS	20	816,571	555,749
NON-CURRENT LIABILITIES			
Long-term financing	21	972,857	590,000
Deferred liabilities	22	251,917	266,347
		1,224,774	856,347
CURRENT LIABILITIES			
Trade and other payables	23	696,540	670,096
Accrued mark-up	24	56,517	21,525
Short-term borrowings	25	2,739,342	723,843
Current portion of long-term financing	21	155,714	50,000
		3,648,113	1,465,464
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		7,380,855	5,262,464

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Unconsolidated Profit and Loss Account

For the year ended September 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Turnover - net	27	2,802,150	3,762,892
Cost of sales	28	(2,849,191)	(3,434,737)
Gross (loss) / profit		(47,041)	328,155
Distribution cost	29	(48,081)	(9,066)
Administrative expenses	30	(120,339)	(112,288)
Other operating expenses	31	(3,060)	(10,321)
		(171,480)	(131,675)
Other income	32	44,933	57,194
Operating (loss) / profit		(173,588)	253,674
Finance cost	33	(229,421)	(133,202)
		(403,009)	120,472
Share of profit in associates	6	110,082	105,088
(Loss) / profit before taxation		(292,927)	225,560
Taxation	34	22,883	(75,491)
(Loss) / profit for the year		(270,044)	150,069
Earnings per share - basic (Rupees)	35	(22.01)	12.23

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended September 30, 2017

	2017	2016
	(Rupees in '000)	
(Loss) / profit for the year	(270,044)	150,069
Other Comprehensive (loss) / income		
Items that may be reclassified subsequently to profit and loss account		
Fair value (loss) / gain on available-for-sale securities	(322,024)	502,470
Items that may not be reclassified subsequently to profit and loss account		
Actuarial (loss) / gain on defined benefit plan	(40,098)	85,723
	(362,122)	588,193
Total comprehensive (loss) / profit for the year	(632,166)	738,262

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Unconsolidated Cash Flow Statement

For the year ended September 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(292,927)	225,560
Adjustments for :			
Depreciation	4	76,599	63,325
Amortization	5	790	367
Provision for market committee fee		7,384	6,167
Provision for bad dedts		899	-
Fair value adjustment of biological assets	10	5,331	(19,883)
Dividend income from related parties	32	(32,718)	(34,328)
Share of profit in associates	6	(110,082)	(105,088)
Gain on disposal of property, plant and equipment	32	(1,209)	(1,348)
Finance cost	33	229,421	133,202
		176,415	42,414
		(116,512)	267,974
Working capital changes :			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(15,163)	(12,933)
Stock-in-trade		(1,811,392)	168,489
Biological assets		(1,850)	(13,074)
Trade debts		(45,120)	(24,340)
Loans and advances		(45,650)	(76,155)
Short-term prepayments		1,101	14
Other receivables		(36,129)	8,875
		(1,954,203)	50,876
Increase in current liabilities:			
Trade and other payables		24,584	150,868
Cash (used in) / generated from operations		(2,046,131)	469,718
Income tax paid		(70,508)	(95,532)
Net cash (used in) / generated from operating activities		(2,116,639)	374,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(146,968)	(419,983)
Additions to Intangible asset		(9,048)	-
Sale proceeds of property, plant and equipment	4	2,745	3,124
Short-term investments in related party		-	(14,357)
Long-term investments in subsidiary and others		(12,552)	(7,691)
Long-term deposits		1,174	1,698
Dividend received from associates		-	23,060
Dividend received from related parties	32	32,718	34,328
Net cash used in investing activities		(131,931)	(379,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(194,429)	(133,461)
Short-term borrowings		2,015,499	126,153
Long-term financing obtained		900,000	100,000
Long-term financing repaid	21	(411,429)	(50,000)
Payment of dividend		(59,481)	(72,180)
Net cash generated from / (used in) financing activities		2,250,160	(29,488)
Net increase / (decrease) in cash and cash equivalents		1,590	(35,123)
Cash and cash equivalents at the beginning of the year		21,033	56,156
Cash and cash equivalents at the end of the year		22,623	21,033

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended September 30, 2017

	Issued, subscribed and paid-up capital	Reserves					Total
		General reserves	Unappropriated profit / (loss)	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available-for-sale securities	Total reserves	
	(Rupees in '000)						
Balance as at October 01, 2015	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Profit for the year	-	-	150,069	-	-	150,069	150,069
Other comprehensive income	-	-	-	85,723	502,470	588,193	588,193
Total comprehensive income	-	-	150,069	85,723	502,470	738,262	738,262
Transaction with owners							
Final cash dividend for the year ended September 30, 2015 @ Rs. 3.50 per share	-	-	(42,939)	-	-	(42,939)	(42,939)
Balance as at September 30, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Loss for the year	-	-	(270,044)	-	-	(270,044)	(270,044)
Other comprehensive Loss for the year	-	-	-	(40,098)	(322,024)	(362,122)	(362,122)
Total comprehensive Loss	-	-	(270,044)	(40,098)	(322,024)	(632,166)	(632,166)
Transaction with owners							
Final cash dividend for the year ended September 30, 2016 @ Rs. 5 per share	-	-	(61,341)	-	-	(61,341)	(61,341)
Balance as at September 30, 2017	122,682	34,250	485,300	162,955	886,210	1,568,715	1,691,397

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Notes to the Unconsolidated Financial Statements
For the year ended September 30, 2017

1. STATUS AND NATURE OF BUSINESS

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

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

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

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act, 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 communicated its decision that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, The Company's financial statements for the year ended September 30, 2017 have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 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 repealed Companies Ordinance, 1984, provisions and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements are the separate financial statement of the Company in which Investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

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

a. Derivatives financial instruments and investments which are stated at their fair values in accordance with IAS 39;

b. Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;

c. Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;

d. Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19; and

e. Free hold land which stands at revalued amount in accordance with IAS 16.

3.1.1 New standards, interpretations and amendments

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

IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements – Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014:

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations- Changes in methods of disposal

IFRS 7 – Financial Instruments: Disclosures – Servicing contracts

IFRS 7 – Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements.

IAS 19 – Employee Benefits – Discount rate: Regional market issue.

IAS 34 – Interim Financial reporting

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

3.2 Significant accounting judgments, estimates and assumptions

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

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

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

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

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

a) Employees retirement benefits

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

b) Property, plant and equipment and intangible assets

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

c) Classification of investments

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

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

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

e) Biological assets

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

f) Trade debts, loans and advances and other receivables

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

g) Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

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

h) Provision for impairment

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

i) Contingencies

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

3.3 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.25% of turnover tax, calculated at applicable tax rates under section 113 & alternate corporate tax U/s 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

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

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

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

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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

c) Sales tax and Federal excise duty (FED)

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

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

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

3.4 Employees retirement benefits

a) Provident fund scheme

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

	2017	2016
	(Rupees in '000)	
Size of the trust	395,779	394,632
Cost of investments made	259,094	275,456
Fair value of investments	385,198	376,498
	(Percentage)	
Percentage of investments made	97.33	95.40

The major categories of investments

	2017	2016
	(Rupees in '000)	
Banks	6,537	2,964
Government securities / debt instruments	185,244	192,013
Others	193,417	181,521
	385,198	376,498

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

b) Gratuity scheme

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

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

Principal actuarial assumptions used are as follows:

	2017	2016
	(% per annum)	
Valuation discount rate	8.00	7.25
Expected rate of return on plan assets	8.00	7.25
Expected rate of salary increase	7.00	6.25

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

Staff gratuity fund (Asset) / Liability:

	2017	2016
	(Rupees in '000)	
Present value of defined benefit obligation	95,468	83,440
Fair value of plan assets	(266,681)	(285,753)
Asset recognized as at September 30	(171,213)	(202,313)

	2017	2016
	(Rupees in '000)	
Charged to profit and loss account:		
Current service cost	5,669	5,695
Interest cost	5,930	7,255
Expected return on plan assets	(20,597)	(17,608)
	(8,998)	(4,658)
Total re-measurements chargeable in other comprehensive income:		
Remeasurement (loss) / gain on obligations	(3,704)	7,108
Remeasurement (loss) /gain on plan assets	(36,394)	78,615
	(40,098)	85,723
Movement in (Net Assets) / Liability recognized in the balance sheet:		
Balance as at October 1	(202,313)	(111,932)
Net charge for the year	(8,998)	(4,658)
Actuarial loss / (gain) charged to other comprehensive income	40,098	(85,723)
Balance as at September 30	(171,213)	(202,313)
Movement in the present value of defined benefit obligation:		
Balance as at October 1	83,440	79,242
Current service cost	5,669	5,695
Interest cost	5,930	7,255
Benefits paid during the year	(3,275)	(1,644)
Actuarial loss / (gain)	3,704	(7,108)
Balance as at September 30	95,468	83,440
Movement in the fair value of plan assets:		
Balance as at October 1	285,753	191,174
Expected return	20,597	17,608
Benefits paid	(3,275)	(1,644)
Actuarial (loss) / gain	(36,394)	78,615
Balance as at September 30	266,681	285,753
Composition of plan assets is as follows:		
Special Saving Certificate (SSCs)	71,242	51,760
Premium Prize Bonds	3,032	-
Shares / Mutual funds	192,231	229,074
Bank balances	176	4,919
	266,681	285,753

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

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2017 was Rs. (15.79) million (2016: Rs. 95.65 million), calculated on the basis of market conditions as allowed under IAS-19.

Sensitivity Analysis

Particulars	PVDBO (Rupees in 000')	Percentage Change
Current Liability	95,468	-
+ 1% Discount rate	88,621	(7.17)%
- 1% Discount rate	103,205	8.10%
+1% Salary increase rate	103,717	8.64%
- 1% Salary increase rate	88,059	(7.76)%
+ 10% withdrawal rates	95,484	0.02%
- 10% withdrawal rates	95,452	(0.02)%
1 Year mortality age set back	95,447	(0.02)%
1 Year mortality age set forward	95,489	0.02%

Comparisons with past years:	2017	2016	2015	2014 (Restated)	2013 (Restated)
			(Rupees in 000)		
Present value of defined benefit obligation	95,468	83,440	79,242	73,027	69,898
Fair value of plan assets	(266,682)	(285,753)	(191,174)	(109,329)	(87,759)
(Surplus) / deficit	(171,214)	(202,313)	(111,932)	(36,302)	(17,861)
Experience adjustments arising on plan liabilities	(3,704)	7,108	5,797	8,204	(4,438)
Experience adjustments arising on plan assets	(36,394)	78,615	70,416	16,417	7,799
	(40,098)	85,723	76,213	24,621	3,361

3.5 Property, plant and equipment

a) Owned assets

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

Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged to income in the year when acquired.

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

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

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

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

b) Assets subject to finance lease

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

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

c) Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

d) Intangible assets

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of such asset can also be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

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

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

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

The carrying values of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that carrying value may not be recoverable. An impairment loss is recognized in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the profit and loss account, however, it is restricted to the original cost of the asset.

3.6 Investments

a) In Subsidiary

Investment in Subsidiary is initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount is exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

b) In associate

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

c) Available-for-sale securities

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

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

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

d) Held-to-maturity investments

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

e) Designated investments at fair value through profit or loss

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

3.7 Stores, spare parts and loose tools

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

3.8 Biological Assets

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

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

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

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

3.9 Stock-in-trade

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

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

3.10 Trade debts

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

3.11 Trade and other payables

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

3.12 Revenue recognition

a) Sales are recorded on dispatch of goods to customers.

b) Income / return on investments, loans, advances and bank deposits are recognized on an accrual basis.

c) Dividend income on equity investment is recognized, when the right to receive the same is established.

d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.

e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.

f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops.

g) Unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

3.13 Foreign currency transactions and translations

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

3.14 Provisions

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

3.15 Borrowing costs

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

3.16 Related party transactions

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

3.17 Financial instruments

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

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

3.18 Offsetting of financial assets and liabilities

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

3.19 Cash and cash equivalents

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

3.20 Dividend and appropriation to reserves

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

3.21 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.22 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000)	
Property, plant and equipment - owned	4.1	2,274,139	1,644,396
Capital work in progress	4.4	92,210	392,298
		2,366,349	2,036,694

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

2017	COST / REVALUATION			DEPRECIATION				Book value as at Sep. 30, 2017	Depreciation rate per annum / Life
	As at Oct. 01, 2016	Additions/ revaluation/ (disposals)	As at Sep. 30, 2017	As at Oct. 01, 2016	Adjustment on disposals	For the year	As at Sep. 30, 2017		
	(Rupees in '000)								
Free hold land (Note 4.3)	584,392	10,320 260,822	855,534	-	-	-	-	855,534	-
Building on free hold land: - Factory	39,986	-	39,986	27,496	-	1,249	28,745	11,241	10%
- Non factory	26,331	500	26,831	19,798	-	657	20,455	6,376	10%
Building on lease hold land: - Non factory	-	15,211	15,211	-	-	42	42	15,169	30 Years
Plant & machinery	1,594,913	397,311	1,992,224	626,670	-	56,137	682,807	1,309,417	5%
Furniture & fittings	707	131	838	491	-	80	571	267	5 Years
Vehicles	117,489	16,389 (7,263)	126,615	48,213	(5,728)	16,038	58,523	68,092	20%
Office & other equipment	13,831	1,421	15,252	11,855	-	798	12,653	2,599	5 Years
Computers & accessories	9,278	5,773 (188)	14,863	8,008	(187)	1,598	9,419	5,444	3 Years
	2,386,927	447,056 260,822 (7,451)	3,087,354	742,531	(5,915)	76,599	813,215	2,274,139	

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

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

	Note	2017	2016
		(Rupees in '000)	
Cost of sales	28	67,556	56,293
Distribution cost	29	150	159
Administrative expenses	30	8,893	6,873
		76,599	63,325

4.1.2 Reconciliation of carrying amount:

	2017	2016
	(Rupees in '000)	
Carrying amount at beginning of the year	1,644,396	1,540,282
Addition during the year	447,056	169,215
Revaluation of freehold land during the year	260,822	-
Depreciation for the year	(76,599)	(63,325)
Disposal during the year at carrying amount	(1,536)	(1,776)
	2,274,139	1,644,396

4.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Vehicles							
Suzuki Cultus VXR ASR-894	788	622	166	197	31	Employee Car Scheme	Syed Muhammad Atif
Honda Civic VTI AUG-171	1,935	1,428	507	507	-	Employee Car Scheme	Mr. Wasif Khalid
Suzuki Alto VXR AUQ-474	710	522	188	188	-	Employee Car Scheme	Mr. M. Naeem
Toyota Corolla XLI AUF-506	1,300	993	307	325	18	Employee Car Scheme	Mr. Abdul Ghaffar
Toyota Corolla GLI AUH-172	1,450	1,102	348	363	15	Employee Car Scheme	Mr. Tahir Bashir
	6,183	4,667	1,516	1,580	64		
Aggregate of assets disposed-off having book value below Rs. 50,000 each:							
Vehicles	1,080	1,061	19	1,115	1,096		
Computers & accessories	188	187	1	50	49		
	1,268	1,248	20	1,165	1,145		
2017	7,451	5,915	1,536	2,745	1,209		
2016	6,355	4,579	1,776	3,124	1,348		

4.3 This includes Rs. 816.626 million (2016: Rs. 555.749 million) in respect of revaluation surplus (Refer note no.20). Had the revaluation not been carried out the freehold land would have been stated at Rs. 36.02 million (2016: Rs. 25.70 million).

