

MITCHELL'S®

ANNUAL
REPORT
2017



Contents

Company Information	02
Vision and Mission Statement	04
Notice of Annual General Meeting	08
Directors' Report	12
Key Financial Data	22
Pattern of Shareholding	28
Statement of Compliance with the Code of Corporate Governance	31
Review Report to the Members	33
Auditors' Report	42
Balance Sheet	44
Profit and Loss Account	46
Statement of Comprehensive Income	47
Cash Flow Statement	48
Statement of Changes in Equity	49
Notes to the Financial Statements	50

Company Information

BOARD OF DIRECTORS

S.M.Mohsin	Chairman- Non Executive Director
Muhammad Zahir	Chief Executive Officer
Sitwat Mohsin	Non Executive Director
Mehdi Mohsin	Executive Director
Rizwan Bashir	Non Executive Director
Moaz Mohiuddin	Independent - Non Executive Director
Umme Kulsum Imam	Non Executive Director
Syeda Maimanat Mohsin	Non Executive Director
Shazad Ghaffar	Non Executive Director
Pervez Hayat Noon	Non Executive Director
Jamal Nasim	Non Executive Director (NIT Nominee)

AUDIT COMMITTEE

Pervez Hayat Noon	Chairman
S.M.Mohsin	Member
Jamal Nasim	Member

COMPANY SECRETARY/CFO

Nauman Munawar

AUDITORS

A.F. Ferguson & Company
Chartered Accountants

LEGAL ADVISORS

Minto & Mirza
78-Mozang Road, Lahore
Phone: (042) 36315469-70
Fax: (042) 36361531

BANKERS

Habib Bank Limited
Askari Bank Limited
Allied Bank Limited
Standard Chartered Bank (Pakistan) Limited
MCB Bank Limited
National Bank of Pakistan Bank Al Habib Limited

SHARE REGISTRAR

Corplink (Private) Limited,
Wings Arcade, 1-K (Commercial)
Model Town, Lahore
Phone : (042) 35839182, 35887262,
Fax: (042) 35869037

CORPORATE OFFICE

40-A, Zafar Ali Road, Gulberg V, Lahore
Phones: (042) 35872392-96,
Fax: (042) 35872398
E-Mail: ho@mitchells.com.pk
Website: www.mitchells.com.pk

FACTORY & FARMS

Renala Khurd, District Okara, Pakistan
Phones: (044) 2635907-8, 2622908
Fax: (044) 2621416
E-Mail: rnk@mitchells.com.pk
rsoc@mitchells.com.pk

REGIONAL SALES OFFICE

Lahore

40-A, Zafar Ali Road, Gulberg V, Lahore
Phones: (042) 35872392-96
Fax: (042) 35872398
E-Mail: rsoc@mitchells.com.pk

Islamabad

Office # 43, 3rd Floor, Rose-1 Plaza, I-8 Markaz-
Islamabad
Phones: (051) 4443824-6
Fax: (051) 4443827
E-Mail: rson@mitchells.com.pk

Karachi

Mehran VIP II, Ground Floor, Plot 18/3 Dr. Dawood
Pota Road- Karachi
Phones: (021) 35212112, 35212712
& 35219675
Fax: (021) 35673588
E-Mail: rsos@mitchells.com.pk

Gujranwala

Office # 4, 1st Floor Usman Plaza Citi Housing
Scheme Phase 2, Main G.T. Road- Gujranwala

Faisalabad

Malik Plaza, College Road, Behind Hockey Stadium,
Madina Town- Faisalabad

Peshawar

House # 2C/1 Main Abdara Road University Town-
Peshawar

Multan

71/A1 Gulgasht Colony - Multan

Sukkar

Bunglow # 181 Sukkur Co-Operative Housing
Society - Sukkur

Hyderabad

Banglow # 5-A, Block -E, Latifabad
6- Hyderabad



A background image of a tomato field with green leaves and red tomatoes. A dark green semi-transparent box is overlaid on the center of the image, containing the text.

Vision & Mission Statement

1. To be a leader in the markets we serve by providing quality products to our consumers while learning from their feedback to set even higher standards.
2. To be a company that continuously enhances its superior technological skills to remain internationally competitive in this day and age of increasing challenges.
3. To be a company that attracts and retains competent people by creating a culture that fosters innovation, promotes individual growth and rewards initiative and performance.
4. To be a company which optimally combines its people, technology, management systems, and market opportunities to achieve profitable growth while providing fair returns to its shareholders.
5. To be a company that endeavours to set the highest standards in corporate ethics.
6. To be a company that fulfills its social responsibility.



MITCHELL'S®

JAM, JELLIES & MARMALADES



The natural sweetness of fruits lends its flavours to Mitchell's Jams, Jellies and Marmalades, making them the perfect preserve for your meals. The Diet Jam range is available for diabetics and persons on a low-calorie diet, so that everyone can enjoy the deliciousness of Mitchell's preserves.



MITCHELL'S®

COOKING ESSENTIALS



Mitchell's Pastes and Purees remove the hassle from cooking and let you add the delicious taste of garlic and ginger to your favourite dishes. Mitchell's Tomato Paste is made from the freshest tomatoes, and is essential for enhancing the flavour of your favourite cuisines.



Notice of Annual General Meeting

Notice is hereby given that the 85th Annual General Meeting of Mitchell's Fruit Farms Limited will be held on February 15, 2018 on Thursday at 11:00 a.m. at the Registered Office of the Company at 40-A, Zafar Ali Road, Gulberg-V Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last General Meeting held on February 15, 2017.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2017 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending September 30, 2018 and to fix their remuneration as suggested by the audit committee to the Board of Directors. The retiring auditors namely Messers A. F. Ferguson & Co. Chartered Accountants, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To authorize the Company, subject to the approval of the Securities and Exchange Commission of Pakistan, to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders, as and by way of passing the following ordinary resolution:

"RESOLVED THAT subject to all prior necessary approvals as stipulated by the regulatory authorities, the Company be and is hereby authorized to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders."

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.

5. To authorize the Company, subject to the approval of the Shareholders, to disseminate Annual Accounts through CD/DVD/USB as and by way of passing the following ordinary resolution:

"RESOLVED that the approval be and is hereby given to allow the Company to disseminate/transmit Annual Audited Accounts to the shareholders in soft form through CD/DVD/USB instead of hardcopy at their registered addresses."

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.

Statements U/S 160(1) (b) of the Companies Ordinance, 1984 pertaining to the Special Business are attached.

OTHER BUSINESS

1. To transact any other business which may be placed before the meeting with the permission of the chair.

BY ORDER OF THE BOARD

Lahore,
January 25, 2018

Nauman Munawar
Company Secretary

STATEMENT OF MATERIAL FACTS UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984

ITEM NO.4 OF THE NOTICE

This Statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company.

The Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 19 of 2004 has allowed listed companies to place their quarterly accounts on their website instead of sending the same by post. Prior permission of the SECP will be sought for transmitting the quarterly accounts through Company's website after the approval of the shareholders. This would ensure prompt disclosure of the information to the shareholders, as well as saving of costs associated with printing and dispatch of the accounts by post. The Company, however, will supply the printed copies of accounts to the shareholders on demand at their registered address free of cost.

ITEM NO.5 OF THE NOTICE DISSEMINATION OF ANNUAL AUDITED ACCOUNTS OF THE COMPANY TO THE SHAREHOLDERS THROUGH CD/DVD/USB:

Securities & Exchange Commission of Pakistan (SECP) vide its SRO No.470(1)/2016 dated May 31, 2016 has allowed companies to circulate the Annual Balance Sheet, Profit and Loss Account, Auditors' Report and Directors' Report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses. The Company shall place on its website a standard request form for the shareholders to communicate their demand for hard copies of annual audited accounts instead of sending the same through CD/DVD/USB.

The directors of the Company have no additional interest in any of the above businesses except to the extent of their shareholding as has been detailed in the pattern of Shareholding.

NOTES

1. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade , 1-K (Commercial) , Model Town , Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.
2. The share transfer book of the Company will remain closed from February 09, 2018 to February 15, 2018 (both days inclusive). Transfers received in order (including deposit requests under CDS) at our Registrar's office Corplink (Private) Limited, Wings Arcade, 1-K (Commercial) Model Town, Lahore up to 01:00 p.m. on February 08, 2018 will be considered in time.
3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the time meeting is scheduled for.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or notarially a certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (40-A, Zafar Ali Road Gulberg V, Lahore) at least 48 hours before the time of the meeting.
5. Shareholders are requested to immediately notify the change in their address, if any.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder 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 accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

Annual Accounts

Annual Accounts of the Company for the financial year ended September 30, 2017 have been placed on the Company's website – <http://www.mitchells.com.pk/>

Pursuant to SECP's SRO 787(I)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report and notice which falls in the sphere of Sections 50, 158 and 233 of the Companies Ordinance, 1984, we have attached the request form in our Annual Reports and also uploaded on our Company's Website – <http://www.mitchells.com.pk/> Members desirous to avail this facility are requested to submit the request form duly filled to our Shares Registrar

REQUEST FORM

Consent for Circulation of Annual Audited Financial Statements through e-mail Company Name: Mitchells Fruit Farms Limited Folio No. /CDC sub-account No. _____
E-mail Address: _____
CNIC No. _____

The above E-mail address will be recorded in the members register maintained under Section 147 of the Companies Ordinance, 1984. I will inform the Company or the Registrar about any change in my E-mail address immediately. Henceforth, I will receive the Audited Financial Statements along with Notice only on the above E-mail address, unless a hard copy has been specifically requested by me.

Name and Signature of Shareholder
(Attachment: Copy of CNIC)

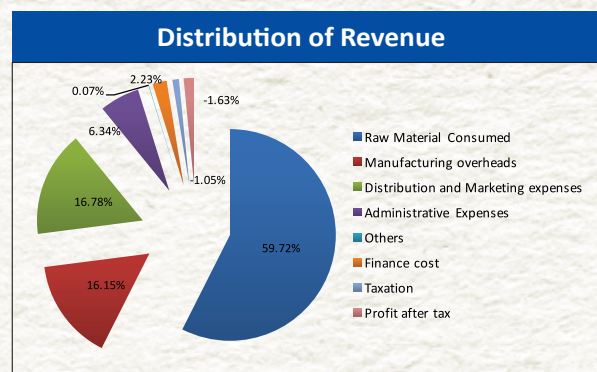
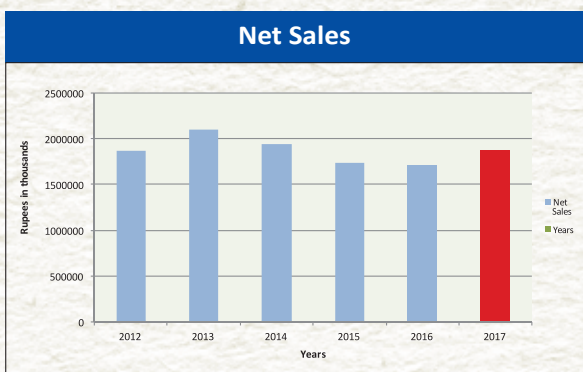




Directors' Report

The company delivered a positive topline growth and broke the sluggish trend prevailing during the last three years. The aggregate sales revenue amounting to Rs. 1,891 million showed growth of 12.6% in revenues over the previous year indicating the efforts put in reinforcing the brand at consumer level.

Both grocery and confectionery categories posted volumetric growth over previous year. Despite stiff competition faced at the hands of major players in the market, we managed to revive demand of our confectionery products by offering competitive pricing and new products to the trade. Grocery and confectionery categories grew by 10% & 6% respectively. Squashes and Syrups combined remained the leader in Groceries category posting a growth of 31% over last year followed by Preserves which grew by 9%. Chocolate category lead the confectionery

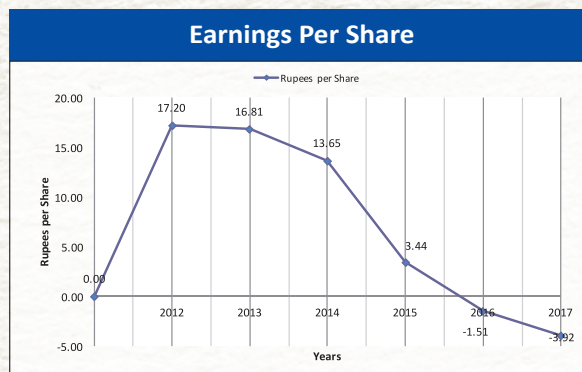


segment with a growth of 13% over last year indicating the trust of consumers in our product range.