4.4 Capital work in progress:

	2017	2016
	(Rupees in '000)	
Plant and machinery	90,710	391,198
Stores held for capitalisation	1,500	1,100
	92,210	392,298

4.4.1 Movement in capital work in progress:

	2017	2016
Opening	392,298	141,530
Add: Addition during the year	87,651	340,577
	479,949	482,107
Less: Transferred during the year	(387,739)	(89,809)
	92,210	392,298

5. INTANGIBLE ASSET

ERP System and Software License	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
2017	5,500	9,048	14,548	5,500	790	6,290	8,258	5 Years
2016	5,500	-	5,500	5,133	367	5,500	-	5 Years

		2017	2016
		(Rupees in '000)	
5.1 Amortization charged for the year has been allocated as follows:			
Cost of sales	28	474	220
Distribution cost	29	79	37
Administrative expenses	30	237	110
		790	367

5.2 Intangible assets as at September 30, 2017 include items having aggregate cost of Rs. 5.50 million (2016: Rs. 5.50 million) that have been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENTS

		2017	2016
In Associates			
Unicol Limited			
50,000,000 (2016: 23,059,573) fully paid ordinary shares of Rs.10/- each			
Equity held: 33.33% (2016 : 33.33%)	6.1	742,302	660,274
Dividend received		-	(23,060)
		742,302	637,214
Share of profit	6.1.2	110,111	105,088
		852,413	742,302
UniEnergy Limited			
768,999 (2016:768,999) fully paid ordinary shares of Rs.10/- each			
Equity held: 7.69% (2016: 7.69%)	6.2	7,690	7,690
Share of loss		(29)	-
		7,661	7,690
		860,074	749,992
In Subsidiary			
Mirpurkhas Energy Limited			
1,100,000 (2016:100) fully paid ordinary shares of Rs.10/- each			
Equity held: 100% (2016: 100%)	6.3	11,000	1
In 3 - years Term deposit			
Bank Alfalah Ltd	6.4	1,553	-
		872,627	749,993

6.1 Unicol Limited

The Company holds 33.33% (2016: 33.33%) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2017. The share of Company in the net assets has been determined on the basis of the audited financial statements for the period ended September 30, 2017. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange Limited (PSX). In this regard, steps will be taken to procure listing for the shares in accordance with the rules and regulations of the PSX and Securities & Exchange Commission of Pakistan.

Furthermore, for the purpose of procuring this listing, the Company has been authorized by the Board of Directors to divest up to 12.50 million shares of Unicol Limited held by it representing 8.33% of the paid-up and issued shares of the Investee Company at the strike price determined via Book Building mechanism in accordance with the rules and regulations of the PSX & SECP. Further, it was decided by the Board of Directors to appoint Lead managers & arranger for the purpose of this offer for sale of shares on behalf of the Company.

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

	2017	2016
	(Rupees in '000)	
Non-current assets	975,043	945,918
Current assets	785,868	437,597
	1,760,911	1,383,515
Long-term liabilities	(189,178)	(233,698)
Current liabilities	(719,320)	(407,515)
	(908,498)	(641,213)
Net assets	852,413	742,302

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

Sales	1,485,088	1,377,916
Cost of sales	(1,240,480)	(1,136,165)
	244,608	241,751
Other expenses, income and taxes	(134,497)	(136,663)
	110,111	105,088

6.2 UniEnergy Limited

The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2016: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture wind power project. This investment in UniEnergy Limited will be accounted for using the Equity method.

6.2.1 The Company's interest in assets & liabilities of UniEnergy Limited:

Non-current assets	4,401	3,102
Current assets	3,348	4,590
	7,749	7,692
Long-term liabilities	-	-
Current liabilities	(88)	(2)
	(88)	(2)
Net assets	7,661	7,690

	Note	2017	2016
		(Rupees in '000)	

6.2.2 The Company's share in profit and loss of UniEnergy Limited:

Sales		-	-
Cost of sales		(174)	-
		(174)	-
Other expenses, income and taxes		145	-
		(29)	-

6.3 Mirpurkhas Energy Limited

The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the company is to establish and operate a 26 MW bagasse based power plant and thereafter sale of electricity. On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. Subsequent to award of tariff, the Company has also secured Letter of Support (LOS) from Alternate Energy Development Board (AEDB). Central Power Purchasing Agency Guarantee Limited (CPPA-G) on September 26, 2017 has filed a review petition with NEPRA against the award of tariff by the competent authority. The Company expects a favourable outcome in that matter, only after which Energy purchase agreement will be executed.

6.4 The Company has invested a sum of Rs. 1.50 million in term deposit for a period of three years it carries markup @ 4.95% per annum, payable on maturity.

7. LONG-TERM DEPOSITS

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

8. STORES, SPARE PARTS AND LOOSE TOOLS

Stores		65,863	66,485
Spare parts		136,665	121,657
Loose tools		1,899	1,122
		204,427	189,264
Provision for obsolescence		(8,822)	(8,822)
		195,605	180,442

9. STOCK-IN-TRADE

Sugar	9.1 & 28	2,027,239	214,982
Sugar in process	28	2,713	3,578
		2,029,952	218,560

9.1 Stock in trade includes sugar stock costing Rs.1,692 million (2016: Nil) valued at Net Realisable Value (NRV) of Rs.1,518 million (2016: Nil) .

10. BIOLOGICAL ASSETS

Sugarcane		56,137	53,732
Others		1,701	7,587
		57,838	61,319

Movement during the year	Note	2017	2016
		(Rupees in '000)	
As at October 01		61,319	28,362
Addition due to cultivation		78,791	64,257
(Loss) / gain arising from initial recognition of standing crop less cost to sell		(5,331)	19,883
Decrease due to harvest sales		(76,941)	(51,183)
		57,838	61,319

10.1 The value of sugarcane crop is based on estimated average yield of 775 maunds per acre (2016: 700 maunds) on cultivated area of 600 acres (2016: 590 acres).

11. TRADE DEBTS - unsecured, considered good

		2017	2016
Export		55,508	-
Local		48,561	58,949
		104,069	58,949

12. LOANS AND ADVANCES - unsecured

		2017	2016
Considered good:			
To suppliers		111,334	79,859
To employees classified as recoverable within next twelve months		125	116
Against letters of credit		2,260	10,677
To sugar cane growers		112,080	89,636
To transport contractors		2,520	3,280
		228,319	183,568
Considered doubtful:			
Sugar cane growers		6,299	5,400
Provision there against		(6,299)	(5,400)
		-	-
		228,319	183,568

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

		2017	2016
Prepaid insurance		355	864
Prepaid rent		140	94
Other prepayments		1,057	1,695
Trade deposits		83	83
		1,635	2,736

14. OTHER RECEIVABLES

	Note	2017	2016
Sales tax / federal excise duty on unlifted sugar		64,289	37,158
Freight subsidy	14.1	79,045	79,045
Staff gratuity fund	14.2	171,213	202,313
		314,547	318,516

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

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

15. SHORT-TERM INVESTMENTS

	Note	2017	2016
		(Rupees in '000)	
Available-for-sale securities - related parties			
Quoted:			
Cherat Cement Company Limited			
5,770,252 (2016: 5,770,252) fully paid ordinary shares of Rs.10/- each		692,315	742,401
Cherat Packaging Limited			
1,469,933 (2016: 1,469,933) fully paid ordinary shares of Rs.10/- each		293,986	565,924
		986,301	1,308,325

16. TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax refundable		191,023	119,446

17. CASH AND BANK BALANCES

Islamic banks			
Current accounts		653	335
Conventional Banks			
Current accounts		7,096	7,239
Saving accounts	17.1	13,148	11,834
		20,244	19,073
		20,897	19,408
Cash in hand		1,726	1,625
		22,623	21,033

17.1 Effective profit rate in respect of PLS accounts is 3.75% per annum (2016: 3.5% per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2017	2016		2017	2016
(Number of Shares)			(Rupees in '000)	
50,000,000	50,000,000	Ordinary shares of Rs. 10/- each	500,000	500,000

18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Issued for cash	17,700	17,700
10,498,219	10,498,219	Issued as fully paid bonus shares	104,982	104,982
12,268,219	12,268,219		122,682	122,682

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

	2017	2016
	(Number of Shares)	
Faruque (Private) Limited	5,081,994	5,081,994
Greaves Pakistan (Private) Limited	292,735	292,735
Cherat Cement Company Limited	262,500	-
Mirpurkhas Sugar Mills Limited Employees Provident Fund	2,489	-
Mirpurkhas Sugar Mills Limited Employees Gratuity Fund	499,316	499,316
	6,139,034	5,874,045

19. RESERVES

	(Rupees in '000)	
Revenue reserves		
General reserve	34,250	34,250
Unappropriated profit	485,300	816,685
Actuarial gain on defined benefit plan	162,955	203,053
Fair vaue gain on available for sales securities	886,210	1,208,234
	1,568,715	2,262,222

20. SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of free hold land	816,571	555,749

It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited, to determine the present (realizable) market value by enquiring from local active realtors. Revaluation surplus was credited to surplus on revaluation of fixed assets account.

21. LONG TERM FINANCINGS - secured

From commercial banks	Mode & commencement of repayment	Security	2017	2016	Markup / profit rate
			(Rupees in 000)		
Plant Expansion / BMR loans					
Islamic Banks					
Finance 1 *(Diminishing Musharika)*	Sixteen quarterly installments commencing from December, 2013	First pari-passu hypothecation charge on plant & machinery	-	50,000	3 months average KIBOR + 0.50%
Finance 2 *(Diminishing Musharika)*	Ten semi annual installments commencing from October, 2017	First pari-passu hypothecation charge on plant & machinery	-	340,000	1 year average KIBOR + 1%
Conventional Banks					
Finance 3	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	150,000	150,000	3 months average KIBOR + 0.60%
Finance 4	Twenty quarterly installments commencing from May, 2018	First pari-passu hypothecation charge on plant & machinery	100,000	100,000	3 months average KIBOR + 0.60%
Finance 5	Ten Semi annual installments commencing from Sep. 2018	First pari-passu hypothecation charge on plant & machinery	300,000	-	6 months average KIBOR + 0.20%
Finance 6	Twenty eight quarterly installments commencing from July, 2017	First pari-passu hypothecation charge on plant & machinery	578,571	-	3 months average KIBOR + 0.20%
			1,128,571	640,000	
Less: Current maturity			155,714	50,000	
			972,857	590,000	

22. DEFERRED LIABILITIES

	Note	2017	2016
		(Rupees in '000)	
Quality premium	26.1.2 and 26.1.3	78,985	78,985
Market committee fee		63,580	56,196
Deferred tax liability - net	22.1	109,352	131,166
		251,917	266,347

22.1 DEFERRED TAX LIABILITY - NET

	2017	2016
Taxable temporary differences arising in respect of :		
- Accelerated tax depreciation allowance and investment	294,000	229,233
Deductible temporary differences arising in respect of :		
- Unabsorbed tax losses, tax credits and others	(165,574)	(80,646)
- Unpaid Liabilities	(19,074)	(17,421)
	(184,648)	(98,067)
	109,352	131,166

23. TRADE AND OTHER PAYABLES

	Note	2017	2016
Creditors		208,007	229,506
Accrued liabilities	26.1.8 and 26.1.9	152,804	166,284
Advances from customers		322,827	242,416
Unclaimed dividend		7,491	5,631
Withholding tax payable		635	2,180
Sales tax payable		1,419	12,836
Workers' profit participation fund	23.1	-	6,470
Workers' welfare fund	31	-	2,459
Other liabilities		3,357	2,314
		696,540	670,096

23.1 Workers' profit participation fund

	2017	2016
Opening balance	6,470	2,456
Interest thereon	505	171
	6,975	2,627
Less: Paid during the year	(6,975)	(2,627)
	-	-
Charge for the Year	-	6,470
Closing Balance	-	6,470

24. ACCRUED MARK-UP

	2017	2016
Islamic banks		
Long-term financing	-	13,041
Short-term borrowings	20,077	-
Conventional banks		
Long-term financing	13,792	4,210
Short-term borrowings	22,648	4,274
	56,517	21,525

25. SHORT-TERM BORROWINGS - secured

	Note	2017	2016
Islamic banks			
Short-term loans		600,000	-
Conventional banks			
Running finance	25.1	799,342	323,843
Money market loans	25.2	1,340,000	400,000
		2,739,342	723,843

25.1 This represents utilized portion of short term finance facilities aggregating Rs. 4,400 million (2016: Rs. 3,550 million) obtained from various commercial banks. These carry mark-up ranging from KIBOR+0.20% to KIBOR+0.75% per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR+0.20% to KIBOR+0.40%. The facilities are secured against registered first pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

25.2 This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at KIBOR+0.20% to KIBOR +0.25%.(2016: 1-month KIBOR+0.25%). The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered first pari passu hypothecation charge over various assets of the Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

26.1.1 The Company has filed suits before the Honourable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honourable High Court of Sindh was filed in Honourable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally Honourable Supreme Court of Pakistan has reserved the final judgement in that matter. The management of the Company is of the view that outcome of the suit would be in favour of the Company.

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

26.1.3 The Company has challenged in the Honorable High Court of Sindh, the issue of Notification No. 8 (142) SO (EXT) / 95 – XXI dated 24th December, 2002 issued by the Secretary to the Government of Sindh, Agriculture Department in connection with the fixation of sugar cane price and payment of quality premium. Pending judgement of the Sindh High Court, the Company has provided the liability in this regard, as judgement is still pending the government has contineously suspended the levy of quality premium from crushing season 2008-09 till Sep, 2016-17, through yearly notifications.

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

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

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

26.1.6 The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition filed in the Honourable High Court of Sindh has been allowed in favour of the Company. Furthermore, the Company has filed caveat in 2015 in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour and the amount is insignificant and is not likely to be materialized.

26.1.7 The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. The Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. The Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 under this section and notification. On February 22, 2013. The Honourable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007 was likewise a nullity and of no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements for the year ended September 30, 2018. The department has filed in Honourable Supreme Court of Pakistan, a civil petition for leave to appeal against the judgement passed by Honourable High Court of Sindh in the Company's favour and the Company is contesting the same.

26.1.8 The Company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the orders of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 81.32 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. Aggrieved with the order passed by Additional / Deputy Commissioner Inland Revenue, the Company filed an appeal with Commissioner Inland Revenue Appeals, where relief was granted against the order passed by Additional/ Deputy Commissioner Inland Revenue. Tax Department filed an appeal in an Appellate tribunal Inland Revenue against the judgement passed by Commissioner Inland Revenue Appeals. Appellate Tribunal Inland Revenue maintained the order of Commissioner Inland Revenue Appeals and directed that DCIR to follow the principle decided by this forum in the referred appeals. In a recent development, department has filed a reference against the order of the Appellate Tribunal Inland Revenue in the Honourable High Court of Sindh, and the Company is contesting the same, However, the Company has made provision in its financial statements as a matter of prudence.

26.1.9 The Company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the Company has already paid the FED at 0.5%

while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The matter is currently in adjudication at Appellate Tribunal level. The provision has been made in this financial statement as a matter of prudence.

26.1.10 The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still sub judice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015.

26.2 COMMITMENTS

	Note	2017	2016
		(Rupees in '000)	
26.2.1 Letters of credit issued by commercial banks - for imported machinery		9,354	3,179
26.2.2 Letter of guarantee issued by a commercial bank		8,892	-

27. TURNOVER

	Note	2017	2016
Local sales		1,724,102	4,051,414
Export		1,169,397	-
		2,893,499	4,051,414
Less: Duties & taxes		(91,349)	(288,522)
		2,802,150	3,762,892

28. COST OF SALES

	Note	2017	2016
Sugar cane cost		3,813,727	3,037,176
Stores and spare parts consumed		154,550	119,780
Packing material and expenses		37,982	33,769
Salaries, wages and other benefits	28.1	262,304	249,422
Water, fuel and power		24,420	21,415
Insurance		9,090	6,141
Repairs and maintenance		37,632	16,911
Vehicles expenses		12,542	11,739
Sugar handling expenses		5,609	3,581
Other expenses		15,625	16,019
Depreciation	4.1.1	67,556	56,293
Amortization	5.1	474	220
		4,441,511	3,572,466
Sugar-in-process - opening		3,578	2,869
- closing	9	(2,713)	(3,578)
		865	(709)
		4,442,376	3,571,757
Less: - sale of molasses	28.2	(323,608)	(243,568)
- sale of bagasse	28.2	(39,410)	(62,650)
		(363,018)	(306,218)
Cost of goods manufactured		4,079,358	3,265,539
Purchase of finished goods		582,090	-
Finished goods - opening		214,982	384,180
- closing	9	(2,027,239)	(214,982)
		(1,812,257)	169,198
		2,849,191	3,434,737

28.1 This includes Rs. 6.94 million (2016: Rs.5.11 million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax of Rs. Nil (2016: Rs. Nil) in respect of molasses and Rs. 6.82 million (2016: Rs. 10.65 million) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2017	2016
		(Rupees in '000)	
Salaries, wages and other benefits	29.1	3,151	3,160
Insurance		3,235	2,822
Sugar export freight & port handling expenses		38,418	-
Other expenses		3,048	2,888
Depreciation	4.1.1	150	159
Amortization	5.1	79	37
		48,081	9,066

29.1 This includes Rs. Nil (2016: Rs. 0.002 million) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2017	2016
Salaries, wages and other benefits	30.1	62,338	55,734
Directors' fee		1,320	1,200
Rent, rates and taxes		2,533	4,730
Communication expense		3,904	6,619
Conveyance and travelling		5,162	4,773
Printing and stationery		144	2,142
Entertainment		1,629	1,193
Vehicles expenses		3,550	2,980
Insurance		3,283	2,527
Repairs and maintenance		5,314	3,342
Subscription		3,395	1,951
Legal and professional charges		11,867	11,176
General expenses		4,052	4,341
Utilities		2,718	2,597
Depreciation	4.1.1	8,893	6,873
Amortization	5.1	237	110
		120,339	112,288

30.1 This includes Rs. 1.98 million (2016: Rs. 2.19 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

	Note	2017	2016
Auditors' remuneration	31.1	865	998
Bad debts Expense		899	-
Exchange loss from Export sales		912	-
Workers' profit participation fund	23.1	-	6,470
Workers' welfare fund	23	-	2,459
Charity and donation	31.2	384	394
		3,060	10,321

31.1 Auditors' Remuneration

	2017	2016
Annual audit fee	550	500
Half yearly review fee	150	136
Cost audit fee	-	180
Out of pocket expenses	166	182
	865	998

31.2 None of the directors or their spouses had any interest in the donees.

	Note	2017	2016
		(Rupees in '000)	

32. OTHER INCOME

	Note	2017	2016
Income from financial assets			
Dividend income from related parties		32,718	34,328
Profit on PLS and deposit accounts with conventional banks		1,219	1,559
Mark-up on growers' loans		528	630
		34,465	36,517
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.2	1,209	1,348
Fair value adjustments / net gain or loss from agriculture produce		6,884	19,050
		8,093	20,398
Other			
Miscellaneous		2,375	279
		44,933	57,194

33. FINANCE COST

	2017	2016
Islamic Banks		
Profit on long-term financing	16,797	34,314
Profit on short-term borrowings	58,716	41,160
Bank charges	340	64
	75,853	75,538
Conventional Banks		
Mark-up on long-term financing	45,338	15,028
Mark-up on short-term borrowings	104,907	40,177
Bank charges	2,818	2,288
	153,063	57,493
Interest on workers' profit participation fund	505	171
	229,421	133,202

34. TAXATION

	2017	2016
Current	(21,638)	(48,546)
Prior	22,707	-
	1,069	(48,546)
Deferred	21,814	(26,945)
	22,883	(75,491)

The assessments of the Company for and upto the tax year 2017 have been completed. In view of unabsorbed losses the Company is only liable to pay minimum tax in the current year, therefore, no numerical tax reconciliation is given.

35. EARNINGS PER SHARE- basic

	2017	2016
(Loss) / profit after taxation	(270,044)	150,069
	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	(22.01)	12.23

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

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

36.1 Market risk

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

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

a) Foreign currency risk

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

b) Interest rate risk

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

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 69.34 million (2016: Rs. 45.02 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variable remains constant.

c) Price risk

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

At the balance sheet date, the exposure to listed equity securities at fair value was Rs.986.30 million (2016 Rs.1,308.33 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.98.63 million (2016: Rs.130.83 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit Risk

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

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

	2017	2016
	(Rupees in '000)	
Deposits	1,792	2,966
Trade debts	104,069	58,949
Advances	112,204	89,752
Short-term investments	986,301	1,308,325
Bank balances	20,897	19,408
	1,225,263	1,479,400

36.2.1 Credit quality of financial assets

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

	2017	2016
Trade debts		
Customers with no default in the past one year	104,069	58,949
Advances		
Counter parties without credit rating	112,204	89,752
Short-term investments		
Counter parties without credit rating	986,301	1,308,325
Cash at bank		
A1 +	20,897	19,408

36.3 Liquidity risk

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

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at balance sheet date, the Company has unused credit facilities of Rs.1,661 million (2016: Rs.2,826 million).

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

	INTEREST BEARING			NON-INTEREST BEARING			2017	2016
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	155,714	972,857	1,128,571	-	-	-	1,128,571	640,000
Deferred liabilities	-	-	-	-	142,565	142,565	142,565	135,181
Short-term borrowings	2,739,342	-	2,739,342	-	-	-	2,739,342	723,843
Trade & other payables	-	-	-	371,659	-	371,659	371,659	414,844
Accrued mark-up	-	-	-	56,517	-	56,517	56,517	21,525
	2,895,056	972,857	3,867,913	428,176	142,565	570,741	4,438,654	1,935,393

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

36.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

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

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes 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.

Management assessed that the fair values of cash & cash equivalent and short term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

The valuation of land is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.

Financial assets measured at fair value

	Total	Level 1	Level 2	Level 3
	(Rupees in 000)			
Investment at fair value (available-for-sale securities)				
30 September 2017	986,301	986,301	-	-
30 September 2016	1,308,325	1,308,325	-	-

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

36.5 Capital risk management

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

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

The gearing ratios as at September 30, 2017 and 2016 were as follows:

	2017	2016
	(Rupees in '000)	
Total Long-term debt	1,128,571	640,000
Share capital	122,682	122,682
Reserves	1,568,715	2,262,222
Total Equity	1,691,397	2,384,904
Total Equity and Long-term debt	2,819,969	3,024,904
Gearing ratio	40.02%	21.16%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2017 Chief Executive	2017 Directors	2017 Executives	2016 Chief Executive	2016 Directors	2016 Executives
	(Rupees in '000)					
Remuneration & bonus	37,452	19,766	38,093	30,263	30,263	23,856
Housing allowance	1,452	1,086	12,946	1,452	1,452	7,294
Utilities	250	188	2,877	250	250	1,621
Leave fare assistance	1,738	1,738	-	1,545	1,545	-
Retirement benefits	3,802	2,607	2,397	3,331	3,331	1,350
	44,694	25,385	56,313	36,841	36,841	34,121
No. of persons	1	1	27	1	1	17

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

37.1 The aggregate amount charged in the financial statements for the year for fee to six directors amounted to Rs.1.32 million (2016: five directors - Rs.1.20 million).

38. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	2017	2016
		(Rupees in '000)	
Group Companies	Services received	9,660	8,584
	Goods purchased	36,208	27,426
	Sales made	336,107	261,568
	Dividend received from related party	32,718	34,328
	Dividend received from associated company	-	23,060
	Dividend paid	28,186	33,323
	Investment made in related parties		14,357
	Investment made in associates and subsidiary	11,000	7,691
	Reimbursement of expense to subsidiary	1,271	-
	Advance to subsidiary	5,603	-
Other related parties	Staff provident and gratuity funds	4,960	7,302

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

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

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

Standard or Interpretation	Effective dates (accounting periods beginning on or after)
IFRS 2 - Share-based Payments - Classification and Measurement of Share- based Payments Transactions (Amendments)	January 1, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 - Statement of Cash flows	January 1, 2017
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017

Standard or Interpretation		Effective dates (accounting periods beginning on or after)
IFRS 4 -	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments)	January 1, 2017
IAS 40 -	Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRIC 22 -	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 -	Uncertainty Over Income tax Treatment	January 1, 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application

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

Standard	IASB Effective dates (annual periods begining on or after)
IFRS 9 Financial Instruments classification and measurement	January 1, 2018
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January1, 2019
IFRS 16 Insurance Contracts	January1, 2021

40. CAPACITY AND PRODUCTION

	2017	2016
Days operated	131	106
Crushing capacity per day (M.tons)	8,500	7,500
Total crushing capacity on the basis of no. of days (M.tons)	1,113,500	795,000
Actual crushing (M.tons)	738,378	616,716
Sugar production (M.tons)	78,897	66,753

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

41. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 200 (2016: 192) and average number of employees during the year were 205 (2016: 197).

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 20, 2017 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

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

44. GENERAL

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

Aslam Faruque	**Tariq Faruque**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Consolidated Financial Statements

Auditors' Report on Consolidated Financial Statements to the Members

We have audited the annexed Consolidated Financial Statements comprising Consolidated Balance Sheet of Mirpurkhas Sugar Mills Limited (The Holding Company) and its subsidiary company Mirpurkhas Energy Limited as at September 30, 2017 and the related Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Mirpurkhas Sugar Mills Limited and its subsidiary company. These Consolidated Financial Statements are the responsibility of the Holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the international standards on auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Consolidated Financial Statements present fairly the financial position of Mirpurkhas Sugar Mills Limited and its Subsidiary Company as at September 30, 2017 and the results of their operations for the year then ended.

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

Karachi: December 20, 2017

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053,
Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES **LAHORE - FAISALABAD - ISLAMABAD**

A member of kreston international A global network of independent accounting firms

Consolidated Balance Sheet

As at September 30, 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,376,502	2,036,694
Intangible asset	5	8,258	-
Long-term investments	6	861,627	749,992
Long-term deposits	7	1,709	2,883
		3,248,096	2,789,569
CURRENT ASSETS			
Stores, spare parts and loose tools	8	195,605	180,442
Stock-in-trade	9	2,029,952	218,560
Biological assets	10	57,838	61,319
Trade debts	11	104,069	58,949
Loans and advances	12	222,716	183,569
Trade deposits and short-term prepayments	13	1,635	2,736
Other receivables	14	314,547	318,516
Short-term investments	15	986,301	1,308,325
Tax refunds due from the Government	16	191,023	119,446
Cash and bank balances	17	27,802	21,033
		4,131,488	2,472,895
TOTAL ASSETS		7,379,584	5,262,464
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	122,682	122,682
Reserves	19	1,567,444	2,262,222
		1,690,126	2,384,904
SURPLUS ON REVALUATION OF FIXED ASSETS	20	816,571	555,749
NON-CURRENT LIABILITIES			
Long-term financing	21	972,857	590,000
Deferred liabilities	22	251,917	266,347
		1,224,774	856,347
CURRENT LIABILITIES			
Trade and other payables	23	696,540	670,096
Accrued mark-up	24	56,517	21,525
Short-term borrowings	25	2,739,342	723,843
Current portion of long-term financing	21	155,714	50,000
		3,648,113	1,465,464
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		7,379,584	5,262,464

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Consolidated Profit and Loss Account

For the year ended September 30, 2017

	Note	2017	2016
		(Rupees in '000)	
Turnover - net	27	2,802,150	3,762,892
Cost of sales	28	(2,849,191)	(3,434,737)
Gross (loss) / profit		(47,041)	328,155
Distribution cost	29	(48,081)	(9,066)
Administrative expenses	30	(121,610)	(112,288)
Other operating expenses	31	(3,060)	(10,321)
		(172,751)	(131,675)
Other income	32	44,933	57,194
Operating (loss) / profit		(174,859)	253,674
Finance cost	33	(229,421)	(133,202)
		(404,280)	120,472
Share of profit in associates	6	110,082	105,088
(Loss) / profit before taxation		(294,198)	225,560
Taxation	34	22,883	(75,491)
(Loss) / profit for the year		(271,315)	150,069
Earnings per share - basic (Rupees)	35	(22.12)	12.23

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2017

	2017	2016
	(Rupees in '000)	
(Loss) / profit for the year	(271,315)	150,069
Other Comprehensive (loss) / income		
Items that may be reclassified subsequently to profit and loss account		
Fair value (loss) / gain on available-for-sale securities	(322,024)	502,470
Items that may not be reclassified subsequently to profit and loss account		
Actuarial (loss) / gain on defined benefit plan	(40,098)	85,723
	(362,122)	588,193
Total comprehensive (loss) / profit for the year	(633,437)	738,262

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

Aslam Faruque	**Tariq Faruque**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended September 30, 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(294,198)	225,560
Adjustments for:			
Depreciation	4	76,599	63,325
Amortization	5	790	367
Provision for market committee fee		7,384	6,167
Provision for Bad dedts		899	-
Fair value adjustment of biological assets	10	5,331	(19,883)
Dividend income from related parties	32	(32,718)	(34,328)
Share of profit in associates	6	(110,082)	(105,088)
Gain on disposal of property, plant and equipment	32	(1,209)	(1,348)
Finance cost	33	229,421	133,202
		176,415	42,414
		(117,783)	267,974
Working capital changes :			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(15,163)	(12,933)
Stock-in-trade		(1,811,392)	168,489
Biological assets		(1,850)	(13,074)
Trade debts		(45,120)	(24,340)
Loans and advances		(40,047)	(76,155)
Short-term prepayments		1,101	14
Other receivables		(36,129)	8,875
		(1,948,600)	50,876
Increase in current liabilities:			
Trade and other payables		24,584	150,868
Cash (used in) / generated from operations		(2,041,799)	469,718
Income tax paid		(70,508)	(95,532)
Net cash (used in) / generated from operating activities		(2,112,307)	374,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(157,121)	(419,983)
Additions to Intangible asset		(9,048)	-
Sale proceeds of property, plant and equipment	4	2,745	3,124
Short-term investments in related party		-	(14,357)
Long-term investments in subsidiary and others		(1,552)	(7,691)
Long-term deposits		1,174	1,698
Dividend received from associates		-	23,060
Dividend received from related parties	32	32,718	34,328
Net cash used in investing activities		(131,084)	(379,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(194,429)	(133,461)
Short-term borrowings		2,015,499	126,153
Long-term financing obtained		900,000	100,000
Long-term financing repaid	21	(411,429)	(50,000)
Payment of dividend		(59,481)	(72,180)
Net cash generated from / (used in) financing activities		2,250,160	(29,488)
Net increase / (decrease) in cash and cash equivalents		6,769	(35,123)
Cash and cash equivalents at the beginning of the year		21,033	56,156
Cash and cash equivalents at the end of the year		27,802	21,033