We continued supporting the trade through various promotional activities that brought significant growth in secondary sales hence increasing demand of our products at retail level. Consumer promotions were offered to counter promotions launched by our competitors.

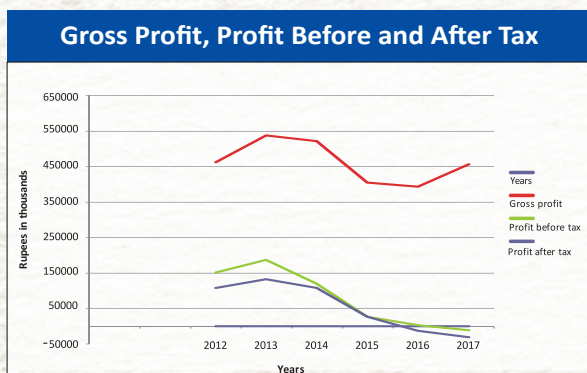
Despite growing challenges in Middle East, we managed to attain 14% revenue growth in exports this year surpassing the all time high export sales in the history of our company. Major growth came from increased volumes sold in Ready-to-Eat category. Winning the Best Export Brand Trophy 2017, indicates the trust of consumers globally, in our products. New

particularly in the areas of sales and marketing. The impact was seen through increase in topline this year however, the cost impact was relatively



higher. As a result of the above profit from operations recorded a decline closing at Rs. 31 million compared to Rs.45 million last year.

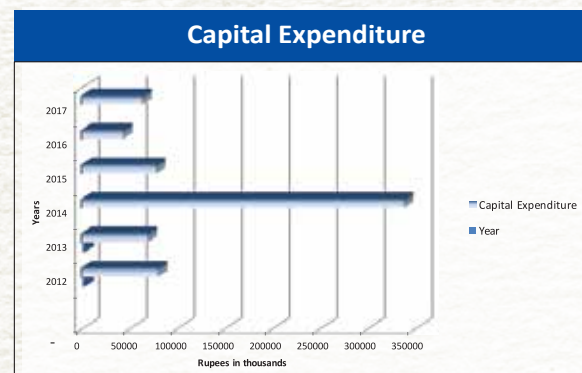
Loss for the year amounting to Rs. 30.8 million against Rs. 12.1 million in the previous year was



geographical markets were opened while distributor expansion in the existing markets enabled us increase market penetration.

Efficient procurement enabled the company in improving gross profit over last year closing at Rs. 456 million compared to Rs. 393 million in the corresponding year.

In order to lay the foundation for aggressive distribution and channel growth nationwide, the company decided to strengthen its operations hence invested heavily in bringing quality talent



contributed mainly due to the provision of tax liability under the law.

MANUFACTURING OPERATIONS

The company invested in new equipment, mainly for ensuring improved product quality and civil works for better production facility at the plant.

HUMAN RESOURCE DEVELOPMENT

The company organized various in house and external trainings in order to upgrade the competence level of employees who would then contribute in improving the quality of work. Technical staff members were sent to participate

at various exhibitions conducted locally and internationally in order to attain knowledge about opting new techniques that could result in improving overall efficiency in production.

CORPORATE SOCIAL RESPONSIBILITY

We have increased our dependence on the usage of biomass as fuel for producing energy hence committing to be an environment friendly company.

Business ethics continue to be an integral part of our policies and procedures. Employees are encouraged to participate in group activities and provide suggestions in bringing improvement in business operations where necessary. No incident of accident causing physical injury or misconduct was reported during the year.

We supported Anjuman Khuddam-e-Rasool Allah (AKRA) in their projects focused on improving literacy rate and providing improved medical care facilities for women and children in remote areas.

The company contributed Rs.178 million to the National Exchequer on account of various government levies including customs duty, sales tax and income tax.

Furthermore foreign exchange of Rs.302 million was generated through our exports.

FUTURE OUTLOOK

We are very confident that with the induction of highly skilled human resources this year will enable us to drive increased coverage of our products nationwide. We are aggressively planning to create awareness about the range of high quality products manufactured by the company targeting the younger generation. We are committed to become the preferred brand amongst all the age groups of the consumers.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- A statement regarding key financial data for the last six years is annexed to this report.

BOARD OF DIRECTORS

During the last business year 5 meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Director	Attendance
S.M.Mohsin	5
Muhammad Zahir	5
Sitwat Mohsin	5
Moaz Mohiuddin	4
Jamal Nasim	4
Mehdi Mohsin	5
Umme Kulsum Imam	1
Syeda Maimanat Mohsin	1
Rizwan Bashir	4
Pervez Hayat Noon	1
Shazad Ghaffar	0

Leave of absence was granted to the directors

AUDIT COMMITTEE

During the last business year four meetings of the audit committee were held. Attendance by each Director was as follows:-

Name of Director	Attendance
S.M.Mohsin	4
Jamal Nasim	4
Pervez Hayat Noon	0

Leave of absence was granted to the directors who could not attend the board meetings.

HUMAN RESOURCE & REMUNERATION COMMITTEE

During the last business year one meeting of the HR and Remuneration committee was held. Attendance by each Director was as follows:-

Name of Director	Attendance
Mrs.Sitwat Mohsin	1
Mr.Muhammad Zahir	1
Umme Kulsum Imam	1

CORPORATE GOVERNANCE

The statement of compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHARE HOLDING

The information under this head is annexed.

RELATED PARTIES

The transactions between the related parties were made at arm's length prices, determined in accordance with the comparable uncontrolled prices method.

LOSS PER SHARE

Basic and diluted loss per share for the year under report is (Rs.3.92) as compared to the last year figure of (Rs. 1.54).

DIVIDEND

Based on the results no dividend is proposed for the year under review.

AUDITORS

M/s A.F. Ferguson & Company, Chartered Accountants, Lahore, retire, and being eligible have offered themselves for re-appointment. The Audit Committee has also recommended their re-appointment.

ACKNOWLEDGEMENTS

The board of directors would like to express their gratitude to all employees for their efforts and commitment in successfully overcoming the challenges faced by the company during the year.

For and on behalf of
The Board of Directors

Lahore,
January 08, 2018

Muhammad Zahir
Managing Director &
Chief Executive Officer

ڈائریکٹر رپورٹ

ہماری کمپنی نے تیز رفتار ترقی کا مظاہرہ کیا ہے اور پچھلے تین سال سے موجود دست روی کے رجحان کو ختم کر دیا ہے۔ مجموعی طور پر سیلز ریویو 1,891 ملین روپے کا حامل 12.6% کی ترقی کو ظاہر کرتا ہے اور ہماری برینڈ کو صارف کی سطح پر لانے کی کوشش کو ظاہر کرتا ہے۔

کنفیکشنری اور گراسری کے دونوں شعبوں میں پچھلے سال کے مقابلے میں حجم کے لحاظ سے کافی ترقی ہوئی ہے۔ مارکیٹ میں موجود دوسرے بڑے برینڈز کے بھرپور مقابلے کے باوجود، ہم نے اپنی کنفیکشنری پراڈکٹس کی قیمت کو مقابلے کے برینڈز کے نسبت بہتر بنا کر اور نئی پراڈکٹس متعارف کروا کر قبول عام دیا ہے۔ گراسری اور کنفیکشنری پراڈکٹس میں ترقی کی شرح 10% اور 6% ہے۔ پچھلے سال کے مقابلے میں 31% زیادہ ترقی کر کے سکوائر فٹ اور سیریس مارکیٹ کے صف اول رہے ہیں اور ایسے ہی پریزرو کیٹیگری کی 9% ترقی ہے۔ چاکلیٹ کے شعبے نے پچھلے سال کے مقابلے میں 13% زیادہ ترقی کی ہے جس سے صارفین کا ہماری پراڈکٹ رینج پر اعتماد ظاہر ہوتا ہے۔

ہم نے تجارت کو مختلف اقسام کی پروموشنل سرگرمیوں کے ساتھ ترقی دی ہے جس سے سیکنڈری لیول پر بھرپور ترقی ہوئی ہے اور ٹیٹل لیول پر ہماری پراڈکٹس کی طلب میں اضافہ ہوا ہے۔ ہمارے مقابلے کے برینڈز کی پروموشنز کے مقابلے میں ہم نے ہمیشہ نئی کمزور پروموشنز متعارف کروائی ہیں۔

مڈل ایسٹ میں بڑھتے ہوئے چیلنجز کے باوجود، ہم نے ایکسپورٹ میں اس سال 14% ریویو حاصل کیا ہے اور یہ ہماری کمپنی کی تاریخ میں سب سے زیادہ ہونے والی ایکسپورٹ سیلز ہے۔ سب سے زیادہ ترقی کھانے کے لئے تیار پراڈکٹس کی فروخت کے حجم میں اضافے کی بدولت ہوئی ہے۔ بیسٹ ایکسپورٹ ٹرنائی 2017 کی جیت بین الاقوامی سطح پر ہماری پراڈکٹس پر یقین کو ظاہر کرتی ہے۔

نئی جغرافیائی مارکیٹس میں ہمارے راستے کھلنے کے ساتھ ساتھ موجودہ مارکیٹس میں ڈسٹری بیوٹرز کے اضافے کی وجہ سے ہم مارکیٹ تک رسائی کے قابل ہوئے ہیں۔

موثر پروکیورمنٹ کی وجہ سے ہماری کمپنی گزشتہ سال کے گراس پرائٹ 393 ملین روپے کو اس سال 456 ملین روپے تک بڑھانے کے قابل ہوئی ہے۔ ملکی سطح پر تیز ترین ڈسٹری بیوٹن اور مرحلہ وار ترقی کی بنیاد رکھنے کے لئے کمپنی نے سیلز اور مارکیٹنگ کے شعبوں میں معیاری ٹیلنٹ کولاکراپنے آپریشنز کو مضبوط بنانے کا فیصلہ کیا ہے۔

اس سال اوپر کی سطح پر یہ اثر دیکھا گیا تاہم لاگت کا اثر بلند تر تھا۔ ریکارڈ کئے جانے والے آپریشنز کی روشنی میں اوپر دیئے گئے منافع کے نتیجے میں سال کے آخر میں پچھلے سال 45 ملین روپے کے مقابلے میں 31 ملین کا منافع ہوا۔

گزشتہ سال کے 12.1 ملین نقصان کے بالمقابل 30.8 ملین کا نقصان قوانین کے تحت ٹیکس کی ادائیگی کے باعث تھا۔

میانپیکرنگ آپریشنز:

کمپنی نے پلانٹ پر پراڈکشن کی بہتر سہولت کے لئے اور بہتر پراڈکٹ کوالٹی و سول ورکس کے حصول کیلئے نیا ساز و سامان بھی خریدا۔

افراد کی قوت کی ڈویلپمنٹ:

ملازمین کی استعداد میں بہتری اور اضافے کے لئے مختلف ان ہاؤس اور بیرونی ٹریننگز کا انعقاد کیا گیا تاکہ آگے جا کر وہ کام میں موثر انداز سے شمولیت اختیار کر سکیں۔ تکنیکی سٹاف ممبران کے لئے بھی مختلف ٹریننگز جنہیں مقامی اور بین الاقوامی مقامات پر منعقد کیا گیا، کا اہتمام کیا گیا تاکہ وہ نئی ٹیکنالوجی سے متعلق معلومات اور علم کے حصول سے پراڈکشن کی استعداد میں اضافہ کا باعث بنیں۔

کارپوریٹ سماجی ذمہ داری:

پلانٹ پر موجود ویسٹ واٹر (فضلہ پانی) سے ماحول کو صاف رکھنے کی اپنی کارپوریٹ سماجی ذمہ داری کی پابندی کرتے ہوئے ہم اس امر کی یقین دہانی کرتے ہیں کہ ڈسچارج سے پہلے خارج شدہ مواد کو مکمل حد تک موثر بنائیں۔

کاروباری اخلاقیات و اقدار ہماری پالیسیوں اور طریقہ کار ایک بنیادی اور اہم حصہ ہیں، کسی بھی قسم کی بد عملی کی روک تھام کے لئے ہم نے سخت اقدامات کر رکھے ہیں۔ ملازمین کو بھی گروپ کی صورت میں سرگرمیوں کے لئے سراہا جاتا ہے تاکہ بزنس آپریشنز کی بہتری کے لئے وہ اہم مشاورت فراہم کریں۔ پورا سال کوئی بھی حادثہ یا غیر اخلاقی سرگرمی رونما نہیں ہوئی جس سے کسی کو کوئی جانی نقصان یا چوٹ لگی ہو