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

Aslam Faruque	**Tariq Faruque**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended September 30, 2017

	Issued, subscribed and paid-up capital	Reserves					Total
		General reserves	Unappropriated profit / (loss)	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available-for-sale securities	Total reserves	
	(Rupees in '000)						
Balance as at October 01, 2015	122,682	34,250	709,555	117,330	705,764	1,566,899	1,689,581
Profit for the year	-	-	150,069	-	-	150,069	150,069
Other comprehensive income	-	-	-	85,723	502,470	588,193	588,193
Total comprehensive income	-	-	150,069	85,723	502,470	738,262	738,262
Transaction with owners							
Final cash dividend for the year ended September 30, 2015 @ Rs. 3.50 per share	-	-	(42,939)	-	-	(42,939)	(42,939)
Balance as at September 30, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Balance as at October 01, 2016	122,682	34,250	816,685	203,053	1,208,234	2,262,222	2,384,904
Loss for the year	-	-	(271,315)	-	-	(271,315)	(271,315)
Other comprehensive loss for the year	-	-	-	(40,098)	(322,024)	(362,122)	(362,122)
Total comprehensive loss	-	-	(271,315)	(40,098)	(322,024)	(633,437)	(633,437)
Transaction with owners							
Final cash dividend for the year ended September 30, 2016 @ Rs. 5 per share	-	-	(61,341)	-	-	(61,341)	(61,341)
Balance as at September 30, 2017	122,682	34,250	484,029	162,955	886,210	1,567,444	1,690,126

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

Aslam Faruque
Chief Executive

Tariq Faruque
Director

Wasif Khalid
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended September 30, 2017

1. GROUP AND ITS OPERATIONS

The group consists of Mirpurkhas Sugar Mills Limited ("the Holding Company) and its subsidiary company Mirpurkhas Energy Limited. Brief profiles of Holding company and its subsidiary company are as follows:

1.1 Mirpurkhas Sugar Mills Limited

The Holding Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted at Pakistan Stock Exchange. Principal activity of The Group is manufacturing and selling of sugar. The registered office of The Group is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road Mirpurkhas, Sindh.

1.2 Mirpurkhas Energy Limited

The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the Company is to establish and operate a 26MW bagasse based power plant and thereafter sale of electricity.

On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. The Company has also secured Letter of Support (LOS) from Alternate Energy Development Board (AEDB).

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

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of Mirpurkhas Sugar Mills Limited and Mirpurkhas Energy Limited. The financial statements of the parent and subsidiary companies are prepared upto the same reporting date using consistent accounting policies. Assets and liabilities of the subsidiaries have been consolidated on line by line basis and the carrying amount of investment held by parent company is eliminated against the subsidiary share capital, intra group balances and transactions are eliminated.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act, 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 communicated its decision that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, The Group's financial statements for the year ended September 30, 2017 have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 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 repealed Companies Ordinance, 1984, provisions and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These consolidated financial statements have been prepared following accrual basis of accounting except for cash flow statement.

These consolidated financial statements comprises of consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with explanatory notes forming part thereof and have been prepared under the 'historical cost convention, except for the following material items in the balance sheet:

a. Derivatives financial instruments and investments which are stated at their fair values in accordance with IAS 39;

b. Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;

c. Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;

d. Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19; and

e. Free hold land which stands at revalued amount in accordance with IAS 16.

3.1.1 New standards, interpretations and amendments

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

IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements – Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014:

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations- Changes in methods of disposal

IFRS 7 – Financial Instruments: Disclosures – Servicing contracts

IFRS 7 – Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements.

IAS 19 – Employee Benefits – Discount rate: Regional market issue.

IAS 34 – Interim Financial reporting

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

3.2 Significant accounting judgments, estimates and assumptions

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

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

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

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

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

a) Employees retirement benefits

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

b) Property, plant and equipment and intangible assets

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

c) Classification of investments

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

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

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

e) Biological assets

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

f) Trade debts, loans and advances and other receivables

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

g) Taxation

In applying the estimate for income tax payable, The Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where The Group's view differs from the view taken by the income tax department at the assessment stage and where The Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

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

h) Provision for impairment

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

i) Contingencies

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

3.3 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.25% of turnover tax, calculated at applicable tax rates under section 113 & alternate corporate tax U/s 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

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

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

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

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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

c) Sales tax and Federal excise duty (FED)

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

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duty is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- Receivables or payables that are stated with the amount of sales tax and federal excise duty included.

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

3.4 Employees retirement benefits

a) Provident fund scheme

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

	2017	2016
	(Rupees in '000)	
Size of the trust	395,779	394,632
Cost of investments made	259,094	275,456
Fair value of investments	385,198	376,498
	(Percentage)	
Percentage of investments made	97.33	95.40
The major categories of investments		
	(Rupees in '000)	
Banks	6,537	2,964
Government securities / debt instruments	185,244	192,013
Others	193,417	181,521
	385,198	376,498

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

b) Gratuity scheme

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

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

Principal actuarial assumptions used are as follows:

	2017	2016
	(% per annum)	
Valuation discount rate	8.00	7.25
Expected rate of return on plan assets	8.00	7.25
Expected rate of salary increase	7.00	6.25

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

	(Rupees in '000)	
Staff gratuity fund (Asset) / Liability:		
Present value of defined benefit obligation	95,468	83,440
Fair value of plan assets	(266,681)	(285,753)
Asset recognized as at September 30	(171,213)	(202,313)
Amounts charged to profit and loss account:		
Current service cost	5,669	5,695
Interest cost	5,930	7,255
Expected return on plan assets	(20,597)	(17,608)
	(8,998)	(4,658)
Total re-measurements chargeable in other comprehensive income:		
Remeasurement (loss) / gain on obligations	(3,704)	7,108
Remeasurement (loss) /gain on Plan assets	(36,394)	78,615
	(40,098)	85,723
Movement in (Net Assets) / Liability recognized in the balance sheet:		
Balance as at October 1	(202,313)	(111,932)
Net charge for the year	(8,998)	(4,658)
Actuarial loss / (gain) charged to other comprehensive income	40,098	(85,723)
Balance as at September 30	(171,213)	(202,313)
Movement in the present value of defined benefit obligation:		
Balance as at October 1	83,440	79,242
Current service cost	5,669	5,695
Interest cost	5,930	7,255
Benefits paid during the year	(3,275)	(1,644)
Actuarial loss / (gain)	3,704	(7,108)
Balance as at September 30	95,468	83,440
Movement in the fair value of plan assets:		
Balance as at October 1	285,753	191,174
Expected return	20,597	17,608
Benefits paid	(3,275)	(1,644)
Actuarial (loss) / gain	(36,394)	78,615
Balance as at September 30	266,681	285,753
Composition of plan assets is as follows:		
Special Saving Certificate (SSCs)	71,242	51,760
Premium Prize Bonds	3,032	-
Shares / Mutual funds	192,231	229,074
Bank balances	176	4,919
	266,681	285,753

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

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2017 was Rs. (15.79) million (2016: Rs. 95.65 million), calculated on the basis of market conditions as allowed under IAS-19.

Sensitivity Analysis

Particulars	PVDBO (Rupees in 000')	Percentage Change
Current Liability	95,468	-
+ 1% Discount rate	88,621	(7.17)%
- 1% Discount rate	103,205	8.10%
+1% Salary increase rate	103,717	8.64%
- 1% Salary increase rate	88,059	(7.76)%
+ 10% withdrawal rates	95,484	0.02%
- 10% withdrawal rates	95,452	(0.02)%
1 Year mortality age set back	95,447	(0.02)%
1 Year mortality age set forward	95,489	0.02%

	2017	2016	2015	2014 (Restated)	2013 (Restated)
Comparisons with past years:			(Rupees in 000)		
Present value of defined benefit obligation	95,468	83,440	79,242	73,027	69,898
Fair value of plan assets	(266,682)	(285,753)	(191,174)	(109,329)	(87,759)
(Surplus) / deficit	(171,214)	(202,313)	(111,932)	(36,302)	(17,861)
Experience adjustments arising on plan liabilities	(3,704)	7,108	5,797	8,204	(4,438)
Experience adjustments arising on plan assets	(36,394)	78,615	70,416	16,417	7,799
	(40,098)	85,723	76,213	24,621	3,361

3.5 Property, plant and equipment

a) Owned assets

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

Assets having cost exceeding the minimum threshold as determined by The Group are capitalized. All other assets are charged to income in the year when acquired.

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

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

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

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

b) Assets subject to finance lease

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

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

c) Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

d) Intangible assets

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of such asset can also be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

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

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

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

The carrying values of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that carrying value may not be recoverable. An impairment loss is recognized in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the profit and loss account, however, it is restricted to the original cost of the asset.

3.6 Investments

a) In associate

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

b) Available-for-sale securities

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

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

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

c) Held-to-maturity investments

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

d) Designated investments at fair value through profit or loss

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

3.7 Stores, spare parts and loose tools

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

3.8 Biological Assets

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

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

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

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

3.9 Stock-in-trade

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

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

3.10 Trade debts

Trade debts originated by The Group are recognized and carried at original invoice amount less provision for any uncollectible amounts. Export debtors are translated into Pak Rupee at the rate prevailing on the balance sheet date. Provision for doubtful debts is based on The Group's assessment of customer's outstanding balances and credit worthiness. Bad debts are written-off, when there is no realistic prospect of recovery.

3.11 Trade and other payables

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

3.12 Revenue recognition

a) Sales are recorded on dispatch of goods to customers.

b) Income / return on investments, loans, advances and bank deposits are recognized on an accrual basis.

c) Dividend income on equity investment is recognized, when the right to receive the same is established.

d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.

e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.

f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops

g) Unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.

3.13 Foreign currency transactions and translations

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

3.14 Provisions

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

3.15 Borrowing costs

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

3.16 Related party transactions

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

3.17 Financial instruments

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

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

3.18 Offsetting of financial assets and liabilities

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

3.19 Cash and cash equivalents

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

3.20 Dividend and appropriation to reserves

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

3.21 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of The Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.22 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of The Group. Contingent assets are not recognized until their realization become virtually certain.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000)	
Property, plant and equipment - owned	4.1	2,274,139	1,644,396
Capital work in progress	4.4	102,363	392,298
		2,376,502	2,036,694

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

2017	COST / REVALUATION			DEPRECIATION				Book value as at Sep. 30, 2017	Depreciation rate per annum / Life
	As at Oct. 01, 2016	Additions/ revaluation/ (disposals)	As at Sep. 30, 2017	As at Oct. 01, 2016	Adjustment on disposals	For the year	As at Sep. 30, 2017		
	(Rupees in '000)								
Free hold land (Note 4.3)	584,392	10,320 260,822	855,534	-	-	-	-	855,534	-
Building on free hold land:									
- Factory	39,986	-	39,986	27,496	-	1,249	28,745	11,241	10%
- Non factory	26,331	500	26,831	19,798	-	657	20,455	6,376	10%
Building on lease hold land:									
- Non factory	-	15,211	15,211	-	-	42	42	15,169	30 Years
Plant & machinery	1,594,913	397,311	1,992,224	626,670	-	56,137	682,807	1,309,417	5%
Furniture & fittings	707	131	838	491	-	80	571	267	5 Years
Vehicles	117,489	16,389 (7,263)	126,615	48,213	(5,728)	16,038	58,523	68,092	20%
Office & other equipment	13,831	1,421	15,252	11,855	-	798	12,653	2,599	5 Years
Computers & accessories	9,278	5,773 (188)	14,863	8,008	(187)	1,598	9,419	5,444	3 Years
	2,386,927	447,056 260,822 (7,451)	3,087,354	742,531	(5,915)	76,599	813,215	2,274,139	

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

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

	Note	2017	2016
		(Rupees in '000)	
Cost of sales	28	67,556	56,293
Distribution cost	29	150	159
Administrative expenses	30	8,893	6,873
		76,599	63,325

4.1.2 Reconciliation of carrying amount:

	2017	2016
	(Rupees in '000)	
Carrying amount at beginning of the year	1,644,396	1,540,282
Addition during the year	447,056	169,215
Revaluation of freehold land during the year	260,822	-
Depreciation for the year	(76,599)	(63,325)
Disposal during the year at carrying amount	(1,536)	(1,776)
	2,274,139	1,644,396

4.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Vehicles							
Suzuki Cultus VXR ASR-894	788	622	166	197	31	Employee Car Scheme	Syed Muhammad Atif
Honda Civic VTI AUG-171	1,935	1,428	507	507	-	Employee Car Scheme	Mr. Wasif Khalid
Suzuki Alto VXR AUQ-474	710	522	188	188	-	Employee Car Scheme	Mr. M. Naeem
Toyota Corolla XLI AUF-506	1,300	993	307	325	18	Employee Car Scheme	Mr. Abdul Ghaffar
Toyota Corolla GLI AUH-172	1,450	1,102	348	363	15	Employee Car Scheme	Mr. Tahir Bashir
	6,183	4,667	1,516	1,580	64		
Aggregate of assets disposed-off having book value below Rs.50,000 each:							
Vehicles	1,080	1,061	19	1,115	1,096		
Computers & accessories	188	187	1	50	49		
	1,268	1,248	20	1,165	1,145		
2017	7,451	5,915	1,536	2,745	1,209		
2016	6,355	4,579	1,776	3,124	1,348		

4.3 This includes Rs.816.626 million (2016: Rs. 555.749 million) in respect of revaluation surplus (Refer note no.20). Had the revaluation not been carried out the freehold land would have been stated at Rs.36.02 million (2016: Rs.25.70 million).

4.4 Capital work in progress:

	2017	2016
	(Rupees in '000)	
Plant and machinery	100,863	391,198
Stores held for capitalisation	1,500	1,100
	102,363	392,298

4.4.1 Movement in Capital work in progress:

	2017	2016
Opening	392,298	141,530
Add: Addition during the year	97,804	340,577
	490,102	482,107
Less: Transferred during the year	(387,739)	(89,809)
	102,363	392,298

5. INTANGIBLE ASSET

ERP System & Softwares Licences	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
2017	5,500	9,048	14,548	5,500	790	6,290	8,258	5 Years
2016	5,500	-	5,500	5,133	367	5,500	-	5 Years

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

	Note	2017	2016
		(Rupees in '000)	
Cost of sales	28	474	220
Distribution cost	29	79	37
Administrative expenses	30	237	110
		790	367

5.2 Intangible assets as at September 30, 2017 include items having aggregate cost of Rs. 5.50 million (2016: Rs. 5.50 million) that have been fully amortized and still in use of the Company

6. LONG TERM INVESTMENTS

	Note	2017	2016
In Associates			
Unicol Limited			
50,000,000 (2016: 23,059,573) fully paid ordinary shares of Rs.10/- each			
Equity held : 33.33 % (2016 : 33.33%)	6.1	742,302	660,274
Dividend received		-	(23,060)
		742,302	637,214
Share of profit	6.1.2	110,111	105,088
		852,413	742,302
UniEnergy Limited			
768,999 (2016:768,999) fully paid ordinary shares of Rs.10/- each			
Equity held: 7.69 % (2016: 7.69%)	6.2	7,690	7,690
Share of loss		(29)	-
		7,661	7,690
		860,074	749,992
In 3 - years Term deposit			
Bank Alfalah Ltd	6.3	1,553	-
		861,627	749,992

6.1 Unicol Limited

The Parent Company holds 33.33 percent (2016: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no.3.6(a) to the annual audited financial statements for the year ended September 30, 2017. The share of Parent Company in the net assets has been determined on the basis of the audited financial statements for the period ended September 30, 2017. The Board of Directors of the Investee Company and Board of Directors of the Parent Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange Limited (PSX). In this regard, steps will be taken to procure listing for the shares in accordance with the rules and regulations of the PSX and Securities & Exchange Commission of Pakistan.