ہم نے دو دراز علاقوں میں بچوں اور عورتوں کو تعلیم اور علاج کی بہترین سہولیات فراہم کرنے کے لئے انجمن خادم رسول اللہ (AKRA) کے مختلف منصوبوں میں انکی معاونت کی ہے۔

مختلف سرکاری ٹیکسوں کی ادائیگی کی مدد میں بشمول کسٹم ڈیوٹی، سیلز ٹیکس اور انکم ٹیکس کمپنی نے قومی خزانے میں 178 ملین کا اضافہ کیا ہے۔ مزید برآں برآمدات 302 ملین کا فارن ایکسچینج بھی بنایا گیا۔

مستقبل کیلئے لائحہ عمل:

ہم پر اعتماد ہے کہ کئی افرادی قوت کے آنے سے اس سال ہم اپنی پراڈکٹس کو پورے ملک میں دستیاب کر سکیں گے۔ ہم بہت انہماک سے کمپنی کی تیار کردہ معیاری اور بہترین پراڈکٹس کے بارے میں آگاہی فراہم کرنے کی منصوبہ سازی کر رہے ہیں اور اس سلسلے میں خاص طور پر نوجوان نسل کو ٹارگٹ کیا جا رہا ہے۔ ہم تمام عمر کے صارفین میں یکساں مقبول ہونے کے لئے ہمہ وقت کوشاں ہیں

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

☆ کمپنی کی مینجمنٹ کی جانب سے تیار کردہ مالی بیانات (فنانشل اسٹیٹمنٹ)، کمپنی کے امور، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی (Equity) میں تبدیلی کو منصفانہ انداز میں پیش کرتے ہیں۔

☆ کمپنی کی اکاؤنٹ بکس (Account Books) کو باقاعدہ منظم کیا گیا ہے۔

☆ فنانشل اسٹیٹمنٹ اور اکاؤنٹنگ اسٹیٹیمینٹس کی تشکیل کے لئے مناسب اور دانشمندانہ فیصلوں پر مبنی اکاؤنٹنگ پالیسیز مسلسل لاگو کی گئی ہیں۔

☆ فنانشل اسٹیٹمنٹ کی تیاری کے لئے بین الاقوامی فنانشل رپورٹنگ سٹینڈرڈز، جو پاکستان میں لاگو ہیں کی پیروی کی گئی ہے۔

☆ انٹرنل کنٹرول کا نظام ڈیزائن کے اعتبار سے بہترین ہے اور موثر انداز میں لاگو ہونے کے ساتھ ساتھ مانیٹرڈ بھی ہے۔

☆ کمپنی کی موجودہ صورت حال کے پیش نظر اس کی صلاحیت و استعداد پر کسی بھی قسم کا کوئی شبہ نہیں ہے

☆ گزشتہ چھ سالوں کے فنانشل ڈیٹا سے متعلق ایک اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز

گزشتہ مالی سال کے دوران بورڈ آف ڈائریکٹرز کی پانچ میٹنگز کا انعقاد ہوا۔

ہر ڈائریکٹر کی حاضری درج ذیل ہے

حاضری	ڈائریکٹرز کے نام
5	ایس ایم محسن
5	محمد ظاہر
5	سطوت محسن
4	معاذ محی الدین
4	جمال نسیم
5	مہدی محسن
1	ام کلثوم امام
1	سیدہ میمانت محسن
4	رضوان بشیر
1	پرویز حیات نون
0	شہزاد غفار

ان تمام ڈائریکٹرز کو جو میٹنگ میں شرکت نہیں کر سکے غیر حاضری کی رخصت کی اجازت دی گئی۔

آڈٹ کمیٹی:

گزشتہ مالی سال کے دوران آڈٹ کمیٹی کی چار میٹنگز کا انعقاد ہوا۔

ہر ڈائریکٹر کی حاضری درج ذیل ہے

حاضری	ڈائریکٹرز کے نام
4	ایس ایم محسن
4	جمال نسیم
0	پرویز حیات نون

ان تمام ڈائریکٹرز کو جو میٹنگ میں شرکت نہیں کر سکے غیر حاضری کی رخصت کی اجازت دی گئی۔

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

گزشتہ مالی سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی ایک میٹنگ کا انعقاد ہوا۔

ہر ڈائریکٹر کی حاضری درج ذیل ہے	
ڈائریکٹرز کے نام	حاضری
مسز سبطت محسن	1
محمد ظاہر	1
ام کلثوم امام	1

کارپوریٹ گورننس

کارپوریٹ گورننس کے قوانین کی بہتر انداز سے پیروی کے لئے تعین کا بیانیہ (اسٹیٹمنٹ) ساتھ منسلک ہے۔

شیر ہولڈنگ کا پیٹرن:

اس سے متعلق معلومات ساتھ منسلک ہے۔

متعلقہ پارٹی:

متعلقہ پارٹیز کے درمیان لین دین میں کسی تیسری پارٹی کی شمولیت نہیں تھی اور بغیر کنٹرول کے قیمت کے تعین کے طریقہ کار سے مطابقت رکھتی تھی۔

فی شیر نقصان:

اس سال فی شیر بیسک اور ڈائریکٹرز کا فیوڈ نقصان گزشتہ سال کے منفی 1.54 روپے کے بالمقابل منفی 3.92 روپے ہے۔

ڈیویڈنڈ

نتیجہ کی بنیاد پر زیر جائزہ سال کے لئے کوئی ڈیویڈنڈ تجویز نہیں کیا گیا۔

آڈیٹرز

ایم ایس فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور نے اپنی دوبارہ تقرری کی پیشکش کی ہے، آڈٹ کمیٹی نے بھی ان کی تقرری کی سفارش پیش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز تمام ملازمین کے مشکور ہیں جنہوں نے اس سال کمپنی کو درپیش ناموافق حالات پر قابو پانے کے لئے بھرپور انداز میں ہمارا ساتھ دیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

محمد ظاہر

مینجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

لاہور: 10 جنوری، 2018

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Mitchell's Squashes promise to quench your
thirst and leave you feeling refreshed.



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Vertical Analysis of Financial Statements

Statement of Financial Position

	2017		2016	
	Rs. In '000	%	Rs. In '000	%
Balance Sheet				
Non-current Assets	703,414	44.96	681,248	48.14
Current Assets	861,160	55.04	733,752	51.86
Total Assets	1,564,574	100.00	1,415,000	100.00
Equity	501,489	32.05	540,922	38.23
Non-current Liabilities	161,444	10.32	149,020	10.53
Current Liabilities	901,641	57.63	725,058	51.24
Total equity and Liabilities	1,564,574	100.00	1,415,000	100.00
Profit and Loss Account				
Net Sales	1,891,251	100.00	1,679,462	100.00
Cost of Sales	(1,434,874)	-75.87	(1,286,380)	-76.59
Gross Profit	456,377	24.13	393,082	23.41
Selling and Distribution expenses	(317,444)	-16.78	(261,060)	-15.54
Administrative expenses	(119,972)	-6.34	(103,908)	-6.19
Other operating expense	18,961	1.00	28,114	1.67
Other operating income	(1,350)	-0.07	(2,167)	-0.13
Financial expenses	31,076	1.64	45,014	2.68
	(42,187)	-2.23	(42,920)	-2.56
Profit before tax	(11,112)	-0.59	2,094	0.12
Taxation	(19,772)	-1.05	(14,202)	-0.85
Profit for the year	(30,884)	-1.63	(12,108)	-0.72

2015		2014		2013		2012	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
709,345	51.85	698,362	49.83	404,567	43.72	375,503	46.13
658,671	48.15	703,215	50.17	520,756	56.28	438,583	53.87
1,368,016	100.00	1,401,577	100.00	925,323	100.00	814,086	100.00
572,587	41.86	578,913	41.30	519,920	56.19	429,183	52.72
264,386	19.33	306,366	21.86	118,420	12.80	96,395	11.84
531,043	38.82	516,298	36.84	286,983	31.01	288,508	35.44
1,368,016	100.00	1,401,577	100.00	925,323	100.00	814,086	100.00
1,696,332	100.00	1,945,126	100.00	2,084,262	100.00	1,884,503	100.00
(1,292,628)	-76.20	(1,423,777)	-73.20	(1,546,796)	-74.21	(1,421,736)	-75.44
403,704	23.80	521,349	26.80	537,466	25.79	462,768	24.56
(240,215)	-14.16	(95,153)	-4.89	(82,852)	-3.98	(84,568)	-4.49
(103,015)	-6.07	(275,836)	-14.18	(248,432)	-11.92	(206,796)	-10.97
60,474	3.56	150,360	7.73	206,182	9.89	171,404	9.10
(2,998)	-0.18	(9,398)	-0.48	(14,221)	-0.68	(12,104)	-0.64
16,866	0.99	17,105	0.88	12,534	0.60	16,024	0.85
74,342	4.38	158,067	8.13	204,495	9.81	175,324	9.30
(48,485)	-2.86	(38,591)	-1.98	(17,558)	-0.84	(22,964)	-1.22
25,854	1.52	119,476	6.14	186,937	8.97	152,359	8.08
1,215	0.07	(12,012)	-0.62	(54,533)	-2.62	(44,009)	-2.34
27,069	1.60	107,464	5.52	132,404	6.35	108,350	5.75

Horizontal Analysis of Financial Statements

Statement of Financial Position

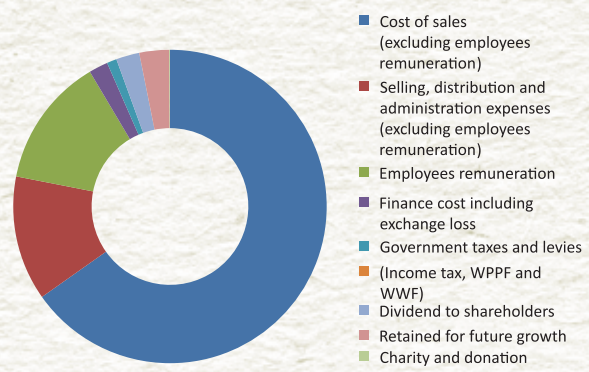
	2017 Rs. In '000	2016 Rs. In '000	2015 Rs. In '000	2014 Rs. In '000	2013 Rs. In '000	2012 Rs. In '000
Balance Sheet						
Non-current Assets	703,414	681,248	709,345	698,362	404,567	375,503
Current Assets	861,160	733,752	658,671	703,215	520,756	438,583
Total Assets	1,564,574	1,415,000	1,368,016	1,401,577	925,323	814,086
Equity	501,489	540,922	572,587	578,913	519,920	429,183
Non-current Liabilities	161,444	149,020	264,386	306,366	118,420	96,395
Current Liabilities	901,641	725,058	531,043	516,298	286,983	288,508
Total equity and Liabilities	1,564,574	1,415,000	1,368,016	1,401,577	925,323	814,086
Profit and Loss Account						
Net Sales	1,891,251	1,679,462	1,696,332	1,945,126	2,084,262	1,884,503
Cost of Sales	(1,434,874)	(1,286,380)	(1,292,628)	(1,423,777)	(1,546,796)	(1,421,736)
Gross Profit	456,377	393,082	403,704	521,349	537,466	462,768
Administrative expenses	(119,972)	(103,908)	(103,015)	(95,153)	(82,852)	(84,568)
Selling and Distribution expenses	(317,444)	(261,060)	(240,215)	(275,836)	(248,432)	(206,796)
Other operating expenses	18,961	28,114	60,474	150,360	206,182	171,404
Other operating income	(1,350)	(2,167)	(2,998)	(9,398)	(14,221)	(12,104)
Financial expenses	31,076	45,013	74,342	158,067	204,495	175,324
Profit before tax	(42,187)	(42,920)	(48,485)	(38,591)	(17,558)	(22,964)
Taxation	(11,112)	2,094	25,854	119,476	186,937	152,359
Profit for the year	(19,772)	(14,202)	1,215	(12,012)	(54,533)	(44,009)
Profit for the year	(30,884)	(12,108)	27,069	107,464	132,404	108,350
Summary of Cash Flows						
Net cash flows from operating activities	(14,974)	(4,732)	56,578	(21,763)	171,462	120,891
Net cash flows from investing activities	(70,773)	(36,132)	(71,489)	(329,398)	(64,648)	(73,851)
Net cash flows from financing activities	(42,820)	(62,126)	(50,855)	112,804	(37,483)	(34,457)
Net change in cash and cash equivalents	(128,567)	(102,990)	(65,766)	(238,357)	69,331	12,582