Furthermore, for the purpose of procuring this listing, the Parent Company has been authorized by the Board of Directors to divest up to 12.50 million shares of Unicol Limited held by it representing 8.33% of the paid-up and issued shares of the Investee Company at the strike price determined via Book Building mechanism in accordance with the rules and regulations of the PSX & SECP. Further, it was decided by the Board of Directors to appoint Lead managers & arranger for the purpose of this offer for sale of shares on behalf of the Parent Company.

	2017	2016
	(Rupees in '000)	

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

	2017	2016
Non-current assets	975,043	945,918
Current assets	785,868	437,597
	1,760,911	1,383,515
Long-term liabilities	(189,178)	(233,698)
Current liabilities	(719,320)	(407,515)
	(908,498)	(641,213)
Net assets	852,413	742,302

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

	2017	2016
Sales	1,485,088	1,377,916
Cost of sales	(1,240,480)	(1,136,165)
	244,608	241,751
Other expenses, income and taxes	(134,497)	(136,663)
	110,111	105,088

6.2 UniEnergy Limited

The Parent Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2016: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture wind power project. This investment in UniEnergy Limited will be accounted for using the Equity method.

6.2.1 The Parent Company's interest in assets & liabilities of UniEnergy Limited:

	2017	2016
Non-current assets	4,401	3,102
Current assets	3,348	4,590
	7,749	7,692
Long-term liabilities	-	-
Current liabilities	(88)	(2)
	(88)	(2)
Net assets	7,661	7,690

6.2.2 The Parent Company's share in profit and loss of UniEnergy Limited:

	2017	2016
Sales	-	-
Cost of sales	(174)	-
	(174)	-
Other expenses, income and taxes	145	-
	(29)	-

6.3 The Parent Company has invested a sum of Rs. 1.50 million in term deposit for a period of three years it carries markup @ 4.95% per annum, payable on maturity

7. LONG-TERM DEPOSITS

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

8. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017	2016
		(Rupees in '000)	
Stores		65,863	66,485
Spare parts		136,665	121,657
Loose tools		1,899	1,122
		204,427	189,264
Provision for obsolescence	8.1	(8,822)	(8,822)
		195,605	180,442

9. STOCK-IN-TRADE

	Note	2017	2016
Sugar	9.1 & 28	2,027,239	214,982
Sugar in process	28	2,713	3,578
		2,029,952	218,560

9.1 Stock in trade includes sugar stock costing Rs.1,691.86 million (2016: Nil) valued at Net Realisable Value (NRV) of Rs.1,518.17 million (2016: Nil) .

10. BIOLOGICAL ASSETS

	2017	2016
Sugarcane	56,137	53,732
Others	1,701	7,587
	57,838	61,319

Movement during the year

	2017	2016
As at October 01	61,319	28,362
Addition due to cultivation	78,791	64,257
(Loss) / gain arising from initial recognition of standing crop less cost to sell	(5,331)	19,883
Decrease due to harvest sales	(76,941)	(51,183)
	57,838	61,319

10.1 The value of sugarcane crop is based on estimated average yield of 775 maunds per acre (2016: 700 maunds) on cultivated area of 600 acres (2016: 590 acres).

11. TRADE DEBTS - unsecured, considered good

	2017	2016
Export	55,508	-
Local	48,561	58,949
	104,069	58,949

12. LOANS AND ADVANCES - unsecured

	2017	2016
Considered good:		
To suppliers	105,731	79,860
To employees classified as recoverable within next twelve months	125	116
Against letters of credit	2,260	10,677
To sugar cane growers	112,080	89,636
To transport contractors	2,520	3,280
	222,716	183,569
Considered doubtful:		
Sugar cane growers	6,299	5,400
Provision there against	(6,299)	(5,400)
	-	-
	222,716	183,569

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2017	2016
		(Rupees in '000)	
Prepaid insurance		355	864
Prepaid rent		140	94
Other prepayments		1,057	1,695
Trade deposits		83	83
		1,635	2,736

14. OTHER RECEIVABLES

	Note	2017	2016
Sales tax / federal excise duty on unlifted sugar		64,289	37,158
Freight subsidy	14.1	79,045	79,045
Staff Gratuity fund	14.2	171,213	202,313
		314,547	318,516

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

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

15. SHORT-TERM INVESTMENTS

	2017	2016
Available-for-sale securities - related parties		
Quoted:		
Cherat Cement Company Limited		
5,770,252 (2016: 5,770,252) fully paid ordinary shares of Rs.10/- each	692,315	742,401
Cherat Packaging Limited		
1,469,933 (2016: 1,469,933) fully paid ordinary shares of Rs.10/- each	293,986	565,924
	986,301	1,308,325

16. TAX REFUNDS DUE FROM THE GOVERNMENT

	2017	2016
Income tax refundable	191,023	119,446

17. CASH AND BANK BALANCES

	Note	2017	2016
Islamic banks			
Current accounts		653	335
Conventional Banks			
Current accounts		12,275	7,239
Saving accounts	17.1	13,148	11,834
		25,423	19,073
		26,076	19,408
Cash in hand		1,726	1,625
		27,802	21,033

17.1 Effective profit rate in respect of PLS accounts is 3.75 % per annum (2016: 3.5 % per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2017	2016		2017	2016
(Number of Shares)			(Rupees in '000)	
50,000,000	50,000,000	Ordinary shares of Rs. 10/- each	500,000	500,000

18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Issued for cash	17,700	17,700
10,498,219	10,498,219	Issued as fully paid bonus shares	104,982	104,982
12,268,219	12,268,219		122,682	122,682

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

	(Number of Shares)	
Faruque (Private) Limited	5,081,994	5,081,994
Greaves Pakistan (Private) Limited	292,735	292,735
Cherat Cement Company Limited	262,500	-
Mirpurkhas Sugar Mills Limited Employees Provident Fund	2,489	-
Mirpurkhas Sugar Mills Limited Employees Gratuity Fund	499,316	499,316
	6,139,034	5,874,045

19. RESERVES

	(Rupees in '000)	
Revenue reserves		
General reserve	34,250	34,250
Unappropriated profit	484,029	816,685
Actuarial gain on defined benefit plan	162,955	203,053
Fair vaue gain on available for sales securities	886,210	1,208,234
	1,567,444	2,262,222

20. SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of freehold land	816,571	555,749

It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited to determine the present (realizable) market value by enquiring from local active realtors. Revaluation surplus was credited to surplus on revaluation of fixed assets account.

21. LONG TERM FINANCINGS - secured

From commercial banks	Mode & commencement of repayment	Security	2017	2016	Markup / profit rate
			(Rupees in 000)		
Plant Expansion / BMR loans					
Islamic Banks					
Finance 1 *(Diminishing Musharika)*	Sixteen quarterly installments commencing from December, 2013	First pari-passu hypothecation charge on plant & machinery	-	50,000	3 months average KIBOR + 0.50%
Finance 2 *(Diminishing Musharika)*	Ten semi annual installments commencing from October, 2017	First pari-passu hypothecation charge on plant & machinery	-	340,000	1 year average KIBOR + 1%
Conventional Banks					
Finance 3	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	150,000	150,000	3 months average KIBOR + 0.60%
Finance 4	Twenty quarterly installments commencing from May, 2018	First pari-passu hypothecation charge on plant & machinery	100,000	100,000	3 months average KIBOR + 0.60%
Finance 5	Ten Semi annual installments commencing from Sep. 2018	First pari-passu hypothecation charge on plant & machinery	300,000	-	6 months average KIBOR + 0.20%
Finance 6	Twenty eight quarterly installments commencing from July, 2017	First pari-passu hypothecation charge on plant & machinery	578,571	-	3 months average KIBOR + 0.20%
			1,128,571	640,000	
Less: Current maturity			155,714	50,000	
			972,857	590,000	

22. DEFERRED LIABILITIES

	Note	2017	2016
		(Rupees in '000)	
Quality premium	26.1.2 and 26.1.3	78,985	78,985
Market committee fee		63,580	56,196
Deferred tax liability - net	22.1	109,352	131,166
		251,917	266,347

22.1 DEFERRED TAX LIABILITY - NET

	2017	2016
Taxable temporary differences arising in respect of :		
- Accelerated tax depreciation allowance and investment	294,000	229,233
Deductible temporary differences arising in respect of :		
- Unabsorbed tax losses, tax credits and others	(165,574)	(80,646)
- Unpaid Liabilities	(19,074)	(17,421)
	(184,648)	(98,067)
	109,352	131,166

23. TRADE AND OTHER PAYABLES

	Note	2017	2016
Creditors		208,007	229,506
Accrued liabilities	26.1.8 and 26.1.9	152,804	166,284
Advances from customers		322,827	242,416
Unclaimed dividend		7,491	5,631
Withholding tax payable		635	2,180
Sales tax payable		1,419	12,836
Workers' profit participation fund	23.1	-	6,470
Workers' welfare fund	31	-	2,459
Other liabilities		3,357	2,314
		696,540	670,096

	Note	2017	2016
		(Rupees in '000)	

23.1 Workers' profit participation fund

Opening balance		6,470	2,456
Interest thereon		505	170
		6,975	2,626
Less: Paid during the year		(6,975)	(2,626)
		-	-
Charge for the year		-	6,470
Closing Balance		-	6,470

24. ACCRUED MARK-UP

Islamic banks			
Long-term financing		-	13,041
Short-term borrowings		20,077	-
Conventional banks			
Long-term financing		13,792	4,210
Short-term borrowings		22,648	4,274
		56,517	21,525

25. SHORT-TERM BORROWINGS - secured

Islamic banks			
Short-term loans		600,000	-
Conventional banks			
Running finance	25.1	799,342	323,843
Money market loans	25.2	1,340,000	400,000
		2,739,342	723,843

25.1 This represents utilized portion of short term finance facilities aggregating Rs. 4,400 million (2016: Rs. 3,550 million) obtained from various commercial banks. These carry mark-up ranging from KIBOR+0.20% to KIBOR + 0.75 per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR+0.20% to KIBOR+0.40%. The facilities are secured against registered first pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

25.2 This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at KIBOR+0.20% to KIBOR+0.25%.(2016: 1-month KIBOR+0.25%) The money market loan facility is a sub-limit of regular running finance facility and, hence, secured against registered first pari passu hypothecation charge over various assets of the Parent Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

26.1.1 The Parent Company has filed suits before the Honourable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. the Parent Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Parent Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honourable High Court of Sindh was filed in Honourable Supreme Court of Pakistan in 2006. The Proceeding were carried out from time to time and finally Honourable Supreme Court of Pakistan has reserved the final judgement in that matter. The management of the Parent Company is of the view that outcome of the suit would be in favour of the Parent Company.

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

26.1.3 The Parent Company has challenged in the Honorable High Court of Sindh, the issue of Notification No. 8 (142) SO (EXT) / 95 – XXI dated 24th December, 2002 issued by the Secretary to the Government of Sindh, Agriculture Department in connection with the fixation of sugar cane price and payment of quality premium. Pending judgement of the Sindh High Court, the Parent Company has provided the liability in this regard, As judgement is still pending the government has contineously suspended the levy of quality premium from crushing season 2008-09 till Sep, 2016-17, through yearly notifications.

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

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

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

26.1.6 The Parent Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40 million. the Parent Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition filed in the Honourable High Court of Sindh has been allowed in favour of the Parent Company. Furthermore, the Parent Company has filed caveat in 2015 in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Parent Company's favour and the amount is insignificant and is not likely to be materialized.

26.1.7 The Parent Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. The Parent Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 under this section and notification. On February 22, 2013. The Honourable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007 was likewise a nullity and of no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Parent Company has not accounted for any revenue in this regard in its financial statements for the year ended September 30, 2018. The department has filed in Honourable Supreme Court of Pakistan, a civil petition for leave to appeal against the judgement passed by Honourable High Court of Sindh in Company's favour and the Parent Company is contesting the same.

26.1.8 The Parent Company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the orders of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 81.32 million on local sales equivalent to exported quantity, on which the Parent Company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. Aggrieved with the order passed by Additional / Deputy Commissioner Inland Revenue, Parent Company filed an appeal with Commissioner Inland Revenue Appeals, where relief was granted against the order passed by Additional/ Deputy Commissioner Inland Revenue. Tax Department filed an appeal in an Appellate tribunal Inland Revenue against the judgement passed by Commissioner Inland Revenue Appeals. Appellate Tribunal Inland Revenue maintained the order of Commissioner Inland Revenue Appeals and directed that DCIR to follow the principle decided by this forum in the referred appeals. In a recent development, department has filed a reference against the order of the Appellate Tribunal Inland Revenue in the Honourable High Court of Sindh, and Parent Comapny is contesting the same, However Parent Company has made provision in its financial statements as a matter of prudence.

26.1.9 The Parent Company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the Parent Company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The matter is currently in adjudication at Appellate Tribunal level. The provision has been made in this financial statement as a matter of prudence.

26.1.10 The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still sub judice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Parent Company on prudence basis has accounted for the liability of sugarcane under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015.