2017	2016	2015	% increase/ (decrease) over preceding year		
			2014	2013	2012
0.03	(0.04)	0.02	0.73	0.08	0.13
0.17	0.11	(0.06)	0.35	0.19	0.02
0.11	0.03	(0.02)	0.51	0.14	0.07
(0.07)	(0.06)	(0.01)	0.11	0.21	0.19
0.08	(0.44)	(0.14)	1.59	0.23	0.21
0.24	0.37	0.03	0.80	(0.01)	(0.11)
0.11	0.03	(0.02)	0.51	0.14	0.07
0.13	(0.01)	(0.13)	(0.07)	0.11	0.05
0.12	(0.00)	(0.09)	(0.08)	0.09	0.02
0.16	(0.03)	(0.23)	(0.03)	0.16	0.17
0.15	0.01	0.08	0.15	(0.02)	0.27
0.22	0.09	(0.13)	0.11	0.20	0.13
(0.33)	(0.54)	(0.60)	(0.27)	0.20	0.19
(0.38)	(0.28)	(0.68)	(0.34)	0.17	0.45
(0.29)	0.13	(0.01)	0.36	(0.22)	0.47
(0.31)	(0.39)	(0.53)	(0.23)	0.17	0.20
(0.02)	(0.11)	0.26	1.20	(0.24)	(0.40)
(6.31)	(0.92)	(0.78)	(0.36)	0.23	0.41
0.39	(12.69)	(1.10)	(0.78)	0.24	0.27
1.55	(1.45)	(0.75)	(0.19)	0.22	0.48
2.16	(1.08)	(3.60)	(1.13)	0.42	0.42
0.96	(0.49)	(0.78)	4.10	(0.12)	0.54
(0.31)	0.22	(1.45)	(4.01)	0.09	0.71
0.25	0.57	(0.72)	(4.44)	4.51	(0.27)

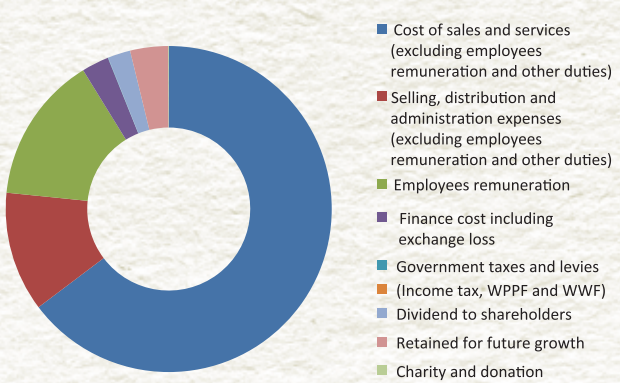
Value Addition and its Distribution

Wealth Generated	2017		2016	
	Rs. In '000	%	Rs. In '000	%
Net sales	1,891,251	99.29	1,679,462	98.88
Other operating income	13,465	0.71	19,067	1.12
	1,904,716	100.00	1,698,529	100.00
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration and other duties)	1,290,496	67.75	1,150,883	67.76
Selling, distribution and administration expenses (excluding employees remuneration and other duties)	274,268	14.40	234,104	13.78
Employees remuneration	307,526	16.15	266,161	15.67
Finance cost including exchange loss	42,187	2.21	42,920	2.53
Government taxes and levies (Income tax, WPPF and WWF)	496	0.03	595	0.04
Dividend to shareholders	-	-	19,687	1.16
Retained for future growth (bal figure)	(11,358)	-0.60	(16,821)	-0.99
Charity and donation	1,101	0.06	1,000	0.06
	1,904,716	100.00	1,698,529	100.00

2017



2016

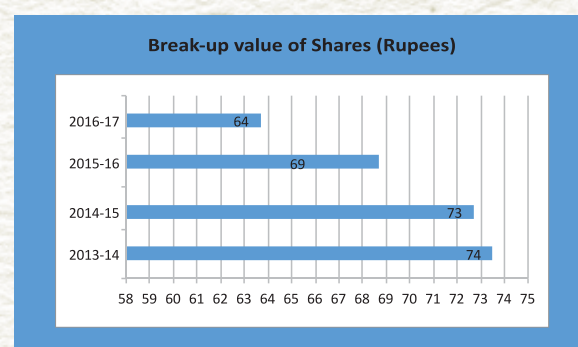
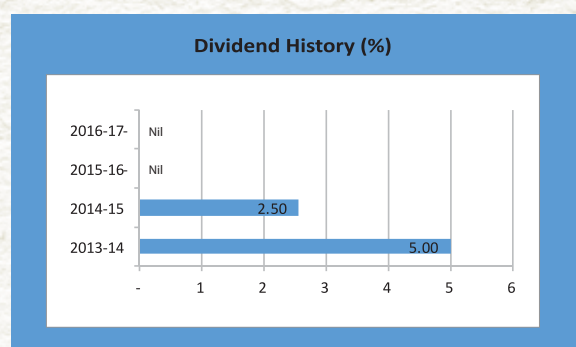
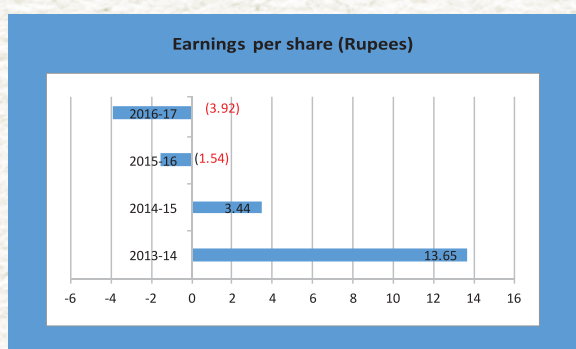


Stakeholder Information

Financial Ratios

	Unit	2017	2016	2015	2014	2013	2012
Rate of return							
Return on assets	%	-1.97	-0.86	1.98	7.67	14.31	13.31
Return on equity	%	-6.16	-2.24	4.73	18.56	25.47	25.25
Return on capital employed	%	4.69	6.52	8.88	17.86	32.04	33.36
Interest cover	Times	0.74	1.05	1.53	4.10	11.65	7.63
Liquidity							
Current ratio		0.96	1.01	1.24	1.36	1.81	1.52
Quick Ratio		0.47	0.49	0.65	0.58	0.67	0.33
Financial Gearing							
Debt-Equity Ratio	Times	2.12	1.62	1.39	1.42	0.78	0.90
Debt to Assets	%	67.95	61.77	58.14	58.70	43.81	47.28
Capital Efficiency							
Debtor turnover/No. of days in receivables	Days	40	26	24	18	10	12
Inventory turnover/ No. of days in inventory	Days	105	107	88	104	77	88
Creditor turnover/ No. of days in payables	Days	68	40	47	43	44	38
Operating Cycle	Days	77	93	65	79	43	62
Fixed assets turnover ratio	Times	2.69	2.47	2.44	2.84	5.30	5.36
Total assets turnover	Times	1.21	1.19	1.24	1.39	2.25	2.31

Shareholder Information



Pattern of Shareholding

As at September 30, 2017

No of Shareholders Shareholding		Total Shares Held
	From	To	
389	1	100	16,570
402	101	500	112,046
88	501	1,000	71,126
138	1,001	5,000	247,209
12	5,001	10,000	82,671
6	10,001	15,000	70,879
2	15,001	20,000	32,103
1	25,001	30,000	27,675
1	30,001	35,000	32,550
2	35,001	40,000	72,485
2	60,001	65,000	126,523
1	75,001	80,000	76,116
1	85,001	90,000	86,983
2	125,001	130,000	252,675
1	165,001	170,000	169,581
1	170,001	175,000	171,820
1	290,001	295,000	292,738
1	705,001	710,000	708,000
1	765,001	770,000	767,666
1	845,001	850,000	847,391
1	880,001	885,000	883,892
1	2,725,001	2,730,000	2,726,301
1,055			7,875,000

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	4,499,292	57.1339%
Associated Companies, undertakings and related parties.	-	0.0000%
NIT and ICP	-	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions.	17,117	0.2174%
Insurance Companies	303,238	3.8506%
Modarabas and Mutual Funds	812,016	10.3113%
Share holders holding 10% or more	4,494,088	57.0678%
General Public		
a. Local	2,142,658	27.2084%
b. Foreign	0	0.0000%
Others (to be specified)		
Joint Stock Companies	34,176	0.4340%
Pension Funds	64,248	0.8158%
Others	2,255	0.0286%

Categories of Shareholders as required under C.C.G. As at September 30, 2017

SR. NO.	NAME	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	767,666	9.7481%
2	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	32,550	0.4133%
3	CDC - TRUSTEE NIT-EQUITY MARKET OPPROTUNITY FUND (CDC)	11,800	0.1498%
Directors and their Spouse and Minor Chidren (Name Wise Detail):			
1	SYED MOHAMMAD MOHSIN	500	0.0063%
2	SYED MOHAMMAD MEHDI MOHSIN	2,726,301	34.6197%
3	MR. RIZWAN BASHIR	517	0.0066%
4	MST. UMME KULSUM IMAM	1,125	0.0143%
5	MR. MOAZ MOHIUDDIN	781	0.0099%
6	MR. JAMAL NASIM (NIT NOMINEE)	--	--
7	MR. MUHAMMAD ZAHIR	781	0.0099%
9	SYEDA SITWAT MOHSIN (CDC)	500	0.0063%
9	SYEDA MAIMNAT MOHSIN	883,895	11.2241%
10	MR. SHAHZAD GHAFAR	500	0.0063%
11	MR. PERVEZ HAYAT NOON	500	0.0063%
12	SYEDA MATANAT MOHSIN W/O SHAHZAD GHAFAR (CDC)	883,892	11.2240%
Executives:		450	0.0057%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance		384,603	4.8838%
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			

S. No.	Name	Holding	Percentage
1	SYED MOHAMMAD MEHDI MOHSIN	2,726,301	34.6197%
2	SYEDA MAIMNAT MOHSIN	883,895	11.2241%
3	SYEDA MATANAT MOHSIN (CDC)	883,892	11.2240%
4	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	767,666	9.7481%
5	MST. AMINA WADALAWALA	708,000	8.9905%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	Sale	Purchase
1	SYED MOHAMMAD MOHSIN	1,709,326	-
2	SYED MOHAMMAD MEHDI MOHSIN	-	1,709,756
3	SYEDA SITWAT MOHSIN	1,694,281	-
4	SYEDA MAIMNAT MOHSIN (CDC)	-	847,391
5	MR. MUHAMMAD ZAHIR	-	781



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the “Code”) contained in Regulation No.5.19 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 Code 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 Directors	Moaz Mohiuddin,
Executive Directors	Muhammad Zahir, Mehdi Mohsin
Non-Executive Directors	S.M.Mohsin, Sitwat Mohsin, Umme Kulsum Imam, Maimanat Mohsin, Shahzad Ghaffar, Jamal Nasim, Pervez Hayat Noon, Rizwan Bashir

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except for the board meetings held on January 31, 2017 and May 25, 2017 for which six days notice was given. The minutes of the meetings were appropriately recorded and circulated.
9. The Company ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities. As per clause 5.19.7 of the Code, three of the directors meet the certification requirements while at least three more directors need to obtain the certification as required under the clause 5.19.7 of the Code by June 2018.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. No new appointments have been made during the current year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are Non -executive Directors and the chairman of the committee is also non-executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are Non-executive Directors and the chairman of the committee is an Executive Director.
18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

Lahore,
January 08, 2018

Muhammad Zahir
Chief Executive Officer

Review Report to the Members

On Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of Mitchell's Fruit Farms Limited ('the Company') for the year ended September 30, 2017 to comply with the Code contained in Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations, where the Company is listed.

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

As a 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 of Directors for their

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

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

We draw attention to note 7 of the statement of compliance, which indicates that the Company did not give seven days notice for its board meetings held on January 31, 2017 and May 25, 2017 as required under clause 5.19.5 of the Code. Our report is not qualified in respect of this matter.

A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Asad Aleem Mirza

Lahore,
January 19, 2018

MITCHELL'S®

TOMATO KETCHUP



Made from fresh tomatoes, Mitchell's Tomato Ketchup & Chilli Garlic Sauce enhances the flavour of any and all of your favourite foods, from light snacks to main course dishes.





MITCHELL'S®

SAUCES



Take up the spice level with rich and appetizing Mitchell's sauces and make your food irresistibly delicious. They are the perfect condiments when you want to tantalize your taste buds anytime and every time.



MITCHELL'S®

PICKLES



An Eastern treat, Mitchell's premium quality pickles and chutneys possess an undeniably delicious taste. With a blend of exotic fruits and vegetables, they add flavour and excitement to all cuisines, whether traditional Pakistani or continental.



MITCHELL'S®

VINEGARS



Ideal for marinating or simply adding to your favourite dishes, Mitchell's Vinegars perfectly complement and enhance the flavour of main courses, fruits, vegetables and salads.



MITCHELL'S®

DELICACIES

READY TO EAT



Mitchell's Ready-to-Eat range gives you the tantalizing flavours of the East! Brimming with an exotic taste, you only need to empty the contents into a pan, heat them, and enjoy a delicious meal that is impossible to resist!





MITCHELL'S®

READY TO COOK



Ease your way into quick and easy cooking with Mitchell's ready to cook range. From fresh garden peas to chick peas, sweet corn and made from fresh tomatoes puree, this range is a sure shot promise of a happy, scrumptious meal time.



MITCHELL'S®

CANDIES



A little sprinkling of sugar on happiness, Mitchell's candies are wrapped in unforgettable flavors of pure delight and glee.

Our candies assortment is meant for anyone and everyone who value quality, taste and good times.



MITCHELL'S®

CHOCOLATES



Mitchell's Chocolate range is the perfect solution for all sweet-tooth cravings, offering something for everyone!



Auditors' Report to the Members

We have audited the annexed balance sheet of Mitchell's Fruit Farm Limited as at September 30, 2017 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in

agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments, or an interpretation to the existing standards as stated in note 2.2.1 to the annexed financial statements, with which we concur;

- (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (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, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2017 and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Asad Aleem Mirza

Lahore,
January 19, 2018

A close-up, low-angle shot of a person's hands typing on a silver laptop keyboard. The scene is brightly lit by natural light from a window, creating a warm, golden glow. The background is blurred, showing a modern office interior with a desk and a chair. A dark blue banner is overlaid on the right side of the image, containing the text 'Financial Statements' and 'As at 30 September 2017' in white.

Financial Statements

As at 30 September 2017

Balance Sheet

As at September 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 20,000,000 (2016: 20,000,000) ordinary shares of Rs 10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital 7,875,000 (2016: 7,875,000) ordinary shares of Rs 10 each	5	78,750,000	78,750,000
Reserves	6	9,635,878	9,635,878
Unappropriated profit		413,102,822	452,535,627
		501,488,700	540,921,505
NON-CURRENT LIABILITIES			
Deferred taxation	7	46,541,433	53,890,464
Deferred liabilities	8	114,902,440	95,129,885
Long term finance - secured	9	-	-
		161,443,873	149,020,349
CURRENT LIABILITIES			
Current portion of long term finance - secured	9	64,000,000	106,666,665
Finances under markup arrangements - secured	10	610,222,175	486,101,770
Creditors, accrued and other liabilities	11	217,607,324	126,610,548
Accrued finance cost		9,811,764	5,679,309
		901,641,263	725,058,292
CONTINGENCIES AND COMMITMENTS			
	12	-	-
		1,564,573,836	1,415,000,146

The annexed notes 1 to 39 form an integral part of these financial statements.

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	674,669,376	668,991,855
Intangible assets	14	2,923,309	2,076,700
Biological assets	15	18,783,000	8,205,000
Long term receivables	16	7,037,830	1,974,780
		<hr/>	<hr/>
		703,413,515	681,248,335
CURRENT ASSETS			
Stores, spares and loose tools	17	27,458,358	26,879,437
Stock in trade	18	413,163,837	376,429,996
Trade debts	19	207,631,982	119,516,939
Advances, deposits, prepayments and other receivables	20	39,452,605	30,636,203
Income tax recoverable		158,213,459	160,602,743
Cash and bank balances	21	15,240,080	19,686,493
		<hr/>	<hr/>
		861,160,321	733,751,811
		<hr/>	<hr/>
		1,564,573,836	1,415,000,146
		<hr/> <hr/>	<hr/> <hr/>

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Profit and Loss Account

For the year ended September 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales	22	1,891,250,732	1,679,461,946
Cost of sales	23	(1,434,873,552)	(1,286,380,012)
Gross profit		456,377,180	393,081,934
Administrative expenses	24	(119,972,475)	(103,908,093)
Distribution and marketing expenses	25	(317,443,774)	(261,060,067)
Other operating expenses	26	(1,350,154)	(2,167,460)
Other income	27	13,464,784	19,067,139
Profit from operations		31,075,561	45,013,453
Finance cost	28	(42,187,491)	(42,919,936)
(Loss) / profit before tax		(11,111,930)	2,093,517
Taxation	29	(19,771,650)	(14,201,881)
Loss for the year		(30,883,580)	(12,108,364)
Loss per share - Basic and diluted	35	(3.92)	(1.54)

The annexed notes 1 to 39 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Statement of Comprehensive Income

For the year ended September 30, 2017

	2017 Rupees	2016 Rupees
Loss for the year	(30,883,580)	(12,108,364)
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit - net of tax	(8,549,225)	130,305
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive loss for the year	(39,432,805)	(11,978,059)

The annexed notes 1 to 39 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Cash Flow Statement

For the year ended September 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash flows from operating activities			
Cash generated from operations	33	56,146,861	86,427,999
Finance cost paid		(38,055,036)	(43,860,867)
Taxes paid		(21,067,443)	(22,238,420)
Retirement benefits paid		(9,786,088)	(18,599,854)
Payment for accumulated compensated absences		(2,212,370)	(6,460,711)
Net cash used in operating activities		(14,974,076)	(4,731,853)
Cash flows from investing activities			
Fixed capital expenditure		(61,115,683)	(42,523,562)
Purchase of intangible assets		(1,572,843)	(277,950)
Purchase of biological assets		(12,855,485)	-
Net increase in long term security deposits		(5,063,050)	-
Proceeds from sale biological assets		5,447,235	2,133,500
Proceeds from sale of property, plant and equipment		4,386,902	4,535,828
Net cash used in investing activities		(70,772,924)	(36,132,184)
Cash flows from financing activities			
Dividend paid		(153,153)	(19,459,020)
Long term loans repaid		(42,666,665)	(42,666,668)
Net cash used in financing activities		(42,819,818)	(62,125,688)
Net decrease in cash and cash equivalents		(128,566,818)	(102,989,725)
Cash and cash equivalents at the beginning of the year		(466,415,277)	(363,425,552)
Cash and cash equivalents at the end of the year	34	(594,982,095)	(466,415,277)

The annexed notes 1 to 39 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Statement of Changes in Equity

For the year ended September 30, 2017

	Share capital Rupees	Capital Reserve	Revenue Reserve		Total Rupees
		Share premium Rupees	General reserve Rupees	Accumulated profit Rupees	
Balance as at September 30, 2015	78,750,000	9,335,878	300,000	484,201,186	572,587,064
Transactions with owners recognized directly in equity					
Final dividend for the year ended September 30, 2015 at Rs. 2.5 per share	-	-	-	(19,687,500)	(19,687,500)
Total comprehensive loss for the year	-	-	-	(11,978,059)	(11,978,059)
Balance as at September 30, 2016	78,750,000	9,335,878	300,000	452,535,627	540,921,505
Transactions with owners recognized directly in equity					
Total comprehensive loss for the year	-	-	-	(39,432,805)	(39,432,805)
Balance as at September 30, 2017	78,750,000	9,335,878	300,000	413,102,822	501,488,700

The annexed notes 1 to 39 form an integral part of these financial statements.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Notes to the Financial Statements

For the year ended September 30, 2017

1. Legal status and nature of business

Mitchell's Fruit Farms Limited ("the Company") was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is situated at 40-A Zafar Ali Road, Gulberg V, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in current year and are relevant to the Company's operations

The new standards amendments and interpretations that are mandatory for accounting period beginning on or after January 1, 2016 which are considered to be relevant or to have any significant impact on company's financial reporting and operations.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of these amendments has no material impact on the Company's financial statements.

Annual improvements 2014 are applicable for annual periods beginning on or after January 01, 2016. The amendments include changes from the 2012-14 cycle of the annual improvements project that affect 4 standards: IFRS 5, 'Non current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures' with consequential amendments to IFRS 1 regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates and IAS 34, 'Interim financial reporting' regarding disclosure of information. The application of these amendments has no material impact on the Company's financial statements.

Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative is applicable on annual periods beginning on or after January 01, 2016. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The application of these amendments has no material impact on the Company's financial statements.

Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plant (effective annual periods beginning on or after 1 January 2016). These amendments change the financial reporting for bearer plants. The application of these amendments has no material impact on the Company's financial statements.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Standards or interpretations	Effective date (accounting periods beginning on or after)
IFRS 14, 'Regulatory deferral accounts'	January 1, 2017
IAS 7 (Amendment), 'Statement of cash flows' disclosure initiative	January 1, 2017
IAS 12 (Amendments), 'Income taxes' on recognition of deferred tax assets for unrealized losses	January 1, 2017
Annual improvements 2014-2016; IFRS 1, 'First-time adoption of IFRS'. IFRS 12, 'Disclosure of interests in other entities'. IAS 28, 'Investments in associates and joint ventures'	January 1, 2017
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 2 (Amendments), 'Shared-based payments' on classification and measurement	January 1, 2018
IFRS 4 (Amendments), 'Insurance contracts' on the implementation of IFRS 9, 'Financial instruments'	January 1, 2018
IAS 40 (Amendment), 'Investment property' relating to transfers of investment property	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards, amendments and interpretations are not expected to have a material impact on the company's financial statements when they become effective.

3. Basis of measurement

- 3.1 These financial statements have been prepared under the historical cost convention except for recognition of certain employee retirement benefits at present value as referred to in note 4.2 and revaluation of biological assets and agricultural produce and financial instruments at fair values as referred to in note 4.5 and 4.10 respectively.

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) **Retirement benefits**

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2

b) **Provision for taxation**

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances 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 the law, the amounts are shown as contingent liabilities.

c) **Useful lives and residual values of property, plant and equipment**

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with the corresponding effect on the depreciation charge and impairment.

4. **Significant accounting policies**

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

4.1 **Taxation**

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. 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.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity, respectively.

4.2 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

(a) Defined benefit plans

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at September 30, 2017. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

- Discount rate: 8.00 percent per annum (2016: 7.25 percent per annum).
- Expected rate of increase in salary level: 7.00 percent per annum (2016: 6.25 percent per annum).
- Average expected remaining working life time of employees: 8 years (2016: 8 years).

(b) Accumulating compensated absences

The Company provides accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences.

Provisions are made annually to cover the obligation for accumulating compensated absences for executives based on actuarial valuation and are charged to profit.

The latest actuarial valuation was carried out as at September 30, 2017. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences.

- Discount rate: 8.00 percent per annum (2016: 7.25 percent per annum).
- Expected rate of increase in salary level: 7.00 percent per annum (2016: 6.25 percent per annum).
- Average expected remaining working life time of employees: 11 years (2016: 12 years).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing cost as referred to in note 4.15.

Depreciation on all operating fixed assets is charged to profit and loss account on the reducing balance method except for Pulping Plant, Steam Boiler and ancillaries which are being depreciated using the straight line method, so as to write off the depreciable amount

of an asset over its estimated useful life at following annual rates, after taking into account the impact of their residual values, if considered significant:

Freehold land	0%
Buildings on freehold land	10% to 20%
Buildings on leasehold land	20%
Plant and machinery	10% to 20%
Vehicles	20%
Furniture and fittings	20%
Electric installations	20 to 33%
Computer hardware	20%

Pulping plant is being depreciated on a straight line basis over its remaining useful life of 39 years. Steam boiler and ancillaries is being depreciated on a straight line basis over its remaining useful life of 27 years.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if the impact on depreciation is significant. Except for the change in estimate of remaining useful lives and expected pattern of consumption of future economic benefits of the pulping plant, steam boiler and ancillaries as referred to in note 13.1.1, no other adjustment to depreciation has been considered necessary.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as mentioned in note 4.6

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

Fixed assets received as a grant / donation are debited to the property, plant and equipment account at fair value and a corresponding amount credited to the deferred income account in the balance sheet. Such items are thereafter depreciated as per the policy of the company while a corresponding amount is transferred from deferred income to profit and loss account.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.4 Intangible assets

Intangible assets represent the cost of computer software acquired and are stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are

amortized using the reducing balance method at the rate of 20% so as to write off the cost of an asset over its estimated useful life.

Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as mentioned in note 14.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as mentioned in note 4.6.