26.2 COMMITMENTS

	2017	2016
	(Rupees in '000)	
26.2.1 Letters of credit issued by commercial banks - for imported machinery	9,354	3,179
26.2.2 Letter of guarantee issued by a commercial bank	8,892	-

		Note	2017	2016
			(Rupees in '000)	
27.	**TURNOVER**			
	Local sales		1,724,102	4,051,414
	Export		1,169,397	-
			2,893,499	4,051,414
	Less: Duties & taxes		(91,349)	(288,522)
			2,802,150	3,762,892
28.	**COST OF SALES**			
	Sugar cane cost		3,813,727	3,037,176
	Stores and spare parts consumed		154,550	119,780
	Packing material and expenses		37,982	33,769
	Salaries, wages and other benefits	28.1	262,304	249,422
	Water, fuel and power		24,420	21,415
	Insurance		9,090	6,141
	Repairs and maintenance		37,632	16,911
	Vehicles expenses		12,542	11,739
	Sugar handling expenses		5,609	3,581
	Other expenses		15,625	16,019
	Depreciation	4.1.1	67,556	56,293
	Amortization	5.1	474	220
			4,441,511	3,572,466
	Sugar-in-process - opening		3,578	2,869
	- closing	9	(2,713)	(3,578)
			865	(709)
			4,442,376	3,571,757
	Less: - sale of molasses	28.2	(323,608)	(243,568)
	- sale of bagasse	28.2	(39,410)	(62,650)
			(363,018)	(306,218)
	Cost of goods manufactured		4,079,358	3,265,539
	Purchase of finished goods		582,090	-
	Finished goods - opening		214,982	384,180
	- closing	9	(2,027,239)	(214,982)
			(1,812,257)	169,198
			2,849,191	3,434,737

28.1 This includes Rs. 6.94 million (2016: Rs.5.11 million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax of Rs. Nil (2016: Rs. Nil) in respect of molasses and Rs. 6.82 million (2016: Rs. 10.65 million) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2017	2016
Salaries, wages and other benefits	29.1	3,151	3,160
Insurance		3,235	2,822
Sugar export freight & port handling expenses		38,418	-
Other expenses		3,048	2,888
Depreciation	4.1.1	150	159
Amortization	5.1	79	37
		48,081	9,066

29.1 This includes Rs. Nil (2016: Rs. 0.002 million) in respect of staff retirement benefits.

	Note	2017	2016
		(Rupees in '000)	

30. ADMINISTRATIVE EXPENSES

	Note	2017	2016
Salaries, wages and other benefits	30.1	62,338	55,734
Directors' fee		1,560	1,200
Rent, rates and taxes		2,978	4,730
Communication expense		3,961	6,619
Conveyance and travelling		5,415	4,773
Printing and stationery		214	2,142
Entertainment		1,629	1,193
Vehicles expenses		3,550	2,980
Insurance		3,283	2,527
Repairs and maintenance		5,334	3,342
Subscription		3,395	1,951
Legal and professional charges		11,975	11,176
General expenses		4,129	4,341
Utilities		2,719	2,597
Depreciation	4.1.1	8,893	6,873
Amortization	5.1	237	110
		121,610	112,288

30.1 This includes Rs. 1.98 million (2016: Rs. 2.19 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

	Note	2017	2016
Auditors' remuneration	31.1	865	998
Bad debts expense		899	-
Exchange loss from export sales		912	-
Workers' profit participation fund		-	6,470
Workers' welfare fund		-	2,459
Charity and donation	31.2	384	394
		3,060	10,321

31.1 Auditors' Remuneration

	2017	2016
Annual audit fee	550	500
Half yearly review fee	150	136
Cost audit fee	-	180
Out of pocket expenses	165	182
	865	998

31.2 None of the directors or their spouses had any interest in the donees.

32. OTHER INCOME

	Note	2017	2016
Income from financial assets			
Dividend income from related parties		32,718	34,328
Profit on PLS and deposit accounts with conventional banks		1,219	1,559
Mark-up on growers' loans		528	630
		34,465	36,517
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.2	1,209	1,348
Fair value adjustments / net gain or loss from agriculture produce		6,884	19,050
		8,093	20,398
Other			
Miscellaneous		2,375	279
		44,933	57,194

	2017	2016
	(Rupees in '000)	

33. FINANCE COST

	2017	2016
Islamic Banks		
Profit on long-term financing	16,797	34,314
Profit on short-term borrowings	58,716	41,160
Bank charges	340	64
	75,853	75,538
Conventional Banks		
Mark-up on long-term financing	45,338	15,028
Mark-up on short-term borrowings	104,907	40,177
Bank charges	2,818	2,288
	153,063	57,493
Interest on workers' profit participation fund	505	171
	229,421	133,202

34. TAXATION

	2017	2016
Current	(21,638)	(48,546)
Prior	22,707	-
	1,069	(48,546)
Deferred	21,814	(26,945)
	22,883	(75,491)

The assessments of the Parent Company for and upto the tax year 2017 have been completed. In view of unabsorbed losses the Parent Company is only liable to pay minimum tax in the current year, therefore, no numerical tax reconciliation is given.

35. EARNINGS PER SHARE- basic

	2017	2016
(Loss) / profit after taxation	(271,315)	150,069
	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	(22.12)	12.23

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

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

36.1 Market risk

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

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

a) Foreign currency risk

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

b) Interest rate risk

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

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 69.34 million (2016: Rs. 45.02 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variable remains constant.

c) Price risk

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

At the balance sheet date, the exposure to listed equity securities at fair value was Rs.986.30 million (2016 Rs.1,308.33 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.98.63 million (2016: Rs.130.83 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit Risk

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

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

	2017	2016
	(Rupees in '000)	
Deposits	1,792	2,966
Trade debts	104,069	58,949
Advances	112,204	89,752
Short-term investments	986,301	1,308,325
Bank balances	26,076	19,408
	1,230,442	1,479,400

36.2.1 Credit quality of financial assets

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

Trade debts		
Customers with no default in the past one year	104,069	58,949
Advances		
Counter parties without credit rating	112,204	89,752
Short-term investments		
Counter parties without credit rating	986,301	1,308,325
Cash at bank		
A1 +	26,076	19,408

36.3 Liquidity risk

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

The Group applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at balance sheet date, The Group has unused credit facilities of Rs.1,661 million (2016 : Rs.2,826 million).

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

	INTEREST BEARING			NON-INTEREST BEARING			2017	2016
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	155,714	972,857	1,128,571	-	-	-	1,128,571	640,000
Deferred liabilities	-	-	-	-	142,565	142,565	142,565	135,181
Short-term borrowings	2,739,342	-	2,739,342	-	-	-	2,739,342	723,843
Trade & other payables	-	-	-	371,659	-	371,659	371,659	414,844
Accrued mark-up	-	-	-	56,517	-	56,517	56,517	21,525
	2,895,056	972,857	3,867,913	428,176	142,565	570,741	4,438,654	1,935,393

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

36.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of The Group's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities. When measuring the fair value of an asset or a liability, The Group uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

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

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes 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.

Management assessed that the fair values of cash & cash equivalent and short term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.

Financial assets measured at fair value

	Total	Level 1	Level 2	Level 3
	(Rupees in 000)			
Investment at fair value (available-for-sale securities)				
30 September 2017	986,301	986,301	-	-
30 September 2016	1,308,325	1,308,325	-	-

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

36.5 Capital risk management

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

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

The gearing ratios as at September 30, 2017 and 2016 were as follows:

	2017	2016
	(Rupees in '000)	
Total Long-term debt	1,128,571	640,000
Share Capital	122,682	122,682
Reserves	1,567,444	2,262,222
Total Equity	1,690,126	2,384,904
Total Equity and Long-term debt	2,818,697	3,024,904
Gearing ratio	40.04%	21.16%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

	2017			2016		
Particulars	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	37,452	19,766	38,093	30,263	30,263	23,856
Housing allowance	1,452	1,086	12,946	1,452	1,452	7,294
Utilities	250	188	2,877	250	250	1,621
Leave fare assistance	1,738	1,738	-	1,545	1,545	-
Retirement benefits	3,802	2,607	2,397	3,331	3,331	1,350
	44,694	25,385	56,313	36,841	36,841	34,121
No. of persons	1	1	27	1	1	17

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

37.1 The aggregate amount charged in the financial statements for the year for fee to six directors amounted to Rs.1.32 million (2016: five directors - Rs.1.20 million).

38. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	2017	2016
		(Rupees in '000)	
Group Companies	Services received	9,660	8,584
	Goods purchased	36,208	27,426
	Sales made	336,107	261,568
	Dividend received from related party	32,718	34,328
	Dividend received from associated company	-	23,060
	Dividend paid	28,186	33,323
	Investment made in related parties	-	14,357
Other related parties	Staff provident and gratuity funds	4,960	7,302

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

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

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

Standard or Interpretation	Effective dates (accounting periods beginning on or after)
IFRS 2 - Share-based Payments - Classification and Measurement of Share- based Payments Transactions (Amendments)	January 1, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 - Statement of Cash flows	January 1, 2017
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments)	January 1, 2017
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 - Uncertainty Over Income tax Treatment	January 1, 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Group expects that such improvements to the standards will not have any material impact on The Group's financial statements in the period of initial application

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

Standard	IASB Effective dates (annual periods begining on or after)
IFRS 9 Financial Instruments classification and measurement	January 1, 2018
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January1, 2019
IFRS 16 Insurance Contracts	January1, 2021

40. CAPACITY AND PRODUCTION

	2017	2016
Days operated	131	106
Crushing capacity per day (M.tons)	8,500	7,500
Total crushing capacity on the basis of no. of days (M.tons)	1,113,500	795,000
Actual crushing (M.tons)	738,378	616,716
Sugar production (M.tons)	78,897	66,753

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

41. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 201 (2016: 192) and average number of employees during the year were 205 (2016: 197).

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 20, 2017 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

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

44. GENERAL

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

Aslam Faruque	**Tariq Faruque**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Pattern of Shareholding

as at September 30, 2017

Number of shareholders	Shareholding From	Shareholding To	Shares held
1041	1	100	22,858
354	101	500	88,185
162	501	1000	124,621
206	1001	5000	489,477
47	5001	10000	338,531
23	10001	15000	288,646
9	15001	20000	161,415
3	20001	25000	65,906
5	25001	30000	133,495
1	30001	35000	34,646
3	35001	40000	116,055
3	40001	45000	127,550
1	45001	50000	46,900
1	50001	55000	52,000
4	55001	60000	235,426
2	75001	80000	157,000
1	125001	130000	125,170
1	220001	225000	221,116
1	260001	265000	262,500
1	290001	295000	292,735
1	310001	315000	314,532
1	335001	340000	339,495
1	370001	375000	370,861
1	395001	400000	398,000
1	495001	500000	499,316
1	730001	735000	732,500
1	1145001	1150000	1,147,289
1	5080001	5085000	5,081,994
1877			**12,268,219**

Categories of Shareholders

as at September 30, 2017

Categories of shareholders	No. of shareholders	Shares held
Directors and their spouse(s) and minor children		
MR. SHEHRYAR FARUQUE	1	59,676
MR. ASLAM FARUQUE	1	16,120
MR. ARIF DINO FARUQUE	1	27,057
MR. AMER FARUQUE	1	7,934
MR. TARIQ FARUQUE	1	100
MRS. SEHAR BANO RIZVI W/O. MR. TARIQ FARUQUE	1	12,565
MR. SAMIR MUSTAPHA CHINOY	1	100
MR. YASIR MASOOD	1	100
Associated Companies, undertakings and related parties		
FARUQUE (PRIVATE) LIMITED	1	5,081,994
GREAVES PAKISTAN (PRIVATE) LIMITED	1	292,735
CHERAT CEMENT COMPANY LIMITED	1	262,500
Executive	1	10,000
Public Sector Companies and Corporations	10	758,735
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	11	131,984
Mutual Funds		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,147,289
General Public	1808	3,173,863
Others	35	1,285,467
Total	1877	12,268,219

Shareholders holding 5% or more

FARUQUE (PRIVATE) LIMITED	5,081,994
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,147,289
AMIN ISSA TAI	732,500

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذٰا مطلع کیا جاتا ہے کہ کمپنی کا 53واں سالانہ اجلاسِ عام بروز جمعہ 26 جنوری 2018 دوپہر 2.30 بجے، درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع فیکٹری کی حدود، جمراؤ، عمرکوٹ روڈ میرپورخاص، سندھ میں منعقد ہوگا۔

عمومی امور:

ا۔ کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 ستمبر 2017 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور کرنا۔

۲۔ سال 2017/18 کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

۳۔ چیئرمین کی اجازت سے کسی اور امور کی انجام دہی۔

بحکم بورڈ آف ڈائریکٹرز

عابد وزیر

ایگزیکیٹو ڈائریکٹر اور کمپنی سیکرٹری کراچی، مورخہ 20 دسمبر 2017

نوٹس:

ا۔ کمپنی کے ممبران کا رجسٹر جمعہ 19 جنوری 2018 تا جمعہ 26 جنوری 2018 (بشمول دونوں ایام) بند رہے گا اور اس مدت کے دوران میں کوئی منتقلی عمل میں نہیں آئے گی۔ تاہم کمپنی کے شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان، سی ڈی سی ہاؤس، B-99 بلاک B، ایس۔ ایم۔ سی۔ ایچ۔ ایس، شارع فیصل کراچی -74400 میں جمعرات 18 جنوری 2018 کو کاروباری اوقات کے اختتام تک موصول ہونے چاہئیں۔

۲۔ کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کرسکتا/سکتی ہے۔ پراکسی کے موثر ہونے کیلئے لازمی ہے کہ اس کی تحریری اطلاع، اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے صدر دفتر کو موصول ہوجائے۔

۳۔ کمپنی کے وہ شیئر ہولڈرز جن کے شیئرز سینٹرل ڈپازٹری سسٹم (CDS) میں ان کے اکاؤنٹ/سب اکاؤنٹ میں رجسٹرڈ ہیں، ان کو مطلع کیا جاتا ہے کہ وہ تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ مع CDS میں اپنے اکاؤنٹ نمبر اور شراکت دار کا آئی ڈی نمبر ہمراہ لائیں۔ پراکسی کے تقرر کی صورت میں ایسے اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر کو SECP کے سرکلر مجریہ 26 جنوری 2000 کی رہنما ہدایات پر عمل کرنا ہوگا۔

۴۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پتے میں کسی تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

۵۔ وہ شیئر ہولڈرز جنہوں نے ابھی تک اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی جمع نہیں کروائی ہے، ان سے درخواست ہے کہ وہ یہ فوٹو کاپی کمپنی کے شیئر رجسٹرار کو فوری طور پر ارسال کردیں۔

٦۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت لسٹڈ کمپنی ہونے کی صورت میں، کمپنی کی جانب سے اعلان کردہ کسی بھی نقد ڈیویڈنڈ کی ادائیگی براہ راست شیئر ہولڈر کے مقرر کردہ بینک اکاؤنٹ میں الیکٹرونک ذریعہ سے کی جائے۔ لہٰذا اس نوٹس کے ذریعہ کمپنی کے تمام شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے بینک مینڈیٹ کی تفصیلات کمپنی کے شیئر رجسٹرار کو فوری طور پر فراہم کریں۔ اس سلسلے میں ای-ڈیویڈنڈ مینڈیٹ فارم کمپنی کی ویب سائٹ www.gfg.com.pk پر دستیاب ہے۔

۷۔ بحوالہ SECP کے جاری کردہ SRO 787(1)2014 مورخہ 8 ستمبر 2014 شیئر ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگوا سکتے ہیں۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اس سلسلے میں مقررہ فارمیٹ کے مطابق اپنی خواہش کا اظہار ہمارے کمپنی کے ہیڈ آفس کو مطلع کریں تاکہ ہم اپنے ریکارڈ میں درج کرسکیں کہ آیا آپ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگوانے کے خواہشمند ہیں۔ تاہم اس کے علاوہ اگر شیئر ہولڈرز کو آڈٹ شدہ فنانشل اسٹیٹمنٹ کی ہارڈ کاپی ان کی درخواست وصول ہونے کے سات (7) دن کے اندر بلا معاوضہ بھجوادی جائے گی۔

۸۔ وہ شیئر ہولڈرز جو اپنے ڈیویڈنڈ/فزیکل شیئرز حاصل نہیں کرسکے، ان سے درخواست ہے کہ وہ شیئر رجسٹرار سے اپنے غیر کلیم شدہ ڈیویڈنڈ یا شیئرز، اگر کوئی ہے، حاصل کرلیں یا اُن کے بارے میں معلومات حاصل کرلیں کمپنیز ایکٹ 2017 کے سیکشن 244 کی پیروی میں مقررہ طریقہء کار مکمل کرنے کے بعد ایسے تمام ڈیویڈنڈ اور شیئرز جو واجب الادا کی تاریخ سے تین سال یا اس سے زیادہ عرصہ تک وصول نہ کئے گئے ہوں، ان کو غیر کلیم شدہ ڈیویڈنڈ کی صورت میں وفاقی حکومت اور شیئرز کی صورت میں SECP کے پاس جمع کرادیئے جائیں گے۔