4.5 Biological assets and agriculture produce

Biological assets comprise of livestock and trees. These are measured at fair value less estimated point-of-sale costs with any resultant gain/loss being recognized in the profit and loss account. Fair value of livestock is determined on the basis of market prices of livestock of similar age, breed and genetic merit. Fair value of trees is determined on the basis of market prices of similar items in local areas. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation/amortization and are tested annually for impairment. Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.7 Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the lease term.

4.8 Stores, spares and loose tools

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

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management's best estimate.

4.9 Stock in trade

Stock of raw materials is valued principally at the lower of moving average cost and net realizable value.

Cost of work in process and finished goods comprises direct production costs, labor and appropriate manufacturing overheads. Work in process is measured at lower of moving average cost and net realizable value while finished goods are measured at lower of annual average cost and net realizable value.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's best estimate.

4.10 Financial instruments

4.10.1 Financial assets

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

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all

financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

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

Changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.10.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.10.3 Offsetting of financial assets and financial liabilities

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

4.11 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

4.13 Share capital

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

4.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.15 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they arise.

4.16 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.17 Provisions

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

4.18 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not designate derivatives as cash flow hedges.

4.19 Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the despatch of goods to customers.

Return on deposits is recognized on a time proportion basis taking into account the amounts outstanding and the rates applicable thereon.

4.20 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.21 Dividend

Dividend distribution to the Company's members is recognized as a liability in the period in which the dividends are approved.

5. Issued, subscribed and paid up capital			2017 Rupees	2016 Rupees
	2017 (Number of Shares)	2016		
	1,417,990	1,417,990	14,179,900	14,179,900
	44,020	44,020	440,200	440,200
	6,412,990	6,412,990	64,129,900	64,129,900
	<u>7,875,000</u>	<u>7,875,000</u>	<u>78,750,000</u>	<u>78,750,000</u>

	Note	2017 Rupees	2016 Rupees
6. Reserves			
Composition of reserves is as follows:			
Capital Reserve			
- Share premium	6.1	9,335,878	9,335,878
Revenue			
- General reserve		300,000	300,000
		<u>9,635,878</u>	<u>9,635,878</u>

6.1 This reserve can be utilised by the company only for the purposes specified in section 81(2) of the Companies Act, 2017.

		2017 Rupees	2016 Rupees
7. Deferred taxation			
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation & amortization		85,912,109	83,560,408
Retirement benefits		(28,646,836)	(23,236,388)
Provisions		(4,027,102)	(1,388,852)
Deferred income		(1,534,191)	(1,722,928)
Unabsorbed depreciation		(5,162,547)	(3,321,776)
		<u>46,541,433</u>	<u>53,890,464</u>

The Company has not recognized deferred tax asset of Rs 45.515 million (2016: 29.307 million) in respect of minimum tax under section 113 of the Income Tax Ordinance, 2001 available for carry forward based on prudence principle as sufficient tax under normal tax regime may not be available before these are set to expire in years 2020 to 2022.

	Note	2017 Rupees	2016 Rupees
8. Deferred liabilities			
Retirement and other benefits	8.1	108,992,350	88,563,121
Deferred income	8.2	5,910,090	6,566,764
		<u>114,902,440</u>	<u>95,129,885</u>
8.1 Retirement and other benefits			
Staff gratuity	8.1.1	97,870,351	81,567,712
Accumulating compensated absences		11,121,999	6,995,409
		<u>108,992,350</u>	<u>88,563,121</u>

	Note	2017 Rupees	2016 Rupees
8.1.1 Staff gratuity			
The movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at the start of the year		81,567,712	82,872,995
Charge to profit and loss account			
- Service cost		8,420,822	10,894,082
- Interest cost		5,454,726	6,589,337
		13,875,548	17,483,419
Benefits paid		(9,786,088)	(18,599,854)
Remeasurement loss / (gain) recorded in other comprehensive income		12,213,179	(188,848)
Present value of defined benefit obligation at the end of the year		97,870,351	81,567,712
Year end sensitivity analysis on present value of defined benefit obligation:			
Discount rate + 100 bps		88,118,306	75,454,740
Discount rate - 100 bps		103,131,740	88,629,682
Increase in salary level + 100 bps		103,197,670	88,249,589
Increase in salary level - 100 bps		87,939,544	74,874,829

8.2 Deferred income

These represent assets donated to the Company, recognized and amortized in accordance with the Company's policy. The movement in the deferred income during the year is as follows:

	Note	2017 Rupees	2016 Rupees
Opening balance		6,566,764	7,296,405
Amortization during the year		(656,674)	(729,641)
Closing balance		5,910,090	6,566,764

9. Long term finance - secured

Long term finance-secured	9.1	64,000,000	106,666,665
Current portion shown under current liabilities	9.2	(64,000,000)	(106,666,665)
		-	-

9.1 The long term finance has been obtained from Habib Bank Limited for capital expenditure. Under the arrangement, principal amount of Rs 160 million is repayable in 15 equal quarterly instalments beginning on September 27, 2015. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 1 percent per annum. Effective rate of interest ranged from 6.79% to 6.89% (2016: 7.05% to 7.49%) during the year.

9.2 This includes principal outstanding of Rs 21.33 million which, as per the repayment plan is not due for repayment within a period of one year from the date of the balance sheet neither has the lender requested an early repayment. However, this amount has been classified as a current liability under the requirements of the applicable accounting framework pursuant to breach of certain covenants contained in the loan agreement.

The loan is secured by first joint pari-passu charge on plant and machinery of the company to the extent of Rs 143 million.

Lender	Amount of loan outstanding Rupees	Rate of interest/ per annum	Date of commencement of installments	Remaining number of installments	Maturity date
Habib Bank Limited	64,000,000	3 months KIBOR plus 1.00%	September 27, 2015	6 equal quarterly installments	March 27, 2019

10. Finances under mark up arrangements - secured

Short term running finances available from commercial banks under mark-up arrangements amount to Rs. 635 million (2016: Rs. 610 million), out of which the amount Rs. 599.49 Million (2016: Rs. 498 million) has been availed at September 30, 2017. The rates of mark-up range from 6.05% to 7.14% per annum (2016: 6.55% to 7.05%) on the balance outstanding and is payable quarterly.

Of the aggregate facility of Rs.120 million (2016: Rs. 120 million) for opening letter of credits and Rs. 32 million (2016: Rs. 32 million) for guarantees, the amount utilized at September 30, 2017 was Rs. 11.69 million (2016: Rs. 53.856 million) and Rs. 17.20 million (2016: Rs. 17.20 million) respectively.

The aggregate short term facilities are secured by a hypothecation of stores and spares, stock in trade, trade debts and a charge on the present and future fixed assets of the company.

	Note	2017 Rupees	2016 Rupees
11. Creditors, accrued and other liabilities			
Trade creditors		167,452,766	66,585,310
Accrued liabilities		26,740,914	18,099,840
Advances from customers		6,879,404	24,865,895
Interest free deposits repayable on demand		135,000	160,000
Workers' profit participation fund	11.1	122,237	122,237
Workers' welfare fund	11.2	3,323,809	3,323,809
Unclaimed dividends		2,004,183	2,157,336
Provision for duties payables		4,190,412	4,189,412
Others		6,758,599	7,106,709
		<u>217,607,324</u>	<u>126,610,548</u>

11.1 Workers' profit participation fund

Opening balance	122,237	1,369,957
Provision for the year	-	144,785
Interest for the year	-	67,130
Less: Payments	-	(1,459,635)
Closing balance	<u>122,237</u>	<u>122,237</u>

	Note	2017 Rupees	2016 Rupees
11.2 Workers' welfare fund			
Opening balance		3,323,809	6,062,751
Less: Payments / adjustments		-	(2,738,942)
Closing balance		3,323,809	3,323,809

12. Contingencies and commitments

12.1 Contingencies

The Company has issued a guarantee in favor of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs. 17.2 million (2016: Rs. 17.2 million).

The Company has issued post dated cheques amounting to Rs. 149.7 million (2016: Rs. 149.7 million) to Collector of Customs Lahore Dry Port on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

The Income tax department has issued various orders and raised demands, including default surcharge aggregating to Rs 49.8 million against the Company under sections 122 and 161. The Company is contesting all these orders and have filed appeals at CIR (A) and ATIT and is of the view that these demands will eventually be reversed and consequently has not recognized provision against these.

12.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials Rs 11.69 million (2016: Rs 49.5 million).
- (ii) The Company has entered into an Ijarah Leasing Agreement with Bank Al Habib in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	Note	2017 Rupees	2016 Rupees
Not later than one year		19,716,731	-
Later than one year and not later than five years		33,371,334	-
Later than five years		1,035,000	-
		54,123,065	-

13. Property, plant and equipment

Operating fixed assets	13.1	647,616,278	660,588,986
Capital work-in-progress	13.2	27,053,098	8,402,869
		674,669,376	668,991,855

13.1 Reconciliation of the carrying amounts at the beginning and end of the year is as follows:

	Operating Fixed Assets								Total
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer hardware	
(Rupees)									
Net carrying value basis									
Year ended September 30, 2017									
Opening net book value	15,547	100,832,182	4,273,014	515,979,065	22,944,720	1,704,984	12,313,094	2,526,380	660,588,986
Additions	-	8,627,978	-	23,925,262	2,563,915	1,960,529	2,925,067	2,462,703	42,465,454
Disposals									
Cost	-	(870,889)	-	(1,353,233)	(6,580,095)	(75,500)	(206,670)	(57,000)	(9,143,387)
Accumulated depreciation	-	831,921	-	1,055,829	2,365,372	74,337	150,214	29,443	4,507,116
Depreciation charge	-	(38,968)	-	(297,404)	(4,214,723)	(1,163)	(56,456)	(27,557)	(4,636,271)
Closing net book value	15,547	99,003,593	3,418,411	507,444,830	18,392,899	3,111,500	12,058,217	4,171,281	647,616,278
Gross Carrying Value basis									
At 30 September 2017									
Cost	15,547	180,243,495	8,410,476	943,816,231	30,287,982	7,935,610	56,478,739	11,909,503	1,239,097,583
Accumulated depreciation	-	(81,239,902)	(4,992,065)	(436,371,401)	(11,895,083)	(4,824,110)	(44,420,522)	(7,738,222)	(591,481,305)
Net Book Value	15,547	99,003,593	3,418,411	507,444,830	18,392,899	3,111,500	12,058,217	4,171,281	647,616,278
(Rupees)									
Net Carrying Value basis									
At 30 September 2016									
Opening net book value	15,547	104,283,749	5,271,268	512,734,647	31,263,393	1,980,493	14,856,030	1,701,701	672,106,828
Additions	-	7,460,577	56,000	48,256,358	-	116,645	1,160,795	1,284,611	58,334,986
Disposals									
Cost	-	-	-	-	(7,140,765)	-	(126,672)	(373,971)	(7,641,408)
Accumulated depreciation	-	-	-	-	1,985,916	-	61,090	267,531	2,314,537
Depreciation charge	-	-	-	-	(5,154,849)	-	(65,582)	(106,440)	(5,326,871)
Depreciation charge	-	(10,912,144)	(1,054,254)	(45,011,940)	(3,163,824)	(392,154)	(3,638,149)	(353,492)	(64,525,957)
Closing net book value	15,547	100,832,182	4,273,014	515,979,065	22,944,720	1,704,984	12,313,094	2,526,380	660,588,986
Gross Carrying Value basis									
At 30 September 2016									
Cost	15,547	172,486,406	8,410,476	921,244,202	34,304,162	6,050,581	53,760,342	9,503,800	1,205,775,516
Accumulated depreciation	-	(71,654,224)	(4,137,462)	(405,265,137)	(11,359,442)	(4,345,597)	(41,447,248)	(6,977,420)	(545,186,530)
Net Book Value	15,547	100,832,182	4,273,014	515,979,065	22,944,720	1,704,984	12,313,094	2,526,380	660,588,986

13.1.1 Plant and machinery includes pulping plant, steam boiler and ancillaries with aggregate cost of Rs 242,908,297 [carrying value as at September 30, 2017 of Rs 191,961,272 (2016: Rs 197,556,605)]. During the year the Company re-estimated the remaining useful lives and the expected pattern of consumption of future economic benefits of these assets. The Company is now depreciating these assets over their respective remaining useful lives of 27 to 39 years, using straight line method and has accounted for this as a change in accounting estimate prospectively. The depreciation charge for the year has decreased by Rs 11.73 million as a result of change in estimate.

13.1.2 The cost of fully depreciated assets which are still in use as at September 30, 2017 is Rs. 34.76 million (2016: Rs. 23.67 million).

13.1.3 The depreciation charge for the year has been allocated as follows:

	Note	2017 Rupees	2016 Rupees
Cost of sales	23	43,434,298	56,978,337
Administration expenses	24	3,532,962	2,990,334
Distribution and marketing expenses	25	3,834,631	4,557,286
		<u>50,801,891</u>	<u>64,525,957</u>

13.1.4 Disposal of operating fixed assets

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

		2017					
Particulars of assets	Sold to/Transferred to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (Loss) on sale	Mode of disposals
		Rupees	Rupees	Rupees	Rupees	Rupees	
Plant and Machinery							
Chocolate tank	Malik Awan	500,000	442,792	57,208	60,326	3,118	Auction
Milk Chillers	Javed Iqbal	850,000	609,805	240,195	300,000	59,805	Auction
Vehicles							
Employees							
Suzuki Swift LED-11-8110	Amna Iqbal	1,140,000	540,870	599,130	497,670	(101,460)	Company policy
Honda City LEA-11-6352	Naveed Ahmad	1,397,500	586,677	810,823	703,292	(107,531)	Company policy
Honda City LED-15-3371	Shoaib Awan	1,552,250	402,288	1,149,962	1,004,173	(145,789)	Company policy
Honda Civic LED-15-3280	Ather Rashid Butt	2,490,345	835,536	1,654,809	1,647,385	(7,424)	Company policy
Other assets with book value less than Rs. 50,000		1,213,292	1,089,148	124,144	174,056	49,912	
		9,143,387	4,507,116	4,636,271	4,386,902	(249,369)	

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

		2016					
Particulars of assets	Sold to/Transferred to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (Loss) on sale	Mode of disposals
		Rupees	Rupees	Rupees	Rupees	Rupees	
Vehicles							
Employees							
Honda City AUT-668	Imran Haider Zaidi	1,339,355	627,452	711,903	518,014	(193,889)	Company policy
Suzuki Cultus LEC-13-3741	Haroon Asif	1,024,600	366,069	658,531	498,365	(160,166)	Company policy
Suzuki Cultus LEC-12-7548	Umair Javed	1,001,400	393,022	608,378	499,385	(108,993)	Company policy
Toyota Altis LEE-15-1337	Mujeeb Rashid	2,378,910	320,558	2,058,352	1,903,128	(155,224)	Company policy
Suzuki Swift LEC-14-7513	Junaid Javed	1,332,000	248,640	1,083,360	992,480	(90,880)	Company policy
Other assets with book value less than Rs. 50,000		565,143	358,796	206,347	124,456	(81,891)	
		7,641,408	2,314,537	5,326,871	4,535,828	(791,043)	

13.2 Capital work-in-progress

	2017 Rupees	2016 Rupees
Civil works	15,060,149	991,764
Plant and machinery	11,992,949	10,058
Advances to suppliers	-	7,401,047
	27,053,098	8,402,869

	Note	2017 Rupees	2016 Rupees
14. Intangible Assets			
Net carrying value basis			
Year ended September 30			
Opening net book value		2,076,700	2,254,228
Additions at cost		1,572,843	277,950
Amortization charge		(726,234)	(455,478)
Closing net book value		2,923,309	2,076,700
Gross carrying value basis			
Cost		9,172,750	7,599,907
Accumulated amortization		(6,249,441)	(5,523,207)
Net book value		2,923,309	2,076,700
Amortization rate % per annum		20	20
14.1 The amortization charge for the year has been allocated as follows:			
Cost of sales	23	34,790	45,030
Administration expenses	24	441,113	95,990
Distribution and marketing expenses	25	250,331	314,458
		726,234	455,478
15. Biological assets			
Livestock		16,583,000	6,555,000
Trees		2,200,000	1,650,000
		18,783,000	8,205,000
15.1 As on September 30, 2017 the Company held 92 animals (2016: 83) including cows, calves, horses and sheep and estimates to beneficially own 887 (2016: 736) trees of various kinds including jamboline, kachnar, ceruse, amla, spikenard, borh and sheesham etc.			
16. This represents long term security deposits in the normal course of business and are interest free.			
		2017 Rupees	2016 Rupees
17. Stores, spares and loose tools			
General stores		5,956,833	5,689,647
Engineering stores		21,501,525	21,189,790
		27,458,358	26,879,437
17.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.			

	Note	2017 Rupees	2016 Rupees
18. Stock in trade			
Raw materials [including in transit Rs 8.63 million (2016: Nil)]		40,796,254	37,459,005
Packing materials [including in transit Rs 1.95 million (2016: Nil)]		120,520,763	74,798,367
Work in process		125,548,342	123,234,410
Finished goods		129,583,720	144,223,456
		<u>416,449,079</u>	<u>379,715,238</u>
Less: Provision for obsolete items - Raw material		(3,285,242)	(3,285,242)
		<u>413,163,837</u>	<u>376,429,996</u>
19. Trade debts			
Considered good	19.1	207,631,982	119,516,939
Considered doubtful		2,536,633	2,008,225
		<u>210,168,615</u>	<u>121,525,164</u>
Less: Provision for doubtful debts	19.2	(2,536,633)	(2,008,225)
		<u>207,631,982</u>	<u>119,516,939</u>
19.1 These are net of provision for sales return of Rs 9.5 million (2016: Nil)			
19.2 Provision for doubtful debts			
Opening balance		2,008,225	2,008,225
Add: Provision for the year	25	528,408	-
Closing balance		<u>2,536,633</u>	<u>2,008,225</u>
20. Advances, deposits, prepayments and other receivables			
Advances - considered good			
- To employees	20.1	3,527,587	2,952,016
- To suppliers		7,499,302	5,719,059
Prepayments		1,737,012	2,527,990
Letters of credit - margins, deposits, opening charges, etc.		-	188,295
Claims recoverable from the government			
- considered good			
- Sales tax		16,420,148	9,651,410
- Custom duty and surcharge		8,204,642	8,911,515
		<u>24,624,790</u>	<u>18,562,925</u>
Due from related parties - Considered good	20.2	160,691	-
Other receivables - Considered good		1,903,223	685,918
		<u>39,452,605</u>	<u>30,636,203</u>

20.1 The maximum aggregate amount at the end of any month during the year due from the Chief Executive is Rs. 508,508 (2016: Rs. 2,066,342) and Directors Rs. 456,050 (2016: Rs. 768,586). No amounts are due at the year end (2016: Nil).

20.2 These relate to normal business of the company and are interest free.

	Note	2017 Rupees	2016 Rupees
20.3 Aging of related party balance			
One to six months		160,691	-
Total		160,691	-
21. Cash and bank balances			
Balances at banks on current accounts		13,219,611	14,277,247
Special account related to dividend payable		2,020,469	2,157,336
Cash in hand		-	3,251,910
		15,240,080	19,686,493
22. Sales			
Gross sales - Local		1,954,703,270	1,740,131,777
Less:			
Sales returns		60,479,709	56,088,206
Rebates		198,450,666	191,404,440
Trade promotion and incentives		106,555,118	78,237,420
		365,485,493	325,730,066
Net sales - Local		1,589,217,777	1,414,401,711
- Export sales		302,032,955	265,060,235
		1,891,250,732	1,679,461,946

Local sales are exclusive of sales tax of Rs. 320 million (2016: Rs. 279 million).

	Note	2017 Rupees	2016 Rupees
23. Cost of sales			
Raw and packing material consumed		1,129,525,220	1,087,036,647
Salaries, wages and other benefits	23.1	144,377,563	135,497,063
Furnace oil consumed		15,960,125	24,978,116
Freight and octroi		120,412	234,368
Travelling and vehicle running		3,471,860	2,008,409
Repairs and maintenance		23,192,189	25,287,480
Power, water and gas		40,298,004	51,282,554
Insurance		4,789,190	4,866,130
Rent, rates and taxes		2,355,862	2,142,975
Depreciation on property, plant and equipment	13.1	43,434,298	56,978,337
Amortization of intangible assets	14.1	34,790	45,030
Other expenses		14,988,235	13,749,570
		<u>1,422,547,748</u>	<u>1,404,106,679</u>
Opening work-in-process		123,234,410	68,635,949
Closing work-in-process		(125,548,342)	(123,234,410)
		<u>(2,313,932)</u>	<u>(54,598,461)</u>
Cost of goods manufactured		1,420,233,816	1,349,508,218
Opening finished goods		144,223,456	81,095,250
Closing finished goods		(129,583,720)	(144,223,456)
		<u>14,639,736</u>	<u>(63,128,206)</u>
		<u>1,434,873,552</u>	<u>1,286,380,012</u>

23.1 Salaries, wages and other benefits include the following:

	2017 Rupees	2016 Rupees
Gratuity		
- Current service cost	4,126,203	4,871,375
- Interest cost for the year	2,672,816	3,215,162
	<u>6,799,019</u>	<u>8,086,537</u>
Accumulated compensated absences	3,516,113	(1,364,435)
	<u>10,315,132</u>	<u>6,722,102</u>

	Note	2017 Rupees	2016 Rupees
24. Administrative expenses			
Salaries, wages and other benefits	24.1	69,404,152	59,102,421
Travelling and vehicle running		6,053,786	5,162,457
Entertainment		1,091,859	989,086
Repairs and maintenance		1,459,609	1,979,056
Insurance		834,121	497,891
Rent, rates and taxes		5,353,230	4,673,907
Power, water and gas		3,768,205	2,591,245
Printing and stationery		1,797,576	1,812,370
Postage and telephone expenses		2,080,321	2,180,704
Professional services	24.3	7,443,153	6,442,429
Depreciation on property, plant and equipment	13.1	3,532,962	2,990,334
Amortization of intangible assets	14.1	441,113	95,990
Dairy expenses		12,673,987	11,086,606
Other expenses		4,038,401	4,303,597
		<u>119,972,475</u>	<u>103,908,093</u>

24.1 Salaries, wages and other benefits include the following:

Gratuity			
- Current service cost		2,020,997	3,111,074
- Interest cost for the year		1,309,134	1,589,527
		<u>3,330,131</u>	<u>4,700,601</u>
Accumulated compensated absences		1,436,869	(156,923)
		<u>4,767,000</u>	<u>4,543,678</u>

24.2 Number of employees

Total Number of employees of the Company are as follows:

	2017		2016	
	As at 30 September	Average during the year	As at 30 September	Average during the year
Executives	140	95	50	55
Non- Executives	190	229	267	277

24.3 Professional services

The charges for professional services include the following in respect of auditors' services for:

	2017 Rupees	2016 Rupees
Statutory audit	1,100,000	917,000
Half yearly review	580,000	506,000
Workers' profit participation and sundry services	650,000	211,000
Out of pocket expenses	196,401	326,947
	<u>2,526,401</u>	<u>1,960,947</u>

	Note	2017 Rupees	2016 Rupees
25. Distribution and marketing expenses			
Salaries, wages and other benefits	25.1	93,744,254	71,561,555
Travelling and vehicle running		21,008,900	10,210,669
Entertainment		1,253,308	628,112
Freight expenses			
- Local		47,134,571	41,833,605
- Export		14,588,345	14,414,631
		61,722,916	56,248,236
Advertisement		71,084,917	78,734,953
Distributors expenses		42,876,154	27,523,506
Trade promotion expenses		3,648,501	1,468,707
Repairs and maintenance		188,339	60,998
Insurance		472,945	808,082
Rent, rates and taxes		7,703,489	648,489
Power, water and gas		570,181	455,531
Printing and stationery		806,577	274,771
Postage and telephone		2,548,421	1,678,116
Depreciation on property, plant and equipment	13.1	3,834,631	4,557,286
Amortization of intangible assets	14.1	250,331	314,458
Provision for doubtful debts		528,408	-
Other expenses		5,201,502	5,886,598
		317,443,774	261,060,067
25.1 Salaries, wages and other benefits include the following:			
Gratuity			
- Current service cost		2,273,622	2,911,633
- Interest cost for the year		1,472,776	1,784,647
		3,746,398	4,696,280
Accumulated compensated absences		1,385,978	(81,082)
		5,132,376	4,615,198
26. Other operating expenses			
Loss on disposal of fixed assets		249,369	791,043
Workers' profit participation fund		-	144,785
Donations:			
Related party - AKRA		1,000,000	1,000,000
Others		100,785	-
		1,100,785	1,000,000
Exchange loss		-	231,632
		1,350,154	2,167,460

	2017 Rupees	2016 Rupees
27. Other income		
Income from financial assets		
Exchange gain	1,384,241	-
Income from non financial assets		
Profit on sale and revaluation of live stock	2,619,750	1,543,167
Profit on sale and revaluation of trees	550,000	-
Scrap sales	5,457,391	6,574,934
Rental income	2,348,996	2,185,492
	10,976,137	10,303,593
Others		
Amortization of deferred income	656,674	729,641
Others	447,732	8,033,905
	1,104,406	8,763,546
	<u>13,464,784</u>	<u>19,067,139</u>
28. Finance cost		
Interest and mark-up on		
- Finances under mark up arrangements -secured	31,654,096	31,988,025
- Long term finance - secured	6,474,199	6,647,610
- Workers' profit participation fund	-	67,130
Bank and other charges	4,059,196	4,217,171
	42,187,491	42,919,936
29. Provision for taxation		
Current tax		
Current	19,228,481	12,862,242
Prior years	4,228,246	-
	23,456,727	12,862,242
Deferred tax	(3,685,077)	1,339,639
	<u>19,771,650</u>	<u>14,201,881</u>

The provision for current taxation represents tax under final tax regime and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001. Minimum tax under section 113 is available for set off for five years against normal tax liability arising in future years, whereas tax under final tax regime is not available for set off against normal tax liability arising in future years.