یونی انرجی لمیٹڈ میں سرمایہ کاری کی صورتحال

یونی انرجی لمیٹڈ کی ایکویٹی میں 250 ملین روپے تک کی سرمایہ کاری کی منظوری شیئر ہولڈرز سے حاصل کرلی تھی۔ منصوبہ کی صورتحال اور اس کی مالی ضروریات کے پیش نظر اب تک صرف 7.69 ملین روپے کی سرمایہ کاری کی ہے۔ سرمایہ کاری کی بقیہ رقم یونی انرجی لمیٹڈ کو حسبِ ضرورت میرپورخاص شوگر ملز لمیٹڈ کی جانب سے فراہم کی جائے گی۔

چیراٹ پیکیجنگ لمیٹڈ کی ایکویٹی میں رائٹ شیئرز کی سبسکرپشن کے ذریعہ سرمایہ کاری کی صورتحال

کمپنی نے اپنے شیئر ہولڈرز سے چیراٹ پیکیجنگ لمیٹڈ کی ایکویٹی میں رائٹ شیئرز کی سبسکرپشن کے ذریعہ 25 ملین روپے کی سرمایہ کاری کی منظوری حاصل کرلی تھی۔ کمپنی نے اپنی 24.80 ملین روپے کی اہلیت کی حد تک رائٹ شیئرز سبسکرائب کئے۔

قومی خزانے میں حصہ

کمپنی نے ٹیکسز، ایکسائز ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی صورت میں حکومت کے خزانے میں 168.67 ملین روپے جمع کرائے۔

مستقبل کے امکانات

پاکستان کو سال 2017/18 میں ایک اور بمپر فصل کی امید ہے کہ پیداوار کی حد 8.0 ملین میٹرک ٹن سے تجاوز کر جائے گی۔ چینی کی بلا تعطل برآمد کی موافق پالیسی اور سبسڈی، اس صنعت کو نقصان سے بچانے کیلئے اہم ضرورت ہے جیسا کہ گزشتہ مالی سال مختتمہ ستمبر 2017 کو ہوا۔ اس کے بعد سال کے اختتام پر حکومت نے 500,000 ٹن کی برآمد پر 10.70 روپے فی کلو کی سبسڈی کی اجازت دیدی۔ MSM نے چینی کی برآمد پر سبسڈی کی اس پالیسی کے تحت کامیابی کے ساتھ 18,630 ٹن چینی برآمد کی۔ اس کے علاوہ ملک میں چینی کی افراط کے پیش نظر وفاقی حکومت نے اپنے خط مورخہ 7 دسمبر 2017 کے ذریعہ PSMA کی تجاویز پر غور کرتے ہوئے 10.70 روپے فی کلو کی سبسڈی کے ساتھ مزید 1.50 ملین میٹرک ٹن چینی کی برآمد کی منظوری دی ہے۔ اس سلسلے میں حکومت سے درخواست ہے کہ وہ چینی کی صنعت کو مدد دینے کیلئے اس کی برآمد کے بارے میں فیصلہ کرے اور شوگر ملز کو سبسڈی کی بروقت ادائیگی سے ان کا مالی بوجھ کم کرے تاکہ وہ گنے کی ادائیگی کر سکیں اور ملک کیلئے قیمتی زرمبادلہ کما سکیں جس کی اس وقت سخت ضرورت ہے۔ حکومت سے یہ بھی درخواست ہے کہ وہ گنے کی قیمت خرید کو چینی کی قیمت فروخت سے منسلک کردے تاکہ اس صنعت کے تمام اسٹیک ہولڈرز کو معقول آمدنی حاصل ہو۔ چینی کے ریٹس کو سیلز ٹیکس کی جانچ کیلئے اسی مناسبت سے رکھا جائے جو اس وقت 60 روپے فی کلو مقرر کی گئی ہے۔ حکومت سے یہ بھی درخواست ہے کہ چینی کی برآمد پر فریٹ سبسڈی کو بھی فوری طور پر ریلیز کیا جائے جو 13-2012 سے التوا میں ہے۔

میرپورخاص شوگر اپنے تمام آپریشنل شعبوں میں گنے کے معیار کو بہتر سے بہتر بنانے میں مسلسل کوشاں ہے۔ کمپنی کے فارمز میں گنے کی بہتر ورائٹی حاصل کرنے اور کسانوں کو کاشت، بیجوں کے انتخاب اور فصل کی بیماریوں سے متعلق مسائل کے حل کے لئے ہم نے پیشہ ور مشیروں کی خدمات حاصل کی ہیں اور تربیت یافتہ عملہ تعینات کیا ہے۔ یہ کمپنی کا طویل المدت ہدف ہے کہ کسانوں کو تربیت دے کر ان کی صلاحیتوں کو ابھارا جائے اور انہیں کاشت کے جدید طریقوں سے روشناس کرایا جائے تاکہ مستقبل میں وہ بہتر سے بہتر فصل کاشت کر سکیں۔

آڈیٹرز

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

اعتراف

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

کراچی: 20 دسمبر 2017

منجانب بورڈ آف ڈائریکٹرز

اسلم فاروق

چیف ایگزیکٹیو

- کمپنی اپنے ملازمین کے پراویڈنٹ اور گریجویٹی فنڈز کے حسابات مکمل رکھتی ہے۔فنڈز کی سرمایہ کاری کی تفصیلات بمطابق 30 ستمبر 2017 درج ذیل ہے:

• پراویڈنٹ فنڈ	385.20 ملین روپے
• گریجویٹی فنڈ	266.68 ملین روپے

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

ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب مقبول ایچ ایچ رحیم تولہ*	1
جناب اسلم فاروق	4
جناب عارف فاروق	4
جناب شہریار فاروق	4
جناب عامر فاروق	2
جناب طارق فاروق	5
جناب سمیر مصطفیٰ چنائے	4
جناب یاسر مسعود	5
انجینئر محفوظ الرحمٰن پاشا*	4

- انجینئر محفوظ الرحمٰن پاشا کو 30 دسمبر 2016 کو ہونے والے انتخابات میں جناب مقبول ایچ ایچ رحیم تولہ کی جگہ بورڈ میں ڈائریکٹر منتخب کیا گیا تھا۔
- سال کے دوران میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب یاسر مسعود	4
جناب مقبول ایچ۔ایچ۔رحیم تولہ*	1
جناب طارق فاروق*	2
جناب سمیر مصطفیٰ چنائے	2
جناب شہریار فاروق*	1

بطور ڈائریکٹر جناب مقبول ایچ ایچ رحیم تولہ کی مدت 30 دسمبر 2016 کو ختم ہوگئی تھی۔سال کے دوران میں جناب شہریار فاروق کو جناب طارق فاروق کی جگہ آڈٹ کمیٹی کا ممبر مقرر کیا گیا۔

سال کے دوران میں ہیومن ریسورس اور ریمونریشن کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

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

- شیئر ہولڈنگ کا طرز اس رپورٹ کے ساتھ منسلک ہے۔
- سال کے دوران میں کمپنی کے ڈائریکٹر، CFO اور کمپنی سیکرٹری اور ان کے شریکِ حیات اور چھوٹے بچوں نے شیئرز کی کوئی تجارت نہیں کی ماسوائے جناب طارق فاروق کے، جنہوں نے اپنی بیگم کو 12,565 شیئرز کا تحفہ دیا۔
- اس سال فی شیئر آمدنی (22.01) روپے رہی جب کہ اس کے مقابلے میں گزشتہ سال فی شیئر آمدنی 12.23 روپے تھی۔

یونی کول پاکستان اسٹاک ایکسچینج (PSX) کے ذریعہ اپنے شیئرز کی لسٹنگ کرکے عوام کو شامل کرنے کا ارادہ رکھتا ہے۔ یونی کول میں ایک شیئر ہولڈر کے طور پر کمپنی نے کاروائی کیلئے کنسلٹنٹس اور بینکرز کا تقرر کیا ہے۔ اگرچہ تمام مطلوبہ منظوریاں حاصل کی جاچکی ہیں، تاہم مارکیٹ کی غیر یقینی صورتحال کے پیش نظر، اسپانسرز نے فی الحال لسٹنگ کا عمل موخر کرنے کا فیصلہ کیا ہے۔

یونی انرجی

یونی انرجی لمیٹڈ کو، جو ونڈ پاور پروجیکٹ کا جوائنٹ وینچر ہے، جھمپیر ، ضلع ٹھٹھہ میں پروجیکٹ کے قیام کیلئے لیٹر آف انٹنٹ (LOI) حاصل ہوگیا ہے۔ JV پارٹنرز نے پروجیکٹ کی جاری مالی ضروریات کیلئے کمپنی میں ابتدائی ایکویٹی کی سرمایہ کاری کردی ہے۔ اس سلسلے میں MSM نے شیئر ہولڈرز کی منظوری سے 7.69 ملین روپے کی ایکویٹی سرمایہ کاری کردی ہے۔ یونی انرجی کو NTDC کی جانب سے گرڈ انٹرکنکشن کے مطالعہ کی منظوری حاصل ہوگئی ہے اور پاور کے خریدار (CPPA) کی منظوری حاصل کرنے کے بعد نیپرا کو جنریشن لائسنس کیلئے درخواست دی جائے گی۔ گزشتہ پیش کردہ ٹیرف جون 2016 کو ختم ہوچکا ہے جب کہ نیپرا کی طرف سے نئے ٹیرف پر فیصلہ کا انتظار ہے۔ مالیاتی انتظامات پر فیصلے بھی گفت وشنید جاری ہے جس کی پیش رفت کا کام میزان بینک لمیٹڈ کو سونپ دیا گیا ہے۔ ہمیں امید ہے کہ نیپرا پاکستان میں ونڈ انرجی کی صنعت کیلئے نافذ العمل نئے ٹیرف کیلئے مثبت قدم اٹھائے گا۔

گنے کے پھوگ پر مبنی پاور جنریشن پروجیکٹ

میر پور خاص انرجی لمیٹڈ کو، جو MSM کی مکمل ملکیتی ذیلی کمپنی ہے لیٹر آف انٹنٹ (LOI)، جنریشن لائسنس اور نیشنل گرڈ کو پاور کی فراہمی کی رضامندی کامیابی کے ساتھ حاصل ہوگئی ہے۔ اس کے علاوہ نیشنل الیکٹرک اور پاور ریگولیٹری اتھارٹی (نیپرا) نے کمپنی کو پیشگی ٹیرف جاری کردیا ہے۔ MEL کو آلٹرنیٹ انرجی ڈیولپمنٹ بورڈ (AEDB) کی جانب سے ٹیرف کے حصول کے بعد لیٹر آف سپورٹ (LOS) بھی موصول ہوگیا ہے۔ نیپرا سے ٹیرف کے حصول کے بعد پاور کے خریدار (CPPA) نے پالیسی کے تحت ٹیرف کی تفویض کے خلاف نیپرا میں جائزہ کی ایک پٹیشن داخل کردی ہے۔ جائزہ کی یہ درخواست ابھی نیپرا میں زیر التوا ہے اور MEL کو یقین ہے کہ اس کا نتیجہ اس کے حق میں ہوگا۔ کمپنی اس وقت EPC کنٹریکٹرز کی جانچ کرنے اور منصوبہ کیلئے مالیاتی انتظامات کرنے میں مصروف ہے۔

اجتماعی سماجی ذمہ داریاں

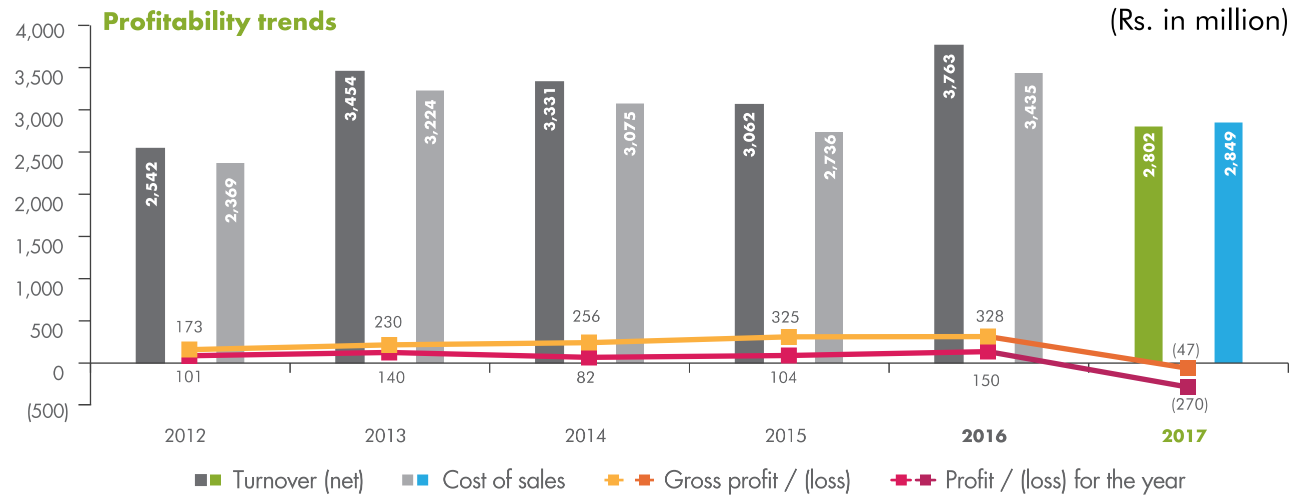
ایک اجتماعی سماجی ذمہ دار ادارہ ہونے کی حیثیت سے کمپنی مختلف سماجی سرگرمیوں میں بڑھ چڑھ کر حصہ لیتی ہے۔ ایک اجتماعی معاشرے کا باشعور ممبر ہونے کے باعث کمپنی کئی طرح کے سماجی اور فلاحی مقاصد، خاص طور پر تعلیمی اور صحت کے شعبہ میں فراخ دلی سے معاونت کرتی ہے۔ اس سلسلے میں کمپنی نے پاکستان میں کئی معروف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

تحفظ، صحت اور ماحولیات

ایک اجتماعی ذمہ دار شہری ادارہ ہونے کی حیثیت سے کمپنی صحت اور تحفظ کی بہتری کیلئے مسلسل کوشاں رہتی ہے۔ پروڈکشن کے شعبہ میں صنعتی معیارات اور تحفظ کی مطلوبہ شرائط پر پوری طرح عمل درآمد کیا جاتا ہے۔ اس کے علاوہ کمپنی اپنی ماحولیاتی ذمہ داری پر پختہ یقین رکھتی ہے اور اس کی بہتری کیلئے مستقل طور پر اقدامات کررہی ہے۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک پر اسٹیٹمنٹ

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



مالیاتی کارکردگی

زیرِ جائزہ سال کے دوران میں کمپنی کی سیلز کی آمدنی میں 960.74 ملین روپے کی کمی آئی یعنی گزشتہ سال سے 25.53% کم ہوئی۔ سیلز کی آمدنی میں کمی کی وجہ کمپنی کی جانب سے چینی کی کم مقدار میں فروخت کے ساتھ ساتھ قیمتِ فروخت میں کمی آنا بھی تھی۔ جیسا کہ پہلے بیان کیا جا چکا ہے کہ کمپنی نے اس سال 51,937 میٹرک ٹن چینی فروخت کی جس میں 22,123 میٹرک ٹن کی برآمد بھی اس میں شامل ہے۔ جب کہ اس کے مقابلے میں گزشتہ سال 71,341 میٹرک ٹن چینی فروخت ہوئی تھی اور اس سال کوئی برآمد بھی نہیں ہوئی تھی۔ اس سال کمپنی کو دیگر 44.93 ملین روپے کی آمدنی ہوئی جو مختلف شیئرز میں سرمایہ کاری کے منافع اور بائیولوجیکل اثاثوں کی قیمت میں ردوبدل کے سبب حاصل ہوئی۔ کمپنی نے اپنے منافع کا 1/3 حصہ یونی کول لمیٹڈ کو ادا کئے جس کی رقم 110.08 ملین روپے تھی اور یہ رقم اسی شریکِ کار ادارے میں سرمایہ کاری کی مد میں شامل کی گئی۔ زیرِ جائزہ سال میں کمپنی کو بعد از ٹیکس 270.04 ملین روپے کا خسارہ ہوا۔

	2016	2017
	(روپے ملین میں)	
خالص سیلز	3,762.89	2,802.15
سیلز کی لاگت	(3,434.74)	(2,849.19)
مجموعی (خسارہ)/منافع	328.15	(47.04)
دیگر آمدنی	57.19	44.93
شراکت میں منافع کا حصہ	105.09	110.08
دیگر اخراجات اور ٹیکسز	(340.36)	(378.01)
خالص (خسارہ)/منافع	150.07	(270.04)

یونی کول لمیٹڈ

یہ جوائنٹ وینچر ڈسٹلری پروجیکٹ اپنی بھرپور پیداوار کے ساتھ کام کر رہا ہے۔ ایتھنول اور CO_2 کے آپریشنز بھی سارا سال روانی سے کام کرتے رہے ہیں۔ ایتھنول کی پیداوار میں بہتری آئی ہے جو 57,867 میٹرک ٹن ہوئی جبکہ گزشتہ سال کی پیداوار 53,387 میٹرک ٹن تھی۔ CO_2 کی پیداوار بھی بہتر ہوئی جو گزشتہ سال کے 6,474 میٹرک ٹن کے مقابلے میں اس سال 7,640 میٹرک ٹن حاصل ہوئی۔ کمپنی کا منافع 320.353 ملین روپے ہوا۔ یہ بہتر کارکردگی ISO اور FCL کی سیلز کے فرق میں اضافہ کے علاوہ قرض کی کم شرح کے باعث مالیاتی چارجز میں کمی ہونا تھی۔ کمپنی نے راب کی قیمتوں میں اتار چڑھاؤ کے اثرات سے محفوظ رہنے اور راب کے اعلیٰ معیار کو برقرار رکھنے کی غرض سے بڑی مقدار میں راب کو اسٹور کرنے کا عمل جاری رکھا۔

زیرِ جائزہ سال میں ڈسٹلری نے 56,371 میٹرک ٹن ایتھنول برآمد کی اور مقامی منڈی میں 6,661 میٹرک ٹن CO_2 فروخت کی۔ انتظامیہ کو قوی امید ہے کہ آنے والے سالوں میں یونی کول سے کمپنی اور اس کے شیئر ہولڈرز کو مزید مالیاتی فائدے حاصل ہوں گے۔

اس سال کی مالیاتی معلومات درج ذیل ہیں:

	2016	2017
	(روپے ملین میں)	
سیلز	4,133.75	4,455.26
سیلز کی لاگت	3,408.50	3,721.44
مجموعی منافع	725.25	733.82
دیگر آمدنی	3.68	8.76
دیگر اخراجات اور ٹیکسز	(403.69)	(422.23)
خالص منافع	325.24	320.35

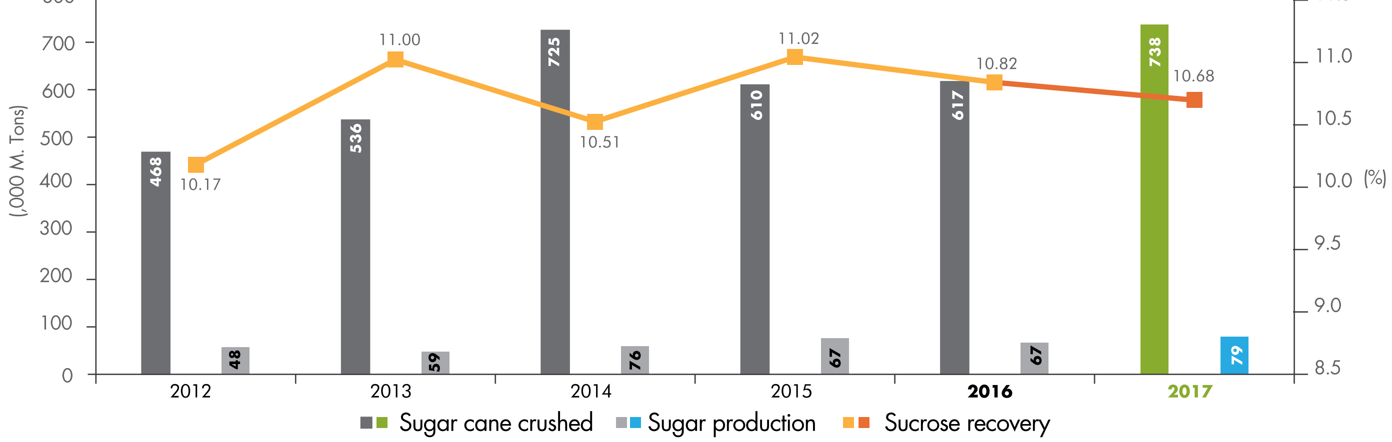
کاروباری عمل کی کارکردگی

2016/17 کے کرشنگ کے موسم میں جو 15 نومبر 2016 کو شروع ہوا، پلانٹ نے 131 دن کام کیا جب کہ گزشتہ سال 106 دن کام ہوا تھا۔ فیکٹری میں 738,378 میٹرک ٹن گنا کرش کیا گیا جس سے اس سیزن میں 78,897 میٹرک ٹن چینی حاصل ہوئی۔ اس کے مقابلے میں گزشتہ سال 616,716 میٹرک ٹن گنا کرش کیا گیا جس سے 66,753 ٹن چینی کی پیداوار حاصل ہوئی تھی۔ اس کے علاوہ کمپنی میں 34,860 میٹرک ٹن راب بھی پیدا ہوئی جب کہ گزشتہ سال 28,325 میٹرک ٹن راب حاصل ہوئی تھی۔ اس مرتبہ شکر کا حصول 10.68% رہا جب کہ گزشتہ سیزن میں 10.82% شکر حاصل ہوئی تھی۔ یہ کمی سندھ اور پورے پاکستان میں نظر آئی۔

موجودہ سال اور گزشتہ سال کی بنیادی تقابلی معلومات درج ذیل ہیں:

	2017	2016
سیزن کا آغاز	15 نومبر 2016	24 نومبر 2015
آپریٹ کے کل دن	131	106
کرش کیا گیا گنا (میٹرک ٹن)	738,378	616,716
استعمال شدہ گنجائش	66%	78%
چینی کی کل پیداوار (میٹرک ٹن میں)	78,897	66,753
راب (شیرہ) کی پیداوار (میٹرک ٹن میں)	34,860	28,325
خام شکر کا حصول	10.68%	10.82%
چینی کی فروخت (میٹرک ٹن میں)	51,597	71,341

Crushing, Recovery & Production



ممبران کیلئے ڈائریکٹرز کی رپورٹ

برائے سال مختتمہ 30 ستمبر 2017

بورڈ آف ڈائریکٹرز آپ کے سامنے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 ستمبر 2017 پیش کرتا ہے۔

صنعت کا عمومی جائزہ

سال 2016/17 میں پاکستان بھر میں کل 1.22 ملین ہیکٹر رقبہ پر گنا بویا گیا جس سے 70 ملین ٹن گنے کی پیداوار حاصل ہوئی۔ گنے کی بوائی کے رقبہ میں یہ بڑا اضافہ گزشتہ فصل سے ہونی والی اچھی آمدنی اور ملک میں دوسری مسابقتی فصلوں کی قیمتوں کا نا قابل توجہ ہونا تھی۔ زیرِ جائزہ سال میں گنے کی پیداوار 7 ملین ٹن ہوئی جب کہ گزشتہ سال کی پیداوار 5.115 ٹن ہوئی تھی اور اس لحاظ گنے کی پیداوار میں کل 37.77% اضافہ ہوا۔ اگر ہم گزشتہ سال کے اسٹاک سے بچنے والے ایک ملین ٹن کے قریب گنے کو بھی شامل کرلیں تو گنے کا کل دستیاب اسٹاک بڑھ کر 8.047 ملین ٹن سے زیادہ ہوگیا جو ملک کی سالانہ مجموعی طلب 5.10 ملین ٹن سے بھی زیادہ ہے اس طرح اضافی اسٹاک 2.947 ملین ٹن سے بھی زیادہ ہے۔

زیرِ جائزہ سال کیلئے حالیہ عرصہ میں چینی کی صنعت سب سے زیادہ چیلنج والے مسائل سے دوچار رہی۔ پاکستان شوگر ملز ایسوسی ایشن (پی ایس ایم اے) نے دسمبر 2016 میں وفاقی حکومت سے چینی کی برآمد کی درخواست کی لیکن کئی میٹنگز اور خطوط کے باوجود وفاقی حکومت نے چینی کے برآمد کا فیصلہ کرنے میں بڑی تاخیر کردی جس کے باعث ملکی مارکیٹ میں چینی ضرورت سے زیادہ مقدار میں فراہم ہوگئی۔ اس کے نتیجے میں نومبر 2017 میں چینی کی قیمت 65 روپے فی کلو سے کم ہوکر 47 روپے فی کلو ہوگئی۔ اتفاق سے وفاقی حکومت کی جانب سے برآمد کرنے کے فیصلہ میں تاخیر کے بعد نومبر 2017 میں عالمی منڈی میں بھی چینی کی قیمت 550$ فی ٹن سے گر کر 350 $ فی ٹن ہوگئی۔

مالی سال 2016/17 کے میں وفاقی حکومت نے بغیر سبسڈی کے 425,000 ٹن چینی کی برآمد کا اعلان کیا جس کی وجہ سے ملز بین الاقوامی منڈی میں مقابلہ کرنے سے قاصر رہے۔ چنانچہ چینی کے ضرورت سے زیادہ فراہمی اور کم تر قیمتوں کے سبب کمپنی کے پاس کوئی اور راستہ نہیں رہا کہ چینی کو نقصان کے ساتھ برآمد کرے۔ حکومت نے وفاقی بجٹ 2016/17 میں FED سیلز ٹیکس کو بالواسطہ ذریعہ میں تبدیل کردیا اور چینی کی قیمت 56 روپے کلو مقرر کردی جو ٹیکس لاگو ہونے کے بعد 60 روپے فی کلو ہے۔ یہ ٹیکس رجسٹرڈ خریداروں کیلئے 8% اور غیر رجسٹرڈ خریداروں کے لئے 10% کی شرح سے لاگو ہوگا۔ سیلز ٹیکس کے مقرر کرنے سے شوگر ملز حکومت کو 1,600 روپے (فی ٹن) سے 1,750 روپے زیادہ ٹیکس ادا کرنا پڑ رہا ہے۔ ٹیکس کے یکسانیت کے ساتھ اور شفافیت سے وصولی کیلئے اس کو مقرر (فکس) کردینا اچھا قدم ہے تاہم اگر اسے مارکیٹ کی مقامی قیمت کو مدنظر رکھتے ہوئے اس میں ردوبدل کی جاتی رہے تو بہتر ہوگا۔


Jama Punji
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk

Proxy Form

Mirpurkhas Sugar Mills Limited
53rd Annual General Meeting 2017

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

Registered Folio/ Participant's
ID No. & A/c No. ____________________

____

No. of Shares held ____________________

I / We ____

of ____

being member of Mirpurkhas Sugar Mills Limited, hereby appoint ____________________

____________________ of ____________________

another member of the Company as my/ our proxy to attend & vote for me/ us and on my/ our behalf at the 53rd Annual General Meeting of the Company to be held on Friday, January 26, 2018 at 2:30 p.m. and at any adjournment thereof.

WITNESSES

1. Signature ____________________
   Name ____________________
   Address ____________________
   ____
   CNIC or Passport No. ____________________

Signature of Shareholder

Please affix Revenue Stamp

2. Signature ____________________
   Name ____________________
   Address ____________________
   ____
   CNIC or Passport No. ____________________

Note: SECP's Circular of January 26, 2000, is on the reverse side of this from.

میرپور خاص شوگر ملز لمیٹڈ

53 واں سالانہ اجلاس عام

پراکسی فارم

رجسٹرڈ فولیونمبر/ پارٹیسپنٹ شناخت نمبر ____________

اکاؤنٹ نمبر ____________

____

مجموعی شیئرز ____________

اہم نوٹ

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

میں مسمی/ مسماۃ ____________ سکنہ ____________

ضلع ____________ بحیثیت ممبر میرپورخاص شوگر ملز لمیٹڈ، مسمی/ مسماۃ ____________

سکنہ ____________ کو بطور مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری جگہ

اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام (یا جو بھی صورت حال ہو)، جو مورخہ 26 جنوری 2018 دوپہر 2:30 بجے بروز جمعہ بمقام فیکٹری جمراؤ، عمرکوٹ روڈ، میرپورخاص سندھ میں منعقد ہورہا ہے، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

گواہان

1 دستخط ____________

نام ____________

پتہ ____________

CNIC/ پاسپورٹ نمبر ____________

2 دستخط ____________

نام ____________

پتہ ____________

CNIC/ پاسپورٹ نمبر ____________

ریونیو اسٹیمپ

دستخط شیئر ہولڈر

نوٹ: ایس ای سی پی کا سرکلر بتاریخ 26 جنوری 2000 منسلک ہے۔

Circular

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

Islamabad, January 26, 2000.

Circular No.1 of 2000

Sub : GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

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

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

(1) The Company shall obtain list of beneficial owners from the CDC as per regulation # 12.3.5 of the CDC Regulations.

(2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up loaded as per the regulations, shall authenticate his identity by showing his orignal National Identity Card (NIC) or original Passport at the time of attending the meeting.

(3) In case of Corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of proxies :

(1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.

(2) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

(3) Attested copies of NIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

(4) The proxy shall produce his orignal NIC or original Passport at the time of the meeting.

(5) In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted alongwith Proxy Form to the Company.

sd
(M. Javed Panni)
Chief (Coordination)

GHULAM FARUQUE
GROUP

Registered Office / Factory:
Sub Post Office Sugar Mill
Jamrao, Umerkot Road,
Mirpurkhas, Pakistan.

Head Office
Modern Motors House
Beaumont Road
Karachi, 75530, Pakistan
UAN: +92 - 21-111- 354 -111
Fax: +92 - 21- 35688036
Web: www.gfg.com.pk