For the purposes of current taxation, the tax loss available for carry forward as at September 30, 2017 is estimated approximately at Rs 17.208 million (2016: Rs 11.073 million).

29.1 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	2017 %	2016 %
Applicable tax rate	30.00	31.00
Minimum tax paid not recognized as an asset	(163.09)	655.64
Tax credits	17.22	(210.40)
Tax effects of amounts that are exempt / inadmissible	5.65	(6.08)
Tax effect under presumptive tax regime and others	(29.66)	149.06
Prior year charge	(38.05)	-
	(207.93)	588.22
Average effective tax rate charged to profit and loss account	(177.93)	619.22

30. Transactions with related parties

The related parties comprise of associated undertakings, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 31. Other significant transactions with related parties are as follows:

Relationship	Nature	2017 Rupees	2016 Rupees
i. Directors	Purchase of goods	9,250,788	1,196,990
	Rent paid	2,753,281	2,522,314
ii. Associated undertaking	Donation paid	1,000,000	1,000,000

All transactions with related parties have been carried out on mutually agreed terms and conditions.

31. Remuneration of Chief Executive, Directors and Executives

31.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, directors and executives of the Company is as follows:

	Chief Executive		Directors				Executive	
	2017	2016	2017		2016		2017	2016
			Non Executive Directors	Executive Directors	Non Executive Directors	Executive Directors		
			Rupees					
Managerial remuneration	13,775,568	15,955,414	-	3,724,136	-	3,105,000	66,112,960	33,024,669
Retirement benefits	1,434,955	2,386,705	-	-	-	-	9,370,833	5,503,937
House rent allowance	6,199,008	7,179,960	-	1,675,864	-	1,395,000	28,871,683	14,861,101
Utilities	1,377,552	1,702,139	-	-	264,638	259,637	6,416,485	3,302,466
Club expenses	22,500	19,817	76,739	138,300	86,089	168,923	-	24,000
Bonus	-	-	-	-	-	-	-	-
	22,809,583	27,244,035	76,739	5,538,300	350,727	4,928,560	110,771,961	56,716,173
Number of persons	1	1	9	1	9	1	49	27

The Company also provides the Chief Executive, directors and certain employees with free use of Company maintained cars.

The Chief Executive and employees are entitled to reimbursement of medical expenses up to an amount equal to three basic salaries.

31.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 11 directors (2016: 11 directors) is Rs. 300,000 (2016: Rs. 337,500).

32. Capacity and production

The capacity of the plant is not determinable as it is a multi product plant capable of producing several interchangeable products.

	Actual production	
	2017	2016
	In cartons	
Groceries	1,596,605	1,598,271
Confectioneries	325,519	315,029

	Note	2017 Rupees	2016 Rupees
33. Cash generated from operations			
(Loss) / Profit before tax		(11,111,930)	2,093,517
Adjustments for:			
Depreciation on operating fixed assets	13.1	50,801,891	64,525,957
Amortization of deferred income	8.2	(656,674)	(729,641)
Amortization on intangibles	14	726,234	455,478
Loss on sale of property, plant and equipment		249,369	791,043
Provision for accumulated absences		6,338,960	(1,602,440)
Provision for retirement benefits		13,875,548	17,483,419
Profit on revaluation and sale of biological assets		(3,169,750)	(1,543,167)
Exchange (gain) / loss		(1,384,241)	231,632
Provision for bad debts		528,408	-
Finance cost		42,187,491	42,919,936
Profit before working capital changes		98,385,306	124,625,734
Effect on cash flow due to working capital changes			
- (Increase) / decrease in stores, spares and loose tools		(578,921)	2,670,133
- Increase in stock in trade		(36,733,841)	(63,362,719)
- Increase in trade debts		(87,259,210)	(9,784,737)
- (Increase) / decrease in advances, deposits, prepayments and other receivables		(8,816,402)	8,273,301
- Increase in creditors, accrued and other liabilities		91,149,929	24,006,287
		(42,238,445)	(38,197,735)
Cash generated from operations		56,146,861	86,427,999
34. Cash and cash equivalents			
Cash and bank balances	21	15,240,080	19,686,493
Short term running finances-secured	10	(610,222,175)	(486,101,770)
		(594,982,095)	(466,415,277)
35. Loss per share			
35.1 Basic loss per share			
Net loss for the year	Rupees	(30,883,580)	(12,108,364)
Weighted average number of ordinary shares	Number	7,875,000	7,875,000
Basic loss per share	Rupees	(3.92)	(1.54)
35.2 Diluted loss per share			

There is no dilution effect on the basic loss per share of the Company as the Company has no such commitments.

36. Financial risk management

36.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities. The Company's exposure to currency risk at the reporting date is as follows:

	2017	2016
Trade debts - USD	479,040	250,349

The following significant exchange rates were applied during the year:

Rupees per USD

Average rate	104.65	104.38
Reporting date rate	105.25	104.55

If the functional currency, at reporting date, had fluctuated by 5% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 2,519,750 (2016: Rs. 1,309,325) higher/lower, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

(iii) **Interest rate risk**

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

The Company has no significant long term interest bearing assets. The Company's interest rate risk arises from long term and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
Floating rate instruments		
Financial liabilities		
Long term finances	(64,000,000)	(106,666,665)
Short term running finances-secured	(610,222,175)	(486,101,770)
Net exposure	<u>(674,222,175)</u>	<u>(592,768,435)</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term finances and short term running finance, at the year end date, fluctuate by 1% higher/lower with all other variables held constant, profit before taxation for the year would have been Rs 6.74 million (2016: Rs 5.92 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from amounts receivable from customers of the Company, deposits with banks and other receivables.

(i) **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017 Rupees	2016 Rupees
Trade debts	210,168,615	121,525,164
Loans, advances, deposits, prepayments and other receivables	13,090,803	9,356,993
Bank balances	15,240,080	16,434,583
	<u>238,499,498</u>	<u>147,316,740</u>

The age of trade receivables and related impairment loss at balance sheet date is as follows:

	2017 Rupees	2016 Rupees
The age of trade receivables		
Past due		
- Not past due	165,853,297	77,538,612
- Past due 0 - 180 days	40,719,696	40,454,861
- Past due 181 - 365 days	1,058,989	1,212,771
Over 365 days		
- Impaired	2,536,633	2,008,225
- Considered good	-	310,695
	2,536,633	2,318,920
	210,168,615	121,525,164

(ii) **Credit quality of major financial assets**

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

	Rating Short term	Rating Long term	Rating Agency	2017 (Rupees)	2016 (Rupees)
National Bank of Pakistan	A-1+	AAA	JCR-VIS	409,233	480,770
MCB Bank Limited	A1+	AAA	PACRA	787,333	787,333
Habib Bank Limited	A-1+	AAA	JCR-VIS	13,497,138	15,162,177
Bank Al Habib	A1+	AA+	PACRA	546,376	4,303
				15,240,080	16,434,583

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

(c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At September 30, 2017, the Company had Rs 635 million available borrowing limits from financial institutions (unused: 35.50 million) and Rs 15.24 million cash and bank balances.

The following are the contractual maturities of financial liabilities as at September 30, 2017:

	Carrying amount	Less than one year	One to five years	More than five years
	Rupees			
Long term finance - secured Finances under markup arrangements - secured	64,000,000	64,000,000	-	-
Trade and other payables	210,727,920	210,727,920	-	-
Accrued finance cost	9,811,764	9,811,764	-	-
	<u>894,761,859</u>	<u>894,761,859</u>	<u>-</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as at September 30, 2016:

	Carrying amount	Less than one year	One to five years	More than five years
	Rupees			
Long term finance - secured Finances under markup arrangements - secured	106,666,665	106,666,665	-	-
Trade and other payables	101,744,653	101,744,653	-	-
Accrued finance cost	5,679,309	5,679,309	-	-
	<u>700,192,397</u>	<u>700,192,397</u>	<u>-</u>	<u>-</u>

36.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

36.3 Financial instruments by categories

Assets as per balance sheet

	Loans and receivables	
	2017 Rupees	2016 Rupees
Trade debts	210,168,615	121,525,164
Loans, advances, deposits, prepayments and other receivables	13,090,803	9,356,993
Cash and bank balances	15,240,080	16,434,583
	<u>238,499,498</u>	<u>147,316,740</u>

Liabilities as per balance sheet

	Financial liabilities at amortised cost	
	2017 Rupees	2016 Rupees
Long term finance - secured	64,000,000	106,666,665
Finances under markup arrangements - secured	610,222,175	486,101,770
Trade and other payables	214,161,278	123,164,502
Accrued finance cost	9,811,764	5,679,309
	<u>223,973,042</u>	<u>128,843,811</u>

36.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 9, less cash and cash equivalents as disclosed in note 34. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The gearing ratio as at September 30, 2017 and September 30, 2016 is as follows:

	Note	2017 Rupees	2016 Rupees
Long term finance	9	64,000,000	106,666,665
Short term borrowings net of cash at bank and in hand	34	594,982,095	466,415,277
Net debt		658,982,095	573,081,942
Total equity		501,488,700	540,921,505
Total capital		1,160,470,795	1,114,003,447
Gearing ratio	Percentage	57%	51%

37. Date of authorisation

These financial statements were authorized for issue on January 08, 2018 by the Board of Directors of the Company.

38. Events after the balance sheet date

There are no significant events occurring after the balance sheet date.

39. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.

S. M. Mohsin
Chairman

Nauman Munawar
Chief Financial Officer

Muhammad Zahir
Chief Executive Officer

Proxy Form

Mitchell's Fruit Farms Limited

85th Annual General Meeting

I/We _____

of _____

being a member of Mitchell's Fruit Farms Limited, hereby appoint _____

(Name)

of _____

or failing him/her _____

(Name)

of _____

another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 85th Annual General Meeting of the Company to be held on February ##, 2018 at the Registered Office of the Company located at 40-A, Zafar Ali Road, Gulberg V, Lahore.

Signed this _____ day of _____ 2018

Please affix
revenue
stamp

Please quote folio number

Signature of Member

IMPORTANT:

This instrument, appointing a proxy, duly completed, must be received at the Registered Office of the Company located at 40-A, Zafar Ali Road, Gulberg V, Lahore not later than 48 hours before the scheduled time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Mitchell's Fruit Farms Limited
40-A, Zafar Ali Road, Gulberg V,
Lahore.



INCORPORATED IN 1933

Citrus Fruit Growers and Makers of Premium Quality Squashes,
Syrups, Fruit Drinks & Nectars, Jam, Jellies, Marmalade,
Tomato Ketchup, Sauces, Pickles, Vinegars, Canned Foods,
Pastes & Pulps, Sugar Confectioneries, Chocolates
and Sugar-free Products.

Factory & Farms:

Mitchell's Fruit Farms Ltd.

Renala Khurd, District Okara, Pakistan. P: (+92) (44) 2622908, 2635907-8

F: (+92)(44) 2621416 | E: rnk@mitchells.com.pk

Head Office:

40-A, Zafar Ali Road, Gulberg V, Lahore, Pakistan. P: (+92) (42) 35872393-96,

F: (+92) (42) 35872398 | E: ho@mitchells.com.pk

 Mitchell's Fruit Farms

 Mitchell's Chocolates & Sweets

www.mitchells.com.pk